Aeroporti di Roma

Annual Report 2010

Aeroporti di Roma Società per Azioni
Registered office in Fiumicino (Rome) - Via dell'Aeroporto di Fiumicino, 320
Fully paid-in capital stock €62,309,801
A company managed and coordinated by Gemina SpA

www.adr.it

Corporate Officers

Aeroporti di Roma SpA

after the General Meetings and Board meetings of April 15, 2010 and August 2, 2010

Board of Directors *(2010-2012)*

Chairman	Fabrizio Palenzona
Deputy Executive Chairman	Massimo Pini
Managing Director	Giulio Maleci
Directors	Guido Angiolini Valerio Bellamoli (*until July 23, 2010*) Stefano Cao Beng Huat Ho Enzo Mei Gianni Mion (*from August 2, 2010*) Aldo Minucci Piergiorgio Peluso Clemente Rebecchini Paolo Roverato Marco Troncone
Secretary	Antonio Abbate

Board of Statutory Auditors *(2010-2012)*

Chairman	Maria Laura Prislei
Statutory Auditors	Luca Aurelio Guarna Silvano Montaldo Enrico Proia Mario Tonucci
Alternate Auditors	Piero Alonzo Cristiano Proserpio

General Manager	Franco Candido Giudice
Independent Auditors	Deloitte & Touche SpA *(2007-2012)*

Agenda

Notice is hereby given to Shareholders of the Ordinary General Meeting to be held at the Hilton Rome Airport Hotel, Via Arturo Ferrarin 2, Fiumicino (Rome) at 10.30am on April 13, 2011, in first call, and, if necessary, in second call, on April 14, 2011 at the same time and place, to discuss the following:

Agenda

1. Annual Report 2010, and related and consequent resolutions;

2. Appointment of a Director.

Notice of call has been published in the Official Gazette of the Italian Republic, no. 30, Part II of March 15, 2011.

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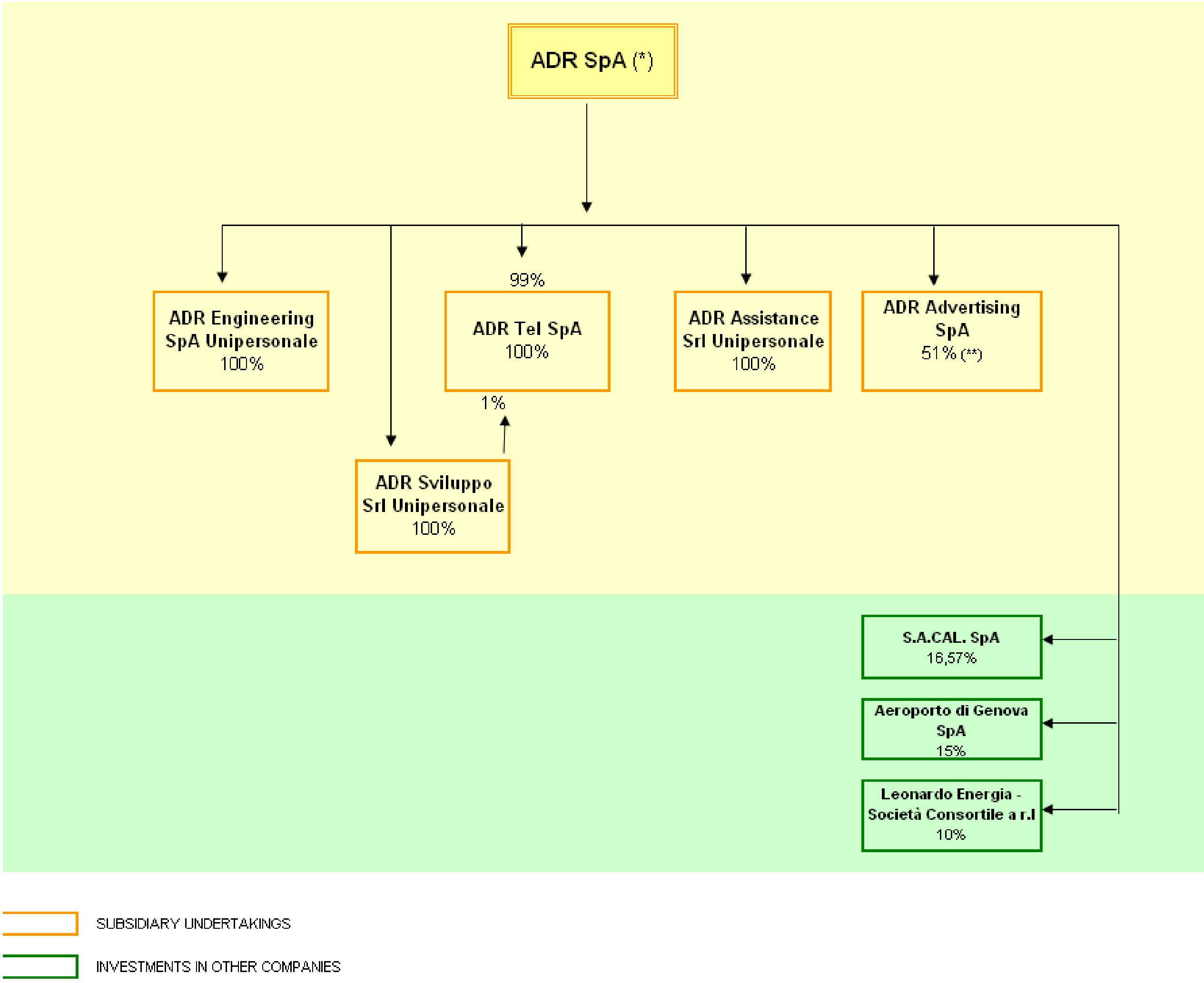
Management Report on Operations

THE ADR GROUP[1]



(*) ADR SpA also a 25% holding in the E.T.L. - European Transport Law Consortium
(**) of ordinary share capital

[1] In 2010 the following investee companies of ADR SpA were liquidated: Airport Invest BV (100%), La Piazza di Spagna Srl (49%) and Alinsurance Srl (6%).

HIGHLIGHTS FOR THE GROUP AND ADR SPA

The following table summarizes the main traffic data for 2010 for Rome's airport system, showing changes with respect to 2009.

TRAFFIC PERFORMANCE

Traffic component	SYSTEM (°)	% change
Movements (no.)	383,309	+0.3%
Aircraft tonnage (tons)	29,932,765	+3.3%
Total passengers (no.)	40,909,255	+5.9%
Total freight (kg)	171,680,518	+19.3%

(°) Fiumicino + Ciampino

The following table shows the ADR Group's financial and operational highlights for 2010.

ADR GROUP

Financial and operational highlights *(€000)*		
	2010	**2009**
Revenues	599,733	561,814
EBITDA	279,807	254,397
EBIT	149,588	133,618
Net income (loss):		
minority interest	(637)	(731)
Group share	22,313	5,164
Capital investment (including the portion charged to the Civil Aviation Authority)	106,702	69,754
	Dec 31, 2010	***Dec 31, 2009***
Invested capital	1,990,116	2,048,992
Shareholders' equity (including minority interest)	750,452	728,777
Group shareholders' equity	750,273	727,961
Net debt	1,239,664	1,320,215
Headcount at year end	2,646	2,541

Ratios	**2010**	**2009**
EBITDA/Revenues	46.7%	45.3%
ROS	24.9%	23.8%
ROI	7.4%	6.5%
ROE	3.0%	0.7%
Net earnings per share (€)	0.4	0.1
Group shareholders' equity per share (€)	12.0	11.7
Net borrowing/Shareholders' equity	1.7	1.8
Net borrowing/EBITDA	4.4	5.2
Net finance costs/Revenues	12.1%	12.2%
Shareholders' equity/Fixed assets	36%	34%
Capital investment per passenger (€)	2.6	1.8
Accounts receivable turnover (turnover of accounts receivable/revenues *365 days)	108	132
Accounts payable turnover (turnover of accounts payable/costs and investments *365 days)	185	197
Average revenue per passenger (€)	14.7	14.5
Average revenue per employee (€000)	254	239
No. of passengers/ Average headcount	17,358	16,415

The following table summarizes financial and operational highlights for 2010 for Aeroporti di Roma SpA ("ADR SpA")

ADR SpA

Financial and operational highlights *(€000)*		
	2010	**2009**
Revenues	596,340	557,979
EBITDA	276,535	251,839
EBIT	147,670	131,886
Net income	21,267	5,094
Capital investment (including the portion charged to the Civil Aviation Authority)	108,063	69,644
	Dec 31, 2010	***Dec 31, 2009***
Invested capital	2,029,644	2,087,470
Shareholders' equity	785,705	764,438
Net debt	1,243,939	1,323,032
Headcount at year end	2,308	2,229

Ratios	**2010**	**2009**
EBITDA/Revenues	46.4%	45.1%
ROS	24.8%	23.6%
ROI	7.2%	6.3%
ROE	2.7%	0.7%
Net earnings per share (€)	0.3	0.1
Shareholders' equity per share (€)	12.6	12.3
Net borrowing/Shareholders' equity	1.6	1.7
Net borrowing/EBITDA	4.5	5.3
Net finance costs/Revenues	12.1%	12.3%
Shareholders' equity/Fixed assets	37%	35%
Capital investment per passenger (€)	2.6	1.8
Accounts receivable turnover (turnover of accounts receivable/revenues *365 days)	108	132
Accounts payable turnover (turnover of accounts payable/costs and investments *365 days)	179	195
Average revenue per passenger (€)	14.6	14.4
Average revenue per employee (€000)	291	272
No. of passengers/ Average headcount	19,966	18,832

GROUP OPERATING REVIEW

INTRODUCTION

Dear Shareholders,

2010 was again affected by the failure to raise the price-regulated tariff. Even the “interim aeronautical charge regime” introduced pursuant to art. 2 of the 2010 Finance Act was not effectively implemented, despite the fact that the Parent Company, ADR SpA, had met its obligations within the required deadline.

The results for the airport system consisting of Rome Fiumicino and Rome Ciampino were thus essentially conditioned by traffic trends and operational initiatives implemented by the Group.

Traffic growth was more than satisfactory. Passenger volumes amounted to close on 41 million (up 5.9% on 2009), with a decisive contribution from Fiumicino, where passengers totaled 36.4 million (up 7.5%). In contrast, Ciampino airport – where the potential for traffic growth is subject to previously reported environmental restrictions – saw a slight fall in passengers to 4.6 million (down 5.0% on 2009).

2010 also saw our main customer, Alitalia, bed down its operations at Fiumicino, where a close eye is being kept on the carrier’s growth potential. The increase in passengers using Fiumicino was in fact driven by the international component (up 11.4%), with Alitalia making a decisive contribution (up 12.0%), whilst domestic flights saw a limited improvement of 0.9%, not least due to the greater number of passengers preferring to take the high-speed train from Rome to Milan compared with the previous year.

Revenues of 599.7 million euros are up 6.7% on 2009. Pre-tax income – after operating costs, amortization and depreciation and financial and extraordinary income and expenses – totals 58.8 million euros, compared with the 33.1 million euros of 2009. The Group‘s net income is 22.3 million euros, compared with 5.2 million euros in 2009.

Despite the fact that the hoped-for fee increases have yet to be introduced, the ADR Group boosted capital investment for the airport system compared with the previous year. Investment during the year totaled 106.7 million euros – 98.5 million euros being self-financed – and this was over 34 million euros up on 2009. The most important projects completed included the entry into service, during the summer season, of a new handling system for baggage in transit. This has been installed inside a pre-existing facility, which was easily adapted for this purpose. The new system has enabled us to considerably reduce the risk of service failures in an area that has traditionally encountered greater problems, above all during peak seasons.

Thanks to the careful management of working capital and despite the increase in investment, the Group’s performance has resulted in a cash inflow of 80.6 million euros, which has allowed to cut consolidated net debt from 1,320.2 million euros at the end of 2009 to 1,239.7 million euros at the end of 2010.

We proceeded to negotiate the new planning agreement with the Civil Aviation Authority (ENAC), with meetings taking place with increasing regularity, above all during the second half.
The establishment of a satisfactory regulatory framework and fee regime remains a priority. This will enable the airport system to develop on the basis of a stable concession arrangement, which is essential in order to safeguard the interests of our shareholders and of future providers of finance for the large-scale investment program planned for the Roman airport system.
The delay in providing regulatory certainty reflects poorly on Rome’s candidacy to host the 2020 Olympics and prevents Fiumicino airport from raising quality standards and improving service delivery.

BACKGROUND

Analysis of economic trends

Growth prospects[2] for the world economy appeared to be improving towards the end of 2010. However, some uncertainties still remain, especially in developed economies where private consumption has been impacted by weak labor markets and the need to restore public and household budgets, against a backdrop of continuing fragility in real estate markets.

In the United States, where GDP rose 0.8% in the fourth quarter, economic activity accelerated, primarily on the back of private consumption and accumulated stocks.

In general, the main emerging economies also saw robust expansion of industrial activity in the second half of 2010. In China GDP grew 9.8% in the fourth quarter, driven by an increase in domestic demand, compared with a more modest contribution from net exports, while India registered an upturn of 9.0% in the last quarter of 2010.

In Europe, Eurostat reported that in the fourth quarter of 2010 GDP grew 0.3% on a quarterly basis and 2% on an annual basis (preliminary figures). The only out-performer was Germany, with GDP growth of 0.4% on a quarterly basis and 4% on an annual trend; despite registering a slowdown this confirmed that its economy is more dynamic than those of other EU countries, thanks primarily to exports. Among countries outside the euro area, Great Britain registered a 1.7% rise in GDP on the back of domestic demand, compared with poor performance by exports.

As already mentioned, the strength of the economic recovery continues to be hampered by elements of uncertainty, as unemployment rates are still too high. Eurostat reports that in the USA the unemployment rate fell to 9.4% in December, while in the euro zone in November it remained stable at 10.1% of the economically active population, the highest level ever recorded. In Italy, ISTAT (National Statistics Office) registered an unemployment rate of 8.7% in December, down 0.1% on October and up 0.4% on September.

The price of oil started rising again, standing at 95 dollars a barrel at the end of the second week of January, up around 20 dollars on the price registered at the end of August. As of November, prices in euros rose even higher due to depreciation of the single currency against the US dollar. The increase reflected growing demand, especially from the United States and China.

In Italy, ISTAT data shows a 1.1% rise in GDP at the end of 2010: a 0.1% increase was registered in the fourth quarter compared with the previous quarter; this figure also represented a 1.3% rise with respect to the fourth quarter of 2009.
On the demand side, a modest increase in household consumption was accompanied by a decline in investment, which was affected by a contraction in motor vehicle purchases and machinery and equipment outlays.
A comparison of Italy's performance with that of the EU's best performer, reveals cumulative GDP growth with respect to the cyclical low point (second quarter of 2009 for Italy, and the first quarter of 2009 for Germany) of 1.5% for Italy and 5.2% for Germany; Italy lagged behind in the wake of lower export growth, compared with a rise in imports only slightly lower than the increase registered in Germany.

Therefore, whilst we can say that the most worst of the financial crisis may appear to be over, the recovery is emerging at extremely varied paces across different global economies.

[2] Source: Bank of Italy; Eurostat; Istat; IMF (International Monetary Fund)

The air transport industry

The improving macroeconomic environment also played a key role in the air transport sector: at global level, an 8.2% increase in the volume of passengers transported (RPK[3]) was registered, primarily driven by the Middle East (up 17.8%) and the Far East (up 9.0%), as well as by Africa, albeit with lower volumes.

YTD 2010 vs. YTD 2009

Year on Year Comparison	RPK	FTK
Africa	12.9%	23.8%
Asia/Pacific	9.0%	24.0%
Europe	5.1%	10.8%
Latin America	8.2%	29.1%
Middle East	17.8%	26.7%
North America	7.4%	21.8%
Industry	8.2%	20.6%

RPK = Revenue passenger kilometers
KTK = Freight tonne-kilometers

IATA – Airline Financial Monitor, Jan 2011

After the substantial losses incurred in recent years, the recovery in passenger and freight traffic and the upgrade of productive capacity entailing the grounding of obsolete aircraft, together with largely stable costs, led to a significant improvement in carriers' results. Outstanding performances were posted by Asian carriers, and Middle Eastern airlines also did well; the major European and North American airlines, however, whilst well on the road to recovery, continued to experience problems.

Indeed, primarily in these geographical areas the process of airline consolidation continued, and even gained pace, with a view to optimizing and rationalizing resources: through mergers and acquisitions and/or attempts to improve efficiency via fleet modernization.

The main transactions includes:
- the extension and consolidation of transatlantic joint ventures: this was the case when Alitalia entered into a joint venture with Air France, KLM and Delta;
- the merger between British Airways and Iberia and the joint venture with American Airlines;
- the merger between Continental and United Airlines.

Undoubtedly, the three major global commercial alliances are also being strengthened: SkyTeam (13 members), Star Alliance (27 members), and Oneworld (12 members). This trend, partly in the wake of the already announced addition of new carriers to the SkyTeam, will continue.

However, despite evidence of clear signs of recovery, 2010 also witnessed some specific difficulties, in some cases resulting in substantial public intervention in support of airlines. The most noteworthy include the cases of Japan Airlines and Mexicana de Aviacion, as well as the bankruptcy of the regional carrier, Mesa Airlines, in the USA, and the entry into administration of the Italian airline, Livingston.

[3] Unit of measurement normally used by IATA – the airlines association.

Despite a series of production delays at both the major aircraft manufacturers, 2010 saw an additional 18 Airbus 380s enter service, bringing the number of these aircraft in the fleets of Singapore Airlines, Qantas, Emirates and the European carriers, Air France and Lufthansa, to a total of 42. After its first test flight in December 2009, as well as further postponements, Boeing scheduled delivery of the first 787 Dreamliner to the All Nippon Airways for the third quarter of 2011.

In Italy 2010 saw the "new" Alitalia take definitive shape following its creation by the merger of Alitalia and AirOne at the beginning of 2009. Starting in the summer of 2010, the carrier began operating new short-, medium- and long-haul flights from Rome's Fiumicino airport. Meanwhile, some AirOne branded aircraft, positioned in the low-fare segment, were based at Milan's Malpensa airport. The development of the low-cost segment also continued, with further growth by the two key players, Ryanair and EasyJet.

Legal and regulatory framework

- Revision of airport fees to bring them into line with inflation

On February 27, 2010, Law no. 25 of February 26, 2010 to convert with amendments Legislative Decree no. 194 of December 30, 2009, the so-called "Thousand-Extensions Decree", was published in the Official Gazette. No changes were made to the regulations regarding revision of airport fees (paragraphs 6 and 7 of article 5), thereby confirming extension of the Ministry of Infrastructure and Transport's power to intervene in revising airport fees to bring them into line with the target inflation rate until December 31, 2010.

A Ministerial Decree of October 4, 2010 regarding "Revised airport fees for 2010" was published in Official Gazette no. 289 of December 11, 2010. Pursuant to this decree the airport fees laid down in the previous Ministerial Decree of October 8, 2009 were revised to bring them into line with the target inflation rate for 2010 which, in the Economic and Financial Planning Document (DPEF) for 2010-2013, is projected to be 1.5%. The new measure regarding airport fees will be applied as of January 10, 2011, the date on which the Decree comes into force.

Legislative Decree no. 225 of December 29, 2010 relating to “Extension of terms provided for under urgent legislative and financial measures regarding taxation and support to companies and households” (the so-called “Thousand-Extensions Decree”) was published in Official Gazette no. 303 of December 29, 2010.
With respect to airport fees and planning agreements, this Decree extends until March 31, 2011 terms regarding:

- the issue of interministerial decrees relating to the determination of airport fees pursuant to system requirements legislation (Law no. 248/2005) and the revision of airport fees to bring them into line with the target inflation rate for 2011 by the Ministry of Infrastructure and Transport;
- forfeiture of the revision of fees if the airport operator fails to submit a complete application regarding the drawing up of a planning agreement.

Pursuant to paragraph 2 of article 1, the term of March 31, 2011 may be further extended until December 31, 2011 via adoption of one or more Prime Ministerial Decrees in agreement with the Minister of the Economy and Finance.

- Interim aeronautical charge regime

On January 15, 2010, ADR submitted an application to the Civil Aviation Authority in order to benefit from the interim aeronautical charge regime pursuant to paragraphs 200 and 201 of article 2 of the 2010 Finance Act which, as of 2010, provides for advance payment of passenger boarding fees, up to a maximum of 3 euros per outbound passenger, to airport operators, whilst awaiting the drawing up of planning agreements. This regime is conditional on the execution of self-financing of urgent infrastructure investments subject to validation by the Civil Aviation Authority.
On March 5, 2010 the Civil Aviation Authority notified ADR SpA of its acceptance of the interim aeronautical charge regime in relation to the urgent and high-priority works listed by the Company in the above-mentioned application, and also reported that it had submitted the proposed interim aeronautical charge regime to the Ministry of Infrastructure and Transport. No developments have been reported regarding the approval procedure for this proposal.

Moreover, on July 13, 2010 CIPE Resolution no. 96 of November 6, 2009 relating to an "Amendment of the directive regarding the regulation of fees for airport services offered on an exclusive basis" was published in the Official Gazette no. 161. This Resolution amends the "Directive regarding the regulation of fees for airport services offered on an exclusive basis" – appended to Approval Resolution no. 38/07 – to which an additional paragraph, "4.3 – Interim aeronautical charge regime", was added. This largely reiterates paragraphs 200 and 201 of art. 2 of the 2010 Finance Act, on the basis of which ADR SpA was able to submit an application requesting admission to the regime to the Civil Aviation Authority.

- EU Law 2009 - Delegated legislation regarding implementation of Directive 2009/12/EC on airport fees

Law no. 96 of June 4, 2010 was published in no. 138 of the Official Gazette of June 25, 2010 (the so-called "EU Law 2009"). Amongst other things, this law authorizes the government to implement Directive 2009/12/EC regarding airport fees within one year of the law coming into force, namely by July 10, 2011, in compliance with the directive principles and criteria set out in art. 39.
The implementing Legislative Decree should thus define the scope of application of EU standards regarding airports with passenger traffic amounting to more than 5 million (thereby revising Law no. 248/05), including a specific regime for airports with less than 5 million passengers. At the same time, the law should regulate allocation to the Civil Aviation Authority of domestic supervisory powers regarding the correct application of EU legislation and financial regulation.

- New administrative surcharge on boarding fees

On May 31, 2010 Legislative Decree no. 78 of May 31, 2010 relating to "Urgent measures regarding financial stability and economic competitiveness" was published. Subsequent to a request from the Commissioner responsible for administrative management and the Mayor of Rome, Law no. 122 of July 30, 2010 relating to "Conversion into law, with amendments, of Legislative Decree no. 78 of May 31, 2010 regarding urgent financial stability and economic competitiveness measures", which was published in the Official Gazette no. 176 of July 30, 2010, finally introduced an administrative surcharge on the boarding fees of passengers departing from Rome's airports – up to a maximum of 1 euro per passenger – in order to contribute to expenses deriving from the rescheduling of the Municipality of Rome's debt, up to an amount of 200 million euros.
Introduction of the administrative surcharge was finally approved by the Extraordinary Commissioner on November 12, 2010, up to a maximum of 1 euro per passenger, to be applied from January 1, 2011. This surcharge has been duly applied by ADR SpA since the above date.

- Special planning agreement

In the second part of the year negotiations between ADR SpA and the Civil Aviation Authority regarding definition of the terms and conditions to be included in the "special planning agreement" were particularly tough.
This legal instrument (Law no. 102 of August 3, 2009), which was introduced for the Civil Aviation Authority and major Italian airports with more than 10 million passengers per annum, is designed to enable the definition of specific models for long-term fee regulation.

Indeed, this single act enables the regulation of legal and administrative aspects regarding airport operations, and at the same time more traditional regulatory aspects relating to fees. A planning agreement along these lines significantly simplifies the regulatory framework introduced by CIPE Resolution and the Civil Aviation Authority's implementing guidelines, and sets out a clear and specific regulatory framework until expiry of ADR's operating concession on June 30, 2044. At the same time it enables a close correlation to be maintained between investment planning and the related financing, by regulating the drawing up of the airport development plan and the financial plan.

In line with this legal instrument, and in order to propose a form of planning agreement to the Civil Aviation Authority that complies with international best practices, as well as for the purposes of subsequent financing of the project, ADR SpA has carried out comparative benchmarking with other airport agreements and other utilities sectors.
Therefore, it was possible to submit a proposal to the Civil Aviation Authority in August 2010, and then subsequent additions in October and December 2010, providing a series of detailed explanations of the reasoning behind the decisions taken.

On November 25, 2010, the Civil Aviation Authority sent the Company its own revised draft of the planning agreement which, whilst taking into account some of the requests made by ADR SpA, rejected essential aspects considered to be vitally important for meeting the fundamental requirement regarding the viability of financing the project. Discussions with the Grantor and consultation with the Ministry of Infrastructure and Transport are ongoing in relation to the following aspects: infrastructure (to verify the proposed capital investment), legal (to establish the actual contractual terms and conditions) and economic and financial (to draw up the short-, medium- and long-term plan).
At the moment it is not possible to predict when and under what circumstances the new agreement will be signed and come into effect.

Law no. 122 of July 30, 2010 relating to "Conversion into law, with amendments, of Legislative Decree no. 78 of May 31, 2010 regarding urgent financial stability and economic competitiveness measures", is also connected with the issue of special planning agreements. Art. 47, paragraph 3 *bis*, contains amendments to the legislation regarding "special planning agreements" pursuant to art. 17, paragraph 34 *bis*, of Legislative Decree no. 78/2009, converted with amendments into Law no. 102/09, which specifically:
a) extends this option to airports with passenger traffic of more than 8 million per annum (rather than 10 million), as well as to airports with organization based in different regions;
b) provides for a 60-day period – from the date of execution of the planning agreement with the Civil Aviation Authority – within which the Prime Ministerial Decree that approves the exempted agreement must be adopted.

- Application of the new legislative framework regarding civil aviation security

On April 29, 2010 the framework of fundamental common rules and general and detailed provisions came into force at European airports. This replaces the previous legislative framework laid down by Regulation (EC) no. 2320/2002 and subsequent regulations, and breaks down as follows:
- Regulation (EC) no. 300/2008 of the European Parliament and Council of March 11, 2008, which lays down common rules in the field of civil aviation security, and subsequent implementing regulations and additions;
- Regulation (EC) no. 272/2009 of the European Commission of April 2, 2009, which incorporates fundamental common rules in the field of civil aviation security, and subsequent additions;
- Regulation (EU) no. 297/2010 of the European Commission of April 9, 2010, which amends Regulation no. 272/2009;
- Regulation (EU) no. 185/2010 of the European Commission of March 4, 2010, which lays down detailed provisions regarding implementation of fundamental common rules in the field of civil aviation security, and subsequent additions and amendments.

Consequently, on April 29, 2010 and May 6, 2010 the Civil Aviation Authority issued Directives 36012/ENAC/DG and 40792/ENAC/DG containing the new security measures, to be applied in addition to and amendment of the current National Security Program measures.

With specific reference to ADR SpA, Regulation (EU) no. 185/2010 imposes stricter regulations regarding access to airport sterile areas and introduces innovations relating to training. Regarding the new airport access provisions, the Civil Aviation Authority offices at Fiumicino and Ciampino will issue new airport badge procedures.

Regulation (EC) no. 272/2009, as amended by Regulation (EU) no. 297/2010, introduces temporary provisions relating to liquids, aerosols and gels (LAG), which will allow for removal of the current restrictions on taking Lags' on board aircraft, replacing them with control measures implemented using explosive detection devices.
These regulations set two deadlines:
- April 29, 2011: the date by which controls on liquids purchased in non-EU airports and on board non-EU carriers' aircraft by individual passengers in transit at EU airports should be implemented;
- April 29, 2013: the date by which EU airports are obliged to carry out controls on all liquids.

Due to these new regulations ADR SpA will have to acquire new equipment to carry out these controls.

- Policy guidelines on the Lazio airport system

On June 7, 2010 the Ministry of Infrastructure and Transport issued policy guidelines that were addressed to the Civil Aviation Authority and subsequently forwarded to ADR SpA. Ahead of completion and formalization of the study on the national airport network, this document is aimed at providing strategic guidelines for the Lazio airport system, including a correlated and organized assessment of its future development.
The document identifies priority structural works for Fiumicino and Ciampino, and in connection with the construction of Viterbo airport.

- New video surveillance ruling

A ruling by the Data Protection Authority on video surveillance of April 8, 2010 was published in Official Gazette no. 99 of April 29, 2010. This replaces the ruling issued by this Authority in April 2004 and introduces innovations regarding the use of CCTV systems.
Within the time limits laid down by law, namely by October 30, 2010, ADR adopted the new provisions (e.g. preparation of new information pursuant to art. 13 of Legislative Decree no. 196/03, adoption of security measures such as the logical separation of images).

- Amendments to environmental regulations

Legislative Decree no. 128 of June 29, 2010, "Amendments and additions to Legislative Decree no. 152 of April 3, 2006, regarding environmental regulations, pursuant to art. 12 of Law no. 69 of June 18, 2009", was published in the Official Gazette no. 186 of August 11, 2010. Legislative Decree no. 128/10 is the third amendment to the environmental regulations (Legislative Decree no. 152/2006).
The amendments of interest to ADR SpA include in Part II a transposition of the regulations regarding the Integrated Environmental Authorization (IEA) for plants of more than 50 MW, and changes made relating to the coordination and simplification of procedures connected with the granting of the Integrated Environmental Authorization (IEA) and the Environmental Impact Assessment (EIA). These innovations could simplify activation of plants if they are included in the Environmental Impact Study (EIS), prior to issue of the EIA ruling by the relevant Authority. Regarding ADR SpA's Airport Development Plan, the measure will not bring significant changes with respect to the current framework – which is already fully comprehensive – in terms of deadlines for preparation of the EIS, the relative preliminary investigation and application of compensatory measures, inasmuch as the EIA is still mandatory for the Airport Development Plan.

Legislative Decree no. 205 of December 3, 2010, in implementation of Directive (EC) no.2008/98 regarding waste, was published in Ordinary Supplement no. 269/L of the Official Gazette of December 10, 2010. The Decree, which came into force on December 25, 2010, revises the regulations regarding waste contained in Part IV of the Environmental Code (Legislative Decree no. 152/2006). This corrective measure has the dual purpose of incorporating EU legislation and codifying the electronic waste tracking system (SISTRI) (pursuant to the Ministerial Decree of December 17, 2009 and subsequent amendments), which is applicable to ADR SpA as a producer of hazardous waste, including the related sanctions and operating standards.

- Decentralized management of public land

On June 11, 2010 Legislative Decree no. 85 of May 28, 2010 was published in Official Gazette no. 114. This measure regards the "Allocation of public property to municipal, provincial, metropolitan and regional authorities", in implementation of art. 19 of Law no. 42/2009. The ruling, which is also known as the "Legislative Decree on the decentralized management of public land", regulates the process of allocating government assets free of charge to local authorities.
Under art. 5, paragraph 1c), these assets include regional and local airports and the related appurtenances. These differ from national airports as defined under art. 698 of the Navigation Code, which still form part of government land used for civil aviation and therefore subject to the regime laid down in the Italian Civil Code, as well as the protection and conservation regulations of the Navigation Code (art. 4, paragraph 1). However, art. 5, paragraph 2, prohibits the transfer of airports of national and international economic importance pursuant to airport operating regulations.

- Second phase of the Open Skies Agreement

On June 24, 2010 the second phase of the Open Skies Agreement between the EU and the USA, based on the benefits brought by the Open Skies Agreement signed between the EU and the USA in 2007, was signed in Luxembourg. The agreement creates new commercial opportunities and strengthens cooperation in such regulatory areas as the environment, social protection, security and competition.

- Public tenders

On March 20, 2010, Legislative Decree no. 53 (the new public tender procedure) introduced the following changes:

- Introduction of shorter periods (30 days compared with the previous 60 days from the date of receipt of the documents to be contested) for appeals regarding public tenders;
- Revision of the regulations regarding the notifications contract awarders are obliged to send to the competing and winning bidders pursuant to art. 79 of Legislative Decree no. 163/2006;
- Introduction of an additional period of at least 35 days for execution of the final contract, which comes into effect on receipt of the last notification regarding the final award of the contract;
- Provisions regarding plaintiffs wishing to lodge a judicial appeal against a call for tender, award of a contract, etc., who are obliged to notify the contract awarder of their intention to do so, including brief notification of the details of the alleged infringement. Any intention to lodge an appeal may also be stated orally during a public meeting of the bid committee, and included in the minutes of the meeting and immediately notified by the committee to the person in charge of the procedure. Moreover, the contract awarder must reply to the above-mentioned notification within 15 days, as failure to do so is equivalent to denial of the right of appeal and rejection of the request.

With sentence no. 01885/2010 of March 30, 2010, the Council of State confirmed that contract awarders may not on their own initiative add clauses to calls for tender that provide for payment within a longer period than the term set by art. 4 of Legislative Decree no. 231 of October 9, 2002 (within 30 days of receipt of the invoice), or a rate of interest that deviates from the one prescribed under art. 5 of the Decree, from which no exemptions may be made via the unilateral and peremptory actions of contract awarders, but only subsequent to an agreement, or in any event free acceptance by the parties concerned.

On September 7, 2010 the special anti-mafia plan contained in Law no. 136 of August 13, 2010 and published in the Official Gazette of August 23, 2010, came into force.
Specifically, art. 3 provides for tracking of payments relating to contract tenders via obligatory use of bank or post office accounts for payment, including imposition of fines for any infringements.
Moreover, under penalty of nullity, ADR SpA is obliged to include specific clauses in its contracts reminding contractors and/or sub-concessionaires to comply with obligations regarding the tracking of financial transactions, or face cancellation of the contract.
On December 17, 2010, Law no. 217 in conversion of Legislative Decree no. 187 of November 12, 2010, regarding amendments to Law no. 136/2010 on financial tracking, was published.
This Law provides clarification regarding the measures to be adopted to adapt contracts signed before September 7, 2010 (when Law no. 136/2010 came into force) but expiring after June 15, 2011, to the tracking regulations. These contracts will automatically incorporate the tracking clauses pursuant to art. 1374 of the Italian Civil Code (art. 6, paragraph 2, of Law Decree no. 187/2010, as amended by Law no. 217/2010).

On September 16, 2010 the Administrative Justice Code, contained in Legislative Decree no. 104/2010, came into force. The most significant innovations include:

- a "condemnatory action", offering parties who have incurred damages as the result of an administrative measure with an additional form of recourse to protect their own interests. Interested parties may legitimately bring a condemnatory action, including beyond the customary period for contesting an administrative decision (30 days from the date of the decision), within 120 days of either the date of acknowledgement of the prejudicial measure, or the date on which the event that gave rise to the damages took place;
- the possibility to submit a request to the Regional Administrative Court for the application of precautionary measures to protect a party's interests even before the appeal.

Activities

In 2010 the Group’s activities generated total revenues of 599.7 million euros, which break down as follows:

(in millions of euros)		2010		2009	Change %
Airport Charges		174.8		163.2	7.2%
Centralized Infrastructures		35.4		35.5	(0.4%)
Security		67.7		62.9	7.6%
other (*)		29.3		29.8	(1.6%)
AERONAUTICAL REVENUES		**307.2**		**291.4**	**5.4%**
"Duty free" and "duty paid"		84.9		77.5	9.5%
Sub-concessions and utilities					
- sub-concession and utilities	59.7		56.4		5.9%
- commercial activities in sub-concession	54.1		46.9		15.4%
		113.8		103.3	10.2%
Parking		30.5		27.5	10.8%
Advertising		22.4		22.8	(1.7%)
Canteen		7.1		6.7	4.7%
Other		33.8		32.6	3.7%
NON AERONAUTICAL REVENUES		**292.5**		**270.4**	**8.2%**
TOTAL REVENUES		**599.7**		**561.8**	**6.7%**

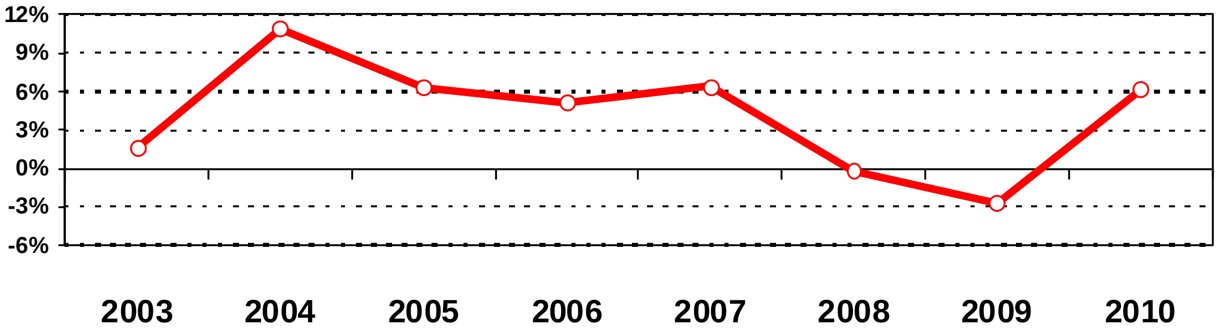
(*) includes services of assistance to passengers with reduced mobility (PRM)

A review of operations during 2010 in the various areas of business in which the Group is involved is provided below.

Aeronautical activities

Air traffic

During 2010 world air traffic grew significantly, reporting a 6.2% increase in passengers compared with the previous year. In particular, international traffic rose by 7.3%, whilst domestic traffic registered an increase of 5.2%.

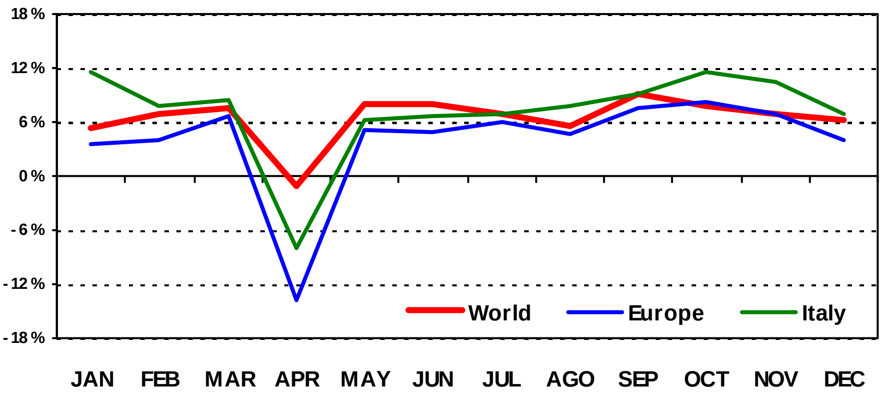


SOURCE: 2003-09 ACI World Traffic Report
2010 ACI Pax Flash Report

In 2010 Europe registered a 3.7% increase in passenger traffic compared with 2009, driven by the domestic (up 3.1%) and international (up 3.9%) segments.

In Italy passenger traffic in 2010 grew 7.0% compared with 2009, assisted by the international (up 7.9%) as well as the domestic (up 5.9%) segment.

Passenger traffic - 2010 percentage increases compared with 2009



	2010 vs. 2009
WORLD (a)	+6.2%
Europe (a)	+3.7%
Italy (b)	+7.0%
FCO + CIA (°)	**+5.9%**

SOURCE: (a) ACI Pax Flash Report (2010)
(b) ASSAEROPORTI (2010)
(°) = Roman Fiumicino and Ciampino Airport System (2010)

As shown in the graph, the month of April was negatively impacted by the consequences of the volcanic eruption that took place in Iceland from April 14, resulting in the closure of most of Europe's air space and entailing many flight cancellations at some European airports. Eurocontrol estimated that more than 100,000 flights were canceled in April and May due to the volcanic ash cloud.

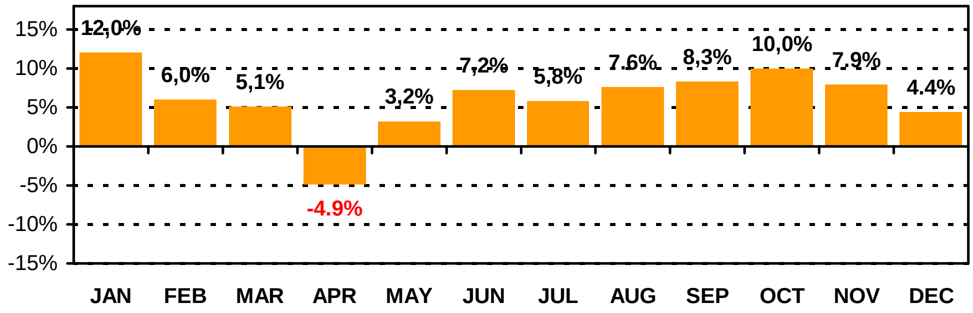
The Roman airport system

In 2010 the main European airports[4] recorded the following passenger traffic trends: London (down 2.2%), Paris (up 0.4%), Madrid (up 2.8%), Amsterdam (up 3.8%), Frankfurt (up 4.1%), Zurich (up 4.3%), Milan [Linate and Malpensa] (up 5.4%) and Munich (up 6.2%).

In 2010 the Roman airport system registered an overall increase of 5.9%. This rise derives from the monthly performances shown in the following graph:

[4] Source: Airport Council International; Rapid Data Exchange Program.

THE ROMAN AIRPORT SYSTEM
Total Passengers – Monthly percentage changes compared with 2009



Information regarding trends in traffic components is provided below.

Data up to December 31, 2010

	ROME SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	383.309	329.269	54.040	155.341	227.968
D% vs PY	+0,3%	+1,5%	-6,2%	-6,3%	+5,4%
Mtow	29.932.765	27.275.594	2.657.171	9.648.155	20.284.610
D% vs PY	+3,3%	+4,2%	-5,1%	-4,3%	+7,3%
Total Pax	40.909.255	36.338.179	4.571.076	13.540.830	27.368.425
D% vs PY	+5,9%	+7,5%	-5,0%	-0,6%	+9,5%
Freight (Kg)	171.680.518	153.678.502	18.002.016	5.615.157	166.065.361
D% vs PY	+19,3%	+21,0%	+6,0%	-5,5%	+20,3%

International traffic breaks down into EU and non-EU traffic as follows.

	International	Intl' EU	Intl' Extra EU
Movements	227.968	151.858	76.110
D% vs PY	+5,4%	+3,7%	+9,1%
Mtow	20.284.610	10.658.845	9.625.765
D% vs PY	+7,3%	+5,8%	+9,0%
Total Pax	27.368.425	17.266.208	10.102.217
D% vs PY	+9,5%	+6,8%	+14,3%
Freight (Kg)	166.065.361	31.851.955	134.213.406
D% vs PY	+20,3%	+6,5%	+24,1%

At **Fiumicino** increases in total movements (up 1.5%) and the number of passengers (up 7.5%) were reported. Passenger traffic was primarily driven by the international component (up 11.4%), compared with the 0.9% registered by the domestic component.

Breakdowns for the different areas are as follows:

Domestic traffic: This segment, representing 35.1% of total passenger traffic, reported the following:

- Alitalia (75.9% of market share): the carrier registered an increase in passenger traffic (up 1.1%), while capacity saw reductions in movements (down 4.7%) and aircraft tonnage (down 3.3%);
- other carriers (24.1% of market share): the situation remained largely unchanged regarding passengers (up 0.3%), but was accompanied by a fall in capacity (movements down 6.8% and aircraft tonnage down 3.3%).

International European Union traffic: This segment, representing 37.3% of total passenger traffic, reported the following:
- Alitalia (26.7% of market share): the carrier reported a substantial 7.2% rise in passenger traffic, driven by increases in seats and the load factor;
- other carriers (73.3% of market share): other carriers registered an 8.8% increase in passenger traffic, while capacity also rose (movements up 6.9% and aircraft tonnage up 7.8%).

International traffic outside the European Union: This segment, representing 27.6% of total passenger traffic, reported the most substantial rise (up 15.8%) as follows:
- Alitalia (38.1% of market share): the carrier registered a substantial increase in the number of passengers (up 16.9%), deriving from rises in capacity (movements up 5.5% and aircraft tonnage up 9.2%) and the load factor;
- other carriers (61.9% of market share): other carriers registered an excellent performance in terms of both passengers (up 15.1%) and capacity (movements up 14.3% and aircraft tonnage up 10.5%).

Once again in 2010 the network of flights operated to and from Fiumicino saw the launch of new routes and increases in the frequency of existing domestic, EU and non-EU flights. The most significant ones, broken down by segment, are the following:

segment	***carrier***	***destination***
Domestic	Darwin Airlines	new flights to Rimini
	Alitalia	new daily flights to Salerno
EU	Air Baltic	new flights to Vilnius
	EasyJet	new flights to Nice, Malta, Dusseldorf, Bilbao and Toulouse
	Alitalia	new flight to Malaga and Vienna
	City Airlines	new flight to Gothenburg
	Germanwings	new route to Hannover
	Vueling	increased flights to Paris Orly and new summer destinations via introduction of scheduled flights to Ibiza, Mykonos and Palma de Mallorca.
	Blu-Espress	new summer destinations via introduction of scheduled flights to Heraklion, Corfu and Kos
Non-EU	US Airways	new flight to Charlotte
	United Airlines	launch of flights to Chicago
	Alitalia	routes to Los Angeles and Amman, and increased flights to Tokyo, New York, Sao Paolo and Tel Aviv
	Kenya Airways	new route to Nairobi
	Pegasus Airlines	Istanbul
	Wizz Air	launch of flights to Belgrade
	easyJet	six additional flights per week to Geneva
	Qatar Airlines	increased flights to Doha
	Emirates	three additional flights per week on the Dubai route

Ciampino registered reductions in passenger volumes (down 5.0%) and capacity (movements down 6.2% and seats down 5.6%). This performance is due, on the one hand, to continuation of the capacity restrictions laid down by the air transport authorities (a limit of 100 commercial movements per day) and, on the other, to the transfer of certain flights to Fiumicino that cannot be readily replaced.

Finally, in April both Fiumicino and Ciampino were impacted by the negative effects arising from the volcanic eruption in Iceland. Cancellations at the two Roman airports, and the consequent loss of traffic, amounted to around 290,000 passengers, including around 220,000 in the week of April 15-21 (with the cancellation of more than 2,000 movements), and 70,000 on subsequent days due to the lower propensity to fly and the consequent reduction in load factors.

Airport fees

In 2010 revenues from airport fees amounted to 174.8 million euros, representing an increase of 7.2% with respect to 2009.

The two principal components, "landing and take-off fees" and "passenger boarding fees", reported the following performances:

- landing, take-off and parking fees: compared with a largely stable number of movements (up 0.3%), achieved thanks to the recovery registered in the second half of 2010, the 4.2% increase with respect to 2009 derived from operation of aircraft with higher average capacity/tonnage and the fee adjustment applied on January 21, 2010 in line with the target inflation rate (up 1.5%);
- passenger boarding fees: total revenues increased by 7.9% on the back of a rise in the number of passengers boarded (up 6.0%), with a higher percentage contribution from non-EU routes (higher unit fee), and in this case too application of the fee adjustment (up 1.5%).

During the year a 19.3% increase in cargo traffic compared with 2009 was also registered, resulting in a rise in cargo revenues of around 1.0 million euros.

Management of centralized infrastructures

The management of centralized infrastructures, which is carried out directly by the Parent Company, ADR SpA, reported revenues of 35.4 million euros in 2010, substantially in line with the previous year (down 0.4%).

This performance was due essentially to:

- a 1.8% decrease in loading bridge revenues compared with 2009, primarily due to the permanent closure of two aprons served by loading bridges arising from airport development works, the reduction in aircraft movements registered in the first half of the year and the penalization of certain facilities resulting from works. In the second half of the year the greater number of aircraft movements and actions implemented to improve infrastructure management enabled recovery of part of the decrease registered in the first six months of the year (from a reduction of 3.4% to one of 1.8%). In order to ensure use of this infrastructure to a greater number of customers, and therefore better quality service, despite the reduced availability of equipment, 156,263 flights were served with loading bridges, up 3.3% on 2009, representing a total number of 19,359,068 passengers served (up 7.1%). This result was achieved thanks to a reduction in average usage per individual flight allocated to a loading bridge;
- revenues from the use of baggage handling systems were substantially in line with the previous year (down 0.4%), as the greater number of inbound and outbound passengers was offset by a different distribution of outbound passengers in the various terminals, which are subject to different unit fees for baggage handling;
- a 6.6% increase in centralized information systems.

Security

During 2010 the security activities carried out by the Parent Company, ADR SpA (security checks on passengers and carry-on baggage, 100% screening of checked baggage, explosive detection checks, other security checks requested and surveillance of the airport system) generated revenues of 67.7 million euros, an increase of 7.6% on 2009. This performance derives from an increase in passenger traffic and checked baggage, as well as a substantial rise in revenues from on-demand services at Fiumicino.

Assistance to passengers with reduced mobility (PRM)

Services regarding assistance to passengers with reduced mobility (PRM), provided via the subsidiary undertaking, ADR Assistance Srl, generated revenues of 13.2 million euros in 2010, down 2.2% on the previous year, due to the combined effect of the greater number of passengers, and the difference in the fees applied during the two periods under comparison.
Following meetings with the Fiumicino Users' Committee, and in the light of final figures for 2010 and projections for 2011 regarding assistance costs, a new fee was agreed on. This will come into effect on December 1, 2010 and be applied throughout 2011, thereby enabling recovery of the deficit accumulated in 2010.

Operational safety

Within the Roman airport system operational safety was carried out according to procedure (ISO 9001/2000 certificate), responding to the increase in traffic and the rising number of infrastructures and construction sites to be checked. In addition, the monitoring of compliance with the requirements of Civil Aviation Authority certification and the correct use of air-side infrastructure by handlers continued, including notification of any infringements and actions aimed at helping to modify and improve procedures for runway use.

Airport regulations

The periodic updating of documents regarding Fiumicino and Ciampino continued, including:

- ongoing addition of new directives and measures issued by the respective airport managements;
- incorporation of means for transmitting operating data from carriers and handlers to the airport operator, in order to enable improved management of facilities and airport information systems;
- regulation of specific new activities, such as removal of badly parked vehicles air-side, the refueling of slow-moving vehicles at aircraft aprons and external washing of aircraft by authorized operators.

Real estate management

Sub-concessions

Revenues from retail and other sub-concessions, deriving from fees and utilities at Fiumicino and Ciampino airports, amount to 43.8 million euros, registering a 6.3% increase compared with 2009.
This increase is substantially due in part to the new contractual conditions agreed with Alitalia AZ-CAI, regarding the sub-concession of the group of assets in the so-called Technical Area until December 31, 2010, partly to the effect of the availability of units under sub-concession agreements at Office Tower 2, which were delivered at various times during 2009 and 2010, and also to the entry into service of the portion of the cargo building allocated to Flightcare Italia SpA in its capacity as a cargo handler (up 10.7% in the third quarter of 2010).

Revenues from sub-concessions, calculated on the basis of the volume of activity carried out, amount to 15.9 million euros, registering an increase of 5.3% compared with 2009.
This performance primarily derives from:

- jet fuel revenues amounting to 7.2 million euros were up 4.9% in connection with the new unit fee applied which – in compliance with the Civil Aviation Authority criteria that ensure annual cost-related increases for the operator – rose from 3.82 euros to 3.91 euros per cubic meter from March 1, 2010;
- the improved performance registered by the hotel business (up 5.3% with revenues totaling 1.3 million euros);
- a 7.9% increase in royalties from car rental companies, amounting to 5.4 million euros.

Non-aeronautical activities

ADR Group revenues from direct sales and outlets managed by sub-concessionaires amounted to 139.0 million euros in 2010, up 11.8% on 2009, thereby outstripping the 5.9% growth in passenger traffic.

Direct sales

Revenues from direct sales in 2010, amounting to 84.9 million euros, registered an increase of 9.5% compared with 2009, against a 6.0% rise in outbound traffic. The average passenger spend, amounting to 4.2 euros, was 3.3% up on 2009.

Fiumicino registered a 10.9% increase in revenues, and a 3.1% rise in the average passenger spend.
Ciampino airport registered a 7.2% decrease in revenues compared with 2009, greater than the drop in traffic (down 4.8%), with a consequent reduction of 2.5% in the average passenger spend.

These results were achieved despite the fact that December sales were heavily penalized by a robbery that took place at the Direct Retail central warehouse, which wiped out perfumery stocks around Christmas time.

Growth was reported across all product segments, with above average results achieved by "Wine" (up 15.0%), "Fragrances" (up 12.6%), "Spirits" (up 11.5%) and "Make-up" (+10.1%).

This performance was bolstered by marketing initiatives, including "Wine of the Month", "Summertime" and Christmas promotional initiatives and displays, aimed at increasing footfall, penetration and average spend. In the wake of the success of the "Wine of the Month" initiative, a "Special Offer of the Month" advertising initiative was launched, entailing the placement of special panels and display stands in retail outlets.
In December a promotional initiative was launched for ADR staff, including a 30% discount on products on sale at Good Buy Roma shops (except for tobacco and luxury goods) and an initiative to create a Christmas CD, with a view to boosting the level of spending and supported by related information on airport facilities, as well as promotional activities for the Christmas period aimed at all customers.

The business also benefited from an efficiency drive regarding logistics processes, which will continue in 2011.

Outlets managed by sub-concessionaires

Revenues from outlets managed by sub-concessionaires totaled 54.1 million euros, up 7.3 million euros (15.5%) on 2009. The average passenger spend (2.66 euros) grew by 9.0% ("Specialist Retail" up 9.7%, "Food & Beverage" up 7.7%, "Services" up 10.0%).

Fiumicino registered a 16.1% increase (amounting to 7.4 million euros) in revenues compared with a 7.5% rise in outbound traffic, thus registering an 8.0% increase in average spend.

In detail, the excellent result posted by the "Specialist Retail" sector (revenue growth of 16.9%, amounting to 3.9 million euros) was primarily due to the performances achieved by businesses located in the non-Schengen area, which benefited from the substantial related growth in outbound passengers.
Moreover, during the year 11 new businesses were launched (adding another 800 square meters of retail space), new brands were introduced (including Geox, Burberry and Giunti), and renovation or extension work was carried out on more than 1,000 square meters of retail space.

The ″Food & Beverage″ segment also registered an excellent performance (revenue growth of 14.5%, amounting to 2.5 million euros), thanks to ongoing quality improvements and extension of the range of services offered. These included: the Asian food counter at the Ciao di Autogrill at land-side Terminal 3, the sushi counter at Chef Express in the transit area of Terminal 3), and the renovation and extension of 10 outlets (around 4,600 square meters, representing more than 40% of total retail space).

The ″Services (Other Royalties)” segment reported revenues of 5.6 million euros, an increase of 18.1% with respect to the previous year (up 0.9 million euros), and the opening of two new currency exchange counters in the land-side area of Terminal 3.

Marketing activities in support of the Rome Airport Shopping Gallery saw extension of the project aimed at making it easier to locate and get around the shops at the Satellite, including specific information on brands at each boarding gate.
Following on from the Rome-Milan fast-track lane, a new facility was built, including directions for the shopping area and the brands located on the mezzanine floor in Terminal 1.

The activities of retail sub-concessionaires at Ciampino registered a 7.0% decrease in revenues, compared with a 4.8% drop in outbound traffic.

Finally, communication activities regarding the Shop&Fly loyalty program were suspended. In accordance with the related terms, this program will end on June 3, 2011.

Management of car parks

Management of parking systems registered revenues of 30.5 million euros, up 10.8% on the previous year. This increase is greater than the rise in the potential market represented by outgoing passengers (up 4.5%).

The passenger car parking and airport operator car parking segments registered the following performances:
- *Passenger car parking*: revenues of 26.3 million euros (up 10.2%), with a 5.5% increase in average spend (regarding outgoing passengers), largely due to new commercial and distribution policies;
- *Airport operator car parking*: revenues of 4.2 million euros (up 14.7%).

Marketing activities in support of the Easy Parking brand included a summer radio, SMS and online campaign to promote the online booking service (BOL), which in 2010 achieved a 58% increase in average spend. In December 2010 the BOL was enhanced with new functions (including a virtual assistant, a promotion code and special offers), aimed at making the system easier to use. A call center was also set up to provide customer support. Signage inside car parks and outside the terminal has been standardized in line with the current graphic style. For walk-in customers ("private" passengers who don't make use of the BOL channel), the Toc Toc and Bollone Rosso projects have been created and implemented, with a view to promoting online booking and drawing customers' attention to parking arrangements, raising awareness of security within the car parks.

Advertising

Revenues from advertising, amounting to 22.4 million euros, fell by 1.7% compared with 2009.

In detail, revenues from the sale of advertising in directly managed outlets (totaling 2.9 million euros) rose by 2.4%, while revenues from indirect sales of advertising at airports, carried out by the subsidiary undertaking, ADR Advertising SpA, amounted to 20.0 million euros, down 2.3% on 2009.

This performance is primarily due to rising competitive pressure from alternative forms of advertising (such as the internet) and the change in traffic mix towards low-cost traffic, resulting in a need to redefine the advertising services on offer. In this context the subsidiary undertaking, ADR Advertising, registered cancellation of important contracts by some clients, and in other cases fee reductions were agreed on. Advanced termination of contracts with an important client who failed to keep up with payments also turned out to be necessary.

Refreshment outlets and other activities

Refreshment outlets registered revenues of 7.1 million euros, up 4.7% on 2009. "Other activities" include revenues of 11.5 million euros regarding maintenance services provided to third parties, down 6.5% on 2009, and revenues relating to payment for state-financed works which, including changes in work in progress, amounted to 7.9 million euros, a rise of 2.3%.

Environmental protection

The new ADR Environmental Report was published, and maintenance and development of the ISO 14001 Environmental Management System (EMS) at Fiumicino and Ciampino continued according to plan.

In June, the certifying body, Bureau Veritas Italy, carried out checks to renew certification at both airports, and confirmed their full legislative compliance.

Within the scope of training initiatives, scheduled courses were provided for the departments concerned by EMS. In particular, an awareness-raising course regarding environmental issues was given to senior and middle managers in May.

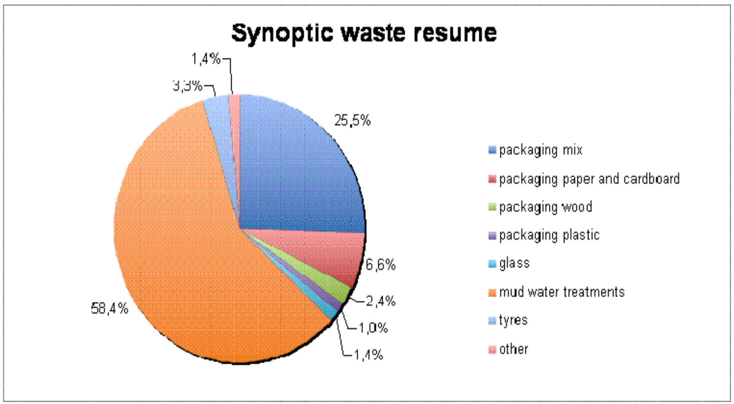
- Sorting of recyclable waste

During 2010 the program regarding development of the sorting of recyclable waste at Fiumicino airport, relating to the portion comprising paper, cardboard, wood and plastic – with collection areas set up near terminals, company canteens and ADR's administrative offices – proceeded.

The substantial efforts deployed brought the total amount of waste produced by ADR earmarked for recycling to 29%, compared with 21% in 2009.

In September, separate collection of the organic portion of the waste products deriving from meal preparation at company canteens was launched at Fiumicino.

The following chart shows the percentages of the different types of waste sorted for recycling at Fiumicino airport.



A waste separation and recycling area was also set up, available to all airport operators at Fiumicino airport, for disposal of certain kinds of special waste, such as: furniture, electronic devices, lead batteries and spent batteries, etc.

At Ciampino airport sorting of recyclable packaging waste (primarily comprising paper, cardboard, wood and plastic packaging) was started, via the placement of blue street bins.

Both airports were enrolled in SISTRI (a waste tracking monitoring system), which was established under a Ministerial Decree issued by the Ministry of the Environment and Protection of Land and Marine Resources, and the annual declaration of the waste produced by ADR SpA in 2009 (Environmental Declaration Form 2010) was completed and submitted to the Rome Chamber of Commerce. SISTRI "delegates", responsible for implementing the system, were also selected and trained.

- Pollution monitoring

During the period under consideration, the gathering of data to quantify CO^2 (carbon dioxide) emissions at Fiumicino airport began, including the definition of calculation methods.

Monitoring of air quality was also carried out in order to assess the capacity of the atmosphere to remove pollutants (atmospheric stability), and the mixing height was measured, thereby defining the climatology of the area.
Measurement of electromagnetic fields also continued at Fiumicino and Ciampino airports.
The results of both the air and electromagnetic field monitoring campaigns revealed full compliance with the relevant standards.

During 2010 ongoing monitoring of the performance of wastewater treatment plants located on the grounds of Fiumicino airport was carried out. This monitoring demonstrated that the plants were working very well, especially biological wastewater treatment, registering concentrations of the main pollutants well below 50% of the legal limits.

Regarding the issue of noise abatement, on July 1, 2010 the Service Conference set up by Lazio Regional Authority to define acoustic zoning for Ciampino airport completed its work. Consequently, ADR SpA will be obliged to carry out preliminary analysis ahead of launching activities aimed at implementing noise abatement plans.
ADR has, however, appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings by which the above-mentioned Service Conference approved acoustic zoning for Ciampino airport. The outcome of the appeal might have an impact on the relevant zoning area.

Quality

The monitoring of airport activities continued in 2010 via daily checks on the level of quality provided and perceived.

As of June 2010 monitoring of the level of service provided at Fiumicino and Ciampino airports was carried out by a specialist external company. During the year around 50,000 surveys were conducted, with around 28,000 questionnaires completed by passengers.

Analysis of Fiumicino’s positioning in terms of quality continued, through participation in the Airport Service Quality international benchmarking program and via specific meetings with major European airport operators.

A voluntary certification program was also developed as a tool to aid improvement.

Monitoring of quality levels

Fiumicino

The results of the customer satisfaction surveys conducted at Fiumicino airport led to the drawing up of a profile of passengers at the airport:
- 60.4% of passengers are between the ages of 26 and 45, whilst only 8.4% are over 55,
- 55.1% are upper-middle class professionals (managers, freelance professionals, office workers, teachers),

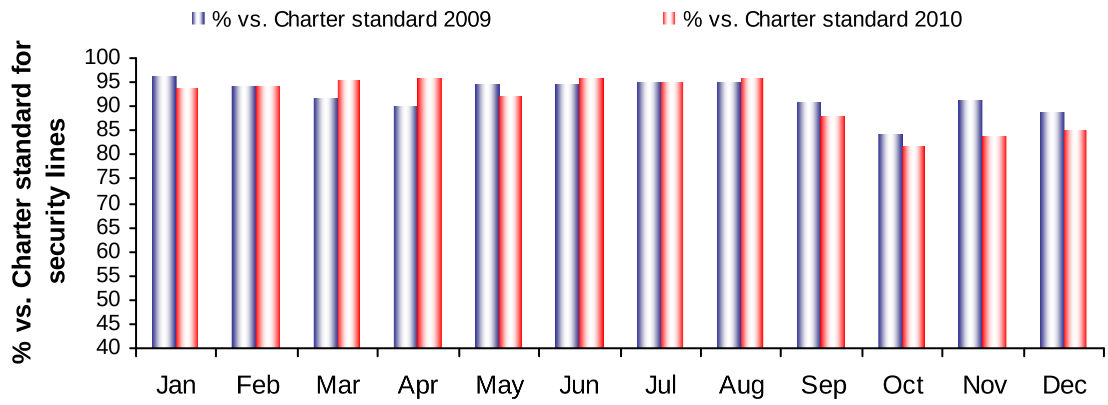
- most passengers travel alone (44.0%) or accompanied by friends or colleagues (24.0%),
- the majority (54.3%) travel for pleasure, whilst 32.0% travel on business,
- 61.0% are Italian, whilst 39.0% are foreign nationals,
- 35.0% have flown at least seven times in the last year, and 31.0% have been to Fiumicino at least four times in the same period,
- of those departing from Fiumicino, 28.2% arrived at the airport by train, 30.0% by private car (with or without an accompanying driver) and 25.2% by taxi.

Regarding customer satisfaction with the services provided at the airport, in 2010 Fiumicino received an average score of 4.35 from passengers (valuation scale 6 = excellent 1= poor), registering an increase with respect to 2009 (4.30).

Objective checks carried out at Fiumicino airport in 2010 show the following.

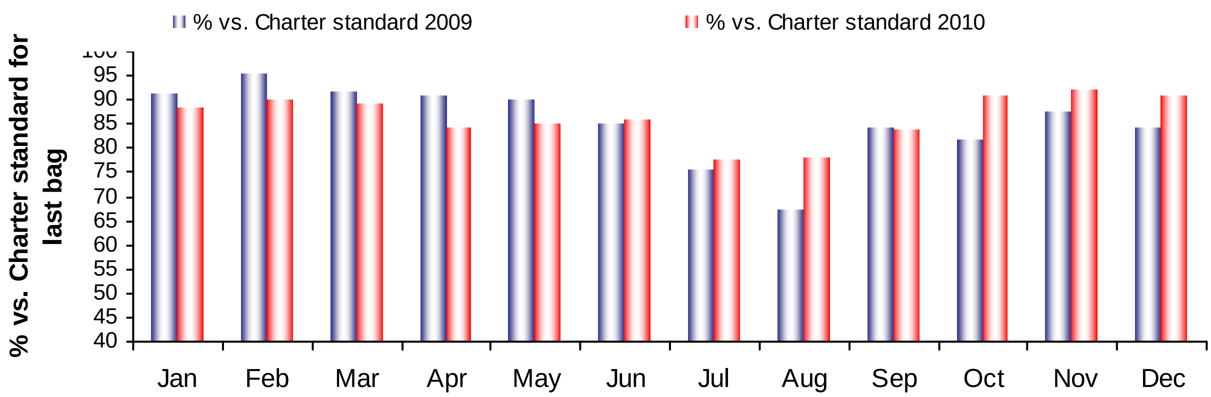
92% of passengers waited less than 12 minutes for carry-on baggage security checks, compared with the standard published in the Service Charter (90% of passengers). This performance was unchanged with respect to 2009.

Graph 1: average waiting times for carry-on baggage security checks



The percentage of flights with baggage reclaim times within the set[5] standards was 81.16% for the first piece of luggage (79.94% in 2009) and 86.25% for the last (85.48% in 2009), compared with the standard of 90%.

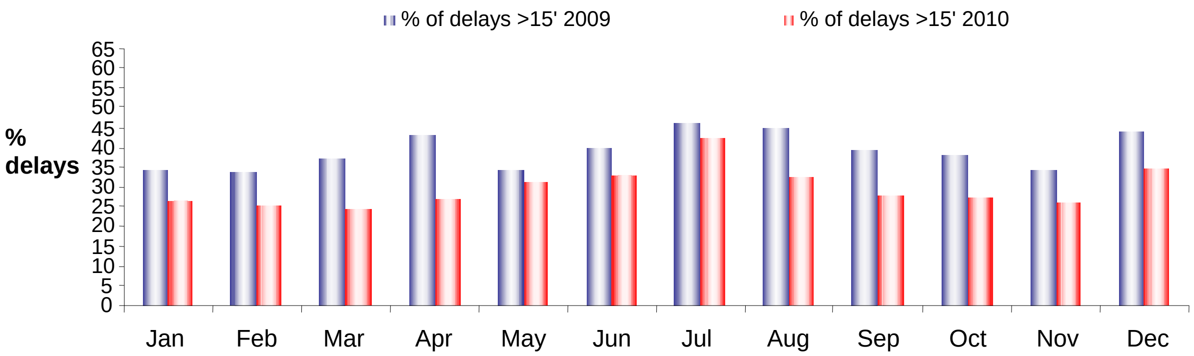
Graph 2: average times for delivery of last bag



[5] Domestic: first bag within 24 minutes – last bag within 32 minutes
International: first bag within 32 minutes – last bag within 42 minutes

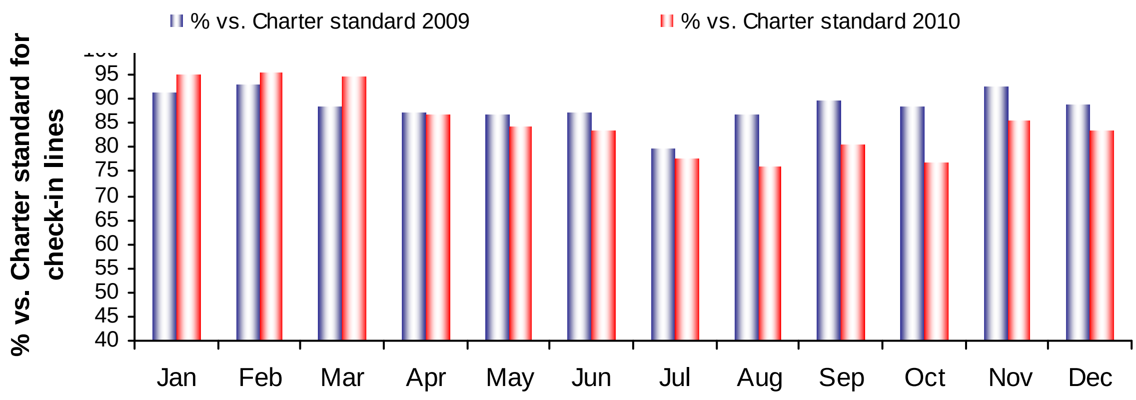
The percentage of outgoing flights with delays of more than 15 minutes was 29.9%, compared with 39.2% in 2009. While performance has improved, the airport doesn't meet the standard laid down in the Service Charter (25%). The percentage of incoming flights with delays of more than 15 minutes was 22.5% (22.9% in 2009). Consequently, the recovery of airport transit times (the difference between delays to incoming and outgoing flights with respect to scheduled time) was negative (-7.4%).

Graph 3: comparison between the percentage of delays of more than 15 minutes for incoming and outgoing flights



The percentage of passengers who completed check-in operations within the times set in the Service Charter[6] was 85.16%, compared with the standard of 90%. The service registered a deterioration of around 3 percentage points compared with the previous year.

Graph 4: average waiting times in lines at check-in desks



Ciampino

The results of the customer satisfaction surveys conducted at Ciampino airport led to the drawing up of a profile of passengers at the airport:

- 56.5% of passengers are between the ages of 26 and 45, whilst only 9.1% are over 55,
- 53.9% are upper-middle class professionals (managers, freelance professionals, office workers, teachers),

[6] Domestic: 10 minutes
International: 20 minutes

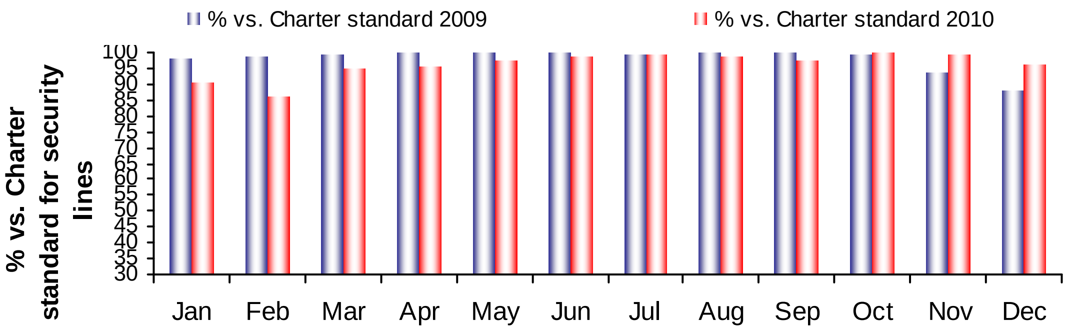
- most passengers travel with friends/colleagues (26.9%) or accompanied by their partner (26.7%),
- the majority (81.0%) travel for pleasure, whilst 14.3% travel on business,
- 48.2% are Italian, whilst 51.8% are foreign nationals,
- 19.4% have flown at least seven times in the last year, and 11.4% have been to Ciampino at least four times in the same period,
- of those departing from Ciampino, 50.7% arrived at the airport by bus/shuttle, 30.0% by private car (with or without an accompanying driver) and 13.3% by taxi.

Regarding customer satisfaction with the services provided at the airport, in 2010 Ciampino received an average score of 4.23 from passengers (valuation scale 6 = excellent 1 = poor), registering an decrease with respect to 2009 (4.34).

Objective checks carried out at Ciampino airport in 2010 report the following.

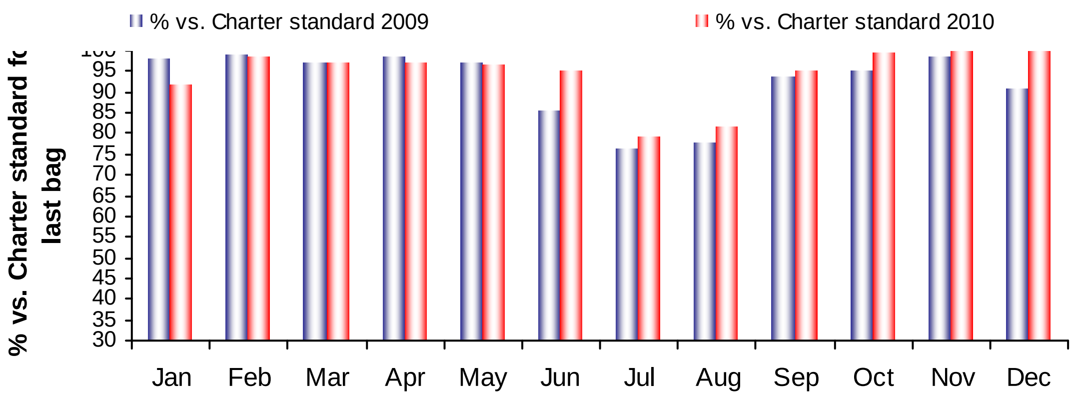
Carry-on baggage security checks were completed within the set standard time of 15 minutes in 95.9% of all cases, up around 3 percentage points on 2009 (the standard is 90%).

Graph 1: average waiting times for carry-on baggage security checks



The percentage of flights with baggage reclaim times within the set[7] Service Charter standards was 93.3% for the first piece of luggage and 94.6% for the last (the standard is 90%); performance improved by 2 points compared with 2009.

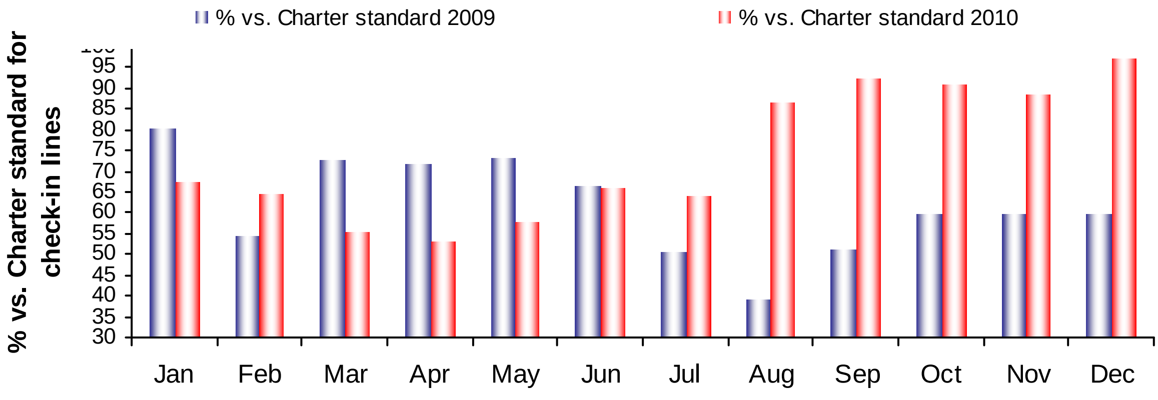
Graph 2: average times for delivery of last bag



[7] first bag within 23 minutes – last bag within 32 minutes

Passenger check-in operations were completed within 20 minutes in 73.3% of cases; despite the failure to meet the set standard (90%), a 12-point improvement was registered with respect to 2009.

Graph 3: average waiting times in lines at check-in desks



The percentage of outgoing flights with delays of more than 15 minutes was 26.2%, whilst the percentage of incoming flights with delays of more than 15 minutes was 21.0%. The airport failed to meet the standard regarding delays to outgoing flights (17%), as well as the on regarding recovery of airport transit time (1%).

Benchmarking

In 2010 systematic comparison of the performance of the main quality standards within a group context, coordinated by ADR SpA, continued, including participation by all of Europe's major airports (Amsterdam, Copenhagen, Frankfurt, London-Heathrow, Madrid, Milan, Munich, Paris, Vienna and Zurich). In particular, in 2010 issues relating to baggage reclaim times, management of minimum connecting times (the minimum time required for transit passengers to disembark from one flight and then board a subsequent one) and staff politeness were analyzed. The analysis carried out enabled information sharing and identification of certain best practices.

In 2010, the levels of satisfaction regarding Fiumicino expressed by passengers via the Airport Service Quality program, a survey conducted in collaboration with ACI (Airports Council International) at 160 airports around the world, confirmed Fiumicino's ranking slightly below the average among leading European airports.

Certification

During 2010 the voluntary certification system was further consolidated and strengthened.

ADR SpA successfully passed the audit conducted by the certification body, Bureau Veritas Italy, regarding ISO 9001:2008 quality systems (“Checks on passengers, carry-on and checked baggage, and security” and the "Quality Monitoring System" regarding the ISO 14001:2004 environmental system and the OHSAS 18001:2007 occupational health and safety system).
A wide-ranging auditing initiative was also carried out by specially trained Company staff, aimed at checking application of management system provisions in operating situations at Fiumicino and Ciampino sites.
The training plan launched in 2009 regarding occupational safety issues, involving 300 people performing various management system roles, came to an end in 2010.

In 2010, Bureau Veritas Italy granted certification to the following ADR Group subsidiary undertakings:

- ADR Assistance Srl was awarded certification for “Planning and provision of services to passengers with reduced mobility" in accordance with the UNI EN ISO 9001:2008 standard,
- ADR Advertising SpA was granted certification in accordance with the OHSAS 18001:2007 standard.

A maintenance check carried out on ADR Engineering SpA by the certifying body, DNV, in accordance with the UNI EN ISO 9001:2008 standard, had a positive outcome.

GROUP CAPITAL INVESTMENT

During 2010 the ADR Group carried out capital investment totaling 106.7 million euros – an increase compared with the 69.8 million euros registered in 2009 – primarily regarding departure area E/F and the new transit baggage handling system.

(in millions of euros)	2010	2009	Δ
Baggage HBS transiting AZ	21.0	0.0	21.0
The boarding Area E/F (Pier C and 3° BHS)	19.1	12.8	6.3
Maintenance works and optimization of terminals	10.0	3.2	6.8
Works on Luggage plants and new machinery RX	7.7	5.2	2.5
Fiumicino - Maintenance works on plant electromechanical	6.6	4.0	2.6
Fiumicino - Maintenance works on electrical network and air conditi	6.6	3.2	3.4
Interventions on runways and aprons	6.4	6.2	0.2
Ciampino: infrastructural works	6.3	6.0	0.3
Fiumicino: Maintenance works on civil works	3.8	4.1	(0.3)
HBS/BHS ex Cargo Alitalia	3.7	3.4	0.3
Acquisition of Plant and machinary	1.9	0.0	1.9
Fiumicino - Maintenance works on water supply and drainage	1.4	1.3	0.1
Upgrade of "Satellite" for A380	1.0	0.0	1.0
Works on airport road network	0.8	2.6	(1.8)
Urbanized area west / Aprons "W" 1st phase	0.7	0.0	0.7
Maintenance works on building in subconcession	0.6	1.3	(0.7)
Interventions on commercial areas and parking	0.4	1.8	(1.4)
New Airport (flights low-cost)	0.0	0.7	(0.7)
North Fiumicino: plan for long-term development	0.0	0.6	(0.6)
Others	8.7	13.3	(4.6)
TOTAL INVESTMENTS	**106.7**	**69.7**	**37.0**
including:			
- autofinancing	*98.5*	*64.4*	*33.8*
- state-funded	*8.2*	*5.3*	*3.2*

Terminals

Work continued on departure area F (formerly Pier C), including the following activities still in progress:

- damp-proofing of foundations
- placement of the metal framework comprising the structure of the new pier
- work relating to the new service tunnel linking the new pier to the existing technical center.

In departure area D, after completion of the civil engineering works relating to construction of a new flight coordination and control room, work was suspended in September 2010 and is expected to be resumed in 2011.

Works regarding restructuring and meeting compliance with regulations continued in departure area C (formerly B11/B21) and in the area that connects departure area B (formerly Pier A) to departure area C.

As part of efforts to improve the image and functionality of terminals, the following groups of rest rooms were upgraded during the second half of the year:

- Terminal 1: land-side departure hall, near the West side security checks; air-side arrivals hall, near the exit for passengers with carry-on baggage only,

– Terminal 3: departure area C (gates C8/C16); departure area D (gates D5/D7),

adding up to a total of seven rest rooms upgraded during the year. In addition, a new group of rest rooms was built in the arrivals hall of Terminal 1, and an upgrade of the rest rooms located in departure area D (gate D6) is underway.

At Terminal 3 work was completed on the fast-track lane for first class and business class passengers. Work on renovating false ceilings in the transit galleries and upgrading the equipment they house was also completed.

Work was completed at “station E” of Terminal 3 regarding extension of the transit security checking area.

A new ADR information desk was set up in the land-side departures hall of Terminal 1.

Work is in progress at ADR's headquarters to restructure the former Data Processing Center premises, located on the ground floor of Building E.

Upgrade works are in progress on the BHS system at Terminal 3, with completion expected in the first few months of 2011.

Preliminary works are underway on apron 703 in departure area G to accommodate A380 aircraft; activities are expected to be completed in March 2011.

Infrastructure and buildings

On July 8, 2010 the new system for checking and handling transit baggage, installed in part of the post office building in the NET ramp services area, which was restructured for this purpose, was inaugurated. The new system entered service on July 15, 2010.

Regarding the automated baggage handling system at Terminal 1, for which the executive design has been completed, restructuring works have been suspended in the area that will house the equipment (the former Alitalia cargo warehouse) until February 2011.

Runways and aprons

Structural upgrading of the aircraft aprons in sector “300” and part of sector “400”, including replacement of steel storm drain grates with spheroidal cast iron ones, has been completed. In particular, upgrade works on aprons 311-314 in accordance with the new “open grade” technology, on aprons 301-312 and the NE and NH taxiways have been completed.

Work on the second phase of renovating aircraft apron pavements is nearing completion.

Work on upgrading the horizontal and vertical signs of taxiways and all connecting runways to comply with new Civil Aviation Authority directives (2nd Edition of October 21, 2010) has been completed.
In November work on repositioning the 34 L threshold was completed, in coordination with Air Traffic Control Authority work on replacing the glide slope indicator.

At Ciampino airport extraordinary maintenance work on the Alfa taxiway was completed. A radical upgrade of the SB taxiway also began, which is expected to be completed by May 2011. A contract was awarded regarding work to replace steel storm drain grates with spheroidal cast iron ones in the area including aircraft aprons 400, 500 and 600. Completion of the work is expected in April 2011.

Airport Master Plan

Regarding the Airport Master Plan through 2044, pursuant to the Regional Administrative Court hearing of January 13, 2011, which rejected the appeals lodged by Arup and Parson, who were respectively ranked in 2nd and 3rd place, ADR plans to sign a contract with Scott Wilson in the near future. It will take approximately 18 months to draw up the Master Plan.

Information Technology

During 2010 activities aimed at upgrading and ensuring the reliability of company application systems and ICT infrastructures were completed, continued and launched.

- review of ICT "operations"**:** an "operations" transformation program is in progress which saw the launch of incident management procedures supported by the new outsourced call center, and the launch of request fulfillment procedures for ICT user support. Procurement, configuration and implementation activities regarding a new computerized service desk tool were launched, as a natural addition to the incident management and service request procedures;
- makeover of Company websites: a project regarding technical and graphical makeover of Company websites was launched, with the first roll-outs scheduled in the summer of 2011;
- makeover of the intranet site: a makeover of the Group's intranet site, based on new and modern corporate communication and cooperation tools, has been completed;
- upgrade: work has begun on upgrading to the new version of Oracle for the Company's database;
- car parks system: upgrades of the infrastructure (server) of the fee collection system and the car park booking system, which also includes a virtual assistant to support booking activities, have been completed. Implementation of a new operators' car parking area in the hangar area (entry point 5) is in progress;
- BHS-NET: data feed interfaces (BagMessage and ADBM) was implemented;
- baggage tracking: the IT infrastructure (network, equipment and tag readers) for the new baggage tracking system for the entire airport (BRS-ADR) was completed;
- ADR shops: all equipment (cash registers and peripherals) has been replaced;
- re-engineering of GTI-CAD: the technical upgrade of the GTI-CAD system was completed, including training courses for around 120 users;
- upgrade of real estate system: the project to migrate from SAP RE Classic to SAP RE-Flexible was completed;
- air-side vehicle permits: a system to manage air-side vehicle permits was introduced;
- upgrade of Fiumicino's taxi system: the upgrade of Fiumicino's taxi system, which enables the use of tags rather than transponders, was completed;
- reporting: the integrated HRO reporting project was completed;
- optimization of operations management for security personnel: the project that enables operations management via palmtop devices for security personnel was completed;
- optimization of the management of infrastructure breakdown reporting: the project that enables commencement and conclusion of infrastructure breakdown procedures via palmtop devices was completed.

RESEARCH AND DEVELOPMENT

The ADR Group did not carry out any research and development activities during 2010.

GROUP PERSONNEL

Group headcount at December 31, 2010

The headcount as of December 31, 2010, compared with December 31, 2009, is broken down in the table below.

The breakdown does not include staff covered by redundancy schemes, but does include suspended staff who benefit from the Special Income Support Fund.

Headcount	12.31.2010 (**)	12.31.2009 (*)	Δ
Managers	46	47	(1)
Supervisors	201	180	21
White-collar	1,771	1,716	55
Blue-collar	628	598	30
Total Group	**2,646**	**2,541**	**105**
including:			
on permanent contracts	1,940	1,891	49
on temporary contracts	706	650	56

(*) including CIGS: n° 87 for ADR SpA - n° 1 for ADR Engineering

(**) including CIGS: n° 90 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

The increase of 105 staff breaks down as follows by ADR Group company:

	12.31.2010 (**)			12.31.2009 (*)			Δ 2010 vs 2009		
Headcount	Perm. Contract	Temp. Contract	Total	Perm. Contract	Temp. Contract	Total	Perm. Contract	Temp. Contract	Total
Adr S.p.A.	1,704	604	2,308	1,658	571	2,229	46	33	79
Adr Engineering S.p.A.	36		36	33	1	34	3	(1)	2
Adr Tel S.p.A.	16	1	17	14	2	16	2	(1)	1
Adr Advertising S.p.A.	7	1	8	6	2	8	1	(1)	
Adr Assistance S.r.l.	177	100	277	180	74	254	(3)	26	23
Total Group	**1,940**	**706**	**2,646**	**1,891**	**650**	**2,541**	**49**	**56**	**105**

(*) including CIGS: n° 87 for ADR SpA - n° 1 for ADR Engineering

(**) including CIGS: n° 90 for ADR SpA - n° 2 for ADR Engineering - n° 1 for ADR Tel

The rise in the number of staff employed on permanent contracts derives from various events. In particular, at ADR SpA (up 46 staff), the combined effect of recruitment of staff with new specialist expertise to implement planned initiatives (up 15 staff); implementation of the new organizational structure (up 9 staff) approved by the Board of Directors during the year; conversion of temporary into permanent contracts in implementation of the labor union agreement of August 10, 2010, which incorporates the relevant legislation (up 15 staff); permanent employment of staff hired on temporary contracts (up 21 staff) in operating areas or on placement contracts in other areas (up 8 staff) and staff leaving the Group due to resignation or dismissal (down 22 staff).

At ADR Engineering SpA and ADR Tel SpA, the increase in the workforce on permanent contracts (up 3 and up 2 staff, respectively) results from the acquisition of specialist technical expertise relevant to their specific activities.

At ADR SpA, the rise in the number of staff on fixed-term contracts compared with the previous year derives from various initiatives to extend and upgrade airport infrastructure (NET, BHS Terminal 3). At ADR Assistance Srl, an upturn in assistance activities was coupled with special attention paid to the objectives laid down in the Service Charter.

Average Group headcount from January 1 to December 31, 2010

The average headcount between January 1 and December 31, 2010, less suspended staff benefiting from the Special Income Support Fund, is 2,356.8 full-time equivalents, broken down by category and type of contract as follows:

Average Group headcount	12.31.2010	12.31.2009	Δ
Managers	45.7	52.6	(6.9)
Supervisors	170.3	198.1	(27.8)
White-collar	1,574.4	1,532.9	41.5
Blue-collar	566.5	569.3	(2.8)
Total Group	**2,356.8**	**2,352.9**	**3.9**
including:			
on permanent contracts	1,730.6	1,835.4	(104.8)
on temporary contracts	626.2	517.5	108.7

and broken down by Group company as follows:

	12.31.2010			12.31.2009			Δ 2010 vs 2009		
Average Group headcount	**Perm. Contract**	**Temp. Contract**	**Total**	**Perm. Contract**	**Temp. Contract**	**Total**	**Perm. Contract**	**Temp. Contract**	**Total**
Adr SpA	1,504.3	544.5	2,048.8	1,599.7	451.2	2,050.9	(95.4)	93.3	(2.1)
Adr Engineering SpA	33.3	0.3	33.6	39.8	1.4	41.2	(6.5)	(1.1)	(7.6)
Adr Tel SpA	14.5	2.3	16.8	16.9	1.3	18.2	(2.4)	1.0	(1.4)
Adr Advertising SpA	7.0	2.0	9.0	8.7	1.3	10.0	(1.7)	0.7	(1.0)
Adr Assistance SpA	171.6	77.1	248.7	170.3	62.3	232.6	1.3	14.8	16.1
Total Group	**1,730.7**	**626.2**	**2,356.9**	**1,835.4**	**517.5**	**2,352.9**	**(104.7)**	**108.7**	**4.0**

For the Group, the average headcount rose slightly by 3.9 full-time equivalents.

For ADR SpA, the reduction (down 2.0 full-time equivalents) derives from the effect of terminations of staff on permanent contracts arising from the restructuring plan as of June 2009, as well as the increased use of staff on fixed-term contracts in support of increased traffic compared with the same period of the previous year (passengers up 5.9%), resulting in higher productivity (passenger/full-time equivalent indicator up 6.0%).
For ADR Assistance Srl, the rise in the number of full-time equivalents is connected with a 10.2% increase in operational activities (assistance to passengers with reduced mobility) compared with 2009.

Organizational aspects

In 2010 ADR SpA's new organizational structure, which was approved by the Board of Directors on April 15, 2010, was implemented in order to respond to the changed operating environment. In this context the following Committees were established: Investment, Corporate identity and Communication, and Tenders. Moreover, the plan to bring the organization and control model into line with the provisions of Law no. 262/05, regarding 16 corporate processes, was finalized.

Industrial relations

In February 2010, at Assaeroporti's headquarters, negotiations with the labor unions regarding renewal of the airport operators' National Collective Labor Contract, which expired in 2007, were completed. As part of these negotiations, a new contractual framework was agreed on relating to the entire air transport sector, broken down into a common part, as well as specific parts to regulate the specific and particular interests of the three sectors concerned (airport operators, handlers and catering companies). The latest revised version of the National Collective Labor Contract marks replacement of a multitude of overlapping agreements, which had been amended and added to over many years, thereby providing greater interpretational clarity for the signatories.
The new National Collective Labor Contract will expire on December 31, 2011, regarding legal aspects as well as pay.

For ADR SpA, the agreement signed with the labor unions regarding termination of staff transportation using company buses is particularly important. During negotiations the Company pointed out the infrequent use of the service compared with its high cost. Termination of the transportation contract will results in an annual saving of 1.9 million euros, with cost reductions already registered in the last quarter of 2010.

An agreement was signed at ADR Assistance Srl that introduces partial changes to the previous organization of work. This enhanced professional positions relating to operational control in the central coordination room as well as in peripheral operating units. At the same time, it enabled introduction of more flexible organizational instruments in response to fluctuating demand for assistance.

In 2010 the restructuring plan launched in 2009 continued. The Ministerial Decrees of July 12, 2010 regarding redundancy schemes from June 1, 2010 to November 30, 2010, affecting 99 staff at ADR SpA, 2 staff at ADR Tel SpA and 2 staff at ADR Engineering SpA, were published in the Official Gazette of July 27, 2010 and of July 28, 2010.
Ministerial Decree no. 56393 of January 14, 2011 regarding provision of redundancy payments to 99 ADR staff, from December 1, 2010 to April 14, 2011, was published in the Official Gazette of January 31, 2011. For the same period, special income support was granted to ADR Tel and ADR Engineering staff by the Ministerial Decrees of January 14, 2011, which were published in the Official Gazette of February 2, 2011.

Training and refresher courses

In 2010, 73% of training activities were financed via the use of cross-industry funds (Fondimpresa and Fondirigenti).

Eight training programs were implemented in response to requirements connected with maintenance activities and the use of air-side and operational facilities. These included courses for airport electromechanical operators, and courses on lifting equipment, luminous visual aid equipment and medium voltage airport electrical equipment.

Refresher courses were also provided to first aid staff, including courses on first aid and the dispatching and management of patients with multiple injuries.

Management training, co-financed by Fondimpresa and Fondirigenti, entailed provision of 309 hours of courses to senior and middle management, and white-collar workers. The issues dealt with included: key elements of the managerial model and customer care; skills development for direct retail staff; and service orientation for ICT staff.

Health and safety at the workplace, data protection and corporate social responsibility

Updating of the Risk Assessment Document for all Group companies, including activities regarding assessment of related occupational stress, was completed during the year.

Moreover, responsibilities were assigned in accordance with the provisions of art.16 of Legislative Decree no. 81/2008.
On March 31, 2010 the Security Planning Document was updated pursuant to Legislative Decree no. 196/2003.

CORPORATE TRANSACTIONS

In 2010, in connection with the ADR Group's objective to rationalize its corporate structure, equity investments no longer deemed to be of strategic importance were liquidated.

Liquidation procedures regarding the following companies were completed, thus generating total income of 3.6 million euros for ADR SpA:

- Airport Invest BV, a Dutch-registered company wholly owned by ADR SpA, which had acted as an overseas holding company, being the vehicle through which the ADR Group held a 20% stake in South African airports until 2005;
- La Piazza di Spagna Srl, which was 49% owned by ADR SpA and 51% owned by Airest Srl (Save Group), had been incorporated to run refreshment outlets at Rome's airports, but never started up operations;
- Alinsurance Srl, in which ADR SpA held a 6% interest.

Finally, at the end of 2010, the liquidation of Consorzio ETL, in which ADR SpA held a 25% stake, was also approved.

For further information reference should be made to the notes on individual companies in “Equity Investments”.

ADR GROUP'S RESULTS FOR THE PERIOD

Reclassified consolidated income statement[8]

	2010		2009		change	%
A.- REVENUES	599,733	100.0%	561,814	100.0%	37,919	6.7%
Capitalized costs and expenses	7,713		5,508		2,205	40.0%
B.- REVENUES FROM ORDINARY ACTIVITIES	607,446		567,322		40,124	7.1%
Cost of materials and external services	(206,746)	(34.5%)	(191,024)	(34.0%)	(15,722)	8.2%
C.- GROSS MARGIN	400,700	66.8%	376,298	67.0%	24,402	6.5%
Payroll costs	(120,893)	(20.2%)	(121,901)	(21.7%)	1,008	(0.8%)
D.- GROSS OPERATING INCOME	279,807	46.7%	254,397	45.3%	25,410	10.0%
Amortization and depreciation	(110,082)		(107,858)		(2,224)	2.1%
Other provisions	(12,646)		(5,935)		(6,711)	113.1%
Provisions for risks and charges	(6,076)		(6,924)		848	(12.2%)
Other income (expense), net	(1,415)		(62)		(1,353)	2182.3%
E.- OPERATING INCOME	149,588	24.9%	133,618	23.8%	15,970	12.0%
Financial income (expense), net	(72,650)	(12.1%)	(68,660)	(12.2%)	(3,990)	5.8%
Adjustments to financial assests	(534)		(43)		(491)	ns
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	76,404		64,915		11,489	17.7%
Extraordinary income (expense), net	(17,582)		(31,841)		14,259	(44.8%)
G.- INCOME BEFORE TAXES	58,822		33,074		25,748	77.8%
Income taxes for the year	(39,877)		(32,826)		(7,051)	21.5%
Deferred tax assets	2,731		4,185		(1,454)	(34.7%)
H.- NET INCOME FOR THE YEAR	21,676		4,433		17,243	389.0%
including:						
- Minority interest	(637)		(731)		94	(12.9%)
- Group interest	**22,313**		**5,164**		**17,149**	**332.1%**

The Group's turnover benefited from the positive traffic figures which, with the number of passengers using the airport system rising 5.9% in 2010, continued the recovery already seen in the last two months of the previous year.

The increase in traffic was reflected in earnings, despite the net result, amounting to net income for the Group of 22.3 million euros, being reduced by extraordinary components, as in 2009, when net income was 5.2 million euros.

[8] Reference should be made to the section entitled "Reconciliation between the reclassified statements used in the Management Report on Operations and those used in the statutory financial statements" for a reconciliation of the reclassified consolidated Income Statement with the statutory consolidated Income Statement.

Consolidated revenues are up 6.7%, with non-aeronautical activities (up 8.2%) making a greater contribution compared with aeronautical activities (up 5.4%).

With regard to the latter, the increase in traffic was primarily reflected in rises in airport fees and security service revenues, with fees up 7.2%, partly due to annual inflation-linked increases, and security service revenues up 7.6%. Revenues from the provision of PRM assistance are, in contrast, down 2.2%, despite the greater number of passengers handled. This reflects differences in the fees applied in the two comparative periods.

The rise in non-aeronautical revenues (up 8.2%) primarily reflects an increase in direct sales (up 9.5%) and growth in income from sub-concessions and utilities (up 10.3%), driven by the relaunch of the "Food & Beverage" segment and higher rental income (the new office building and the Alitalia technical area). Management of parking systems also registered a good performance, with car parking revenue up 10.8% thanks to new commercial policies, as well as to traffic growth. In contrast, advertising revenue continued to struggle, registering a decline of 1.7%.
Non-aeronautical revenues also include income from state-funded works, which is up 2.3 million euros on 2009. After excluding this component, non-aeronautical revenues are up 7.5%.

“Revenues from ordinary activities” are up 7.1%, reflecting an increase of 2.2 million euros in capitalized costs and expenses as a result of increased investment by the Group.

The above growth was reflected in a 7.1% increase in the cost of materials and external services (this increase rises to 8.2% if "costs relating to financed works", regarding the portion of state-funded works at departure area F, are included). This performance is primarily due to a combination of the following:

- *raw materials and goods for resale*, increases in the cost of goods for resale and in the cost of purchasing electricity, primarily as a result of price rises;
- *service costs*, a rise in cleaning costs as part of a drive to boost quality and an increase in consultants' fees, linked above all to the issue of airport fees and the new regulatory framework, partly offset by lower maintenance expenses and a reduction in the concession fee deriving from the abolition, from 2010, of increases in this fee.

Payroll costs of 120.9 million euros are, on the other hand, down 0.8%, due to an improved mix of the resources employed, partly offset by greater costs deriving from application of the renewed contract from January 2010.

Operating costs[9] are thus up 4.7%, which is, however, less than the growth in revenues (up 7.1%). As a result, gross operating income of 279.8 million euros is up 10.0% on 2009, with the gross operating profit margin up from 45.3% to 46.7%.

Operating income of 149.6 million euros, on the other hand, reflects a 2.2 million euro increase in amortization and depreciation and, above all, the recognition (12.6 million euros, marking an increase of 6.7 million euros compared with 2009) in provisions for doubtful accounts, reflecting updated estimates of the recoverable value of a trade receivable.

Net finance costs of 72.7 million euros is up 5.8% on the comparable period (up 4.0 million euros), whilst accounting for the same proportion of revenues (from 12.2% to 12.1%). This change derives from an increase in interest expenses on Class A4 debt, which is subject to a fixed rate of interest (6.4%) from December 2009, only partly offset by a reduction in interest paid on Classes A2 and A3, which are floating rate, and lower swap differentials.

Pre-tax income was impacted by further provisions of 14.0 million euros being recognized in extraordinary costs to cover charges arising from litigation with the Customs Office. The additional provisions were made following the Regional Tax Commission's decision, announced in May 2010, to turn down the appeal lodged by the Parent Company, ADR. Further information on this dispute is provided in the section on "Tax litigation" in the Notes.

[9] The cost of materials and external services plus payroll costs.

Net extraordinary expense is, however, lower than the comparable period, when the figure was 31.8 million euros, including 20.3 million euros of restructuring costs and 12.1 million euros to cover the estimated liability arising from the above dispute with the Customs Office.

The Group's share of net income thus amounts to 22.3 million euros (5.2 million euros in 2009), after net current and deferred tax expense of 37.1 million euros.

Reclassified consolidated balance sheet[10]

	12-31-2010	12-31-2009	change
A. - NET FIXED ASSETS			
Intangible fixed assets *	1,916,360	1,948,422	(32,062)
Tangible fixed assets	188,689	168,907	19,782
Non - current financial assets	2,938	3,419	(481)
	2,107,987	2,120,748	(12,761)
B. - WORKING CAPITAL			
Inventory	22,054	21,464	590
Trade receivables	177,246	203,143	(25,897)
Other assets	60,492	48,179	12,313
Trade payables	(156,387)	(140,437)	(15,950)
Allowances for risks and charges	(71,796)	(54,763)	(17,033)
Other liabilities	(120,990)	(120,819)	(171)
	(89,381)	(43,233)	(46,148)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,018,606	2,077,515	(58,909)
D. - EMPLOYEE SEVERANCE INDEMNITIES	28,490	28,523	(33)
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	**1,990,116**	**2,048,992**	**(58,876)**
financed by:			
F. - SHAREHOLDERS' EQUITY			
- Group interest	750,273	727,961	22,312
- Minority interest	179	816	(637)
	750,452	728,777	21,675
G. - MEDIUM/LONG-TERM BORROWING	1,461,899	1,482,111	(20,212)
H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)			
.Short-term borrowing	23,856	25,458	(1,602)
.Cash and current receivables	(246,091)	(187,354)	(58,737)
	(222,235)	(161,896)	(60,339)
(G+H)	1,239,664	1,320,215	(80,551)
I. - TOTALE AS IN "E" (F+G+H)	**1,990,116**	**2,048,992**	**(58,876)**
(*) including the value of the concession totaling	*1,651,001*	*1,700,285*	*(49,284)*

As of December 31, 2010 the Group's consolidated invested capital amounts to 1,990.1 million euros, representing a significant decrease of 58.9 million euros compared with the end of the previous year. This is attributable to reductions in both fixed assets and working capital.

Net fixed assets are down 12.8 million euros compared with December 31, 2009, with capital investment, though higher than in the previous year, lower than amortization and depreciation.

[10] Reference should be made to the section entitled "Reconciliation between the reclassified statements used in the Management Report on Operations and those used in the statutory financial statements" for a reconciliation of the reclassified consolidated Balance Sheet with the statutory consolidated Balance Sheet.

Working capital saw an even greater decline, falling 46.1 million euros compared with the end of the previous year, primarily due to:

- a reduction of 25.9 million euros in trade receivables, despite the increase in turnover and the failure to collect amounts due in return for construction works carried out at departure area F, partially funded by the state. The decrease reflects shorter collection periods, the partial release (7.8 million euros) of amounts due from Alitalia under special administration, which has outstanding payables due to the Group amounting to approximately 20.2 million euros, and, residually, increased provisions for doubtful accounts;
- an increase of 18.3 million euros in trade payables as a result of the greater volume of investment carried out, despite the reduction in payments periods;
- an increase of 17.0 million euros in provisions for risks and charges, which include further provisions (14.0 million euros) for litigation with the Customs Office.

The improvement in working capital was in part offset by an increase in ”other assets”, totaling 12.3 million euros. This primarily reflects higher tax credits deriving from payment, during the period, of installments due as a result of the tax assessment relating to the current litigation with the Customs Office (up 7.4 million euros) and a rise in deferred tax assets (up 2.7 million euros).

There was a slight 2.2 million euro reduction in “other liabilities”, due to the combined effect of reductions in amounts payable to staff (down 5.5 million euros), in consolidated tax expense and IRAP following the prepayments made (down 3.0 million euros) and in deferred income (down 1.4 million euros). These reductions were partly offset by an increase in the amount due for firefighting services (up 8.8 million euros), following an estimate of the amount payable for the year.

In terms of funding, the reduction in invested capital contributed to an 80.6 million euro decrease in net debt, which stands at 1,239.7 million euros as of December 31, 2010, whilst shareholders' equity is up 21.7 million euros as a result of net income for the year.

Consolidated net debt

(Euros/thousand)

	31-12-2010	31-12-2009	change
Titles - Bonds	(2,758)	(2,758)	0
Due to banks	264,638	284,850	(20,212)
Due to other financial institutions	1,200,019	1,200,019	0
A- MEDIUM/LONG -TERM BORROWING	**1,461,899**	**1,482,111**	**(20,212)**
Due to banks	9,758	11,541	(1,783)
Due to other financial institutions	14,098	13,917	181
Short-Term Borrowing	**23,856**	**25,458**	**(1,602)**
Receivables due from others	(55,905)	(51,616)	(4,289)
Cash on hand and in banks	(190,186)	(135,738)	(54,448)
Cash and current receivables	**(246,091)**	**(187,354)**	**(58,737)**
B- NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS)	**(222,235)**	**(161,896)**	**(60,339)**
NET DEBT (A+B)	**1,239,664**	**1,320,215**	**(80,551)**

There was a reduction of 20.2 million euros in the medium/long-term component of net debt, following repayment of 11.7 million euros of the bank loan on the September application date and the reclassification to short-term debt of the 8.5 million euro portion of the Banca BIIS loan falling due in March and September 2011.

The reduction in the short-term component of debt is even more significant (down 60.3 million euros), reflecting:

- an increase of 4.3 million euros in financial receivables due from others, primarily due to the greater amount of cash deposited in the "Debt Service Reserve Account";
- a 54.4 million euros rise in cash on hand and in banks, reflecting an increase in operating cash flow;
- a 1.8 million euros reduction in amounts due to banks due to the lesser short-term exposure of the subsidiary undertaking, ADR Advertising SpA. The reclassification of the 8.5 million euro portion of the Banca BIIS loan falling due in March and September 2011 was offset by repayment of portions of the BIIS loan, of an equal amount, falling due in March and September 2010.

Statement of consolidated cash flows

(Euros/thousand)

	2010	2009
A.- NET CASH AND CASH EQUIVALENTS - opening balance	**161,896**	**171,423**
B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the year	21,676	4,433
Amortization and depreciation	110,082	107,858
(Gains) losses on disposal of fixed assets	(3)	(23)
(Revaluations) write-downs of fixed assets	515	(3)
Net change in working capital	46,148	(38,230)
Net change in employee severance indemnities	(33)	(8,869)
	178,385	65,166
C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
.intagible	(57,844)	(45,534)
.tangible	(40,615)	(18,563)
.financial	(86)	(2,764)
Proceeds from disposal, or redemption value of fixed assets	712	675
	(97,833)	(66,186)
D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
Repayments of loans	(11,713)	0
Current portion of m/l term financial debt	(8,500)	(8,500)
	(20,213)	(8,500)
E.- DIVIDENDS PAID	0	(7)
F.- CASH FLOW FOR THE YEAR (B+C+D+E)	60,339	(9,527)
G.- NET CASH AND CASH EQUIVALENTS - closing balance (A+F)	**222,235**	**161,896**

The Group's operating cash flow amounted to 178.4 million euros in 2010, after the servicing of debt falling due. This marks a significant improvement on 2009, reflecting the improvements in earnings and working capital.

These internally generated resources enabled the Group to fully cover the cost of self-financed investment during the period (net of the realizable value), totaling 97.8 million euros, and repay 11.7 million euros of the bank loan.

Adjusted for the portion of medium-/long-term loans falling due in the short term, amounting to 8.5 million euros, the Group recorded a net cash inflow of 60.3 million euros in 2010, increasing net cash and cash equivalents to 222.2 million euros as of December 31, 2010.

Analysis of consolidated net debt

(Euros/thousand)

	2010	2009
A.- NET FINANCIAL BORROWING - opening balance	**(1,320,215)**	**(1,321,946)**
EBITDA	279,807	254,397
Net change in operating working capital	28,611	(72,451)
Net change in employee severance indemnities	(33)	(8,869)
Other income (exp.), net	(1,418)	(85)
Extraordinary income (exp.), net (*)	(14,345)	(23,719)
Current taxes paid	(42,670)	(40,201)
Other assets/liabilities (included allowances for risks and charges)	1,155	25,091
B.- OPERATING CASH-FLOW	**251,107**	**134,163**
Capex (tangibles, intangibles and financial)	(98,545)	(64,103)
Proceeds from disposal, or redemption value of fixed asset	712	675
C.- FREE CASH-FLOW	**153,274**	**70,735**
Financial income (exp.), net	(72,723)	(68,997)
Dividends paid	0	(7)
D.- NET CASH-FLOW	**80,551**	**1,731**
E.- NET BORROWING - closing balance (A+D)	**(1,239,664)**	**(1,320,215)**

(*) Net, of provision restructuring costs

Reconciliation of the reclassified statements used in the Management Report on Operations and the statutory financial statements

- Reclassified consolidated income statement

The consolidated income statement was reclassified on a "value-added" basis, which shows the contribution of the various areas of operation: ordinary, financial and extraordinary.
Reclassified income statement items may be directly deduced from the statutory financial statements, except for the items and related sub-items shown below:

ITEM RECLASSIFIED INCOME STATEMENT	ITEM INCOME STATEMENT
REVENUES	Revenues from sales and services Changes in contract work in progress Other income and revenues: revenue grants
COSTS OF MATERIALS AND EXTERNAL SERVICES	Operating costs: raw, ancillary and consumable materials and goods for resale Operating costs: services Operating costs: leases Other income and revenues: other - expense recoveries (-) Changes in inventories of raw, ancillary and consumable materials and goods for resale Sundry operating costs: license fees
PAYROLL COSTS	Operating costs: payroll Other income and revenues: other - recoveries of personnel expenses
AMORTIZATION	Depreciation, amortization and write-downs: amortization of intangible fixed assets Depreciation, amortization and write-downs: depreciation of tangible fixed assets
OTHER PROVISIONS	Depreciation, amortization and write-downs: provisions for doubtful accounts
PROVISIONS FOR RISK AND CHARGES	Provisions for risks Other provisions
OTHER INCOME (EXPENSE), NET	Other income and revenues: profits on disposals Other income and revenues: others (except of expense recoveries and of recoveries of personnel expenses) Sundry operating costs: losses on disposals Sundry operating costs: other

The reclassified income statement is also used in the calculation of the profit ratios presented in the "Highlights" section of this Management Report on Operations.

- Reclassified consolidated balance sheet

The consolidated balance sheet was reclassified in accordance with "management criteria", which shows the division between invested capital and fixed capital ("Fixed assets") and working capital ("Working capital"), and also between the related sources of funding, represented by self-financing ("Shareholders' equity") and borrowing ("Medium/long-term borrowing" and "Net short-term borrowing"). Reclassified balance sheet items may be directly deduced from the statutory financial statements, except for the items and related sub-items shown below:

ITEM RECLASSIFIED BALANCE SHEET	ITEM BALANCE SHEET
TRADE RECEIVABLES	Receivables: due from clients Receivables: due from associated undertakings Receivables: due from parent companies
OTHER ASSETS	Receivables due from Associated undertakings - other relations Receivables due from parent companies - other relations Receivables due from tax authorities Receivables deferred tax assets Receivables due from others - other relations Accrued income and prepaid expenses
TRADE PAYABLES	Advances Due to suppliers Due to associated undertakings - trading relations Due to parent companies - trading relations
OTHER LIABILITIES	Due to associated undertakings - other relations Due to parent companies - other relations Taxes due Due to social security agencies Other payables - other relations Accrued expenses and deferred income
MEDIUM/LONG - TERM BORROWING	Other securities: bonds - beyond 12 months Payables due to banks - beyond 12 months Payables due to other financial institutions - beyond 12 months
SHORT TERM BORROWING	Payables due to banks - within 12 months Payables due to other financial institutions - within 12 months
CASH AND CURRENT RECEIVABLES	Receivables due from others - financial relations Cash on hand and in banks

The reclassified balance sheet is also used in the calculation of the ratios indicating profitability, balance sheet strength, solvency and liquidity presented in the "Highlights" section of this Management Report on Operations.

ADR SPA OPERATING REVIEW

CAPITAL INVESTMENT

In 2010 the Company continued infrastructure and plant development projects at Fiumicino and Ciampino airports, carrying out works amounting to 108.1 million euros (69.6 million euros in 2009). For a detailed analysis of the principal works carried out, reference should be made to the section that deals with Group capital investment.

RESEARCH AND DEVELOPMENT

ADR SpA did not carry out any research and development activities in 2010.

PERSONNEL

The headcount as of December 31, 2010, including staff on fixed-term contracts, was 2,308, broken down as follows:

Headcount	12.31.2010 (**)	12.31.2009 (*)	Δ
Managers	41	42	(1)
Supervisors	182	161	21
White-collar	1,686	1,634	52
Blue-collar	399	392	7
Total ADR SpA	**2,308**	**2,229**	**79**
including:			
on permanent contracts	1,704	1,658	46
on temporary contracts	604	571	33

(*) including CIGS: n° 87 for ADR SpA

8 (**) including CIGS: n° 90 for ADR SpA

The average headcount between January 1 and December 31, 2010 is 2,048.8 full-time equivalents, broken down by category and type of contract as follows:

Average Group headcount	12.31.2010	12.31.2009	Δ
Managers	40.7	46.0	(5.3)
Supervisors	154.2	176.1	(21.9)
White-collar	1,488.2	1,445.2	43.0
Blue-collar	365.7	383.6	(17.9)
Total ADR SpA	**2,048.8**	**2,050.9**	**(2.1)**
including:			
on permanent contracts	1,504.3	1,599.7	(95.4)
on temporary contracts	544.5	451.2	93.3

For further information reference should be made to the section on "Group personnel".

ADR SpA: RESULTS FOR THE PERIOD

ADR SpA: reclassified income statement [11]

(in thousand of euros)

	2010		2009		Change	Change %
Revenues from sales and services	588,108		552,688		35,420	6.4%
Contract work in progress	8,232		5,291		2,941	55.6%
A.- REVENUES FROM ORDINARY ACTIVITIES	596,340	100.0%	557,979	100.0%	38,361	6.9%
Cost of materials and external services	(213,894)	(35.9%)	(199,875)	(35.8%)	(14,019)	7.0%
B.- GROSS MARGIN	382,446	64.1%	358,104	64.2%	24,342	6.8%
Payroll costs	(105,911)	(17.8%)	(106,265)	(19.0%)	354	(0.3%)
C.- GROSS OPERATING INCOME	276,535	46.4%	251,839	45.1%	24,696	9.8%
Amortization and depreciation	(110,133)		(107,618)		(2,515)	2.3%
Other provisions	(11,576)		(5,068)		(6,508)	128.4%
Provisions for risks and charges	(5,514)		(6,921)		1,407	(20.3%)
Other income (expense), net	(1,642)		(346)		(1,296)	374.6%
D.- OPERATING INCOME	147,670	24.8%	131,886	23.6%	15,784	12.0%
Financial income (expense), net	(71,899)	(12.1%)	(68,616)	(12.3%)	(3,283)	4.8%
Adjustments to financial assests	(738)		(43)		(695)	1616.3%
E.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	75,033		63,227		11,806	18.7%
Extraordinary income (expense), net	(18,006)		(30,491)		12,485	(40.9%)
F.- INCOME BEFORE TAXES	**57,027**		**32,736**		24,291	74.2%
Income taxes for the year:						
current taxes	(38,301)		(31,249)		(7,052)	22.6%
deferred tax assets (liabilities)	2,541		3,607		(1,066)	(29.6%)
	(35,760)		(27,642)		(8,118)	29.4%
G.- NET INCOME (LOSS) FOR THE YEAR	**21,267**		**5,094**		**16,173**	**317.5%**

The operating performance of the Parent Company, ADR SpA, is largely influenced by the same factors that affect the Group's performance, in terms of both the impact of traffic trends and events that have an impact on extraordinary expense and adjustments to the value of assets.

The Company's revenues amount to 596.3 million euros, marking an increase of 6.9% on 2009, reflecting growth in both aeronautical (up 5.4%) and non-aeronautical (up 8.5%) activities.

In terms of aeronautical activities, the increase in traffic was primarily reflected in rises in airport fees, which are up 7.2%, partly due to annual inflation-linked increases, and in security service revenues, which are up 7.6%. Revenues from the provision of PRM assistance are, in contrast, down 2.2%, despite the greater number of passengers handled. This reflects differences in the fees applied in the two comparative periods.

[11] Reference should be made to the section of the "Group financial review" entitled "Reconciliation between the reclassified statements used in the Management Report on Operations and those used in the statutory financial statements" for a reconciliation of the reclassified Income Statement with the statutory Income Statement.

The rise in non-aeronautical revenues (up 8.2%) primarily reflects an increase in direct sales (up 9.5%) and growth in income from sub-concessions and utilities (up 8.6%), driven by the relaunch of the "Food & Beverage" segment, higher rental income, and a 10.8% rise in car parking revenue. Income from state-funded works is up 2.9 million euros compared with 2009.

The cost of materials and external services, totaling 213.9 million euros, is up 7.0%. This is primarily due to a combination of increases in the cost of goods for resale, in the cost of purchasing electricity, primarily as a result of price rises, in cleaning costs as part of a drive to boost quality and in consultants' fees, linked above all to the issue of airport fees and the new regulatory framework.
These increases are partly offset by lower maintenance expenses and a reduction in the concession fee deriving from the abolition, from 2010, of increases in this fee.

Payroll costs of 105.9 million euros are, on the other hand, down 0.3%, due to an improved mix of the resources employed, partly offset by greater costs deriving from application of the renewed contract from January 2010. The average headcount has remained substantially stable (down 2).

As a result of the above, gross operating income of 276.5 million euros is up 9.8% on 2009, with the gross operating profit margin up from 45.1% to 46.4%.

Operating income of 147.7 million euros, on the other hand, reflects a 2.5 million euros increase in amortization and depreciation and, above all, the recognition (11.6 million euros, marking an increase of 6.5 million euros compared with 2009) in provisions for doubtful accounts, reflecting updated estimates of the recoverable value of a trade receivable.

Net finance costs of 71.9 million euros is up 4.8% on the comparable period (up 3.3 million euros). This change derives from an increase in interest expenses on Class A4 debt, which is subject to a fixed rate of interest (6.4%) from December 2009, only partly offset by a reduction in interest paid on Classes A2 and A3, which are floating rate, and lower swap differentials.

Net extraordinary costs, amounting to 18.0 million euros, includes further provisions of 14.0 million euros to cover charges arising from litigation with the Customs Office. The additional provisions were made following the Regional Tax Commission's decision, announced in May 2010, to turn down the appeal lodged by the Parent Company, ADR. Further information on this dispute is provided in the section on "Tax litigation" in the Notes.
Net extraordinary expense was higher in 2009, when the figure was 30.5 million euros, including 19.1 million euros in restructuring charges and 12.1 million euros to cover the estimated liability arising from the above dispute with the Customs Office.

The Company's net income for 2010 amounts to 21.3 million euros, marking an improvement on net income of 5.1 million euros in 2009, after estimated net current and deferred tax expense of 35.8 million euros.

ADR SpA: reclassified balance sheet [12]

(in thousand of euros)

	12-31-2010	12-31-2009	Change
A. - NET FIXED ASSETS			
Intangible fixed assets *	1,949,273	1,981,612	(32,339)
Tangible fixed assets	192,341	171,396	20,945
Non current - financial assets	10,176	13,697	(3,521)
	2,151,790	2,166,705	(14,915)
B. - WORKING CAPITAL			
Inventory	21,961	21,023	938
Trade receivables	176,983	201,580	(24,597)
Other assets	53,430	40,784	12,646
Trade payables	(157,485)	(144,257)	(13,228)
Allowances for risks and charges	(70,976)	(54,380)	(16,596)
Other liabilities	(118,822)	(116,540)	(2,282)
	(94,909)	(51,790)	(43,119)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,056,881	2,114,915	(58,034)
D. - EMPLOYEE SEVERANCE INDEMNITIES	27,237	27,445	(208)
E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D)	**2,029,644**	**2,087,470**	**(57,826)**
financed by:			
F. - SHAREHOLDERS' EQUITY			
- Paid-up share capital	62,310	62,310	0
- Reserves and retained earnings (accumuled losses)	702,128	697,034	5,094
- Net income (loss) for the year	21,267	5,094	16,173
	785,705	764,438	21,267
G. - MEDIUM/LONG-TERM BORROWING	1,461,898	1,482,111	(20,213)
H. - NET SHORT-TERM BORROWING			
(NET CASH AND CASH EQUIVALENTS)			
.Short-term borrowing	25,247	27,297	(2,050)
.Cash and current receivables	(243,206)	(186,376)	(56,830)
	(217,959)	(159,079)	(58,880)
(G+H)	1,243,939	1,323,032	(79,093)
I. - TOTALE AS IN "E" (F+G+H)	**2,029,644**	**2,087,470**	**(57,826)**
(*) including the value of the concession totaling	1,678,205	1,728,301	(50,096)

As of December 31, 2010 invested capital amounts to 2,029.6 million euros, representing a decrease of 57.8 million euros compared with the end of the previous year. This is attributable to reductions in both fixed assets and working capital.

Net fixed assets are down 14.9 million euros, primarily as a result of a reduction in fixed assets due to the fact that capital investment, whilst higher than in the comparable period, was lower than amortization and depreciation. Non-current financial assets are also down, falling 3.5 million euros due primarily (2.8 million euros) to completion of the liquidation of the subsidiary, Airport Invest BV.

Working capital is down 43.1 million euros on the end of the previous year due primarily to:

[12] Reference should be made to the section of the “Group financial review” entitled “Reconciliation between the reclassified statements used in the Management Report on Operations and those used in the statutory financial statements” for a reconciliation of the reclassified Balance Sheet with the statutory Balance Sheet. This schedule includes trade, sundry and financial receivables due from subsidiary undertakings, under the items “Trade receivables”, “Other assets” and “Cash and current receivables”, whilst trade, sundry and financial payables due to subsidiary undertakings are included under the items, “Trade payables”, “Other liabilities” and “Short-term debt”.

- a reduction of 24.6 million euros in trade receivables, despite the increase in turnover and the failure to collect amounts due in return for construction works carried out at departure area F, partially funded by the state. The decrease reflects shorter collection periods, the partial release (7.8 million euros) of amounts due from Alitalia under special administration, which has outstanding payables due to the Company amounting to approximately 20.1 million euros, and, residually, increased provisions for doubtful accounts;
- an increase of 13.2 million euros in trade payables as a result of the greater volume of investment carried out, despite the reduction in payments periods;
- an increase of 16.6 million euros in provisions for risks and charges, which include further provisions (14.0 million euros) for litigation with the Customs Office;
- a reduction of 2.3 million euros in "other liabilities", due to the combined effect of reductions in amounts payable to staff (down 4.9 million euros), in consolidated tax expense and IRAP following the prepayments made (down 1.5 million euros) and in deferred income (down 1.2 million euros). These reductions were partly offset by an increase in the amount due for firefighting services (up 8.8 million euros), following an estimate of the amount payable for the year.

The improvement in working capital was in part offset by an increase in "other assets", totaling 12.6 million euros. This primarily reflects higher tax credits deriving from payment, during the period, of installments due as a result of the tax assessment relating to the current litigation with the Customs Office (up 7.4 million euros) and a rise in deferred tax assets (up 2.5 million euros).

In terms of funding, the reduction in invested capital contributed to a 79.1 million euros decrease in net debt, which stands at 1,243.9 million euros as of December 31, 2010, whilst the Company's shareholders' equity is up 21.3 million euros as a result of net income for the year.

ADR SpA: net debt

(in thousand of euros)

	12-31-2010	12-31-2009	Change
Titles - Bonds	(2,758)	(2,758)	0
Due to banks	264,637	284,850	(20,213)
Due to other financial institutions:	1,200,019	1,200,019	0
A- MEDIUM/LONG -TERM BORROWING	**1,461,898**	**1,482,111**	**(20,213)**
Due to banks	9,257	9,281	(24)
Due to other financial institutions	14,098	13,917	181
Due to subsidiary undertakings	1,892	4,099	(2,207)
Short-Term Borrowing	**25,247**	**27,297**	**(2,050)**
Receivables due from subsidiary undertakings	(631)	(3,087)	2,456
Receivables due from others	(55,905)	(51,616)	(4,289)
Cash on hand and in banks	(186,670)	(131,673)	(54,997)
Cash and current receivables	**(243,206)**	**(186,376)**	**(56,830)**
B- NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALEN	**(217,959)**	**(159,079)**	**(58,880)**
NET DEBT (A+B)	**1,243,939**	**1,323,032**	**(79,093)**

A 20.2 million euros reduction in the medium/long-term component of net debt was reported, including an 11.7 million euros repayment regarding the bank loan at the September application date, and reclassification to short-term debt of the 8.5 million euros portion of the Banca BIIS loan falling due in March and September 2011.

The short-term component of debt is down 58.9 million euros, reflecting:

- an increase of 4.3 million euros in financial receivables due from others, primarily due to the greater amount of cash deposited in the "Debt Service Reserve Account";

- a 55.0 million euros rise in cash on hand and in banks, reflecting an increase in operating cash flow.

The amount due to banks is in line with the amount reported at the end of 2009, given that the reclassification of the 8.5 million euros portion of the Banca BIIS loan falling due in March and September 2011 was offset by repayment of portions of the BIIS loan, of an equal amount, falling due in March and September 2010.

ADR SpA: statement of cash flows

(Euros/thousand)

	2010	2009
A.- NET CASH AND CASH EQUIVALENTS - opening balance	**159,079**	**163,773**
B.- CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net income (loss) for the year	21,267	5,094
Ammortization and depreciation	110,133	107,618
(Gains) losses on disposal of fixed assets	(718)	(23)
(Revaluations) write-downs of fixed assets	719	40
Net change in working capital	43,119	(34,317)
Net change in employee severance indemnities	(208)	(8,341)
	174,312	70,071
C.- CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Investment in fixed assets:		
.intagible	(58,474)	(44,771)
.tangible	(41,346)	(19,216)
.financial	(86)	(2,807)
Proceeds from disposal, or redemption value of fixed assets	4,687	529
	(95,219)	(66,265)
D.- CASH FLOW FROM (FOR) FINANCING ACTIVITIES		
Current portion of m/l term financial debt	(8,500)	(8,500)
Repayments of loans	(11,713)	0
	(20,213)	(8,500)
E.- DIVIDENDS PAID	0	0
F.- CASH FLOW FOR THE YEAR (B+C+D+E)	58,880	(4,694)
G.- NET CASH AND CASH EQUIVALENTS - closing balance (A+F)	**217,959**	**159,079**

The Company’s operating cash flow amounted to 174.3 million euros in 2010, after the servicing of debt falling due. This figure is up 104.2 million euros on 2009, reflecting improvements in both earnings and working capital. These internally generated resources enabled the Company to fully cover the cost of self-financed investment during the period, totaling 99.8 million euros, net of the realizable value, which included 3.6 million euros in income from completion of the liquidations of the subsidiary undertakings, Airport Invest BV, Alinsurance Srl and la Piazza di Spagna Srl. 11.7 million euros of the bank loan was also repaid from operating cash flow.

Adjusted for the portion of medium-/long-term loans falling due in the short term, amounting to 8.5 million euros, the Company recorded a net cash inflow of 58.9 million euros in 2010, increasing net cash and cash equivalents to 218.0 million euros as of December 31, 2010.

ADR SpA: Analysis of net debt

(Euros/thousand)

	2010	2009
A.- NET BORROWING - opening balance	**(1,323,032)**	**(1,329,596)**
EBITDA	276,535	251,839
Net change in operating working capital	25,311	(68,856)
Net change in employee severance indemnities	(208)	(8,341)
Other income (exp), net	(1,645)	(369)
Extraordinary income (exp.), net (*)	(14,833)	(22,720)
Current taxes paid	(39,571)	(38,728)
Other assets/liabilities (included allowances for risks and charges)	1,414	25,101
B.- OPERATING CASH-FLOW	**247,003**	**137,926**
Capex (tangibles, intangibles and financial)	(99,906)	(64,036)
Proceeds from disposal, or redemption value of fixed asset	4,687	529
Dividends received	0	1,098
C.- FREE CASH-FLOW	**151,784**	**75,517**
Financial income (exp.), net	(72,690)	(68,953)
D.- NET CASH-FLOW OF THE YEAR	**79,093**	**6,564**
E.- NET BORROWING DEBT - closing balance (A+D)	**(1,243,939)**	**(1,323,032)**

(*) Net, of provision restructuring costs

EQUITY INVESTMENTS

The characteristics and performance of Group companies in 2010 are shown below.

The balance sheets and income statements of subsidiary undertakings and associated undertakings relating to 2010 are summarized in the Annexes to these financial statements.

Investments in subsidiary undertakings

Airport Invest BV

Airport Invest BV, a Dutch-registered company wholly owned by ADR SpA, was incorporated in 1999 in order to act as a holding company. In 2005 Airport Invest BV disposed of the only asset it held, consisting of the shareholding in the South African company, ADR IASA Ltd, which in turn held a 20% stake in the company that manages South African airports.

On August 6, 2010 the General Meeting of Shareholders approved the early winding up and liquidation of the company, and appointed Nationale Trust Maatschappij NV to act as receiver. The company's liquidation was recorded in the Register kept at the Amsterdam Chamber of Commerce on August 19, 2010.

The liquidation procedure was completed on November 26, 2010 with signing of the Final Liquidation Distribution Agreement by the company and ADR SpA, which formalized the distribution plan in favor of ADR SpA.

The cancellation of the company was duly registered at the Chamber of Commerce on November 29, 2010, with effect as of November 26, 2010.

The final liquidation statement of affairs prepared on November 12, 2010, the date on which the liquidation procedure was completed, reports a net loss of 65 thousand euros and final shareholders' equity of 3,494 thousand euros.

The final distribution made in favor of ADR SpA included 30 thousand euros in cash and 3,464 thousand euros deriving from a payable due to the Parent Company from the company against cash held in the transfer account.

ADR SpA has recognized a capital gain of 659 thousand euros with respect to the carrying amount of the equity investment of 2,835 thousand euros.

ADR Engineering SpA Unipersonale

The company operates in the field of airport engineering, providing design, project management and technical consultancy services, and is wholly owned by ADR SpA. In 2010 it reported net income of 327 thousand euros, compared with net loss of 203 thousand euros in the previous year.

Revenues from ordinary activities total 9,646 thousand euros, including 2,764 thousand euros from works supervision and 6,882 thousand euros from design, of which 99.3% was carried out for ADR SpA and 0.7% for third parties. The 38.2% increase compared with 2009 derives from the rise in the volume of business commissioned by the Parent Company due to the increase in the latter's infrastructure investments.

The cost of materials and external services increased by 124.2%, while payroll costs fell 28.6% due to a reduction in the workforce (down from 41.2 to 33.6 staff), as well as the full impact in 2010 of the restructuring plan launched in the first half of 2009.
Consequently, EBITDA is 1,193 thousand euros compared with the 685 thousand euros registered in 2009, up 74.2%. EBIT of 720 thousand euros is down 22.2% due to provisions for risks and charges arising from labor disputes pending.

At December 31, 2010 the headcount is 36 (34 in 2009).

ADR Assistance Srl Unipersonale

This company, which is wholly owned by ADR SpA, was incorporated on June 25, 2008 with the purpose of managing ground airport assistance services to the disabled and persons with reduced mobility within the Roman airport system.
ADR Assistance Srl started operating on July 16, 2008 and became responsible for providing assistance services to passengers with reduced mobility (PRM) at Fiumicino and Ciampino airports, based on a service contract signed with the Parent Company, ADR, on July 15, 2008.

The company reported net income of 431 thousand euros for 2010, compared with net income of 326 thousand euros for the previous year.

PRM traffic rose 10.2% (Fiumicino up 10.1%, Ciampino up 11%) on 2009, showing the different *trend* in this type of passenger compared with the 5.9% increase in the total number of passengers with respect to 2009 (Fiumicino up 7.5%, Ciampino down 5%).

Revenues, deriving exclusively from the Parent Company, ADR, amount to 14,367 thousand euros, up 8.2% on 2009, due to passenger growth and the increase in the fees paid by the Parent Company, ADR.

In terms of operating costs, payroll costs were up 8.1% due to the increase in the average headcount deriving from a 10.2% rise in assistance provided, and pay raises awarded under the new labor contract, while external costs rose 6%. EBITDA stood at 1,687 thousand euros, up 11.9% on 2009.
EBIT, amounting to 1,231 thousand euros, grew more modestly (up 8.3%) on the back of an increase in amortization and depreciation (up 91 thousand euros).

At December 31, 2010 the headcount is 277 (254 at December 31, 2009).

ADR Tel SpA

The purpose of the company, which is 99% owned by ADR SpA and 1% by ADR Sviluppo Srl, is to build, develop and install telecommunications and electronic communications networks and systems, as well as to provide telecommunications and electronic communications services.

The company registered a positive operating performance in 2010, thus enabling achievement of net income of 347 thousand euros (net income of 492 thousand euros in 2009).

Despite operating in a market undergoing a phase of systemic weakness, which imposes stringent cost-cutting measures on all players, the company maintained its position in the market consisting of airport operators, airlines, public authorities and all the other companies operating within the Roman airport system. This enabled it to generate revenues of 10,748 thousand euros, a drop of 177 thousand euros (down 1.6%) compared with 2009, entirely due to the decline in business commissioned by the Parent Company, ADR.

Operating costs of 8,141 thousand euros fell 103 thousand euros compared with 2009 (down 1.2%), including 7,004 thousand euros (down 16 thousand euros) regarding consumption of raw materials and external services and 1,137 thousand euros (down 87 thousand euros) regarding payroll costs. As a result of the above performance of revenues and operating costs, the company reported EBITDA of 2,607 thousand euros, compared with 2,681 thousand euros at the end of 2009.
EBIT, amounting to 676 thousand euros, decreased by 543 thousand euros (down 44.5%) on 2009, following a rise in amortization and depreciation and provisions for risks and charges, as well as a negative balance of 11 thousand euros for other income and operating costs, compared with the positive balance of 219 thousand euros for the same item at the end of last year.

Capital investment, totaling 1,411 thousand euros, most of which was self-financed, was primarily aimed at technological development and modernization of infrastructure.

At December 31, 2010 the headcount is 17 (16 in 2009).

ADR Advertising SpA

ADR Advertising SpA was incorporated on January 10, 2003. The company has ordinary share capital of 500,000 euros, and is 51% owned by ADR SpA and 49% owned by IGPDecaux SpA. Preference shares, totaling 500,000 euros, were wholly subscribed by IGPDecaux SpA.
Under the terms of the agreement with ADR SpA dated March 1, 2003, by which the Parent Company has leased its advertising division to the company, ADR Advertising SpA manages advertising space at the Roman airport system. This contract, which lasts until December 31, 2011, provides for monthly payments to ADR proportional to ADR Advertising SpA's revenues, subject to a guaranteed minimum.

Revenues, amounting to 19,717 thousand euros, are down 3.7%, due to rising competitive pressure from alternative forms of advertising (such as the internet), and the change in traffic mix towards low-cost traffic, resulting in a need to redefine the advertising services on offer.

This sharp economic divergence from the original plan led ADR Advertising SpA and the Parent Company to negotiate a further reduction of the "guaranteed minimum" paid to ADR SpA for lease of the advertising business unit in 2010 (from 18.0 to 17.0 million euros).

EBITDA is 824 thousand euros, down 53.7% on 2009. In connection with the need to make provisions of 1.0 million euros for doubtful accounts, prompted by a steady increase in a customer's outstanding payments, negative EBIT of 777 thousand euros was registered, which is nevertheless an improvement on the negative EBIT of 1,056 thousand euros reported in 2009.

Consequently, the company reported a net loss of 834 thousand euros in 2010, resulting in shareholders' equity of 198 thousand euros. Therefore, the company was in the situation provided for by art. 2446 of the Italian Civil Code, as a result of losses amounting to more than one third of the share capital.

At December 31, 2010 the headcount is 8 (8 in 2009).

ADR Sviluppo Srl Unipersonale

ADR Sviluppo Srl – Unipersonale has share capital of 100,000 euros and was incorporated on July 27, 2001. The company is wholly owned by ADR SpA.

The company's purpose is to promote and develop real estate initiatives for Fiumicino and Ciampino airports, to be carried out directly or via third parties. To this end, the company may therefore carry out, or commission, real estate projects regarding the construction of hotels, parking lots, offices and other forms of property in general, where such projects have a role to play in the development of airport activities, and are designed to meet the demands of traffic growth at Fiumicino and Ciampino airports.
During 2010 ADR Sviluppo Srl did not earn revenues, nor did it have employees, as it has yet to commence operations.
The company reported a net loss of 1 thousand euros (compared with net income of 4 thousand euros in 2009), in connection with corporate costs incurred. Shareholders' equity as of December 31, 2010 amounts to 108 thousand euros.

Investments in other companies

Investments in Airports

Aeroporto di Genova SpA
Aeroporti di Roma SpA holds a 15% holding in the company that manages Genoa airport. For 2009 (to which the latest approved financial statements refer) passenger traffic decreased by 5.4% with respect to 2008, primarily due a reduction in scheduled flights in the domestic segment (down 8.0%), deriving from a contraction in the activities of the new carrier Alitalia-CAI, which was only partly offset by an increase in international routes (up 1.5%).
Revenues amounted to 21,007 thousand euros, down 9.4% on the previous year, due to reductions in aeronautical (down 11.4%) and non-aeronautical (down 8.0%) income.
EBITDA amounted to 1,102 thousand euros (3,489 thousand euros in 2008), while, due to amortization and depreciation and provisions, negative EBIT of 1,142 thousand euros was registered compared with the negative 358 thousand euros reported in 2008, when in connection with the previously noted events regarding Italy's flagship carrier, losses incurred on receivables and provisions for doubtful accounts were recognized in the income statement. Therefore, the company reported a net loss of 1,232 thousand euros in 2009, compared with a net loss of 2,100 thousand euros in 2008.
Shareholders' equity at December 31, 2009 amounted to 5,210 thousand euros.
Due to the losses reported in 2008/2009, and taking into account available projections, a prudential 500 thousand euro write-down of the equity investment was carried out.

S.A.CAL. - Società Aeroportuale Calabrese SpA
ADR SpA owns a 16.57% stake in this company. In 2009 (to which the latest approved financial statements refer) passenger traffic at Lamezia Terme, the airport managed by the company, reached a level of 1.6 million passengers, up 9.5% on the previous year. This increase was considerably helped by the consolidation of the activities of low-cost carriers. Significant events included completion of the procedure to grant a full operating concession to SACAL SpA for a 40-year period as of July 2008, pursuant to Interministerial Decree no. 69/2009 registered at the Court of Auditors on July 29, 2009.
Net revenues amount to 18,030 thousand euros, up 9.6% on 2008. This increase is not reflected in EBIT totaling 95 thousand euros, compared with the 342 thousand euros registered in the previous year. Thanks to extraordinary income of 1,431 thousand euros, which includes fees collected in previous years, definitively acquired in 2009 in connection with the granting of the above-mentioned full concession, the company registered net income of 633 thousand euros compared with the breakeven reported in 2008. Shareholders' equity at December 31, 2009 amounted to 11,820 thousand euros.

Investments in other businesses

ADR SpA also has minority shareholdings in other companies:

La Piazza di Spagna Srl
The company was incorporated on December 17, 2003 with share capital of 100,000 euros, which was 49% subscribed by ADR SpA and 51% by Airport Elite Srl, a subsidiary of Save SpA. The company, which is responsible for refreshment outlets and the sale of newspapers and items regulated by state monopoly legislation, never became operative.

On June 8, 2010 an Extraordinary Meeting of La Piazza di Spagna Srl's shareholders approved the early winding up of the company, pursuant to art. 2484, no. 6, of the Italian Civil Code, and agreed to put the company into liquidation, with effect as of registration of the resolution in the Companies' Register (June 30, 2010).
Fabio Orrù was thus appointed as receiver and assigned legal representation of the company and granted powers of ordinary and extraordinary administration in accordance with the law, including express provision of the power to manage the company on a temporary basis.
On December 16, 2010 the General Meeting of Shareholders approved the final liquidation statement of affairs and the distribution plan, thereby authorizing the receiver to submit the final documents. The cancellation request was submitted to the Companies' Register on December 22, 2010, and recorded in the Companies' Register on January 21, 2011.
The final liquidation statement of affairs reports:

- a net loss of 16 thousand euros, including 4 thousand euros accrued until June 30, 2010 (date on which the liquidation came into effect) and 12 thousand euros during the period July 1 - December 6, 2010, the date on which the liquidation procedure was completed;
- final shareholders' equity of 2 thousand euros as of December 6, 2010, net of amounts due from shareholders for unpaid called-up capital, totaling 68 thousand euros.

Compared with a carrying amount of 49 thousand euros for the equity investment, the realizable value for ADR SpA amounted to 34 thousand euros, including 33 thousand euros deriving from elimination of amounts due for unpaid called-up capital and 1,000 euros from the final distribution, resulting in a capital loss of 15 thousand euros.

Consorzio E.T.L. – European Transport Law

The Parent Company has a 25% stake in this consortium, which promotes training courses and research programs regarding European transport integration issues.
On November 18, 2010, having received confirmation of the shareholders' wish to terminate the business on the date specified in the articles of association (December 31, 2010), the consortium's Board of Directors approved the necessary procedures to wind up the consortium.
At a subsequent meeting held on December 14, 2010, the Board of Directors approved the winding up and liquidation of the consortium, as of December 31, 2010, as well as the appointment of Felice Molinario as receiver, thereby granting him all necessary powers.
The consortium reported a net loss of 72 thousand euros for 2010, whilst shareholders' equity at December 31, 2010 stood at 7 thousand euros.

Leonardo Energia Società consortile a r.l.

This is a limited liability consortium, incorporated on March 26, 2008 with a share capital of 10 thousand euros, in which Fiumicino Energia Srl holds an 90% stake and ADR SpA a 10% stake. The company's purpose is the production, transformation and transport of electrical and thermal power for the consortium partners.
This objective is achieved via management of:

- the new co-generation plant built at Fiumicino owned by Fiumicino Energia Srl and made available to the limited liability consortium via a business unit lease contract registered on December 15, 2008, with effect as of December 18, 2008;
- the existing power plant made available by ADR SpA via a sub-concession agreement registered on December 15, 2008, with effect as of January 1, 2009.

The company started operating on December 18, 2008, with the entry into service of the co-generation plant.
The company broke even in 2010 (a profit of 1 thousand euros in 2009), whilst shareholders' equity at December 31, 2010 amounted to 268 thousand euros.

Ligabue Gate Gourmet Roma SpA (insolvent)

The Court of Civitavecchia officially declared Ligabue Gate Gourmet Roma SpA bankrupt on February 1, 2002. A sentence of October 10, 2002 ordered submission of a first partial distribution plan whereby 29.6% of preferential claims would be paid. In 2010 the second distribution plan was submitted, entailing collection of 48 thousand euros by ADR SpA.

Alinsurance Srl in liquidation

ADR SpA holds a 6% stake in this company which operates as an insurance broker. The company was placed in voluntary liquidation on July 12, 2005.

On November 16, 2010 the General Meeting of Shareholders approved the final liquidation statement of affairs prepared on March 31, 2010 and the distribution plan. The cancellation request was submitted to the Companies' Register on December 17, 2010, and recorded in the Companies' Register on January 17, 2011.

The final liquidation statement of affairs reports final shareholders' equity of 1,035 thousand euros at March 31, 2010, of which 62 thousand euros was allocated to the Parent Company ADR SpA. With respect to the carrying amount of the equity investment of 6 thousand euros, ADR SpA realized capital gains of 56 thousand euros.

NOTICE REGARDING MANAGEMENT AND COORDINATION OF THE COMPANY

With reference to the company law reform introduced by article 2497 and subsequent articles of the Italian Civil Code, from August 2, 2007, ADR SpA is subject to "management and coordination" by Gemina SpA, which wholly owned Leonardo Srl, subsequently merged into Gemina SpA.

In turn, ADR SpA "manages and coordinates" its subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA, ADR Sviluppo Srl and ADR Assistance Srl.

RELATIONS WITH PARENT COMPANIES AND OTHER RELATED PARTIES

All the transactions with parent companies, subsidiary undertakings and other related parties described below were carried out on an arm's length basis (€/000).

Relations with parent companies

ADR Group companies' relations with the Parent Company, Gemina SpA in 2010 primarily refer to participation in the consolidated taxation regime:

	Balances at 12.31.2010	Year 2010	
	Payables /(Receivables)	*Tax Consolidation*	
		Income	*Expense*
ADR S.p.A.	11,284	994	25,186
	11,284	**994**	**25,186**
Subsidiary undertakings subject to management and coordination:			
ADR Engineering S.p.A.	218	18	316
ADR Tel S.p.A.	(17)	65	248
ADR Assistance S.r.l.	(81)	50	292
	120	**133**	**856**
Unconsolidated subsidiary undertakings subject to management and coordination:			
ADR Sviluppo S.r.l.	(1)	0	0
	(1)	**0**	**0**
TOTAL	**11,403**	**1,127**	**26,042**

The effects on the balance sheet and income statement deriving from participation - in June 2010 - in the domestic tax consolidation regime for the three-year period 2010-2012, governed by art. 117 et seq. of the Consolidated Act, by ADR SpA and the subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA, ADR Assistance Srl and ADR Sviluppo Srl, as consolidated companies, and by the Parent Company, Gemina SpA, as the consolidating company, were classified under sundry relations.

On taxable income transferred to the consolidating company, Gemina SpA, by the consolidated companies, consolidated taxation (IRES) of 26,042 thousand euros was recorded. Income from consolidated taxation of 1,127 thousand euros has been recorded as a result of the application – in the form of remuneration - of the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.
As a result of accounts receivable and accounts payable relating to the previous year and tax credits transferred by the consolidated companies, in addition to the above income and expense, an amount of 11,403 thousand euros due to Gemina SpA has been recorded.

Trading relations with the Parent Company, Gemina SpA, break down as follows:

Trading relations between the ADR Group and Gemina S.p.A.

	Balances at 12.31.2010		Year 2010	
	Receivables	*Payables*	*Revenues*	*Costs*
ADR S.p.A.	22	256	5	694
ADR Tel S.p.A.	1	0	3	0
	23	**256**	**8**	**694**

The costs incurred with regard to Gemina SpA include the debiting of payroll costs, insurance for Directors and rents payable. ADR Tel provided Gemina SpA with electronic mail services.

Relations with subsidiary undertakings

Transactions carried out by ADR SpA with subsidiary undertakings in 2010 refer primarily to the supply of goods, trade and centralized treasury services.

Trading, financial and other relations between ADR SpA and subsidiary undertakings subject to management and coordination, other subsidiary undertakings and associated undertakings are analyzed below.

Trading relations between the ADR SpA and subsidiary and associated undertakings

	Balances at 12.31.2010				Year 2010						
	Receivables	*Payables*	*Guarantees*	*Commit.*	*Revenues*			*Costs*			
					Goods	*Services*	*Other*	*Goods*	*Services*	*Other*	*Investments*
Subsidiary undertakings subject to management and coordination:											
ADR Engineering S.p.A.	96	7,035	250	8,212	4	347	50	0	372	0	9,721
ADR Tel S.p.A.	138	1,675	257	142	0	706	173	0	5,180	0	1,301
ADR Assistance S.r.l.	474	2,387	0	0	178	1,625	199	0	14,442	0	0
	708	**11,097**	**507**	**8,354**	**182**	**2,678**	**422**	**0**	**19,994**	**0**	**11,022**
Other subsidiary undertakings											
ADR Advertising S.p.A.	8,656	12	0	0	0	17,410	48	0	26	0	0
Airport Invest BV	0	0	0	0	0	0	0	0	0	0	0
	8,656	**12**	**0**	**0**	**0**	**17,410**	**48**	**0**	**26**	**0**	**0**
Associated undertakings											
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	0	968	0	0							
	0	**968**	**0**	**0**							

The subsidiary undertaking, ADR Engineering SpA, provides design and project management services for works included in the airport master plan. This company was incorporated in 1997 for this reason. Revenues in 2010 for work commissioned by ADR SpA amounted to 10,093 thousand euros (6,630 thousand euros in 2009). ADR SpA charged the company 401 thousand euros (348 thousand euros in 2009) relating to sub-concession fees, utilities, administrative services, etc.

From April 2003 the subsidiary undertaking, ADR Tel SpA, has managed telecommunications at the airports of Fiumicino and Ciampino. In 2010 the company posted revenues from telephony services provided to ADR SpA of 5,180 thousand euros (5,176 thousand euros in 2009) and carried out upgrading works on the telephone network worth 1,301 thousand euros (1,394 thousand euros in 2009). ADR SpA charged the company an amount of 879 thousand euros (860 thousand euros in 2009) in royalties and rentals on the lease of telecommunications assets and premises, and for utilities and staff services.

ADR Assistance Srl started operating on July 16, 2008 and became responsible for providing assistance services to passengers with reduced mobility at Fiumicino and Ciampino airports, based on a service contract signed with the Parent Company, ADR, on July 15, 2008.
Revenues of 14,442 thousand euros were exclusively generated from relations with the Parent Company (13,334 thousand euros in 2009); ADR SpA charged the company 2,002 thousand euros (2,960 thousand euros in 2009) relating to sub-concession fees, utilities, administrative services, etc.

From March 1, 2003, the subsidiary undertaking, ADR Advertising SpA, has managed advertising at Fiumicino airport on the basis of a contract entered into with ADR SpA and expiring on December 31, 2011. This contract specifies that a monthly payment based on ADR Advertising SpA's revenues is to be made to ADR SpA, whilst ensuring a guaranteed minimum. The fees paid to ADR SpA in 2010 amount to 17,013 thousand euros (17,640 thousand euros in 2009), following a review of the "guaranteed minimum" (for further information, see the section of the Management Report on Operations regarding "Equity investments"). ADR SpA received additional revenues from the company, totaling 445 thousand euros (485 thousand euros in 2009), as lease rentals and as payment for utilities and various services, as well as incurring costs of 26 thousand euros (244 thousand euros in 2009) for the corporate advertising campaign.

Financial relations between ADR S.p.A. and subsidiary undertakings

	Balances at 12.31.2010			year 2010	
	Receivables	*Payables*	*Guarantees*	*Income*	*Expense*
Subsidiary undertakings subject to management and coordination:					
ADR Engineering S.p.A.	0	916	0	38	0
ADR Tel S.p.A.	631	0	0	33	0
ADR Assistance S.r.l.	0	975	0	0	2
	631	**1,891**	**0**	**71**	**2**
Other subsidiary undertakings					
Airport Invest B.V.	0	0	0	0	8
	0	**0**	**0**	**0**	**8**

Financial relations with the subsidiary undertakings, ADR Engineering SpA, ADR Tel SpA and Airport Invest BV (until the date of completion of the liquidation procedure), regard the centralized treasury system, which is conducted on an arm's length basis. The system has been put into place in order to optimize the management of financial resources and facilitate the settlement of inter-company trading relations.

Sundry relations are summarized below

Trading relations with other related parties break down as follows:

Trading relations between the ADR Group and related parties

	Balances at 12.31.2010			Year 2010		
	Receivables	*Payables*	*Guarantees*	*Revenues*	*Costs*	*Investments*
Gemina S.p.A. subsidiaries (either directly or indirectly)						
Fiumicino Energia S.p.A.	0	0	0	101		
Leonardo Energia S.c. a r.l.	18	3,508	0	215	19,247	
Companies that carry significant influence over Gemina S.p.A.						
Assicurazioni Generali S.p.A.	0	0	0	0	3,305	0
Mediobanca S.p.A.	0	0	0	0	163	0
Gruppo Unicredit	10	3	0	1,196	57	0
Autogrill S.p.A.	415	0	5,150	8,079	0	0
Alpha Retail Italia S.r.l.	75		1,445	1,440	0	0
Pavimental S.p.A.	0	445	3,022	0	0	2,845
Changi Airport Planners and Engineers Pte.	0	117	0	0	0	349
	518	**4,073**	**9,617**	**11,031**	**22,772**	**3,194**

Regarding these relations, the following should be noted:

- Fiumicino Energia Srl, a company 87.14% owned by Gemina SpA: following the partial spin-off of Sistemi di Energia SpA, Fiumicino airport's new natural gas-fired, co-generation plant for the production of electricity was transferred to the newly incorporated company, Fiumicino Energia Srl. Via a business unit lease contract, operation of the co-generation plant was entrusted to Leonardo Energia - Società consortile a r.l., which is owned by ADR SpA and Fiumicino Energia Srl, with respective shareholdings of 10% and 90%. The relevant agreements also stipulate that the co-generation plant will be transferred free of charge to ADR SpA in 2023. The limited liability consortium also operates the thermal energy plant at Fiumicino, under a sub-concession from ADR SpA. In 2010, the Parent Company, ADR SpA, purchased electric and thermal energy from Leonardo Energia S.c.ar.l. amounting to 19.2 million euros;
- Assicurazioni Generali SpA (a company that holds a sufficient interest in Gemina SpA to have a significant influence on the latter): the ADR Group has taken out its principal insurance policies with this insurance group;
- Mediobanca SpA (a company that holds a sufficient interest in Gemina SpA to have a significant influence on the latter): the costs incurred regard consultancy;
- Unicredit Group (Unicredit SpA holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, whilst costs primarily regard bank charges;
- Autogrill SpA (indirect subsidiary undertaking of Edizione Srl which, indirectly, holds a sufficient interest in Gemina SpA to have a significant influence on the latter): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Alpha Retail Italia Srl (subsidiary undertaking of Autogrill SpA): revenues derive from retail sub-concessions, royalties, utilities, car parks and sundry services;
- Pavimental SpA (indirect subsidiary undertaking of Edizione Srl): “investment” regards work on runways and aircraft aprons;
- Changi Airport Planners and Engineers Pte. Ltd. (subsidiary undertaking of Changi Airports International Pte. Ltd. which, indirectly, holds a sufficient interest in Gemina SpA to have a significant influence on the latter): “investment” regards provision of support in the preparation of the Fiumicino Airport Master Plan.

Financial relations with Mediobanca SpA and Unicredit SpA include the following:

Financial relations between the ADR Group and related parties

	Balances at 12.31.2010			Year 2010	
	Cash and cash equivalents	*Receivables*	*Payables*	*Financial Income*	*Financial expense*
Mediobanca S.p.A.	112,168	55,662	0	820	0
Group Unicredit	30,204	0	0	64	0
	142,372	**55,662**	**0**	**884**	**0**

Several relations exist between ADR SpA and Mediobanca SpA in connection with the role played by the latter in existing loan agreements:

- Mandated Lead Arranger of the long-term lines of credit Term Loan Facility (a remaining amount of 158,288 thousand euros) and Revolving Facility (100,000 euros) provided by a syndicate of lending banks[13];
- Security Agent representing all of ADR SpA’s creditors;
- Facility Agent representing the banks within the Bank Facility Agreement;

[13] The total amount due to the syndicate of banks is reported in the financial statements of ADR SpA; the amounts contributed by each bank in the syndicate is not indicated.

- Administrative Agent and holding bank for certain ADR current accounts regulated by loan agreements, including the following: Debt Service Account, Interim Proceeds Account, Recoveries Account and Loan Collateral Account, of which the balances at December 31, 2010 are shown in the above table. Mediobanca SpA is also the holder of an escrow account called the Debt Service Reserve Account for which ADR reports a financial receivable in its financial statements. The related interest due is reported in the item "finance income" in the above table.

Several relations exist between the ADR Group and Unicredit SpA in connection with the role played by the latter in current loan contracts:

- Mandated Lead Arranger of the long-term lines of credit Term Loan Facility (a remaining amount of 158,288 thousand euros) and Revolving Facility (100,000 euros) provided by a syndicate of lending banks[14];
- holding bank for certain ADR SpA current accounts, regulated by loan contracts, and for certain ADR Group companies.

For a description of the guarantees granted by ADR SpA, reference should be made to the section on “Payables” in the Notes.

TREASURY SHARES OR PARENT COMPANY’S SHARES IN THE PORTFOLIO

The Group did not hold, directly, or indirectly, any of its own shares or any shares in the Parent Company, either at the end of 2010 or at the end of 2009. In addition, no purchase or sale of its own shares or shares in the Parent Company took place, either directly or indirectly, during 2010.

FINANCIAL RISK MANAGEMENT

Risks specific to the Company’s business

ADR SpA manages the two airports in the Roman airport system, Fiumicino and Ciampino, under Service Concession Agreement no. 2820 of June 26, 1974 signed with the Ministry of Transport. This agreement will expire on June 30, 2044.
The foregoing agreement lays down the obligations for the operator and the reasons for termination or cancellation of the concession, primarily because of breach.

The ADR Group operates in a sector that is highly regulated at domestic, EU and international level.

A long period of uncertainty related to the complexity of the procedure to establish satisfactory regulatory and tariff systems is a significant risk factor that may affect the Group’s financial and operating outlook.

The ADR Group’s operating performance is also strongly affected by air traffic using the airports of Fiumicino and Ciampino, which in turn is affected by:

- economic conditions;

[14] The total amount due to the syndicate of banks is reported in the financial statements of ADR SpA; the amounts contributed by each bank in the syndicate is not indicated.

- the plans of the individual airlines, which are affected in turn by these companies' own financial and operating circumstances; this risk is heightened by Fiumicino's status as the hub for the national flag carrier, which is undergoing a difficult reorganization phase;
- airline alliances;
- competition, on certain routes, from alternative transport (e.g. high-speed train between Rome and Milan);
- wars, acts of terrorism, natural disasters and airplane crashes, which undermine the public's propensity to travel, for business or pleasure.

The ADR Group is involved in a large number of civil, administrative, labor and tax disputes, both as a plaintiff and as a defendant. Given the risks related to such proceedings, provisions have been made and in-depth information is available in a specific section of the Notes.

Credit risk

Credit risk is the risk that a customer or the counterparty in a financial instrument fails to meet its obligations, thereby causing a loss.

The ADR Group's maximum exposure to credit risk is equal to the carrying value of the financial assets shown in the consolidated financial statements, as well as the nominal value of the guarantees provided for third parties' debt or commitments.

At December 31, 2010 total credit risk exposure was as follows:

(in thousand of euros)	Carring amount	
	12/31/2010	12/31/2009
Financial assets:		
Due from clients	177,222	203,125
Due from associated undertakings	482	530
Due from parent companies	24	18
Due from others	59,197	55,074
Cash - bank and post office deposits	189,561	135,166
Total	**426,486**	**393,913**

Most of the ADR Group's credit risk is related to the receivables arising from its transactions with customers, which has however declined with respect to 2009.

The risk of customers' default is dealt with by making provisions in a specific allowance for bad debt, whose balance is reviewed from time to time. The ADR Group's policy in this respect involves the making of provisions for each position, depending on the age of the receivable, the creditworthiness of the individual customer, the progress in the receivable management and collection process.

The Group's commercial policies set out the procedure illustrated below for the creation of trade receivables:
- cash payment is required in transactions with consumers (sales in directly operated stores, multilevel and long-term parking lots, first aid, etc.) and with occasional counterparties (e.g. club memberships, luggage porters, taxi access management, etc.);
- cash payment or prepayment is required from occasional airlines without a satisfactory credit profile or collateral;
- credit terms are extended to loyal customers considered reliable (airlines with medium-term operational plans and sub-concessionaires). However, these customers' creditworthiness is monitored and, where necessary, collateral is required.

The table below is an aging schedule for receivables:

(in thousand of euros)	Receivables not yet due	Past due receivables not writen down				Total Receivables
		less than 60 days	*61 to 120 days*	*121 to 180 days*	*Over 181 days*	
As of 12/31/2010						
Due from clients	94,342	18,630	8,297	3,905	52,047	177,221
Due from associated undertakings	0	0	0	0	482	482
Due from parent companies	24	0	0	0	0	24
Due from others	58,256	0	0	0	940	59,196
total	**152,622**	**18,630**	**8,297**	**3,905**	**53,469**	**236,923**
As of 12/31/2009						
Due from clients	78,796	48,248	16,877	5,489	53,715	203,125
Due from associated undertakings	0	0	0	0	530	530
Due from parent companies	18	0	0	0	0	18
Due from others	54,134	0	0	0	940	55,074
total	**132,948**	**48,248**	**16,877**	**5,489**	**55,185**	**258,747**

Receivables for which no provisions have been made and that are over 181 days past due primarily consist of amounts due from public bodies and Alitalia Group companies under special administration.

The ADR Group’s credit risk features a high degree of concentration, as ten customers account for around 58% of all receivables (57% in 2009), for which no provisions have been made.

Liquidity risk

Liquidity risk may arise with the inability to raise, on adequate terms, the cash necessary to fund the Group’s operations.

The ADR Group’s cash is mainly used for or generated by investing and operating activities.

The table below shows the Group’s payables by maturity.

	Payables falling due			Total payables
	within 12 month	*in 1 to 5 years*	*after 5 years*	
As of 12/31/2010				
Due to banks	9,758	184,638	80,000	274,396
Due to other financial institutior	14,098	875,000	325,019	1,214,117
Advances	5,433	3,687	0	9,120
Due to suppliers	142,529	3,547	0	146,076
Due to associated undertaking:	969	0	0	969
Due to parent companies	11,660	0	0	11,660
Other	53,414	2,415	0	55,829
Total	**237,861**	**1,069,287**	**405,019**	**1,712,167**
As of 12/31/2009				
Due to banks	11,541	204,000	80,850	296,391
Due to other financial institutior	13,917	500,000	700,019	1,213,936
Advances	5,000	4,612	0	9,612
Due to suppliers	126,978	2,734	0	129,712
Due to associated undertaking:	1,003	0	0	1,003
Due to parent companies	13,575	0	0	13,575
Other	48,886	2,303	0	51,189
Total	**220,900**	**713,649**	**780,869**	**1,715,418**

The Group’s financial structure is characterized by significant leverage, as financial debt is equal to over 5 times EBITDA. Consequently, a substantial portion of the cash generated from operating activities is used to pay loan interest and, in future, principal (the first installment of which falls due in 2012).

As indicated more specifically in the specific section of the Notes to the consolidated financial statements, in addition to the requirement to have Moody’s and Standard & Poor’s issue a rating, the medium/long-term loan agreements in place provide for a number of measures to ensure that the cash generated is used first of all to service debt. Such measures become stricter if, as is currently the case, the ratings or certain financial ratios fail to exceed certain agreed-upon minimum thresholds.

This well-constructed contractual control mitigates liquidity risk. Indeed, the Parent Company’s current rating prevents it from borrowing without specific authorization from its lenders. However, any financing requirements associated with working capital management or investing activities are met with the substantial cash on hand available and a 100 million euro revolving line of credit (which is currently unused) obtained for these purposes.

The revolving facility is to date available to be drawn down, given that the conditions set out in the Revolving and Term Loan Facility Agreement have been complied with, and in particular as the waiver of the trigger event granted on March 16, 2010 remains in force until March 20, 2011.

It is clear that the need to use the cash generated to service debt, and the above restrictions on the use of cash, limit the Group’s operating and investment flexibility in situations of financial pressure.

The centralized cash management system, managed at arm’s length by the Parent Company and including the subsidiaries ADR Engineering S.p.A, ADR Tel SpA and ADR Assistance Srl, makes it possible to optimize cash flows and to facilitate the settlement of intercompany transactions.

Interest rate risk

The ADR Group borrows funds from third parties. Changes in interest rates affect the cost of the funds borrowed, with their effects on the amount of interest expense.

To cope with these risks the Group uses interest rate derivatives, with the objective to mitigate, at acceptable terms and conditions, the potential effects of changes in interest rates on its operating performance.
Specifically, the Group uses interest rate collars to manage its exposure to unfavorable fluctuations of interest rates.

Hedging policy is provided for by all loan agreements entered into by the Parent Company, ADR SpA, and Group policies in this area require that at least 51% of all debt be hedged against fluctuations in interest rates.

At December 31, 2010, 56.0% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2009: 55.2%).
On October 2, 2009 the two interest rate collar forward start contracts, signed with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, became active. On the basis of these contracts ADR SpA will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 72.3% (71.3% at December 31, 2009).

In particular, given the sensitivity of the Group's performance to changes in interest rates, an interest rate sensitivity analysis was conducted with respect to a range of +/- 50 basis points.

An increase of 50 basis points in interest rates would determine a rise of 2.1 million euros in interest expense, before tax.
A decrease of 50 basis points in interest rates would determine a reduction of 2.1 million euros in interest expense, before tax.

Exchange rate risk

The ADR Group has a negligible exposure to exchange rate risk as non-euro transactions are related to limited purchases of goods and services.

Risks related to outstanding loan agreements

- Risk related to ADR's rating

ADR SpA is assessed by the rating agencies Standard & Poor's and Moody's.
The cost of debt and insurance guarantees provided by the monoline insurance company, AMBAC, are linked to the ratings assigned to ADR SpA by the two agencies. Moreover, should the Company's ratings fall below contractually defined minimums, the lenders are authorized to exercise stricter control over its cash flow, thereby constraining further the Company's operational flexibility (a so-called "Trigger Event").

ADR SpA's ratings were as follows in 2010.

- *Standard & Poor's*
  On May 11, 2010, Standard & Poor's extended its BB rating of ADR SpA, whilst lifting the "CreditWatch with negative implications" imposed on the Company on October 1, 2009. This followed on from a risk assessment relating to the replacement, which has now been concluded, of Ambac Financial Services as counterparty in the Cross Currency Swap for Romulus Finance Srl. According to the agency, the negative outlook reflects the risk of refinancing tranches of debt falling due from 2012, given the extension of the tariff review process connected with the signing of the planning agreement.
- *Moody's*
  In 2010 Moody's maintained the Baa3 rating with a negative outlook assigned on September 22, 2009.

As a result of the ratings assigned, ADR SpA continues to be subject to the Trigger Event and Cash Sweep restrictions already activated following Standard & Poor's lowering of its rating on November 30, 2007 (from BBB stable to BBB- stable).

As described more extensively in the Notes on payables, the cash sweep and trigger event have activated stricter requirements for the Company in its cash flow management activities, including, among other things, a) the obligation, as debt service dates approach, to allocate the residual cash available to the repayment/collateralization of repayable/non-repayable debt; and b) an embargo on the payment of dividends.
Moreover, creditors are given the power to: i) obtain any information deemed necessary in relation to the event; ii) take part in devising a recovery plan and the related implementation schedule; iii) to appoint an independent expert to take part in drawing up the business plan containing the measures and remedies designed to restore an acceptable rating.

Due to continuation of the cash sweep and trigger event condition, in the first quarter of 2010 the Parent Company, ADR SpA, submitted a new *waiver* request, which breaks down as follows:

a) non-application of the cash sweep at the application dates of March 2010 and September 2010;
b) authorization to refinance the bank loan, currently amounting to 158.3 million euros, until the application date of September 2011;
c) until the application date of September 2010 (included), none of the restrictions arising from the trigger event will apply, except for the following: the dividend embargo, independent auditing of the rating restoration plan and financial reporting obligations, where requested by creditors.

The authorization was subject to a commitment by ADR SpA, at the application date of September 2010, to make available whichever is the higher sum – 45 million euros or 80% of surplus cash available on the date of repayment of the bank loan (25%) – and collateralize the Romulus Tranche A1 (75%).

In compliance with the above-mentioned agreements, on the application date of September 2010 ADR SpA allocated a total of 46.8 million euros to service the two lines of credit. Specifically, 11.7 million euros were allocated to repayment of the bank loan and 35.1 million euros to collateralization of the Romulus Tranche A1.

The procedure launched at the end of 2009 to identify a financial institution that could replace Ambac Financial Services (AFS) as a counterparty for Romulus Finance Srl in the Cross Currency Swap regarding Tranche A4 of the bonds denominated in sterling has been successfully completed.

On conclusion of the second phase of the selection process, which ended on February 8, 2010, Unicredit Mediocredito Centrale SpA had put forward the most suitable offer, and on 12 February, 2010 AFS formally notified ADR SpA of its acceptance of Unicredit Mediocredito Centrale SpA's financial proposal regarding the replacement.

On March 18, 2010 agreements were signed regarding replacement of AFS by the new swap counterparties, Unicredit Mediocredito Centrale SpA and Mediobanca – Banca di Credito Finanziario SpA, based on the better market conditions they agreed to, amounting to 75% and 25%, respectively, of the risk connected with the transaction.

ADR SpA and Romulus Finance Srl are guaranteed replacement under the same terms and conditions as those contained in the previous contract structure.

- Risks related to loan covenants

The agreements in place reflect not only the significant amount of credit provided but also the particular legal and financial structure of the original loans extended to ADR SpA.
In fact, it is a composite structure, whereby ADR SpA owes 1.2 billion euros to a vehicle – Romulus Finance Srl – established pursuant to Law no. 130/99 on securitization and controlled by two Dutch foundations. This vehicle acquired in turn, following a securitization transaction, a pre-existing bank loan through a Luxembourg bond issue subscribed by institutional investors and guaranteed by a monoline insurance company. Moreover, ADR SpA owes the remaining amount of 273.1 million euros received from banks in term loans carrying the same covenants as those contained in the agreement between ADR SpA and Romulus Finance Srl.
The monoline insurance company’s guarantee and the *pari passu* rank for all ADR’s creditors involve a number of covenants intended to:
- ensure that adequate rating levels are maintained,
- prevent the rights attributed to each creditor being determined in a manner other than in accordance with pre-established rules.

Some of the main covenants, set against this backdrop, are as follows:
- financial assets may only be acquired with the permission of creditors or via a “non-recourse vehicle”, and in any case only using authorized borrowing or liquidity;

- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;
- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. Under certain conditions this period may be extended to 24 months;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR SpA.

The foregoing financial ratios (defined on the basis of final and forecast data) include: (i) Debt service coverage ratio (DSCR), measuring the ratio between available cash flow and debt servicing; (ii) Concession life coverage ratio (CLCR*)*, measuring the ratio between discounted future cash flows and net debt; and (iii) Leverage ratio, that is the ratio between net debt and gross operating income.

These ratios are checked twice a year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.

If the above ratios are exceeded, dividends can be distributed (if any surplus cash is available) and if the ratios are exceeded by higher margins, further borrowing may be undertaken. On the other hand, if the ratios fall below specific thresholds, a trigger event or an event of default may occur.

With reference to the most sensitive ratio to short-term changes, represented by the DSCR, the table below summarizes the different DSCR levels and the related consequences laid down in the agreement.

Level	Condition
>=1.7	Additional debt
>=1.5	Dividend distribution
<1.25	Trigger Event
<1.1	Default

In September 2010 ADR prepared financial ratios based on the results for the first half of 2010. These ratios were above the minimum levels required to maintain the Company's ordinary operating conditions, which in any event limited by the above trigger event.

As to the ratios calculated on the basis of the data for the year ended December 31, 2010, the DSCR was 2.24, and the leverage ratio was 4.99, whilst the CLCR is 3.90.

Moreover, the loan agreements call for acceleration, termination and withdrawal conditions typical for loans with similar characteristics.

SUBSEQUENT EVENTS

Compared with the same period of 2010, traffic using the Roman airport system during the period January-February 2011 registered the following performance, broken down into segments for Fiumicino and Ciampino, and domestic and international traffic:

Data between January 1 and February 28, 2011 and changes with respect to the same period of 2010

	ROME SYSTEM	Fiumicino	Ciampino	Domestic	International
Movements	55.895	48.050	7.845	22.801	33.094
D% vs PY	-0,2%	+0,5%	-4,5%	-6,1%	+4,3%
Mtow	4.343.602	3.921.625	421.977	1.448.646	2.894.956
D% vs PY	+0,4%	+0,4%	+0,5%	-5,0%	+3,4%
Total Pax	5.386.775	4.691.670	695.105	1.906.166	3.480.609
D% vs PY	+4,6%	+4,5%	+4,9%	+2,2%	+5,9%
Freight (Kg)	23.451.090	20.569.404	2.881.686	1.077.610	22.373.480
D% vs PY	-2,2%	-3,4%	+6,9%	+28,6%	-3,3%

International traffic breaks down into EU and non-EU traffic as follows.

	International	Intl' EU	Intl' Extra EU
Movements	33.094	22.043	11.051
D% vs PY	+4,3%	+3,3%	+6,3%
Mtow	2.894.956	1.544.509	1.350.447
D% vs PY	+3,4%	+3,9%	+2,8%
Total Pax	3.480.609	2.211.913	1.268.696
D% vs PY	+5,9%	+7,2%	+3,7%
Freight (Kg)	22.373.480	5.090.804	17.282.676
D% vs PY	-3,3%	+11,5%	-7,0%

Overall, in the first two months of 2011 the airport system registered traffic growth of 4.6%, achieved thanks to contributions from all segments: non-EU international segment up 3.7%; international EU segment up 7.2% and domestic segment up 2.2%.

This performance was bolstered by an increase in the load factor, which stood at 62.3%, up 2.5 percentage points on the same period of the previous year.

During the first two months of 2011 Fiumicino airport registered an increase of 4.5% in passengers, whilst capacity was substantially in line with the volumes reported in the previous year (movements up 0.5% and aircraft tonnage up 0.4%).

This performance also reflects the repercussions on air transport of the critical social and political situation prevailing in some North African countries (Tunisia, Egypt and Libya), which has led to flight cancellations at Fiumicino airport and an estimated reduction of around 40,000 passengers in the first two months of 2011.

Traffic at Ciampino airport in the first two months of 2011 registered a 4.9% rise in passengers, offset by a 4.5% reduction in movements due to a contraction in the non-commercial segment, especially general aviation; cargo rose by 6.9%.

On January 12 the rating agency, Moody's, downgraded ADR's rating to Ba1 with a "stable" outlook. According to the agency, this downgrade reflects the growing pressures arising as a result of the approaching main deadlines for repayment of existing debt, given the continued absence of a new tariff agreement, which is key to the Company's future development.

Regarding the legislative framework and in particular application of the new civil aviation security regulations, following implementation of Regulation (EU) no.185/2010, the Fiumicino and Ciampino offices of the Civil Aviation Authority have approved the new airport badge procedures, which came into force on January 15 and February 3, 2011, respectively (contained, for Ciampino, in the Airport Security Program attached to Ordinance no. 5/2011).

OUTLOOK FOR 2011

Forecasts for 2011 are conditioned by two main factors: a) completion of the negotiations regarding definition of a new regulatory and tariff framework and b) the commitment to repay the bank loan of 158.3 million euros falling due in February 2012.

Due to the unpredictable future development of the political crisis affecting certain North African countries, it is difficult to estimate the repercussions on annual traffic performance; in any event, traffic is likely to grow less than in 2010. A prudential estimate of the time required to finalize the tariffs to be included in the planning agreement suggests that additional revenue in 2011 will derive exclusively from increased turnover and efficiency improvements, with no contribution from tariff increases.
In addition, much will depend on the reorganization being carried out by the Company's biggest customer, which accounts for 24% of ADR's revenues.

Moreover, the upcoming debt repayment deadline will entail keeping a tight rein on cash flow, especially regarding capital expenditure, which against this backdrop will inevitably fall below 2010 levels.

PROPOSALS FOR THE ORDINARY GENERAL MEETING

Dear Shareholders,

The financial statements for the year ended December 31, 2010, consisting of the Balance Sheet, Income Statement and Notes, and accompanied by the Management Report on Operations, report net income of 21,267,045.10 euros, which we propose to take to retained earnings. We invite you to vote on this proposal.

Dear Shareholders,

Following Mr. Valerio Bellamoli's resignation as a Director from 23 July 2010, on August 2, 2010 the Board of Directors co-opted, pursuant to art. 2386 of the Italian Civil Code, Mr. Gianni Mion on to the Board. This arrangement expires on the date of the General Meeting. We therefore invite you to elect a new member of the Board of Directors.

THE BOARD OF DIRECTORS

Consolidated Financial Statements 2010

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

CONSOLIDATED BALANCE SHEET
as of December 31, 2010

(in thousands of euros)

(Translation from the original issued in Italian)

	12/31/2010			12/31/2009		
ASSETS						
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS:						
▪ Incorporation and development costs		7			10	
▪ Industrial patents and intellectual property rights		1,714			1,641	
▪ Concessions, licenses,trademarks and similar rights		1,655,086			1,703,807	
▪ Leasehold improvements in process and advances		25,696			28,607	
▪ Others		233,857			214,357	
			1,916,360			1,948,422
TANGIBLE FIXED ASSETS:						
▪ Land and buildings		2,697			2,797	
▪ Plant and machinery		57,620			43,746	
▪ Industrial and commercial equipment		1,555			1,159	
▪ Fixed assets to be relinquished		86,681			92,801	
▪ Other assets		3,083			3,830	
▪ Work in progress and advances		37,053			24,573	
			188,689			168,906
NON-CURRENT FINANCIAL ASSETS:						
▪ Equity investments in:						
- unconsolidated subsidiary undertakings	100			100		
- associated undertakings	10			59		
- other companies	2,203			2,709		
		2,313			2,868	
▪ Receivables due from others:						
. within 12 months	0			3		
. beyond 12 months	626			548		
		626			551	
▪ Other securities:						
- bonds	2,758			2,758		
		2,758			2,758	
			5,697			6,177
Total fixed assets			**2,110,746**			**2,123,505**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,661			2,919	
▪ Contract work in progress		11,872			11,299	
▪ Finished goods and goods for resale						
- goods for resale	7,521			7,245		
		7,521			7,245	
			22,054			21,463
RECEIVABLES						
▪ Due from clients		177,222			203,125	
▪ Due from associated undertakings		482			530	
▪ Due from parent companies		24			18	
▪ Due from tax authorities						
. within 12 months	3,927			1,575		
. beyond 12 months	16,321			8,934		
		20,248			10,509	
▪ Defered Tax assets		31,928			29,197	
▪ Due from others:						
- various:						
. within 12 months	59,084			54,968		
- advances to suppliers for services to be rendedered	112			106		
		59,196			55,074	
			289,100			298,453
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		189,561			135,166	
▪ Cash and notes in hand		625			572	
			190,186			135,738
Total current assets			**501,340**			**455,654**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**4,543**			**4,486**
TOTAL ASSETS			**2,616,629**			**2,583,645**

CONSOLIDATED BALANCE SHEET
as of December 31, 2010

(in thousands of euros)
(Translation from the original issued in Italian)

	12/31/2010			12/31/2009		
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
SHARE CAPITAL:						
ordinary shares		62,310			62,310	
SHARE PREMIUM RESERVE		667,389			667,389	
REVALUATION RESERVES		0			0	
LEGAL RESERVE		12,462			12,462	
STATUTORY RESERVES		0			0	
RESERVE FOR OWN SHARES		0			0	
OTHER RESERVES		0			0	
RETAINED EARNINGS (ACCUMULATED LOSSES)		(14,201)			(19,364)	
GROUP NET INCOME (LOSS) FOR THE YEAR		22,313			5,164	
			750,273			727,961
MINORITY INTEREST						
▪ Share capital, reserves and net income (loss) for the year		179			816	
			179			816
GROUP AND MINORITY INTEREST IN CONSOLIDATED SHAREHOLDERS' EQUITY			**750,452**			**728,777**
ALLOWANCES FOR RISKS AND CHARGES						
▪ For taxes, deferred taxes		26,093			12,118	
▪ Other		45,703			42,645	
Total allowances for risks and charges			**71,796**			**54,763**
EMPLOYEE SEVERANCE INDEMNITIES			**28,490**			**28,523**
PAYABLES						
▪ Due to banks						
. within 12 months	9,758			11,541		
. beyond 12 months	264,638			284,850		
		274,396			296,391	
▪ Due to other financial institutions:						
. within 12 months	14,098			13,917		
. beyond 12 months	1,200,019			1,200,019		
		1,214,117			1,213,936	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	267			0		
. beyond 12 months	3,687			4,612		
. other	5,166			5,000		
		9,120			9,612	
▪ Due to suppliers:						
. within 12 months	142,529			126,978		
. beyond 12 months	3,547			2,734		
		146,076			129,712	
▪ Due to associated undertakings:						
.within 12 months	969			1,003		
		969			1,003	
▪ Due to parent companies:						
.within 12 months	11,660			13,575		
		11,660			13,575	
▪ Taxes due:						
.within 12 months	43,190			43,846		
		43,190			43,846	
▪ Due to social security agencies		7,502			7,924	
▪ Other payables: various creditors						
. within 12 months	53,414			48,886		
. beyond 12 months	2,415			2,303		
		55,829			51,189	
Total payables			**1,762,859**			**1,767,188**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**3,032**			**4,394**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,616,629**			**2,583,645**

CONSOLIDATED MEMORANDUM ACCOUNTS
as of December 31, 2010
(in thousands of euros)
(Translation from the original issued in Italian)

	12/31/2010		12/31/2009	
General guarantees				
▪ Sureties	111		111	
▪ Other	328		58	
		439		169
Collateral guarantees		0		0
Commitments on purchases and sales		87,113		97,872
Other		998,913		980,515
Consolidated Memorandum Accounts		**1,086,465**		**1,078,556**

CONSOLIDATED INCOME STATEMENT

for the year 2010

(in thousands of euros)

(Translation from the original issued in Italian)

	Year 2010			Year 2009		
TOTAL REVENUES						
▪ Revenues from sales and services:						
- revenues from sales	87,344			80,154		
- revenues from services	503,743			475,620		
- revenues from contract work	7,311	598,398		4,938	560,712	
▪ Changes in contract work in progress		575			632	
▪ Capitalized costs and expenses		7,713			5,508	
▪ Other income and revenues:						
- revenue grants	760			470		
- profits on disposals	3			23		
- other	7,529			10,313		
		8,292			10,806	
			614,978			**577,658**
OPERATING COSTS						
▪ raw, ancillary and consumable materials and goods for resale		77,014			69,054	
▪ services		119,636			108,715	
▪ leases		11,479			13,361	
▪ payroll:						
- wages and salaries	87,995			88,762		
- social security	25,303			25,733		
- employee severance indemnities	6,346			6,336		
- other	1,316			1,201		
		120,960			122,032	
▪ Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	89,465			87,971		
- depreciation of tangible fixed assets	20,617			19,887		
- provisions for doubtful accounts	12,646			5,935		
		122,728			113,793	
▪ *Changes in inventories of raw, ancillary and consumable* materials and goods for resale		(790)			1,091	
▪ Provisions for risks		5,793			6,423	
▪ Other provisions		283			501	
▪ Sundry operating costs:						
- license fees	7			12		
- other	8,281			9,058		
		8,288			9,070	
			(465,391)			**(444,040)**
Operating income			**149,587**			**133,618**
FINANCIAL INCOME AND EXPENSE						
▪ Income from investments:						
- Other income from investments	56			0		
		56			0	
▪ Other financial Income:						
- from long-term receivables:						
. Others	0			3		
- securities included in fixed assets which are not equity	386			327		
- interest and commissions from others and sundry revenues						
.interest and commissions to others sundry incomes	1,500			6,905		
		1,886			7,235	
▪ Interest expense and other financial charges:						
- interest and commissions to parent companies	0			106		
- interest and commissions to others and sundry expense	74,632			75,825		
		(74,632)			(75,931)	
▪ *Profits and losses on Exchange*						
- Profits	51			49		
- Losses	11			13		
		40			36	
Total financial income (expense), net			**(72,650)**			**(68,660)**

CONSOLIDATED INCOME STATEMENT

for the year 2010

(in thousands of euros)

(Translation from the original issued in Italian)

	Year 2010			Year 2009		
ADJUSTMENTS TO FINANCIAL ASSETS						
▪ *Depreciation:*						
- non-current financial assets		(534)			(43)	
			(534)			**(43)**
EXTRAORDINARY INCOME AND EXPENSE						
▪ Income:						
- other	1,405			1,825		
		1,405			1,825	
▪ Expense:						
- taxes relating to previous year	13,976			12,118		
- other	5,010			21,548		
		(18,986)			(33,666)	
Total extraordinary income (expense), net			**(17,581)**			**(31,841)**
Income before taxes			**58,822**			**33,074**
Income taxes of the period, current, defferred assets (liabilities) :						
- current		(39,877)			(32,826)	
- deferred tax assets (liabilities)		2,731			4,185	
			(37,146)			**(28,641)**
Net income (loss) for the year			21,676			4,433
of which:						
▪ minority interest			(637)			(731)
▪ Parent Company's share						
			22,313			**5,164**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL PRINCIPLES

The consolidated financial statements for the year ended December 31, 2010, prepared in accordance with Civil Code interpreted and integrated by the accounting standards issued by the Italian Accounting Standards Setter (OIC), comprise the consolidated balance sheet and income statement and the following notes.

The reporting date for the consolidated financial statements is that of the financial statements of the Parent Company, Aeroporti di Roma SpA. The financial statements of subsidiary undertakings used for consolidation purposes is those as of December 31, 2010, prepared by the respective Board of Directors and approved by the Shareholders' meetings.

The reconciliation of shareholders' equity and net income as of and for the year ended December 31, 2010, as reported in the financial statements of Aeroporti di Roma SpA, and the related consolidated amounts for the same period is shown in the note to consolidated shareholders' equity.

Amounts shown in the consolidated financial statements are expressed in thousands of euros.

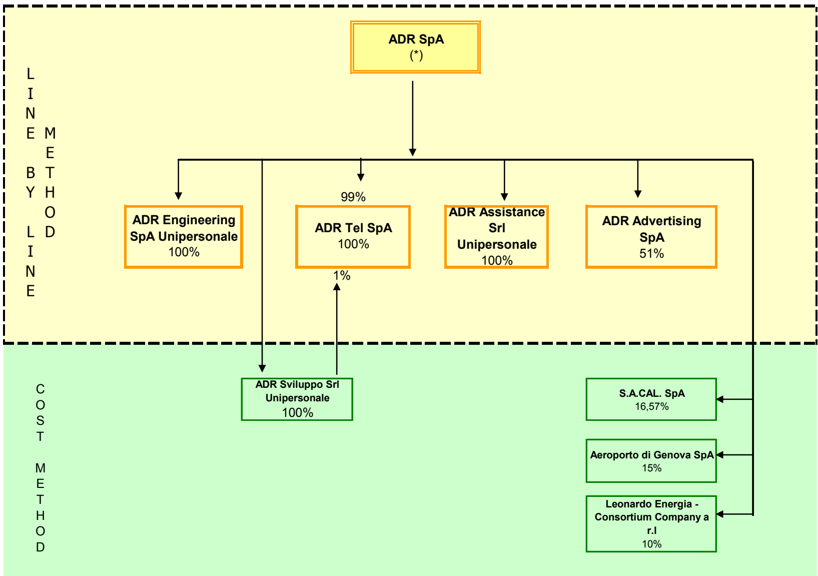
The balance sheet data as of December 31, 2010 and the income statement for the year then ended are compared with the data for 2009. The income statement and balance sheet items, preceded by Arabic numerals, showing zero balances across the periods used for comparison are not shown.

The consolidated financial statements for the year ended December 31, 2010 have been audited by Deloitte & Touche SpA.

BASIS OF CONSOLIDATION

The consolidated financial statements for the year ended December 31, 2010 include the financial statements for the same period, consolidated on a line-by-line basis, of the Parent Company, Aeroporti di Roma SpA, and the Italian and overseas subsidiary undertakings in which the Parent Company holds, either directly or indirectly, the majority of the voting shares.

BASIS OF CONSOLIDATION AS OF DECEMBER 31, 2010



(*) ADR SpA holds a 25% quote (evaluated at cost) in E.T.L. - European Transport Law.

As of December 31, 2010, the basis of consolidation includes the following companies:

COMPANIES consolidated on a line-by-line basis	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via: Company	Via: %
ADR SpA	Fiumicino (Rome)	EUR	62,309,801.00	Parent Company		
ADR Engineering SpA Unipersonale	Fiumicino (Rome)	EUR	774,690.00	100%	ADR	100%
ADR Assistance Srl Unipersonale	Fiumicino (Rome)	EUR	6,000,000.00	100%	ADR	100%
ADR Tel SpA	Fiumicino (Rome)	EUR	600,000.00	99%	ADR	99%[1]
ADR Advertising SpA	Fiumicino (Rome)	EUR	1,000,000.00	25.5%[2]	ADR	25.5%

Compared with the basis of consolidation as of December 31, 2009, the subsidiary undertaking Airport Invest BV is no longer included, and only the income statement for the period January 1 – November 12, 2010, the date of completion of the company's liquidation, was consolidated.

The following equity investments are valued at cost:

EQUITY INVESTMENTS valued at cost	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	Group's %	Via: Company	Via: %
unconsolidated subsidiary undertakings:						
ADR Sviluppo Srl Unipersonale	Fiumicino (Rome)	EUR	100,000.00	100%	ADR	100%
associated undertakings:						
Consorzio E.T.L. – European Transport Law (in liquidation)	Rome	EUR	82,633.11	25%	ADR	25%
Ligabue Gate Gourmet Roma SpA (insolvent)	Tessera (Venice)	EUR	103,200.00	20%	ADR	20%
other companies:						
S.A.CAL. SpA	Lamezia Terme (Catanzaro)	EUR	7,755,000.00	16.57%	ADR	16.57%
Aeroporto di Genova SpA	Genova Sestri	EUR	7,746,900.00	15%	ADR	15%
Leonardo Energia – Società Consortile a r.l.	Milan	EUR	10,000.00	10%	ADR	10%

The holding in the subsidiary undertaking, ADR Sviluppo Srl, has not been consolidated as the company, which was incorporated on July 27, 2001, is not yet operational.

The holdings in the following associated undertakings have been valued at cost and not according to the equity method given that:

- Consorzio E.T.L. – European Transport Law European Transport Law is a non-profit consortium dedicated to research, and therefore valuation according to the equity method would have no significant effects on the consolidated financial statements; the company was placed in liquidation as of December 31, 2010;
- Ligabue Gate Gourmet Roma SpA is insolvent.

The equity investments in La Piazza di Spagna Srl (in liquidation) and Alinsurance Srl (in liquidation) have been eliminated, following completion of the related liquidation procedures.

[1] The remaining 1% stake is held by ADR Sviluppo Srl Unipersonale, which is not included in the basis of consolidation.
[2] Equity investment in the company's total share capital of 1,000,000 euros (including preference shares). The interest in the ordinary shares amounts to 500,000 euros (51%).

CONSOLIDATION PRINCIPLES

The main consolidation principles are described below:

- the carrying amount of consolidated equity items has been eliminated against the corresponding entry of individual asset and liability items, in accordance with the line-by-line method;
- the minority interest in net income and shareholders' equity are reported separately as appropriate items in the income statement and under shareholders' equity;
- intercompany profits and losses still to be realized, as well as significant sums relating to payables and receivables and costs and revenues relating to consolidated companies have been eliminated;
- adjustments made to eliminate items of a purely tax nature, as well as other consolidation adjustments, take account, where applicable, of the related deferred taxation. Furthermore, the statements show deferred tax assets relating to items that will be recoverable in future years;
- dividends received by subsidiary undertakings during the period and recorded in the Parent Company's income statement as income from equity investments are eliminated against retained earnings. Dividends paid by subsidiary undertakings, posted on an accruals basis in the Parent Company's accounts, are eliminated;
- in the event of the disposal of a controlling interest to third parties, the gain or loss on the transaction recognized in the consolidated financial statements represents the difference between the sale price and the subsidiary undertaking's shareholders' equity at the transaction date (thus including the net income or loss reported for the months prior to the disposal), plus any residual carrying amount of "Goodwill arising from consolidation".

EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

The financial statements have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian law related to financial statements, interpreted and integrated by the accounting principles established by the Italian Accounting Profession. Certain accounting practices applied by the Company that conform to generally accepted accounting principles in Italy do not conform with the generally accepted accounting principles in other countries.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended December 31, 2010 are those required by the relevant legislation, interpreted and integrated by the accounting principles established by the Italian Accounting Profession, and are those applied throughout the Group.

The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found in the notes to the single classes of items.

Fixed assets

These are recorded at purchase cost and are revalued, where necessary, for single items in accordance with the laws applying to monetary revaluation. Directly connected incidental costs are included in the purchase cost. Should there be a permanent impairment of value of such fixed assets, the relevant fixed asset is written down accordingly. The appropriate value of such fixed assets, adjusted solely to take account of accumulated amortization or depreciation, is reinstated if the reasons for any write-downs subsequently cease to apply.

- Intangible fixed assets

Intangible fixed assets have limited useful lives and their cost is amortized on a straight-line basis during each financial year in relation to their residual useful lives. In particular:

- *Incorporation and development costs*

These are reported under assets at purchase cost, with the consent of the Board of Statutory Auditors, and amortized over a period of five years.

- *Industrial patents and intellectual property fees*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, over what is usually established by tax legislation as being three years.

- *Concessions, licenses, trademarks and similar*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, and is applied over a period of three years in the case of concessions and licenses and of not more than ten years for trademarks.
The value of the airport management concession, paid by the Parent Company, Leonardo SpA (now ADR SpA) on acquiring its holding in ADR, is amortized on a straight-line basis over the residual concession term, which will expire on June 30, 2044.

- *Other*

This item essentially includes:
- *Leasehold improvements*: improvements (modernization, upgrades), having a service life of several years, carried out on assets belonging to third parties (held under concession or constructed on behalf of the State). These costs are amortized in relation to their residual service lives, usually less than the period of the concession;
- *Transaction costs incurred on loans*: the charges incurred to obtain medium- and long-term loans (such as investigative charges, legal fees, etc.) are capitalized and amortized on the basis of the duration of the loan, in accordance with the financial method.

- Tangible fixed assets

Tangible fixed assets have limited useful lives and their cost is depreciated on a straight-line basis during each financial year according to their residual useful lives. Rates of depreciation are applied that reflect the estimated useful lives of the assets.
The rates used are summarized below:

Land and buildings………………………	10%
Plant and machinery……………………	from 10% to 25%
Industrial and commercial equipment...	from 10% to 25%
Fixed assets to be handed over……….	4%, 10%
Other assets……………………………	from 10% to 25%

- *Land and buildings*

These are recorded at purchase cost adjusted in accordance with art. 3 of Law 72/83.

- *Fixed assets to be handed over*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law no. 72/83, including any ancillary charges and subsequent development costs.
Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to the fixed assets to be handed over, with the aim of covering the estimated costs which will be borne at the end of the concession term (in 2044) when the assets are to be transferred to the grantor in good working condition.

- Non-current financial assets

The investment in the unconsolidated subsidiary undertaking (ADR Sviluppo Srl) has been valued at cost; this method of valuation, given that the company is a start-up, is in any event representative of the Group’s interest in shareholders’ equity.

Equity in associated undertakings is valued in accordance with the equity method. When they have no significant effects on the Group's results of operations and financial position, associated undertakings are recorded at purchase cost, adjusted to reflect any loss in value. The investments in the associated undertakings, Ligabue Gate Gourmet Roma SpA (insolvent) and Consorzio E.T.L. – European Transport Law, are valued at cost for the reasons given in the section regarding the "Basis of consolidation".

Other investments are recorded at purchase cost, adjusted to reflect any permanent impairment.

Should the Company decide to dispose of an equity investment previously accounted for in non-current financial assets, the investment is reclassified to current financial assets.

Non-current receivables are recorded at their nominal value.

Securities in the Group's portfolio held as a long-term investment until their maturity are recorded under non-current financial assets.
These securities are recorded at purchase cost, including any transaction costs.
The premium, representing the difference between the purchase price of the security and the final redemption value, should be recorded in the results for each reporting period throughout the period of ownership of the security. This income represents an additional constant rate of return on the capital invested compared with the return generated by explicit interest.
Should there be an impairment in value, which may derive from a reduction in the market price or a negative exchange rate difference – or a combination of both factors – the value of the investment is written down.

Current assets

- Inventories

- *Inventories of raw, ancillary and consumable materials, finished goods and goods for resale*

These are recorded at the lower of the weighted average purchase cost and the estimated realizable value taking into account market price trends.

- *Contract work in progress*

These assets are recorded on the basis of the percentage-of-completion method (determined on the basis of the ratio of costs sustained to the total cost of the project). The value of the work so far completed and for which repayment is considered definite is recorded among revenues. Any additional costs borne by the Group in relation to changes in the original project, as requested by the grantor, constitute, depending on the nature of the changes, either a write-down of the agreed value (in the case of assets which may not be operated autonomously) or, alternatively, intangible fixed assets (where such variations are considered improvements to and/or conversions of third party assets).

- Receivables

These are recorded at their estimated realizable value.

- Current financial assets

These assets are recorded at the lower of cost and realizable value.

- Cash on hand and in banks

These are recorded at their nominal value assuming the clearance of bank checks and the availability of bank deposits.

Accrued income and prepaid expenses

Accruals and deferrals are valued in accordance with the matching concept, by means of dividing costs and revenues relating to two or more financial periods over the period to which they relate.

Allowances for risks and charges

These are made up of provisions aimed at covering sundry losses of a determinate nature and of certain or probable occurrence. The evaluation of risks and charges also takes into account liabilities which have become known between the closure of the accounting period under consideration and the date of the preparation of these financial statements. Such allowances are held to be adequate to cover related losses and charges.

Employee severance indemnities

Employee severance indemnities were calculated for all employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2010 and is shown net of any advance payments and amounts paid in the form of supplementary pension benefits or to the Treasury Fund set up at the Italian Social Security Institute (INPS).

Following the entry into force of the reform of supplementary pensions on January 1, 2007, the personnel of private companies with more 50 employees may choose to have their employee severance indemnities allocated to a form of supplementary pension fund or leave them with their company. In the latter case, the company pays employee severance indemnities into a fund set up at INPS, in accordance with the implementing Decree of January 30, 2007, denominated “Allowance for employee severance indemnities” or “Treasury Fund”. Consequently, amounts for employee severance indemnities maturing as of January 1, 2007 are classified on a monthly basis under “Due to social security agencies”. The following month the indemnities are paid to the supplementary pension fund or the Treasury Fund.

Payables

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency

Items expressed in foreign currency are posted at the historical exchange rate on the day a transaction is carried out. Any exchange rate differences, incurred on collection of receivables or on settlement of payables denominated in foreign currency, are recorded in the income statement under “foreign exchange gains and losses”.
If the translation of receivables and payables denominated in foreign currency, at closing rates, results in a net gain or loss, such an amount is recorded in the income statement under “foreign exchange gains and losses”.

Memorandum accounts

- General/secured guarantees given

These are valued in accordance with the residual value of the debt or securities guaranteed at the end of the period.

- Commitments on purchases and sales

This item reports the value of contracts to be fulfilled and which imply a commitment, on the part of the Group, to third parties. Non-quantifiable commitments are not recorded, but are described in a relevant note if of significant value.

- Other

- *Secured/general guarantees received*

These are recorded at an amount approximately equal to the residual value due at the end of the period. These primarily consist of sureties granted by major banks and insurance companies.

- *Third parties' assets lodged with the Company (principally assets received under the concession)*

These are recorded at values based on the latest estimate made by UTE (Tax Technical Office) in 1979 or, in the case of works financed by the State and then subsequently received under the concession, at the value of the work completed and invoiced to the Civil Aviation Authority, in accordance with agreements.

- *Company-owned assets lodged with third parties*

These are recorded at their net book value.

Revenues

Revenues are reported net of returns, discounts, reductions and premiums as follows:
- revenues from sales: upon delivery;
- revenues from services: upon supply of the service.

Income taxes

Current taxes are calculated on the basis of taxable income. The related payable is posted to "Taxes due".
Regarding participation in the domestic tax consolidation regime by ADR SpA and the subsidiary undertakings, ADR Tel SpA, ADR Engineering SpA, ADR Assistance Srl and ADR Sviluppo Srl as consolidated companies, and the Parent Company, Gemina SpA, as the consolidating company, taxable income and tax losses transferred to the consolidating company are recorded under current tax "expense" and "income from tax consolidation", respectively, with contra-entries for amounts due to and from the parent companies.
Any excess taxable operating income transferred under the tax consolidation regime, and used to offset non-deductible interest expense transferred under the regime, is remunerated by applying the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.
The consolidated companies also transfer withholding taxes, tax credits and rebates from previous tax returns to the consolidating company.
Deferred tax assets and liabilities represent the temporary difference between taxable income and net income reported in the income statement for the period, applying the tax liability method. Deferred tax assets are recorded only when there is reasonable certainty of their recoverability. The balance of deferred tax assets and liabilities are reported under the "Allowance for deferred taxes" in the case of a liability and under "Deferred tax assets" in the case of an asset.

Derivative instruments

The positive and negative interest rate differentials deriving from Interest Rate Swaps and accrued at the end of the period are recorded on an accruals basis in the income statement among finance income and costs.
The Company's hedging policy, in accordance with the obligations laid down in loan agreements, stipulates that at least 51% of the loan should be subject to a fixed rate of interest.

NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED ASSETS

Intangible fixed assets

	12/31/2009			Changes during the year			31-12-2010		
	Cost	Amortization	Book value	Purchases/ Capitalization	Reclassifications	Amortization	Cost	Amortization	Book value
- Incorporation and development costs	1,892	(1,882)	10	0	0	(3)	1,892	(1,885)	7
	1,892	(1,882)	10	0	0	(3)	1,892	(1,885)	7
- Industrial patents and intellectual property rights	7,813	(6,172)	1,641	772	488	(1,187)	9,073	(7,359)	1,714
	7,813	(6,172)	1,641	772	488	(1,187)	9,073	(7,359)	1,714
- Concessions, licenses, trademarks and similar rights	2,189,872	(486,065)	1,703,807	1,856	1,266	(51,844)	2,192,974	(537,888)	1,655,086
	2,189,872	(486,065)	1,703,807	1,856	1,266	(51,844)	2,192,974	(537,888)	1,655,086
- Leasehold improvements in process and advances:									
. Leasehold improvements in process	28,544	0	28,544	9,533	(12,387)	0	25,690	0	25,690
. Advances to suppliers	63	0	63	0	(57)	0	6	0	6
	28,607	0	28,607	9,533	(12,444)	0	25,696	0	25,696
- Others									
. Leasehold improvements	554,821	(359,781)	195,040	45,683	10,248	(33,181)	610,751	(392,962)	217,789
. Ancillary charges for loans	53,822	(34,505)	19,317	0	0	(3,249)	53,822	(37,754)	16,068
	608,643	(394,286)	214,357	45,683	10,248	(36,430)	664,573	(430,716)	233,857
	2,836,827	(888,405)	1,948,422	57,844	(442)	(89,464)	2,894,209	(977,848)	1,916,360

An analysis of the most important changes during the year reveals the following:

- “Concessions, licenses, trademarks and similar rights” include the value of the airport concession, amounting to 1,651,002 thousand euros as of December 31, 2010. The decrease of 48,722 thousand euros is primarily due to amortization for the period, amounting to 51,844 thousand euros;

- “Leasehold improvements in process” decreased by 2,911 thousand euros due to the combined effect of the following:
  - a decrease of 12,444 thousand euros deriving from improvements entering service during the period and reclassified under “industrial patent and intellectual property rights”, “concessions, licenses, trademarks and similar rights” and “leasehold improvements”, as well as adjustments;
  - an increase of 9,533 thousand euros due to new investments;

- "Other” intangible fixed assets increased by 19,500 thousand euros. “Leasehold improvements” rose by 22,749 thousand euros due to purchases during the year (45,683 thousand euros), and transfers from work in process and reclassifications (up 10,248 thousand euros), partly offset by amortization for the period (33,181 thousand euros). "Transaction costs incurred on loans” fell by 3,249 thousand euros due to amortization for the period.

The principal leasehold improvements in process (equal to 9,533 thousand euros) include:
- upgrade of East Pier departure area (1,726 thousand euros);
- adaptation of Satellite West for A380 aircraft (960 thousand euros);
- land-side road network resurfacing (426 thousand euros);
- new air traffic control office (511 thousand euros);
- upgrade of T3 transit area flooring (291 thousand euros);
- air-side service road resurfacing (811 thousand euros);
- upgrade of electricity network at former Alitalia cargo warehouse (335 thousand euros).

The main leasehold improvements completed during the year (equal to 45,683 thousand euros) include:
- servicing and upgrade of air-conditioning equipment and evaporation towers at T1 (2,213 thousand euros);

- servicing and upgrade of air-conditioning equipment at T3 (2,360 thousand euros);
- image improvement, security check and fast track works at T3 (1,985 thousand euros);
- upgrade of luminous runway signs (1,610 thousand euros);
- upgrade of rest rooms and information counter at T1 (1,060 thousand euros);
- works on elevators, stairs and moving walkways at T3 (3,100 thousand euros);
- Net Building civil engineering works (4,386 thousand euros);
- taxiway maintenance at Ciampino (1,260 thousand euros);
- operational upgrade of BHS at T3 (2,816 thousand euros);
- repair of sector 300 aprons (1,697 thousand euros).

Once again in 2010, investment in airport infrastructure development was funded from increased boarding fees received during the year (in accordance with paragraphs 9 and 10 of art. 10, Law no. 537/93).

Tangible fixed assets

	12/31/2009				Changes during the year				12/31/2010			
	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value	Purchases. /Capital.	Reclassi-fication	Disposals/ Retirements	Amortization	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value
- Land and buildings	21,310	465	(18,978)	2,797	407	3	0	(510)	21,716	465	(19,484)	2,697
- Plant and machinery	123,989	0	(80,243)	43,746	23,090	1,193	0	(10,409)	148,174	0	(90,554)	57,620
- Industrial and commercial equipment	8,731	0	(7,572)	1,159	890	0	(4)	(490)	9,483	0	(7,928)	1,555
- Fixed assets to be relinquished	194,404	1,908	(103,511)	92,801	1,277	202	0	(7,599)	195,877	1,908	(111,104)	86,681
- Other assets	40,453	0	(36,623)	3,830	493	370	0	(1,609)	31,500	0	(28,417)	3,083
- Work in progress and advances	24,573	0	0	24,573	14,458	(1,978)	0	0	37,053	0	0	37,053
	413,460	2,373	(246,927)	168,906	40,615	(210)	(4)	(20,617)	443,803	2,373	(257,487)	188,689

Net tangible fixed assets rose by 19,783 thousand euros primarily due to capital investment of 40,615 thousand euros, which was partially offset by depreciation for the period totaling 20,617 thousand euros.

The most significant capitalizations during the period include:

- within the category "plant and machinery" (23,090 thousand euros), electrical equipment (1,353 thousand euros), baggage conveyor belts (15,473 thousand euros), security equipment (2,305 thousand euros) and baggage inspection equipment (1,829 thousand euros);
- the category "assets to be handed over", amounting to 1,277 thousand euros, which includes civil works and buildings (1,229 thousand euros);
- the category "tangible fixed assets in progress and advances" (14,458 thousand euros), which includes departure area F [formerly Pier C – the portion financed by ADR] (8,243 thousand euros) and the new baggage handling system at the former Alitalia cargo warehouse (2,422 thousand euros).

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI) – described in detail in the notes to "Payables" – has been granted a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR SpA's inventory. This guarantee is valid until the above loans have been fully repaid.

Equity investments held as non-current financial assets

	12-31-2009	changes during the period	12-31-2010
Equity investments in:			
▪ unconsolidated subsidiary undertakings:			
ADR Sviluppo Srl Unipersonale	100	0	100
	100	0	100
▪ associated undertakings:			
La Piazza di Spagna Srl (in Liquidation):	49	(49)	0
Consorzio E.T.L. (in Liquidation)	10	0	10
Ligabue Gate Gourmet Roma SpA (insolvent)	0	0	0
	59	(49)	10
▪ other companies:			
Alinsurance Srl (in liquidation)	6	(6)	0
Aeroporto di Genova SpA	1,395	(500)	895
S.A.CAL. SpA	1,307	0	1,307
Leonardo Energia – Società Consortile a r.l.	1	0	1
	2,709	(506)	2,203
	2,868	**(555)**	**2,313**

The reduction of 555 thousand euros compared with December 31, 2009 is due to:

- 49 thousand euros deriving from completion of the liquidation of the associated undertaking, La Piazza di Spagna Srl (in liquidation), on December 16, 2010, including approval of the final statement of affairs and the distribution plan. For the ADR Group, compared with a carrying amount of 49 thousand euros for the equity investment, the final distribution entailed a realizable value of 34 thousand euros, of which 33 thousand euros derived from the elimination of amounts due for unpaid, called-up capital and 1,000 euros in cash, and a consequent capital loss of 15 thousand euros, classified under "Adjustments to financial assets – write-downs";
- 6 thousand euros deriving from completion of the liquidation of the associated undertaking, Alinsurance Srl (in liquidation), on November 16, 2010, including approval of the final statement of affairs and the distribution plan. For the ADR Group, compared with a carrying amount of 6 thousand euros for the equity investment, this plan entailed a distribution of 62 thousand euros, with consequent capital gains of 56 thousand euros, classified under "Income from equity investments" within the scope of finance income;
- 500 thousand euros deriving from the write-down of the equity investment in Aeroporto di Genova SpA to reflect a permanent impairment.

For further information regarding equity investments during 2010, reference should be made to the section "Equity investments" in the Parent Company's Management Report on Operations.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, and a syndicate of banks, EIB and BIIS (formerly Banca OPI), ADR SpA has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl. These guarantees are valid until the above loans have been fully repaid.

Long-term receivables due and other non-current financial assets

	12-31-2009	changes during the period	12-31-2010
Receivables:			
▪ due from others:			
Public bodies for licenses	23	0	23
other	528	75	603
	551	**75**	**626**

The sub-item “Other” primarily includes guarantee deposits issued by the Group in favor of third parties. There are no receivables falling due beyond five years.

	12-31-2009	changes during the period	12-31-2010
Other securities:			
▪ bonds	2,758	0	2,758
	2,758	**0**	**2,758**

The item "bonds" includes a portion of the A4 bonds issued by the special purpose vehicle, Romulus Finance Srl, purchased in the market by the Parent Company on February 13, 2009. The bonds, which had a face value of 4 million pounds sterling, were purchased at a price of 2.8 million euros (equal to 2.4 million pounds). The A4 bonds, falling due in February 2023, accrue half-yearly interest at a fixed rate of 5.441%.

CURRENT ASSETS

Inventories

	12-31-2009	changes during the period	12-31-2010
▪ Raw, ancillary and consumable materials	2,919	(258)	2,661
▪ Finished goods and goods for resale:			
goods for resale	7,245	276	7,521
▪ Contract work in progress	11,299	573	11,872
	21,463	**591**	**22,054**

“Inventories” registered an overall increase of 591 thousand euros compared with December 31, 2009, primarily due to:

- a 276 thousand euro increase in “goods” for resale (directly managed duty-free and duty-paid shops), equivalent to a rise of 4%, which is however less than the 9.5% growth in sales deriving from improved stock management. Regarding the theft that occurred at the central warehouse in November 2010, losses of 773 thousand euros were registered, recorded as extraordinary expense. This event only slightly affected year-end inventories, because suppliers were asked to make special deliveries to the warehouse in the last few days of the year;
- a 573 thousand euro increase in stocks of “contract work in progress”, primarily relating to the state-financed portion of construction works in departure area F (formerly Pier C).

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI), the Parent Company, ADR SpA, has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the raw materials, work in progress, stocks, finished goods, goods for resale and other goods forming part of ADR SpA's inventory. This guarantee is valid until the above loans have been fully repaid.

Current receivables

	12-31-2009	changes during the period		12-31-2010
		Increases (+) Repayments (-)	Provisions (-) Value recoveries (+)	
▪ Due from clients	245,102	(20,874)	0	224,228
less				
allowance for doubtful debt	(33,899)	7,604	(12,646)	(38,941)
allowance for overdue interest	(8,078)	216	(203)	(8,065)
	203,125	(13,054)	(12,849)	177,222
▪ Due from associated undertakings	530	(48)	0	482
▪ Due from parent companies	18	6	0	24
▪ Due from tax authorities	10,509	9,739	0	20,248
▪ Deferred tax assets	29,197	2,731	0	31,928
▪ Due from others:				
sundry	54,968	4,116	0	59,084
advances to suppliers for services	106	6	0	112
	55,074	4,122	0	59,196
	298,453	**3,496**	**(12,849)**	**289,100**

"Due from clients", net of allowances for doubtful debt, amounts to 177,222 thousand euros and includes trade receivables due from clients and amounts due from public bodies deriving from financed works and the supply of utilities and services. The reduction of 25.9 million euros derives from improved collection times and a 12.8 million euro increase in the allowance for doubtful debt.
This item includes amounts due to the Group from Alitalia Group companies under special administration, totaling 20.2 million euros.

"Due from associated undertakings", amounting to 482 thousand euros, includes amounts due to ADR SpA from the insolvent Ligabue Gate Gourmet Roma SpA, classified among preferential liabilities. These receivables decreased in 2010 due to collection of 48 thousand euros from the bankrupt undertaking following a partial distribution by the receiver.

"Due from tax authorities", amounting to 20,248 thousand euros, includes 16.3 million euros corresponding to recognition of installments paid – in accordance with the installment plan agreed to by the Collection Agent – of sums provisionally due regarding the current litigation with the Customs Office. Indeed, these constitute advance payments as they have been provisionally recognized given that no definitive penalty has been imposed. The 9.7 million euro increase in tax credits includes 7.4 million euros relating to the above-mentioned installments paid during the period. For a more detailed overview of the accounting repercussions of this case, see the notes on "Allowances for risks and charges".

"Deferred tax assets", amounting to 31,928 thousand euros, registered an increase of 2,731 thousand euros with respect to December 31, 2009. The composition of deferred tax assets and changes during the period are shown in the following table.

Balance sheet item	Balances at 12.31.2009 (A)		Increase (B)		Decrease (C)		Balances at 12.31.2010 (A+B-C)	
	Tax base	Tax	Tax base	Tax	Tax base	Tax	Tax base	Tax
DEFFERED TAX ASSETS								
Allowances for risks and charges	32,857	9,949	8,728	2,603	6,759	1,955	34,826	10,597
Accumulated inventiry write-downs	473	131	277	76	399	110	351	97
Allowance for doubtful accounts	31,745	8,732	10,541	2,899	6,351	1,747	35,935	9,884
Provision for personnel	10,618	2,921	7,632	2,099	10,494	2,887	7,756	2,133
Accelerated depreciation	996	276	0	0	139	38	857	238
Financial income and expense	2,840	781	0	0	2,840	781	0	0
Consolidated adjustment	17,560	5,675	2,901	938	2,620	847	17,841	5,766
Other	2,706	745	9,573	2,633	578	160	11,701	3,218
Total deffered tax assets	**99,795**	**29,210**	**39,652**	**11,248**	**30,180**	**8,525**	**109,267**	**31,933**
Gain	(38)	(13)	0	0	(21)	(8)	(17)	(5)
Total deffered tax liabilities	**(38)**	**(13)**	**0**	**0**	**(21)**	**(8)**	**(17)**	**(5)**
TOTAL	**99,757**	**29,197**	**39,652**	**11,248**	**30,159**	**8,517**	**109,250**	**31,928**

Net deferred tax (assets) liabilities to Income Statement	**2,731**

"Amounts due from others: sundry" rose by 4,116 thousand euros, mainly due to additional liquidity (4,633 thousand euros) deposited in the term current account denominated the "Debt Service Reserve Account", which thus amounted to 55,649 thousand euros at December 31, 2010.

It should be borne in mind that, in accordance with ADR SpA's loan agreements, the "Debt Service Reserve Account" is a term current account in the name of the Security Agent in which the Company is obliged to keep a sum as security for debt servicing, to be adjusted every six months (periods March 20–September 19 and September 20–March 19). Debt servicing currently has different weightings in the above-mentioned six-month periods, so the due dates on which the reserve is increased (in March) and decreased (in September) alternate constantly.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, BEI and BIIS (formerly Banca OPI), the Parent Company, ADR SpA, has granted the lenders the following liens. These guarantees are valid until the above loans have been fully repaid:
- a lien (in the form of a mortgage ranking *pari passu* with other claims) on all receivables deriving from the sale of plant, machinery and capital goods and rights constituting ADR SpA's inventory, as well as other goods and rights subject to liens;
- a lien on all receivables and contracts with clients regarding ADR Tel SpA and ADR Advertising SpA and insurance policies.

Amounts due as of December 31, 2010 (289,100 thousand euros) comprise trade receivables (177,246 thousand euros), financial receivables (55,904 thousand euros) and sundry receivables (55,950 thousand euros). There are no promissory notes or similar bills.

The following table shows a geographical breakdown of the Group's trade receivables:

	Italy	Other EU countries	Rest of Europe	Africa	America	Asia	TOTAL
Clients	165,304	10,172	1,353	128	77	190	**177,224**
Parent companies	22	0	0	0	0	0	**22**
	165,326	10,172	1,353	128	77	190	**177,246**

There are no receivables falling due beyond five years or receivables subject to exchange rate risk.

Cash on hand and in banks

	12-31-2009	changes during the period	12-31-2010
▪ Bank and post office deposits	135,166	54,395	189,561
▪ Cash and notes in hand	572	53	625
	135,738	**54,448**	**190,186**

The Group's cash on hand and in banks registered an increase of 54,448 thousand euros with respect to the end of the previous year reflecting an increase in operating cash flow, despite a higher volume of investment and loan repayments amounting to 20.2 million euros.

Bank deposits include the balance of the account provided for under ADR SpA's loan agreements, denominated the "Recoveries Account". Any liquidity deriving from extraordinary transactions is required to be deposited in this account. In 2006 the amount collected from the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA) was deposited in this account, net of related expenses. As of December 31, 2010, the balance in the account amounted to 11.1 million euros (also 11.1 million euros as of December 31, 2009), access to which is restricted under the price adjustment mechanism included in the relevant contract of sale (for further information, see the notes to the memorandum accounts).

In connection with continuation of the cash sweep/trigger event condition and in compliance with the waiver granted in the first quarter of 2010, at the application date of September 2010, ADR SpA deposited a sum of 35,138 thousand euros on the "loan collateral" account held at Mediobanca, in order to "collateralize" Tranche A1 of the loan from Romulus Finance Srl.

As security for the loans governed by agreements with Romulus Finance Srl, ADR SpA has granted a syndicate of banks, the EIB and BIIS (formerly Banca OPI), a lien on all the Company's current accounts governed by a specific agreement ("Account Bank Agreement"). This guarantee is valid until the above loans have been fully repaid.

As of December 31, 2010, 46.7 million euros was held in an ADR SpA current account that is not subject to a lien (even in the event of a cash sweep). This amount derives from free cash flow generated in previous years and may, therefore, be used for the payment of dividends under ordinary circumstances.

ACCRUED INCOME AND PREPAID EXPENSES

	12-31-2009	changes during the period	12-31-2010
▪ **Prepaid expenses**			
Service costs	762	(51)	711
Leased assets	1	39	40
Payroll costs	12	(1)	11
Other operating costs	5	(1)	4
Financial charges	3,706	71	3,777
	4,486	**57**	**4,543**

One of the most significant items is represented by "financial charges" consisting of prepayment installments, not due for the period, of the following premiums:

- 3,657 thousand euros (3,585 at December 31, 2009) for the monoline insurance paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance Srl that correspond to Facility A;

– 120 thousand euros (121 thousand euros at December 31, 2009) paid to BIIS (Banca Infrastrutture Innovazione e Sviluppo), the bank that has guaranteed the loan granted to ADR SpA by the EIB.

SHAREHOLDERS' EQUITY

	Share Capital	Share premium reserve	Legal reserve	Retained earnigs	Net income for the year	Consolidated shareholders' equity	Minority interest	Group and minority interest in consolidated shareholders' equity
Balances at 12.31.2008	**62,310**	**667,389**	**12,462**	**(11,093)**	**(8,271)**	**722,797**	**1,554**	**724,351**
Allocation of net income 2008				(8,271)	8,271	0	(7)	(7)
Net income for the year					5,164	5,164	(731)	4,433
Balances at 12.31.2009	**62,310**	**667,389**	**12,462**	**(19,364)**	**5,164**	**727,961**	**816**	**728,777**
Allocation of net income 2009				5,163	(5,164)	0	0	0
Net income for the year					22,313	22,313	(637)	21,676
Balances at 12.31.2010	**62,310**	**667,389**	**12,462**	**(14,201)**	**22,313**	**750,273**	**179**	**750,453**

The Parent Company's "share capital" amounts to 62,309,801 euros, represented by 62,309,801 shares with a par value of 1 euro each.
On May 7, 2004, pursuant to article 5 of the Parent Company's By-laws, the Board of Directors approved a capital increase in the form of a scrip issue, raising the share capital from 62,224,743 to 62,309,801 euros. This increase was carried out via the issue of 85,058 ordinary shares with a par value of 1 euro each, and the transfer to share capital of a corresponding sum of 85,058 euros from the "Reserve for share issues pursuant to art. 2349 of the Italian Civil Code".
The shares corresponding to this increase in share capital have yet to be issued and allocated.

"Group shareholders' equity" increased with respect to December 31, 2009 due to the net income of 22,313 thousand euros reported for the period, whilst the "Minority interest in shareholders' equity" decreased by 637 thousand euros as a result of the net loss reported in 2010.

The reconciliation of shareholders' equity and net income for the year, as reported in the accounts of the Parent Company, and the related consolidated amounts, is shown in the following table:

Reconciliation of net income for the period and shareholders' equity

	Net income (loss) for the year		Shareholders' equity	
	2010	**2009**	**12-31-2010**	**12-31-2009**
Balances in ADR SpA's accounts	**21,267**	**5,094**	**785,705**	**764,438**
Effect of consolidation of subsidiary undertakings	388	314	3,824	3,437
Gain (elimination) of inter-company profits and other adjustments	(245)	(1,461)	(17,818)	(17,573)
Effect of deferred tax assets	91	405	5,766	5,675
Merger effect[3]	812	812	(27,204)	(28,016)
Balances in consolidated accounts	**22,313**	**5,164**	**750,273**	**727,961**

[3] Merger data different from first-time consolidation.

ALLOWANCES FOR RISKS AND CHARGES

	12-31-2009	changes during the period		12-31-2010
		Provisions	Releases /Reabsorptions	
▪ **Taxation, including deferred taxes**	**12,118**	**13,975**	**0**	**26,093**
▪ **Other:**				
current and potential disputes	26,900	5,971	(2,241)	30,630
insurance deductibles	1,441	191	(73)	1,559
restructuring	8,559	3,109	(4,153)	7,515
to cover investee companies' losses	43	15	(43)	15
fixed assets to be handed over	5,701	279	0	5,980
customer loyalty programs	1	3	0	4
	42,645	**9,568**	**(6,510)**	**45,703**
	54,763	**23,543**	**(6,510)**	**71,796**

Allowances for risks and charges, totaling 71,796 thousand euros, have increased 17,033 thousand euros compared with December 31, 2009. The most important changes are analyzed below.

The "allowance for taxation, including deferred taxes" includes the entire charge (taxes, interest and ancillary charges) relating to the current litigation with the Customs Office. Further provisions of 14.0 million euros were made in 2010 following the negative outcome of the appeal submitted by ADR SpA to the Regional Tax Commission for Rome.
The procedure is underway to collect the sum due, which the Company is paying in 36 installments following the application submitted to the Collection Agent, after paying an advance of 4 million euros. The installments already paid, totaling 16.3 million euros, have been recognized as tax credits; at December 31, 2010, 16 installments amounting to 9.8 million euros, including interest, were outstanding.
For further information reference should be made to the section on "Tax litigation".

The "allowance for current and potential disputes" reports a net increase of 3,730 thousand euros, due to the combined effect of provisions of 5,971 thousand euros made in order to provide cover for likely potential liabilities and releases of 2,241 euros made to settle disputes with customers, contractors and personnel.

The "allowance for restructuring", recorded in 2009 in order to cover the restructuring program launched by the ADR Group, which will enable implementation of redundancy schemes regarding around 280 ADR SpA staff and 12 staff from subsidiary undertakings, has been released for an amount of 4,153 thousand euros. A review of the restructuring program during the period led to allocation of further provisions amounting to 3,109 thousand euros.

EMPLOYEE SEVERANCE INDEMNITIES

BALANCE AS OF 12-31-2009	**28,523**
changes during the period	
Provisions	6,346
Releases for restructuring	237
Releases to pay indemnities	(580)
Releases to pay advances	(907)
Other	104
Amounts allocated to pension funds or to the Treasury Fund	(5,233)
BALANCE AS OF 12-31-2010	**28,490**

Employee severance indemnities report a net decrease of 33 thousand euros for the period, compared with provisions of 6,583 thousand euros (including 237 thousand euros already allocated in 2009 for the restructuring program). This primarily reflects releases for indemnities paid, amounting to 1,487 thousand euros, and an amount of 5,233 thousand euros for indemnities accrued during the period paid into pension funds or to the Treasury Fund set up at INPS.

PAYABLES

	12-31-2009	changes during the period	12-31-2010
▪ Due to banks	296,391	(21,995)	274,396
▪ Due to other financial institutions	1,213,936	181	1,214,117
▪ Advances:			
- from clients:			
. from the Ministry of Transport	4,612	(658)	3,954
. other	5,000	166	5,166
	9,612	492	9,120
▪ Due to suppliers	129,712	16,364	146,076
▪ Due to associated undertakings	1,003	(34)	969
▪ Due to parent companies	13,575	(1,915)	11,660
▪ Taxes due	43,846	(656)	43,190
▪ Due to social security agencies	7,924	(422)	7,502
▪ Other payables: sundry creditors	51,189	4,640	55,829
	1,767,188	**(4,329)**	**1,762,859**

The Group's payables fell by 4,329 thousand euros during the period. The principal reasons for such a change are analyzed below.

“Amounts due to banks”, totaling 274,396 thousand euros, include:

- 273,138 thousand euros representing the principal on long-term lines of credit granted to ADR SpA denominated Term Loan Facility (158,288 thousand euros), BOPI Facility (34,850 thousand) and EIB Term Loan (80,000 thousand euros);
- 758 thousand euros of amounts due from ADR SpA for interest, commissions and swap differentials accrued during the period but not yet settled;
- 500 thousand euros for the short-term line of credit (30 days) granted to the subsidiary undertaking, ADR Advertising SpA, by the Banca Popolare Commercio e Industria to meet temporary liquidity requirements.

The decrease of 21,995 thousand euros compared with December 31, 2009 derives from the combined effect of the following changes:

- repayment of 11,712 thousand euros of the Term Loan Facility at the application date of September 2010;
- repayment of 8,500 thousand euros of the BIIS loan in connection with payment of installments of 4,250 thousand euros, falling due in March and September 2010;
- a decrease of 1,760 thousand euros in the lines of credit granted to ADR Advertising SpA;
- a reduction of 23 thousand euros in the amounts due for interest, commissions and swap differentials accrued during the period but not yet settled.

The characteristics of these loans are listed in the following table:

Lender	Facility Loan	Amount (millions of euros) granted	used	oustanding	Interest rate	Repayment	Life	Maturity date
Syndacate of banks	**Term Loan Facility**	170.00	170.00	158.29	floating rate linked EURIBOR + margin	bullet	6 years	feb. 2012
	Revolving Facility	100.00	0.00	0.00	floating rate linked EURIBOR + margin	revolving	6 years	feb. 2012
		270.00	**170.00**	**158.29**				
Banca BIIS	**BOPI Facility**	**43.35**	**43.35**	**34.85**	floating rate linked EURIBOR + margin	after five years in six-monthly installments	12 years	mar. 2015
BEI	**EIB Term Loan**	**80.00**	**80.00**	**80.00**	floating rate linked EURIBOR + margin	bullet	10 years	feb. 2018
	TOTAL	**393.35**	**293.35**	**273.14**				

The long-term line of credit denominated the "Term Loan Facility" and the "Revolving Facility" were granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon SA, (Crédit Agricole Corporate and Investment Bank since Februray 6, 2010), Mediobanca – Banca di Credito Finanziario SpA, Unicredit SpA (formerly Unicredit Banca Mobiliare SpA) and WestLB AG.
98,600 thousand euros of the "Term Loan Facility", initially worth 290,000 thousand euros, was repaid on September 20, 2006, with a further 21,400 thousand euros repaid on March 20, 2008, and a further 11,712 thousand euros on September 20, 2010, thereby reducing the loan to 158,288 thousand euros.
On November 21, 2007, at the request of the Parent Company, ADR SpA, the line of credit denominated the "Revolving Facility" was reduced from the initial 200,000 thousand euros to 100,000 thousand euros, in line with projected cash flows, resulting in a reduction in the cost of borrowing.

The line of credit denominated the “BOPI Facility” was granted on February 19, 2003 by BIIS – Banca Infrastrutture Innovazione e Sviluppo (formerly Banca OPI) and guaranteed by CDC IXIS Financial Guaranty Europe. This line of credit, which was initially granted for an amount of 85,000 thousand euros, was reduced to 34,850 thousand euros following advance repayment of an amount of 28,900 thousand euros on September 20, 2006, and of an amount of 12,750 thousand euros on March 20, 2008, corresponding to the installments falling due in September 2008, and in March and September 2009, and payment of installments falling due in March and September 2010, totaling 8,500 thousand euros.

80,000 thousand euros of the line of credit denominated "EIB Term Loan" was disbursed by the EIB (European Investment Bank) on May 27, 2008. This facility is guaranteed by BIIS.

The interest rates applied to the “Term Loan Facility”, the “Revolving Facility” and the “OPI Facility” vary in terms of the level of ADR’s rating, whilst the loan granted by the EIB is not affected by the rating.

"Amounts due to other financial institutions" total 1,214,117 thousand euros. The item includes the principal of 1,200,019 thousand euros due from the Company to Romulus Finance Srl (“Romulus Finance”) and 14,098 thousand euros consisting of interest accrued on the above-mentioned loans and not yet paid.

The increase of 181 thousand euros compared with December 31, 2009 is exclusively due to the differing trend regarding payments of interest on existing loans.

It should be recalled that the loan granted by Romulus Finance in February 2003 arose from the transfer without recourse to Romulus Finance Srl of the amount due to ADR’s original lenders for loans taken out in August 2001. Romulus Finance, a vehicle established pursuant to Law no. 130/99 on securitization and controlled by two Dutch foundations, financed acquisition of the pre-existing bank loan to ADR SpA via the issue of asset-backed bonds amounting to 1,265 million euros, to be listed on the Luxembourg Stock Exchange and subscribed by institutional investors.

After the advance repayment of “Loan B”, amounting to 65,000 thousand euros and carried out in March 2008, the loan from Romulus Finance Srl breaks down into four lines of credit, summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance to finance the purchase of amounts due to ADR’s creditor banks:

Lender	*Facility Loan*	*Amount (millions of euros)*	*Interest rate*	*Repayment*	*Life*	*Maturity date*
Romulus Finance Srl	**A1**	500	fixed	bullet	10 years	feb. 2013
	A2	200	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A3	175	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A4	325	floating rate linked EURIBOR + margin up to 12/20/09 and after fixed rate	bullet	20 years	feb. 2023
	TOTAL	**1,200**				

The bonds issued by Romulus regarding Classes A1, A2, A3 and A4 are secured by the monoline insurance company, Ambac Assurance UK Limited, which at December 31, 2010 had a lower rating (Caa2 stable from Moody's) than ADR SpA.

The level of ADR’s rating affects the amount of the premium paid to Ambac for the surety on the bonds, but not the interest rate applied to each class of bond.

To guarantee repayment of Class A1, at the application date of September 2010 ADR SpA collateralized an amount of 35,138 thousand euros in the account denominated “loan collateral” held at Mediobanca.

Hedging policy

The hedging policy established within the framework of the loan agreements with the banks and with Romulus Finance Srl requires that at least 51% of the debt is fixed rate.

At December 31, 2010, 56.0% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2009: 55.2%).

Moreover, on October 2, 2009 the two interest rate collar forward start contracts, entered into with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, became active. On the basis of these contracts ADR SpA will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.
These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 72.3% (71.3% at December 31, 2009).

As of December 31, 2010, the fair value of the swap agreements entered into is a negative 7.1 million euros. The characteristics of outstanding swaps are listed below:

(€000)	**NOTIONAL**	***FAIR VALUE* DERIVATIVE at 12.31.2010**	**DERIVATIVE PURPOSE**	**FINANCIAL RISK**	**FINANCIAL LIABILITY HEDGED**
COLLAR FORWARD START of 2006 (*cash flow hedge*)	240,000	(7,084)	hedge	interest rate	240,000
TOTAL		**(7,084)**			

The financial liability hedged refers to a portion of amounts due to other financial institutions.

The effects of the interest rate swap agreements on the income statement for the period are shown in the notes on finance income and costs.

Guarantees

The bank loans and the loan from Romulus Finance are guaranteed, as described in detail in the individual balance sheet items, by:

- a lien (in the form of a mortgage) on the plant, machinery, capital goods and goods constituting ADR SpA's inventory, as well as any receivables deriving from the sale of these assets;
- a lien on all receivables, and more generally on any right deriving from contracts with clients and insurance policies;
- a lien on all of ADR SpA's bank current accounts;
- a lien on ADR's shareholdings in ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl;
- "ADR Deed of Charge" (a lien under British law on loans, hedging agreements and insurance policies governed by British law).

Commitments and covenants

A large number of contractual regulations govern the management of ADR's borrowings, partly due to their size, and also because of Ambac's requirement to protect the risk of non-compliance and insolvency on the part of ADR, thereby seeking to minimize the actual difference between the maximum rating insured and the rating of the issuer/debtor. Such regulations include:

- financial assets may only be acquired with the permission of creditors or via a "non-recourse vehicle", and in any case only using authorized borrowing or liquidity;
- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;
- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. However, if determined financial ratios are not met 24 months ahead of maturity, a 24-month retention regime may come into force;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR SpA.

The principal covenants included in the current loan agreements consist of ratios, defined on the basis of final and forecast data, which measure: (i) the ratio between available cash flow and debt servicing, (ii) the ratio between discounted future cash flows and net debt, and (iii) the ratio between net debt and gross operating income.
These ratios are checked twice a year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.
If these ratios are above specific levels, dividends may be paid and further borrowing undertaken; if on the other hand, the ratios fall below specific thresholds, a trigger event or an event of default may occur.

A trigger event results in a series of operating restrictions for ADR, especially the following:

a) a cash sweep with an obligation to use all available cash flow on the application dates (March 20 and September 20) (i) to pay interest rate installments; (ii) to repay all ADR's creditors on a *pari passu* basis; and (iii) the Romulus bonds that may not be repaid in advance should be secured via the establishment of specific cash reserves held in specific current accounts serving as a lien for Ambac (so-called cash collateralization);
b) an embargo on the payment of dividends and prohibition of the use such funds to carry out authorized investments;
c) the right of creditors, via the security agent, to obtain any information deemed necessary and to take part in devising a recovery plan and the related implementation time frames by hiring an independent expert to take part in drawing up the business plan containing the measures and remedies designed to restore an acceptable rating. Failure to implement the recovery plan could give Ambac the right to increase the premium on the guarantee issued on the Romulus Finance bonds;
d) prohibition of the acquisition of financial assets and of taking out new loans, even if they are designed to repay existing borrowings; and
e) the transfer of all cash amounts due to ADR as guarantees to the creditors, with consequent notification of the debtors transferred.

Trigger event

Due to continuation of the cash sweep and trigger event condition, in the first quarter of 2010 the Parent Company, ADR SpA, submitted a new waiver request, which breaks down as follows:

a) non-application of the cash sweep at the application dates of March 2010 and September 2010;
b) authorization to refinance the bank loan of 170 million euros until the application date of September 2011;
c) until the application date of September 2010 (included), none of the restrictions arising from the trigger event will apply, except for the following: the dividend embargo, independent auditing of the rating restoration plan and financial reporting obligations, where requested by creditors.

The authorization was subject to a commitment by ADR SpA, at the application date of September 2010, to make available whichever is the higher sum – 45 million euros or 80% of surplus cash available on the date of repayment of the bank loan (25%) – and collateralize the Romulus Finance Srl Tranche A1 (75%).

In compliance with the above-mentioned agreements, on the application date of September 2010 ADR SpA allocated a total of 46.8 million euros to service the two lines of credit. Specifically, 11.7 million euros was allocated to repayment of the bank loan and 35.1 million euros to collateralization of the Tranche A1.

"Amounts due to suppliers" rose by 16,364 thousand euros due to the increased volume of capital investment during the period.

"Amounts due to parent companies", totaling 11,660 thousand euros, includes trade payables amounting to 256 thousand euros and amounts due to Gemina SpA for tax consolidation, totaling 11,404 thousand euros. The reduction of 1,915 thousand euros with respect to December 31, 2009 primarily derives from partial payment of taxes due for 2009 and advance payment of taxes for 2010, amounting to 26.9 million euros, less estimated IRES for the period, totaling 25.0 million euros.
For more information, reference should be made to the section "Relations with parent companies and other related parties" in the Management Report on Operations.

"Taxes due", amounting to 43,190 thousand euros, were down 656 thousand euros on the previous year, essentially due to the combined effect of:

- a 0.5 million euro reduction in amounts due for IRAP arising from payments made, less estimated taxation for the year;
- a reduction in amounts due for withholding tax arising from payments amounting to 0.2 million euros;

- an increase of 0.5 million euros in the amount due to the tax authorities for the municipal surtax on passenger fees. In this regard, it should be remembered that ADR SpA began charging carriers this surtax from June 1, 2004 at the rate of 1 euro, which was subsequently increased to 2 euros from April 2005, pursuant to Law no. 43 of March 31, 2005. This rate was increased by an additional 50 cents from January 1, 2007, in compliance with the provisions of Law no. 296 of December 27, 2006 (the Finance Act for 2007), and by an additional 2 euros from November 2008, pursuant to Legislative Decree no. 134/08, making a total of 4.50 euros.
  The surtax of 1 euro provided for by Law no.43/2005 and the increase of 2 euros pursuant to Legislative Decree no. 134/08 are allocated to a special fund, managed by INPS, in support of the income, employment, reorganization and retraining of air transport sector personnel.
  The amount due to tax authorities as municipal surtax on passenger fees totaled 38,818 thousand euros as of December 31, 2010. This amount was paid the following month after collection of municipal surtax from carriers, while the outstanding amount due is recorded in a contra-entry under receivables.

"Other payables: sundry creditors" rose by a total of 4,640 thousand euros primarily due to the effect of:

- the greater amount due for the contribution towards the cost of the fire prevention and fire fighting service (8.8 million euros). The amounts due recorded in the financial statements regarding the years from 2007 to 2009 total 25.7 million euros; these amounts due have yet to be settled awaiting the outcome of pending judgments relating to appeals lodged by some of the major airport operators;
- a 5.5 million euro decrease in amounts due to former employees for outstanding employee severance indemnities.

Briefly, as of December 31, 2010 total payables of 1,762,859 thousand euros include 1,488,513 thousand euros of a financial nature, 158,743 thousand euros of trade payables and 115,603 thousand euros of sundry items.

A breakdown of the Group's trade payables by geographical area is not provided as it is not significant given the limited amount due to overseas creditors.

Payables secured by collateral on the Group's assets amount to 1,488,013 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 405,019 thousand euros and regard amounts due to banks totaling 80,000 thousand euros (EIB loan) and amounts due to other financial institutions of 325,019 thousand euros.

Foreign currency payables exposed to exchange rate risk total 19 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12-31-2009	changes during the period	12-31-2010
▪ **Accrued expenses**			
. Sub-concessions and license fees	780	(216)	564
. Other	3,614	(1,146)	2,468
	4,394	**(1,362)**	**3,032**

The sub-item "Other", totaling 2,468 thousand euros as of December 31, 2010, includes 1,598 thousand euros for the advance billing of advertising and miscellaneous services, and 870 thousand euros regarding grants collected but not accruing during the period.

NOTES TO THE CONSOLIDATED MEMORANDUM ACCOUNTS

GENERAL GUARANTEES

	12-31-2010	12-31-2009
Sureties		
. in the interest of third parties	111	111
Other:		
. in favor of clients	328	58
	439	**169**

COMMITMENTS ON PURCHASES AND SALES

	12-31-2010	12-31-2009
COMMITMENTS ON PURCHASES		
Investments:		
. electronic equipment	310	479
. maintenance and services	2,205	2,649
. self-financed works	84,598	94,744
	87,113	**97,872**

It is to be noted that:

– on February 28, 2003 ADR SpA, granted IGPDecaux SpA a put option on its holding in ordinary and preference shares in ADR Advertising SpA. Such option is exercisable until December 31, 2011, on the occurrence of specific conditions. Partly due to agreements entered into between ADR SpA and ADR Advertising SpA regarding revision of the guaranteed minimum, the shareholder, IGPDecaux SpA, stated that it would not exercise any put option for 2011;

– commitments on purchases also include ADR's commitment, as an operator of airport infrastructures, to draw up and implement noise reduction and abatement plans, as required by noise pollution legislation (Law no. 477/95) and the Ministerial Decree of November 29, 2000, for Fiumicino and Ciampino airports.
To this end ADR SpA is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans.
Such commitments are difficult to quantify and are, by necessity, determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as "maintenance " and "extension" of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the framework law on noise pollution).
In view of the above, ADR SpA, based on available estimates at the date of this Report, judges its overall commitment to be no more than approximately 35 million euros. This sum is thus conditional on subsequent events and on the effective program of works to be carried out. The Company believes that future works will qualify as capital expenditure;

– the agreements on the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA), entered into on November 3, 2006, provide for a price adjustment of up to 12.5 million euros. Of this, the amount deemed most probable to arise was charged to the income statement in the years 2006-2010 under extraordinary items with a contra-entry in allowances for risks and charges, totaling around 4.4 million euros as of December 31, 2010. The remaining amount, currently deemed unlikely to be incurred, will be re-assessed in future years;

– finally, a series of interest rate swap contracts aimed at hedging interest rate risk on existing loans have been entered into. For further information reference should be made to the notes to “Payables”.

OTHER MEMORANDUM ACCOUNTS

	12-31-2010	12-31-2009
GENERAL GUARANTEES RECEIVED		
Sureties:		
. received from suppliers	69,783	67,967
. received from clients	94,695	90,433
	164,478	158,400
THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR		
. leased assets	5,021	11
. CAA - plant and equipment at Fiumicino	119,812	119,812
. CAA - plant and equipment at Ciampino	29,293	29,293
. works carried out on behalf of the State	680,309	672,999
	834,435	822,115
	998,913	**980,515**

“Third party assets in free loan, deposited in custody, leased or similar” include the value of assets received under concession at Fiumicino and Ciampino airports and the value of the work financed, completed and invoiced to the Civil Aviation Authority.

The increase in the item “works carried out on behalf of the State” is due to invoicing of the portion of state-funded works regarding departure area F to the Civil Aviation Authority in 2010.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

TOTAL REVENUES

Revenues

	2010	2009	change
▪ ***Revenues from sales:***			
. "*Non-aeronautical*" activities:			
Duty Free and Duty Paid	84,881	77,501	7,380
Other	2,463	2,653	(190)
	87,344	**80,154**	**7,190**
▪ ***Revenues from services:***			
. "*Aeronautical*" activities:			
Fees	174,850	163,182	11,668
Centralized infrastructures	35,378	35,522	(144)
Security	67,705	62,918	4,787
Other	29,321	29,851	(530)
	307,254	291,473	15,781
. "*Non-aeronautical*" activities:			
Sub-concessions and utilities	113,888	103,221	10,667
Car parks	30,468	27,494	2,974
Advertising	22,393	22,787	(394)
Refreshments	7,060	6,746	314
Other	22,680	23,899	(1,219)
	196,489	184,147	12,342
	503,743	**475,620**	**28,123**
▪ ***Revenues from contract work***	**7,311**	**4,938**	**2,373**
Total revenues from sales and services	**598,398**	**560,712**	**37,686**
▪ ***Changes in contract work in progress***	**575**	**632**	**(57)**
▪ ***Grants and subsidies***	**760**	**470**	**290**
TOTAL REVENUES	**599,733**	**561,814**	**37,919**

Revenues total 599,733 thousand euros. Of these, 51.2% derived from “aeronautical activities” carried out by the Group (51.9% in 2009) and 48.8% were generated by “non-aeronautical activities” (48.1% in 2009).

"Revenues from sales" amounted to 87,344 thousand euros, up 9.0% on 2009. This change was due to the increased turnover of directly managed shops, linked to the upturn in traffic.

“Revenues from services” totaled 503,743 thousand euros, up 5.9% on 2009.

“Revenues from contract work”, amounting to 7,311 thousand euros, primarily regard revenues deriving from the re-billing of the portion of works regarding the state-funded departure area F (formerly Pier C) to the Civil Aviation Authority.

Segment information

It is important to note that the type of activity carried out by the Group does not permit a breakdown of the various areas of activity into fully independent segments in relation to markets and customers. The “traffic” element currently affects all the Group’s activities.

However, it is possible to identify segments on the basis of the type of product or service offered and the production process involved. Information regarding the resulting segments has been extracted directly from the Group’s accounts. The following table provides information relating to the three principal areas of activity identified:

- **Airport fees**: paid in return for use of airport infrastructure;
- **Centralized infrastructures**;
- **Non-aeronautical activities,** consisting of**:**
    - ***Sub-concessions:*** including fees paid by sub-concessionaires operating on airport grounds, in addition to utilities;
    - ***Direct sales:*** including revenues from directly operated duty free and/or duty paid outlets.

Finally, the category, **“Other activities”**, includes the sale of advertising space, the management of car parks and refreshment facilities, design, security, left luggage, assistance to passengers with reduced mobility, contract work on behalf of the State, etc.

The following table shows a breakdown of revenues from the segments described. It should be noted, moreover, that the revenues earned by each segment relate entirely to third parties and do not include inter-segment transactions.

REVENUES (€000)	**Fees**	**Centralized infrastructures**	**Commercial activities**		**Other assets**	**Total**
			Sub-concessions	**Direct sales**		
2010	174,850	35,378	113,888	87,344	188,273	**599,733**
2009	163,182	35,522	103,221	80,154	179,735	**561,814**
change	11,668	(144)	10,667	7,190	8,538	37,919
% change	*7.2%*	*(0.4%)*	*10.3%*	*9.0%*	*4.8%*	*6.7%*

Total revenues can be broken down into two macro-areas:
- “Aeronautical” (including fees, handling, management of centralized infrastructure, security services, left luggage, assistance to passengers with reduced mobility, etc.) amounting to 307,254 thousand euros, compared with 291,473 thousand euros in 2009 (up 5.4%);
– "Non-aeronautical" (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments, design and contract work on behalf of the state) amounting to 292,479 thousand euros, compared with 270,341 thousand euros in 2009 (up 8.2%).

A geographical breakdown of revenues would not be significant given that both airports managed by the Group are located within the same country.

Other income and revenues: other

	2010	2009
▪ **Revenue grants**	760	470
▪ **Gains on disposals**	3	23
▪ **Other:**		
. Releases:		
release from allowance for overdue interest	102	26
release from other allowances	0	0
. Expense recoveries	1,493	1,055
. Recovery of personnel expenses	162	153
. Other revenues	5,772	9,079
	7,529	10,313
	8,292	**10,806**

"Revenue grants for the period" include grants of 326 thousand euros relating to management training programs, mainly funded by Fondimpresa, and grants of 434 thousand euros from the European Union regarding the feasibility study for the Integrated Multimodal Transport System.

"Other revenues", amounting to 5.8 million euros, primarily includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year.

OPERATING COSTS

Amortization, depreciation and write-downs

Amortization and depreciation in 2010 amounted to 110,082 thousand euros (107,858 thousand euros in 2009), including amortization of intangible fixed assets of 89,465 thousand euros (87,971 thousand euros in 2009) and depreciation of tangible fixed assets of 20,617 thousand euros (19,887 thousand euros in 2009). Amortization of intangible fixed assets includes the charge for amortization of the concession, amounting to 49,284 thousand euros.

Further details are provided in the note to fixed assets.

Provisions for doubtful debt totaled 12,646 thousand euros (5,935 thousand euros in 2009) and reflect an updated assessment of the recoverability of the Group's receivables.

Provisions for risks and other charges

The item "Provisions for risks" breaks down as follows:

	2010	2009
. current and potential disputes	5,602	6,035
. insurance deductibles	191	388
	5,793	**6,423**

"Other provisions", totaling 283 thousand euros, regard provisions for fixed assets to be handed over and the allowance for customer loyalty programs.

Further information is provided in the note to allowances for risks and charges.

It should be noted that provisions in the income statement are made following the assessment of potential liabilities not absorbed by any surplus provisions deriving from updated assessments of the risks to which the Company is exposed.

Other operating costs

	2010	2009
▪ concession fees	7	12
▪ other	8,281	9,058
	8,288	**9,070**

The item “Other” primarily comprises:
- 995 thousand euros for membership fees (1,092 thousand euros in 2009);
- 3,931 thousand euros for indirect taxes and duties (3,444 thousand euros in 2009), including 2,393 thousand euros for local property taxes;
- 2,707 thousand euros for updated valuations of costs and revenues recognized in the 2009 financial statements (2,448 thousand euros in 2009).

FINANCE INCOME AND COSTS

Income from equity investments

“Income from equity investments”, amounting to 56 thousand euros in 2010, relates to the capital gains arising from completion of the liquidation of the associated undertaking, Alinsurance Srl.

Other finance income

	2010	2009
▪ **Interest and commissions on long-term receivables:**		
Other	0	3
▪ **Financial income on securities recorded in non-current financial assets that do not qualify as equity investments**	386	327
▪ **Other:**		
Interest on overdue current receivables:		
. Clients	213	33
Interest and commissions received from other companies:		
. Interest from banks	1,254	1,699
. Interest from clients	27	1
. Other	6	5,172
	1,500	6,905
	1,886	**7,235**

“Financial income on securities recorded in non-current financial assets that do qualify as equity investments” includes finance income accrued during the period on the portion – with a face value of 4 million pounds sterling – of the A4 bonds issued by the special purpose vehicle Romulus Finance Srl, which ADR SpA purchased on February 13, 2009.

"Interest from banks", totaling 1,254 thousand euros, fell by 445 thousand euros compared with 2009, despite the increase in average liquidity due to the reduction in interest rates.

The item "Other" amounted to 6 thousand euros compared with the 5,147 thousand euros registered in 2009, which included the positive differential paid to ADR SpA by counterparties with whom the Company had entered into floating rate hedges that expired in October 2009.

Interest expense and other financial charges

	2010	2009
▪ Interest due to parent companies	0	106
▪ Interest and commissions due to others and sundry charges:		
. Interest and commissions paid to banks	5,541	8,383
. Interest and commissions paid to other financial institutions	61,651	52,037
. Provisions for overdue interest on doubtful debt	203	26
. Other	7,237	15,379
	74,632	**75,825**
	74,632	**75,931**

"Interest and commissions paid to banks" registered a decrease of 2,842 thousand euros due to the above-mentioned reduction in interest rates, as well as reduced average exposure deriving from repayment of 11.7 million euros of the Term Loan Facility in September 2010, and payment of installments falling due, totaling 8.5 million euros, relating to the Banca OPI loan.

"Interest and commissions paid to other financial institutions" rose by a total of 9,614 thousand euros, despite the reduction in interest rates that had a positive effect on lowering financial charges for Classes A2 and A3, with regard to the increase in interest expense on Class A4 which has been charged at a fixed rate (6.4%) since December 2009.

The item "Other" primarily comprises (7,030 thousand euros) the negative differential paid by ADR SpA to counterparties with whom the Company has signed interest rate collar contracts that became active in October 2009. The reduction compared with the same period of the previous year is essentially due to the expiry in October 2009 of fixed interest rate swap contracts with a higher notional value than the above-mentioned interest rate collar contracts.

Foreign exchange gains/(losses)

	2010	2009
. Foreign exchange gains	51	49
. Foreign exchange losses	11	13
	40	**36**

ADJUSTMENTS TO FINANCIAL ASSETS

Write-downs of equity investments

"Write-downs of equity investments", totaling 534 thousand euros (43 thousand euros in 2009), comprise:

- a write-down of the equity investment in Aeroporto di Genova SpA held by ADR SpA, after an updated assessment of the permanent impairment of the investment (500 thousand euros);
- the capital loss of 15 thousand euros incurred following completion of the liquidation of La Piazza di Spagna Srl, in which ADR SpA held a 49% stake;
- 19 thousand euros in expenses incurred to cover the losses of the subsidiary undertaking, Consorzio E.T.L. (of which 15 thousand euros was recorded in a contra-entry under allowances for risks and charges).

EXTRAORDINARY INCOME AND EXPENSE

Income

	2010	2009
▪ Other:		
Income and recovery of expenses relating to previous years deriving from:		
. Total revenues	82	0
. Operating costs	56	0
. Finance income	15	0
. Taxes relating to previous years	259	439
. Other extraordinary income	511	0
. Reversal of liabilities	482	1,386
	1,405	**1,825**

The item "Other extraordinary income" includes the income and related interest deriving from the favorable Council of State ruling confirming the Regional Administrative Court sentence that reduced by 30% (from 1,668 thousand euros to 1,168 thousand euros) the amount of the fine imposed on ADR in 2008, which was fully paid within the scope of the Antitrust Authority proceedings regarding airport fees.

Expense

	2010	2009
▪ Taxes relating to previous years	**13,976**	**12,118**
▪ Other:		
Extraordinary expense deriving from:		
Total revenues	0	129
Operating costs	74	235
Payroll costs	0	0
Financial charges	43	0
Restructuring charges	3,109	20,348
Exceptional asset write-downs	322	90
	3,548	**20,802**
Other extraordinary expense:		
Payments due for lost cargo	103	71
Fines	66	110
Cost of wastage and theft	924	0
Damages and compensation paid to third parties	0	13
Costs relating to extraordinary operations	369	552
	1,462	**746**
	5,010	**21,548**
	18,986	**33,666**

The item "Taxes relating to previous years" includes further provisions regarding the current dispute with the Customs Office following the negative outcome of the appeal ADR SpA submitted to the Regional Tax Commission for Rome.
For further information reference should be made to the section on "Tax litigation".

The item "Restructuring costs" includes expenses of 3.1 million euros arising from the review of the restructuring program launched by the ADR Group last year.

The item "Cost of wastage and theft" includes inventory losses (0.8 million euros) deriving from the theft of goods for resale at the central warehouse at the end of November 2010.

INCOME TAXES

	2010	2009
▪ Current taxes		
. IRES	5	370
. income from tax consolidation	(1,127)	0
. expenses from tax consolidation	26,042	18,693
. IRAP	14,957	13,763
	39,877	**32,826**
▪ Deferred tax (assets) liabilities		
. deferred tax assets	2,723	4,159
. deferred tax liabilities	8	26
	(2,731)	**(4,185)**
	37,146	**28,641**

It should be remembered that, having met the related prerequisites, ADR SpA and the other Group companies (ADR Engineering SpA, ADR Tel SpA, ADR Assistance Srl and ADR Sviluppo Srl) along with the consolidating company, Gemina SpA, have opted to participate in the tax consolidation regime introduced by the Tremonti Reform for the three-year period 2010-2012.

As regards deferred taxation, current agreements stipulate continuation of the posting of the assets and allowances that generated temporary differences in the individual companies' financial statements.

Pursuant to the above tax legislation, against the taxable income transferred by ADR SpA, ADR Tel SpA, ADR Engineering SpA and ADR Assistance Srl to the consolidating company, Gemina SpA, "expenses from tax consolidation" of 26,042 thousand euros (regarding IRES) has been recorded. Income from tax consolidation of 1,127 thousand euros has been recorded as a result of the application – in the form of remuneration - of the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.

The item "Current taxes – IRES" refers exclusively to the subsidiary undertaking ADR Advertising SpA, which does not take part in the consolidated tax regime.

In particular, IRES, accounting for 44.3%[4] of pre-tax income, is higher than the statutory rate of 27.5%. Reconciliation of the statutory and effective rates is provided in the table below.

[4] The tax rate for IRES on pre-tax income was calculated with reference to the items "IRES" and "expenses deriving from tax consolidation".

	2010	2009
Pre-tax income	**58,822**	**33,074**
Statutory rate (IRES)	***27.5%***	***27.5%***
Taxation at statutory rate	**16,176**	**9,095**
Effect of increases (decreases) in the ordinary rate:		
income from overseas companies	18	12
non-deductible costs	7,801	6,557
other permanent differences	(794)	(813)
temporary differences (increases)	10,987	9,680
temporary differences (decreases)	(8,141)	(5,468)
Expenses from tax consolidation + IRES	**26,047**	**19,063**
Effective rate	***44.3%***	***57.6%***

For further information on the calculation of deferred tax assets see the item "Deferred tax assets" in the section on "Receivables".

Finally, it should be noted that, given the absence of clear indications on the availability of tax provisions, non-operating income of 1,610 thousand euros (including 1,565 thousand euros regarding ADR SpA, 22 thousand euros regarding ADR Tel SpA and 23 thousand euros regarding ADR Engineering SpA) has been prudently omitted from income statement data. This sum relates to an IRES rebate deriving from the 10% deduction of IRAP regarding the years from 2004 to 2007. Rebate applications were submitted by the consolidating company, ADR SpA, for the years from 2004 to 2006, and by the consolidating company, Gemina SpA, for 2007, on February 1, 2010 and February 24, 2010, respectively.

OTHER INFORMATION

HEADCOUNT

The following table shows the average number of employees of companies consolidated on a line-by-line basis by category:

Category	2010	2009	change
Managers	45.7	52.6	(6.9)
Administrative staff	170.3	198.1	(27.8)
White-collar	1,574.4	1,532.9	41.5
Blue-collar	566.5	569.3	(2.8)
Total	**2,356.8**	**2,352.9**	**3.9**

The following table also shows the average number of employees by company:

Company	2010	2009	change
ADR SpA	2,048.9	2,050.9	(2.0)
ADR Engineering SpA	33.6	41.2	(7.7)
ADR Tel SpA	16.8	18.2	(1.4)
ADR Advertising SpA	9.0	10.0	(1.0)
ADR Assistance Srl	248.6	232.6	16.0
Total	**2,356.8**	**2,352.9**	**3.9**

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

The following table shows the remuneration paid to Directors and Statutory Auditors (cumulatively for each category):

Category	Remuneration (€000)
Directors	398
Directors with positions required by Legislative Decree no. 231/2001	103
Statutory Auditors	295
Total	**796**

LITIGATION

Administrative, civil and labor litigation is followed by the Group through its internal legal department which has provided, for the preparation of the accounts as of and for the period ended December 31, 2010, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.
As regards litigation as a whole, the Group carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under “Allowances for risks and charges” to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

Tax litigation

The most significant disputes involving the Parent Company, ADR SpA, are shown below. These are the same as those described in the Company's statutory financial statements, given that no significant disputes involving other Group companies, which might lead to potential liabilities not recorded in the financial statements, are reported.

- In 1987 a general tax audit of ADR SpA’s accounts from January 1' 1985 to February 18, 1987 was carried out, focusing in addition on certain aspects relating to previous years.
  Despite the fact that the auditors found no evidence of irregular accounting practices or violations of statutory regulations, including misdemeanors punishable by fine in compliance with Law 516 of August 7, 1982, ADR was notified of certain irregularities regarding both direct and sales tax for the years between 1982 and 1987. The Parent Company appealed the tax authorities’ interpretation before the competent Tax Commissions.
  During 2002, the Revenue Office appealed the sentence issued by the Regional Tax Commission for Rome – section no. 43 – before the Supreme Court. Such sentence had turned down the appeal against the sentence of the Tax Commission for the Province of Rome, dated April 9, 1999, which had accepted the grounds for ADR’s appeal against the allegations of income tax violations regarding the years 1985 and 1986.

On July 10, 2002 the tax authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. At a hearing to discuss the matter on November 7, 2007, the Supreme Court accepted the appeal and referred the case to a different department of the Regional Tax Commission.
On December 17, 2010, with Ruling no. 6625, the Central Tax Commission accepted the Company's appeal regarding the 1983 tax year, thereby cancelling the only findings that had been confirmed by the Tax Commission in second instance with Sentence no. 341/07/1992.
Thus far the outcomes of the hearings conducted by the various tax commissions have been in ADR's favor, confirming the legal interpretation adopted and a positive outcome for the Company.

- On November 3, 2006 the Tax Office of Rome (UTF) initiated an audit of the Company’s accounts regarding taxation of the consumption of electricity.
  In its report dated February 23, 2007, the Tax Office informed the Company that it intended to recover the amounts relating to the consumption tax and related local surtaxes on electricity sold to third parties for the years between 2002 and 2005.
  The Tax Office formalized the request for data and information regarding the supply of electricity for the above period, and carried out additional audits aimed at carrying out technical checks on the equipment and on the means of distribution and consumption of electricity on the part of ADR, in order to identify and separate the consumption subject to the tax exemption in accordance with art. 52 of Consolidated Act no. 504/1995 for the tax period January 1, 2002 – May 31, 2007.
  Following the audits, the Tax Office issued 15 demands for payment of a total of 4.4 million euros, regarding failure to pay the tax on electricity consumption and the related surtax for the period 2002-2006. This amount includes interest expense, penalties for late payment and notification expenses.
  Generally speaking, the disputes relate to the alleged sale to third parties of electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category “industrial operators”.
  Along with the demands for payment, there were 9 notifications of administrative irregularities, amounting to a total of 1.5 million euros for 2002, concerning the sanctions imposed in relation to the failure to pay the above taxes.
  Backed up by the opinion of its tax experts, ADR SpA deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed the demands in question before the Provincial Tax Commission for Rome.
  At hearings in 2008 and 2009, the Provincial Tax Commission for Rome granted all the appeals regarding payment of taxation and the imposition of sanctions.
  The Custom Office then lodged an appeal against the sentences issued by the Provincial Tax Commission for Rome.
  On October 21, 2009 the Regional Tax Commission issued and filed thirteen sentences confirming the decision of the Provincial Tax Commission and rejecting the appeal lodged by the Customs Office.
  On July 7, 2010, four additional sentences were filed which, in confirmation of the Provincial Tax Commission's ruling, rejected the appeal lodged by the Customs Office.
  On September 14, 2010 the Lazio Regional Tax Commission filed two sentences in the Company's favor regarding eight appeals put before the Attorney General's Office to revise the corresponding sentences in first instance.
  On November 5, 2010 the Attorney General's Office contested 13 sentences issued by the Lazio Regional Tax Commission before the Supreme Court. On December 15, 2010 the Company took formal legal action.
  On December 29, 2010 four appeals against the sentences handed down by the Provincial Tax Commission for Rome were notified, and filed on January 12, 2010.

- On December 27, 2006 the Municipality of Fiumicino notified ADR SpA of its failure to declare and pay local property tax for 2001 regarding Rome Airport’s Hilton Hotel. On December 28, 2007 the Municipality of Fiumicino notified ADR SpA of a tax assessment for 2002 regarding the same building.
  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission for Rome.

On December 20, 2010 the Provincial Tax Commission for Rome deposited sentence no. 503/59/10, which rejected ADR SpA's appeal and required the Company to pay costs.
Due to the limited investigation of the legal issues at stake in this case, the Company intends to appeal against the sentence of the Provincial Tax Commission for Rome, deeming it highly likely that the legitimacy of its actions will be recognized.

- On August 16, 2007, the Rome II Customs District Office notified ADR SpA of reported irregularities in the sales carried out at its duty free shops from January 1, 1993 to January 31, 1998. The findings essentially regard sales made to passengers traveling within the EU that exceeded duty free allowances in terms of amount and value.
  On December 18, 2007, the same Customs District Office ordered payment of sums regarding VAT, excise duties and tobacco duties, as a result of the findings set out in the assessment report. The total amount of taxes and interest charged adds up to around 22.3 million euros.
  ADR SpA appealed this demand for payment before the Provincial Tax Commission. On April 6, 2009 the Provincial Tax Commission for Rome filed Sentence no. 149/39/00, which rejected the appeal lodged by the Company. Following the judgment, the Customs Office activated the procedure to collect the sum due, which the Company is paying in 36 installments subsequent to acceptance of the application submitted to the Collection Agent, after paying an advance of 4 million euros via an irrevocable payment order on April 27, 2009. The total assessment, including interest and ancillary charges, amounts to 26.1 million euros.
  Moreover, on 24 April 2009 the Company filed an application with the Customs Office for administrative suspension, until the Lazio Regional Tax Commission files its sentence, of collection of the sum due. On May 19, 2009 the Customs Office notified that it did not accept the request for suspension.
  On July 14, 2009 ADR SpA therefore lodged an appeal against the sentence handed down by the Provincial Tax Commission for Rome.
  On May 26, 2010 the Provincial Tax Commission for Rome deposited sentence no. 105/35/10, which rejected ADR SpA's appeal and required the Company to pay costs.
  This further adverse development has given additional weight to the risk of a negative outcome, regardless of the fact that the position of the Company and its tax experts expressed during the legal proceedings, which maintains that there are no grounds for the imposition of such taxation, is unchanged. Moreover, the Company is convinced of the substantial and formal legitimacy of its behavior.
  Consequently, in preparing the financial statements for the year ended December 31, 2010, it was decided to allocate provisions based on the estimated amount of taxes assessed, thereby bringing the allowance for taxes into line with the tax payable, inclusive of interest and ancillary charges.
  ADR SpA, which firmly maintains its position that there are no grounds for the imposition of such taxation and is convinced of the substantial and formal legitimacy of its behavior, appealed to the Supreme Court against the adverse sentence no. 105/35/10 handed down by the Regional Tax Commission.

- Within the scope of annual checks pursuant to art. 42 of Law no. 388/2000, on June 4, 2009 the Lazio Regional Tax Office initiated a general tax assessment of ADR SpA regarding IRAP and VAT for 2007.
  At the end of the audit, on October 29, 2009 the Company was notified of certain irregularities regarding direct taxation and VAT, entailing higher taxation of 1,195 thousand euros, and higher VAT of 2,416 thousand euros. In acknowledging the notice, the Company has reserved its right to defend itself before the competent authorities.

Administrative, civil and labor litigation

The most significant disputes involving the Parent Company, ADR SpA, are shown below. These are the same as those described in the Company's statutory financial statements, given that no significant disputes involving other Group companies, which might lead to potential liabilities not recorded in the financial statements, are reported.

AIRPORT FEES AND REGULATED TARIFFS

- With regard to the preparatory phase for the Planning Agreement 2005-2009, in November 2005 ADR SpA appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the document issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy on September 22, 2005, in which ADR is substantially denied the right to include any component of the purchase cost of the airport management concession for Fiumicino and Ciampino in the regulatory asset base, to be used in determining the airport fees it will charge. The appeal also includes a claim for damages from the ministries concerned, in view of the unwarranted delay the above document has caused in finalizing the Planning Agreement provided for in Point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. A date for the hearing on the merits is awaited.
- Actions brought by the Parent Company, including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called "system requirements"), include the proceedings brought before the civil court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR SpA as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 248/2005, which was repealed by Law no. 248/2005. With sentence no. 19720/2010 the Court rejected ADR's requests, on the grounds that: a) the airport fee increases provided for until 2000 were above the rate of inflation; b) the obligation to bring airport fees into line with the target inflation rate was only applicable until Ministerial Decree of November 14, 2000 was issued; c) in any event, the matter was completely re-regulated by Legislative Decree no. 203/05, the so-called "system requirements" legislation. The Company is assessing whether or not to contest the sentence.
- A further action relating to "system requirements" regards the appeal filed by ADR SpA at the Administrative Court in February 2006, with a view to revoking the guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005, regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority's memorandum of January 20, 2006, fixing the level of temporary airport fees. With sentence no. 2289/2007 lodged on June 5, 2007 the Lazio Regional Administrative Court rejected the appeal. In November 2007 ADR appealed this sentence before the Council of State. A hearing to discuss the case has been scheduled for May 10, 2011.
- On November 21, 2007, ADR lodged an appeal with the Lazio Regional Administrative Court (without a request for suspension) to obtain cancelation of CIPE Resolution no. 38/07 and the attached "Directive regarding tariff regulation of airport services offered on an exclusive basis". Subsequently, ADR appealed (also without request for suspension) against the Guidelines issued by the Civil Aviation Authority in implementation of this Directive.

  The principal grounds for the appeal regard the remuneration of invested capital and, more generally speaking, the allocation of concessionary charges, application of the single till criterion (the contribution of a percentage of commercial margins towards the determination of airport fees) and regulated tariff trends. An announcement of the date of the relevant hearing is awaited.

  On March 25, 2009, ADR SpA presented additional arguments supporting its appeal before Lazio Regional Administrative Court against the Ministerial Decree of December 10, 2008, published in Official Gazette no. 42 of February 20, 2009, which approves the Civil Aviation Authority's Guidelines and abolishes the previous Ministerial Decree, which was never published in the Official Gazette and was appealed by ADR SpA. An announcement of the date of the relevant hearing is awaited.
- On February 17, 2010, ADR lodged an appeal with the Lazio Regional Administrative Court against the decree of the Ministry of Infrastructure and Transport regarding "Revised airport fees for 2009", published on December 22, 2009. This decree raised airport fees in line with the target inflation rate for 2009 which, in the Economic and Financial Planning Document, is projected at 1.5%. This appeal to the Lazio Regional Administrative Court is similar, in terms of reasoning and arguments, to the one in which ADR appealed against the previous decree that revised airport fees for 2008 in line with inflation.

- In February 2010, ADR SpA, as counterparty, was notified of separate appeals lodged before Lazio Regional Administrative Court by Codacons and the Air, Sea and Rail Transport Users' Association and other carriers aimed at obtaining cancellation, with prior suspension, of the Ministerial Decree of December 8, 2009 regarding “Revised airport fees for 2009". The principal grounds for appeal are: investigative shortcomings, including lack of correlation between airport operators' costs and revenues as a prerequisite for the increase, infringement and misapplication of Law no. 241/1990 and violation of the principle of due process. At a hearing on March 25, 2010 to discuss the suspension, the case was adjourned, at the plaintiffs' request, until May 19, 2011.
- ADR has contested a letter from the Civil Aviation Authority dated April 13, 2010 and a memorandum from the Ministry of Transport of May 13, 2010 (and all other related memoranda) before the Lazio Regional Administrative Court. These notifications stipulate that EU fees should be applied to Swiss carriers, as well as all flights to and from the territory of the Swiss Confederation (conversely ADR SpA applies non-EU fees for these flights).

  The Civil Aviation Authority's assertion is based on the fact that the Agreement between the EU and Swiss Confederation of January 21, 1999 (which came into force on June 1, 2002) placed Swiss carriers on an equal footing with EU ones, and therefore ADR SpA is discriminating against Swiss carriers.

  The Company, on the other hand, maintains that no discrimination is involved as the application of airport fees, and related amounts, is governed in Italy by the Ministerial Decree of November 14, 2000 which is based on the air space a flight passes through (within or beyond the European Union) rather than the carrier that operates it. Moreover, the above-mentioned Agreement is not referred to in any EU legislation, nor in the recently amended Annex.

  At the hearing before the Regional Administrative Court, scheduled for July 12, 2010, regarding suspension of the contested communications, ADR requested, on the grounds of procedural expediency, that the case be directly referred for prompt discussion of its merits.

  In the event of a negative outcome for ADR, the carriers operating the flights in question would most likely request reimbursement from ADR of the higher amounts paid for airport fees from June 2002 (the date on which the above-mentioned Agreement came into force) until now (the maximum total amount is estimated at around 8 million euros). Obviously, the fees claimed by carriers would in turn be verified in a court of law.
- In September 2003 ADR SpA issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. The appeal aims, among other things, to recover the fees due for the period between the date the decree became valid (June 3, 2003) and the date authorized by the Civil Aviation Authority in a separate letter (June 26, 2003). With sentence no. 13847/2010 the Lazio Regional Administrative Court ordered the Civil Aviation and the Ministry of Infrastructure and Transport, jointly, to pay ADR SpA 6.7 million euros, plus legal interest accruing between the date the receivable arose to the date of payment. In October 2010 the authorities lodged an appeal against the above-mentioned sentence handed down by the Regional Administrative Court; the date of the related hearing has yet to be announced.

AIRPORT FUEL SUPPLY FEES

- In March 2006 ADR SpA appealed to the Lazio Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority’s memorandum of February 3, 2006 and subsequent memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties. The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority. An announcement of the date of a hearing to discuss the matter is awaited.
- IBAR (Italian Board Airlines Representatives) and 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Administrative Court, with a request for suspensive relief, against the Civil Aviation Authority’s memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the

Civil Aviation Authority communicated the results of the controls carried out at airports managed by full-service operators "in order to analyze the correlation between costs and the flat rates charged by airport operators to oil companies". On February 27, 2008, Esso Italiana proposed taking measures to oppose the action. Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. An announcement of the date of a hearing to discuss the matter is awaited.

- ENI has brought a claim before the Rome civil court against its own client airlines (Air One, Alitalia, Eurofly, Livingston, Meridina and Neos) in order to ascertain the obligation to pay oil companies the amounts regarding the concession fee that the company owes to airport operators, and, consequently, that the carriers are ordered to pay ENI the amounts accrued to this effect since October 2005 (with Legislative Decree no. 211/2005 regarding the so-called "system requirements").
  In the same claim, ENI has also brought a secondary claim against airport operators, including ADR SpA (and the Civil Aviation Authority for the airports managed by the State) in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, on the one hand, ENI requests that the Company be ordered to pay an amount corresponding to the sum paid since October 2005, totaling 276 thousand euros, and, on the other, that it be determined that ENI does not owe ADR the amount of 1.1 million euros (as determined for the period up to May 31, 2006), which is as yet unpaid. At a hearing on November 19, 2008 Alitalia's attorney submitted a copy of sentence no. 287/08 of the Bankruptcy Division of the Court of Rome, declaring that the company was insolvent. The judge therefore suspended the trial. At a hearing on June 10, 2010 ENI deposited data regarding ENI's billing of carriers and airport operators' billing of ENI during the period 1997-2008. The judge deemed it necessary to consult an accounting expert, and stated his intention to appoint such a consultant. At a hearing held on December 22, 2010, Livingston's attorney stated that, via the Ministerial Decree of October 21, 2010 (published in the Official Gazette no. 272 of November 20 2010), the above-mentioned company was put into special administration and its insolvency affirmed by the Court of Busto Arsizio with sentence no. 29/2010. The judge cancelled the expert accountant's appointment and suspended the trial.
- Airone has taken out legal proceedings at the Civil Tribunal of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators (SAB – Aeroporto di Bologna, ADR, SEA and SAVE), claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently "pass on" to carriers. Consequently, Airone also requests that Tamoil – together with the above airport operators, each according to their portion of responsibility – be ordered to repay the sum paid by Airone since 2003, amounting to 2.9 million euros. A hearing has been scheduled for December 21, 2011 for final judgment.

CATERING COMPANY FEES

- IBAR, together with 13 carriers, on the one hand, and Assaero and Volare, on the other hand, in separate requests, appealed to the Lazio Regional Administrative Court, with concomitant request for suspensive relief, for the cancellation of Civil Aviation Authority rulings no. A0035898 and no. 0035899 of June 5, 2007, regarding the setting of fees for the catering carried out at Rome and Milan airports, respectively. The plaintiffs have withdrawn their request for suspension. Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. A hearing to discuss the merits of the case has been scheduled for June 9, 2011.

CONCESSION FEES

- On May 26, 1999, ADR appealed Ministry of Finance Decree 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the concession fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.
  A similar action brought by ADR SpA before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR SpA's position, declared that the Company has no obligation to pay the government concession fees for the years prior to 1997.

- In September 2003 ADR SpA lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of airport concession fees for 2003) published in the Official Gazette on July 7, 2003, as amended in the notice published in the Official Gazette on September 6, 2003. This decree established methods different from those previously applied for calculating annual fees due from full-service airport operators pursuant to special laws. Such methods of calculation are deemed to be discriminatory and to distort competition between airports, as they introduce an element of "adjustment" to the resulting figures regarding the "earnings" that passengers produce in relation to the airport.
  In a parallel civil court judgment, on July 12, 2007 ADR SpA was notified of the purview of sentence no. 12189 of June 13, 2007 with which the Court of Rome, accepting ADR's request, "following misapplication of the executive decree issued by the director of the state property office on June 30, 2003", declared that "Aeroporti di Roma SpA did not owe the Italian Civil Aviation Authority any amounts greater than the concession fees due for the years 2003, 2004 and 2005 calculated in conformity with Law no. 662/1996, in application of the calculation criteria set forth in the Ministerial Decree dated December 12, 1998".
  On June 16, 2008 the state property office lodged an appeal against this sentence. A hearing to pronounce final judgment has been scheduled for October 12, 2011.

FIRE PREVENTION FUND

- In November 2009 ADR SpA lodged an appeal before the Lazio Regional Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority directive of July 31, 2009, protocol no. 0050644/DIRGEN/CEC, which included a table indicating the amounts of the contributions due from each operator for the fire prevention fund.
  In February 2010 additional grounds were provided against the subsequent Civil Aviation Authority directive of December 11, 2009, protocol 0087809/DIRGEN/DG which, referring to a table that had already been superseded with the previous directive of July 31, 2009, reiterated the request to airport operators to make the related payments as soon as possible in order to "rectify non-compliance with the provisions of Law no. 296 of December 27, 2006". The principal grounds for the appeals include lack of clarity regarding the charge levied on airport operators (tax or fee for provision of service), and therefore the impossibility of identifying the competent jurisdiction.
  An announcement of the date of the relevant hearing is awaited.
  With a sentence on October 26, 2010, the Tax Commission ruled on an appeal lodged by thirteen airport operators (not including ADR which, like other operators, opted to contest the directive before the above-mentioned Lazio Regional Administrative Court), declaring that the appellants were not obliged, from January 1, 2009, to pay "the contributions laid down by art. 1, paragraph 1328 of Law no. 296/2006, as amended by art. 4, paragraphs 3.2, 3.3 and 3.4, of Law no. 185/2008, into the so-called 'fire prevention fund', given that such contributions, as demonstrated, are to be allocated for purposes other than those laid down by law".
  In fact, whilst initially admitting its competence regarding the assumption that this is a tax for a specific purpose rather than an airport fee as asserted by the Civil Aviation Authority, the Tax Commission recognized that, as of January 1, 2009, amendments had come into force identifying purposes that are completely alien to those originally provided for by the legislation regarding the provision of fire prevention services at airports.

ANTITRUST AUTHORITY

- In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR SpA, launched with the resolution of November 4, 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was imposed. The Company has appealed the latter finding before the Lazio Administrative Court, but the date for the hearing has yet to be set.
- With regard to proceedings relating to certain airport fees, details of the Lazio Regional Administrative Court's sentence issued in response to the appeals lodged by ADR SpA and Airone were published on September 25, 2009. The appeals regarded the Antitrust Authority's ruling of October 23, 2008 relating to ADR SpA's alleged abuse, pursuant to art. 82 of the EC Treaty, in respect of airport fees.
  The Court partially upheld ADR SpA's appeal, based on a series of complex reasons (e.g. the Civil Aviation Authority's failure to implement tariff regulations), and, as a result, reduced each component

of the fine by 30%. This means that the total amount payable has been lowered from 1,668 thousand euros to 1,168 thousand euros.

Again based on a series of complex reasons, the Court also partially upheld the part of Airone's appeal claiming that the Antitrust Authority's investigation had omitted to examine ADR's dominant position regarding the availability of centralized infrastructures. The Lazio Regional Administrative Court accepted Airone's argument that the Antitrust Authority, in ignoring this abuse, had only focused on the deficit arising between the costs and revenues attributable to ADR deriving from its management of centralized infrastructures.

On January 12, 2010 ADR SpA appealed to the Council of State against both the sentences handed down by the Lazio Regional Administrative Court. On March 31, 2010 ADR filed a petition requesting prompt arrangement of a hearing to deal with the case, which was held on June 8, 2010. On June 8, 2010 the Council of State accepted ADR SpA's appeal for the part regarding centralized infrastructures, thereby deeming the Antitrust Authority's conduct to be correct and legitimate with respect to the A376 proceedings in relation to this part, in which it had concluded that the Company had not abused its dominant market position.

- On March 23, 2010 the Antitrust Authority notified ADR SpA that it was launching an investigation to ascertain whether the Company had abused its dominant position regarding access to the centralized infrastructure market.

  The launch of this investigation, which the Authority is bound to carry out, follows the partial acceptance by the Lazio Regional Administrative Court of an appeal lodged by Air One against the ruling which ordered ADR SpA to pay a fine, excluding, however, the abuse of its dominant position. Indeed, the Regional Administrative Court deemed invalid the Antitrust Authority's ruling that allegations of abusive behavior by ADR in setting fees for gaining access to centralized infrastructures were unfounded, on the grounds of illogicality and insufficient investigation.

  In this respect it should be borne in mind that ADR SpA lodged an appeal before the Council of State against the above-mentioned sentence of the Regional Administrative Court, and on March 31, 2010 filed a petition requesting prompt arrangement of a hearing to deal with the case. With the sentence of June 8, 2010 this Court accepted ADR SpA's appeal, specifically relating to the part regarding access to centralized infrastructures, thereby definitively asserting the legitimacy of the Antitrust Authority's ruling that ADR had not abused its dominant position in this market.

  However, in the wake of this sentence, the Authority has continued its new proceedings and requested information from ADR regarding costs and revenues relating to the airport infrastructure under discussion.

  Following the subsequent publication of the Council of State's ruling, on July 9, 2010 ADR SpA consequently asked the Authority to dismiss the proceedings following the above-mentioned ruling, which also obviated the need for the Company to respond to the Authority's request for information.

NOISE ABATEMENT MEASURES

- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and the related infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Administrative Court's sentence no. 3382/2002. Sentence no. 5822/2004 of September 7, 2004 partially rejected the appeals brought by the airport operators.

  The Council of State has decided that airport operators have an obligation to reduce noise pollution and thus prepare noise abatement action plans under two conditions:
  - identification of the boundaries of the areas covered by the Ministerial Decree of October 31, 1997;
  - verification, according to a precise schedule, of instances when noise pollution limits are exceeded outside the areas covered by the regulations, as established by the Prime Ministerial Decree of November 9, 1997, with reference to be made to the limits established in municipal zoning bylaws or, in their absence, by art. 6, paragraph 1, of the Prime Ministerial Decree of March 1, 1991.

  Within the areas covered by the regulations, on the other hand, emission limits (as defined by art. 3, paragraph 3 of the Prime Ministerial Decree of November 14, 1997) are only applicable "for all noise sources other than airport infrastructures". The limits established by the Ministerial Decree of October 31, 1997 remain in force. These limits "provide for three areas (zones A, B and C) with various levels of LVA (the indicator used to measure airport noise emissions and different from the "Noise

Equivalent level" used to establish the levels applied in the Prime Ministerial Decree of November 14, 1997).

The obligation to make financial provisions to cover the cost of adopting noise reduction and abatement measures, regardless of whether or not the above limits have been exceeded, derives from Framework Law no. 447/95 (art. 10, paragraph 5) and not the Ministerial Decree to which the appeal judge's sentence refers, as the latter is merely a repetition of the legal provisions referred to.

The Ministry of the Environment "assumes that the obligation to make provisions is valid regardless of whether or not the noise emission limits have been exceeded (thus as of the entry into force of Law no. 447/95)"; at the same time "all issues regarding the reasonableness of such obligation, even where limits have not been exceeded, are beyond the scope of this action, by which the appellants have appealed a regulation that merely requires communication of the provisions made".

The above sentence, moreover, does not exclude the possibility that the issue of "the reasonableness" (or otherwise) of the above regulation establishing the obligation to make provisions may be appealed by airport operators before the relevant courts. A description of the relevant accounting treatment is provided in the notes to the "Memorandum accounts".

- ADR appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings of July 1, 2010 by which the Services Conference, convened to define and approve acoustic zoning for "G.B Pastine" airport in Ciampino, approved acoustic zoning Proposal no. 2 for this airport. No request for suspensive relief was made and a date for the relevant hearing has yet to be fixed.

TRAFFIC RESTRICTIONS AT CIAMPINO AIRPORT

- Ryanair appealed to the Lazio Regional Administrative Court requesting cancellation – with prior suspension – of Ordinance no. 14/2007 of July 9, 2007 issued by the management of Ciampino airport, stipulating that no more than 100 commercial movements by the holders of slots could be effected in any one day, with slots to be allocated between 6am and 11.30pm during the winter of 2007/2008. At the hearing held on October 11, 2007 to discuss suspensive relief, the Administrative Court rejected Ryanair's appeal, thereby maintaining the restricted number of slots for the winter of 2007-2008. With Ordinance no. 5752/2007 the Council of State upheld Ryanair's appeal (and therefore the original application for suspensive relief submitted by the airline). On March 25, 2008 Ryanair notified ADR SpA of an appeal on additional grounds to the Lazio Regional Administrative Court, following the denial by Assoclerance of two slots that did not exceed the current daily of limit of 138 slots, and which the airline had not made use of during the summer of 2007. This denial was based on a contradictory interpretation by the Civil Aviation Authority, according to which the effects of the contested Civil Aviation Authority ordinance remained in force, even after the ruling by the Council of State, if Ryanair were to request slots different from those allocated to it in the summer of 2007, as only the loss of these slots would constitute the serious and irreparable harm that the ordinance intended to avoid. At a hearing held to discuss the matter on April 24, 2008, Ryanair requested that the case be adjourned until a hearing on the merits, a date for which is awaited. At the same time, regarding the carrier's request to execute Council of State Ruling no. 5752/2007, the same judge, with Ruling no. 2046/08, rejected Ryanair's demands on the following grounds: "*for the purposes of executing Ruling no. 5752 of November 6, the position taken by the appellant with regard to the present dispute, appears to be correct and satisfactory regarding maintenance of the same number of SO7 slots previously allocated to Ryanair by the Civil Aviation Authority and Assoclearance, including the S08 season, given that the damages claimed by Ryanair should be measured only on the basis of the number of slots allocated to the airline at the time when the number of total slots allocated to Ciampino airport were reduced from 138 to 100".*

BANKRUPTCY PROCEEDINGS INVOLVING CLIENTS

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia – Linee Aeree Italiane SpA in a.s., Volare SpA in a.s., Alitalia Express SpA in a.s., Alitalia Servizi SpA in a.s., Alitalia Airport in a.s. ADR lodged appeals regarding the relative bankruptcy claims. Regarding the proceedings relating to Alitalia – Linee Aeree Italiane SpA, ADR's claim was dealt with at a hearing on December 16, 2009. On this occasion, ADR was the only operator deemed to have adequately proved its claims, and the statement of affairs was duly filed. Regarding amounts due subsequent to commencement of the proceedings, the matter was adjourned until an as yet unscheduled hearing in order to complete checks on the data held by the Administrator, including the allocation of payments. Other developments include: AZ Servizi SpA in a.s and AZ Airport SpA in a.s. : the next hearing to deal with priority claims has been adjourned until an as yet unscheduled date; Volare SpA in a.s.: at a hearing on March 30, 2010, regarding amounts due prior to commencement of the proceedings, a period was granted for the submission of any comments from creditors. However, given that the Administrator had proposed that all ADR's receivables be regarded as unsecured, it was deemed unnecessary to make any further representations or submit further documents; the next hearing to deal with priority claims has been adjourned until an as yet unscheduled date; Alitalia Express in a.s.: at a hearing on March 17, 2010, ADR SpA's claim was discussed and almost entirely accepted; at a hearing on May 19, 2010, discussion of ADR's claims arising subsequent to commencement of the proceedings was adjourned until July 8, 2010. On this occasion, the conclusions drawn up by the Commissioner were examined, which substantially recognized the entire amount requested by ADR as a priority claim.

  Moreover, several legal initiatives have been undertaken at the Court of Civitavecchia, in support of ADR's claims for amounts due from Alitalia for navigation fees, secured by a lien on the aircraft, also in respect of their related owners, who are jointly liable under the law.
- In October 2009 Volare Airlines SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 6.7 million euros.

  The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Air Europe and the Volare Group, at least since 2002. At a hearing for final judgment held on February 2, 2011, judgment was withheld.
- In October 2009 Air Europa SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancelation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 1.8 million euros. The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Volare Airlines and the Volare Group, at least since 2002. At a hearing for final judgment held on February 2, 2011, judgment was withheld.

LABOR DISPUTES

- A judgment is pending before the Lazio Regional Administrative Court in a case brought by ADR against the Ministry of Labor and Social Policies regarding obligatory employment. The case derives from a request submitted by ADR to the Ministry of Labor regarding the possibility of excluding from the reserve quota of disabled workers ADR employees who carry out security, property surveillance and safety duties (472 staff at the time of the request), as such personnel are involved in activities that are included in or that are similar to those exempted under the relevant legislation (Law no. 68/1999). As the Ministry refused to grant this request, ADR appealed to the Regional Administrative Court with a request for preventive suspension. In a ruling on May 4, 2006, handed down with regard to the preventive suspension, the Regional Administrative Court accepted ADR's claim and consequently suspended the Ministry's refusal with immediate effect; judgment on the merits is still pending.

- A case is pending before the Court of Civitavecchia brought by a former employee who was dismissed on disciplinary grounds in 2004. Specifically, the plaintiff was dismissed regarding events that occurred during working hours, for which he was subsequently acquitted in a criminal court. Even though the dismissal was not contested in accordance with the law, the plaintiff has claimed damages amounting to around 0.8 million euros, on the grounds of false dismissal. Full acceptance of these claims is deemed highly unlikely, whilst it is considered that, in the remote possibility of any claims being accepted, only an insignificant sum would be entailed. A further hearing has been fixed for May 19, 2011.
- A group of 16 parties summonsed ADR SpA and the bankrupt Ligabue Gourmet, thereby challenging the validity of ADR's sale of the West catering business unit to Ligabue, with a claim for damages totaling around 9.8 million euros until the end of 2006, including future damages and staff termination benefits. Despite the lack of previous decisions regarding such a case, acceptance of these claims is deemed highly unlikely. The dispute was settled in favor of ADR by a sentence on June 29, 2010 that rejected all the claims made by the counterparty, who was also ordered to reimburse ADR's legal costs.
- With notification of a sentence of July 13, 2009, the level of appeal was concluded in the case brought by a group of 34 plaintiffs, all of whom are former ADR employees transferred to Ligabue after the sale of the West catering business unit by ADR to the latter company, which subsequently went bankrupt. Via said notification the Appeal Court of Rome declared the case to be closed regarding 5 plaintiffs, with whom a settlement was reached, and ordered ADR to pay a sum of 60 thousand euros to each of the remaining 29 plaintiffs, amounting to 1.7 million euros in compensation pursuant to art. 1381 of the Italian Civil Code (third-party obligation). The claim specifically regards a ruling that dealt with the issue of employment following the bankruptcy of Ligabue signed at the Ministry of Labor and Social Policies on August 2, 2002, and endorsed by ADR and other interested parties, and the relevant national and regional authorities and labor organizations. ADR appealed to the Supreme Court, which was met with two counter cross-appeals from a group of nine plaintiffs, who claim the right to be employed by ADR. A date for the hearing has yet to be fixed. Moreover, litigation is pending with some of the above-mentioned 29 plaintiffs, currently numbering 17, regarding the withholding tax deducted at source by ADR on the sum claimed, which the group of 17 plaintiffs deem not liable for taxation.

TENDERS

- ATI Alpine Bau, which was awarded the contract for works relating to the structural and operational upgrading of runway 3 at Fiumicino airport, appealed sentence no. 1347/06 handed down by Rome's Civil Court. This sentence ordered ADR to *pay* 1.2 million euros, plus legal interest from the time of the claim, totaling 0.2 million euros. The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim) and a request was made to combine the three proceedings. In addition, a further appeal is pending against the partial judgment in first instance (the hearing for final judgment has been adjourned until March 22, 2011).
  At the hearing on January 10, 2007 ATI Alpine's legal counsel made a request to combine the present proceeding with the preceding ongoing action, for which a partial judgment has been handed down (as above). ADR's legal experts opposed the combination of the proceedings and the judge, in accepting this opposition, rejected the request, but at the same time ordered that, merely for the purposes of reducing the number of court appearances, the present proceeding and that for which a partial judgment has been handed down should be dealt with at the same hearing. Therefore, final judgment in this case has also been adjourned until March 22, 2011.
- In 2002 a lawsuit was taken out by ATI Elsag SpA - CML Handling Technology SpA regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. With sentence no. 23167/07 ADR Spa was ordered to pay damages to Elsag, amounting to 1.2 million euros, plus interest and revaluation. Before the related right should lapse, the Company has lodged an appeal whilst awaiting the outcome of negotiations that may lead to an agreed settlement of the dispute. At a hearing in June 25, 2010, the case was adjourned until October 5, 2012 for final judgment. In December 2010 the parties signed a compromise settlement regarding this dispute.

- A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome's Fiumicino airport and related works, has been brought by Consorzio Aerest (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation. On October 8, 2004 the Court of Rome partially upheld the Consorzio Aerest's claim, requiring ADR SpA to pay the consortium the sum of approximately 167 thousand euros, rejecting all other claims and apportioning the legal costs to both parties.
  On April 27, 2005 Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the claim submitted in first instance. At a hearing on April 6, 2010 for final judgment, the case was further adjourned until October 4, 2011.
- Finprest has brought an action designed to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" domestic terminal at Fiumicino airport. With partial judgment no. 6265/2008 the Court of Rome rejected the claims of the plaintiff, ATI Finprest, whilst accepting the plaintiff's claim for interest for alleged late payment of installments paid regarding revised prices during the term of the contract. In a separate ruling, the Court thus ordered the proceedings to continue with appointment of an expert to ascertain whether ADR had made delayed payments of the revised installments and, if so, to determine the related interest. In a report filed on May 5, 2009, the expert assessed the amount of interest for delayed payments and accounting to be paid by ADR at 174 thousand euros. At a hearing to question the expert on April 1, 2010, given the positions expressed by the parties regarding the report, the judge decided to recall the expert on December 9, 2010. On this occasion the case was adjourned until a hearing on April 28, 2011, after a further exchange of opinions with ADR's expert consultant.
- On December 30, 2004 ATI NECSO Entrecanales - Lamaro Appalti notified its decision to appeal sentence 35859/2003 issued by the Civil Court of Rome, summonsing ADR SpA to appear before the Appeal Court of Rome. In addition to rejecting ATI Necso's claims, the judge at the initial hearing also ordered the company to pay ADR SpA's costs. ATI NECSO is claiming damages of 9.8 million euros, plus VAT, interest, revaluation and costs, from ADR SpA in relation to 7 claims posted in the accounts relating to the contract for work on the extension and restructuring of the international terminal (Satellite West) at Fiumicino airport. Due to the favorable judgment handed down in first instance, the likelihood of a negative outcome for ADR SpA is deemed remote and in any case far less than the counterparty's claims. A hearing to pronounce final judgment was held on November 18, 2008. With an injunction in April 2009, the Court of Appeal decided that, in order to determine claims for damages regarding the longer duration of the contract works attributable to the purchaser, ADR, technical consultancy would be required. On June 18, 2010 an expert appraisal was deposited, deeming claims amounting to 3.3 million euros made by the company awarded the contract to be reasonable. ADR SpA's expert consultant is preparing his comments, which will be discussed, together with the consultant, at a hearing on September 28, 2010. The consultant's comments were deposited at a hearing on September 28, 2010. At a hearing for final judgment held on February 8, 2011, judgment was withheld.
- On February 1, 2005 Fondedile Costruzioni Srl lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the company to reimburse ADR's legal costs. This appeal reiterates the claim submitted in first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation, regarding higher charges and damages incurred during the execution of construction works on a service tunnel at Fiumicino airport. A hearing to pronounce final judgment scheduled for March 8, 2011 was adjourned until March 13.

In the Group's judgment, current litigation and other potential disputes should not give rise to liabilities greater than the amount that has already been provided for.

* * *

In conclusion, we declare that these consolidated financial statements present a true and fair view of the Group's financial position and results of operations for the period.

THE BOARD OF DIRECTORS

REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

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AUDITORS' REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND TO ART. 165 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

**To the Shareholders of
AEROPORTI DI ROMA S.p.A.**

1. We have audited the consolidated financial statements of Aeroporti di Roma S.p.A. and subsidiaries ("Aeroporti di Roma Group") as of December 31, 2010. These consolidated financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 30, 2010.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of Aeroporti di Roma Group as of December 31, 2010, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. The Company's Directors are responsible for the preparation of the Management Report on Operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Management Report on Operations is consistent with the consolidated financial statements of Aeroporti di Roma Group as of December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
March 22, 2011

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

Financial Statements 2010

BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET
as of December 31, 2010
(in euros)
(Translation from the original issued in Italian)

ASSETS		**12/31/2010**			**12/31/2009**	
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			0			0
FIXED ASSETS						
INTANGIBLE FIXED ASSETS:						
▪ Industrial patents and intellectual property rights		1,691,034			1,600,653	
▪ Concessions, licenses,trademarks and similar rights		1,682,112,441			1,731,704,698	
▪ Leasehold improvements in process and advances		30,161,631			33,173,122	
▪ Leasehold improvements		235,307,652			215,133,990	
			1,949,272,758			1,981,612,463
TANGIBLE FIXED ASSETS:						
▪ Land and buildings		2,697,373			2,797,184	
▪ Plant and machinery		55,041,017			40,553,739	
▪ Industrial and commercial equipment		1,555,476			1,159,153	
▪ Fixed assets to be relinquished		88,979,281			95,443,225	
▪ Other assets		3,036,406			3,764,730	
▪ Work in progress and advances		41,031,619			27,678,130	
			192,341,172			171,396,161
NON-CURRENT FINANCIAL ASSETS:						
▪ Equity investments in:						
- subsidiary undertakings	7,338,324			10,378,132		
- associated undertakings	10,330			59,330		
- other companies	2,202,006			2,708,203		
		9,550,660			13,145,665	
▪ Receivables due from others:						
. within 12 months	0			3,099		
. beyond 12 months	625,628			548,166		
		625,628			551,265	
▪ Other securities:						
- bonds	2,758,309			2,758,309		
		2,758,309			2,758,309	
			12,934,597			16,455,239
Total fixed assets			**2,154,548,527**			**2,169,463,863**
CURRENT ASSETS						
INVENTORY						
▪ Raw, ancillary and consumable materials		2,661,184			2,919,485	
▪ Contract work in progress		11,779,398			10,858,369	
▪ Finished goods and goods for resale						
- goods for resale	7,520,893			7,245,100		
		7,520,893			7,245,100	
			21,961,475			21,022,954
RECEIVABLES						
▪ Due from clients		167,595,282			190,314,698	
▪ Due from subsidiary undertakings		9,996,489			14,341,390	
▪ Due from associated undertakings		482,332			529,543	
▪ Due from associated undertakings		22,427			11,114	
▪ Due from tax authorities						
. within 12 months	3,603,512			719,419		
. beyond 12 months	16,320,801			8,934,417		
		19,924,313			9,653,836	
▪ Deferred tax assets		25,490,345			22,949,345	
▪ Due from others:						
- various						
. within 12 months	58,946,944			54,930,579		
- advances to suppliers for services to be rendered	110,042			105,744		
		59,056,986			55,036,323	
			282,568,174			292,836,249
MARKETABLE SECURITIES			0			0
CASH ON HAND AND IN BANKS						
▪ Bank and post office deposits		186,046,547			131,102,808	
▪ Cash and notes in hand		623,001			569,735	
			186,669,548			131,672,543
Total current assets			**491,199,197**			**445,531,746**
ACCRUED INCOME AND PREPAID EXPENSES						
▪ Accrued income and other prepaid expenses			**4,381,338**			**4,231,095**
TOTAL ASSETS			**2,650,129,062**			**2,619,226,704**

BALANCE SHEET
as of December 31, 2010
(in euros)
(Translation from the original issued in Italian)

		12/31/2010			12/31/2009	
LIABILITIES AND SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY						
▪ SHARE CAPITAL						
ordinary shares			62,309,801			62,309,801
▪ SHARE PREMIUM RESERVE			667,389,495			667,389,495
▪ REVALUATION RESERVES			0			0
▪ LEGAL RESERVE			12,461,960			12,461,960
▪ RESERVE FOR OWN SHARES			0			0
▪ STATUTORY RESERVES			0			0
▪ OTHER RESERVES			416,300			416,300
▪ RETAINED EARNINGS (ACCUMULATED LOSSES)			21,859,955			16,766,361
▪ NET INCOME (LOSS) FOR THE YEAR			21,267,045			5,093,594
Total shareholders' equity			**785,704,556**			**764,437,511**
ALLOWANCES FOR RISKS AND CHARGES						
▪ For Taxes, including deferred:						
- taxes		26,092,600			12,118,486	
▪ Other		44,883,174			42,261,660	
Total allowances for risks and charges			**70,975,774**			**54,380,146**
EMPLOYEE SEVERANCE INDEMNITIES			**27,237,028**			**27,445,409**
PAYABLES						
▪ Due to banks						
. within 12 months	9,257,388			9,281,123		
. beyond 12 months	264,637,500			284,850,000		
		273,894,888			294,131,123	
▪ Due to other financial institutions:						
. within 12 months	14,097,989			13,916,513		
. beyond 12 months	1,200,018,896			1,200,018,896		
		1,214,116,885			1,213,935,409	
▪ Advances:						
- from clients						
. from the Ministry of Transport:						
. within 12 months	267,000			0		
. beyond 12 months	3,687,284			4,612,234		
. other	5,156,588			4,969,073		
		9,110,872			9,581,307	
▪ Due to suppliers:						
. within 12 months	132,493,749			118,081,325		
. beyond 12 months	3,547,325			2,733,986		
		136,041,074			120,815,311	
▪ Due to subsidiary undertakings:						
. within 12 months	13,000,493			16,847,686		
		13,000,493			16,847,686	
▪ Due to associated undertakings:						
. within 12 months	968,680			1,002,980		
		968,680			1,002,980	
▪ Due to parent companies:						
. within 12 months	11,540,035			12,455,483		
		11,540,035			12,455,483	
▪ Taxes due:						
. within 12 months	42,508,036			42,671,636		
		42,508,036			42,671,636	
▪ Due to social security agencies		6,461,549			6,936,469	
▪ Other payables: various creditors						
. within 12 months	52,023,847			46,927,972		
. beyond 12 months	2,414,805			2,303,397		
		54,438,652			49,231,369	
Total payables			**1,762,081,164**			**1,767,608,773**
ACCRUED EXPENSES AND DEFERRED INCOME						
▪ Accrued expenses and other deferred income			**4,130,540**			**5,354,865**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**2,650,129,062**			**2,619,226,704**

MEMORANDUM ACCOUNTS

as of December 31, 2010

(in euros)

	12/31/2010		12/31/2009	
GENERAL GUARANTES				
▪ Suretis	110,522		110,522	
▪ Other	715,841		507,841	
		826,363		618,363
COLLATERAL GUARANTEES		0		0
COMMITMENTS ON PURCHASES AND SALES		95,467,570		108,268,128
OTHER		995,987,264		975,927,876
TOTAL MEMORANDUM ACCOUNTS		**1,092,281,197**		**1,084,814,367**

INCOME STATEMENT
for the year 2010
(in euros)
(Translation from the original issued in Italian)

	Year 2010			Year 2009		
TOTAL REVENUES						
• Revenues from sales and services:						
- revenues from sales	87,526,254			80,307,572		
- revenues from services	499,822,490			471,909,926		
- revenues from contract work	7,310,630			4,937,735		
		594,659,374			557,155,233	
• Changes in contract work in progress		921,029			353,021	
• Other income and revenues:						
- revenue grants	759,874			470,478		
- profits on disposals	3,100			23,067		
- other	7,440,642			11,109,381		
		8,203,616			11,602,926	
			603,784,019			**569,111,180**
OPERATING COSTS						
• raw, ancillary and consumable materials and goods for resale		75,544,606			67,377,677	
• services		128,635,732			120,396,430	
• leases		11,323,104			13,180,479	
• payroll:						
- wages and salaries	77,419,262			77,727,200		
- social security	22,019,500			22,400,315		
- employee severance indemnities	5,639,213			5,599,267		
- other	1,198,414			982,815		
		106,276,389			106,709,597	
• Depreciation, amortization and write-downs:						
- amortization of intangible fixed assets	89,971,053			88,203,635		
- depreciation of tangible fixed assets	20,162,187			19,414,637		
- provisions for doubtful accounts	11,576,118			5,068,481		
		121,709,358			112,686,753	
• Changes in inventories of raw, ancillary and consumable materials and goods for resale		(790,037)			1,090,761	
• Provisions for risks		5,230,989			6,419,551	
• Other provisions		283,224			501,000	
• Sundry operating costs:						
- license fees	7,334			12,425		
- other	7,892,766			8,851,901		
		7,900,100			8,864,326	
			(456,113,465)			**(437,226,574)**
Operating income			**147,670,554**			**131,884,606**
FINANCIAL INCOME AND EXPENSE						
• Income from equity investments:						
- other income from equity investments	714,736			0		
		714,736			0	
• Other financial income:						
- from long-term receivables						
. other	0			3,087		
- securities included in fixed assets which are not equity investments	385,862			326,807		
- other						
. Interest and commissions from subsidiary undertakings	71,628			53,575		
. Interest and commissions from banks	1,248,281			1,691,992		
. Interest and commissions from clients	239,644			33,739		
. Interest and commissions from others	6,520			5,164,286		
		1,951,935			7,273,486	
• Interest expense and other financial charges:						
- interest and commissions due to parent company	0			105,849		
- interest and commissions due to subsidiary undertakings	10,269			39,547		
- interest and commissions due to banks	5,522,130			8,348,524		
- interest and commissions due to other financial institutions	61,652,147			52,036,803		
- interest and commissions due to others	7,218,875			15,368,611		
- provisions for overdue interest on written down receivables	202,781			26,077		
		(74,606,202)			(75,925,411)	
• Profits and Losses on Exchange:						
- profits	51,281			48,814		
- losses	10,995			12,347		
		40,286			36,467	
Total financial income (expense), net			**(71,899,245)**			**(68,615,458)**

INCOME STATEMENT
for the year 2010
(in euros)
(Translation from the original issued in Italian)

	Year 2010			Year 2009		
ADJUSTMENTS TO FINANCIAL ASSETS						
• Write-downs:						
- of equity investments		738,348			43,000	
Total adjustments			**(738,348)**			**(43,000)**
EXTRAORDINARY INCOME AND EXPENSE						
• Income:						
- other	1,327,550			1,801,417		
		1,327,550			1,801,417	
• Expense:						
- taxes relating to previous years	13,976,098			12,118,486		
- other	5,357,789			20,173,434		
		(19,333,887)			(32,291,920)	
Total extraordinary income (expense), net			**(18,006,337)**			**(30,490,503)**
Income before taxes			**57,026,624**			**32,735,645**
Income taxes of the period, current, deferred assets (liabilities):						
- current		(38,300,579)			(31,249,051)	
- deferred tax assets (liabilities)		2,541,000			3,607,000	
			(35,759,579)			**(27,642,051)**
Net income (loss) for the year			**21,267,045**			**5,093,594**

NOTES TO THE FINANCIAL STATEMENTS

GENERAL PRINCIPLES

The financial statements for the year ended December 31, 2010, consisting of the Balance Sheet, Income Statement and Notes, have been prepared in accordance with the law, as interpreted and integrated by the accounting standards issued by the Italian Accounting Standards Setter (collectively referred to as Italian GAAP).

The balance sheet data as of December 31, 2010 and the income statement for the year then ended are compared with the data for 2009. The income statement and balance sheet items showing zero balances across the periods used for comparison are not shown.

The financial statements are expressed in euros.

These notes include details of changes in each balance sheet and income statement component with respect to the previous year, as well as providing additional disclosures on the balance sheet and the income statement, in order to guarantee a true and fair view of Aeroporti di Roma SpA’s financial position and operating performance.

The financial statements for the year ended December 31, 2010 have been audited by Deloitte & Touche SpA.

ABOUT THE COMPANY

Leonardo SpA (now ADR SpA) was incorporated on January 25, 2000[1] for the purpose of acquiring holdings in airport management companies.

As a result of the privatization of ADR SpA, on July 31, 2000 Leonardo acquired 51.148% of the share capital of ADR SpA, an airport management company founded on February 12, 1974, from IRI SpA (now Fintecna SpA).

This holding was increased to 95.860% following the public offerings (obligatory and residual) launched by Leonardo, in order to acquire the remaining shares of ADR SpA, pursuant to art. 106 of Legislative Decree 58/98. The offerings were concluded on November 6, 2000 and March 23, 2001. Other shares in ADR SpA were purchased on the open market. Therefore, with effect from March 29, 2001, in accordance with the action taken by the Italian Stock Exchange, ADR SpA's shares, which had been quoted since July 24, 1997, were subsequently delisted.

The deed for the ensuing merger of ADR SpA and Leonardo SpA was drawn up on May 16, and came into effect on May 21, 2001, under the terms of art. 2503 of the Italian Civil Code. At the time of the merger of ADR SpA with Leonardo SpA, the latter changed its name to ADR SpA.
The merger adjustments were posted to the financial statements of the acquiring company, with effect from January 1, 2001, for both statutory and fiscal purposes.

The business purpose of the merged company, Aeroporti di Roma SpA, is the construction and management of airports, including the operation of any activity connected with or complementary to air traffic of any type or specification. The Company’s principal activities include the management of Rome’s two airports (“Leonardo da Vinci at Fiumicino and “G.B. Pastine” at Ciampino) in accordance with financial and organizational criteria, as per Law 755 dated November 10, 1973 and subsequent amendments.

This activity is carried out under a concession granted by the Italian Ministry of Transport and Infrastructure (the grantor). The current concession term is due to expire in 2044. The concession, regulated by specific contractual agreements with the grantor, includes the management of infrastructures and services (retail outlets, etc.) and the maintenance of plant, machinery and buildings. ADR SpA also provides security screening services for passengers and carry-on and checked baggage.

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[1] Leonardo was incorporated as a limited liability company with the name of Sysira Srl. The Extraordinary General Meeting of July 4, 2000 resolved to convert the company into a joint-stock company with the name of Leonardo SpA.

Additionally, the Company is responsible for coordinating the airport infrastructure “Development Program” financed by both the government and by the Company, with funds generated from its own resources. The special laws governing the Company’s activities require that the assets utilized be indicated in the balance sheet according to legal title to ownership.

As a result, it is important to note that the assets used by the Company are classified according to four different categories, as analyzed below:

- “Company-owned fixed assets” consist of assets purchased outright by the Company using its own funds and that the Company considers will not be handed over on expiry of the concession. This category includes temporary buildings, plant and machinery, industrial and commercial equipment and other items (mainly furniture and fittings). These assets are recorded in “Tangible fixed assets”.
- "Fixed assets to be handed over" consist of assets purchased by the Company using its own funds and which the Company will be obliged to transfer to the grantor free of charge, in good working condition, at the end of the concession term. “Fixed assets to be handed over” are defined as all permanent works and installations constructed on government land within the airport. This category includes industrial buildings and plant and machinery recorded in “Tangible fixed assets”.
- “Assets received under the concession” consist of assets purchased or constructed by the government and made available to the Company under the concession. This category primarily includes the infrastructure already present on the airport grounds before Aeroporti di Roma SpA was formed in 1974. As the Company does not hold title to such assets, they are recorded in the Memorandum Accounts under “Other”.
- “Assets completed on behalf of the State” consist of assets resulting from construction projects carried out by the Company pursuant to the Development Program on behalf of, and financed by, the government, for which the Company generally makes no gain or loss deriving from their construction. Such assets are recorded in two ways: either in the Memorandum Accounts under “Other”, reflecting the completion of a pre-agreed portion of the relevant construction project and the issuance by the Company of an invoice to the grantor, or as an asset in the Company’s balance sheet under “Inventory: contract work in progress”, reflecting the value of the portion of the relevant construction project not yet invoiced at year end. In order to carry out such construction projects, the Company receives a cash advance from the grantor. The advance provides funds for carrying out the relevant construction projects and is recorded in the Company’s balance sheet as a payable, under “Advances”. Thereafter, the costs actually incurred by the Company in relation to the relevant construction project are invoiced to the grantor on the basis of the work completed leading to a reduction of the related payable under “Advances” during the construction period. In addition, the grantor makes a lump-sum payment to the Company to cover general construction costs relating to design, inspections, testing and works supervision. This lump-sum payment is equal to approximately 9% of the total amount allocated by the grantor for the relevant project, including general construction costs.

The invoiced portion of assets included in “Assets received under the concession” and “Assets completed on behalf of the State” is recorded in the Memorandum Accounts, since such assets are used by the Company over the entire concession term.

Furthermore, the costs of any improvements or conversions carried out in relation to assets included under “Assets received under the concession” and “Assets completed on behalf of the State” and financed independently by the Company, where such assets have a service life of several years, are recorded in the Company’s balance sheet under “Intangible fixed assets”, since such assets are comparable to leasehold improvements.

The value of the airport management concession, posted in the accounts at the time of ADR SpA’s merger with Leonardo, represents the goodwill purchased by Leonardo and reflecting the difference between the price paid for ADR SpA’s shares and the value of the relevant interest in shareholders’ equity. The concession is posted among “Intangible fixed assets” under “Concessions, licenses, trademarks and similar”.

As of December 31, 2010, the Company is a subsidiary of Gemina SpA, which owns 95.761% of the share capital.

EXEMPTIONS

The financial statements were prepared in accordance with the specifications laid down in the Italian Civil Code within the limits already specified in the introduction to the Notes. A true and fair account of the Company's financial position, operating results and cash flows was ensured without recourse to any departure from the principles mentioned above. No exceptional cases of incompatibility arose that required application of art. 2423 paragraph IV of the Italian Civil Code.

EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

The financial statements have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian law related to financial statements, interpreted and integrated by the accounting principles established by the Italian Accounting Profession. Certain accounting practices applied by the Company that conform to generally accepted accounting principles in Italy do not conform with the generally accepted accounting principles in other countries.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements for the year ended December 31, 2010 are based on the prudence, going-concern and substance over form principles. They comply with the provisions of article 2426 of the Italian Civil Code and are consistent with those adopted in previous years.

The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found in the notes to the single classes of items.

Fixed assets

These are recorded at purchase cost and are revalued, where necessary, for single items in accordance with the laws applying to monetary revaluation. Directly connected incidental costs are included in the purchase cost. Should there be a permanent impairment of value of such fixed assets, the relevant fixed asset is written down accordingly. The appropriate value of such fixed assets, adjusted solely to take account of accumulated amortization or depreciation, is reinstated if the reasons for any write-downs subsequently cease to apply.

- Intangible fixed assets

Intangible fixed assets have limited useful lives and their cost is amortized on a straight-line basis during each financial year in relation to their residual useful lives. In particular:

- *Incorporation and development costs*

These are reported under assets at purchase cost, with the consent of the Board of Statutory Auditors, and amortized over a period of five years. The Company may only distribute dividends if there are sufficient reserves available to cover the amount of the costs not yet amortized.

- *Industrial patents and intellectual property fees*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, over what is usually established by tax legislation as being three years.

- *Concessions, licenses, trademarks and similar*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, and is applied over a period of three years in the case of concessions and licenses and of not more than ten years for trademarks.
The value of the airport management concession, paid by the Parent Company, Leonardo SpA (now ADR SpA) on acquiring its holding in ADR, is amortized on a straight-line basis over the residual concession term, which will expire on June 30, 2044.

- *Other*

This item essentially includes:

- *Leasehold improvements*: improvements (modernization, upgrades), having a service life of several years, carried out on assets belonging to third parties (held under concession or constructed on behalf of the State). These costs are amortized in relation to their residual service lives, usually less than the period of the concession;
- *Ancillary charges on loans*: the charges incurred to obtain medium- and long-term loans (such as investigative charges, legal fees, etc.) are capitalized and amortized on the basis of the duration of the loan, in accordance with the financial method.

- Tangible fixed assets

Tangible fixed assets have limited useful lives and their cost is depreciated on a straight-line basis during each financial year according to their residual useful lives. Rates of depreciation are applied that reflect the estimated useful lives of the assets.

A summary of the rates used is provided below:

Land and buildings	10%
Plant and machinery	from 10% to 25%
Industrial and commercial equipment	from 10% to 25%
Fixed assets to be handed over	4%, 10%
Other assets	from 10% to 25%

In accordance with articles 10 and 3 of Law no. 72 of March 19, 1983, the Company has revalued fixed assets still in its possession by 2,463,379 euros. Assets amounting to 2,372,924 euros continue to be held by the Company. The original revaluation reserve was utilized in previous years to absorb losses.

- *Land and buildings*

These are recorded at purchase cost adjusted in accordance with art. 3 of Law 72/83.

- *Fixed assets to be relinquished*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law no. 72/83, including any ancillary charges and subsequent development costs.
Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to the fixed assets to be handed over, with the aim of covering the estimated costs which will be borne at the end of the concession term (in 2044) when the assets are to be transferred to the grantor in good working condition.

- Non-current financial assets

Non-current financial assets include equity investments recorded at purchase cost in accordance with the previously explained criteria applied to fixed assets. Should there be a permanent impairment in the value of an asset, due to losses incurred or to other reasons, and revenues in the near future are not expected to cover such losses, the asset is written down accordingly. In future years, should the reason for the write-down cease to apply, the original value of the asset is reinstated.

Should the Company decide to dispose of an equity investment previously accounted for in non-current financial assets, the investment is reclassified to current financial assets.

Non-current receivables are recorded at their nominal value.

Securities in the Company's portfolio held as a long-term investment until maturity are recorded under non-current financial assets.
These securities are recorded at purchase cost, including any transaction costs.

The premium, representing the difference between the purchase price of the security and the final redemption value, should be recorded in the results for each reporting period throughout the period of ownership of the security. This income represents an additional constant rate of return on the capital invested compared with the return generated by explicit interest.
Should there be an impairment in value, which may derive from a reduction in the market price or a negative exchange rate difference – or a combination of both factors – the value of the investment is written down.

Current assets

- Inventories

- *Inventories of raw, ancillary and consumable materials, finished goods and goods for resale*

These are recorded at the lower of the weighted average purchase cost and the estimated realizable value taking into account market price trends.

- *Contract work in progress*

These assets are recorded on the basis of the percentage-of-completion method (determined on the basis of the ratio of costs sustained to the total cost of the project). The value of the work so far completed and for which repayment is considered definite is recorded among revenues. Any additional costs borne by the Company in relation to changes in the original project, as requested by the grantor, constitute, depending on the nature of the changes, either a write-down of the agreed value (in the case of assets which may not be operated autonomously) or, alternatively, intangible fixed assets (where such variations are considered improvements to and/or conversions of third party assets).

- Receivables

These are recorded at their estimated realizable value.

- Current financial assets

These assets are recorded at the lower of cost and realizable value.

- Cash on hand and in banks

Such items are recorded at their nominal value subject to verification of the clearance of bank checks and the availability of bank deposits.

Accrued income and prepaid expenses

Accruals and deferrals are valued in accordance with the matching concept, by means of dividing costs and revenues relating to two or more financial periods over the period to which they relate.

Allowances for risks and charges

These are made up of provisions covering sundry losses of a determinate nature and of certain or probable occurrence. The evaluation of risks and charges also takes into account liabilities which have become known between the closure of the accounting period under consideration and the date of the preparation of these financial statements. Such allowances are held to be adequate to cover the related losses and charges.

Employee severance indemnities

Employee severance indemnities were calculated for all employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2010 and is shown net of any advance payments and amounts paid in the form of supplementary pension benefits or to the Treasury Fund set up at the Italian Social Security Institute (INPS).

Following the entry into force of the reform of supplementary pensions on January 1, 2007, the personnel of private companies with more 50 employees may choose to have their employee severance indemnities allocated to a form of supplementary pension fund or leave them with their company. In the latter case, the company pays employee severance indemnities into a fund set up at INPS, in accordance with the implementing Decree of January 30, 2007, denominated "Allowance for employee severance indemnities" or "Treasury Fund". Consequently, amounts for employee severance indemnities maturing as of January 1, 2007 are classified on a monthly basis under "Due to social security agencies". The following month the indemnities are paid to the supplementary pension fund or the Treasury Fund.

Payables

Payables are recorded at their nominal value.

Receivables and payables recorded in foreign currency

In line with the new provisions introduced by company law reform (article 2426, paragraph 8 *bis* of the Italian Civil Code), items expressed in foreign currency are posted at the historical exchange rate on the day a transaction is carried out.
Any exchange rate differences, incurred on collection of receivables or on settlement of payables denominated in foreign currency, are recorded in the income statement under "foreign exchange gains and losses".
If the translation of receivables and payables denominated in foreign currency, at closing rates, results in a net gain or loss, such an amount is recorded in the income statement under "foreign exchange gains and losses". As any net income deriving from translation using closing exchange rates is unrealized profit, this is allocated to a special undistributable reserve until it is subsequently realized.

Memorandum accounts

- General/secured guarantees given

These are valued in accordance with the period-end residual value of the debt or securities guaranteed.

- Commitments on purchases and sales

This item reports the value of contracts to be fulfilled and which imply a commitment, on the part of the Company, to third parties. Non-quantifiable commitments are not recorded, but are described in a relevant note if of significant value.

- Other

- *Secured/general guarantees received*

These are recorded at an amount approximately equal to the residual value due at the end of the period.

- *Third parties' assets lodged with the Company (principally assets received under the concession)*

These are recorded at values based on the latest estimate made by UTE (Tax Technical Office) in 1979 or, in the case of works financed by the State and then subsequently received under the concession, at the value of the work completed and invoiced to the Civil Aviation Authority, in accordance with agreements.

- *Company-owned assets lodged with third parties*

These are recorded at their net book value.
This item also includes the value of the advertising business unit leased to ADR Advertising SpA, as recorded in the inventory check carried out on the start-up of activities.

Revenues

Revenues are reported net of returns, discounts, reductions and premiums as follows:
- revenues from sales: upon delivery;
- revenues from services: upon supply of the service.

Dividends

Dividends from subsidiary undertakings are posted to the income statement on an accruals basis, that is in the year in which the relevant net income is generated by the subsidiary undertaking, based on the proposed dividend approved by the company’s board of directors prior to the date of approval of ADR SpA’s financial statements.

Income taxes

Current taxes are calculated on the basis of the Company’s taxable income. The related payable is posted to “Taxes due”.

Regarding participation in the domestic tax consolidation regime by ADR SpA, as the consolidated company, and the Parent Company, Gemina SpA, as the consolidating company, taxable income and tax losses transferred to the consolidating company are recorded under current tax “expense” and “income from tax consolidation”, respectively, with contra-entries for amounts due to and from the parent companies.
Any excess taxable operating income transferred under the tax consolidation regime, and used to offset non-deductible interest expense transferred under the regime, is remunerated by applying the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.
The consolidated companies also transfer withholding taxes, tax credits and rebates from previous tax returns to the consolidating company.
Deferred tax assets and liabilities represent the temporary difference between taxable income and net income reported in the income statement for the period, applying the tax liability method. Deferred tax assets are recorded only when there is reasonable certainty of their recoverability. The balance of deferred tax assets and liabilities are reported under the “Allowance for deferred taxes” in the case of a liability and under “Deferred tax assets” in the case of an asset.

Derivative instruments

The positive and negative interest rate differentials deriving from Interest Rate Swaps and accrued at the end of the period are recorded on an accruals basis in the income statement among finance income and costs.
The Company's hedging policy, in accordance with the obligations laid down in loan agreements, stipulates that at least 51% of the loan should be subject to a fixed rate of interest.

NOTES TO THE BALANCE SHEET

FIXED ASSETS

Intangible fixed assets

	12-31-2009			Changes during the year			12-31-2010		
	Cost	Amortization	Book value	Purchases Capitalization	Reclassification (1)	Amortization	Cost	Amortization	Book value
Incoroporation and development costs	672,577	(672,577)	0	0	0	0	672,577	(672,577)	0
	672,577	(672,577)	0	0	0	0	672,577	(672,577)	0
Industrial patents and intellectual property rights	7,759,467	(6,158,814)	1,600,653	772,170	487,621	(1,169,411)	9,012,313	(7,321,280)	1,691,033
	7,759,467	(6,158,814)	1,600,653	772,170	487,621	(1,169,411)	9,012,313	(7,321,280)	**1,691,033**
Concessions, licenses, trademarks and similar rights	2,200,136,075	(468,431,377)	1,731,704,698	1,783,666	1,182,868	(52,558,791)	2,203,081,767	(520,969,326)	1,682,112,441
	2,200,136,075	(468,431,377)	1,731,704,698	1,783,666	1,182,868	(52,558,791)	2,203,081,767	(520,969,326)	**1,682,112,441**
Leasehol imprvements in process and advances:									
- Leasehold improvements in process	32,939,593	0	32,939,593	10,596,529	(13,551,439)	0	29,984,683	0	29,984,683
- Advances to suppliers	233,529	0	233,529	0	(56,581)	0	176,948	0	176,948
	33,173,122	0	33,173,122	10,596,529	(13,608,020)	0	30,161,631	0	**30,161,631**
Others:									
- Leasehold improvements	555,147,606	(359,331,255)	195,816,351	45,321,313	11,095,201	(32,993,851)	611,113,679	(391,874,665)	219,239,014
- Ancillary charges for loans	53,822,639	(34,505,000)	19,317,639	0	0	(3,249,000)	53,822,639	(37,754,000)	16,068,639
	608,970,245	(393,836,255)	215,133,990	45,321,313	11,095,201	(36,242,851)	664,936,318	(429,628,665)	**235,307,653**
Total	**2,850,711,486**	**(869,099,023)**	**1,981,612,463**	**58,473,678**	**(842,330)**	**(89,971,053)**	**2,907,864,607**	**(958,591,849)**	**1,949,272,758**

An analysis of the most important changes during the year reveals the following:

- "Concessions, licenses, trademarks and similar rights" include the value of the airport concession, amounting to 1,678,205 thousand euros as of December 31, 2010. The decrease of 49,592 thousand euros is due to the combined effect of amortization for the period (52,559 thousand euros), capital investment (1,784 thousand euros), transfers from work in process (1,216 thousand euros) and negative reclassifications (33 thousand euros);

- "Leasehold improvements in process" decreased by 3,011 thousand euros in 2010 due to the following:
  - an increase of 10,597 thousand euros for new capital investment;
  - a decrease of 13,472 thousand euros deriving from improvements entering service during the period and reclassified under "industrial patent and intellectual property rights", "leasehold improvements" and "concessions, licenses, trademarks and similar rights";
  - write-downs of 136 thousand euros;

- "Other" intangible fixed assets increased by 20,174 thousand euros. "Leasehold improvements" rose by 23,423 thousand euros due to purchases during the year (45,321 thousand euros), and transfers from work in process and reclassifications (up 11,095 thousand euros), partly offset by amortization for the period (32,994 thousand euros). "Transaction costs incurred on loans" fell by 3,249 thousand euros due to amortization for the period.

The principal leasehold improvements in process (equal to 10,597 thousand euros) include:
- upgrade of East Pier departure area (1,726 thousand euros);
- adaptation of Satellite West for A380 aircraft (960 thousand euros);
- land-side road network resurfacing (426 thousand euros);
- new air traffic control office (511 thousand euros);
- upgrade of T3 transit area flooring (291 thousand euros);
- air-side service road resurfacing (811 thousand euros);

- upgrade of electricity network at former Alitalia cargo warehouse (335 thousand euros).

The main leasehold improvements completed during the year (equal to 45,321 thousand euros) include:
- servicing and upgrade of air-conditioning equipment and evaporation towers at T1(2,213 thousand euros);
- servicing and upgrade of air-conditioning equipment at T3 (2,360 thousand euros);
- image improvement, security check and fast track works at T3 (1,985 thousand euros);
- upgrade of luminous runway signs (1,610 thousand euros);
- upgrade of rest rooms and information counter at T1 (1,060 thousand euros);
- works on elevators, stairs and moving walkways at T3 (3,100 thousand euros);
- Net Building civil engineering works (4,386 thousand euros);
- taxiway maintenance at Ciampino (1,260 thousand euros);
- operational upgrade of BHS at T3 (2,816 thousand euros);
- repair of sector 300 aprons (1,697 thousand euros).

Once again in 2010, investment in airport infrastructure development was funded from increased boarding fees received during the year (in accordance with paragraphs 9 and 10 of art. 10, Law no. 537/93).

Tangible fixed assets

	12-31-2009				Changes during the year				12-31-2010			
	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value	Purchases. /Capital.	Reclassification	Disposals Retirements	Amortization	Cost	Reval. Law (72/1983)	Allowances for depreciation	Book value
- Land and buildings	21,309,677	465,128	(18,977,621)	2,797,184	406,976	2,945	0	(509,732)	21,715,578	465,128	(19,483,333)	2,697,373
	21,309,677	465,128	(18,977,621)	2,797,184	406,976	2,945	0	(509,732)	21,715,578	465,128	(19,483,333)	**2,697,373**
- Plant and machinery	118,315,710	0	(77,761,971)	40,553,739	22,819,236	1,209,318	0	(9,541,276)	142,245,780	0	(87,204,763)	55,041,017
	118,315,710	0	(77,761,971)	40,553,739	22,819,236	1,209,318	0	(9,541,276)	142,245,780	0	(87,204,763)	**55,041,017**
- Industrial and commercial equipment	8,649,379	0	(7,490,226)	1,159,153	890,656	0	(3,991)	(490,342)	9,402,342	0	(7,846,866)	1,555,476
	8,649,379	0	(7,490,226)	1,159,153	890,656	0	(3,991)	(490,342)	9,402,342	0	(7,846,866)	**1,555,476**
- Fixed assets to be relinquished	198,622,485	1,907,796	(105,087,056)	95,443,225	1,387,911	179,419		(8,031,274)	200,184,188	1,907,796	(113,112,703)	88,979,281
	198,622,485	1,907,796	(105,087,056)	95,443,225	1,387,911	179,419	0	(8,031,274)	200,184,188	1,907,796	(113,112,703)	**88,979,281**
- Other assets	40,006,593	0	(36,241,863)	3,764,730	491,417	369,821		(1,589,562)	31,052,376	0	(28,015,970)	3,036,406
	40,006,593	0	(36,241,863)	3,764,730	491,417	369,821	0	(1,589,562)	31,052,376	0	(28,015,970)	**3,036,406**
- Work in progress	27,678,130	0	0	27,678,130	15,349,522	(1,996,033)	0	0	41,031,619	0	0	41,031,619
and advances	27,678,130	0	0	27,678,130	15,349,522	(1,996,033)	0	0	41,031,619	0	0	**41,031,619**
Total	**414,581,974**	**2,372,924**	**(245,558,737)**	**171,396,161**	**41,345,718**	**(234,530)**	**(3,991)**	**(20,162,186)**	**445,631,883**	**2,372,924**	**(255,663,635)**	**192,341,172**

Net tangible fixed assets rose by 20,945 thousand euros primarily due to capital investment of 41,346 thousand euros, partly offset by depreciation for the year, totaling 20,162 thousand euros.

The most significant capitalizations during the period include:
- within the category "plant and machinery" (22,819 thousand euros), electrical equipment (1,353 thousand euros), baggage conveyor belts (15,473 thousand euros), security equipment (2,305 thousand euros) and baggage inspection equipment (1,829 thousand euros);
- the category "assets to be handed over", amounting to 1,388 thousand euros, which includes civil works and buildings (1,229 thousand euros);
- the category "tangible fixed assets in progress and advances" (15,350 thousand euros), which includes departure area F [formerly Pier C – the portion financed by ADR] (8,243 thousand euros) and the new baggage handling system at the former Alitalia cargo warehouse (2,422 thousand euros).

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly Banca OPI) – described in detail in the notes to “Payables” – has been granted a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR SpA’s inventory. Such a guarantee is valid until the above loans have been fully repaid.

Equity investments held as non-current financial assets

	12-31-2009	Changes during the year: Acquisitions/ Equity investments	Changes during the year: Depreciation	Changes during the year: disposals/ Equity reimburseme	12-31-2010
Subsidiary undertakings :					
Airport Invest B.V. in liquidation	2,835,206	0	0	(2,835,206)	0
ADR Engineering S.p.A. Unipersonale	593,926	0	0	0	593,926
ADR Assistance S.r.l. Unipersonale	6,000,000	0	0	0	6,000,000
ADR Tel S.p.A.	594,000	0	0	0	594,000
ADR Advertising S.p.A.	255,000	0	(204,601)	0	50,399
ADR Sviluppo S.r.l. Unipersonale	100,000	0	0	0	100,000
	10,378,132	**0**	**(204,601)**	**(2,835,206)**	**7,338,325**
Associated undertakings:					
La Piazza di Spagna S.r.l. in liquidation	49,000	0	(14,820)	(34,180)	0
Consorzio E.T.L. in liquidation	10,329	0	0	0	10,329
Ligabue Gate Gourmet Roma S.p.A. (insolvent)	1	0	0	0	1
	59,330	**0**	**(14,820)**	**(34,180)**	**10,330**
Investments in other companies:					
Alinsurance S.r.l. in liquidazione	6,198	0	0	(6,198)	0
Aeroporto di Genova S.p.A.	1,394,436	0	(500,000)	0	894,436
S.A.Cal. S.p.A.	1,306,569	0	0	0	1,306,569
Leonardo Energia s.c.ar.l.	1,000	0	0	0	1,000
	2,708,203	**0**	**(500,000)**	**(6,198)**	**2,202,005**
	13,145,665	**0**	**(719,421)**	**(2,875,584)**	**9,550,660**

The overall reduction of 3,595 thousand in “Equity investments” derives from:

- Airport Invest BV: recovery of the value of the equity investment amounting to 2,835 thousand euros, following completion of the liquidation procedure relating to the company on November 26, 2010;
- ADR Advertising SpA: write-down of the equity investment in connection with the losses incurred in 2010, deemed to be lasting;
- La Piazza di Spagna Srl (insolvent): recovery of 34 thousand euros in connection with completion of the liquidation procedure, and consequent write-down of the unrecovered residual carrying amount of 15 thousand euros;
- Alinsurance Srl (insolvent): recovery of the carrying amount of 6 thousand euros, following completion of the associated undertaking’s liquidation on November 16, 2010;
- Aeroporto di Genova SpA: write-down of the equity investment by 500 thousand euros to reflect a permanent impairment.

For further information regarding the performance of Group companies during 2010, reference should be made to the section "Equity investments" in the Management Report on Operations.

A comparison between the carrying amount and the value calculated on the basis of the equity method is provided in the following table (in euros):

in euros

	Registered office	Share Capital	Shareholders' equity at 12-31-2010	Net Income (Loss) 2010	Holding %	Corresponding book value of equity (A)	Book value (B)	Valuation art. 2426 n. 4 CC (C)	Surplus B-A	Surplus B-C
Subsidiary undertakings:										
ADR Engineering S.p.A. Unipersonale	Fiumicino (Rome)	774,690	1,783,924	326,977	100%	1,783,924	593,926	(9,993,554)	(1,189,998)	10,587,480
ADR Assistance S.r.l. Unipersonale	Fiumicino (Rome)	6,000,000	6,103,216	430,874	100%	6,103,216	6,000,000	6,103,216	(103,216)	(103,216)
ADR Tel S.p.A.	Fiumicino (Rome)	600,000	3,157,526	347,284	99.0%	3,125,951	594,000	2,758,495	(2,531,951)	(2,164,495)
ADR Advertising S.p.A.*	Fiumicino (Rome)	1,000,000	197,644	(834,232)	25,5%	50,399	50,399	146,623	(0)	(93,224)
ADR Sviluppo S.r.l. Unipersonale	Fiumicino (Rome)	100,000	108,443	(1,160)	100%	108,443	100,000	108,443	(8,443)	(8,443)
Associated undertakings:										
Consorzio E.T.L. in liquidazione	Rome	82,633	6,814	(71,990)	25.0%	1,704	10,329	1,704	8,626	8,626
total							**7,348,654**			

* Holding present in the stated capital (1,000,000 euros) of the Company (including preference shares). The shareholding pesent in the capital (500,000 euros) in equal to 51%.

The positive difference between the carrying amount of the equity investment in ADR Engineering SpA and the valuation under article 2426, paragraph 4 of the Italian Civil Code primarily derives from the reversal of inter-company income realized by the company from services provided to ADR SpA. These revenues, capitalized among fixed assets, are of a temporary nature.

As security for the loans taken out via contracts entered into with Romulus Finance Srl, and a syndicate of banks, EIB and BIIS (formerly Banca OPI), ADR SpA has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl. These guarantees are valid until the above loans have been fully repaid.

Receivables due and other items under non-current financial assets

	12-31-2009	changes during the period	12-31-2010
Receivables:			
Due from others:			
. public bodies for concessions	26,946	(2,846)	24,100
. other	524,319	77,209	601,528
	551,265	**74,363**	**625,628**

The increase in receivables classified among non-current financial assets, amounting to 74 thousand euros, is due to new receivables totaling 86 thousand euros, less repayments of 12 thousand euros.
The sub-item “Other” includes guarantee deposits issued by the Company in favor of third parties (490 thousand euros), and revaluation of the amount due from the tax authorities in relation to the payment of withholding tax on employee severance indemnities, as required by Law no. 662/96 (112 thousand euros).

There are no receivables falling due beyond five years.

	12-31-2009	changes during the period	12-31-2010
Other securities:			
▪ bonds	2,758,309	0	2,758,309
	2,758,309	**0**	**2,758,309**

The item "bonds" includes a portion of the A4 bonds issued by the special purpose vehicle, Romulus Finance Srl, purchased in the market by ADR SpA on February 13, 2009. The bonds, which had a face value of 4 million pounds sterling, were purchased at a price of 2.8 million euros (equal to 2.4 million pounds). The A4 bonds, falling due in February 2023, accrue half-yearly interest at a fixed rate of 5.441%.

CURRENT ASSETS

Inventories

	12-31-2009	changes during the period	12-31-2010
Raw, ancillary and consumable materials	2,919,485	(258,301)	2,661,184
Finished goods and goods for resale:			
- goods for resale	7,245,100	275,793	7,520,893
Contract work in progress	10,858,369	921,029	11,779,398
	21,022,954	**938,521**	**21,961,475**

The increase of 939 thousand euros in "Inventories" is primarily due to:

- a 276 thousand euro increase in "goods for resale" (directly managed duty-free and duty-paid shops), equivalent to a rise of 4%, which is however less than the 9.5% growth in sales deriving from improved stock management. Regarding the theft that occurred at the central warehouse in November 2010, losses of 773 thousand euros were registered, recorded as extraordinary expense. This event only slightly affected year-end inventories, because suppliers were asked to make special deliveries to the warehouse in the last few days of the year;
- a 921 thousand euro increase in stocks of "contract work in progress", largely relating to the state-financed portion of construction works in departure area F (formerly Pier C).

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, EIB and BIIS (formerly) Banca OPI, ADR SpA has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the raw materials, work in progress, stocks, finished goods, goods for resale and other goods forming part of ADR SpA's inventory. This guarantee is valid until the above loans have been fully repaid.

Current receivables

	12-31-2009	changes during the period		12-31-2010
		Increases (+) Repayments (-)	Provisions (-) Value recoveries (+)	
Clients	231,083,896	(18,652,117)	0	212,431,779
less				
. allowance for doubtful debt	(32,693,518)	7,496,007	(11,576,118)	(36,773,629)
. allowance for overdue interest	(8,075,680)	215,593	(202,781)	(8,062,868)
	190,314,698	(10,940,517)	(11,778,899)	167,595,282
Due from subsidiary undertakings	14,341,390	(4,344,901)	0	9,996,489
Due from associated undertakings	529,543	(47,211)	0	482,332
Due from parent companies	11,114	11,313	0	22,427
Due from tax authorities	9,653,836	10,270,477	0	19,924,313
Deferred tax assets	22,949,345	2,541,000	0	25,490,345
Due from others:				
. sundry	54,930,579	4,016,365	0	58,946,944
. advances to suppliers for services	105,744	4,298	0	110,042
	55,036,323	4,020,663	0	59,056,986
	292,836,249	**1,510,824**	**(11,778,899)**	**282,568,174**

Current receivables, net of allowances for doubtful debt, amount to 282,568 thousand euros, representing a net decrease of 10,268 thousand compared with December 31, 2009. The principal changes are analyzed below.

"Due from clients", net of allowances for doubtful debt, amounts to 167,595 thousand euros and includes trade receivables due from clients and amounts due from public bodies deriving from financed works and the supply of utilities and services. The reduction of 22.7 million euros derives from improved collection times and an 11.8 million euro increase in the allowance for doubtful debt.
This item includes amounts due to the Company from Alitalia Group companies under special administration, totaling 20.1 million euros.

"Due from subsidiary undertakings", totaling 9,996 thousand euros, decreased by 4,345 thousand euros compared with December 31, 2009, due to a reduction in both trade and financial receivables.
A breakdown of receivables due from subsidiary undertakings shows that 9,365 thousand euros derives from trading relations (11,253 thousand euros as of December 31, 2009) and 631 thousand euros from financial relations (3,088 thousand euros as of December 31, 2009).
For more information, reference should be made to the section "Relations with parent companies and other related parties" in the Management Report on Operations.

"Due from associated undertakings", amounting to 482 thousand euros, includes amounts due to the Company from the insolvent Ligabue Gate Gourmet Roma SpA, classified among preferential liabilities. These receivables decreased in 2010 due to collection of 48 thousand euros from the bankrupt undertaking following a partial distribution by the receiver.

"Due from tax authorities", amounting to 19,924 thousand euros, includes 16.3 million euros corresponding to recognition of installments paid – in accordance with the installment plan agreed to by the Collection Agent – of sums provisionally due regarding the current litigation with the Customs Office. Indeed, these constitute advance payments as they have been provisionally recognized given that no definitive penalty has been imposed. For a more detailed overview of the accounting repercussions of this case, see the notes on "Allowances for risks and charges".
The 10,270 thousand euro increase in amounts due from tax authorities includes VAT credits (2.9 million euros) and the above-mentioned installments (7.4 million euros), paid during the year.

"Deferred tax assets", totaling 25,490 thousand euros, registered an increase of 2,541 thousand euros with respect to December 31, 2009, primarily due to provisions made to the allowances for risks and charges and for doubtful debt. For further information, reference should be made to the item "Income taxes".

The composition of deferred tax assets and changes during the period are shown in the following table (in thousand of euros).

		Balance at 12.31.2009 (A)		Increase (B)		Decrease (C)		Balance at 12.31.2010 (A+B-C)	
	Tax rate %	Tax base	Tax	Tax base	Tax	Tax base	Tax	Tax base	Tax
DEFERRED TAX ASSETS									
Allowances for risks and charges	*27.5% - 32.32%*	32,195	9,765	8,242	2,470	6,314	1,831	34,123	10,404
Accumulated inventiry write-dowr	*27.50%*	473	130	278	77	399	110	352	97
Allowance for doubtful accounts	*27.50%*	31,523	8,670	10,504	2,888	6,326	1,740	35,701	9,818
Provisions for personnel	*27.50%*	9,809	2,697	6,654	1,830	9,810	2,697	6,653	1,830
Accelerated depreciation	*27.50%*	996	274	0	0	139	38	857	236
Financial income and expense	*27.50%*	2,840	781	0	0	2,840	781	0	0
Other	*27.50%*	2,336	641	9,457	2,602	479	132	11,314	3,111
Total deferred tax assets		**80,172**	**22,958**	**35,135**	**9,867**	**26,307**	**7,329**	**89,000**	**25,496**
DEFFERED TAX LIABILITIES									
Gains	*27.50%*	(38)	(9)	0	0	(21)	(3)	(17)	(6)
Total deferred tax liabilities		**(38)**	**(9)**	**0**	**0**	**(21)**	**(3)**	**(17)**	**(6)**
TOTAL		**80,134**	**22,949**	**35,135**	**9,867**	**26,286**	**7,326**	**88,983**	**25,490**
Net deferred tax (assets) liabilities to income statement				**2,541**					

"Amounts due from others: sundry" rose by 4,016 thousand euros, mainly due to additional liquidity (4,633 thousand euros) deposited in the term current account denominated the "Debt Service Reserve Account", which thus amounted to 55,649 thousand euros at December 31, 2010.
It should be borne in mind that, in accordance with ADR SpA's loan agreements, the "Debt Service Reserve Account" is a term current account in the name of the Security Agent in which the Company is obliged to keep a sum as security for debt servicing, to be adjusted every six months (periods March 20–September 19 and September 20–March 19). Debt servicing currently has different weightings in the above-mentioned six-month periods, so the due dates on which the reserve is increased (in March) and decreased (in September) alternate constantly.

As security for the loans governed by agreements with Romulus Finance Srl, a syndicate of banks, BEI and BIIS (formerly Banca OPI), ADR SpA has granted the lenders the following liens. These guarantees are valid until the above loans have been fully repaid:

- a lien (in the form of a mortgage ranking *pari passu* with other claims) on all receivables deriving from the sale of plant, machinery and capital goods and rights constituting ADR SpA's inventory, as well as other goods and rights subject to liens;
- a lien on all receivables and contracts with clients regarding ADR Tel SpA and ADR Advertising SpA and insurance policies.

Amounts due as of December 31, 2010 (282,568 thousand euros) comprise trade receivables (176,983 thousand euros), financial receivables (56,537 thousand euros) and sundry receivables (49,048 thousand euros). There are no promissory notes or similar bills.

The following table shows a geographical breakdown of the Company's trade receivables (in thousand of euros):

	Italy	Other EU countries	Rest of Europe	Africa	Asia	America	TOTAL
Clients	155,696	10,154	1,352	128	190	76	167,596
Due from parent companies	22	0	0	0	0	0	22
Due from subsidiary undertakings	9,365	0	0	0	0	0	9,365
	165,083	**10,154**	**1,352**	**128**	**190**	**76**	**176,983**

There are no receivables falling due beyond five years or receivables subject to exchange rate risk.

Cash on hand and in banks

	12-31-2009	changes during the period	12-31-2010
Bank and post office deposits	131,102,808	54,943,739	186,046,547
Cash and notes in hand	569,735	53,266	623,001
	131,672,543	**54,997,005**	**186,669,548**

The Company's cash on hand and in banks amounted to 186,670 thousand euros at December 31, 2010, up 54,997 thousand euros with respect to the end of the previous year.

Bank deposits include the balance of the following accounts provided for under ADR SpA's loan agreements:

- the “Recoveries Account”, in which any cash deriving from extraordinary transactions must be deposited. In 2006 the amount collected from the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA) was deposited in this account, net of the related expenses. As of December 31, 2010, the balance in the account amounted to 11.1 million euros (also 11.1 million euros as of December 31, 2009), access to which is restricted under the price adjustment mechanism included in the relevant contract of sale (for further information, see the notes to the memorandum accounts);
- the “loan collateral” account held at Mediobanca in which, in connection with continuation of the cash sweep/trigger event condition and in compliance with the waiver granted in the first quarter of 2010, at the application date of September 2010 ADR SpA deposited a sum of 35,138 thousand euros in order to “collateralize” Tranche A1 of the loan from Romulus Finance Srl.

As security for the loans governed by agreements with Romulus Finance Srl, ADR SpA has granted a syndicate of banks, the EIB and BIIS (formerly Banca OPI), a lien on all the Company’s current accounts governed by a specific agreement (“Account Bank Agreement”). This guarantee is valid until the above loans have been fully repaid.

As of December 31, 2010, 46.7 million euros was held in an ADR SpA current account that is not subject to a lien (even in the event of a cash sweep). This amount derives from free cash flow generated in previous years and may, therefore, be used for the payment of dividends under ordinary circumstances.

ACCRUED INCOME AND PREPAID EXPENSES

	12-31-2009	changes during the period	12-31-2010
Prepaid expenses			
. service costs	507,649	41,833	549,482
. leased assets	750	39,250	40,000
. payroll costs	12,285	(1,856)	10,429
. other operating costs	5,250	(1,500)	3,750
. financial charges	3,705,161	72,516	3,777,677
	4,231,095	**150,243**	**4,381,338**

Prepaid expenses rose 150 thousand euros during the year, including 73 thousand euros relating to “financial charges”. This item comprises prepayments, not accruing in the period, of the following premiums:
- 3,657 thousand euros (3,585 at December 31, 2009) for the monoline insurance paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance Srl that correspond to Facility A;
- 120 thousand euros (121 thousand euros at December 31, 2009) paid to BIIS, the bank that has guaranteed the loan granted to ADR SpA by the EIB.

SHAREHOLDERS' EQUITY

Changes in shareholders' equity during 2010 are analyzed below:

	Share capital (1)	Share premium reserve	Revaluation reserves	Legal reserve	Statutory reserves	Reserve for own shares	Distributable reserves	Retained earnings	Net income for the year	TOTAL
Balance as of 12-31-2007	**62,309,801**	**667,389,495**	**0**	**12,461,960**	**0**	**0**	**416,300**	**4,881,808**	**18,932,493**	**766,391,857**
Allocation of net income:										
- allocation of reserve								18,932,493	(18,932,493)	0
Net income for the year									(7,047,940)	(7,047,940)
Balance as of 12-31-2008	**62,309,801**	**667,389,495**	**0**	**12,461,960**		**0**	**416,300**	**23,814,301**	**(7,047,940)**	**759,343,916.82**
Allocation of net income:										
- allocation of reserve								(7,047,940)	7,047,940	0
Net income for the year									5,093,594	5,093,594
Balance as of 12-31-2009	**62,309,801**	**667,389,495**	**0**	**12,461,960**	**0**	**0**	**416,300**	**16,766,361**	**5,093,594**	**764,437,511**
Allocation of net income:										
- allocation of reserve								5,093,594	(5,093,594)	0
Net income for the year									21,267,045	21,267,045
Balance as of 12-31-2010	**62,309,801**	**667,389,495**	**0**	**12,461,960**	**0**	**0**	**416,300**	**21,859,955**	**21,267,045**	**785,704,556**

(1) Including: 62,309,801 ordinary shares (with a unit value of 1 euro)

ADR SpA's "share capital" amounts to 62,309,801 euros, represented by 62,309,801 shares with a par value of 1 euro each.

On May 7, 2004, pursuant to article 5 of the Parent Company's By-laws, the Board of Directors approved a capital increase in the form of a scrip issue, raising the share capital from 62,224,743 to 62,309,801 euros. This increase was carried out via the issue of 85,058 ordinary shares with a par value of 1 euro each, and the transfer to share capital of a corresponding sum of 85,058 euros from the "Reserve for share issues pursuant to art. 2349 of the Italian Civil Code".
The shares corresponding to this increase in share capital have yet to be issued and allocated.

Changes in shareholders' equity during the year reflect the net income of 21,267 thousand euros reported for 2010 and the allocation of the net income of 5,094 thousand euros reported for 2009. This was approved by the General Meeting of Shareholders on April 15, 2010, whereby this income was allocated to retained earnings.

The following statement shows changes in shareholders' equity during the year and a breakdown of available and distributable reserves:

	amount	Potential use	Availlable portion	Summary of uses in previous years 2007-2010	
				to cover losses:	*other reasons:*
Share capital	62,309,801				
Capital reserves:					
Reserve for share issues	667,389,495	A, B, C (*)	667,389,495		
Retained profit reserves:					
Legal reserve	12,461,960	B			
Availlable reserve	416,300	A, B, C	416,300		
Retained earnigs	21,859,955	A, B, C	21,859,955	(7,047,940)	
TOTAL SHARE CAPITAL AND RESERVES	**764,437,511**		**689,665,750**		
Undistributable portion (ex art. 2426, no.5)			0		
Remaining distributable portion			**689,665,750**		

Legend:
A: to increase capital
B: to cover losses
C: to pay dividends

(*) Entirely distributable in order to reach limit established by art.2430 of Italian Civil Code

The available portion of reserves may be fully distributed without incurring tax expense.

ALLOWANCES FOR RISKS AND CHARGES

	12-31-2009	changes during the period		12-31-2010
		Provisions	Releases	
▪ **Taxation, including deferred taxes**	**12,118,486**	**13,974,114**	**0**	**26,092,600**
▪ **Other:**				
current and potential disputes	26,888,420	5,409,402	(2,229,387)	30,068,435
insurance deductibles	1,441,341	190,587	(72,910)	1,559,018
restructuring	8,187,899	3,037,836	(3,969,167)	7,256,568
to cover investee companies' losses	43,000	15,000	(43,000)	15,000
fixed assets to be handed over	5,700,000	280,000	0	5,980,000
customer loyalty programs	1,000	3,224	(71)	4,153
	42,261,660	**8,936,049**	**(6,314,535)**	**44,883,174**
	54,380,146	**22,910,163**	**(6,314,535)**	**70,975,774**

Allowances for risks and charges, totaling 70,976 thousand euros, have increased 16,596 thousand euros compared with December 31, 2009. The most important changes are analyzed below.

The "allowance for taxation, including deferred taxes" includes the entire charge (taxes, interest and ancillary charges) relating to the current litigation with the Customs Office. Further provisions of 14.0 million euros were made in 2010 following the negative outcome of the appeal submitted by ADR SpA to the Regional Tax Commission for Rome.

The procedure is underway to collect the sum due, which the Company is paying in 36 installments following the application submitted to the Collection Agent, after paying an advance of 4 million euros. The installments already paid, totaling 16.3 million euros, have been recognized as tax credits; at December 31, 2010, 16 installments amounting to 9.8 million euros, including interest, were outstanding. For further information reference should be made to the section on "Tax litigation".

The "allowance for current and potential disputes" reports a net increase of 3,180 thousand euros, due to the combined effect of provisions of 5,409 thousand euros made in order to provide cover for likely potential liabilities and releases of 2,229 euros made to settle disputes with customers, contractors and personnel.

The "allowance for restructuring" recorded in 2009 to cover the restructuring program launched, which will enable implementation of redundancy schemes regarding around 280 ADR SpA staff, has been released for an amount of 3,969 thousand euros. A review of the restructuring program carried out in 2010 led to allocation of a further 3,038 thousand euros.

The "allowance for customer loyalty programs" regards the estimated cost of award credits granted under the "Shop&Fly" scheme.

EMPLOYEE SEVERANCE INDEMNITIES

BALANCE AS OF 12-31-2009	**27,445,409**
changes during the period	
Provisions	5,639,213
Releases for restructuring	233,298
Releases to pay indemnities	(533,243)
Releases to pay advances	(859,070)
Increases/(decreases) for transfers of personnel	4,858
Amounts allocated to pension funds or to the Treasury Fund	(4,787,052)
Other	93,615
BALANCE AS OF 12-31-2010	**27,237,028**

Employee severance indemnities report a net decrease of 208 thousand euros for the period, compared with provisions of 5,873 thousand euros (including 233 thousand euros already allocated in 2009 for the restructuring program). This largely reflects releases for indemnities paid, amounting to 1,392 thousand euros, and an amount of 4,787 thousand euros for indemnities accrued during the period paid into pension funds or to the Treasury Fund set up at INPS.

PAYABLES

	12-31-2009	changes during the period	12-31-2010
Due to banks	294,131,123	(20,236,235)	273,894,888
Due to other financial institutions	1,213,935,409	181,476	1,214,116,885
Advances:			
a) from the Ministry of Transport	4,612,234	(657,950)	3,954,284
b) from clients	4,969,073	187,515	5,156,588
Due to suppliers	120,815,311	15,225,763	136,041,074
Due to subsidiary undertakings	16,847,686	(3,847,193)	13,000,493
Due to associated undertakings	1,002,980	(34,300)	968,680
Due to parent companies	12,455,483	(915,448)	11,540,035
Taxes due	42,671,636	(163,600)	42,508,036
Due to social security security agencies	6,936,469	(474,920)	6,461,549
Other payables: sundry creditors	49,231,369	5,207,283	54,438,652
	1,767,608,773	(5,527,609)	**1,762,081,164**

The Company's payables fell by 5,528 thousand euros during the period. The principal reasons for such a change are analyzed below.

"Amounts due to banks", totaling 273,895 thousand euros, include:

- 273,138 thousand euros representing the principal on long-term lines of credit granted to ADR SpA denominated Term Loan Facility (158,288 thousand euros), BOPI Facility (34,850 thousand) and EIB Term Loan (80,000 thousand euros);
- 757 thousand euros of amounts due from ADR SpA for interest, commissions and swap differentials accrued during the period but not yet settled.

The decrease of 20,236 thousand euros compared with December 31, 2009 derives from the combined effect of the following changes:

- repayment of 11,712 thousand euros of the Term Loan Facility at the application date of September 2010;
- repayment of 8,500 thousand euros of the BIIS loan in connection with payment of installments of 4,250 thousand euros, falling due in March and September 2010;
- a reduction of 24 thousand euros in the amounts due for interest, commissions and swap differentials accrued during the period but not yet settled.

The characteristics of these loans are listed in the following table:

Lender	*Facility Loan*	*Amount* *(millions of euros)* *granted*	*used*	*oustanding*	*Interest rate*	*Repayment*	*Life*	*Maturity date*
Syndacate of banks	**Term Loan Facility**	170.00	170.00	158.29	floating rate linked EURIBOR + margin	bullet	6 years	feb. 2012
	Revolving Facility	100.00	0.00	0.00	floating rate linked EURIBOR + margin	revolving	6 years	feb. 2012
		270.00	**170.00**	**158.29**				
Banca BIIS	**BOPI Facility**	**43.35**	**43.35**	**34.85**	floating rate linked EURIBOR + margin	after five years in six-monthly installments	12 years	mar. 2015
BEI	**EIB Term Loan**	**80.00**	**80.00**	**80.00**	floating rate linked EURIBOR + margin	bullet	10 years	feb. 2018
	TOTAL	**393.35**	**293.35**	**273.14**				

The long-term line of credit denominated the "Term Loan Facility" and the "Revolving Facility" were granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon SA, (Crédit Agricole Corporate and Investment Bank since Februray 6, 2010), Mediobanca – Banca di Credito Finanziario SpA, Unicredit SpA (formerly Unicredit Banca Mobiliare SpA) and WestLB AG.
98,600 thousand euros of the "Term Loan Facility", initially worth 290,000 thousand euros, was repaid on September 20, 2006, with a further 21,400 thousand euros repaid on March 20, 2008, and a further 11,712 thousand euros on September 20, 2010, thereby reducing the loan to 158,288 thousand euros.
On November 21, 2007, at the request of ADR SpA, the line of credit denominated the "*Revolving Facility*" was reduced from the initial 200,000 thousand euros to 100,000 thousand euros, in line with projected cash flows, resulting in a reduction in the cost of borrowing.

The line of credit denominated the “BOPI Facility” was granted on February 19, 2003 by BIIS – Banca Infrastrutture Innovazione e Sviluppo (formerly Banca OPI) and guaranteed by CDC IXIS Financial Guaranty Europe. This line of credit, which was initially granted for an amount of 85,000 thousand euros, was reduced to 34,850 thousand euros following advance repayment of an amount of 28,900 thousand euros on September 20, 2006, and of an amount of 12,750 thousand euros on March 20, 2008, corresponding to the installments falling due in September 2008, and in March and September 2009, and payment of installments falling due in March and September 2010, totaling 8,500 thousand euros.

80,000 thousand euros of the line of credit denominated "EIB Term Loan" was disbursed by the EIB (European Investment Bank) on May 27, 2008. This facility is guaranteed by BIIS.

The interest rates applied to the “Term Loan Facility”, the “Revolving Facility” and the “OPI Facility” vary in terms of the level of ADR’s rating, whilst the loan granted by the EIB is not affected by the rating.

"Amounts due to other financial institutions" total 1,214,117 thousand euros. The item includes the principal of 1,200,019 thousand euros due from the Company to Romulus Finance Srl (“Romulus Finance”) and 14,098 thousand euros consisting of interest accrued on the above-mentioned loans and not yet paid.

The increase of 181 thousand euros compared with December 31, 2009 is exclusively due to the differing trend regarding payments of interest on existing loans.

It should be recalled that the loan granted by Romulus Finance in February 2003 arose from the transfer without recourse to Romulus Finance Srl of the amount due to ADR's original lenders for loans taken out in August 2001. Romulus Finance, a vehicle established pursuant to Law no. 130/99 on securitization and controlled by two Dutch foundations, financed acquisition of the pre-existing bank loan to ADR SpA via the issue of asset-backed bonds amounting to 1,265 million euros, to be listed on the Luxembourg Stock Exchange and subscribed by institutional investors.

After the advance repayment of "Loan B", amounting to 65,000 thousand euros and carried out in March 2008, the loan from Romulus Finance Srl breaks down into four lines of credit, summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance to finance the purchase of amounts due to ADR's creditor banks:

Lender	*Facility Loan*	*Amount (millions of euros)*	*Interest rate*	*Repayment*	*Life*	*Maturity date*
Romulus Finance Srl	**A1**	500	fixed	bullet	10 years	feb. 2013
	A2	200	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A3	175	floating rate linked EURIBOR + margin	bullet	12 years	feb. 2015
	A4	325	floating rate linked EURIBOR + margin up to 12/20/09 and after fixed rate	bullet	20 years	feb. 2023
	TOTAL	**1,200**				

The bonds issued by Romulus regarding Classes A1, A2, A3 and A4 are secured by the monoline insurance company, Ambac Assurance UK Limited, which at December 31, 2010 had a lower rating (Caa2 stable from Moody's) than ADR SpA.

The level of ADR's rating affects the amount of the premium paid to Ambac for the surety on the bonds, but not the interest rate applied to each class of bond.

To guarantee repayment of Class A1, at the application date of September 2010 ADR SpA collateralized an amount of 35,138 thousand euros in the account denominated "loan collateral" held at Mediobanca.

Hedging policy

The hedging policy established within the framework of the loan agreements with the banks and with Romulus Finance Srl requires that at least 51% of debt is fixed rate.

At December 31, 2010, 56.0% of ADR SpA's lines of credit have fixed interest rates (at December 31, 2009: 55.2%).

Moreover, on October 2, 2009 the two interest rate collar forward start contracts, entered into with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, became active. On the basis of these contracts ADR SpA will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.
These contracts were signed to hedge interest rate risk for an additional three years regarding total notional capital of 240 million euros, thus increasing the proportion of total debt hedged against interest rate risk to 72.3% (71.3% at December 31, 2009).

As of December 31, 2010, the fair value of the swap agreements entered into is a negative 7.1 million euros. The characteristics of outstanding swaps are listed below:

(€000)	NOTIONAL	*FAIR VALUE* DERIVATIVE at 12.31.2010	DERIVATIVE PURPOSE	FINANCIAL RISK	FINANCIAL LIABILITY HEDGED
COLLAR FORWARD START of 2006 (*cash flow hedge*)	240,000	(7,084)	hedge	interest rate	240,000
TOTAL		**(7,084)**			

The financial liability hedged refers to a portion of amounts due to other financial institutions.

The effects of the interest rate swap agreements on the income statement for the period are shown in the notes on finance income and costs.

Guarantees

The bank loans and the loan from Romulus Finance are guaranteed, as described in detail in the individual balance sheet items, by:

- a lien (in the form of a mortgage) on the plant, machinery, capital goods and goods constituting ADR SpA's inventory, as well as any receivables deriving from the sale of these assets;
- a lien on all receivables, and more generally on any right deriving from contracts with clients and insurance policies;
- a lien on all of ADR SpA's bank current accounts;
- a lien on ADR's shareholdings in ADR Tel SpA, ADR Advertising SpA and ADR Assistance Srl;
- "ADR Deed of Charge" (a lien under British law on loans, hedging agreements and insurance policies governed by British law).

Commitments and covenants

A large number of contractual regulations govern the management of ADR's borrowings, partly due to their size, and also because of Ambac's requirement to protect the risk of non-compliance and insolvency on the part of ADR, thereby seeking to minimize the actual difference between the maximum rating insured and the rating of the issuer/debtor. Such regulations include:

- financial assets may only be acquired with the permission of creditors or via a "non-recourse vehicle", and in any case only using authorized borrowing or liquidity;
- income from the sale of financial assets may be used for investment or, if not used within 12 months of collection, must be used to repay borrowings;
- dividends may only be distributed if specific financial ratios exceed contractually pre-established thresholds, and if no events of default or trigger events have occurred;
- further loans may only be undertaken if the above financial ratios exceed determined thresholds (higher than those required under normal lending conditions) and if the rating awarded to ADR is greater than pre-defined minimum levels;
- if a maturing line of credit is not repaid at least 12 months before the maturity date, any surplus cash flow generated during this period must be allocated on a priority basis (based on defined proportions) to the repayment of borrowing, which is known as a retention regime. However, if determined financial ratios are not met 24 months ahead of maturity, a 24-month retention regime may come into force;
- if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR SpA.

The principal covenants included in the current loan agreements consist of ratios, defined on the basis of final and forecast data, which measure: (i) the ratio between available cash flow and debt servicing, (ii) the ratio between discounted future cash flows and net debt, and (iii) the ratio between net debt and gross operating income.

These ratios are checked twice a year, on the application dates of March 20 and September 20, by applying the calculation methods of the respective ratios to the relative data at December 31 and June 30.
If these ratios are above specific levels, dividends may be paid and further borrowing undertaken; if on the other hand, the ratios fall below specific thresholds, a trigger event or an event of default may occur.

A trigger event results in a series of operating restrictions for ADR, especially the following:

a) a cash sweep with an obligation to use all available cash flow on the application dates (March 20 and September 20) (i) to pay interest rate installments; (ii) to repay all ADR's creditors on a *pari passu* basis; and (iii) the Romulus bonds that may not be repaid in advance should be secured via the establishment of specific cash reserves held in specific current accounts serving as a lien for Ambac (so-called cash collateralization);
b) an embargo on the payment of dividends and prohibition of the use such funds to carry out authorized investments;
c) the right of creditors, via the security agent, to obtain any information deemed necessary and to take part in devising a recovery plan and the related implementation time frames by hiring an independent expert to take part in drawing up the business plan containing the measures and remedies designed to restore an acceptable rating. Failure to implement the recovery plan could give Ambac the right to increase the premium on the guarantee issued on the Romulus Finance bonds;
d) prohibition of the acquisition of financial assets and of taking out new loans, even if they are designed to repay existing borrowings;
e) the transfer of all cash amounts due to ADR as guarantees to the creditors, with consequent notification of the debtors transferred.

Trigger event

Due to continuation of the cash sweep/trigger event condition in the first quarter of 2010, ADR SpA was granted a new waiver request, which breaks down as follows:

a) non-application of the cash sweep at the application dates of March 2010 and September 2010;
b) authorization to refinance the bank loan of 170 million euros until the application date of September 2011;
c) until the application date of September 2010, none of the restrictions arising from the trigger event will apply, except for the following: the dividend embargo, independent auditing of the rating restoration plan and financial reporting obligations, where requested by creditors.

The authorization was subject to a commitment by ADR SpA, at the application date of September 2010, to make available whichever is the higher sum – 45 million euros or 80% of surplus cash available on the date of repayment of the bank loan (25%) – and collateralize the Romulus Tranche A1 (75%).

In compliance with the above-mentioned agreements, on the application date of September 2010 ADR SpA allocated a total of 46.8 million euros to service the two lines of credit. Specifically, 11.7 million euros was allocated to repayment of the bank loan and 35.1 million euros to collateralization of the Tranche A1.

"Amounts due to suppliers" increased by 15,226 thousand euros due to the higher volume of capital investment compared with 2009.

"Amounts due to subsidiary undertakings" fell by 3,847 thousand euros, primarily due to a decrease in trade and financial payables.
A breakdown of receivables due from subsidiary undertakings shows that 11,108 thousand euros derives from trading relations (12,748 thousand euros as of December 31, 2009) and 1,892 thousand euros from financial relations (4,100 thousand euros as of December 31, 2009).
For more information on amounts due to subsidiary undertakings, reference should be made to the section "Relations with parent companies and other related parties" in the Management Report on Operations.

“Amounts due to parent companies” include trade payables amounting to 256 thousand euros (144 thousand euros as of December 31, 2009) and amounts due to Gemina SpA for tax consolidation, totaling 11,284 thousand euros (12,312 thousand euros as of December 31, 2009). The reduction of 915 thousand euros with respect to December 31, 2009 largely derives from partial payment of taxes for 2009 and advance payment of taxes for 2010, amounting to 25.1 million euros, less estimated IRES for the period, totaling 24.2 million euros.
For more information, reference should be made to the section “Relations with parent companies and other related parties” in the Management Report on Operations.

“Taxes due”, amounting to 42,508 thousand euros, were down 164 thousand euros on the previous year, essentially due to the combined effect of:

- a 0.5 million euro reduction in amounts due for IRAP arising from payments made, less estimated taxation for the year;
- lower amounts due for withholding tax arising from payments amounting to 0.2 million euros;
- an increase of 0.5 million euros in the amount due to the tax authorities for the municipal surtax on passenger fees. In this regard, it should be remembered that ADR SpA began charging carriers this surtax from June 1, 2004 at the rate of 1 euro, which was subsequently increased to 2 euros from April 2005, pursuant to Law no. 43 of March 31, 2005. This rate was increased by an additional 50 cents from January 1, 2007, in compliance with the provisions of Law no. 296 of December 27, 2006 (the Finance Act for 2007), and by an additional 2 euros from November 2008, pursuant to Legislative Decree no. 134/08, making a total of 4.50 euros.
  The surtax of 1 euro provided for by Law no.43/2005 and the increase of 2 euros pursuant to Legislative Decree no. 134/08 are allocated to a special fund, managed by INPS, in support of the income, employment, reorganization and retraining of air transport sector personnel.
  The amount due to tax authorities as municipal surtax on passenger fees totaled 38,818 thousand euros as of December 31, 2010. This amount was paid the following month after collection of municipal surtax from carriers, while the outstanding amount due is recorded in a contra-entry under receivables.

“Other payables: sundry creditors” rose by a total of 5,207 thousand euros primarily due to the effect of:

- the greater amount due for the contribution towards the cost of the fire prevention and fire fighting service (8.8 million euros). The amounts due recorded in the financial statements regarding the years from 2007 to 2009 total 25.7 million euros; these amounts due have yet to be settled awaiting the outcome of pending judgments relating to appeals lodged by some of the major airport operators;
- a 4.9 million euro decrease in amounts due to former employees for outstanding employee severance indemnities.

Briefly, as of December 31, 2010 total payables of 1,762,081 thousand euros include 1,489,904 thousand euros of a financial nature, 157,485 thousand euros of trade payables and 114,692 thousand euros of sundry items.

A breakdown of the Company's trade payables by geographical area is not provided as it is not significant given the limited amount due to overseas creditors (7.1 million euros out of a total of 136.0 million euros).

Payables secured by collateral on the Group’s assets amount to 1,488,013 thousand euros (as described in the paragraph regarding amounts due to banks and other financial institutions).

Payables falling due beyond five years amount to 405,019 thousand euros and regard amounts due to banks totaling 80,000 thousand euros (EIB loan) and amounts due to other financial institutions of 325,019 thousand euros.

Foreign currency payables exposed to exchange rate risk total 19 thousand euros and refer to services supplied.

ACCRUED EXPENSES AND DEFERRED INCOME

	12-31-2009	changes during the period	12-31-2010
Accrued expenses			
. Sub-concessions and license fees	2,280,452	(297,141)	1,983,311
. Other	3,074,413	(927,184)	2,147,229
	5,354,865	**(1,224,325)**	**4,130,540**

The sub-item “Other”, totaling 2,147 thousand euros as of December 31, 2010, includes 1,277 thousand euros for the advance billing of advertising and miscellaneous services, and 870 thousand euros regarding grants collected but not accruing during the period.

NOTES TO THE MEMORANDUM ACCOUNTS

General guarantees

	12-31-2010	12-31-2009
Sureties:		
. in the interest of third parties	110,522	110,522
Other:		
. in the interest of subsidiary undertakings	715,841	507,841
	826,363	**618,363**

Commitments on purchases and sales

	12-31-2010	12-31-2009
COMMITMENTS ON PURCHASES		
Investments:		
. due from subsidiary undertakings	8,354,111	10,395,570
. electronic equipment	310,275	479,046
. maintenance and services	2,204,977	2,649,306
. self-financed works	84,598,207	94,744,206
	95,467,570	**108,268,128**
COMMITMENTS ON SALES	**0**	**0**
COMMITMENTS ON PURCHASES AND SALES	**95,467,570**	**108,268,128**

It is to be noted that:

– on February 28, 2003 ADR SpA, granted IGPDecaux SpA a put option on its holding in ordinary and preference shares in ADR Advertising SpA. Such option is exercisable until December 31, 2011, on the occurrence of specific conditions. Partly due to agreements entered into between ADR SpA and ADR Advertising SpA regarding revision of the guaranteed minimum, the shareholder, IGPDecaux SpA, stated that it would not exercise any put option for 2011;

– commitments on purchases also include ADR's commitment, as an operator of airport infrastructures, to draw up and implement noise reduction and abatement plans, as required by noise pollution legislation (Law no. 477/95) and the Ministerial Decree of November 29, 2000, for Fiumicino and Ciampino airports. To this end ADR SpA is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans.
Such commitments are difficult to quantify and are, by necessity, determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as "maintenance " and "extension" of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the framework law on noise pollution).
In view of the above, ADR SpA, based on available estimates at the date of this Report, judges its overall commitment to be no more than approximately 35 million euros. This sum is thus conditional on subsequent events and on the effective program of works to be carried out. The Company believes that future works will qualify as capital expenditure;

– the agreements on the sale of the equity investment in Flightcare Italia SpA (formerly ADR Handling SpA), entered into on November 3, 2006, provide for a price adjustment of up to 12.5 million euros. Of this, the amount deemed most probable to arise was charged to the income statement in the years 2006-2010 under extraordinary items with a contra-entry in allowances for risks and charges, totaling around 4.4 million euros as of December 31, 2010. The remaining amount, currently deemed unlikely to be incurred, will be re-assessed in future years;

– finally, a series of interest rate swap contracts aimed at hedging interest rate risk on existing loans have been entered into. For further information reference should be made to the notes to "Payables".

Other memorandum accounts

	12-31-2010	12-31-2009
GENERAL GUARANTEES RECEIVED		
Sureties	161,458,463	153,719,705
	161,458,463	153,719,705
THIRD PARTY ASSETS ON FREE LOAN DEPOSITED IN CUSTODY, LEASED OR SIMILAR		
. leased assets	5,021,063	11,063
. CAA - plant and equipment at Fiumicino	119,811,701	119,811,701
. CAA - plant and equipment at Ciampino	29,293,608	29,293,608
. works carried out on behalf of the State	680,309,206	672,998,576
	834,435,578	822,114,948
GOODS IN PROCESS DEPOSITED WITH THIRD PARTIES		
		0
OTHER MATTERS IN QUESTION		
.assets leased to subsidiary undertakings	93,223	93,223
	93,223	93,223
COMMITMENTS TO OTHER COMPANIES		
OTHER MEMORANDUM ACCOUNTS	**995,987,264**	**975,927,876**

"Third party assets in free loan, deposited in custody, leased or similar" include the value of assets received under concession at Fiumicino and Ciampino airports and the value of the work financed, completed and invoiced to the Civil Aviation Authority.

The increase in the item “works carried out on behalf of the State” is due to invoicing of the portion of state-funded works regarding departure area F to the Civil Aviation Authority in 2010.

The item "Assets leased to subsidiary undertakings" includes the value of the intangible and tangible fixed assets (93 thousand euros) that form part of the advertising business unit leased by ADR SpA to the subsidiary undertaking, ADR Advertising SpA, as reported in the unit's balance sheet prepared on February 28, 2003. The above unit also includes net payables due to personnel (severance indemnities, vacation pay, etc.) and social security agencies (294 thousand euros), which were settled by the parties in cash.

NOTES TO THE INCOME STATEMENT

TOTAL REVENUES

Revenues

	2010	2009	change
- Revenues from sales:			
. "Non-aeronautical" activities:			
Duty Free and Duty Paid	84,881,610	77,501,779	7,379,831
Other	2,644,644	2,805,793	(161,149)
	87,526,254	**80,307,572**	**7,218,682**
- Revenues from services:			
. "Aeronautical" activities:			
Fees	174,849,510	163,181,551	11,667,959
Security	67,704,806	62,918,275	4,786,531
Centralized infrastructures	35,377,552	35,522,371	(144,819)
Other	29,321,320	29,850,817	(529,497)
	307,253,188	291,473,014	15,780,174
. "Non-aeronautical" activities:			
Sub-concessions and utilities	127,902,769	117,820,995	10,081,774
Car parks	30,566,402	27,575,268	2,991,134
Advertising	2,858,748	2,791,724	67,024
Refreshments	7,274,066	6,951,519	322,547
Other	23,967,317	25,297,406	(1,330,089)
	192,569,302	180,436,912	12,132,390
	499,822,490	**471,909,926**	**27,912,564**
- Revenues from contract work	**7,310,630**	**4,937,735**	**2,372,895**
Total revenues from sales and services	**594,659,374**	**557,155,233**	**37,504,141**
- Changes in contract work in progress	**921,029**	**353,021**	**568,008**
- Grants and subsidies	**759,874**	**470,478**	**289,396**
TOTAL REVENUES	**596,340,277**	**557,978,732**	**38,361,545**

Revenues total 596,340 thousand euros. Of these, 51.5% derived from “aeronautical activities” carried out by the Company (52% in 2009) and 48.5% were generated by “non-aeronautical activities” (48% in 2008).

"Revenues from sales" amounted to 87,526 thousand euros, up 9.0% on 2009. This change was due to the increased turnover of directly managed shops, linked to the upturn in traffic.

“Revenues from services” totaled 499,822 thousand euros, up 6.7% on 2009.

“Revenues from contract work”, amounting to 7,311 thousand euros, primarily regard revenues deriving from the re-billing of the portion of works regarding the state-funded departure area F (formerly Pier C) to the Civil Aviation Authority.

Segment information

It is important to note that the type of activity carried out by the Company does not permit a breakdown of the various areas of activity into fully independent segments in relation to markets and customers. The “traffic” element currently affects all the Group’s activities.

However, it is possible to identify segments on the basis of the type of product or service offered and the production process involved. Information regarding the resulting segments has been extracted directly from the Group’s accounts. The following table provides information relating to the three principal areas of activity identified:

- **Airport fees**: paid in return for use of airport infrastructure;
- **Centralized infrastructures**;
- **Non-aeronautical activities,** consisting of**:**
  - ***Sub-concessions:*** including fees paid by sub-concessionaires operating on airport grounds, in addition to utilities;
  - ***Direct sales:*** including revenues from directly operated duty free and/or duty paid outlets.

Finally, the category, **“Other activities”,** includes the sale of advertising[2] space, the management of car parks and refreshment facilities, security, left luggage, contract work on behalf of the State, etc.

The following table shows a breakdown of revenues from the segments described. It should be noted, moreover, that the revenues earned by each segment relate entirely to third parties and do not include inter-segment transactions.

REVENUES	Fees	Centralized infrastructures	Commercial activities		Other activities	Total
			Sub-concessions	Direct sales		
2010	174,850	35,378	127,903	87,527	170,682	**596,340**
2009	163,182	35,522	117,821	80,308	161,146	**557,979**
change	*11,668*	*(144)*	*10,082*	*7,219*	*9,536*	*38,361*
% change	*7.2%*	*(0.4%)*	*8.6%*	*9.0%*	*5.9%*	*6.9%*

Total revenues can be broken down into two macro-areas:
- “Aeronautical” (including fees, handling, management of centralized infrastructure, security services, left luggage, assistance to passengers with reduced mobility, etc.) amounting to 307,253 thousand euros, compared with 291,473 thousand euros in 2009;
- "Non-aeronautical" (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments and contract work on behalf of the state) amounting to 289,087 thousand euros, compared with the 266,506 thousand euros of 2009.

A geographical breakdown of revenues would not be significant given that both airports managed by the Company are located within the same country.

[2] Until March 1, 2003, the date on which the lease of the advertising business unit to the subsidiary undertaking, ADR Advertising SpA, came into effect; the sale of advertising space in retail outlets, on the other hand, continues to be carried out by ADR SpA.

Other income and revenues: other

	2010	2009
▪ **Revenue grants**	759,874	470,478
▪ **Gains on disposals**	3,100	23,067
▪ **Other:**		
. Releases:		
release from allowance for overdue interest	102,391	25,898
. Expense recoveries	1,495,517	2,045,281
. Recovery of personnel expenses	145,090	137,229
. Revaluations of prior years	4,483,348	7,118,884
. Other revenues	1,214,296	1,782,089
	7,440,642	11,109,381
	8,203,616	**11,602,926**

"Revenue grants" include grants of 326 thousand euros relating to management training programs, mainly funded by Fondimpresa, and grants of 434 thousand euros from the European Union regarding the feasibility study for the Integrated Multimodal Transport System.

"Revaluations of prior years", amounting to 4,483 thousand euros, primarily includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year.

OPERATING COSTS

Amortization, depreciation and write-downs

Amortization and depreciation during the period amounted to 110,133 thousand euros (107,618 thousand euros in 2009), including amortization of intangible assets of 89,971 thousand euros (88,203 thousand euros in 2008) and depreciation of tangible fixed assets of 20,162 thousand euros (19,415 thousand euros in 2009). Amortization of intangible fixed assets includes the charge for the amortization of the concession, amounting to 50,096 thousand euros.
Further details are provided in the note to fixed assets.

Provisions for doubtful debt totaled 11,576 thousand euros (5,068 thousand euros in 2009) and reflect an updated assessment of the recoverability of ADR SpA's receivables.

Provisions for risks and other charges

	2010	2009
. current and potential disputes	5,040,402	6,031,666
. insurance deductibles	190,587	387,885
	5,230,989	**6,419,551**

"Other provisions", totaling 283 thousand euros, regard provisions for fixed assets to be handed over and the allowance for customer loyalty programs.
Further information is provided in the note to allowances for risks and charges.

It should be noted that provisions in the income statement are made following the assessment of potential liabilities not absorbed by any surplus provisions deriving from updated assessments of the risks to which the Company is exposed.

Other operating costs

	2010	2009
. concession fees	7,334	12,425
. other	7,892,766	8,851,901
	7,900,100	**8,864,326**

The item "Other", amounting to 7,893 thousand euros, primarily comprises:
- 990 thousand euros for membership fees (1,087 thousand euros in 2009);
- 3,806 thousand euros for indirect taxes and duties (3,330 thousand euros in 2009), including 2,393 thousand euros for local property taxes;
- 2,472 thousand euros deriving from updated valuations of costs and revenues recognized in the 2009 financial statements (2,372 thousand euros in 2009).

FINANCE INCOME AND COSTS

Income from equity investments

	2010	2009
Other income from equity investments	714,736	0
	714,736	**0**

The sub-item "Other income from equity investments" includes the capital gains deriving from completion of the liquidation procedures regarding the subsidiary undertaking, Airport Invest BV (659 thousand euros), and the associated undertaking, Alinsurance Srl (56 thousand euros).

Other finance income

	2010	2009
Interest and commissions on long-term receivables:		
Other	0	3,087
Finance income on securities recorded in non-current financial assets that do not qualify as equity investments	385,862	326,807
Other:		
Interest on overdue current receivables:		
. Clients	239,644	33,739
Interest and commissions received from other companies:		
. Interest from subsidiary undertakings	71,628	53,575
. Interest from banks	1,248,281	1,691,992
. Other	6,520	5,164,286
	1,951,935	**7,273,486**

"Finance income on securities recorded in non-current financial assets that do qualify as equity investments" includes finance income accrued during the period on the portion – with a face value of 4 million pounds sterling – of the A4 bonds issued by the special purpose vehicle Romulus Finance Srl, which ADR SpA purchased on February 13, 2009.

"Interest from banks", totaling 1,248 thousand euros, fell by 444 thousand euros compared with 2009, due to the reduction in interest rates which was partly mitigated by an increase in average liquidity.

The item "Other" amounted to 6 thousand euros compared with the 5,147 thousand euros registered in 2009, which included the positive differential paid to ADR SpA by counterparties with whom the Company had entered into floating rate hedges that expired in October 2009.

Interest expense and other financial charges

	2010	2009
Interest paid to parent companies	0	105,849
Interest paid to subsidiary undertakings	10,269	39,547
Interest and commissions due to others and sundry charges:		
. Interest and commissions paid to banks	5,522,130	8,348,524
. Interest and commissions paid to other financial institutions	61,652,147	52,036,803
. Provisions for overdue interest on doubtful accounts	202,781	26,077
. Other	7,218,875	15,368,611
	74,606,202	**75,925,411**

"Interest and commissions paid to banks", amounting to 5,522 thousand euros, registered a decrease of 2,826 thousand euros due to the above-mentioned reduction in interest rates, as well as reduced average exposure deriving from repayment of 11.7 million euros of the Term Loan Facility in September 2010, and payment of installments falling due, totaling 8.5 million euros, relating to the Banca OPI loan.

"Interest and commissions paid to other financial institutions", however, amounting to 61,652 thousand euros, rose by a total of 9,615 thousand euros, despite the reduction in interest rates that had a positive effect on lowering financial charges for Classes A2 and A3, with regard to the increase in interest expense on Class A4 which has been charged at a fixed rate (6.4%) since December 2009.

The item "Other" primarily comprises (7,030 thousand euros) the negative differential paid by ADR SpA to counterparties with whom the Company has signed interest rate collar contracts that became active in October 2009. The reduction compared with the same period of the previous year is essentially due to the expiry in October 2009 of fixed interest rate swap contracts with a higher notional value than the above-mentioned interest rate collar contracts.

Foreign exchange gains/(losses)

	2010	2009
. Foreign exchange gains	51,281	48,814
. Foreign exchange losses	10,995	12,347
	40,286	**36,467**

The conversion of receivables and payables denominated in non-EU currencies at closing exchange rates resulted in a net loss of 1,204 euros.

ADJUSTMENTS TO FINANCIAL ASSETS

Write-downs

	2010	2009
Write-downs of equity investments	738,348	43,000
	738,348	**43,000**

The sub-item "Write-downs of equity investments" breaks down as follows:

- a write-down of the equity investment in Aeroporto di Genova SpA, after an updated assessment of the permanent impairment of the investment (500 thousand euros);
- a write-down of the equity investment in the associated undertaking, ADR Advertising SpA, in connection with the losses incurred in 2009, deemed to be permanent (205 thousand euros);
- the capital loss of 15 thousand euros incurred following completion of the liquidation of La Piazza di Spagna Srl, in which ADR SpA held a 49% stake;
- 19 thousand euros in expenses incurred to cover the losses of the subsidiary undertaking, Consorzio E.T.L. (of which 15 thousand euros was recorded in a contra-entry under allowances for risks and charges).

EXTRAORDINARY INCOME AND EXPENSE

Income

	2010	2009
▪ **Other:**		
Income and recovery of expenses relating to previous years deriving from:		
. Revenues from sales and services	81,909	0
. Total revenues	4,905	42
. Finance income and costs	15,020	63
. Reversal of liabilities	480,410	1,385,590
. Taxes relating to previous years	234,295	415,722
.Other extraordinary income	511,011	0
	1,327,550	**1,801,417**

The item "Other extraordinary income" includes the income and related interest deriving from the favorable Council of State ruling confirming the Regional Administrative Court sentence that reduced by 30% (from 1,668 thousand euros to 1,168 thousand euros) the amount of the fine imposed on ADR in 2008, which was fully paid within the scope of the Antitrust Authority proceedings regarding airport fees.

Expense

	2010	2009
▪ **Taxes relating to previous years**	**13,976,098**	**12,118,486**
▪ **Other**		
Extraordinary expense derived from:		
Operating costs	420,776	237,990
Payroll costs	77,133	0
Financial charges	42,767	0
Amortization, depreciation and write-downs	725	0
Exceptional asset write-downs	321,697	89,647
	863,098	327,637
Other extraordinary expense:		
Payments due for lost cargo	103,259	71,128
Fines	60,869	104,123
Restructuring costs	3,037,836	19,105,341
Damages and compensation paid to third parties	0	13,205
Extraordinary costs (wastage and theft)	923,727	0
Costs relating to extraordinary operations	369,000	552,000
	4,494,691	19,845,797
	5,357,789	**20,173,434**
	19,333,887	**32,291,920**

The item "Taxes relating to previous years" includes further provisions regarding the current dispute with the Customs Office following the negative outcome of the appeal ADR SpA submitted to the Regional Tax Commission for Rome.
For further information reference should be made to the section on "Tax litigation".

The item "Restructuring costs" includes expenses of 3.0 million euros arising from the review of the restructuring program launched by the Company last year.

The item "Cost of wastage and theft" includes inventory losses (0.8 million euros) deriving from the theft of goods for resale at the central warehouse at the end of November 2010.

INCOME TAXES

	2010	2009
Current taxes		
. income from tax consolidation	(993,974)	0
. expenses from tax consolidation	25,185,849	18,306,419
	24,191,875	18,306,419
. IRAP	14,108,704	12,942,632
	38,300,579	31,249,051
Deferred tax (assets) liabilities		
. deferred tax assets	(2,534,000)	(3,580,000)
. deferred tax liabilities	(7,000)	(27,000)
	(2,541,000)	(3,607,000)
	35,759,579	**27,642,051**

It should be remembered that, having met the related prerequisites, ADR SpA and the other Group companies (ADR Engineering SpA, ADR Tel SpA, ADR Assistance Srl and ADR Sviluppo Srl) along with the consolidating company, Gemina SpA, have opted to participate in the tax consolidation regime introduced by the Tremonti Reform for the three-year period 2010-2012.

As regards deferred taxation, it was decided to continue posting the assets and allowances that generated temporary differences in the individual companies' financial statements.

Pursuant to the above tax legislation, against the taxable income transferred by ADR SpA to the consolidating company, Gemina SpA, “expenses from tax consolidation” of 25,186 thousand euros (regarding IRES) has been recorded. Income from tax consolidation of 994 thousand euros has been recorded as a result of the application – in the form of remuneration - of the IRES rate to 50% of the positive difference between taxable operating income and interest expense, in accordance with contractual agreements.

IRES[3] accounts for 44.2% of pre-tax income compared with the expected rate of 27.5%.

Reconciliation of the statutory and effective rates is provided in the table below.

	2010	2009
Pre-tax income	**57,027**	**32,736**
Statutory rate (IRES)	***27.5%***	***27.5%***
Taxation at statutory rate	**15,682**	**9,002**
Effect of increases (decreases) in the ordinary rate:		
non-deductible costs	7,642	6,717
other permanent differences	(807)	(790)
temporary differences (increases)	9,745	8,246
temporary differences (decreases)	(7,077)	(4,869)
Expenses from tax consolidation	**25,185**	**18,306**
Effective rate	***44.2%***	***55.9%***

For further information on the calculation of deferred tax assets see the item “Deferred tax assets” in the section on “Receivables”.

Finally, it should be noted that, given the uncertainty surrounding the availability of government funds to pay tax rebates, contingent assets of 1,565 thousand euros have prudently not been recognized in the income statement. This sum relates to an IRES rebate deriving from the 10% deduction of IRAP for the years from 2004 to 2007.
The rebate was applied for by ADR SpA, for the years from 2004 to 2006, and by the consolidating company, Gemina SpA, for 2007, on February 1, 2010 and February 24, 2010, respectively.

OTHER INFORMATION

HEADCOUNT

The following table shows the average number of employees of ADR SpA by category:

Category	2010	2009	change
Managers	40.7	46.0	(5.3)
Administrative staff	154.2	176.1	(21.9)
White-collar	1,488.2	1,445.2	43.0
Blue-collar	365.7	383.6	(17.9)
Total	**2,048.9**	**2,050.9**	**(2.0)**

[3] For the purposes of calculating the tax rate for IRES, IRES expense was added to the income and expenses from tax consolidation.

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

In accordance with art. 2427 of the Italian Civil Code, the remuneration of Directors and Statutory Auditors is shown in the table below (cumulatively for each category in euros):

Category		Remuneration	Other remuneration (d)	TOTAL
Directors	(a)	125,534	13,566	139,100
Executive Directors	(b)	158,250	9,671	167,921
Statutory Auditors	(c)	227,700	11,680	239,380
Total		**511,484**	**34,917**	**546,401**

(a) remuneration determined pursuant to art. 2389, paragraph I, of the Italian Civil Code, approved by the General Meeting of April 15, 2010;
(b) see resolutions of Board of Directors' meetings of April 15, 2010 and May 13 2010, pursuant to art. 2389, paragraph III, of the Italian Civil Code; on June 11, 2010 a specific agreement was signed between Gemina SpA and ADR SpA regarding remuneration of the Chairman;
(c) see resolution of the General Meeting of Shareholders of April 15, 2010;
(d) social security charges incurred by the Company (9,931 thousand euros for Directors and 8,286 thousand euros for Statutory Auditors) and the reimbursement of expenses.

At a meeting on August 2, 2010 the Board of Directors also approved payment of gross annual remuneration of 85 thousand euros to the members of the Supervisory Board pursuant to Legislative Decree no. 231/2001.

REMUNERATION OF INDEPENDENT AUDITORS

In accordance with art. 149-12 of the Issuers' Regulations, which apply to ADR SpA as it is a company controlled by a listed company (Gemina SpA), a breakdown of the fees paid to the ADR Group's principal independent auditors is shown in the table below (€/000):

Type of service	Entity providing the service	Client	Fees 2010
Auditing	Deloitte & Touche S.p.A.	ADR S.p.A.	199
Attestation	Deloitte & Touche S.p.A.	ADR S.p.A.	71
Auditing	Deloitte & Touche S.p.A.	ADR Engineering S.p.A. ADR Tel S.p.A. ADR Assistance S.r.l.	87
Total			**357**

SHAREHOLDINGS OF DIRECTORS AND STATUTORY AUDITORS

None of the Directors or Statutory Auditors hold shares in the Company.

NUMBER OF SHARES

The share capital of 62,309,801 shares is represented by 62,309,801 shares with a par value of 1 euro each. As of December 31, 2010 the interest of the majority shareholder, Gemina SpA, amounts to 95.761% (59,668,245 shares).

CONDENSED FINANCIAL STATEMENTS OF GEMINA SPA FOR THE YEAR ENDED DECEMBER 31, 2009

From August 2, 2007, ADR SpA qualifies as a company "managed and coordinated" by Gemina SpA, which wholly owned Leonardo Srl, subsequently merged into Gemina SpA.

Key data from the financial statements of Gemina SpA as of December 31 2009, the latest available financial statements approved by the company's General Meeting of Shareholders on April 28, 2010, are shown in the table below (in euros):

GEMINA S.p.A. BALANCE SHEET AS OF DECEMBER 31, 2009

BALANCE SHEET
(in Euros)

ASSETS	12/31/2009	
Non-current assets		
Intagible fixed assets	3,141	
Tangible fixed assets	47,624	
Investment in subsidiary companies	1,843,211,448	
Investment in associated companies and joint venture	8,609,066	
Investment assets	28,255	
Capitalized Receivables	4,591,111	
Other non-current assets	116	
Deferred tax assets	2,109,436	
Other non-current financial assets	1,400,000	
Total non -current assets		1,860,000,197
Current assets		
Trade receivables	397,990	
Other receivables	14,434,597	
Other current financial assets	1,566,043	
Cash and cash equivalents	13,433,520	
Total current assets		29,832,150
Activities held for sales		0
TOTAL ASSETS		**1,889,832,347**

GEMINA S.p.A. BALANCE SHEET AS OF DECEMBER 31, 2009

BALANCE SHEET
(in Euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/2009	
Shareholders' equity		
Share Capital	1,472,960,320	
Capital reserve	200,056,535	
Other reserves	82,108,144	
Profit (loss) from previuos years	78,348,625	
Profit (loss) for the year	(14,069,524)	
Total Shareholders' equity		1,819,404,100
Non-current liabilities		
Employee benefits	193,240	
Provisions for risks and charges	9,100,000	
Non-current net, financial libilities	46,964,031	
Total non-current liabilities		56,257,271
Current Liabilities		
Trade payables	478,115	
Current financial liabilities	89,043	
Provisions for risks and charges	1,902,715	
Derivates	926,026	
Other current liabilities	10,775,077	
Total current Liabilities		14,170,976
Liabilities held for sales		0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,889,832,347**

GEMINA S.p.A. BALANCE SHEET AS OF DECEMBER 31, 2009

PROFIT (LOSS) FOR THE YEAR
(in Euros)

		Year 2009
Financial income (expense) from equity investments		(3,712,922)
Financial income (expense), net		(3,245,177)
Personnel costs	(1,410,492)	
Other operating costs	(3,163,118)	
Amortisation, depreciation and write-down of fixed assets	(3,128,707)	
Revenues	300,559	
Other operating profit	645,844	
Total Costs operating, net		(6,755,914)
Profit (loss) before taxation		**(13,714,013)**
Income tax		(355,511)
Profit (loss) for the year		**(14,069,524)**

LITIGATION

Administrative, civil and labor litigation is followed by the Company through its internal legal department which has provided, for the preparation of the accounts as of and for the period ended December 31, 2010, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.
As regards litigation as a whole, the Company carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under “Allowances for risks and charges” to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

Tax litigation

Significant disputes involving ADR SpA are summarized below:

- In 1987 a general tax audit of ADR SpA’s accounts from January 1, 1985 to February 18, 1987 was carried out, focusing in addition on certain aspects relating to previous years.
  Despite the fact that the auditors found no evidence of irregular accounting practices or violations of statutory regulations, including misdemeanors punishable by fine in compliance with Law 516 of August 7, 1982, ADR was notified of certain irregularities regarding both direct and sales tax for the years between 1982 and 1987. The Parent Company appealed the tax authorities’ interpretation before the competent Tax Commissions.
  During 2002, the Revenue Office appealed the sentence issued by the Regional Tax Commission for Rome – section no. 43 – before the Supreme Court. Such sentence had turned down the appeal against the sentence of the Tax Commission for the Province of Rome, dated April 9, 1999, which had accepted the grounds for ADR’s appeal against the allegations of income tax violations regarding the years 1985 and 1986.

On July 10, 2002 the tax authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. At a hearing to discuss the matter on November 7, 2007, the Supreme Court accepted the appeal and referred the case to a different department of the Regional Tax Commission.
On December 17, 2010, with Ruling no. 6625, the Central Tax Commission accepted the Company's appeal regarding the 1983 tax year, thereby cancelling the only findings that had been confirmed by the Tax Commission in second instance with Sentence no. 341/07/1992.
Thus far the outcomes of the hearings conducted by the various tax commissions have been in ADR's favor, confirming the legal interpretation adopted and a positive outcome for the Company.

- On November 3, 2006 the Tax Office of Rome (UTF) initiated an audit of the Company's accounts regarding taxation of the consumption of electricity.
  In its report dated February 23, 2007, the Tax Office informed the Company that it intended to recover the amounts relating to the consumption tax and related local surtaxes on electricity sold to third parties for the years between 2002 and 2005.
  The Tax Office formalized the request for data and information regarding the supply of electricity for the above period, and carried out additional audits aimed at carrying out technical checks on the equipment and on the means of distribution and consumption of electricity on the part of ADR, in order to identify and separate the consumption subject to the tax exemption in accordance with art. 52 of Consolidated Act no. 504/1995 for the tax period January 1, 2002 – May 31, 2007.
  Following the audits, the Tax Office issued 15 demands for payment of a total of 4.4 million euros, regarding failure to pay the tax on electricity consumption and the related surtax for the period 2002-2006. This amount includes interest expense, penalties for late payment and notification expenses.
  Generally speaking, the disputes relate to the alleged sale to third parties of electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category "industrial operators".
  Along with the demands for payment, there were 9 notifications of administrative irregularities, amounting to a total of 1.5 million euros for 2002, concerning the sanctions imposed in relation to the failure to pay the above taxes.
  Backed up by the opinion of its tax experts, ADR SpA deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed the demands in question before the Provincial Tax Commission for Rome.
  At hearings in 2008 and 2009, the Provincial Tax Commission for Rome granted all the appeals regarding payment of taxation and the imposition of sanctions.
  The Custom Office then lodged an appeal against the sentences issued by the Provincial Tax Commission for Rome.
  On October 21, 2009 the Regional Tax Commission issued and filed thirteen sentences confirming the decision of the Provincial Tax Commission and rejecting the appeal lodged by the Customs Office.
  On July 7, 2010, four additional sentences were filed which, in confirmation of the Provincial Tax Commission's ruling, rejected the appeal lodged by the Customs Office.
  On September 14, 2010 the Lazio Regional Tax Commission filed two sentences in the Company's favor regarding eight appeals put before the Attorney General's Office to revise the corresponding sentences in first instance.
  On November 5, 2010 the Attorney General's Office contested 13 sentences issued by the Lazio Regional Tax Commission before the Supreme Court. On December 15, 2010 the Company took formal legal action.
  On December 29, 2010 four appeals against the sentences handed down by the Provincial Tax Commission for Rome were notified, and filed on January 12, 2010.

- On December 27, 2006 the Municipality of Fiumicino notified ADR SpA of its failure to declare and pay local property tax for 2001 regarding Rome Airport's Hilton Hotel. On December 28, 2007 the Municipality of Fiumicino notified ADR SpA of a tax assessment for 2002 regarding the same building.
  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission for Rome.

On December 20, 2010 the Provincial Tax Commission for Rome deposited sentence no. 503/59/10, which rejected ADR SpA's appeal and required the Company to pay costs.
Due to the limited investigation of the legal issues at stake in this case, the Company intends to appeal against the sentence of the Provincial Tax Commission for Rome, deeming it highly likely that the legitimacy of its actions will be recognized.

- On August 16, 2007, the Rome II Customs District Office notified ADR SpA of reported irregularities in the sales carried out at its duty free shops from January 1, 1993 to January 31, 1998. The findings essentially regard sales made to passengers traveling within the EU that exceeded duty free allowances in terms of amount and value.
  On December 18, 2007, the same Customs District Office ordered payment of sums regarding VAT, excise duties and tobacco duties, as a result of the findings set out in the assessment report. The total amount of taxes and interest charged adds up to around 22.3 million euros.
  ADR SpA appealed this demand for payment before the Provincial Tax Commission. On April 6, 2009 the Provincial Tax Commission for Rome filed Sentence no. 149/39/00, which rejected the appeal lodged by the Company. Following the judgment, the Customs Office activated the procedure to collect the sum due, which the Company is paying in 36 installments subsequent to acceptance of the application submitted to the Collection Agent, after paying an advance of 4 million euros via an irrevocable payment order on April 27, 2009. The total assessment, including interest and ancillary charges, amounts to 26.1 million euros.
  Moreover, on 24 April 2009 the Company filed an application with the Customs Office for administrative suspension, until the Lazio Regional Tax Commission files its sentence, of collection of the sum due. On May 19, 2009 the Customs Office notified that it did not accept the request for suspension.
  On July 14, 2009 ADR SpA therefore lodged an appeal against the sentence handed down by the Provincial Tax Commission for Rome.
  On May 26, 2010 the Provincial Tax Commission for Rome deposited sentence no. 105/35/10, which rejected ADR SpA's appeal and required the Company to pay costs.
  This further adverse development has given additional weight to the risk of a negative outcome, regardless of the fact that the position of the Company and its tax experts expressed during the legal proceedings, which maintains that there are no grounds for the imposition of such taxation, is unchanged. Moreover, the Company is convinced of the substantial and formal legitimacy of its behavior.
  Consequently, in preparing the financial statements for the year ended December 31, 2010, it was decided to allocate provisions based on the estimated amount of taxes assessed, thereby bringing the allowance for taxes into line with the tax payable, inclusive of interest and ancillary charges.
  ADR SpA, which firmly maintains its position that there are no grounds for the imposition of such taxation and is convinced of the substantial and formal legitimacy of its behavior, appealed to the Supreme Court against the adverse sentence no. 105/35/10 handed down by the Regional Tax Commission.

- Within the scope of annual checks pursuant to art. 42 of Law no. 388/2000, on June 4, 2009 the Lazio Regional Tax Office initiated a general tax assessment of ADR SpA regarding IRAP and VAT for 2007.
  At the end of the audit, on October 29, 2009 the Company was notified of certain irregularities regarding direct taxation and VAT, entailing higher taxation of 1,195 thousand euros, and higher VAT of 2,416 thousand euros. In acknowledging the notice, the Company has reserved its right to defend itself before the competent authorities.

Administrative, civil and labor litigation

Significant disputes involving ADR SpA are summarized below.

AIRPORT FEES AND REGULATED TARIFFS

- With regard to the preparatory phase for the Planning Agreement 2005-2009, in November 2005 ADR SpA appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the document issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy on September 22, 2005, in which ADR is substantially denied the right to include any component of the purchase cost of the airport management concession for Fiumicino and Ciampino in the regulatory asset base, to be used in determining the airport fees it will charge. The appeal also includes a claim for damages from the ministries concerned, in view of the unwarranted delay the above document has caused in finalizing the Planning Agreement provided for in Point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. A date for the hearing on the merits is awaited.
- Actions brought by the Parent Company, including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called "system requirements"), include the proceedings brought before the civil court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR SpA as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 248/2005, which was repealed by Law no. 248/2005. With sentence no. 19720/2010 the Court rejected ADR's requests, on the grounds that: a) the airport fee increases provided for until 2000 were above the rate of inflation; b) the obligation to bring airport fees into line with the target inflation rate was only applicable until Ministerial Decree of November 14, 2000 was issued; c) in any event, the matter was completely re-regulated by Legislative Decree no. 203/05, the so-called "system requirements" legislation. The Company is assessing whether or not to contest the sentence.
- A further action relating to "system requirements" regards the appeal filed by ADR SpA at the Administrative Court in February 2006, with a view to revoking the guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005, regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority's memorandum of January 20, 2006, fixing the level of temporary airport fees. With sentence no. 2289/2007 lodged on June 5, 2007 the Lazio Regional Administrative Court rejected the appeal. In November 2007 ADR appealed this sentence before the Council of State. A hearing to discuss the case has been scheduled for May 10, 2011.
- On November 21, 2007, ADR lodged an appeal with the Lazio Regional Administrative Court (without a request for suspension) to obtain cancelation of CIPE Resolution no. 38/07 and the attached "Directive regarding tariff regulation of airport services offered on an exclusive basis". Subsequently, ADR appealed (also without request for suspension) against the Guidelines issued by the Civil Aviation Authority in implementation of this Directive.
  The principal grounds for the appeal regard the remuneration of invested capital and, more generally speaking, the allocation of concessionary charges, application of the single till criterion (the contribution of a percentage of commercial margins towards the determination of airport fees) and regulated tariff trends. An announcement of the date of the relevant hearing is awaited.
  On March 25, 2009, ADR SpA presented additional arguments supporting its appeal before Lazio Regional Administrative Court against the Ministerial Decree of December 10, 2008, published in Official Gazette no. 42 of February 20, 2009, which approves the Civil Aviation Authority's Guidelines and abolishes the previous Ministerial Decree, which was never published in the Official Gazette and was appealed by ADR SpA. An announcement of the date of the relevant hearing is awaited.
- On February 17, 2010, ADR lodged an appeal with the Lazio Regional Administrative Court against the decree of the Ministry of Infrastructure and Transport regarding "Revised airport fees for 2009", published on December 22, 2009. This decree raised airport fees in line with the target inflation rate for 2009 which, in the Economic and Financial Planning Document, is projected at 1.5%. This appeal to the Lazio Regional Administrative Court is similar, in terms of reasoning and arguments, to the one in which ADR appealed against the previous decree that revised airport fees for 2008 in line with inflation.

- In February 2010, ADR SpA, as counterparty, was notified of separate appeals lodged before Lazio Regional Administrative Court by Codacons and the Air, Sea and Rail Transport Users' Association and other carriers aimed at obtaining cancellation, with prior suspension, of the Ministerial Decree of December 8, 2009 regarding "Revised airport fees for 2009". The principal grounds for appeal are: investigative shortcomings, including lack of correlation between airport operators' costs and revenues as a prerequisite for the increase, infringement and misapplication of Law no. 241/1990 and violation of the principle of due process. At a hearing on March 25, 2010 to discuss the suspension, the case was adjourned, at the plaintiffs' request, until May 19, 2011.
- ADR has contested a letter from the Civil Aviation Authority dated April 13, 2010 and a memorandum from the Ministry of Transport of May 13, 2010 (and all other related memoranda) before the Lazio Regional Administrative Court. These notifications stipulate that EU fees should be applied to Swiss carriers, as well as all flights to and from the territory of the Swiss Confederation (conversely ADR SpA applies non-EU fees for these flights).

  The Civil Aviation Authority's assertion is based on the fact that the Agreement between the EU and Swiss Confederation of January 21, 1999 (which came into force on June 1, 2002) placed Swiss carriers on an equal footing with EU ones, and therefore ADR SpA is discriminating against Swiss carriers.

  The Company, on the other hand, maintains that no discrimination is involved as the application of airport fees, and related amounts, is governed in Italy by the Ministerial Decree of November 14, 2000 which is based on the air space a flight passes through (within or beyond the European Union) rather than the carrier that operates it. Moreover, the above-mentioned Agreement is not referred to in any EU legislation, nor in the recently amended Annex.

  At the hearing before the Regional Administrative Court, scheduled for July 12, 2010, regarding suspension of the contested communications, ADR requested, on the grounds of procedural expediency, that the case be directly referred for prompt discussion of its merits.

  In the event of a negative outcome for ADR, the carriers operating the flights in question would most likely request reimbursement from ADR of the higher amounts paid for airport fees from June 2002 (the date on which the above-mentioned Agreement came into force) until now (the maximum total amount is estimated at around 8 million euros). Obviously, the fees claimed by carriers would in turn be verified in a court of law.
- In September 2003 ADR SpA issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. The appeal aims, among other things, to recover the fees due for the period between the date the decree became valid (June 3, 2003) and the date authorized by the Civil Aviation Authority in a separate letter (June 26, 2003). With sentence no. 13847/2010 the Lazio Regional Administrative Court ordered the Civil Aviation and the Ministry of Infrastructure and Transport, jointly, to pay ADR SpA 6.7 million euros, plus legal interest accruing between the date the receivable arose to the date of payment. In October 2010 the authorities lodged an appeal against the above-mentioned sentence handed down by the Regional Administrative Court; the date of the related hearing has yet to be announced.

AIRPORT FUEL SUPPLY FEES

- In March 2006 ADR SpA appealed to the Lazio Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority's memorandum of February 3, 2006 and subsequent memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties. The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority. An announcement of the date of a hearing to discuss the matter is awaited.

- IBAR (Italian Board Airlines Representatives) and 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Administrative Court, with a request for suspensive relief, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the Civil Aviation Authority communicated the results of the controls carried out at airports managed by full-service operators "in order to analyze the correlation between costs and the flat rates charged by airport operators to oil companies". On February 27, 2008, Esso Italiana proposed taking measures to oppose the action. Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. An announcement of the date of a hearing to discuss the matter is awaited.
- ENI has brought a claim before the Rome civil court against its own client airlines (Air One, Alitalia, Eurofly, Livingston, Meridina and Neos) in order to ascertain the obligation to pay oil companies the amounts regarding the concession fee that the company owes to airport operators, and, consequently, that the carriers are ordered to pay ENI the amounts accrued to this effect since October 2005 (with Legislative Decree no. 211/2005 regarding the so-called "system requirements").
  In the same claim, ENI has also brought a secondary claim against airport operators, including ADR SpA (and the Civil Aviation Authority for the airports managed by the State) in order to ascertain that the concession fees paid by ENI to airport operators should not be calculated on the basis of the amount of fuel supplied to airlines. Moreover, as specifically regards ADR, on the one hand, ENI requests that the Company be ordered to pay an amount corresponding to the sum paid since October 2005, totaling 276 thousand euros, and, on the other, that it be determined that ENI does not owe ADR the amount of 1.1 million euros (as determined for the period up to May 31, 2006), which is as yet unpaid. At a hearing on November 19, 2008 Alitalia's attorney submitted a copy of sentence no. 287/08 of the Bankruptcy Division of the Court of Rome, declaring that the company was insolvent. The judge therefore suspended the trial. At a hearing on June 10, 2010 ENI deposited data regarding ENI's billing of carriers and airport operators' billing of ENI during the period 1997-2008. The judge deemed it necessary to consult an accounting expert, and stated his intention to appoint such a consultant. At a hearing held on December 22, 2010, Livingston's attorney stated that, via the Ministerial Decree of October 21, 2010 (published in the Official Gazette no. 272 of November 20 2010), the above-mentioned company was put into special administration and its insolvency affirmed by the Court of Busto Arsizio with sentence no. 29/2010. The judge cancelled the expert accountant's appointment and suspended the trial.
- Airone has taken out legal proceedings at the Civil Tribunal of Rome against Tamoil, its jet fuel supplier, as well as certain airport operators (SAB – Aeroporto di Bologna, ADR, SEA and SAVE), claiming the illegality of the fees charged to oil companies by operators in return for the use of airport infrastructure, which these companies subsequently "pass on" to carriers. Consequently, Airone also requests that Tamoil – together with the above airport operators, each according to their portion of responsibility – be ordered to repay the sum paid by Airone since 2003, amounting to 2.9 million euros. A hearing has been scheduled for December 21, 2011 for final judgment.

CATERING COMPANY FEES

- IBAR, together with 13 carriers, on the one hand, and Assaero and Volare, on the other hand, in separate requests, appealed to the Lazio Regional Administrative Court, with concomitant request for suspensive relief, for the cancellation of Civil Aviation Authority rulings no. A0035898 and no. 0035899 of June 5, 2007, regarding the setting of fees for the catering carried out at Rome and Milan airports, respectively. The plaintiffs have withdrawn their request for suspension. Subsequently, IBAR put forward additional grounds and requested the Regional Administrative Court to acknowledge the illegitimacy of the most recent rulings issued by the Civil Aviation Authority regarding the matter. A hearing to discuss the merits of the case has been scheduled for June 9, 2011.

CONCESSION FEES

- On May 26, 1999, ADR appealed Ministry of Finance Decree 86, dated March 5, 1999, before the Lazio Administrative Court. The Decree establishes the concession fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.

A similar action brought by ADR SpA before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR SpA's position, declared that the Company has no obligation to pay the government concession fees for the years prior to 1997.

- In September 2003 ADR SpA lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (definition of airport concession fees for 2003) published in the Official Gazette on July 7, 2003, as amended in the notice published in the Official Gazette on September 6, 2003. This decree established methods different from those previously applied for calculating annual fees due from full-service airport operators pursuant to special laws. Such methods of calculation are deemed to be discriminatory and to distort competition between airports, as they introduce an element of “adjustment” to the resulting figures regarding the “earnings” that passengers produce in relation to the airport.
  In a parallel civil court judgment, on July 12, 2007 ADR SpA was notified of the purview of sentence no. 12189 of June 13, 2007 with which the Court of Rome, accepting ADR’s request, “following misapplication of the executive decree issued by the director of the state property office on June 30, 2003”, declared that “Aeroporti di Roma SpA did not owe the Italian Civil Aviation Authority any amounts greater than the concession fees due for the years 2003, 2004 and 2005 calculated in conformity with Law no. 662/1996, in application of the calculation criteria set forth in the Ministerial Decree dated December 12, 1998”.
  On June 16, 2008 the state property office lodged an appeal against this sentence. A hearing to pronounce final judgment has been scheduled for October 12, 2011.

FIRE PREVENTION FUND

- In November 2009 ADR SpA lodged an appeal before the Lazio Regional Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority directive of July 31, 2009, protocol no. 0050644/DIRGEN/CEC, which included a table indicating the amounts of the contributions due from each operator for the fire prevention fund.
  In February 2010 additional grounds were provided against the subsequent Civil Aviation Authority directive of December 11, 2009, protocol 0087809/DIRGEN/DG which, referring to a table that had already been superseded with the previous directive of July 31, 2009, reiterated the request to airport operators to make the related payments as soon as possible in order to "rectify non-compliance with the provisions of Law no. 296 of December 27, 2006". The principal grounds for the appeals include lack of clarity regarding the charge levied on airport operators (tax or fee for provision of service), and therefore the impossibility of identifying the competent jurisdiction.
  An announcement of the date of the relevant hearing is awaited.
  With a sentence on October 26, 2010, the Tax Commission ruled on an appeal lodged by thirteen airport operators (not including ADR which, like other operators, opted to contest the directive before the above-mentioned Lazio Regional Administrative Court), declaring that the appellants were not obliged, from January 1, 2009, to pay “the contributions laid down by art. 1, paragraph 1328 of Law no. 296/2006, as amended by art. 4, paragraphs 3.2, 3.3 and 3.4, of Law no. 185/2008, into the so-called 'fire prevention fund', given that such contributions, as demonstrated, are to be allocated for purposes other than those laid down by law”.
  In fact, whilst initially admitting its competence regarding the assumption that this is a tax for a specific purpose rather than an airport fee as asserted by the Civil Aviation Authority, the Tax Commission recognized that, as of January 1, 2009, amendments had come into force identifying purposes that are completely alien to those originally provided for by the legislation regarding the provision of fire prevention services at airports.

ANTITRUST AUTHORITY

- In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR SpA, launched with the resolution of November 4, 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was imposed. The Company has appealed the latter finding before the Lazio Administrative Court, but the date for the hearing has yet to be set.

- With regard to proceedings relating to certain airport fees, details of the Lazio Regional Administrative Court's sentence issued in response to the appeals lodged by ADR SpA and Airone were published on September 25, 2009. The appeals regarded the Antitrust Authority's ruling of October 23, 2008 relating to ADR SpA's alleged abuse, pursuant to art. 82 of the EC Treaty, in respect of airport fees.

  The Court partially upheld ADR SpA's appeal, based on a series of complex reasons (e.g. the Civil Aviation Authority's failure to implement tariff regulations), and, as a result, reduced each component of the fine by 30%. This means that the total amount payable has been lowered from 1,668 thousand euros to 1,168 thousand euros.

  Again based on a series of complex reasons, the Court also partially upheld the part of Airone's appeal claiming that the Antitrust Authority's investigation had omitted to examine ADR's dominant position regarding the availability of centralized infrastructures. The Lazio Regional Administrative Court accepted Airone's argument that the Antitrust Authority, in ignoring this abuse, had only focused on the deficit arising between the costs and revenues attributable to ADR deriving from its management of centralized infrastructures.

  On January 12, 2010 ADR SpA appealed to the Council of State against both the sentences handed down by the Lazio Regional Administrative Court. On March 31, 2010 ADR filed a petition requesting prompt arrangement of a hearing to deal with the case, which was held on June 8, 2010. On June 8, 2010 the Council of State accepted ADR SpA's appeal for the part regarding centralized infrastructures, thereby deeming the Antitrust Authority's conduct to be correct and legitimate with respect to the A376 proceedings in relation to this part, in which it had concluded that the Company had not abused its dominant market position.
- On March 23, 2010 the Antitrust Authority notified ADR SpA that it was launching an investigation to ascertain whether the Company had abused its dominant position regarding access to the centralized infrastructure market.

  The launch of this investigation, which the Authority is bound to carry out, follows the partial acceptance by the Lazio Regional Administrative Court of an appeal lodged by Air One against the ruling which ordered ADR SpA to pay a fine, excluding, however, the abuse of its dominant position. Indeed, the Regional Administrative Court deemed invalid the Antitrust Authority's ruling that allegations of abusive behavior by ADR in setting fees for gaining access to centralized infrastructures were unfounded, on the grounds of illogicality and insufficient investigation.

  In this respect it should be borne in mind that ADR SpA lodged an appeal before the Council of State against the above-mentioned sentence of the Regional Administrative Court, and on March 31, 2010 filed a petition requesting prompt arrangement of a hearing to deal with the case. With the sentence of June 8, 2010 this Court accepted ADR SpA's appeal, specifically relating to the part regarding access to centralized infrastructures, thereby definitively asserting the legitimacy of the Antitrust Authority's ruling that ADR had not abused its dominant position in this market.

  However, in the wake of this sentence, the Authority has continued its new proceedings and requested information from ADR regarding costs and revenues relating to the airport infrastructure under discussion.

  Following the subsequent publication of the Council of State's ruling, on July 9, 2010 ADR SpA consequently asked the Authority to dismiss the proceedings following the above-mentioned ruling, which also obviated the need for the Company to respond to the Authority's request for information.

NOISE ABATEMENT MEASURES

- The Ministerial Decree of November 29, 2000 requires the operators of public transport services and the related infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Administrative Court's sentence no. 3382/2002. Sentence no. 5822/2004 of September 7, 2004 partially rejected the appeals brought by the airport operators.

  The Council of State has decided that airport operators have an obligation to reduce noise pollution and thus prepare noise abatement action plans under two conditions:
  - identification of the boundaries of the areas covered by the Ministerial Decree of October 31, 1997;

- verification, according to a precise schedule, of instances when noise pollution limits are exceeded outside the areas covered by the regulations, as established by the Prime Ministerial Decree of November 9, 1997, with reference to be made to the limits established in municipal zoning bylaws or, in their absence, by art. 6, paragraph 1, of the Prime Ministerial Decree of March 1, 1991.

Within the areas covered by the regulations, on the other hand, emission limits (as defined by art. 3, paragraph 3 of the Prime Ministerial Decree of November 14, 1997) are only applicable "for all noise sources other than airport infrastructures". The limits established by the Ministerial Decree of October 31, 1997 remain in force. These limits "provide for three areas (zones A, B and C) with various levels of LVA (the indicator used to measure airport noise emissions and different from the "Noise Equivalent level" used to establish the levels applied in the Prime Ministerial Decree of November 14, 1997).

The obligation to make financial provisions to cover the cost of adopting noise reduction and abatement measures, regardless of whether or not the above limits have been exceeded, derives from Framework Law no. 447/95 (art. 10, paragraph 5) and not the Ministerial Decree to which the appeal judge's sentence refers, as the latter is merely a repetition of the legal provisions referred to.

The Ministry of the Environment "assumes that the obligation to make provisions is valid regardless of whether or not the noise emission limits have been exceeded (thus as of the entry into force of Law no. 447/95)"; at the same time "all issues regarding the reasonableness of such obligation, even where limits have not been exceeded, are beyond the scope of this action, by which the appellants have appealed a regulation that merely requires communication of the provisions made".

The above sentence, moreover, does not exclude the possibility that the issue of "the reasonableness" (or otherwise) of the above regulation establishing the obligation to make provisions may be appealed by airport operators before the relevant courts. A description of the relevant accounting treatment is provided in the notes to the "Memorandum accounts".

- ADR appealed to the Lazio Regional Administrative Court requesting cancellation of the proceedings of July 1, 2010 by which the Services Conference, convened to define and approve acoustic zoning for "G.B Pastine" airport in Ciampino, approved acoustic zoning Proposal no. 2 for this airport. No request for suspensive relief was made and a date for the relevant hearing has yet to be fixed.

TRAFFIC RESTRICTIONS AT CIAMPINO AIRPORT

- Ryanair appealed to the Lazio Regional Administrative Court requesting cancellation – with prior suspension – of Ordinance no. 14/2007 of July 9, 2007 issued by the management of Ciampino airport, stipulating that no more than 100 commercial movements by the holders of slots could be effected in any one day, with slots to be allocated between 6am and 11.30pm during the winter of 2007/2008. At the hearing held on October 11, 2007 to discuss suspensive relief, the Administrative Court rejected Ryanair's appeal, thereby maintaining the restricted number of slots for the winter of 2007-2008. With Ordinance no. 5752/2007 the Council of State upheld Ryanair's appeal (and therefore the original application for suspensive relief submitted by the airline). On March 25, 2008 Ryanair notified ADR SpA of an appeal on additional grounds to the Lazio Regional Administrative Court, following the denial by Assoclerance of two slots that did not exceed the current daily of limit of 138 slots, and which the airline had not made use of during the summer of 2007. This denial was based on a contradictory interpretation by the Civil Aviation Authority, according to which the effects of the contested Civil Aviation Authority ordinance remained in force, even after the ruling by the Council of State, if Ryanair were to request slots different from those allocated to it in the summer of 2007, as only the loss of these slots would constitute the serious and irreparable harm that the ordinance intended to avoid. At a hearing held to discuss the matter on April 24, 2008, Ryanair requested that the case be adjourned until a hearing on the merits, a date for which is awaited. At the same time, regarding the carrier's request to execute Council of State Ruling no. 5752/2007, the same judge, with Ruling no. 2046/08, rejected Ryanair's demands on the following grounds: "*for the purposes of executing Ruling no. 5752 of November 6, the position taken by the appellant with regard to the present dispute, appears to be correct and satisfactory regarding maintenance of the same number of SO7 slots previously allocated to Ryanair by the Civil Aviation Authority and Assoclearance, including the S08 season, given that the damages claimed by Ryanair should be measured only on the basis of the number of slots allocated to the airline at the time when the number of total slots allocated to Ciampino airport were reduced from 138 to 100*".

BANKRUPTCY PROCEEDINGS INVOLVING CLIENTS

- A series of sentences passed by the Bankruptcy Court in Rome have declared the following companies bankrupt: Alitalia – Linee Aeree Italiane SpA in a.s., Volare SpA in a.s., Alitalia Express SpA in a.s., Alitalia Servizi SpA in a.s., Alitalia Airport in a.s. ADR lodged appeals regarding the relative bankruptcy claims. Regarding the proceedings relating to Alitalia – Linee Aeree Italiane SpA, ADR's claim was dealt with at a hearing on December 16, 2009. On this occasion, ADR was the only operator deemed to have adequately proved its claims, and the statement of affairs was duly filed. Regarding amounts due subsequent to commencement of the proceedings, the matter was adjourned until an as yet unscheduled hearing in order to complete checks on the data held by the Administrator, including the allocation of payments. Other developments include: AZ Servizi SpA in a.s and AZ Airport SpA in a.s. ÷ the next hearing to deal with priority claims has been adjourned until an as yet unscheduled date; Volare SpA in a.s.: at a hearing on March 30, 2010, regarding amounts due prior to commencement of the proceedings, a period was granted for the submission of any comments from creditors. However, given that the Administrator had proposed that all ADR's receivables be regarded as unsecured, it was deemed unnecessary to make any further representations or submit further documents; the next hearing to deal with priority claims has been adjourned until an as yet unscheduled date; Alitalia Express in a.s.: at a hearing on March 17, 2010, ADR SpA's claim was discussed and almost entirely accepted; at a hearing on May 19, 2010, discussion of ADR's claims arising subsequent to commencement of the proceedings was adjourned until July 8, 2010. On this occasion, the conclusions drawn up by the Commissioner were examined, which substantially recognized the entire amount requested by ADR as a priority claim.

  Moreover, several legal initiatives have been undertaken at the Court of Civitavecchia, in support of ADR's claims for amounts due from Alitalia for navigation fees, secured by a lien on the aircraft, also in respect of their related owners, who are jointly liable under the law.
- In October 2009 Volare Airlines SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancellation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 6.7 million euros.

  The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Air Europe and the Volare Group, at least since 2002. At a hearing for final judgment held on February 2, 2011, judgment was withheld.
- In October 2009 Air Europa SpA, a company under special administration entered into civil proceedings before the Court of Busto Arsizio in order to obtain cancelation of payments made to ADR SpA during the year prior to the carrier's entry into bankruptcy on November 30, 2004, and an order requiring the Company to pay back a sum of 1.8 million euros. The plaintiff's request is essentially based on the premise that ADR SpA was aware of the insolvency of the carrier, and the entire group of which it formed part together with Volare Airlines and the Volare Group, at least since 2002. At a hearing for final judgment held on February 2, 2011, judgment was withheld.

LABOR DISPUTES

- A judgment is pending before the Lazio Regional Administrative Court in a case brought by ADR against the Ministry of Labor and Social Policies regarding obligatory employment. The case derives from a request submitted by ADR to the Ministry of Labor regarding the possibility of excluding from the reserve quota of disabled workers ADR employees who carry out security, property surveillance and safety duties (472 staff at the time of the request), as such personnel are involved in activities that are included in or that are similar to those exempted under the relevant legislation (Law no. 68/1999). As the Ministry refused to grant this request, ADR appealed to the Regional Administrative Court with a request for preventive suspension. In a ruling on May 4, 2006, handed down with regard to the preventive suspension, the Regional Administrative Court accepted ADR's claim and consequently suspended the Ministry's refusal with immediate effect; judgment on the merits is still pending.

- A case is pending before the Court of Civitavecchia brought by a former employee who was dismissed on disciplinary grounds in 2004. Specifically, the plaintiff was dismissed regarding events that occurred during working hours, for which he was subsequently acquitted in a criminal court. Even though the dismissal was not contested in accordance with the law, the plaintiff has claimed damages amounting to around 0.8 million euros, on the grounds of false dismissal. Full acceptance of these claims is deemed highly unlikely, whilst it is considered that, in the remote possibility of any claims being accepted, only an insignificant sum would be entailed. A further hearing has been fixed for May 19, 2011.
- A group of 16 parties summonsed ADR SpA and the bankrupt Ligabue Gourmet, thereby challenging the validity of ADR's sale of the West catering business unit to Ligabue, with a claim for damages totaling around 9.8 million euros until the end of 2006, including future damages and staff termination benefits. Despite the lack of previous decisions regarding such a case, acceptance of these claims is deemed highly unlikely. The dispute was settled in favor of ADR by a sentence on June 29, 2010 that rejected all the claims made by the counterparty, who was also ordered to reimburse ADR's legal costs.
- With notification of a sentence of July 13, 2009, the level of appeal was concluded in the case brought by a group of 34 plaintiffs, all of whom are former ADR employees transferred to Ligabue after the sale of the West catering business unit by ADR to the latter company, which subsequently went bankrupt. Via said notification the Appeal Court of Rome declared the case to be closed regarding 5 plaintiffs, with whom a settlement was reached, and ordered ADR to pay a sum of 60 thousand euros to each of the remaining 29 plaintiffs, amounting to 1.7 million euros in compensation pursuant to art. 1381 of the Italian Civil Code (third-party obligation). The claim specifically regards a ruling that dealt with the issue of employment following the bankruptcy of Ligabue signed at the Ministry of Labor and Social Policies on August 2, 2002, and endorsed by ADR and other interested parties, and the relevant national and regional authorities and labor organizations. ADR appealed to the Supreme Court, which was met with two counter cross-appeals from a group of nine plaintiffs, who claim the right to be employed by ADR. A date for the hearing has yet to be fixed. Moreover, litigation is pending with some of the above-mentioned 29 plaintiffs, currently numbering 17, regarding the withholding tax deducted at source by ADR on the sum claimed, which the group of 17 plaintiffs deem not liable for taxation.

TENDERS

- ATI Alpine Bau, which was awarded the contract for works relating to the structural and operational upgrading of runway 3 at Fiumicino airport, appealed sentence no. 1347/06 handed down Rome’s Civil Court. This sentence ordered ADR to *pay* 1.2 million euros, plus legal interest from the time of the claim, totaling 0.2 million euros. The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim) and a request was made to combine the three proceedings. In addition, a further appeal is pending against the partial judgment in first instance (the hearing for final judgment has been adjourned until March 22, 2011).

  At the hearing on January 10, 2007 ATI Alpine’s legal counsel made a request to combine the present proceeding with the preceding ongoing action, for which a partial judgment has been handed down (as above). ADR’s legal experts opposed the combination of the proceedings and the judge, in accepting this opposition, rejected the request, but at the same time ordered that, merely for the purposes of reducing the number of court appearances, the present proceeding and that for which a partial judgment has been handed down should be dealt with at the same hearing. Therefore, final judgment in this case has also been adjourned until March 22, 2011.
- In 2002 a lawsuit was taken out by ATI Elsag SpA - CML Handling Technology SpA regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. With sentence no. 23167/07 ADR Spa was ordered to pay damages to Elsag, amounting to 1.2 million euros, plus interest and revaluation. Before the related right should lapse, the Company has lodged an appeal whilst awaiting the outcome of negotiations that may lead to an agreed settlement of the dispute. At a hearing in June 25, 2010, the case was adjourned until October 5, 2012 for final judgment. In December 2010 the parties signed a compromise settlement regarding this dispute.

- A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome's Fiumicino airport and related works, has been brought by Consorzio Aerest (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation. On October 8, 2004 the Court of Rome partially upheld the Consorzio Aerest's claim, requiring ADR SpA to pay the consortium the sum of approximately 167 thousand euros, rejecting all other claims and apportioning the legal costs to both parties.
  On April 27, 2005 Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the claim submitted in first instance. At a hearing on April 6, 2010 for final judgment, the case was further adjourned until October 4, 2011.
- Finprest has brought an action designed to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" domestic terminal at Fiumicino airport. With partial judgment no. 6265/2008 the Court of Rome rejected the claims of the plaintiff, ATI Finprest, whilst accepting the plaintiff's claim for interest for alleged late payment of installments paid regarding revised prices during the term of the contract. In a separate ruling, the Court thus ordered the proceedings to continue with appointment of an expert to ascertain whether ADR had made delayed payments of the revised installments and, if so, to determine the related interest. In a report filed on May 5, 2009, the expert assessed the amount of interest for delayed payments and accounting to be paid by ADR at 174 thousand euros. At a hearing to question the expert on April 1, 2010, given the positions expressed by the parties regarding the report, the judge decided to recall the expert on December 9, 2010. On this occasion the case was adjourned until a hearing on April 28, 2011, after a further exchange of opinions with ADR's expert consultant.
- On December 30, 2004 ATI NECSO Entrecanales - Lamaro Appalti notified its decision to appeal sentence 35859/2003 issued by the Civil Court of Rome, summonsing ADR SpA to appear before the Appeal Court of Rome. In addition to rejecting ATI Necso's claims, the judge at the initial hearing also ordered the company to pay ADR SpA's costs. ATI NECSO is claiming damages of 9.8 million euros, plus VAT, interest, revaluation and costs, from ADR SpA in relation to 7 claims posted in the accounts relating to the contract for work on the extension and restructuring of the international terminal (Satellite West) at Fiumicino airport. Due to the favorable judgment handed down in first instance, the likelihood of a negative outcome for ADR SpA is deemed remote and in any case far less than the counterparty's claims. A hearing to pronounce final judgment was held on November 18, 2008. With an injunction in April 2009, the Court of Appeal decided that, in order to determine claims for damages regarding the longer duration of the contract works attributable to the purchaser, ADR, technical consultancy would be required. On June 18, 2010 an expert appraisal was deposited, deeming claims amounting to 3.3 million euros made by the company awarded the contract to be reasonable. ADR SpA's expert consultant is preparing his comments, which will be discussed, together with the consultant, at a hearing on September 28, 2010. The consultant's comments were deposited at a hearing on September 28, 2010. At a hearing for final judgment held on February 8, 2011, judgment was withheld.
- On February 1, 2005 Fondedile Costruzioni Srl lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the company to reimburse ADR's legal costs. This appeal reiterates the claim submitted in first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation, regarding higher charges and damages incurred during the execution of construction works on a service tunnel at Fiumicino airport. A hearing to pronounce final judgment scheduled for March 8, 2011 was adjourned until March 13.

In the Company's judgment, current litigation and other potential disputes should not give rise to liabilities greater than the amount that has already been provided for.

* * *

In conclusion, we declare that these financial statements present a true and fair view of the Company's financial position and results of operations for the period.

THE BOARD OF DIRECTORS

ANNEXES

LIST OF SIGNIFICANT EQUITY INVESTMENTS

ADR ENGINEERING SpA Unipersonale

Date of incorporation	February 21, 1997
Tax Code and Companies' Register	Rome 05256281006
R.E.A.	Rome 867594
Registered office	00054 Fiumicino - Via Lago di Traiano, 100
Share capital	774,690 euros represented by 1,500 shares with a par value of 516.46 euros each
Holding: 1,500 shares with voting rights at ordinary general meeting, amounting to **100%**	

ADR ASSISTANCE Srl Unipersonale

Date of incorporation	June 23, 2008
Tax Code and Companies' Register	Rome 10062661003
R.E.A.	Rome 1206621
Registered office	00054 Fiumicino – Via dell'Aeroporto di Fiumicino 320
Share capital	6,000,000 euros
100% of voting rights at ordinary general meeting	

ADR Tel SpA

Date of incorporation	July 31, 2002
Tax Code and Companies' Register	Rome 07169231003
R.E.A.	Rome 1014944
Registered office	00054 Fiumicino - Via dell'Aeroporto di Fiumicino, 320
Share capital	600,000 euros represented by 600,000 shares with a par value of 1 euro each
Holding: 600,000 shares with voting rights at ordinary general meeting, amounting to **100%** (including **1%** held via ADR Sviluppo Srl)	

ADR ADVERTISING SpA

Date of incorporation	January 10, 2003
Tax Code and Companies' Register	Rome 07336861005
R.E.A.	Rome 1027780
Registered office	00054 Fiumicino – Office Tower, Leonardo da Vinci Airport
Share capital	1,000,000 euros represented by 500,000 ordinary shares and 500,000 preference shares both with a par value of 1 euro each
Holding: 255,000 shares with voting rights at ordinary general meeting, amounting to **51%** of the share capital	

ADR SVILUPPO Srl Unipersonale

Date of incorporation	July 27, 2001
Tax Code and Companies' Register	Rome 06708221004
R.E.A.	Rome 984688
Registered office	00054 Fiumicino - Via dell'Aeroporto di Fiumicino, 320
Share capital	100,000 euros
100% of voting rights at ordinary general meeting	

CONSORZIO E.T.L. – EUROPEAN TRANSPORT LAW (in liquidation)

Date of incorporation	June 24, 1999
Tax Code and VAT Number	Rome 05813501003
R.E.A.	Rome 924720
Registered office	00054 – Fiumicino Airport – Office Tower 1 – 6th floor, room 627
Consortium fund	82,633.11 euros
25% of voting rights at Management Board meetings	

LIGABUE GATE GOURMET ROMA SpA (insolvent)

Date of incorporation	November 20, 1997
Tax Code and Companies' Register	Venice 03016170270
Registered office	30030 Tessera (VE) – Marco Polo Airport
Share capital	103,200 euros represented by 20,000 shares with a par value of 5.16 euros each
Holding: 4,000 shares with voting rights at ordinary general meeting, amounting to **20%**	

SOCIETA' AEROPORTUALE CALABRESE - S.A.CAL. SpA

Date of incorporation	February 23, 1990
Tax Code and Companies' Register	Catanzaro 01764970792
Registered office	Lamezia Terme (CZ) – Lamezia Terme Civil Airport
Share capital	7,755,000 euros represented by 15,000 shares with a par value of 517 euros each
Holding: 2,485 shares with voting rights at ordinary general meeting, amounting to **16.57%**	

AEROPORTO DI GENOVA SpA

Date of incorporation	July 12, 1985
Tax Code and Companies' Register	Genoa 02701420107
Registered office	Genova Sestri – Passenger Terminal
Share capital	7,746,900 euros represented by 15,000 shares with a par value of 516.46 euros each
Holding: 2,250 shares with voting rights at ordinary general meeting, amounting to **15%**	

CONDENSED FINANCIAL STATEMENTS OF SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

ADR Engineering SpA

Corporate officers

Board of Directors	*(after the General Meetings of April 1, 2008 and March 22, 2010 and the Board meeting of June 16, 2010)*
Chairman	Sandro Capparucci *(after June 16, 2010)*
	Marco Torsello *(until June 16, 2010)*
Directors	Giorgio Gregori
	Ruggero Poli *(after March 22, 2010)*
Secretary	Avv. Roberto Mignucci *(after February 17, 2010)*

Board of Statutory Auditors	*(after the General Meeting of March 20, 2009)*
Chairman	Antonio Mastrapasqua
Statutory Auditors	Pietro Cerasoli
	Gianpaolo Davide Rossetti
Alternate Auditors	Lelio Fornabaio
	Carlo Regoliosi

Independent Auditors	Deloitte & Touche SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€000)	**Dec 31, 2010**	**Dec 31, 2009**
Intangible fixed assets	171	169
Tangible fixed assets	30	50
A. – FIXED ASSETS	201	219
Inventory	5,978	6,524
Trade receivables	1,052	2,162
Other assets	529	288
Trade payables	(4,446)	(3,203)
Allowances for risks and charges	(627)	(311)
Other liabilities	(1,231)	(1,706)
B. - WORKING CAPITAL	1,255	3,754
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	1,456	3,973
D. – EMPLOYEE SEVERANCE INDEMNITIES (ESI)	677	574
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**779**	**3,399**
Financed by:		
Share capital	775	775
Reserves and retained earnings	682	885
Net income (loss) for the year	327	(203)
F. - SHAREHOLDERS' EQUITY	1,784	1,457
G. – MEDIUM/LONG-TERM BORROWING	0	0
H. – SHORT-TERM BORROWING		
.short-term debt	0	1,972
. cash and current receivables	(1,005)	(30)
(G+H)	(1,005)	1,942
I. - TOTAL AS IN "E" (F+G+H)	**779**	**3,399**

RECLASSIFIED INCOME STATEMENT (€000)	**2010**	**2009**
A.- REVENUES	9,646	6,978
B.- REVENUES FROM ORDINARY ACTIVITIES	9,646	6,978
Cost of materials and external services	(5,812)	(2,592)
C.- GROSS MARGIN	3,834	4,386
Payroll costs	(2,641)	(3,701)
D.- EBITDA	1,193	685
Amortization and depreciation	(93)	(81)
Allowances for risks and charges	(501)	(4)
Other income (expense), net	121	326
E.- EBIT	720	926
Finance income (costs), net	(48)	(11)
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	672	915
Extraordinary income (expense), net	3	(942)
G.- INCOME BEFORE TAXES	675	(27)
Current taxes for the year	(466)	(245)
Deferred tax (assets) liabilities for the year	118	69
	(348)	(176)
H.- NET INCOME (LOSS) FOR THE YEAR	**327**	**(203)**

ADR Assistance Srl

Corporate officers

Sole Director	*(after the General Meeting of March 29, 2010)* Elia Pistola
Board of Statutory Auditors	*(after the General Meetings of August 5, 2008 and March 29, 2010)*
Chairman	Alberto Dello Strologo
Statutory Auditors	Fernando Pergolini Pietro Cerasoli
Alternate Auditors	Eugenio Lagomarsino Carlo Regoliosi *(after March 29, 2010)*
Independent Auditors	Deloitte & Touche SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€000)	**Dec 31, 2010**	**Dec 31, 2009**
Intangible fixed assets	1,503	1,724
Tangible fixed assets	1,352	1,462
A. – FIXED ASSETS	2,855	3,186
Trade receivables	2,387	3,677
Other assets	341	842
Trade payables	(1,724)	(3,029)
Allowances for risks and charges	0	0
Other liabilities	(1,635)	(2,243)
B. - WORKING CAPITAL	(631)	(753)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	2,224	2,433
D. – EMPLOYEE SEVERANCE INDEMNITIES (ESI)	15	6
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**2,209**	**2,427**
Financed by:		
Share capital	6,000	6,000
Reserves and retained earnings	(328)	(653)
Net income (loss) for the year	431	326
F. - SHAREHOLDERS' EQUITY	6,103	5,673
G. – MEDIUM/LONG-TERM BORROWING	0	0
H. – SHORT-TERM BORROWING		
(NET CASH AND CASH EQUIVALENTS)		
.short-term debt	0	0
. cash and current receivables	(3,894)	(3,246)
(G+H)	(3,894)	(3,246)
I. - TOTAL AS IN "E" (F+G+H)	**2,209**	**2,427**

RECLASSIFIED INCOME STATEMENT (€000)	**2010**	**2009**
A.- REVENUES	14,367	13,284
B.- REVENUES FROM ORDINARY ACTIVITIES	14,367	13,284
Cost of materials and external services	(2,425)	(2,288)
C.- GROSS MARGIN	11,942	10,996
Payroll costs	(10,255)	(9,488)
D.- EBITDA	1,687	1,508
Amortization and depreciation	(600)	(509)
Allowances for risks and charges	0	0
Other income (expense), net	144	138
E.- EBIT	1,231	1,137
Finance income (costs), net	1	3
Adjustments to financial assets	0	0
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	1,232	1,140
Extraordinary income (expense), net	52	0
G.- INCOME BEFORE TAXES	1,284	1,140
Current taxes for the year	(800)	(876)
Deferred tax (assets) liabilities for the year	(53)	62
	(853)	(814)
H.- NET INCOME (LOSS) FOR THE YEAR	**431**	**326**

ADR Tel SpA

Corporate officers

Board of Directors	*(after the General Meetings and Board meetings of March 29, 2010 and October 20, 2010)*
Chairman	Guido Massimo Mannella *(after October 20, 2010)*
	Vito Mangano *(until October 18, 2010*
Directors	Antonio Abbate
	Andrea Pontecorvo
Secretary	Roberto Mignucci *(after March 29, 2010)*

Board of Statutory Auditors	*(after the General Meeting of April 7, 2008)*
Chairman	Alberto Dello Strologo
Statutory Auditors	Lelio Fornabaio *(until April 19, 2010)*
	Pietro Cerasoli *(after April 19, 2010)*
	Carlo Regoliosi
Alternate Auditors	Pietro Cerasoli *(until April 19, 2010)*
	Eugenio Lagomarsino

Independent Auditors	Deloitte & Touche SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€000)	**Dec 31, 2010**	**Dec 31, 2009**
Intangible fixed assets	4,568	4,845
Tangible fixed assets	208	324
A. – FIXED ASSETS	4,776	5,169
Trade receivables	3,629	3,547
Other assets	318	230
Trade payables	(4,299)	(4,476)
Allowances for risks and charges	(192)	(72)
Other liabilities	(444)	(1,015)
B. - WORKING CAPITAL	(988)	(1,786)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	3,788	3,383
D. – EMPLOYEE SEVERANCE INDEMNITIES (ESI)	405	361
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**3,383**	**3,022**
Financed by:		
Share capital	600	600
Reserves and retained earnings	2,210	1,718
Net income (loss) for the year	347	492
F. - SHAREHOLDERS' EQUITY	3,157	2,810
G. – MEDIUM/LONG-TERM BORROWING	0	0
H. – SHORT-TERM BORROWING		
.short-term debt	631	1,116
. cash and current receivables	(405)	(904)
(G+H)	226	212
I. - TOTAL AS IN "E" (F+G+H)	**3,383**	**3,022**

RECLASSIFIED INCOME STATEMENT (€000)	**2010**	**2009**
A.- REVENUES	10,748	10,925
B.- REVENUES FROM ORDINARY ACTIVITIES	10,748	10,925
Cost of materials and external services	(7,004)	(7,020)
C.- GROSS MARGIN	3,744	3,905
Payroll costs	(1,137)	(1,224)
D.- EBITDA	2,607	2,681
Amortization and depreciation	(1,804)	(1,632)
Other provisions	(55)	(49)
Allowances for risks and charges	(61)	0
Other income (expense), net	(11)	219
E.- EBIT	676	1,219
Finance income (costs), net	(38)	(45)
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	637	1,174
Extraordinary income (expense), net	(56)	(286)
G.- INCOME BEFORE TAXES	581	888
Current taxes for the year	(270)	(438)
Deferred tax (assets) liabilities for the year	36	42
	(234)	(396)
H.- NET INCOME (LOSS) FOR THE YEAR	**347**	**492**

ADR Advertising SpA

Corporate officers

Board of Directors	*(after the General Meetings and Board meetings of March 16, 2009 and June 18, 2010, and the Board meeting of October 22, 2010)*
Chairman	Massimo Pini *(after June 18, 2010)* - Emanuele Ludovisi *(until March 31, 2010)*
Managing Director	Fabrizio Du Chene De Vere
Directors	Antonio Abbate
	Marco Treggiari *(after October 22, 2010)* - Marco Torsello *(until June 22, 2010)*
	Andrea Ghisolfi
Secretary	Roberto Mignucci *(after June 18, 2010)*

Board of Statutory Auditors	*(after the General Meeting of March 16, 2009)*
Chairman	Christian Cisternino
Statutory Auditors	Giancarlo Russo Corvace
	Guido Croci
Alternate Auditors	Marco Baccani
	Pietro Cerasoli

General Manager	Sandro Loreti

Independent Auditors	Reconta Ernst & Young SpA

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€000)	**Dec 31, 2010**	**Dec 31, 2009**
Intangible fixed assets	1	1
Tangible fixed assets	1,264	1,657
Non-current financial assets	0	0
A. – FIXED ASSETS	1,265	1,658
Trade receivables	7,548	10,213
Other assets	1,625	1,860
Trade payables	(9,204)	(9,783)
Allowances for risks and charges	(93)	(93)
Other liabilities	(391)	(818)
B. - WORKING CAPITAL	(514)	1,379
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	750	3,037
D. – EMPLOYEE SEVERANCE INDEMNITIES (ESI)	156	137
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**594**	**2,900**
Financed by:		
Share capital	1,000	1,000
Reserves and retained earnings	32	1,020
Net income (loss) for the year	(834)	(988)
F. - SHAREHOLDERS' EQUITY	198	1,032
G. – MEDIUM/LONG-TERM BORROWING	0	0
H. – NET SHORT-TERM DEBT		
.short-term debt	500	2,260
. cash and current receivables	(104)	(392)
(G+H)	396	1,868
I. - TOTAL AS IN "E" (F+G+H)	**594**	**2,900**

RECLASSIFIED INCOME STATEMENT (€000)	**2010**	**2009**
A.- REVENUES	19,717	20,479
B.- REVENUES FROM ORDINARY ACTIVITIES	19,717	20,479
Cost of materials and external services	(18,246)	(19,059)
C.- GROSS MARGIN	1,471	1,420
Payroll costs	(647)	(884)
D.- EBITDA	824	536
Amortization and depreciation	(459)	(427)
Other provisions	(1,015)	(818)
Allowances for risks and charges	0	(4)
Other income (expense), net	(127)	(108)
E.- EBIT	(777)	(821)
Finance income (costs), net	(16)	(21)
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	(793)	(842)
Extraordinary income (expense), net	0	(128)
G.- INCOME BEFORE TAXES	(793)	(970)
Current taxes for the year	(41)	(18)
Deferred tax (assets) liabilities for the year	0	0
	(41)	(18)
H.- NET INCOME (LOSS) FOR THE YEAR	**(834)**	**(988)**

ADR Sviluppo Srl Unipersonale

Corporate officers

Sole Director	*(after the General Meeting of March 12, 2010)* Franco Candido Giudice

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (in euros)	**Dec 31, 2010**	**Dec 31, 2009**
Intangible fixed assets	4,141	4,141
Tangible fixed assets	6,000	6,000
A. – FIXED ASSETS	10,141	10,141
Trade receivables		
Other assets	1,294	2,034
B. - WORKING CAPITAL	1,294	2,034
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	11,435	12,175
D. – EMPLOYEE SEVERANCE INDEMNITIES (ESI)	0	0
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**11,435**	**12,175**
Financed by:		
Share capital	100,000	100,000
Reserves and retained earnings	9,603	5,432
Net income (loss) for the year	(1,160)	4,171
F. - SHAREHOLDERS' EQUITY	108,443	109,603
G. – MEDIUM/LONG-TERM BORROWING	0	0
H. – NET SHORT-TERM DEBT		
.short-term debt	0	0
. cash and current receivables	(97,008)	(97,428)
(G+H)	(97,008)	(97,428)
I. - TOTAL AS IN "E" (F+G+H)	**11,435**	**12,175**

RECLASSIFIED INCOME STATEMENT (in euros)	**2010**	**2009**
A.- REVENUES	0	0
B.- REVENUES FROM ORDINARY ACTIVITIES	0	0
Cost of materials and external services	(1,079)	(1,547)
C.- GROSS MARGIN	(1,079)	(1,547)
Payroll costs	0	0
D.- EBITDA	(1,079)	(1,547)
Amortization and depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	(873)	(873)
E.- EBIT	(1,952)	(2,420)
Finance income (costs), net	354	6,375
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	(1,598)	3,955
Extraordinary income (expense), net	0	(309)
G.- INCOME BEFORE TAXES	(1,598)	3,646
Current taxes for the year	438	525
Deferred tax (assets) liabilities for the year	0	0
	438	525
H.- NET INCOME (LOSS) FOR THE YEAR	**(1,160)**	**4,171**

Consorzio E.T.L.

Reclassified balance sheet and income statement

RECLASSIFIED BALANCE SHEET (€000)	Dec 31, 2010	Dec 31, 2009
Intangible fixed assets	0	0
Tangible fixed assets	0	0
Non-current financial assets	0	0
A. – FIXED ASSETS	0	0
Trade receivables	104	125
Other assets	0	0
Trade payables	(219)	(312)
Allowances for risks and charges	0	0
Other liabilities	0	0
B. - WORKING CAPITAL	(115)	(187)
C. - INVESTED CAPITAL, minus short-term liabilities (A+B)	(115)	(187)
D. – EMPLOYEE SEVERANCE INDEMNITIES (ESI)	0	0
E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and ESI	**(115)**	**(187)**
Financed by:		
Share capital	83	83
Reserves and retained earnings	(4)	(16)
Net income (loss) for the year	(72)	(171)
F. - SHAREHOLDERS' EQUITY	7	(104)
G. – MEDIUM/LONG-TERM BORROWING	0	0
H. – NET SHORT-TERM DEBT		
.short-term debt		
. cash and current receivables	(122)	(83)
(G+H)	(122)	(83)
I. - TOTAL AS IN "E" (F+G+H)	**(115)**	**(187)**

RECLASSIFIED INCOME STATEMENT (€000)	2010	2009
A.- REVENUES	157	193
B.- REVENUES FROM ORDINARY ACTIVITIES	157	193
Cost of materials and external services	(212)	(350)
C.- GROSS MARGIN	(55)	(157)
Payroll costs	0	0
D.- EBITDA	(55)	(157)
Amortization and depreciation	0	0
Other provisions	0	0
Allowances for risks and charges	0	0
Other income (expense), net	(15)	(12)
E.- EBIT	(70)	(169)
Finance income (costs), net	0	0
F.- INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES	(70)	(169)
Extraordinary income (expense), net	(2)	0
G.- INCOME BEFORE TAXES	(72)	(169)
Current taxes for the year	0	2
Deferred tax (assets) liabilities for the year	0	0
	0	2
H.- NET INCOME (LOSS) FOR THE YEAR	**(72)**	**(171)**

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF AEROPORTI DI ROMA SpA, PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

During the year ended December 31, 2010 we verified compliance with the law, the articles of association and the principles of good governance, applying the recommendations laid down in the regulations for statutory auditors established by the Italian Accounting Profession.
With the exception of cases of absence with leave, we attended all the general meetings and Board of Directors' meetings held during the year, which were conducted in compliance with the related statutory requirements, laws and regulations.

In the course of meetings with the Board of Directors, we obtained information on the Company's activities and on transactions with a material impact on the results of operations and financial position carried out by the Company and its subsidiary undertakings. Based on the information in our possession, we can provide reasonable assurances that both the resolutions passed and the actions implemented complied with the law and the articles of association, and that they were not manifestly imprudent or risky, and did not compromise the value of the Company's assets.

Our discussions with the auditors engaged to carry out the Company's accounting controls did not reveal significant aspects or information to be included in this Report.

The Company has adopted an "Organizational, management and control model" that complies with the requirements of Legislative Decree no. 231/2001. This model was updated by the Board of Directors at its meeting of March 9, 2011 to take account of changes in the related legislation and ongoing developments in the regulations governed by Legislative Decree no. 231/2001.

The Company's Supervisory Board has reported on its activities during 2010, without noting any aspects of concern.

In the course of our checks, we also examined certain company procedures, noting that the Company has complied with the guidelines therein.

We assessed the adequacy and reliability of the organizational structure and its ability to ensure a fair presentation of operating activities, in part by obtaining information from the heads of the various departments and the auditors.

We have not received any complaints pursuant to art. 2408 of the Italian Civil Code.

In view of the fact that we did not have responsibility for auditing the financial statements, we have examined the financial statements for the year ended December 31, 2010 in order to verify the general presentation and overall compliance with the laws relating to form and content. We have no particular observations to make in this regard.

We have also checked that the Management Report on Operations has been prepared in accordance with the related requirements.

As far as we are aware, in preparing the financial statements the Directors did not apply the exemptions permitted by art. 2423, paragraph four of the Italian Civil Code.

We have verified that the financial statements are consistent with the disclosures and information communicated to us in the course of carrying out our duties, and we have no observations to make in this regard.

The consolidated financial statements of Aeroporti di Roma SpA and its subsidiary undertakings for the year ended December 31, 2010 have been prepared in compliance with the provisions of Legislative Decree no. 127 of April 9, 1991. The Management Report on Operations has been prepared in accordance with the provisions of art. 2428 of the Italian Civil Code and art. 40 of the above Legislative Decree no. 127/1991.

Dear Shareholders,

The independent auditors, Deloitte & Touche SpA, have issued clean reports on the separate and consolidated financial statements, including assurance that the Management Report on Operations is consistent with the financial statements. In view of the above, we invite you to approve the financial statements for the year ended December 31, 2010 and the Board of Directors' proposal for the appropriation of net income for the year.

Dear Shareholders,

The term of office of the Director co-opted on to the Board of Directors at the meeting of August 2, 2010, pursuant to art. 2386 of the Italian Civil Code, expires with this ordinary general meeting. We therefore invite you to elect a new Director.

Fiumicino, Italy
MARCH 22, 2011.
MARIA LAURA PRISLEI - CHAIRWOMAN
Luca Aurelio Guarna – Statutory Auditor
Silvano Montaldo - Statutory Auditor
Enrico Proia - Statutory Auditor
Mario Tonucci - Statutory Auditor

REPORT OF THE INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.
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Italia

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AUDITORS' REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND TO ART. 165 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

To the Shareholders of
AEROPORTI DI ROMA S.p.A.

1. We have audited the financial statements of Aeroporti di Roma S.p.A. (the "Company") as of December 31, 2010. These financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Company'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 the Auditing Standards recommended 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 financial statements are free of material misstatement. 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 the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 30, 2010.

3. In our opinion, the financial statements give a true and fair view of the financial position of Aeroporti di Roma S.p.A. as of December 31, 2010, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

4. The Company's Directors are responsible for the preparation of the Management Report on Operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Management Report on Operations is consistent with the financial statements of Aeroporti di Roma S.p.A as of December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
March 22, 2011

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

SHAREHOLDER RESOLUTIONS

SHAREHOLDER RESOLUTIONS ADOPTED AT THE ORDINARY GENERAL MEETING OF APRIL 13, 2011

The General Meeting:

- approved the Board of Directors' Management Report on Operations and the financial statements for the year ended December 31, 2010, which report net income of 21,267,045.10 euros to be taken to retained earnings;
- elected Mr. Gianni Mion to serve as a Director of the Company until expiry of the term of office of the current Board of Directors.