Salini Impregilo Group

Interim Report on Operations

March 31, 2014

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Salini Impregilo S.p.A., a company subject to management and coordination by Salini Costruttori S.p.A.

Share capital 500,000,000 euros

Registered office at 97 Via dei Missaglia, Milan

Tax I.D. and Milan Company Register listing No. 00830660155

R.E.A. No. 525502 – VAT No. 02895590962

Contents

Composition of the governance bodies at March 31, 2014

Board of Directors (i)		
	Chairman	Claudio Costamagna
	Chief Executive Officer	Pietro Salini
	Directors	Marina Brogi
		Giuseppina Capaldo
		Mario Giuseppe Cattaneo
		Roberto Cera
		Laura Cioli
		Alberto Giovannini
		Nicola Greco (*)
		Pietro Guindani
		Geert Linnebank
		Giacomo Marazzi (*)
		Franco Passacantando (*)
		Laudomia Pucci
		Simon Pietro Salini
Executive Committee		
		Pietro Salini
		Claudio Costamagna
		Alberto Giovannini
		Giacomo Marazzi (*)
		Simon Pietro Salini
Control and Risk Committee		
		Mario Giuseppe Cattaneo
		Giuseppina Capaldo
		Pietro Guindani
		Franco Passacantando (*)
Compensation and Nominating Committee		
		Marina Brogi
		Nicola Greco (*)
		Geert Linnebank
		Laudomia Pucci
Related-party Transaction Committee		
		Alberto Giovannini
		Marina Brogi
		Giuseppina Capaldo
		Geert Linnebank
Board of Statutory Auditors (ii)		
	Chairman	Alessandro Trotter
	Statutory Auditors	Teresa Cristiana Naddeo
		Gabriele Villa
	Alternates	Roberta Battistin
		Marco Tabellini
Independent Auditors		PricewaterhouseCoopers S.p.A.

(i) Elected by the Shareholders' Meeting of July 17, 2012 for a term of office ending with the approval of the financial statements at December 31, 2014.

(ii) Elected by the Shareholders' Meeting of April 30m 2014 for a term of office ending with the approval of the financial statements at December 31, 2016.

(*) Elected by the Shareholders' Meeting of September 12, 2014 for a term of office ending with the approval of the financial statements at December 31, 2014.

Financial highlights of the Group

Introductory remarks

Considering the circumstances that the acquisition of control by the former controlling company (now the incorporated company) Salini S.p.A. over the former controlled company (now the incorporated company) Impregilo S.p.A. occurred after the end of the first quarter of 2013 and the fact that the merger of Salini and Impregilo was completed after the acquisition of control by the former over the latter and thus qualified as a business combination of entities under common control in accordance with the IAS/IFRS principles, the consolidated income statement, statement of financial position and statement of cash flows of the Salini Impregilo Group at March 31, 2014, are presented in continuity with those of the Salini Group for the year ended December 31, 2013. Consequently, the following schedules are presented in this Interim report on operations for comparison purposes: (i) consolidated income statement of the Salini Group for the first quarter of 2013 and (ii) consolidated statement of financial position of the Salini Group at December 31, 2013. Therefore, and in view of the significant contribution that the activities owned by the former Impregilo provided in this Interim report on operations and the fact that these activities were not recognized in the Salini consolidated financial statements for the corresponding period in the previous year, as they were not controlled, for the sake of a more homogeneous understanding of the results for the first quarter of 2012 in comparison with those for the first quarter of the previous year, these comparative economic results were restated as if the Salini Group acquired control of Impregilo at an earlier data. This presentation, provided exclusively for information purposes, is shown and commented later in this report, in the section entitled "Performance of the Group's operations in the first quarter of 2014."

The Salini Impregilo Group ended the first quarter of 2014 with total revenues of 859,0 million euros (307.9 million euros in 2013), EBIT of 45.1 million euros (27.1 million euros for the first quarter 2013) and a net profit attributable to the owners of the parent amounting to 15.3 million euros (30.3 million euros for the first quarter 2013).

Owing in part to steady progress in the implementation of the plan to monetize and divest non-core activities, the relevant competitive scenario of the Salini Impregilo Group is currently represented by the global market for investments in the construction sector, with specific focus on the market for large, complex infrastructures.

At the international level, macroeconomic conditions show an improvement compared with the data for the previous year. According to recent estimates published by the OECD, the GDP of the 34 most developed economies should grow by 2.2% in 2014 and 2.8% in 2015. The global economy, however, should expand at a faster rate, growing by 3.4% in 2014 and 3.9% in 2015.

In this environment, the Salini Impregilo Group, while pursuing the strategic objective that underpin its industrial programs, as outlines in the 2014-2017 Industrial Plan approved on March 19, 2014, successfully pursued, in the first quarter of this year, new and important opportunities in its target markets, such as, for example, the new orders for projects involving the Lima subway system, in Peru, and the construction of the Brenner base tunnels, in Austria.

Lastly, please note that, in March 2014, consistent with the implementation of the plan to monetize the Group's non-core assets, preliminary agreements were executed with external parties to sell the entire interest held by the Impregilo Group through Impregilo International Infrastructures N.V. in the German company Fisia Babcock Environment G.m.b.H. These agreements were finalized after the end of the first quarter of 2014 and, consequently, in the income statement, statement of financial position and statement of cash flows of the Group at March 31, 2014, the interest held in this company was reclassified into "Non-current assets held for sale," as required by IFRS 5.

Group **total revenue** for the first quarter of 2014 totaled 859,0 million euros (307.9 million euros in the first three months of 2013 and 809.2 million euros on a homogeneous basis).[1]

EBIT were positive by 45.1 million euros (27.1 million euros in the first three months of 2013 and 50.5 million euros on a homogeneous basis), for a return on sales of 5.2%.

At the consolidated level, **financing income (costs) and gains (losses) on investments** generated net financing costs of 16.0 million euros in the first quarter of 2014 (net gain 15.5 million euros in the first three months of 2013 and net financing costs of 13.8 million euros on a homogeneous basis).

The **profit from assets held for sale and discontinued operations,** which amounted to 0.7 million euros (loss of 6.3 million euros in the first three months of 2013 and profit of 52.8 million euros on a homogeneous basis), reflects the results of the Todini Group (profit of 4.9 million euros), Fisia Babcock Environment (loss of 4.0 million euros) and of the USW Campania Projects (loss of 0.2 million euros). With regard to the latter, a comprehensive disclosure is provided later in this Interim report on operation, in the chapter entitled "Non-current Assets Held for Sale and Discontinued Operations."

The **consolidated net profit** for the first quarter of 2014 attributable to the owners of the parent amounted to 15.3 million euros (30.3 million euros in the first three months of the previous year and 79.0 million euros on a homogeneous basis).

The **consolidated net indebtedness of the continuing operations** totaled 634.1 million euros at March 31, 2014, compared with 331.7 million euros at December 31, 2013.

At March 31, 2014, the Group's **total order backlog** amounted to 29.2 billion euros, including 7.1 billion euros in the portfolio of full-life concession projects.

New **orders** for the period totaled 1,557.3 million euros.

[1] The consolidated income statement data for the first quarter of 2013, restated on a homogeneous basis for comparison with the first quarter of 2014 are presented in the next section of this Interim Report on Operations.

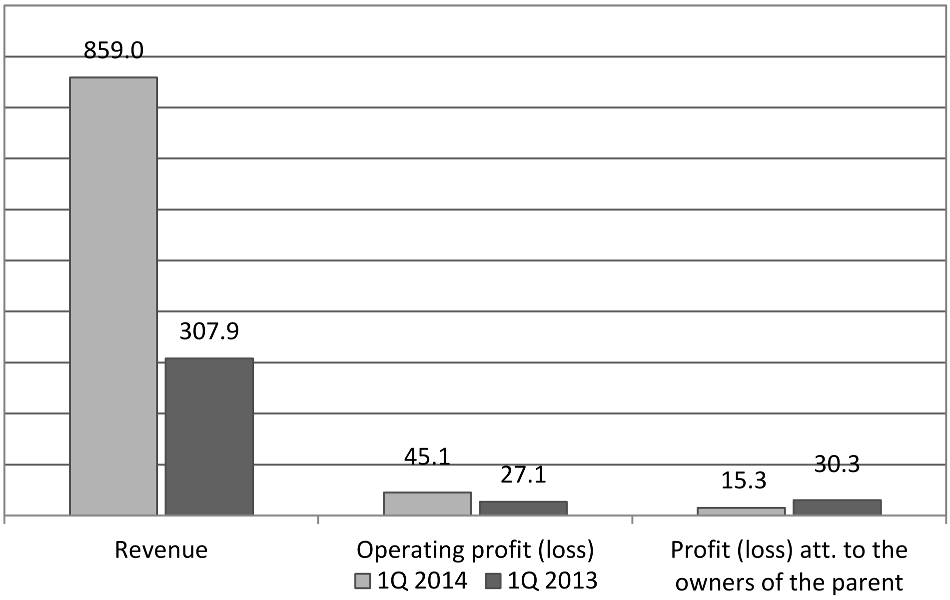
Operating and financial performance highlights

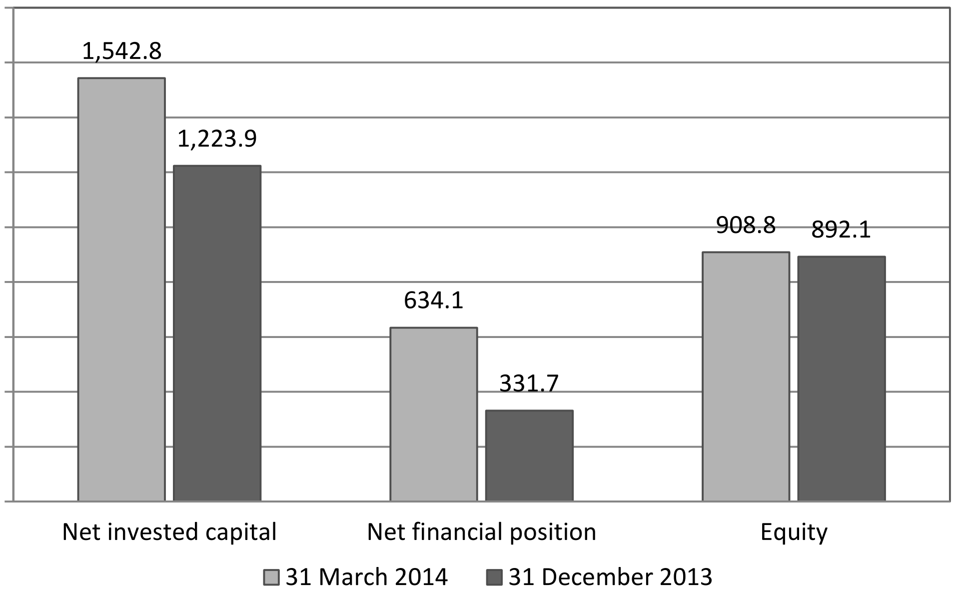
(amounts in millions of euros)

Salini Impregilo Group

The paragraph "Alternative performance indicators" in the "Other information" section provides a definition of the financial statement indicators used to present the Group's financial highlights.

The income statement data for the first quarter of 2013 were reclassified in accordance with the requirements of IFRS 5; in addition, in that period the Impregilo Group was valued by the equity method The statement of financial position data at December 31, 2013 were reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.





CONSOLIDATED INCOME STATEMENT

(in millions of euros)	1st quarter 2014	1st quarter 2013 (§)
Revenue	859.0	307.9
Operating costs	(770.7)	(262.0)
Gross operating profit (EBITDA)	88.3	45.9
EBITDA %	10.3%	14.9%
Operating profit (EBIT)	45.1	27.1
R.o.S.	5.2%	8.8%
Financing income (costs)	(19.8)	(4.8)
Gains (losses) on investments	3.8	20.3
Earnings before taxes (EBT)	29.1	42.7
Income taxes	(9.6)	(7.2)
Profit (Loss) from continuing operation	19.5	35.5
Profit (Loss) from discontinued operation	0.7	(6.3)
Profit (Loss) for the period attributable to owners of the parent	15.3	30.3

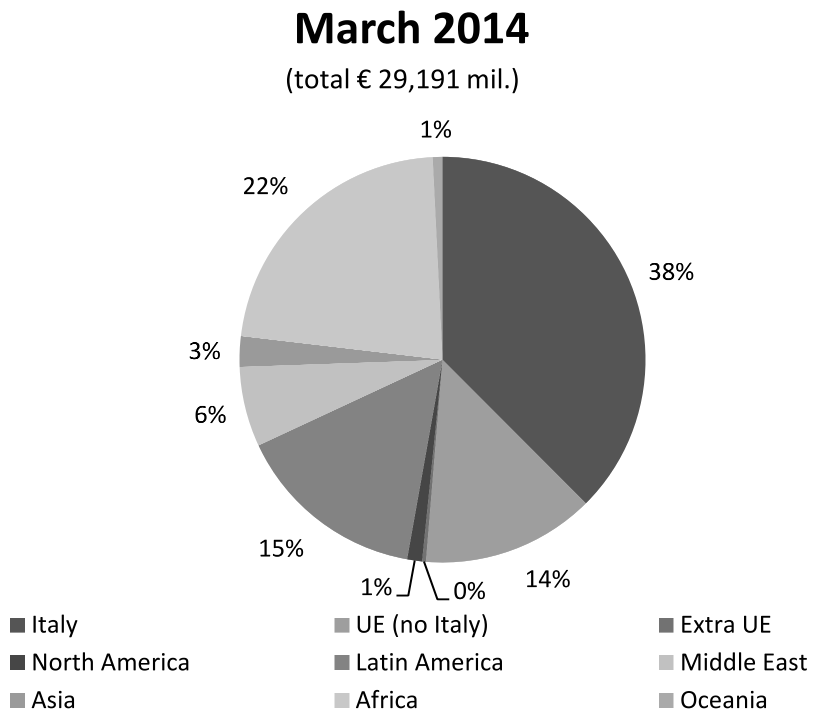
(§) The data for the first quarter of 2013 were reclassified in accordance with the requirements of IFRS 5; in addition, in that period the Impregilo Group was valued by the equity method.

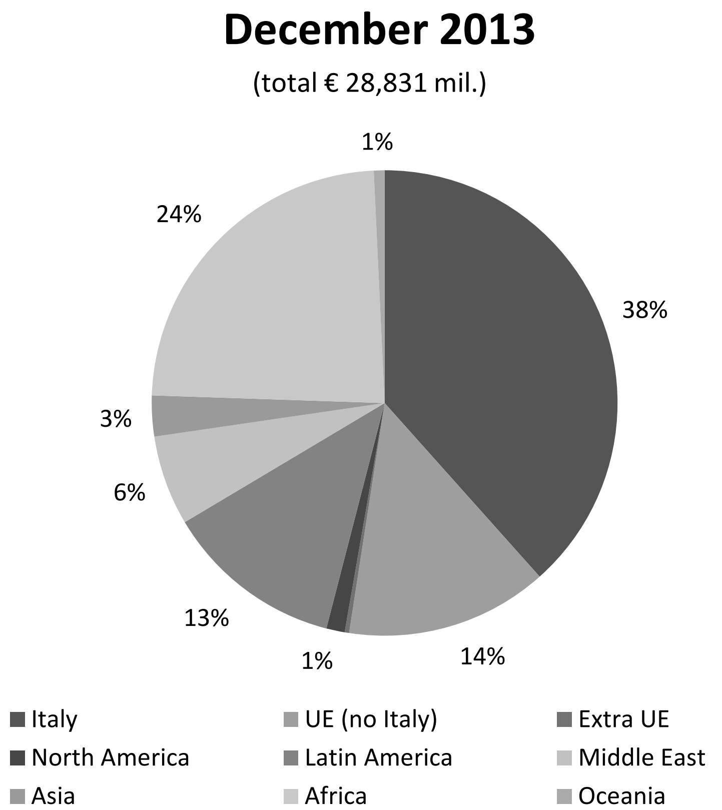
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	March 31, 2014	December 31, 2013 (*)
Non-current assets	*827.7*	*843.1*
Non-current assets (liabilities) held for sale	*246.6*	*235.5*
Provisions for risks, post-employment benefits and other employee benefits	*(123.9)*	*(125.5)*
Other non-current assets (liabilities)	*7.7*	*7.8*
Tax assets (liabilities)	*104.3*	*81.2*
Working capital	*480.4*	*181.7*
Net invested capital	**1,542.8**	**1,223.9**
Shareholders' equity	**908.8**	**892.1**
Net financial position	**634.1**	**331.7**

(*) The statement of financial position data at December 31, 2013 were reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.

Order backlog by geographic region

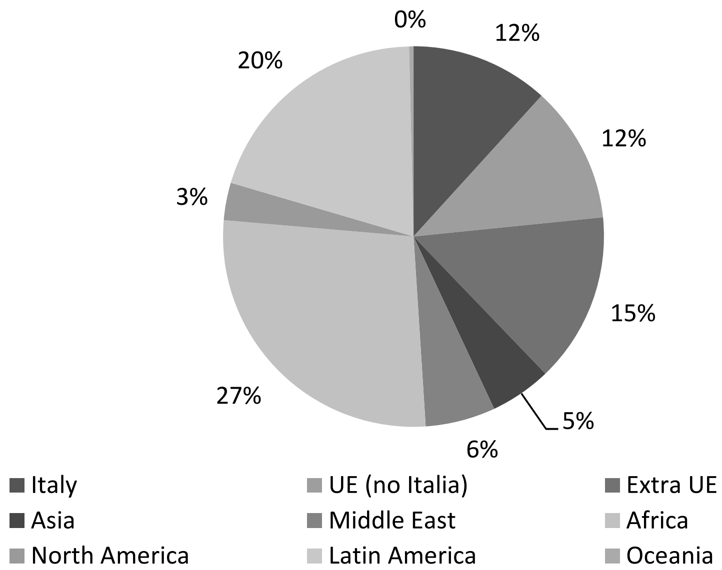




Revenue by geographic region

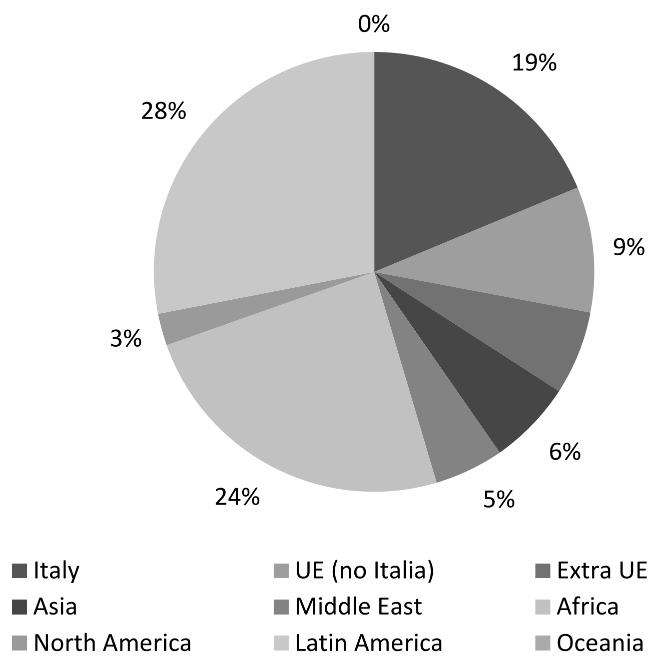
1Q 2014

(total Italy € 101.1 - total abroad 759.6mil)

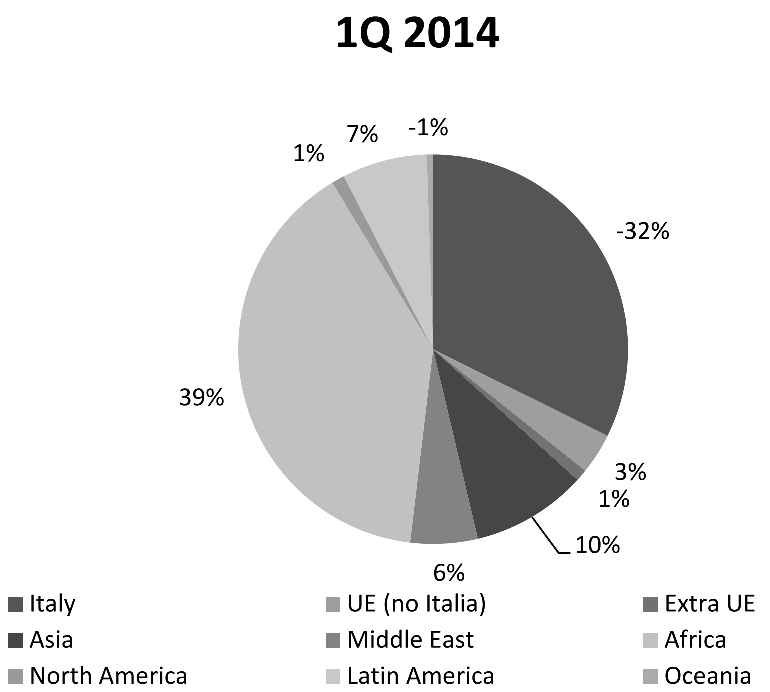


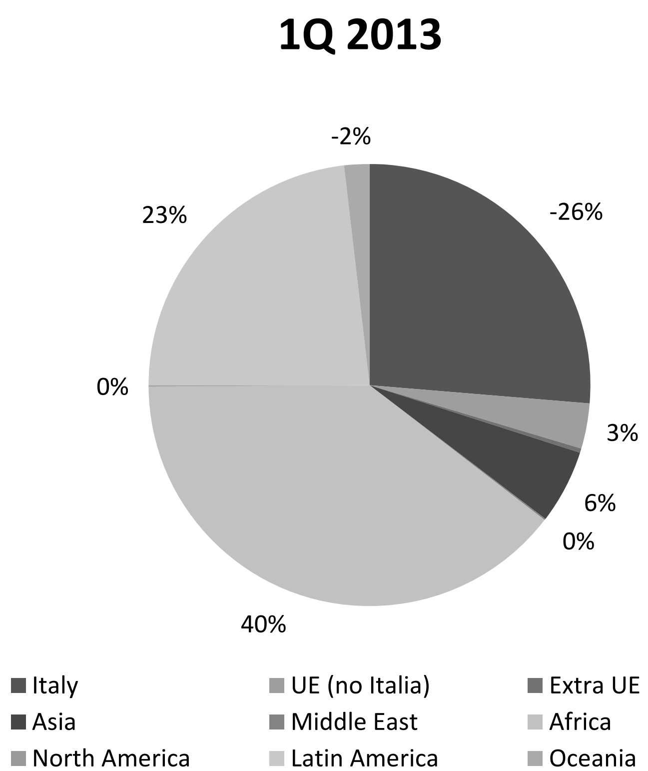
1Q 2013

(total Italy € 152.0 - total abroad 659.4mil)



EBIT by geographic region





Interim report on operations – Part I

Performance of the Group's operations in the first quarter of 2014

Macroeconomic scenario

The geographic footprint of the activities of the Salini Group clearly shows the Group's international vocation. Specifically, about 88% of the Group's revenue is generated abroad and about 62% of its order backlog consists of projects outside Italy. Consequently, it is essential and of fundamental importance to proceed with an analysis of economic, social and political conditions in the global market and specifically in the markets where the Group already operates and those where it intends to develop its business, consistent with the guidelines of the 2014-2017 Business Plan.

At the international level, macroeconomic conditions show an improvement compared with the data for the previous year. According to recent estimates published by the OECD, the GDP of the 34 most developed economies should grow by 2.2% in 2014 and 2.8% in 2015. The global economy, however, should expand at a faster rate, growing by 3.4% in 2014 and 3.9% in 2015.

Among the more developed economies, the recovery looks more solid in the United States, where the growth rate could reach 2.6% in 2014 and 3.5% in 2015. In the Eurozone, after three years of contracting consumption and demand, the economy should also expand, albeit at a slightly slower pace than in the United States, growing by 1.2% in 2014 and 1.7% in 2015. Currently, the European macroeconomic situation is not yet fully solid and stable and, consequently, both the individual countries and the European Union collectively will be required to implement targeted and focused programs to ensure a continuation of the expansion trend that resumed last year. The main actions in this area include maintaining an "accommodating" monetary policy, implementing programs to create a greater and comprehensive union at the banking and fiscal level and enacting other reforms to make the E.U. economies more competitive and efficient.

Insofar as the so-called "BRIICS" (Brazil, Russia, India, Indonesia, China and South Africa) are concerned, projections call for growth rates of 5.3% this year and 7.5% in 2015. Among these countries, the most dynamic and strongest expansion is expected in China, with a growth rate at or near 7.5%.

As for inflation, the OECD countries should experience a moderate increase in 2014 and 2015, with rates estimated at 0.8% for 2014 and 1,2% for 2015.

With regard to employment levels, a limited but widespread positive trend is finally beginning to emerge compared with the negative spikes recorded during the crisis; however, in the OECD area, according to estimates, more than 44 million people will be unemployed at the end of 2015—11.5 million people more than in 2007.

Relevant markets

Owing in part to the steady implementation of the plan to monetize and divest non-core activities, the relevant competitive scenario of the Salini Impregilo Group is currently represented by the global market for investments in the construction sector, with specific focus on the market for large, complex infrastructures.

The “Great Global Recession” of 2008-2012, while it penalized some business segments in the construction sector, such as residential and commercial real estate, did not slow demand for large infrastructures, which, on the contrary, continue to represent a strategic priority for the growth of the national economies of most countries, both industrialized and emerging, particularly in such regions as the Middle East, Central Asia, Asia Pacific and India.

According to a study prepared by McKinsey for the OECD, between 2014 and 2030, a total of 57,300 billion dollars will be invested in infrastructures, with about 29% earmarked for investments in roads and highways, 21% for energy infrastructures, 20% for hydraulic projects, 17% for telecommunications and13% for subways/railways, airports and ports.

For the immediate future (2014-2017), projections consequently call for a rising trend in global demand for infrastructures, with an annual increase of 9%, in the energy, transportation and civil engineering segments. With this in mind, the need faced by the more economically developed countries to replace or expand the existing infrastructures, no longer sufficient to meet growing energy needs, represents an important business opportunity. In addition, numerous emerging and developing countries must increase mobility and upgrade their energy and water delivery systems to support economic development.

In this environment, Salini Impregilo is focused on seizing opportunities at the global level, consolidating its presence in the geographic regions where it is already established and equipping its operational organization with the competencies needed to enter new markets and thus build the foundation to achieve the targets of the 2014-2017 Industrial Plan.

Analysis of the income statement and statement of financial position of the Salini Impregilo Group

This chapter presents the Group's consolidated income statement for the first quarter of the 2014, together with its reclassified consolidated statement of financial position and the structure of its financial position at March 31, 2014. It also provides an overview of the main changes, at the consolidated level, in the income statement, compared with the corresponding period the previous year, and in the statement of financial position compared with the data presented at the end of the previous year.

Unless otherwise stated, amounts are in millions of euros and those shown in parentheses refer to the previous year.

The "Alternative performance indicators" paragraph in the "Other information" section provides a definition of the indicators in the statement of financial position and income statement used to analyze the Group's operating performance and financial position.

Introductory remarks concerning the comparability of the income statement and statement of financial position data for the first quarter of 2014 with those for the previous year – new accounting standards in effect as of January 1, 2014

As a general remark, it is worth mentioning that, starting with the current year, some new international accounting standards went into effect, among which the following are specifically relevant for the purposes of the Interim report on operations of the Salini Impregilo Group:

- *IFRS 10 – Consolidated Financial Statements*
  This standard replaces SIC 12 Consolidation - Special purpose entities (SPE) and certain parts of IAS 27 - Consolidated and separate financial statements. The new standard identifies a single control model and defines, on a more structured basis, the requirements for determining whether or not control exists. This provision is particularly relevant with regard to situations that qualify as entailing "de facto control," despite the fact that the essential conditions for determining the existence of control did not substantially change compared with the requirements of the standards in effect previously.

- *IFRS 11 – Joint Arrangements*

  This standard replaces IAS 31 - Interests in joint ventures and SIC 13 - Jointly controlled entities - Non-monetary contributions by venturers. The standard defines criteria to identify and classify joint arrangements based on the rights and obligations arising from the contract, regardless of its legal form. The new standard provides for different recognition methods, depending on whether the transaction is a joint operation or a joint venture, and eliminates the possibility to apply different accounting treatments to the same types of arrangements and, conversely, defines a single model based on the contractual rights and obligations.

- *IAS 28 – Investments in Associates and Joint Ventures*
  This standard defines the accounting treatment of investments in associates and joint venture and is a rewording of the old IAS 28 in light of the new provisions introduced with IFRS 10 and IFRS 11.

The adoption of these standards, implemented retrospectively to allow a presentation of results homogeneous with the comparative information for previous periods, did not produce differences in the statement of financial position or the income statement insofar as the new IAS 28 and IFRS 10 are concerned. With regard to latter, the entities that qualified as "subsidiaries" in accordance with the requirements of the previous standards continued to qualify as such as of January 1, 2014.

On the other hand, differences did arise from the adoption of IFRS 11 with regard to the numerous Italian and foreign Special Purpose Vehicles ("SPVs") in which the Group participates jointly with other partner companies and which are established for the sole purpose of carrying specific construction projects. More specifically, these difference occurred with the SPVs that, in the 2013 financial statements, were recognized using the proportional consolidation option provided in the previously applicable IAS 31 and which, based on currently developed best practices for the interpretation of international standards, could not be found to unequivocally qualify as joint operations. These entities, which in 2013 belonged exclusively to the old Impregilo Group, are essentially identified as SPVs that, in accordance with the laws in effect in the countries where they operate (i.e., the countries where the respective projects are being carried out), have their own autonomous, albeit limited in some instances, legal entity status and do not allow the immediate identification of a right (obligation) of an individual "participant" with respect to the assets (liabilities) held by the SPV. These SPVs, which in accordance with established industry practice and pursuant to the requirements of the contracts executed by the partners during the initial phase of the call for tenders operate in their own name but on behalf of the partners and serve the sole purpose of carrying out individual projects, in the preparation of this Interim report on operations for the first quarter of 2014 were treated on a preliminary basis as joint ventures, in accordance with IFRS 11 and, consequently, consolidated by the equity method. Moreover, considering that:

- these SPVs cannot engage in any type of activity different from the one strictly dictated by their owners and in their owners exclusive interest;
- their activity is aimed exclusively at fulfilling the obligations arising from the contract with the customer, contract usually deriving from the submission of the winning bid in response to a call for tenders by the partners in their capacity as partners possessing the necessary "technical qualification";
- the partners are the only parties who are jointly and unlimitedly liable towards the customer for the performance of the contract by the SPV;
- the partners are the only parties who are unlimitedly, but not necessarily jointly, liable for the obligations undertaken by the SPV towards third parties within the framework of the activities carried out to perform the contract (e.g., suppliers, employees, local government, etc.); and
- at the end of the contract, the customer delivers to the partners the contractually stipulated technical reference, as an attestation that the project was completed;

both the title to the revenue generated by the performance of the work included in the project and the liability for the coverage of all costs required to perform the work are deemed to be directly attributable to the partners, pro-rated based on the interests that the partners declared to hold within the framework of the call for tender procedure and were acknowledged by the customer in the award process.

In view of these circumstance, consistently considered also within the framework of the previously applicable standards, the adoption of IFRS 11 for the treatment of the SPVs in which Salini Impregilo held an interest together with its strategic partners did not produce material differences in terms of the total revenue realized through the SPVs and of the Group's shareholders' equity. However, some limited difference did arise with regard to individual assets (liabilities) that in the proportional consolidation previously applied to them were recognized on a pro rata basis and taking into account the nature of each asset (liability) and, under IFRS 11, are instead recognized in accordance with the equity method. However, it is worth pointing out that, with regard to the above, at this point an established interpretative commentary has not yet been developed for the new standards, particularly with regard to the specific sector in which the Group operates.

The Company believes that the information provided represents the best operational interpretation of the substance of the Group's operations, but the possibility cannot be excluded that in the future, possibly even the immediate future, different interpretation may be developed by other parties, including regulatory entities, which could have a potentially material impact on the Group's data. Because of the very nature of these standards, these potential impacts would not affect the net profit and the shareholders' equity attributable to the owners of the parent.

Introductory remarks concerning the comparability of the income statement and statement of financial position data for the first quarter of 2014 with those for the previous year – continuity with the consolidated financial statement of the Salini Group for the 2013 reporting year

Please also note that the merger by incorporation of Salini S.p.A. (formerly the controlling company at December 31, 2013) into Impregilo S.p.A. (formerly the controlled company at December 31, 2013) became fully effective as of January 1, 2014, with the company resulting from the merger changing its name to Salini Impregilo S.p.A. In accordance with the requirements of the international accounting standards adopted by the Group in continuity with previous years, the abovementioned merger does not constitute a transaction likely to modify the amounts recognized in the Group's financial statements, due to the fact that it qualifies as a "business combination of entities under common control." With the exception of the information provided above regarding some new accounting standards, the mandatory adoption of which is statutorily required as of January 1, 2014, the statement of financial position, income statements and statement of cash flows of the Salini Impregilo Group at March 31, 2014 reflect continuity of measurement criteria compared with the consolidated financial statements of the Salini Group for the year ended December 31, 2013. These financial statements also reflect the remeasurement of the assets and liabilities of the Impregilo Group based on their respective fair value on the date control was acquired and the subsequent allocation of the difference between the abovementioned fair value and the total consideration paid by the then controlling company Salini S.p.A. to acquire said control. Lastly, please note that the differential was positive and, consequently, was recognized in the 2013 consolidated income statement as badwill. For more information about these issues, please see the detailed disclosure provided in the notes to the consolidated financial statements of the Salini Group for the year ended December 31, 2013.

Therefore, taking into account the developments described above, the data of the consolidated income statement for the first quarter of 2013, provided in this Interim report on operations for comparative purposes, are those of the Salini Group for the period immediately before the acquisition of control of Impregilo and presented in the Consolidated interim report on operations of the Salini Group at March 31, 2013. However, these data are not substantially not comparable with those reported by the Group resulting from the merger for the period reviewed in this Interim report on operations, also in view of the fact that the contribution provided by the Impregilo Group in the previous year was recognized, in accordance with the line-by-line consolidation method, only after the end of the first quarter of 2013.

Consequently, in order to allow a more homogeneous analysis of the operating performance of the Salini Impregilo Group in the first quarter of 2014 in comparison with the corresponding period a year earlier, it was decided to proceed with a reclassification of the consolidated income statement of the Salini Group for the first quarter of 2013 in a format, presented later in this chapter, that shows:[2]

a) the consolidated income statement of the Salini Group for the first quarter of 2013, based on the information provided in the Interim report on operations published on June 24, 2013 and reclassified to take into account the recognition of the Todini Costruzioni Generali Group in accordance with IFRS 5 and the effects of the adoption of IFRS 11 described above;

b) the consolidated income statement of the Impregilo Group for the same period, as shown in the Interim report on operations published on May 14, 2013 and reclassified to take into account the effects of the adoption of IFRS 11 described above and the effects of IFRS 5 with regard to Fisia Babcock; and

c) the elimination of the effects deriving from the valuation of the significant equity interest held by Salini in Impregilo prior to the acquisition of control and recognized by the equity method.

Lastly, please note that, in the first quarter of 2014, consistent with the process of monetizing the Group's non-core assets, launched in 2012 and continued last year, the Salini Impregilo Group executed preliminary agreements for the sale to external parties of the entire interest held by Impregilo International Infrastructures N.V. in the German company Fisia Babcock Environment G.m.b.H. These agreements were finalized in May 2014 and, consequently, in the period covered by this Interim report on operations, the net assets attributable to this company at March 31, 2014 and the related income statement result for the first quarter of 2014 were reclassified in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," while the effects of the sale on the income statement and statements of financial position will be recognized in the subsequent quarter.

[2] Please note that this disclosure should not be construed as pro forma information pursuant to current applicable regulations and that the main differences compared with said regulations concern the retrospective adoption as of January 1, 2013 of: (i) Purchase Price Allocation procedures for the acquisition of Salini by Impregilo; and (ii) cost related to the abovementioned acquisition included among financial expense.

Operating performance of the Group

Reclassified consolidated income statement of the Salini Impregilo Group

(Amounts in thousands of euros)	1st quarter 2014	1st quarter 2013 (§)	Change
Operating revenue	813,643	305,825	507,818
Other revenue	45,343	2,035	43,308
Total revenue	**858,986**	**307,860**	**551,126**
Operating costs	(770,688)	(261,975)	(508,713)
Gross operating profit (EBITDA)	**88,298**	**45,885**	**42,413**
EBITDA %	*10.3%*	*14.9%*	
Amortization and depreciation	(43,231)	(18,750)	(24,481)
Operating profit (EBIT)	**45,067**	**27,135**	**17,932**
Return on Sales	*5.2%*	*8.8%*	
Financing income (costs) and gains (losses) on investments			
Financing costs	(19,777)	(4,788)	(14,989)
Gains on investments	3,793	20,308	(16,515)
Net financing costs and gains on investments	**(15,984)**	**15,520**	**(31,504)**
Earnings before taxes (EBT)	**29,083**	**42,655**	**(13,572)**
Income taxes	(9,597)	(7,202)	(2,395)
Profit (Loss) from continuing operation	**19,486**	**35,453**	**(15,967)**
Profit (Loss) from discontinued operations	725	(6,289)	7,014
Profit (Loss) before allocation to non-controlling interests	**20,211**	**29,164**	**(8,953)**
Non-controlling interests	(4,919)	1,164	(6,083)
Profit (Loss) attributable to owners of the parent	**15,292**	**30,328**	**(15,036)**

(§) The data for the first quarter of 2013 were reclassified in accordance with the requirements of IFRS 5 to reflect our decision to hold Todini available for sale; in addition, in that period the Impregilo Group was valued by the equity method.

Reclassified consolidated income statement of the Salini Impregilo Group for the first quarter of 2014 with a comparison with homogeneous data for the corresponding period the previous year

(Amounts in thousands of euros)	1st quarter 2014	Salini Group 1st quarter 2013 (§)	Impregilo Group 1st quarter 2013 reclassif. as per IFRS 11 and IFRS 5(*)	Elimination of the effects of the valuation of Impregilo	Salini Group 1st quarter 2013 reclassif. on a homogeneous basis	Change
Operating revenue	813,643	305,825	489,092	-	794,917	18,726
Other revenue	45,343	2,035	12,255	-	14,290	31,053
Total revenue	**858,986**	**307,860**	**501,347**	**-**	**809,207**	**49,779**
Operating costs	(770,688)	(261,975)	(463,333)	-	(725,308)	(45,380)
Gross operating profit (EBITDA)	**88,298**	**45,885**	**38,014**	**-**	**83,899**	**4,399**
EBITDA %	*10.3%*	*14.9%*	*7.6%*		*10.4%*	

Amortization and depreciation	(43,231)	(18,750)	(14,636)	-	(33,386)	(9,845)
Operating profit (EBIT)	**45,067**	**27,135**	**23,378**	**-**	**50,513**	**(5,446)**
Return on Sales	*5.2%*	*8.8%*	*4.7%*		*6.2%*	
Financing income (costs) and gains (losses) on investments						
Financing costs	(19,777)	(4,788)	(11,193)		(15,981)	(3,796)
Gains on investments	3,793	20,308	2,178	(20,308)	2,178	1,615
Net financing costs and gains on investments	**(15,984)**	**15,520**	**(9,015)**	**(20,308)**	**(13,803)**	**(2,181)**
Earnings before taxes (EBT)	**29,083**	**42,655**	**14,363**	**(20,308)**	**36,710**	**(7,627)**
Income taxes	(9,597)	(7,202)	(4,680)		(11,882)	2,285
Profit (Loss) from continuing operation	**19,486**	**35,453**	**9,683**	**(20,308)**	**24,828**	**(5,342)**
Profit (Loss) from discontinued operations	725	(6,289)	59,130		52,841	(52,116)
Profit (Loss) before allocation to non-controlling interests	**20,211**	**29,164**	**68,813**	**(20,308)**	**77,669**	**(57,458)**
Non-controlling interests	(4,919)	1,164	179		1,343	(6,262)
Profit (Loss) attributable to owners of the parent	**15,292**	**30,328**	**68,992**	**(20,308)**	**79,012**	**(63,720)**

(§) The data for the first quarter of 2013 were reclassified in accordance with the requirements of IFRS 5 to reflect our decision to hold Todini and Fisia Babcock available for sale; in addition, in that period the Impregilo Group was valued by the equity method.

As described above, the data commented below refer to the first quarter of 2013, reclassified on a homogeneous basis.

Revenue

The revenue booked in the first quarter of 2014 totaled 859.0 million euros (809.2 million euros on a homogeneous basis) and included 759.6 million euros generated outside Italy (659.4 million euros on a homogeneous basis). A revenue breakdown by geographic region is provided in the table below

(Amounts in thousands of euros)	1st quarter 2014	1st quarter 2013	Change	%
Italy	101,112	151,980	(50,868)	(33.5%)
EU (except Italy)	100,094	74,966	25,128	33.5%
Non-EU countries	124,324	50,105	74,219	148.1%
Asia	44,707	50,324	(5,617)	(11.2%)
Middle East	51,234	41,102	10,132	24.7%
Africa	235,934	196,021	39,913	20.4%
North America	27,483	19,242	8,241	42.8%
South America	172,740	227,626	(54,886)	(24.1%)
Asia Pacific	3,078	0	3,078	n.a.
Eliminations	(1,720)	(2,159)	439	(20.3%)
Total revenue	**858,986**	**809,207**	**49,779**	**6.2%**

Total consolidated revenue shows an increase of about 6.2% compared with the amount stated on a homogeneous basis in the corresponding period the previous year. This increase is the net result of the following factors:

- production progress on some large-scale projects in Ethiopia, Denmark and Poland, which, compared with the first quarter of 2013, became fully operational generating an increase in operating revenue of about 138 million euros;

- temporary slowing of production in some large-scale projects in Venezuela, which were adversely affected by the peculiar social and political conditions that developed in that country in 2013 and continued to deteriorate in the first quarter of 2014, which caused a reduction of about 20 million euros in operating revenue compared with the first three months of 2013. However, the Group's presence in that geographic region has been well established for a number of years and similar situations of instability already occurred in the past. Considering the social importance of the projects that are being developed in Venezuela and the relationships that exist both at the social and contractual level, it seems reasonable to presume that the conditions existing at this point are temporary and, consequently, conclude that the occurrence of specific situations of a critical nature should be viewed as nothing more than a mere possibility;

- the problems encountered in connection with the work on the expansion of the Panama Canal, specifically regarding the deterioration of the relationships with the customer—described in detail in the Group's 2013 Annual Financial Report, which should be consulted for more complete information—which also resulted in a reduction of production volumes of about 31 million euros in the first quarter of this year;

- the virtual completion of major road and highways projects in Italy and the sale to external parties, in a transaction that closed the previous year, of activities related to the construction of Milan's External East Bypass, which reduced operating revenue by a total of about 51 million euros.

The item "Other revenue" includes mainly positive components of income originated in the projects in progress and arising from and ancillary industrial activities not directly attributable to the contract with the client.

Operating profit

The operating profit amounted to 45.1 million euros (positive by 50.5 million euros on a homogeneous basis). A breakdown of operating profit by operational geographic region is provided in the table that follows:

(Amounts in thousands of euros)	1st quarter 2014	1st quarter 2013	Change	%
Italy	(42,492)	(31,171)	(11,321)	36.3%
EU (except Italy)	4,465	3,922	543	13.8%
Non-EU countries	1,299	(367)	1,666	(454.0%)
Asia	12,603	6,405	6,198	96.8%
Middle East	7,334	(107)	7,441	(6954.2%)
Africa	51,858	46,713	5,145	11.0%
North America	1,406	(119)	1,525	(1281.5%)
South America	9,281	27,418	(18,137)	(66.1%)
Asia Pacific	(687)	(2,181)	1,494	(68.5%)
Eliminations	0	0	0	n.a.
Consolidated operating profit - EBIT	**45,067**	**50,513**	**(5,446)**	**(10.8%)**

Please note that the Italy region includes the overhead costs for the central organizations not directly attributable to contracts in progress.

The performance of the operating activities in the first quarter of 2014, both in absolute terms and in a homogeneous comparison with the corresponding period the previous year, was not affected by unusual occurrences extraneous to the production cycle and, in this regard, no specific situations occurred that would have required updating the full-life projections for the Group's main projects. Therefore, given this situation, the operating profitability achieved in the quarter subject of this Report reflects in a substantially consistent fashion the evolution of the production activities described in the comments to "Revenue."

With regard to the different types of operating costs, a comparison with homogeneous data for the first quarter of 2013 shows the following main changes:

- the increase in service costs, including subcontractors and other operating expenses, amounting to 39.8 million euros, is directly attributable to the change in production recognized for some projects structurally characterized by a greater recurrence of this type of charges;

- the increase of 5.6 million euros in accruals to provisions and impairment losses reflects primarily adjustments made to receivables owed by customers in Venezuela to reflect a more conservative and reasonable time horizon for the collection of these receivables, taking also into account the social and political situation that currently exists in that country, as mentioned above;

- lastly, the increase in amortization and depreciation expense reflects, in addition to the reversal attributable to the quarter of the higher values assigned to some intangible assets of the old Impregilo upon acquisition of control by the old Salini, the circumstance that the projects in Denmark and Ethiopia specifically, which generated an increase in revenue compared with the first quarter of 2013, are characterized by a production structure of the direct type, with the presence of substantial use of plant and equipment and that, consistent with the performance of industrial activities, generated a corresponding increase in depreciation expense compared with the comparative period.

Financing income (costs) and gains (losses) on investments

Net financing costs totaled 19.8 million euros (costs of 16.0 million euros on a homogeneous basis), while net gains on investments amounted to 3.8 million euros (2.2 million euros).

The increase in net financing costs, compared with the corresponding amount stated on a homogeneous basis for the first quarter of 2013, reflects primarily the effect of the following factors:

- an increase of 12.2 million euros in net financial expense caused chiefly by a rise in gross financial debt compared with the first quarter of 2013. It is worth mentioning that within the framework of the complex activities that resulted in the acquisition of control over the Impregilo Group after the end of the first quarter of 2013, several important medium/long-term structured financing transactions were carried out. These transaction, which are described in detail in the 2013 Annual financial report of the Group and in the various mandatory disclosure documents made available to the public in 2013, while partially repaid in 2013, continued to have a burdensome effect in the first quarter of 2014 and were not taken into account in the reclassification of the economic results for the comparative period;
- an improvement of 8.4 million euros in the currency translation effect, that reflects both the effect of the appreciation of the euro versus some foreign currencies in which some project cost items are denominated and the positive effects resulting from discrepancies existing in the foreign exchange markets with regard to some currencies for which official fixed exchange rates are arbitrarily maintained, which did not produce the same effects in the first quarter of 2013.

Profit from discontinued operations

During the period reviewed in this chapter, the profit from discontinued operations totaled 0.7 million euros (profit of 52.8 million euros on a homogeneous basis). The reported profit is the net result of the following factors:

- a profit of 4.9 million euros (loss of 6.3 million euros on a homogeneous basis) reported by Todini Costruzioni Generali S.p.A. and its subsidiaries;

- a loss of 0.2 million euros reported by the remaining activities of the USW Campania Projects; and

- a loss of 4.0 million euros (loss of 0.3 million euros) reported in the first quarter of 2014 by Fisia Babcock Environment G.m.b.H. It is worth mentioning that the sale of the investment in this company to external parties closed in May 2014.

Complete information about the main developments about the main developments affecting the various assets held for sale and discontinue operations is provided in the corresponding chapter presented later in this Interim report on operations.

Income taxes

The tax expense recognized for the first quarter of 2014, in accordance with the requirements of the relevant international accounting standards, reflects the average tax rate that could be estimated at this point for the full year, based on the Group's experience and currently available projections for that period. However, it is worth mentioning that the abovementioned rate is the same as the rate estimated, on a homogeneous basis for the corresponding period the previous year.

Non-controlling interests

The portion of the net profit attributed to non-controlling interests in the subsidiaries had a negative effect of 4.9 million euros (positive effect of 1.3 million euros).

Financial position of the Group

Reclassified consolidated statement of financial position of the Salini Impregilo Group

(Amounts in thousands of euros)	March 31, 2014	December 31, 2013 (*)	Change
Property, plant and equipment, intangibles and non-current financial assets	827,683	843,149	(15,466)
Non-current assets (liabilities) held for sale	246,624	235,543	11,081
Provisions for risks	(105,014)	(105,023)	9
Post-employment benefits and other employee benefits	(18,863)	(20,508)	1,645
Other non-current assets (liabilities)	7,707	7,808	(101)
Tax assets (liabilities)	104,295	81,153	23,142
Inventories	*223,936*	*215,321*	*8,615*
Contract work in progress	*1,240,846*	*1,105,176*	*135,670*
Advances on contract work in progress	*(1,524,075)*	*(1,563,429)*	*39,354*
Receivables	*1,698,326*	*1,610,386*	*87,940*
Payables	*(1,285,836)*	*(1,270,279)*	*(15,557)*
Other current assets	*334,134*	*296,583*	*37,551*
Other current liabilities	*(206,916)*	*(212,023)*	*5,107*
Working capital	480,415	181,735	298,680
Net invested capital	**1,542,847**	**1,223,857**	**318,990**
Equity attributable to the owners of the parent	**870,097**	**699,041**	**171,056**
Non-controlling interests	38,655	193,108	(154,453)
Equity	**908,752**	**892,149**	**16,603**
Net financial position	**634,095**	**331,708**	**302,387**
Total financial resources	**1,542,847**	**1,223,857**	**318,990**

(*) The statement of financial position data at December 31, 2013 were reclassified due to the adoption of the new standards IFRS 10 and IFRS 11.

Net invested capital

The net invested capital amounted to 1,542.8 million euros at March 31, 2014, for an increase of 319.0 million euros compared with the end of the previous year. The main changes that occurred in net invested capital are chiefly the result of the factors reviewed below.

Property, plant and equipment, intangibles and non-current financial assets

Net property, plant and equipment, intangibles and non-current financial assets decreased by 15.5 million euros. A breakdown is provided below:

Amounts in thousands of euros	March 31, 2014	December 31, 2013	Change
Property, plant and equipment	455,317	450,761	4,556
Other intangible assets	141,399	165,027	(23,628)
Investments in associates	230,967	227,361	3,606
Total property, plant and equipment, intangibles and non-current financial assets	**827,683**	**843,149**	**(15,466)**

The main changes that occurred in this item compared with the end of the previous year are reviewed below:

- due to the qualification of the controlling interest held in Fisia Babcock Environment in accordance with the requirements of IFRS 5, the non-current assets belonging to that entity were reclassified into "Non-current assets (liabilities) held for sale" for a total amount of 12.9 million euros and a corresponding reduction in the net value of property, plant and equipment, intangibles and non-current financial assets;
- the amortization and depreciation for the period caused a further reduction of 43.2 million euros in the net value of these assets;
- lastly, additions for the period totaled 37.0 million euros, net of the currency translation effect. They concerned mainly some recently acquired large projects in Australia, Qatar and Chile and existing projects in Ethiopia.

The value of investments in associates increased by 3.6 million euros chiefly as a result of the valuation by the equity method of some significant equity interests.

Non-current assets (liabilities) held for sale

Non-current assets (liabilities) held for sale amounted to 246.6 million euros at March 31, 2014. They include the net non-financial assets (liabilities) of the following units of the Group:

- Todini Costruzioni Generali S.p.A. and its direct subsidiaries (net assets), for a total of 265.3 million euros;

- USW Campania Projects (net assets) for 5.7 million euros, unchanged compared with the end of the previous year.

- Fisia Babcock Environment (net liabilities) for 24.4 million euros.

The change that occurred in this item compared with the previous year, is attributable, in addition to the reclassification as held for sale of the net non-financial liabilities of Fisia Babcock Environment for 24.4 million euros, the net increase totaling 35.4 million euros reported by the Todini Group in the first quarter of 2014. This increase reflects the regular development of the projects assigned to this subsidiary and is not affected by effects of a particularly significant nature or not directly related to its operating activities.

Provisions for risks

The provisions for risks amounted to 105.0 million euros, practically unchanged compared with the end of the previous year. It is worth mentioning that no situations developed in the first quarter of 2014 that would have required changes in the valuations performed earlier as to the adequacy of these items and which, at this point, are totally confirmed.

Post-employment benefits and other employee benefits

This item amounted to 18.9 million euros for a decrease of 1.6 million euros compared with the previous year. This change, which reflects ordinary operational dynamics, included accruals of 2.5 million euros, offset by disbursements and contributions to pension funds.

Other non-current assets (liabilities)

Other net non-current assets totaled 7.7 million euros, or 0.1 million euros less than at December 31, 2013. A breakdown is provided below:

Amounts in thousands of euros	**March 31, 2014**	**December 31, 2013**	**Change**
Other non-current assets	15,001	15,083	(82)
Non-current payables to unconsolidated Group companies	(6,233)	(6,230)	(3)
Other non-current liabilities	(1,061)	(1,045)	(16)
Total other non-current assets, liabilities	**7,707**	**7,808**	**(101)**

Net tax assets

Net tax assets amounted to 104.3 million euros, for an overall increase of 23.1 million euros. A breakdown of this item is provided below:

Amounts in thousands of euros	**March 31, 2014**	**December 31, 2013**	**Change**
Total net deferred tax assets (liabilities)	*52,892*	*47,173*	*5,719*
Total net current tax assets (liabilities)	*(3,320)*	*2,082*	*(5,402)*
Total other current tax assets (liabilities)	*54,723*	*31,898*	*22,825*
Total tax assets (liabilities)	**104,295**	**81,153**	**23,142**

The increase in net tax assets and liabilities reflects for the most part the effects of the determination of the tax liability for the period at the consolidated level, taking also into account the different tax dynamics affecting foreign units and changes in the respective asset (liability) positions recognized in accordance with the tax laws of the countries where the units operate. In this regard, it is worth mentioning that, as required by the relevant international accounting standards, for the purpose of preparing this Interim report on operations, the consolidated tax expense for the period is determined based on estimates that could reasonably be made about the foreseeable operating performance for the current year and the resulting tax impact.

Working capital

Working capital increased by 298.7 million euros, rising from 181.7 million euros to 480.4 million euros. The main changes that affected the various components of working capital, which for the most part reflect the evolution of the Group's operating activities and production progress during the period on some projects in Italy and abroad, are summarized below:

- Inventories totaled 223.9 million euros, or 8.6 million euros more than the previous year due to the combined effect of increased procurement activity for the progress of orders outside Italy, specifically concerning hydroelectric projects in Ethiopia, offset only in part by the use of inventories for construction activities on some international projects, including the Angostura and Sogamoso River hydroelectric projects and lots 2 and 3 of the Abu Dhabi hydraulic tunnel.

- Contract work in progress increased by 135.7 million euros overall, growing from 1,105.2 million euros to 1,240.8 million euros. This change reflects the effects of production gains, particularly with regard to projects in Africa, the Middle East and the EU countries (excluding Italy), totaling 141.4 million euros, offset in part by a reduction of assets in Italy amounting to 5.7 million euros.

- Advances on contract work in progress and "negative" contract work in progress (i.e., invoiced advances greater than the cumulative value of the projects constructed) totaled 1,524.1 million euros, for a decrease of 39.3 million euros. This net reduction is the combined result of a net increase of 8.7 million euros in contractually required advances and a decrease of 48 million euros in "negative" contract work in progress. The net increase in contractually required advances reflects new disbursements of 21 million euros for the Gibe III project in Ethiopia and of about 102 million euros for projects in Arabia and Qatar and the amounts used for production completed in connection with active projects, particularly those in Nigeria (5.9 million euros), Denmark (9.7 million euros) and Colombia.

- Receivables grew by 87.9 million euros, reflecting the effect of increases of 17.7 million euros in receivables from customers and of 70.3 million euros in receivables from unconsolidated project companies. The gain in receivables from customers is attributable mainly to projects in Latin America (Venezuela primarily). The increase in Venezuelan receivables reflects temporary payment delays by customers in this area, caused in part by the situation that developed recently in that country and described in the "Risk Areas" paragraph of the Construction sector, later in this Report on operations. The increase in receivables from unconsolidated project companies refers mainly to amounts owed by Italian consortia and consortium companies (Pedelombarda and Salerno Reggio Calabria), which the Group expects to collect after the end of the third quarter of 2014.

- Payables increased by 15.6 million euros. This change is the net result of a decrease of 39.7 million euros in payables owed to external parties, resulting from payments made during the period, and an increase of 55.3 million euros in payables owed to unconsolidated project companies.

- Other current assets increased by 37.5 million euros due mainly to a change in miscellaneous receivables that reflects primarily receivables from partners in new projects in the Middle East. Other current liabilities decreased by 5.1 million euros, due chiefly to a reduction in miscellaneous payables that reflects mainly amounts owed to partners in projects in South America.

Net financial position

At March 31, 2014, the consolidated net financial position of the Group's continuing operations was negative by 634.1 million euros (negative by 331.7 million euros), while that of the non-current assets held for sale was negative by 60.9 million euros (negative by 53.9 million euros). At the end of the period, the Net debt/Equity ratio on a consolidated basis was 0.7. The net financial position for non-current assets held for sale refers primarily to Todini Costruzioni Generali S.p.A. and its subsidiaries.

The change that occurred in the net financial position, absent special events not directly related to the development of the Group's industrial operations, is substantially consistent with the evolution in net working capital, which increased compared with December 31, 2013. This situation is considered typical of industry dynamics in the earlier months of the year.

The structure of the Group's net financial position at March 31, 2014 is summarized in the table below:

Net financial position of the Salini Impregilo Group

(Amounts in thousands of euros)	**March 31, 2014**	**December 31, 2013**	**Change**
Non-current financial assets	57,229	48,928	8,301
Current financial assets	163,260	222,112	(58,852)
Cash and cash equivalents	712,485	908,631	(196,146)
Total cash and cash equivalents and other financial assets	**932,974**	**1,179,671**	**(246,697)**
Bank loans and other borrowings	(626,393)	(625,127)	(1,266)
Bonds	(551,806)	(552,542)	736
Finance lease payables	(100,487)	(107,237)	6,750
Total non-current indebtedness	**(1,278,686)**	**(1,284,906)**	**6,220**
Current portion of bank loans and current account facilities	(442,628)	(320,797)	(121,831)
Current portion of bonds	(3,399)	(952)	(2,447)
Current portion of finance lease payables	(50,321)	(48,646)	(1,675)
Total current indebtedness	**(496,348)**	**(370,395)**	**(125,953)**
Derivative assets	84	1,016	(932)
Derivative liabilities	(4,637)	(4,354)	(283)
Financial assets held by SPVs	274,478	223,789	50,689
Current indebtedness held by SPVs	(56,251)	(62,046)	5,795
Non-current indebtedness held by SPVs	(5,709)	(14,483)	8,774
Total other financial assets (liabilities)	**207,965**	**143,922**	**64,043**
Total net financial position – continuing operations	**(634,095)**	**(331,708)**	**(302,387)**
Net financial position for assets held for sale	(60,902)	(53,868)	(7,034)
Net financial position including non-current assets held for sale	**(694,997)**	**(385,576)**	**(309,421)**

Interim Report on Operations – Part II

Operating performance by geographic region

This chapter presents the main results and the most important events that characterized the Group's operating performance in the first quarter of 2014. The presentation that follows is structured in accordance with the breakdown of the Group's operations, which is based on the different geographic regions where the Group operates. This geographic regions are:

- Italy
- European Union (except Italy)
- European countries outside the European Union
- Asia
- Middle East
- Africa
- North America
- Latin America
- Asia Pacific

The "Other Activities" section provides an overview of the main activities performed by the Corporate functions and the events and reference parameters that concern the Group's concessions.

The remaining activities related to the solid waste disposal projects in the Campania region (hereinafter "USW Campania Projects"), the discontinued operations of the Todini Group and of Fisia Babcock Environment G.m.b.H. are reviewed in the section of this Report entitled "Non-current assets held for sale."

The contribution of the income statement of the various activities and the composition of invested capital are shown in the schedules presented on the pages that follow.

Income statement for the first quarter of 2014 by geographic region

(amounts in thousands of euros)	ITALY	EU (except Italy)	Non-EU countries	ASIA	MIDDLE EAST	AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA PACIFIC	ELIMINATION	Total for the Group
REVENUE											
Operating revenue	96,436	99,252	96,983	41,928	45,985	231,836	27,188	171,563	2,983	(511)	813,643
Other revenue	4,676	842	27,341	2,779	5,249	4,098	295	1,177	95	(1,209)	45,343
Total revenue	**101,112**	**100,094**	**124,324**	**44,707**	**51,234**	**235,934**	**27,483**	**172,740**	**3,078**	**(1,720)**	**858,986**
Costs											
Purchasing costs, subcontractors, services and other costs	(105,383)	(87,390)	(116,321)	(24,086)	(36,357)	(143,878)	(14,433)	(136,243)	(3,415)	1,090	(666,416)
Personnel costs	(25,062)	(7,588)	(6,492)	(5,056)	(6,018)	(23,981)	(8,290)	(22,068)	(347)	630	(104,272)
Depreciation and amortization	(13,159)	(651)	(212)	(2,962)	(1,525)	(16,217)	(3,354)	(5,147)	(4)		(43,231)
Total costs	**(143,604)**	**(95,629)**	**(123,025)**	**(32,104)**	**(43,900)**	**(184,076)**	**(26,078)**	**(163,458)**	**(3,765)**	**1,720**	**(813,919)**
Operating profit (loss) (EBIT)	**(42,492)**	**4,465**	**1,299**	**12,603**	**7,334**	**51,858**	**1,405**	**9,282**	**(687)**		**45,067**
Return on Sales	*n.a.*	*4.5%*	*1.0%*	*28.2%*	*14.3%*	*22.0%*	*5.1%*	*5.4%*	*n.a.*	*0.0%*	*5.2%*
Profit (loss) from continuing operations	**(1,749)**	**(4,276)**	**8,503**	**(2,407)**	**(1,849)**	**2,517**	**-**	**(14)**	**-**	**-**	**725**

Consolidated statement of financial position at March 1, 2014 by geographic region

(amounts in thousands of euros)	ITALY	EU (except Italy)	Non-EU countries	ASIA	MIDDLE EAST	AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA PACIFIC	ELIMINATION	Total for the Group
Non-current assets Goodwill	574,616	43,838	4,572	45,314	37,008	234,765	27,091	67,609	59	(207,189)	827,683
Assets (liabilities) held for sale	237,625	(24,569)	23,823	2,627	5,359	1,772	-	(15)	-	2	246,624
Provisions for risks, post-employment benefits, other employee benefits and other non-current assets (liabilities)	(105,672)	(1,230)	(1,438)	(1,285)	(726)	(6,772)	(619)	(10,159)	-	4,024	(123,877)
Other non-current assets (liabilities)	5,922	980	(1,183)	-	116	4,051	(2,270)	91	-	-	7,707
Tax assets (liabilities)	88,637	(7,640)	212	1,634	(328)	(30,277)	4,394	46,903	760	-	104,295
Working capital	632,642	(94,900)	30,287	19,144	(103,035)	(85,663)	(28,814)	120,452	(9,574)	(124)	480,415
Net invested capital	**1,433,770**	**(83,521)**	**56,273**	**67,434**	**(61,606)**	**117,876**	**(218)**	**224,881**	**(8,755)**	**(203,287)**	**1,542,847**
Shareholders' equity											908,752
Net financial position											634,095
Total financial resources											**1,542,847**

ITALY

Pedemontana Lombarda Highway

The work calls for the final construction design and the construction of the first section of the Como and Varese Bypasses, and the link between the A8 and A9 highways (from Cassano Magnago to Lomazzo), with the construction of approximately 26 km of highway and secondary roads, including about 7 km of tunnels.

During fiscal year 2010, the final design was approved and Contract Amendment No. 1 was entered into in February. The Amendment not only sets the total contractual amount at €880 million, it also calls for and governs the advance construction of certain works and executive design portions without including any contractually specified completion times. In December 2010, not only was the executive plan approved, an addendum to Contract Amendment No. 1 was entered into (which effectively increased the activities defined as advance works), and partial delivery of the work took place on December 7.

Starting with fiscal year 2011, however, and continuing into fiscal year 2012, the client experienced growing issues with its ability to meet its contractual financial commitments. In spite of these difficulties, the general contractor continued with construction according to the work schedule defined with the client, while initiating the contractually specified procedures provided for its own protection in connection with these issues. By the early part of fiscal year 2013, the client had largely overcome these financial difficulties and activities continued normally according to the program timeline over the remainder of the fiscal year. In particular, on November 30, 2013, the link between the A8 and A9 highways reached substantial completion, as called for in the contractual documents.

The percentage of completion as of March 31, 2014 was 83.5%.

Line 4 of the Milan Metro

Impregilo, the leader and representative of a group of companies consisting of Astaldi, Ansaldo STS, Ansaldo Breda, ATM (Azienda Trasporti Milanese, Milan Transport Company), and Sirti, won the final competitive bidding issued by the City of Milan to find a private partner of a joint enterprise for the concession to design, build, and manage line 4 of the Milan Metro. The new line, which will be fully automated (there will be no engineer on board), will encompass a total of 15.2 km along the Linate-Lorenteggio section. The project calls for the final detailed design and construction of two single-track tunnels, one in each direction, with 21 stations and a depot/workshop.

The total value of the investment – consisting primarily of civil engineering works, providing technological services, and mechanical – is approximately €1.7 billion, with about two thirds of the funding coming from public State and City contributions.

To coordinate the construction activities of the project, Impregilo SpA created the MM4 Consortium with only the private partners (Astaldi, Ansaldo STS, Ansaldo Breda, and Sirti). The Consortium in turn assigned the civil engineering and non-system facilities to consortium members Impregilo and Astaldi, which are in turn equal partners in Metroblu Scrl.

On June 20, 2013, the Addendum to the Ancillary Agreement was signed between SP M4 ScpA (a project company under ATI consisting of the same participating companies) and the

Client. This Addendum redefined the work schedule, focusing solely on the work for the "EXPO Section" and, among other things, increased the total investment to approximately €1.8 billion.

The percentage of completion as of March 31, 2014 was 4.8%.

Port of Ancona

On December 18, 2013, Salini Impregilo, as leader of a group of companies, won the competitive bidding for construction and management of the road link between the Port of Ancona, the A14 Highway, and State Route 16, "Adriatica." The value of the project is approximately €480 million and the concession period is 30 years from completion of the work. The initiative under concession anticipates total revenues of about €2.54 billion over the infrastructure management period. The *project financing* proposal submitted by the group of companies was declared of public interest by the ANAS Board of Directors in April 2008.

Work on the new infrastructure will begin in 2015, upon completion of the procedure for designing and approving the final plan, and will be completed within five years. The new roadway will be about 11 km long, including main and linking roads, and will represent a strategic undertaking aimed at optimizing traffic flow between the Port of Ancona, the city, and the major roadway consisting of the A14 highway, allowing for adequate growth of the Ancona logistics system based on Port, Dry Port, and Airport.

Milan-Genoa High Speed/Capacity Railway Line Project

This project involves construction of the Milan to Genoa High Speed/Capacity railway line, which was awarded to the CO.C.I.V. Consortium as the *general contractor* with a TAV (as concessionaire of the State Railways)/CO.C.I.V. Agreement dated March 16, 1992. Impregilo is the project leader.

As we know, the project underwent a complex, articulated pre-contractual phase which evolved on a number of fronts from 1992 to 2011, many of which were contentious.

After Decree-Law no. 112/2008, converted into Law 133/2008, and Budget Law 2010, which required the project to be completed through construction lots, went into effect, additional contacts between the parties were initiated to explore the possibility of resuming execution of the Agreement and waiving the compensatory claims of the pending litigation, as expressly called for by Budget Law 2010.

The contract for work on the Giovi Third Railway Crossing - Milan-Genoa High Speed/High Capacity Line, was signed in November 2011. The total value of the works awarded to the General Contractor CO.C.I.V., led by Impregilo with 64%, comes to approximately €4.8 billion. The first lot of the work, already funded by the CIPE in the amount of €500 million, involves the construction of works and activities for €430 million. By resolution 86/2011 published in Official Gazette issue no. 65 dated March 17, 2012, the CIPE allocated the resources for the second construction lot. On March 5, 2012, the Court of Auditors posted funding of €1.1 billion for the second lot. On March 23, 2013, the CO.C.I.V. and RFI agreed to start Lot 2 for €617 million.

In addition, in the latter part of the first half of 2013, the arbitration proceedings which had started in previous fiscal years – aimed at obtaining the amounts owed to the Consortium for work performed prior to the effective date of Decree-Law 112/2008 mentioned earlier, with the Consortium only filing for the costs actually incurred – came to a positive conclusion. In addition, upon conclusion of the aforementioned arbitration proceedings, the Consortium's obligation to return the contractual advance which it had cashed, including eligible late payment charges, went into effect. This obligation was fulfilled early in the third quarter of 2013 by offsetting with the amounts owed to the Consortium according to the aforementioned arbitration proceedings, in keeping with the provisions of the Addendum to the November 2011 Agreement.

Lastly, the Impregilo Group's share in the CO.C.I.V. Consortium was increased to 64% as a result of the agreements signed with partner Tecnimont SpA in September 2013 being finalized.

At the end of January, 2014, the Minutes of Agreement of the "Ligurian Entities" variant was signed, which readjusted the lump-sum of the contract from €3,922 million to €3,888 million.

The percentage of completion as of March 31, 2014 was 9.7%.

Salerno-Reggio Calabria Highway Project: Lots 5 and 6

The project involves the improvement and modernization of the last section of the Salerno-Reggio Calabria Highway in the stretch between the cities of Gioia Tauro and Scilla (Lot 5), and between Scilla and Campo Calabro (Lot 6). Impregilo is involved in the project with a 51% share.

With regard to Lot 5, which involved serious disputes with the client which ultimately came to a positive resolution, new critical situations were encountered starting with the second half of 2012. These situations, attributable to the added difficulty of obtaining the desired productivity levels as well as the social and environmental conditions that remain critical in the entire area of jobsite operation, resulted in the need to review the estimates over the entire lifetime of the contract, which consequently showed a loss situation; this was already fully reflected in the 2012 income statement. In this regard, no new significant critical elements requiring modification of past valuations arose during the first quarter of 2014. The completion date for the entire macro-lot is set for October 31, 2014.

The percentage of completion of lot 5 as of March 5, 2014 was 95.5%, whereas for lot 6 it is 82.9%.

Ionica State Highway

At the end of 2011, Impregilo, in partnership with Astaldi, won the ANAS competitive bidding for construction work on the third maxi-lot of the Ionica State Highway ("SS-106") to be assigned to a general contractor. The value of the new contract is about €791 million (of which 40% for Impregilo). The new infrastructure involves the development of a total of 38.0 km from the junction with state road 534 (SS-534) to Roseto Capo Spulico (Cs). The main works of the project involve the construction of some 13 km of tunnels, about 5 km of elevated roads, and 20 km of embankments. The overall duration of the work is expected to be about 7 years and 8 months, including 15 months to develop the design (final and construction) and to prepare for the start of work, with the remaining 6 years and 5 months for the construction phase.

The percentage of completion as of March 31, 2014 was 2.1%.

Third lane of Venice-Trieste A4 Highway (Quarto d'Altino – San Donà di Piave)

In November 2009, the consortium led by Impregilo SpA as agent won the competitive bidding for the executive design and construction of the extension to the third lane of the Venice-Trieste A4 Highway in the section between the cities of Quarto d'Altino and San Donà di Piave (VE). The total value of the contract is €224 million.

The works include widening the highway over a distance of 18.5 km with construction of a third lane, and, in particular, construction of two new viaducts over the Piave River for a total length of about 1.4 km, construction of 4 bridges, 9 overpasses, 4 highway underpasses, and refurbishing of the San Donà di Piave highway junction.

The percentage of completion as of March 31, 2014 was 70.9%.

Rome Metro Line B

On June 13, 2012, the new section of line B1 connecting Piazza Bologna to Piazza Conca d'Oro was put into operation, with the Mayor of Rome and the city's top dignitaries in attendance.

Temporary acceptance was completed in February 2013, while approval of the reserves posted to the final account and recorded in the order estimate for the portion for which approval is deemed reasonably certain, is still in the definition phase.

At the same time, excavation of the line's tunnel from Piazza Conca d'Oro to Jonio Station was completed, while finish work and installation of technological systems are still under way.

Work on the access shafts and construction of the parking lots at the Annibaliano and Conca d'Oro stops is nearly complete.

An extension of the contractual times until August 2014 was negotiated with the Client in light of Service Order no. 21 filed by the contracting station.

The Group was also awarded the contract for extension of Rome Metro line B for the Rebibbia-Casal Monastero section. The project, commissioned by Roma Metropolitane to a group of companies including Vianini and Ansaldo, will be carried out through the technique of real estate development, and its value is set at approximately €948 million.

The main works will be the Rebibbia shunting neck, the stations of S. Basilio and Torraccia/Casal Monastero, with about 3.8 km of tunnels, an interchange, and parking for 2,500 cars.

On December 21, 2012, the Service Conference for approval of the final design and variants put forth during the competitive bidding phase was completed.

On December 31, 2012, the commissioner's ordinance was issued in which the Mayor approved the preliminary integrated design, defined the purpose of the areas, and approved the expropriation plan in connection with the work project.

In January 2013, licensor Roma Metropolitane provided a provision for a simultaneous start of the final and construction design.

On August 8, 2013, the final design was delivered to licensor Roma Metropolitane, revised according to the provisions received from Roma Capitale, and we are awaiting its approval, which is expected in the first half of 2014.

With regard to real estate development, it is not possible to anticipate a work start date, since the necessary urban development variants have not been adopted by the Municipal Administration.

OTHER COUNTRIES IN THE EUROPEAN UNION

Greece – Thessaloniki Metro Project

This project is for construction of the Thessaloniki automated metro. The contract was signed in 2006 and Impregilo is participating together with the Greek construction company Aegek S.A., and with Seli SpA for the civil engineering portion. The project involves construction of an automated subway with construction of two tunnels, each 9.5 km long, and 13 new underground stations.

The percentage of work completion as of March 31, 2014 was 34.0%.

Greece – Stavros Niarchos Foundation Cultural Center

At the end of 2012, Impregilo was awarded the construction of the new Stavros Niarchos Foundation Cultural Center in Athens, Greece, as part of a joint venture with the Greek company Terna S.A. The contract value is approximately €325 million with Impregilo's share being 51%, fully guaranteed and paid by the Foundation. The design, created by the architectural firm Renzo Piano Building Workshop, calls for the construction of an ecologically sustainable multipurpose center located about 4.5 km from downtown Athens, which will occupy a total area of 232,000 m², most of which devoted to a public park, to be completed in 38 months after work starts. The initiative also provides for construction of the new headquarters of the Greek National Opera, which includes a 1400-seat main theater and a 400-seat experimental theater, and the National Library, which will be open to the public and will contain up to 750,000 volumes. Lastly, under the contract, the activities of managing and maintaining the Cultural Center for a period of five years for an additional value of about €10 million will be allocated, once construction of the opera is completed.

The percentage of work completion as of March 31, 2014 was 25.4%.

Denmark

On January 7, 2011, the subsidiary Copenhagen Metro Team I/S, a Danish company in which Salini Impregilo SpA, Tecnimont Civil Construction, and Seli are shareholders, signed a contract to build the new Copenhagen Metro, one of the most modern transit infrastructures in the world.

The "Copenhagen Cityringen Project" consists of the design and construction of the new metro loop located in the city center, including 17 stations and two tunnels for about 17 km, with an expected traffic of 240,000 passengers per day.

The original value of the contract of €1,497 million was updated to €1,657 million as a result of an additional five addenda, which came in addition to the three optioned by the Client in 2011.

In addition to the design work on the underground stations and sections, construction work on all 21 of the contractually specified sites (17 stations and 4 shafts) is currently in progress.

Lastly, in 2013, Tecnimont Civil Construction's share in Copenhagen Metro Team I/S was bought out, allowing the Group to hold nearly 100% of the partnership of companies involved in the work.

The percentage of work completion as of March 31, 2014 was 39.9%.

Romania

In April 2011, Impregilo won the competitive bidding for the design and construction of lot three of the Orastie-Sibiu highway from the Romanian National Highway Company (CNADNR). The value of the contract is approximately €144 million, 85% funded by the European Community and the remaining 15% by the Romanian government. The contract calls for the construction of 22.1 km of four-lane highway plus an emergency lane for an overall width of 26 meters. The Orastie-Sibiu project is part of a broader project called the "Highway 4 Corridor," which will connect the city of Nădlac located on the Hungarian border to the city of Constance located on the western shore of the Black Sea.

The percentage of work completion as of March 31, 2014 was 86.2%.

On October 11, 2013, the joint venture consisting of Salini SpA and S.E.CO.L. signed a contract with the Romanian National Highway Company (CNADNR) for construction of the Lugoj-Deva road lot 2.

The project, valued at approximately €127 million, will last 30 months, the first six of which for design activities.

The percentage of work completion as of March 31, 2014 was 1.0%.

Poland

The Group, in conjunction with the local company Kobylarnia, was given the task of completing construction work on the roughly 64 km of the "Torun-Strykow" section of highway A1, which connects the cities of Czerniewice and Kowal.

The project has a total value of approximately €207 million.

Lots 1 and 2 have been opened to traffic, whereas for lot 3, 10 km of the main section was made available on December 21, 2013.

The lot 3 accessories are expected to be completed early in the second half of 2014.

The initiative, led by the Polish General Directorate of Roads and Highways and co-funded by the European Union, constitutes full implementation of the strategic agreement signed with the Group in September 2012.

The percentage of work completion as of March 31, 2014 was 82.4%.

OTHER NON-EU COUNTRIES

Turkey

On November 17, 2011, the subsidiary SKG, in which Kolin and Generali Costruzioni Ferroviarie also hold a stake, received the order to start work on the "Rehabilitation and reconstruction of the Kosekoy-Gezbe section of the Ankara Istanbul high speed train project."

The initiative, emblematic of the remodernization of Turkey's transportation system, includes dismantling of the current railway line and subsequent construction of a new dual-track line some 55.6 km long connecting the country's two "capitals." The new railway line will have an operating speed of 160 km/h.

Construction of the railway superstructure and the signaling, electrification, and telecommunication works are part of the project.

In August 2012, the Client issued a new service order to widen the railway for the addition of a future third line.

The funding body formally authorized its construction and now the project is pending a formal draft of the addendum.

The contractual amount comes to approximately €147 million.

Removal of the existing railway section and civil engineering works is complete, while the railway works are at an advanced stage and the electromechnical works have been started.

On March 26, 2013, the Ministry of Health of the Republic of Turkey awarded Salini SpA, as part of a joint venture with the Korean company Samsung C&T, the Dutch company Simed, and the local company Kayi Insaat, a concession to build and manage an important hospital complex in the city of Gaziantep with a total of 1,875 beds on a surface area of just over 500,000 square meters.

The initiative will be carried out based on the PPP (Public Private Partnership) model through an SPV (Special Purpose Venture) in which the Group holds 28%. In turn, the SPV will assign the design, construction, and supply work to a joint venture consisting of Salini Impregilo (33%), Samsung, and Kayi, for a total value of approximately €510 million.

The concessionaire was duly registered with the Istanbul Chamber of Commerce on June 20, 2013 under the name of Gaziantep Hastane Sagalik Izmetleri Isleteme Anonim Sirket.

The design of the healthcare facility, to be completed in about 8 months, has started and the negotiating phase between the potential lenders, the project company (Concessionaire or SPV), and the Minister of Health is in progress to define the financial terms and conditions.

The percentage of work completion as of March 31, 2014 was 70.4%.

Belarus

A contract was signed on July 19, 2011 for the resurfacing of roughly 53 km of the M5 Minsk-Gomel road stretch, for a total value of approximately €93 million.

Physical production started in November 2011, after the Client delivered the four acquired lots, and was completed on November 15, 2013.

The contract is currently in the maintenance period, which will end on November 15, 2015.

ASIA

Malaysia

The Ulu Jelai hydroelectric project is currently under way in Malaysia. The project consists of a first lot for the access roads (CW1) and a second lot (CW2+EM1) for construction of an RCC (Roller Compacted Concrete) dam some 90 meters high, and a 372-MW underground hydroelectric power plant, including hydroelectric and mechanical equipment with catchment works and approximately 25 km of tunnels.

In December 2013, a third lot of the project (CW3) consisting of rockfill protection of the basin's shores was awarded, valued at about €70 million, bringing the value of the contract to approximately €598 million.

The construction work, carried out by the subsidiary Salini Malaysia Sdn Bhd as part of a consortium with local partner Tindakan Mewah Sdn Bhd (Salini Malaysia 90%), will continue until 2016. The first lot of the project for the access road has been completed and delivered. As for the main lot consisting of the dam and hydroelectric plant, dam excavation has been completed and the river diversion works were finished on September 30, 2013, while excavation on the underground plant and tunnels of the plant headrace and tailrace system are at an advanced stage of completion.

The percentage of work completion as of March 31, 2014 was 57.1%.

MIDDLE EAST

United Arab Emirates – Abu Dhabi Water Tunnel – Lots 2 and 3

Impregilo is currently completing construction on two lots of the STEP (Strategic Tunnel Enhancement Programme), which involves the construction of a tunnel that will serve to collect wastewater from the island and the mainland of Abu Dhabi by gravity and convey it to the treatment facility located in Al Wathba. Impregilo is building 25 km of the tunnel, which will be a total of 40 km long. The total value of the contracts comes to approximately $445 million.

Lot 3 was completed during 2013 and the work progress on lot 2 as of March 31, 2014, was 99.8%.

In December 2013, lot B of the new Abu Dhabi-Dubai highway totaling 28 km was acquired through Salini SpA Abu Dhabi Branch.

The contract was assigned to the joint venture consisting of Salini SpA Abu Dhabi Branch and the local builder Tristar Engineering & Construction, and is one of the largest infrastructure projects in the country as part of the innovative "Plan Abu Dhabi 2030."

The lot B work of the project is valued at 840 million United Arab Emirates Dirhams, equal to about €168 million, and will be completed in 27 months.

United Arab Emirates-Dubai R881

After a slow down period of about two years caused by the economic recession that kept the country from being able to maintain regular progress payments, the "R881 Comprehensive Improvements of the Parallel Roads" project for construction of a highway section (lots 2C and 3A) in the city of Dubai resumed full production activity in 2012, thanks in part to the Client's recognition of certain claims for lot 2C (AED 40 million) and additional advance disbursements for lot 3A.

The project primarily consists of the construction of 30 bridges, new road pavement for more than 200,000 square meters, and repositioning of a large number of ancillary services.

All structures and roads were opened to traffic in December 2013. The "Taking Over Certificate" for lot 3A was issued on April 15, and the progress percentage of lot 2C as of March 31, 2014 was 99.3%.

Lastly, it should be noted that an additional agreement for AED 20 million was reached with the client as compensation for additional costs incurred in lot 3A during the "slow down" period caused by the economic downturn of the Emirates mentioned earlier.

Arab Emirates – Abu Dhabi Highway Lot B – Dubai

On December 20, 2013, Salini Impregilo was awarded lot B of the new Abu Dhabi-Dubai highway in the United Arab Emirates. The work was commissioned by the Abu Dhabi General Services (the so-called "Musanada") and is one of the largest infrastructure projects in the country as part of the innovative "Plan Abu Dhabi 2030." The contract awarded to a consortium consisting of Salini Impregilo SpA and the local builder Tristar Engineering & Construction (TE&C) involves the construction of a total of 28 km of the Abu Dhabi-Dubai highway, to be completed in 27 months. Work on lot B of the project is valued at approximately 840 million United Arab Emirates Dirhams (AED), which, at the current exchange rate, is about €168 million.

Qatar – Red Line North Underground

On May 17, 2013, Impregilo, as leader of a partnership of companies with a 41.25% share, won the competitive bidding launched by Qatar Railways Company for the design and construction of the "Red Line North Underground" of Doha. The "Red Line North" will extend northward for about 13 km from the Mushaireb station, with the construction of 7 new underground stations. In particular, the project calls for the excavation of two parallel tunnels, one in each direction, which will be about 11.6 km long and have an inside diameter of 6.17 meters. The new project, along with 3 other metro lines, is part of a program led by Qatar to build a new infrastructure mobility system as part of the National Development Plan for 2030 ("Qatar National Vision 2030"), which provides for significant investments to ensure sustainable economic growth over time within the country and abroad.

The total value of the "Red Line North" contract comes to approximately 8.4 billion Qatari Rial, equal to about €1.7 billion, of which approximately €630 million for design and civil engineering works and about €1.1 billion for provisional sums for preparation work, electromechanical systems, and architectural work on the stations.

The percentage of work completion as of March 31, 2014 was 2.6%.

Saudi Arabia – Riyadh Metro Line 3

On July 29, 2013, Impregilo, as the leader of an international consortium whose members include the Italian company Ansaldo STS, the Canadian company Bombardier, the Indian company Larsen & Toubro, and the Saudi company Nesma, won a major contract issued by the Riyadh Development Authority for the design and construction of the new Riyadh Metro Line 3 (40.7 km), the longest line of this major project in the Saudi Arabian capital's new metro network.

The lot assigned to the Consortium is an important part of the broader concurrent project for construction of the new Riyadh metro network (consisting of 6 lines with an overall length of about 180 km), worth a total of about US $23.5 billion, in which another two global groups, including some of the largest companies in the world, are awardees for two other mega lots awarded at the same time as the lot awarded to the Consortium, which will be led by Salini Impregilo: one led by the American company Bechtel consisting of Almabani, CCC, and Siemens, and the other led by the Spanish company FCC consisting of Samsung, Freyssinet Arabia, Strukton, and Alstom.

The overall value of the works to be done by the Consortium for design and construction of the entire Line 3 is about US $6.0 billion, of which about US $4.9 billion for civil engineering works.

The percentage of work completion as of March 31, 2014 was 0.7%.

AFRICA

Libya

In August, a consortium of Italian companies, with the Group as the leader with 58%, including Società Italiana per Condotte d'Acqua, Impresa Pizzarotti & C, and Cooperativa Muratori & Cementisti (CMC), signed a contract to build the first lot of the new Libyan coastal highway called "Ras Ejdyer-Emssad Expressway project," with a total value of approximately €945 million.

The new highway will traverse 1,700 km of the Libyan territory from the Tunisian border to the Egyptian border, and its construction will be an integral part of the agreements reached between the Italian Government and the Libyan Government with the signing of the Friendship and Cooperation Treaty on August 30, 2008.

The lot to be built by the Group will be 400 km long and will run from the city of Al Marj to Emsaad on the Egyptian border.

The highway consists of three lanes in each direction plus an emergency lane, and the most significant civil engineering works include the construction of 14 bridges and 52 viaducts, 8 service areas, and 6 parking areas. The contract will be funded by the Italian Government.

In 2010, a contract was signed for rehabilitation of the Koufra Airport runways, in the amount of approximately €53 million.

After a long period of political instability that prevented the project from starting, the country's client administrations resumed the previous commercial and contractual relations in order to relaunch the project.

The requisite guarantees have been provided and the contractual advance payment was finally received in July 2013.

Jobsite mobilization work continued during the quarter.

The percentage of work completion as of March 31, 2014 was 9.1%.

The contract for the Koufra urban development project was signed again in 2013.

Design work will begin soon, with ground-breaking expected to begin within the year.

The agreement for construction of the new runway at Tripoli Airport still needs to be formalized, with the signed documents expected to be received before the end of the next six-month period.

South Africa – Ingula Hydroelectric Plant

The procedures for Impregilo's participation in the construction of a hydroelectric plant in South Africa, together with CMC of Ravenna and a local company, were finalized in March 2009. The overall value of the project, in which Impregilo has a 39.2% stake, is currently equal to about €948 million. The initiative, called the "Ingula Pumped Storage Scheme," involves the construction of a generation and pumping plant with a total installed power of 1100 MW, which will generate electricity during peak hours and will reuse the same water by pumping it into an upstream basin during off-peak hours.

The percentage of work completion as of March 31, 2014 was 91.2%.

Ethiopia

Gibe III Hydroelectric Plant

The contract was signed on July 19, 2006 for about €1,569 million and includes the construction of a 1,870 MW hydroelectric power plant consisting of an RCC (Roller Compacted Concrete) dam measuring 243 meters high with an open-air power plant. Other permanent works consist of a total of 75 km of access roads, a new bridge over the Omo River, and camps and structures for the Client.

In addition, an agreement was signed with the Client in 2010 for construction of the 66-kV electrical power line from the Sodo-Wolayta substation to the Gibe III site. This line and its substations will remain the property of the Client EEPCo, but as compensation Salini will receive electrical power at a preferred rate compared to the national standard.

The percentage of work completion as of March 31, 2014 was 72.2%.

"Grand Ethiopian Renaissance Dam" (GERD) Hydroelectric Power Plant

A contract for building the "Grand Ethiopian Renaissance Dam" hydroelectric power plant (GERDP) was signed between Salini Costruttori and the EEPCo (Ethiopian Electric Power Corporation) on December 30, 2010. The contract calls for the construction of the largest dam on the African continent (1,800 meters long, 170 meters high, and a total volume of 10 million cubic meters) and two power plants on the banks of the Blue Nile equipped with a total of 16 turbines, each rated at 375 MW.

Addendum no. 2 was signed on March 12, 2012, to formalize the Client's request to increase the voltage of the power line between Beles and the GERDP from the originally planned 132 kV to 400 kV. This change led to an increase in the contract value to €42 million, bringing the overall total of the project to the current €3.6 billion.

Excavation on the main dam and power plants is currently in progress, and the new bridge over the Nile has been completed and was opened to traffic in September 2012.

Construction work on the river-bank power plants, the permanent camp, and the construction site roads is mostly completed, as well as work on diverting the Nile into the special channel.

The percentage of work completion as of March 31, 2014 was 17.2%.

Nigeria

Work on the "Gurara Dam and Water Transfer Project, Lot A – Dam and Associated Works" project is in the completion phase. The current value of the contract, including the various contractual additions issued over the years (the contract was signed on January 30, 2001) comes to about €545 million. The 9 million m^3 earth and rockfill dam, intake works, and 30-MW hydroelectric plant are complete; the power transmission line, the irrigation perimeter, and some road work still need to be completed. The work is expected to be completed by December 31, 2014.

The percentage of work completion as of March 31, 2014 was 91.0%.

Work is continuing on the "Development of Idu Industrial Area Engineering Infrastructure" contract (valued of approximately €237 million), consisting of the primary urban development works in a new district of the capital Abuja, intended for industrial use. The sewer and drainage networks are complete, 60% of the road network, including 4 viaducts, is paved, and construction is starting on the water supply and power supply grids.

The percentage of work completion as of March 31, 2014 was 73.8%.

Work on designing and building the "Nigeria Cultural Centre and Millennium Tower" is also progressing (contract value of approximately €421 million). The tower structure has reached its final height of 170 m and the sails and restaurant are currently being built. The underground parking garage beneath the square has been completed, the tunnel linking the two plots of the project is complete, and the structures of the 7 buildings that make up the Cultural Centre and the Auditorium are at an advanced stage of construction.

The percentage of work completion as of March 31, 2014 was 34.7%.

The urban highway stretch of the "Extension of Inner Southern Expressway (ISEX)" for a value of roughly €65 million by the Federal Capital Development Authority with a contract signed on January 13, 2010, is in an advanced stage of construction. So far, 3 of the 4 major bridges have been completed, the drainage works are nearly finished, and most of the road is paved.

The percentage of work completion as of March 31, 2014 was 95.6%.

Construction of the "Dualisation of Suleja Minna Road in Niger State," a contract obtained in November 2010 with a value of approximately €50 million, is under way. The earthwork and drainage works are currently in the completion phase, paving is partially completed, construction of 3 bridges has been finished, and construction of the fourth bridge, the longest, which crosses the Gurara River, is under way.

The percentage of work completion as of March 31, 2014 was 56.7%.

Similarly, the "Development of District 1 Abuja North Phase IV West" project is being developed, worth a total of about €250 million. The bidding process was conducted in two phases (phase 1 December 30, 2010 and phase 2 March 5, 2012). Construction of one of the main bridges of the project is nearly complete and the remaining culvert boxes are being made.

The percentage of work completion as of March 31, 2014 was 11.8%.

On September 12, 2012, the "Adiyan Waterworks Phase II" project worth €250 million was acquired. This project consists of the design and construction of a water treatment plant with a capacity of 320,000 m3/day, intended to meet a portion of the Lagos population's water needs. The job site has been set up, the plant is being designed, and construction of the civil engineering works is starting.

The percentage of work completion as of March 31, 2014 was 9.9%.

Namibia

In 2013, a contract was acquired for construction of the Neckartal dam, with a value of approximately €200 million. The dam will exploit the waters of the Fish River to generate power and to create a reservoir to irrigate 5,000 hectares of land for the area's agricultural development.

The order to start work was issued on September 11, 2013, and site mobilization is under way. The percentage of work completion as of March 31, 2014 was 2.8%.

Sierra Leone

Routine management and maintenance of the Bumbuna hydroelectric plant and its transmission line to the city of Freetown are progressing normally. Electrical power generation is being handled in cooperation with the National Power Authority in charge of power distribution in the country.

The contract value, which was originally €10.2 million, has been increased to €26.1 million by way of two addenda signed on November 18, 2011 and December 18, 2013, respectively.

This contract is 100% complete.

Similar observations can be made for the "Rehabilitation of 21.2 km of urban town roads" contract for the rehabilitation of several stretches of road in the four major cities of Sierra Leone. With the signing of five new additions to the contract in June and October 2011, March 2012, and October 2013, the value of the project has gone from the original €10.3 million to €30.2 million.

In addition, an addendum to the original contract was signed in 2013 for the rehabilitation of some roads in the Lunsar area, for an additional value of €4.5 million.

The percentage of work completion as of March 31, 2014 was 96.2%.

Lastly, a new contract was signed on May 24, 2013 with the Sierra Leone Road Authority for the rehabilitation of 70 km of road as part of the "Sefadu roads rehabilitation project section 1 - Matotoka-Yiye," valued at approximately $30.7 million and funded by the African Development Bank.

The percentage of work completion as of March 31, 2014 was 14.0%.

Zimbabwe

On April 8, 2011, the Addendum for completion of the Tokwe Mukorsi dam was signed with the Zimbabwean government, represented by the Ministry of Water Resources Development and Management. The addendum, worth about €66 million, also provided for the full payment of outstanding debts owed by the client for previous addenda, amounting to about €11 million, which has been collected in full.

In 2012 and 2013, four new contract changes were also approved, thus resulting in a change in the value of the contract due to the approval of new designs, an increase in the amount of excavation, and an extension of the contractual deadlines.

The project, which will include the highest dam in the country and will create the largest manmade lake in Zimbabwe, involves the construction of a rockfill embankment with a maximum height of 90 meters, a capacity of 1.8 billion cubic meters, and the potential to irrigate 25,000 hectares of agricultural land.

The project has completed the roadwork, with the construction of about 43 km of roads, excavation of the main dam and the five saddle dams, the intake tower, and the diversion tunnel. The embankment of the main dam and construction of the two spillways are under way.

The percentage of contract progress is 81.0%.

NORTH AMERICA

United States – Lake Mead Tunnel

In 2008, Impregilo won the competitive bidding launched by the Southern Nevada Water Authority (SNWA) for the construction of an articulated collection and transport system for the water of Lake Mead, one of the largest manmade lakes in the United States, in order to increase the supply of water for drinking and household use in the Las Vegas metropolitan area. The value of the contract is $447 million.

The percentage of work completion as of March 31, 2014 was 74.8%.

United States – San Francisco Metro

At the end of the first half of 2011, the Board of Directors of the San Francisco Municipal Transportation Agency awarded a contract to the Impregilo Group (in a consortium with the American company Barnard) for construction of the "Central Subway" metro line extension in the city of San Francisco. The overall value of the contract is US $233 million; Impregilo, through its subsidiary SA Healy, has a total stake of 45%. The project involves an underground extension of the current surface line in the city's downtown area, with construction of two new single-track tunnels having a total length of 5 km, which will be made with two 6.4 m diameter TBMs. The expected duration of the work is 35 months.

The percentage of work completion as of March 31, 2014 was 77.7%.

United States – Anacostia River Tunnel

On May 8, 2013, the Impregilo Group, in partnership with Parsons Corporation, a leading construction company in the United States, won the competitive bidding to design and build a section of the waste water collection and treatment system of the city of Washington DC. The high-tech project is valued at approximately $254 million (the Group's overall share is

65%). Impregilo will be the leader of the project, which is expected to be completed in about 4 1/2 years once work starts.

The "Anacostia River Tunnel" project is part of DC Waters' "Clean Rivers Project." It calls for the construction of a water tunnel running largely beneath the Anacostia, a tributary of the Potomac River. The tunnel will be about 3.8 km long and 7 m in inside diameter; there are also plans for the construction of 6 water uptake wells to a depth of about 30 m. The tunnel will carry wastewater and stormwater separately to prevent river pollution during floods (*Combined Sewer Overflows* or "CSO") that occur in periods of heavy rainfall.

The percentage of work completion as of March 31, 2014 was 5.2%.

LATIN AMERICA

Venezuela

For a review of the main types of critical issues identified within the Group's operations in Venezuela, refer to the information provided later in this section under the heading "Risk areas of the industry."

Puerto Cabello Railway – La Encrucijada

The work consists in building the civil engineering works of a railway stretch of about 110 km, connecting Puerto Cabello to La Encrucijada.

In November 2011, Impregilo signed a contract addendum with the Railway Institute for completion of the Puerto Cabello-La Encrucijada line. The contract addendum includes an additional extension of the line from the city of Morón to the port of Puerto Cabello. The total value of the new works called for in the addendum is about €763 million (with Impregilo's share being 33.33%).

The percentage of work completion as of March 31, 2014 was 74.6%.

San Juan de los Morros-San Fernando de Apure Railway and Chaguaramas-Cabruta Railway

Impregilo, with a 33.33% share, is involved in the construction of two additional railway lines, "San Juan de los Morros-San Fernando de Apure" (252 km) and "Chaguaramas-Las Mercedes-Cabruta" (201 km).

In addition to the 453 km of new lines, the projects include rail design and installation and construction of 11 stations and 9 logistics centers.

The percentage of work completion for the "San Juan de los Morros-San Fernando de Apure" section as of March 31, 2014 was 33.5%.

The percentage of work completion for the "Chaguaramas-Cabruta" section as of March 31, 2014 was 45.8%.

Expansion of the Panama Canal

In July 2009, Impregilo, through Grupo Unidos por el Canal Consortium – a consortium with members Sacyr Vallehermoso (Spain), Jan de Nul (Belgium), and the Panamanian company Constructora Urbana (Cusa) – received official notification of the competitive bidding award to build a new system of locks as part of the Panama Canal expansion project. The bid came to $3.22 billion.

The project, referred to as Post Panamax, is one of the largest civil engineering projects ever undertaken, calling for the construction of two new sets of locks, one on the Atlantic side and one on the Pacific side. It will allow commercial traffic through the canal to increase and meet growth in the maritime transport market, characterized by a trend toward the construction of larger and heavier vessels than those which can currently pass through the existing locks.

For a review of the main types of critical issues identified for this project, refer to the information provided later in this section under the heading "Risk areas of the industry."

The percentage of work completion as of March 31, 2014 was 74.8%.

Colombia – Hydroelectric project on the Sogamoso River

In December 2009, Impregilo won the competitive bidding to build the hydroelectric project on the Sogamoso River in northwestern Colombia, about 40 km from the city of Bucaramanga.

The project involves the construction of a dam measuring 190 m high and 300 m long, and an underground power plant which will house three turbines totaling 820 MW of installed power. The value of the project is currently about €590 million and the client is ISAGEN SA, a mixed public/private funding concessionaire involved in electrical power generation in Colombia.

Furthermore, Impregilo has already completed the preliminary work on the dam, involving the construction of two diversion tunnels measuring about 870 m long and 11 m in diameter, and a system of plant access roads and tunnels.

As for the main project of dam construction, critical issues were already encountered during the second half of fiscal year 2011, with a negative impact on both the production level and profitability. In particular, these events included exceptional adverse weather which struck a significant portion of the Colombian territory, substantially delaying the river diversion work, and, at the same time, the presence of geological conditions differing substantially from the contractually specified conditions, not to mention changes in the *scope of work* requested by the client. In the early part of 2012, some of the most substantial claims submitted by the contractor were acknowledged, and in 2013 a new contract change was obtained for the construction of new accessory works in the basin affected by the dam. The additional reservations submitted to the client are still under discussion.

The percentage of work completion as of March 31, 2014 was 96.1%.

Colombia – "Ruta del Sol" Highway Project

At the end of July 2010, the Impregilo Group won the competitive bidding to manage the concession of the third highway lot of the "Ruta del Sol" project in Colombia. The concession, awarded to a consortium led by Impregilo and consisting of the Colombian companies Infracon, Grodco, and Tecnica Vial, and the private investment fund RDS (owned by Bancolombia and the Protección Pension Fund), calls for the adaptation, widening to four lanes, and management of two highway stretches between the cities of San Roque and Ye de Cienaga, and between the cities of Carmen de Bolivar and Valledupar. The overall amount of the investment is about $1.3 billion. The concession contract provides for total revenues of about $3.7 billion (40% for Impregilo's share), including income from tolls and a public contribution of $1.7 billion, which will be paid out starting with the construction phase. The concession will run for 25 years, including 6 years for the infrastructure design and adaptation phase and 19 years for the management phase.

The percentage of work completion as of March 31, 2014 was 12.5%.

Chile – Angostura Hydroelectric Project

At the end of June 2010, Impregilo won the competitive bidding launched by the client Colbun SA, a Chilean company involved in electrical power generation, to build a hydroelectric project in Chile, with an overall value currently standing at approximately €250 million.

The plant will be located in the Angostura area about 600 km south of the capital Santiago.

In particular, the project involves the construction of a main dam measuring 152 meters long and 63 meters high, a secondary dam measuring 1.6 km long and 25 meters high, and the underground power plant which will house three generators for 316 MW of installed power. The electrical power output will be about 1540 GWh per year.

Starting with the second half of fiscal year 2011, the project started to run into some critical issues due to growing socio-economic problems differing substantially from the projections shared during the bidding phase, and jobsite working conditions resulting in part from changes in the work required by the client. The litigation actions taken against the client, some of which are still pending, have allowed for a partial containment of the effects that these critical issues have had on the profitability of the project. As of the reference data of March 31, 2014, of this quarterly management report, the project's profitability was still in the red, and fully reflected in the balance sheet values already posted for previous fiscal years.

The construction work is mostly completed.

Argentina – Riachuelo

On July 15, 2013, Impregilo, in partnership with its US subsidiary SA Healy, won the competitive bidding for a lot to build a new wastewater collection system in the capital of the country, as part of the environmental remediation program of the metropolitan region of Buenos Aires Province. The value of the project, led by AySA (Agua y Sanamientos Argentinos SA), one of the major players in the Argentine water sector, is approximately €360 million.

The project involves the collection of wastewater from the Riachuelo treatment plant by means of a pit about 40 m deep. The wastewater will then be conveyed through a tunnel measuring 11 km long and 3.8 m in diameter to an outlet that will be built on the bed of Rio de la Plata.

The initiative has a strong social and environmental value. It is the first part of a broader program funded by the World Bank for sustainable development of the Matanza-Riachuelo Basin, aimed at cleaning up the Riachuelo River and the regions it passes through, which are considered to be among the most polluted in the world.

AUSTRALIA

Australia – Skytrain

On December 18, 2013, Salini Impregilo, through its Australian subsidiary, won the first contract in Sydney to design and build the so-called "Skytrain" bridge, as well as other civil engineering works which will form one of the main sections of the new North West Rail Link (NWRL). The project has a value of about 340 million Australian dollars, equal to about €220 million at the current exchange rate, and a total length of about 6.2 km, and includes construction of a bridge measuring 4.6 km long and a cable-stayed bridge 270 m long over one of the city's busiest streets. Completion of the project is scheduled for the first half of 2017.

The North West Rail Link is the largest public transportation infrastructure project currently in progress in Australia, and the largest public transportation project in Sydney since construction of the Harbour Bridge nearly 100 years ago. The NWRL project includes eight new stations and 4,000 parking spaces, and it is expected to be open to the public by 2019, for a total investment of about 8.3 billion Australian dollars. This is the first fully automated high-speed train system on the continent, the first step towards the new rapid transit network in Sydney.

The percentage of work completion as of March 31, 2014 was 2.7%.

Order backlog

The order backlog at March 31, 2014 was as follows:

(Impregilo's share in millions of euros)

Region/Country	Project	Residual backlog at March 31, 2014	% of the total	Completion progress (%)
High Speed		**3,512.9**	**15.9%**	
Italy	Mestre Bypass	18.1	0.1%	95.3%
Italy	Salerno-Reggio di Calabria Highway, Lot 5	28.6	0.1%	95.5%
Italy	Salerno-Reggio di Calabria Highway, Lot 6	46.9	0.2%	82.9%
General Contracting		**93.6**	**0.4%**	
Italy	State Highway 36 connector	9.7	0.0%	96.7%
Italy	Spriana Landslide	1.4	0.0%	96.6%
Italy	Torre Consortium	-	0.0%	100.0%
Italy	Pedemontana Lombarda - Lot 1	70.9	0.3%	83.5%
Italy	A4 building of third lane	22.9	0.1%	70.9%
Italy	Milan Metro M4	460.5	2.1%	4.8%
Italy	State Highway 106 Ionica	309.7	1.4%	2.1%
Italy	Broni - Mortara	981.5	4.4%	0.0%
Italy	Port of Ancona	223.5	1.0%	0.0%
Italy	Metro B	948.0	4.3%	0.1%
Italy	SGF	7.0	0.0%	n.a.
Other projects in Italy		**3,034.9**	**13.8%**	
Total projects in Italy		**6,641.4**	**30.1%**	
Greece	Achelos Support Tunnel	1.7	0.0%	76.2%
Greece	Thessaloniki Metro	180.9	0.8%	34.0%
Greece	Stavros Niarchos Cultural Center	124.1	0.6%	25.4%
Romania	Orastie-Sibiu Highway	21.6	0.1%	86.2%
Romania	Lugoi Deva	126.3	0.6%	1.0%
Romania	Sabes-Turda Highway	121.0	0.5%	0.0%
Poland	A1 Torun - Strykow Highway	36.6	0.2%	82.4%
Turkey	Gaziantep	173.0	0.8%	0.0%
Turkey	Kosekoy	56.8	0.3%	70.4%
Austria	Tulfes-Pfons	184.9	0.8%	0.0%
Denmark	Cityringen	996.1	4.5%	39.9%
Switzerland	Transalp Tunnel (Tat)	7.4	0.0%	97.9%
Switzerland	CSC	95.1	0.4%	n.a.
Projects in Europe		**2,125.6**	**9.6%**	
Dominican Republic	Acquedotto Oriental Consortium	0.8	0.0%	99.5%
Dominican Republic	Guaigui hydraulic system	65.3	0.3%	16.4%
Venezuela	Puerto Cabello - Contuy Railway	359.8	1.6%	74.6%
Venezuela	Puerto Cabello - Contuy Railway stations	475.3	2.2%	13.0%
Venezuela	Chaguaramas Railway	168.5	0.8%	45.8%
Venezuela	San Juan de Los Morros Railway	447.3	2.0%	33.5%

(Impregilo's share in millions of euros)

Region/Country	Project	Residual backlog at March 31, 2014	% of the total	Completion progress (%)
Venezuela	OIV Tocoma	39.4	0.2%	96.5%
Panama	Widening of the Panama Canal	287.5	1.3%	74.8%
Chile	Angostura	-	0.0%	100.0%
Chile	Metro Santiago	87.6	0.4%	29.8%
Colombia	Sogamoso	21.4	0.1%	96.1%
Colombia	Quimbo	52.4	0.2%	78.0%
Colombia	Ruta del Sol Highway	344.1	1.6%	12.5%
Brazil	Serra Do Mar	13.4	0.1%	85.0%
USA	Las Vegas Lake Mead Tunnel	94.1	0.4%	74.8%
USA	San Francisco Central Subway	17.8	0.1%	77.7%
USA	Gerald Desmond Bridge	118.9	0.5%	17.2%
USA	Anacostia	113.6	0.5%	5.2%
Argentina	Riachuelo	256.1	1.2%	0.0%
Peru	Metro Lima	555.6	2.5%	0.0%
America	SGF	1.4	0.0%	n.a.
Projects in Western Hemisphere		**3,520.1**	**16.0%**	
Arab Emirates	Step Deep Tunnel Sewer Contract T-02	0.3	0.0%	99.8%
Arab Emirates	Step Deep Tunnel Sewer Contract T-03	-	0.0%	100.0%
Arab Emirates	Abu Dhabi – Dubai Highway	65.9	0.3%	0.0%
Arab Emirates	Dubai R881	1.0	0.0%	99.3%
Qatar	Abu Hamour	78.7	0.4%	12.0%
Qatar	Red Line North	677.3	3.1%	2.6%
Saudi Arabia	Metro Ryiadh	1,001.3	4.5%	0.7%
Kazakhstan	Kizylorda (S)	19.1	0.1%	94.3%
Malaysia	Ulu Jelai	281.3	1.3%	57.1%
Projects in Asia		**2,124.9**	**9.6%**	
Australia	NW Rail Link Project	221.6	1.0%	2.7%
Projects in Australia		**221.6**	**1.0%**	
Nigeria	Suleja Minna	29.5	0.1%	56.7%
Nigeria	Adiyan	214.6	1.0%	9.9%
Nigeria	District 1	212.8	1.0%	11.8%
Nigeria	Isex	2.7	0.0%	95.6%
Nigeria	Cultural Center	267.3	1.2%	34.7%
Nigeria	Idu	62.8	0.3%	73.8%
Nigeria	Gurara	48.4	0.2%	91.0%
South Africa	Ingula	34.0	0.2%	91.2%
Ethiopia	Gerd	2,980.8	13.5%	17.2%
Ethiopia	Gibe III	432.9	2.0%	72.2%
Zimbabwe	Mukorsi Dam	26.6	0.1%	81.0%
Sierra Leone	Matotoka	19.1	0.1%	14.0%

(Impregilo's share in millions of euros)

Region/Country	Project	Residual backlog at March 31, 2014	% of the total	Completion progress (%)
Sierra Leone	Rehabilitation of urban road	1.3	0.0%	96.2%
Namibia	Neckartal Dam	172.7	0.8%	2.8%
Africa	SGF - Il nuovo Castoro	7.8	0.0%	n.a.
Libya	Libyan Coastal Highway	547.8	2.5%	0.0%
Libya	Kufra Urban Development	211.5	1.0%	0.0%
Libya	Kufra Airport	51.9	0.2%	9.1%
Libya	Tripoli Airport	99.4	0.5%	0.0%
Libya	Lidco	1,004.7	4.6%	13.0%
Projects in Libya		**6,428.6**	**29.1%**	
Total international projects		**14,420.9**	**65.4%**	
Fisia Italimpianti		37,9	0,2%	n.d.
Total portfolio CONTINUING OPERATIONS		**21,100.2**	**95.5%**	
Total portfolio Costruzioni Todini		719.8	3.3%	n.a.
Total portfolio Fisia Babcock		242	1.1%	n.a.
Total portfolio other projects and discontinued operations		**961.8**	**4.5%**	
Total Group backlog at March 31, 2014		**22,062.0**	**100.0%**	

For information about the order backlog of the Libyan company Impregilo Lidco Libya General Contracting Company, totaling 1,004.7 million euros, see the "Segment's risk areas" section of this Report.

Acquisition of new orders

Romania – Sebes-Turda Highway

On January 3, 2014, the Salini Impregilo Group was awarded an order for the design and construction of a section of the Sebes-Turda highway in Romania.

The client is the National Stated Highway and Road Company of Romania (CNADNR) and the project is valued at about 121 million euros. The Sebes-Turda crosses the center of Transylvania, in the territory of the Alba and Cluj provinces. The work planned for the "Sebes-Turda Lot.1" jobsite includes 17 kilometers of a highway with two lanes in each direction plus an emergency lane, bridges and viaducts for about 81,000 square meters and three highway interchanges.

Peru - Lima Underground

On March 28, 2014, the international consortium formed by Impregilo, Salini Group (19%), Ansaldo Breda (12%) and Ansaldo STS (15%) - a Finmeccanica Company - the Spanish ACS Dragados Group (leader of the consortium with 25%), FCC (19%) and the manufacturer Peruvian Cosapi (10%) was awarded the contract maxi promoted by ProInversión - Agencia de promocion de la Inversion Privada for the granting of the construction and management of the enlargement of the London Underground network the city of Lima in Peru. The concession has a total value of approximately $ 9 billion of which approximately 4.7 for the construction of the works and the remaining infrastructure management during 35 years of the concession period. The participation of Impregilo, Salini construction is equal to 26% of the civil works. The project, to be completed in 5 years, includes 35 km of underground line.

Austria - Gallery Brenner, lot Tulfes-Pfons

On April 7, 2017, in an aggregation with the Austrian company STRABAG, was awarded a contract for the construction of the main Tulfes-Pfons lot in Austria of the Brenner Base Tunnel. This project, which is part of one of the main segments of the Trans European Networks (TEN), will consist of underground civil engineering construction for a segment of the exploratory access shaft, the emergency access shaft for the Innsbruck bypass and two interconnecting tunnels. This project, which calls for the construction of tunnels for a total length of 38 km, is valued at about 380 million euros. The interest held by Salini Impregilo in the aggregation is 49%.

Segment's risk areas

Impregilo Lidco Libya General Contracting Company (Libya)

The subsidiary Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), active in Libya since 2009, is a mixed company established by Impregilo with a 60% interest. A local partner owns the remaining 40%.

In the past, Impregilo Lidco won important contract for the construction of:

- Infrastructural projects in Tripoli and Misuratah;
- University campuses in Misuratah, Tarhunah and Zliten;
- Tripoli's new "Conference Hall."

With regard to the political upheaval in Libya from the end of February 2011 to the date of this Report, it is worth mentioning that the subsidiary was always able to operate in accordance with contractual terms and that the investments made up until the deterioration of the country's political situation were fully covered by contractually stipulated advances.

In addition, the projects subject of the contracts executed by the Libyan subsidiary represent projects of national interest with regard to which, at the moment, it would not seem reasonable to presume that they would be abandoned. It is also clear that the subsidiary will face significant challenges in developing the projects in accordance with the schedule planned before the crisis erupted. Accordingly, Impregilo excluded the possibility of a new phase of significant development for the activities of the Impregilo Lidco subsidiary over the near term.

Beginning in 2012, the Group resumed the procedures necessary to restart industrial activities, even though the local situation continues to be challenging and there still no assurance of fully secure working conditions. Nevertheless, commercial and contractual relations with customer local administrations have been reestablished , with the aim of reopening the jobsites and restoring the financial conditions originally stipulated in the respective contracts. In this general framework, in 2012, the Group again obtained access to more accurate information about the financial and operating items that have an impact on its consolidated financial statements. Consequently, in the consolidated statement of financial position, income statement and statement of cash flows of the Impregilo Group at December 31, 2012 the asset, liability and income statement items attributable to the Libyan subsidiary were restated in accordance with Group principles, based on the evidence developed during the period and the support of assessments provided by the independent counsel that is assisting the subsidiary. Compared with the situation reported in Impregilo's 2011 consolidated financial statements, which reflected the latest available information at March 31, 2011, the value adjustments made to reflect the gradual impairment losses suffered by the subsidiary's net assets as a result of the events described above were estimated as constituting charges totaling 42.9 million euros. These charges were included in contract work in progress, as the Group deems them recoverable, considering that relationships with the customers have been reestablished. Net cash and cash equivalents held in Libya decreased by about 14.4 million euros, due to expenses incurred locally from March 31, 2011 to March 31, 2014.

In addition, early in 2013, a physical inventory was taken of plant, machinery and supplies at the main jobsites, with a total carrying amount of 29.9 million euros, but not all inventory sites could be accessed for security reasons. Taking also into account the fact that costs that may arise following completion of the inventory taking procedures would be covered by customers, consistent with force-majeure contract terms, as determined by the counsel that is assisting the subsidiary, no significant risks are deemed to exist in this context with regard to the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed with the customers contractually or otherwise.

Lastly, please note that Salini Impregilo is following the situation in Libya very closely and the possibility that, subsequent to the preparation of this Interim report on operations, events unforeseeable at this point could occur requiring changes to the assessments made thus far cannot be excluded.

Tax dispute – Iceland

In connection with the contract for the construction of a hydroelectric power plant in Karanjukar (Iceland), which the Group successfully completed in previous years, please keep in mind that, in 2004, a dispute arose with the local tax authorities with regard to the party required to act as the withholding agent for the compensation of foreign temporary workers employed at the jobsite. Impregilo was initially incorrectly held responsible for the payment of the withholdings on the abovementioned compensation, which it therefore paid. Subsequent to the final ruling in the proceedings activated in this dispute before the local lower court, the Company obtained full satisfaction of its claims. Nevertheless, the local authorities filed a new lawsuits with a similar scope and, based on a decision handed down in February 2012 by the Icelandic Supreme Court, blatantly contradicting the previous decision issued in 2006 on the same matter by the same judicial authority, rejected the claims filed by the Company, which expected to be refunded both the unduly paid withholdings of 6.9 million euros (at the original exchange rate) and the related interest accrued to date, amounting to 6.0 million euros. In previous years, the Company had conservatively written off the accrued interest component, despite a favorable final decision by the local court and the comfort of the opinion of counsel confirming the validity of its position, recognizing only the unduly paid principal amount. Following the latest ruling, the Company pursued all available judicial avenues, both at the international level (appeal filed with the EFTA Surveillance Authority on June 22, 1010) and, as far as possible, again at local level (new reimbursement claim filed with the local tax authorities on June 23, 2010), in the belief, comforted by the opinion of counsel, that the decision previously handed down by the Icelandic Supreme Court was incorrect in respect of local legislation, the international agreements that govern trade relations between EFTA countries and international conventions that prohibit the adoption of discriminatory treatments for foreign entities (both individuals and companies) working in signatory countries. On February 8, 2012, the EFTA Surveillance Authority sent the Icelandic government a communication notifying an infraction regarding the free exchange of services and requesting the government to provide its response. In April 2013, at the conclusion of this process, the EFTA Surveillance Authority issued its reasoned opinion finding the provisions of the Icelandic legislation applied to the dispute in question to be inconsistent with the regulations governing trade relations between member countries and asking that Iceland take action consistent with this position. Consequently, the Impregilo Group asked that the case be reopened. In view of the above, Impregilo does not believe that objective reasons currently exist to change the valuations made about this dispute.

Umbria-Tuscany Irrigation Authority - Imprepar

On December 29, 2010, the Group was informed that part of the sill above the surface discharge of the Montedoglio Dam, in the Province of Arezzo, had been damaged. In January 2011, the Umbria-Tuscany Irrigation Authority informed Imprepar that *"investigations and tests are being carried out to ascertain the reasons and responsibilities for the damage."* With regard to this issue, as the transferee of the "sundry activities" business unit, which includes the "Montedoglio dam" contract, Imprepar informed the Authority that the activities related to the damaged structure were carried out by a different company in 1979 and 1980, which Impregilo (then COGEFAR) replaced as the transferee of the concession contract in 1984. In addition, the structure in question had been tested and inspected in the past with positive results. In its response to the Umbria-Tuscany Irrigation Authority, Imprepar specifically explained why it was not liable for any damages caused by the event and, comforted by the opinion of counsel, believes that, at this point, there are no reason to amend the relevant assessments.

Please note that in 2012, the management of the Umbria-Tuscany Water Authority and the Project Manager signed a service order requesting the contractor to immediately prepare executive designs and commence the related work at its own expense and under its own responsibility. Imprepar challenged these actions in their entirety, even though the amounts involved were not material.

Imprepar, comforted by the opinion of counsel and considering the recent developments mentioned above, believes that any assessment of the risk entailed by the Montedoglio incident different from the one made in the past would be premature.

Panama Canal expansion project

With regard to this project, certain critical issues have arisen during the first stage of full-scale production which, due to their specific characteristics and the materiality of the work to which they relate, have made it necessary to significantly revise downwards the estimates on which the early phases of the project had been based. The most critical issues relate, *inter alia,* to the geological characteristics of the excavation areas, specifically with respect to the raw materials necessary to produce the concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the customer of operational and management procedures substantially different from those contractually stipulated, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These situations, which were the subject of specific disclosures in previous financial documents published by the Group, continued in 2013. Faced with the customer's persisting unwillingness to reasonably implement the appropriate tools available pursuant to the contract to manage such disputes, the contractor, and thus the original contractor partners, was forced to acknowledge the resulting impossibility to continue at the contractor's full and exclusive risk the construction activities needed to complete the project, with assumption of the full financial burden required for this purpose without any guarantee of the resumption of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was given of the intention to immediately suspend work activities if the customer proved once again to be unwilling to tackle this controversy consistent with a contractual approach based on good faith and the desire of all parties to find a reasonable accommodation.

Negotiations between the parties, supported by the respective consultants and legal/contract experts, were carried out through February 2014 and, on March 13, 2014, the minutes of an agreement were signed. The key elements of the agreement include, in exchange for the contractor's commitment to resume work activities and complete them by December 31, 2015, a commitment on the part of the customer and the contractor companies to provide the funding for the portions of the project not yet completed, for a maximum amount of about USD1.4 billion. This commitment will be honored by the customer through (i) a moratorium on the refunding of already disbursed contractual advances totaling about USD800 million and (ii) the disbursement of additional advances amounting to USD100 million, while the group of contractor companies will contribute (i) a direct contribution of their own financial resources in the amount of USD100 million euros and (ii) a contribution of additional financial resources, through the conversion into cash of existing contractual guarantees totaling USD400 million. The reimbursement of the amounts stipulated to finance the work to be performed was postponed, so as to make it compatible with the expected outcome of the arbitration proceedings, launched concurrently to determine the responsibilities of the parties for the extra-costs already incurred and to be incurred due to the situation described above. In this regard, please note that, starting in previous years, the Impregilo Group had applied to the project a reasonably conservative valuation approach, specifically supported by its legal consultants, which resulted in the recognition of end-of-project losses, mitigated in part by the corresponding recognition of the additional consideration claimed from the customer and determined based on the expectation that recognition of such consideration could be deemed to be reasonably certain. Considering that, at the end of the previous year, the generally problematic situation existing at that time, far from being resolved, was continuing, as described, while the agreements mentioned above were being finalized, an overall update was performed of the contract's full-life economic projections. Consistent and in continuity with the assumptions developed earlier, in view of a further increase in the costs projected to complete the project, an update was also performed of the valuation of all of the additional costs deemed to be contractually justified, the collection of which was considered reasonably certain but conservatively deferred, consistent with the schedule set forth in the agreement with the customer. These activities resulted in the recognition of additional net charges over the life of the projects that, in view of the amounts recognized in previous years, were not significant either in absolute terms or in relative terms and were charged to income for their full amount in 2013.

Strait of Messina bridge and roadway and railway connectors on the Calabria and Sicily sides

In March 2006, Impregilo, in its capacity as Lead Contractor and general partner (with a 45% interest) of the Temporary Business Association established for this specific purpose, executed with Stretto di Messina S.p.A. a contract to entrust to the general contractor the final and executive design for the construction of a bridge on the Strait of Messina, with the related roadway and railway connectors.

In addition, a pool of banks signed the financial documents required by the General Specifications, after the Association won the tender, for the supply of credit lines totaling 250 million euros earmarked for the services subject of the awarded project. In addition, as contractually stipulated, the customer was also given performance bonds of 239 million euros. A reduction of the credit line to 20 million euros was approved in 2010.

In September 2009, Stretto di Messina S.p.A. and Eurolink S.c.p.A. executed a rider that took into account the suspension of project activities from the time when the contract was signed until that date. As provided for by the rider, the project's final design was also delivered to the customer. On July 29, 2011, the Board of Directors of Stretto di Messina S.p.A. approved the final design.

Decree Law No.187 of November 2, 2012, concerning "Urgent measures for the redefinition the contractual relationships with Stretto di Messina S.p.A. (the customer) and local public transportation issues," was enacted on November 2, 2012. Further to the enactment of this decree and in light of the potential implications for the contractual position of the Eurolink General Contractor, of which Impregilo is the leader, Eurolink decided to send to the customer, pursuant to the contractual provisions in effect, a notice of its intention to withdraw from the contract also to protect the positions of all Italian and foreign partners in the Association. Nevertheless, given the preeminent interest in constructing the project, the General Contractor also communicated its willingness to review its position, should the customer demonstrate a real commitment to pursuing the project. Despite the efforts made, the negotiations carried out by the parties were unsuccessful. Eurolink commenced various legal proceedings in Italy and at the EU level, on the one hand, arguing that the provisions of the abovementioned decree are unconstitutional and contrary to EU laws and thus injurious to Eurolink's legally acquired rights under the contract and, on the other hand, asking that Stretto di Messina be ordered to pay the amounts claimed, under various titles by the General Contractor due to the termination of the contract for reasons for which it was not responsible. With regard to the actions filed at the EU level, it is worth mentioning that , in November 2013, the European Commission communicated its decision to suspend the lawsuit, as no treaties were violated, and confirmed it on January 7, 2014, with a communication dismissing the lawsuit. Consistent with the developments described above, the order backlog of the

Impregilo Group at the end of 2012 was restated to reflect the elimination of the abovementioned project. Lastly, considering the complex nature of the various legal proceedings in progress, even though the counsel assisting Impregilo with regard to this matter and the general contractor are reasonably confident about the outcome of the proceedings and the recoverability of the remaining assets recognized for this project, the possibility that events not currently foreseeable may arise in the future requiring an update of the existing measurements cannot be excluded.

Venezuela

Impregilo has been active in Venezuela through a stable organization that, directly or in association with international partners, carried out several railway and hydroelectric projects, with a presence in the local territory consolidated over a span of 10 years both at the economic and industrial level.

In recent years, relationships with customers, all government entities, were generally characterized by delays in payments. This problem became more pronounced this past year due to a change in the country's government leadership, at the beginning of 2013, and the resulting heightened social tensions that accompanied this political transition.

In response to the virtual suspension of activity by customers in this context, the Group temporarily suspended production activities.

Insofar as railway projects are concerned, an agreement (called "Punto de Cuenta") was drafted at the beginning of February 2014, which was signed by the Chairman of IFE (the customer) and the Ministry of the Treasury, but is currently awaiting official confirmation by the President of the Republic. This agreement calls for the gradual payment of 82% of all receivables outstanding at the end of 2014.

As for hydroelectric projects, built through the OIV Tocoma consortium, in view of the expiration of the contractual deadline for completing the project, scheduled for mid-November 2013, at the customer's request, a new schedule was developed for the work remaining to complete the project, with work scheduled to resume at the beginning of May 2014 and be completed by the end of 2016. This proposal is still being reviewed by the customer, also in light of legitimate requests for payment of the certified debt and the identification of the future financial resources needed for a normal performance of the remaining work.

The projects that are being developed by the Impregilo Group are infrastructures of the utmost importance, both on economic-industrial and social terms and, already in the past, due to the events that characterized the country's recent political history, temporary situations of uncertainty developed that were not substantially different from the one that exists today. However, they were resolved positively and no significant liabilities were incurred as a result. With this in mind and based on a constant and careful monitoring of the situation in the country, carried out together with the Group's partners and through discussions with customers and local government authorities with the aim of defending and protecting the positions of the Impregilo Group, no particular problems are apparent at this stage with regard to the realizable value of the Group's net assets, except for the lengthening of collection time, which was duly taken into account in the measurements performed for financial statement purposes. In view of the delicate and complex situation that developed at the political level, the possibility that events not currently foreseeable may arise in the future requiring an update of the existing measurements cannot be excluded.

Other activities

Corporate

The activities included in this category, which are centrally operated by the Salini Impregilo S.p.A., the Group's Parent Company, include the following:

- coordination, control and strategic planning of the Group's activities;
- centralized planning and management of human and financial resources;
- compliance with administrative, tax, legal/corporate and corporate communication requirements;
- administrative, tax and managerial support for Group companies.

Risk areas

Tax litigation

The dispute with the Revenue Agency concerning the notice of assessment challenging the tax treatment of impairment losses and losses on investments recognized by the Company in 2013 is still pending before the Court of Cassation due to the appeal filed by the opposing party. More specifically, the main assessment, which regarded the sale by Impregilo S.p.A. to Impregilo International NV of the investment held in the Chilean company Costanera Norte SA was dismissed by the Milan Regional Tax Commission.

Two additional disputes related to 2005 are pending at the first jurisdictional level. These disputes concern mainly (i) the costs incurred by a participatory association established in Venezuela and (ii) the technical device used for the so-called realignment of equity investments referred to in Article 128 of Presidential Decree No. 917/86. An additional assessment for the year 2006, concerning (a) the costs incurred by a participatory association established in Venezuela, (b) a loss realized on an equity investment and (c) costs for services mot attributable to the year, was reduced to about 20% of the original assessment by the Milan Provincial tax commission. The proceedings at the next jurisdictional level are still pending. The Company, comforted by the option of its tax counsel, believes that its actions were proper and, consequently, treated the associated risk as improbable, but not impossible.

Other litigation

The Corporate functions are not currently involved in any major litigation. Except for that disclosed in greater detail later in this report with regard to the USW Campania Projects, the only other litigation arose in 2009 with the lessor of the building where the old head office was located, in connection with the relocation of the Parent Company's head office from Sesto San Giovanni (Milan) to Milan. The dispute was decided in December 2012 by an arbitration award that upheld the lessor's claims, ordering the Parent Company to pay rent for the entire duration of the lease expiring in July 2012. This award was promptly challenged before the relevant Milan Court of Appeals, before which the proceeding are currently pending. However, in 2012, before the expiration of the appeal deadline, the Parent Company had already recognized the impact of the arbitration award on its statement of financial position. Moreover, while the appellate proceedings were pending, the Parent Company was forced to pay the amount awarded to the lessor, reserving the right to a refund.

With regard to this dispute, please note that by virtue of the provisions of the contract executed with Immobiliare Lombarda S.p.A., in its capacity as the original lessor of the premises where the head office is currently located, Impregilo S.p.A. holds the right to be held harmless from claims made by the previous lessor in excess of 8 million euros, which it exercised by means of a payment injunction. The payment injunction was issued by the Court of Milan and challenged by Immobiliare Lombarda. However, while the proceedings are in progress, the opposing party paid the full amount of the claim, as the court refused to stay the enforcement of the payment injunction.

Concessions

The Group manages several control, significant and minority interests in companies that hold concessions, mainly to operate highway networks, facilities for the production of energy from renewable sources and the transmission of electric power, systems for the integrated water cycle and non-medical hospital services.

Impregilo International Infrastructures N.V., a company under Dutch law wholly owned by Salini Impregilo S.p.A., performs a coordination and strategic guidance function in this sector.

The tables that follow show the salient data for the concession portfolio at the end of the reporting year, broken down by type of activity.

HIGHWAYS

Country	Concession holder	% of investment	Total km	Stage	Start date	End date
Italy	Broni - Mortara	40	50	Not yet active		
Argentina	Iglys S.A.	98		Holding company		
	Autopistas Del Sol	19.82	120	Active	1993	2020
	Puentes del Litoral S.A.	26	59.6	Active	1998	2023
	Mercovia S.A.	60	18	Active	1998	2023
Colombia	Yuma Concessionaria S.A.(Ruta del Sol)	40	465	Active	2011	2036

SUBWAY SYSTEMS

Country	Concession holder	% of investment	Total km	Stage	Start date	End date
Italy	Milan subway Line 4	31.05	15	Not yet active		

ENERGY FROM RENEWABLE SOURCES

Country	Concession holder	% of investment	Installed capacity	Stage	Start date	End date
Argentina	Yacilec S.A.	18.67	T line	Active	1994	2088
	Enecor S.A.	30.00	T line	Active	1992	2088

INTEGRATED WATER CYCLE

Country	Concession holder	% of investment	Population served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.58	210,000	In liquidation		
Peru	Consorcio Agua Azul S.A.	25.50	740,000	Active	2002	2027

HOSPITALS

Country	Concession holder	% of investment	No. of beds	Stage	Start date	End date
Great Britain	Impregilo Wolverhampton Ltd.	20.00	150,000 medical visits	Active	2002	2032
	Ochre Solutions Ltd.	40.00	220	Active	2005	2038
	Impregilo New Cross Ltd.	100.00		Holding company		

CAR PARKS

Country	Concession holder	% of investment	Car parking spaces	Stage	Start date	End date
Great Britain	Impregilo Parking Glasgow Ltd.	100.00	1.400	Active	2004	2034

The portfolio of concession activities held by the Salini Impregilo Group includes two main business areas: a first one, comprised of investments in already active concession holder companies in Argentina, Peru and the United Kingdom, and a second one, consisting of Greenfield projects, which includes contracts for highway infrastructures in Italy and Peru that are still under construction and with regard to which the activities under concession will begin in the future.

There were no significant events or developments affecting the activities of concession holders in the first quarter of 2014, with regular business activities continuing consistent with the objectives defined by the Salini Impregilo Group.

An overview of the main projects in the portfolio of the concession activities, broken down by country, is provided below.

Argentina

In the Argentinean market, the Group's "Concession" segment activities operate through the Mercovia S.A. subsidiary and some significant and minority interests in other companies.

The Mercovia subsidiary continued to operate its activities reporting a basically breakeven result, while for the Puentes del Litoral S.A. associated company negotiations are currently ongoing to redefine the economic terms of the concession contract.

Italy

In the domestic market, the "Concession" segment's activities involve three recently acquired major projects for which construction activities are not yet fully operational. These projects are:

(i) Line 4 – Milan Subway System: This project involves the construction of a new subway line in Milan in the Linate/Lorenteggio branch. Salini Impregilo's share of the concession is 29%.

(ii) Broni-Mortara highway: This project calls for the design, construction and operation for 43 years of a new 50-kilometer highway connecting Lombardy and Piedmont. Salini Impregilo's share of the concession is 61.08%.

(iii) Port of Ancona: This project calls for the construction and operation for 30 years of a system of roads linking the Port of Ancona with Highway A14 and State Road 16 Adriatica. Counting the main roads and the access roads, the new roads will cover a length of about 11 kilometers. Salini Impregilo's share of the project is 47%.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In the consolidated statement of financial position and income statement of the Salini Impregilo Group at March 31, 2014, the entries related to "Non-current assets (liabilities) held for sale and discontinue operations" include the following main items:

- the remaining net assets of the USW Campania Projects;
- the net assets attributable to the Todini Costruzioni Generali S.p.A. subsidiary and its subsidiaries;
- the net assets attributable to the Fisia Babcock Environment G.m.b.H. subsidiary, which was sold to external buyers in a transaction that closed in May 2004.

The main information about the performance of these disposal groups in the first quarter of 2014 is presented below in this chapter, in accordance with an approach consistent and homogeneous with the information presented in the Annual financial report of the Salini Group for the 2013 reporting year.

PART ONE – USW CAMPANIA PROJECTS

I.1 OVERVIEW OF THE MAIN EVENTS THAT OCCURRED UP TO DECEMBER 31, 2013

I.1.1 FOREWORD

As described in detail in previous reports, the Impregilo Group became involved in urban solid waste disposal projects in the province of Naples and other provinces in Campania at the end of the 1990's through its subsidiaries FIBE and FIBE Campania. Since FIBE Campania S.p.A. was incorporated into FIBE S.p.A. in 2009, in the rest of this chapter, unless otherwise stated, reference is made exclusively to FIBE S.p.A., even with regard to positions and events that affected the company dissolved through the merger.

Major problems that, since the 1999-2000 period, characterized the Company's activities within the framework of the service contracts and were discussed in detail and reviewed in all of the financial reports published by the Group starting from that period, evolved and became more complex over the years, giving rise to a significant complex of disputes, some of which, as discussed in detail later in this chapter, became particularly important and were in part still ongoing as of the date of this Interim report on operations.

In order to facilitate a quick correlation between the various operational phases of the USW Campania Projects and the main disputes that are still pending and the respective assessments, the extended time horizon over which the events in question developed was divided into the following main phases/periods:

(i) The "Contractual" phase: This phase began in the 2000-2001 period with the signing, by the two project companies FIBE and FIBE Campania, of the service contracts for the disposal of urban waste in the provinces of Campania and ended on December 15, 2005 with the cancellation "by power of law" of the abovementioned contracts pursuant to Decree Law No. 245/2005 (converted into Law No. 21 of January 27, 2006);

(ii) The "Transitional" phase: This phase, which started with the conclusion of the Contractual phase, lasted until the enactment of Decree Law No. 90 of May 23, 2008 and Decree Law No. 107 of June 17, 2008, both converted into Law No. 123 of July 14, 20058, which, *inter alia,* officially marked the Impregilo Group's exit from the waste disposal business, transferring to the Provincial Administrations title to the RDF facilities "*located in their respective territories*" (see Article 6-*bis,* Section 1), calling for *"the involvement of the Armed Forced for the technical and operating management of the abovementioned facilities"* (see Article 6-*bis,* Section 3); and

(iii) The "Post-transitional phase," which started at the end of the Transition phase and, being currently still ongoing, is defined more concisely as the "Current" phase.

I.1.2 The "Contractual" phase

From the very start of the Projects, subsequent to the signing of the contracts, there arose significant problems the most important of which included the following

(i) failure by the Campania regional administration to activate separate waste collection programs, a development that constituted a prerequisite for the implementation of the project and the service contracts executed by the Companies and the Government Commissioner, which is also one of the causes of some of the most important disputes still pending and concerning the management of the former RDF facilities (now called waste grinding, sorting and packaging facilities, abbreviated as STIR in Italian);

(ii) inadequate landfill areas made available by the government commissioner;

(iii) delays in the start of construction of the Acerra and Santa Maria La Fossa waste-to-energy facilities. Work on the Acerra facility, which pursuant to contract was supposed to start at the beginning of 2001, actually got under way only in 2004, thanks to the extraordinary intervention of more than 450 police officers, who cleared the jobsite occupied by demonstrators since January 2003. As for the Santa Maria La Fossa facility, which was supposed to complete the project framework for the provinces of the Campania region different from Naples and the construction of which was supposed to be carried our concurrently with that of Acerra, the Environmental Impact Study (EIS) was delivered only in 2007 and construction was never started.

Concurrently with the rapid deterioration of the operating and financial conditions under which the Company was required to operate, due to the problems described above, the local and central public administrations involved under various titles in the handling of the contract defaulted on their obligations towards FIBE with regard to the amounts contractually owed.

On May 12, 2004, as part of proceedings in which the Directors of the Group companies involved in the project (FIBE, FIBE Campania and FISIA Italimpianti) and top managers of the Commissioner's office were being investigated, the Naples public prosecutor seized the facilities, with their concurrent release on attachment bond, thereby launching a new dispute of a criminal nature that will be discussed more in detail later in this chapter and is partly still ongoing.

At the end of Contractual phase the Company had incurred a significant exposure at the financial level, due to the fact that it has used its own resources, this expression being understood to include those obtained through bank financing, to complete a substantial portion of the investments for which it was responsible, pursuant to the contracts, and to the failure by local administrations to pay a substantial portion of the fees owed to FIBE.

Work on the construction of the Acerra facility started only partially and, in the meantime, multiple civil and administrative lawsuits were filed

These proceedings, described in greater detail later in this chapter, involved a number of different parties. In most cases, they involved the Company (depending on the individual cases, FIBE could be the party to the proceedings together with other Group companies that, under various titles, participated in the contractual activities, such as, for example, Fisia Italimpianti and Impregilo Edilizia e Servizi, later incorporated into Impregilo), which acted in all venues to assert that it acted properly and demand the respect of its rights by the debtors, on the one hand, and the public administrations, which, while the emergency situation continued concurrently with the deterioration of their financial situation, claimed unfairly that it was FIBE who was in default of its contractual obligation, on the other hand.

During the final phases of the Contractual period, this already complex litigation framework was gradually joined by numerous companies and individuals who, under various titles and in some cases in a totally indirect fashion, became involved in the operational activities, as FIBE suppliers or sub-suppliers, and who, as a direct effect of the Public Administration's failure to perform its obligations toward FIBE, were also facing mounting financial difficulties.

I.1.3 THE "TRANSITIONAL" PHASE

Decree Law No. 245/2005 (converted into Law No. 21 of January 27, 2006), *inter alia,* (i) terminated by power of law the service contracts between FIBE S.p.A, FIBE Campania S.p.A. and the Extraordinary Government Commissioner for the Campania Waste Emergency, effective as of December 15, 2005, but "*without prejudice to any claims arising from the terminated contracts,*" (ii) ordered that the Company continue its activities, in full compliance with the control and coordination function performed by the Extraordinary Commissioner, against its right to claim payment from the Commissioner's office of expenses and costs incurred in this regard, and (iii) continue with the development of the service landfills and the Acerra facility while the Commissioner identifies, with the utmost urgency and with publicly transparent procedures, a new party to whom the service could be entrusted. This law also required that the Government Commissioner recover the amounts owed to the Company by local administrations for waste disposal fees up to the date when the service contracts were terminated.

This changed regulatory framework, vitiated at the outset by significant problems regarding both the nature of the legal relationships dependent on it and by unrealistic expectations about the possibility of finding a new party to whom service could be entrusted on the same terms that already caused the collapse of the management system during the Contractual phase, marked the beginning of the Transitional period and further complicated FIBE's activities without enabling it to resolve some of the most pressing critical issues that characterized the previous period. The most significant problems included:

(i) insufficient appropriations of financial resources earmarked for the Commissioner's office, so that it may carry out its control and coordination activities, with regard both to operating expenses and the significant investments that still must be carried out;

(ii) the unlawful continuation of FIBE's obligation to continue in its activity due to the failure to find a new party to whom the service could be entrusted (none of the calls for tender held were successful due to the lack of guarantees about the availability of sites for disposing of the waste remaining after the RDF process), even though it was the statute that caused the early termination of the service contracts; and

(iii) the absence of specific and detailed provisions regarding how the Company could be indemnified for the claims that it put forth due to the early termination of the service contracts.

Consistent with an operational profile based both on compliance with the laws then in effect and the most flexible cooperation with the Commissioner's office, FIBE nevertheless continued construction of the Acerra facility, without obtaining appropriate funding from the Public Administration, which would be the owner of the facility, thereby further burdening its financial position.

As mentioned earlier in this chapter, the end of this phase coincided with the enactment of Decree Law No. 90 of May 23, 2008 and Decree Law No. 107 of June 17, 2008, both converted into Law No. 123 of July 14, 2008. These statutes, on the one hand, confirmed FIBE's obligation to complete the Acerra waste-to-energy facility and, on the other hand, officially marked the Impregilo Group's exit from the waste disposal business, transferring to the Provincial Administrations of the Campania region title to the RDF facilities and the production resources existing at each facility, including the human resources (other than management personnel) employed at the facility with short-term contracts.

Even though an important result had been achieved, the Company's situation still presented an absolutely critical picture both operationally and financially. The main elements of this picture included:

a) a growing financial imbalance attributable to the imposed obligation to continue building the Acerra facility, with regard to which a specific procedural or contractual process for the final destination of the facility had not been defined;

b) the final end of FIBE's management of all facilities and equipment operated up to that point by the Company in the performance of its activities as mere implementer, on behalf of the Commissioner's office, of waste disposal activities, but without any determination as to the reimbursement of the costs it incurred to build those facilities;

c) the elimination, pursuant to law, of all public administrative entities that coordinated the activity during the Transitional period, without providing any concrete means for the reimbursement of the huge financial resources that, in the process of implementing disposal activities in the name and on behalf of the Administration, FIBE was required to advance (with the financial support of the Group as in previous periods) and with regard to which, once again, no specific debtor had been identified and no specific procedures for payment by the public administration had been defined.

The already significant pressure that the situation described above exerted both on FIBE and the Group was magnified by criminal proceedings that included, on the one hand, a series of precautionary measures (i.e., attachments of equivalent amounts) requested by the investigating judges and initially granted by the Court of Naples, but later dismissed at the highest level by the Court of Cassation, and, on the other hand, the start of criminal proceedings targeting both Company Directors and officers of the public administration and legal entities related to the abovementioned parties for alleged liability pursuant to Law No. 231.

I.1.4 The "Post-transitional" or "Current" phase

The start of this phase was characterized by two new scenarios concerning (i) the completion of the Acerra waste-to-energy facility and the development of related events; and (ii) the start of a new litigation phase between the Company and the public administration concerning the operation of the facilities, storage sites and equipment to which the public administration had full and exclusive title pursuant to the abovementioned Law No. 123/2008.

Insofar as the Acerra facility is concerned, a new operator was identified in December 2008 during the procedure to allocate management of the waste-to-energy facility under construction, namely a leading Italian company which currently owns other major waste disposal and energy recovery facilities. At the same time, FIBE, as required by the provisions of the abovementioned Law No. 123/2008, continued the technical activities needed to complete the facility and proceed with the testing. A final test of the Acerra facility was performed during the first two months of 2010 and the respective certificate, confirming the successful outcome of the procedure, was issued on July 16, 2010. A development worth mentioning in this regard is the enactment of Decree Law No. 195/2009, converted with amendments into Law No. 26 of February 26, 2010, which includes some provisions that are summarized below:

(i) the value of the Acerra waste-to-energy facility was determined to be 355 million euros. Transfer of title to facility by the Impregilo Group to the Campania Regional Administration (or the Prime Minister's Office – Civil Protection Department or a private entity) was scheduled for December 31, 2011, in accordance with a new Prime Minister Decree, provided the necessary financial resources were appropriated. Until then, the former service provider was supposed to receive monthly lease payments of 2.5 million euros for a period of up to 15 years. The payments for the 12 months before the transfer of title would be deducted from the consideration payable for the transfer of title, together with the amounts advanced to the former service provider, pursuant to Article 12 of Decree Law No. 90/2008, as advances for work in progress when the plant was being built;

(ii) Also with regard to the Acerra facility, (i) the final deadline for testing was set at February 28, 2010; (ii) until title was transferred it could not be sold, pledged or otherwise encumbered, nor could other registrations or prejudicial acts be made with regard to the facility; and (iii) additional and substantial burdens were placed on the former service provider for a series of guarantees of a different and significantly more onerous nature compared with current best practices in the engineering and facility construction sector. Moreover, the new service provider was allowed to begin operating the facility already in 2010, despite the guarantees provided and the fact the FIBE still owned the facility.

As for the development of disputes concerning the operation of the facilities and storage sites, the initial period of the Post-transitional phase was characterized by progress in two key areas of litigation at the administrative level including, more specifically:

(i) the area concerning the final determination of the role performed by FIBE vis-à-vis the public administration after the cancellation of the service contracts; and

(ii) the area concerning the identification of the party who, subsequent to the enactment of Law No. 123/2008, was supposed to take over and operate all facilities, storage sites and equipment built by FIBE during the Contractual phase for the purpose of performing its activities.

With regard to defining the role performed by FIBE during the Transitional phase, Decision No. 7280 handed down by the Regional Administrative Court of Latium in July 2008, which became final not having been appealed, provides, in the section explaining the decision's rationale, an accurate reconstruction of the roles and responsibilities attributable, respectively, to the former service providers after December 15, 2005—at that point "mere implementers" of the Commissioner's instructions—and to the government's Delegated Commissioner, solely responsible for the waste disposal service and the coordination activities, and required to identify the optimum solutions for the disposal of waste.

At the same time, the abovementioned decision noted that all statutory obligations imposed on the former service providers had already ended on December 31, 2007 and pointed out the fact that the various orders issued by the Commissioner asking FIBE to continue performing its activities until Law No. 125/2008 went into effect, orders that were promptly challenged by the Company, were unlawful because they were in conflict with previous statutes governing the conditions and limits of the specific emergency program.

On the other hand, with regard to the dispute concerning the ownership and operation of the facilities and storage sites, the litigation phase, which began during the period immediately after Law No. 123/2008 went into effect, ended with Council of State Decision No. 290/2010, which definitively confirmed the dismissal of the claims put forth by the administration in December 2008 for the purpose of returning the sites to FIBE, thereby releasing FIBE from any obligation to manage the sites which, according to the administration, were not suitable for its activities.

Consequently, as the end of 2010 was approaching, the overall situation of the USW Campania Projects had become quite complex, due mainly to the following situations:

1) an economic and financial position that, at the consolidated Group level shows net receivables and damage claims for very large amounts attributable mainly to the following groups of assets:

    1. construction of the Acerra facility, which, in addition to being one of the world's largest and most modern waste-to-energy and energy recovery facilities, was then already fully functioning and productive, but the company that built it had not received any compensation;

    2. reimbursement of the unamortized costs of the former RDF facilities, which, according to the service contracts cancelled by force of law at the end of 2005, the public administration was supposed to defray but it still had not paid as of that date;

    3. net receivables resulting from the financial shortfall gradually accumulated both during the Contractual phase and the Transitional phase due, on the one hand, to non-payment by the debtor administrations and, on the other hand, to the impossibility to use this non-payment to justify withholding payments to FIBE's suppliers and sub-suppliers, causing FIBE to incur an even larger exposure to stop actions filed by these parties, including in the bankruptcy area;

2) the lingering criminal proceedings in which, despite the fact that the merit proceedings were already in progress, the Group was still the target of precautionary measures requested by the inquiring magistrates, with all of the operational and reputational consequences that this entailed;

3) the presence of protracted civil and administrative litigation which, despite the fundamentally important decisions described earlier in this Report, still does not allow the definition of a specific timing by which the legitimate claims put forth by the Company under various titles could be satisfied.

However, starting at the end of 2010, some important developments occurred with regard to the issues mentioned above. More specifically:

(i) the dispute concerning the legitimate compensation owed to FIBE for the construction of the Acerra waste-to-energy facility essentially came to a conclusion at the end of 2011 and the collection of the consideration for the abovementioned facility, amounting to 355 million euros, was completed in 2012;

(ii) the criminal proceedings launched in 2004, with included the adoption of precautionary measures that resulted in the attachment of very substantial financial resources of the Group in 2007, formally ended in the first half of 2012, with a final ruling that the abovementioned attachments were not applicable, while, in November 2013, the Court of Naples handed down a decisions by which it found all defendants not guilty on all charges and in the most ample manner. The detailed decision of acquittal (265 pages long) was filed on February 1, 2014, with the deadline for appealing it by the Public Prosecutor expiring on March 21, 2014;

(iii) the dispute concerning the legitimate claims put forth by FIBE for reimbursement of the costs incurred to build the former RDF facilities and not yet amortized as of the date when the service contracts were cancelled (December 15, 2005) also came to a conclusion with a decision handed down in March 2013, by which the Court of Cassation denied the motion filed by the public administration against the adverse decision handed down by the Council of State in 2012. While some enforcement actions filed by FIBE to obtain full payment from the defeated administration are still pending, a total of 240 million euros was collected in 2013, including about 204 million euros for unamortized costs at December 2005 and 35 million euros in related statutory interest.

Lastly, at the end of 2013, the financial position of the Group regarding the USW Campania Projects was concentrated mainly in the components of working capital, consisting of the net receivables held by FIBE in connection with the Contractual and Transitional phases.

The balance of this chapter, consistent with the practice followed in previous periodic financial reports of the Group, provides a description of the main dispute currently outstanding, with the aim of completing the complex operating environment that still characterizes the Groups' activities concerning the USW Campania Projects. With regard to these issues, having noted the significant positive developments summarized above, it is important to point out that the overall situation is still particularly complex.

* * *

II. LITIGATION CURRENTLY PENDING FOR THE USW CAMPANIA PROJECTS

II.1 ADMINISTRATIVE LITIGATION

A) In October 2006, FIBE and FIBE Campania took legal action before the Regional Administrative Court Latium in a complaint stating that the Commissioner failed to comply with his obligations pursuant to the abovementioned Decree Law No. 245/2005 (converted into Law No. 21/2006), with regard to: *(i)* recovering the amounts owed by local administrations for the fees charged for waste disposal services up to the date of termination of the contracts (December 15, 2005); and *(ii)* identifying the disposal sites for stabilized organic waste and stockpiles generated by the RDF facilities and preparing and implementing a maintenance plan for the facilities.

On April 27, 2007, having granted the precautionary motion filed by FIBE and FIBE Campania (by its ruling of October 11, 2006, upheld by the Council of State on November 7, 2006), the Administrative Court of Latium handed down Decision No. 3790 finding that:

(i) FIBE and FIBE Campania did in fact provide the waste disposal service entrusted to them under the 2000 and 2001 contracts up until December 15, 2005 and thus had the right to request completion of the legally-provided for procedure for the collection of accrued receivables by the Administration;

(ii) due to the termination of the service contracts by force of law, FIBE and FIBE Campania, "*effective as of December 15, 2005 became mere implementers of a service* [the waste disposal service] *on the Commissioner's behalf, having permanently lost title to this service;*"

(iii) the Commissioner's organization was expected to complete within 45 days the procedure aimed at meeting the requests of the complainants;

(iv) in the event of a protracted failure of the Administration to comply with its obligations, an *ad acta* Commissioner would be appointed as a replacement to take the necessary measures within a further 45-day deadline.

The Commissioner challenged this decision in an appeal filed with the Council of State, which, by Decision No. 6057 of November 28, 2007, denied the appeal, fully upholding the decision of the Regional Administrative Court of Latium.

In the interim, the newly introduced regulations eliminated the interest of the companies in completing the procedure for the identification of the disposal sites for stabilized organic waste and stockpiles generated by the RDF facilities and preparing and implementing a maintenance plan for the facilities, given that they are to be transferred to the relevant administrations, but the companies continued to have an interest in completing the procedure for the recovery of their accrued receivables for services provided until December 31, 2005.

The *ad acta* Commissioner appointed by the Regional Administrative Court to recover the receivables owed to the former contractors by local administrations in Campania for the waste disposal services provided until December 15, 2005, after filing an initial report in August 2009, submitted a second report in June 2013, based on a more detailed investigation and assessment of the abovementioned receivables through subsequent adversarial audits of the accounting records and documents submitted by the parties, which while containing a review of the receivables owed to FIBE for the activities performed pursuant to contract, submitted to the Regional Administrative Court the issue of the offsets claimed by the Administration for the relevant jurisdictional considerations and the respective decisions. The regional Administrative Court, at a hearing for the discussion of these issues scheduled for December 4, 2013, adjourned the proceedings to June 25, 2014.

B) By Decision No. 7280 handed down on July 23, 2008, the Regional Administrative Court of Latium reaffirmed the principles stated in the abovementioned Decision No. 3790/2007, which was upheld by the Council of State with Decision No. 6057/07. These same principles were also confirmed and expanded in the legislation enacted in the interim, including the abovementioned Decree Law No. 90/08 and Decree Law No. 107/08, both converted into Law No. 123/08.

This decision, which is has become final not having been appealed by the Administration, is particularly important for the Companies because, in the rationale section, it reconstructs the role and responsibilities attributable to the former service contractors after December 15, 2005—by then "mere implementers" of the Commissioner's orders—and to the Delegated Government Commissioner, solely responsible for the waste disposal service and the coordination activities required to identify the best waste disposal solutions. At the same time, the decision points out that all obligations imposed on the former contractors pursuant to law lapsed on December 31, 2007, as the challenged extension orders were in conflict with the previous provisions governing the conditions and limits of the specific emergency measures. In any event, the Regional Administrative Court pointed out that subsequent regulations also affected the challenged orders because this applied to past contractual relationships involving the complainants, of whom *"no further activities are requested except those needed to allow the Provincial Administrations and the Armed Forces" to take over management of the facilities, employees and equipment, as well as existing transactions with third parties."* In light of the above, the Regional Administrative Court concluded that "*It is therefore logical to believe that the Delegate Commissioner is responsible for the assumed obligations…*"

C) In December 2008, FIBE and FIBE Campania challenged before the Regional Administrative Court of Latium a number of orders by which the parties delegated by the Government Commissioner to handle technical and operating activities (the Head of the technical-operational mission pursuant to Prime Minister's Order No. 3705/2008 and the *ad acta* Commissioners for the provinces) required the Companies to re-acquire possession of certain areas and storage sites, taken over by the abovementioned delegated parties in August 2008, as these areas and storage sites were not deemed operable for the delivery of the service, also asking the Court to find that *"the appealing parties were under no obligation whatsoever to operate offices, sites and facilities used at any time as part of an integrated waste disposal system in the Campania region, in light of current sector regulations, which also apply to prior-period situations, and totally consistent with Decision No. 3790/2007 by the Regional Administrative Court of Latium, upheld by the Council of State with Decision No. 6057/2007, and Decision No. 7280 of July 23, 2008 by the Regional Administrative Court of Latium concerning the nature of the transactions occurring between the Administration, Fibe and Fibe Campania and third parties, and the Administration obligation to comply with the merit findings set forth in the abovementioned Decision No. 3790/2007 by the Regional Administrative Court of Latium, upheld by the Council of State with Decision No. 6057/2007, and Decision No. 7280 of July 23, 2008 by the Regional Administrative Court of Latium concerning the nature of the transactions occurring between the Administration, Fibe and Fibe Campania and third parties."*

Subsequent to the hearing of January 19, 2009, the Regional Administrative Court stayed the enforcement of the challenged orders and, by Decisions No. 2357/09 handed down on March 13, 2009, upheld the challenge filed by FIBE and FIBE Campania, voiding the challenged orders.

The Administration appealed this decision to the Council of State in a complaint notified on July 8, 2009. In joining these proceedings, the companies filed, in turn, an incident appeal against the same decision asking that the challenges deemed to have been covered by the lower court decision be reviewed and allowed, specifically as they relate to the non-existence of the assumptions about the alleged inoperability of the sites for the purposes of the waste management service in general; the requested of finding that the Companies had not obligation whatsoever to manage the offices, sites and facilities used at any time for the integrated waste treatment system in Campania in line with the sector regulations; and the existence of the Administration's obligation to comply with Decisions No. 3790/07 by the Regional Administrative Court of Latium, as upheld by the Council of State with Decision No. 6057/07 and Decision No. 7280 handed down by the Regional Administrative Court of Latium on July 23, 2008 concerning the nature of the transactions occurring between the Administration, Fibe and Fibe Campania and third parties.

In the interim, on July 22, 2009, the Undersecretary of State, acting through the *ad acta* Commissioners of the provinces served FIBE and FIBE Campania with notices of new orders to take back control of the abovementioned sites. These orders were also duly challenged before the Regional Administrative Court.

Lastly, on January 26, 2010, the Council of State handed down Decision No. 290/2010 definitively confirming the voiding of the orders issued in December 2008, releasing FIBE and FIBE Campania from any obligation to operate the sites, which according to the Administration were not suitable for its activities.

More specifically, by this decision, in which it analyzed and interpreted Prime Minister's Order No. 3693/2008, the Council of State found the that challenged orders were unlawful, being contrary to the applicable statutes, due to an incorrect understanding of the notion of the functionality of the assets for the overall performance of the waste disposal service.

Specifically, the Council of State based its assessment of the operability of the sites on the basic rule of Article 183, Section 1, Letter D), of Legislative Decree No. 152/2006, which expressly defines the concept of waste management as the collection, transportation, recycling and disposal of waste, including monitoring these activities and the landfills after they were closed.

This led to confirmation of the operability of the assets, the return of which had been ordered, for the waste management service as a whole, which resulted in the finding that the challenged orders were unlawful.

Despite this outcome, the party responsible under Law No. 26/2010 for managing the sites in the Province of Caserta and, subsequently, those responsible for managing the sites in the Provinces of Naples and Benevento took new action aimed at assigning to FIBE S.p.A. responsibility for the custody of the sites and the related costs.

The Company responded to this action by filing a motion to void these orders with the relevant judicial authority, but the motion was denied on October 25, 2010. Following a request for clarifications about the custodian's obligations, the Fifth Criminal Part of the Court of Naples, in its order of November 24, 2010, ruled that a court appointed custodian has "*as its sole prerogative and responsibility that of ensuring the integrity of the seals, safeguarding the value of the seized property and reporting any dangers to the judicial authority.*" This ruling, with which the Company's counsel concurs, is consistent with the Company's argument that a court appointed custodian is exempt from any liability, provided it diligently and promptly informs and/or reports to the relevant authority any events that could in any way compromise the integrity of the seized asset, and that this is the conduct that is being followed by the persons designated as custodians.

Other developments occurring within this context included the civil proceedings filed before the Court of Naples Court by S.A.P.NA. S.p.A., a local company established by the Naples Provincial Administration that, with about 40 legal actions, contested the decision to transfer to it title to certain temporary and permanent areas and storage sites that the ad acta Commissioners had already found to be inoperable in their orders of

December 2008 challenged by FIBE S.p.A., with regard to which the Regional Administrative Court of Latium and the Council of State handed down Decision No. 2357/09 and Decision No. 290/10, respectively, and requested that it be reimbursed and held harmless by FIBE S.p.A. and/or the Government Commissioner from the operating costs incurred in the interim and those that may be incurred in the future for environmental remediation.

FIBE S.p.A. responded in each of these proceedings, which are still in progress.

D) The Companies filed a new complaint with the Regional Administrative Court of Latium on April 30, 2009 (R.G. No. 3770/2009) with regard to the apathy shown by the Administration in completing the administrative procedures for the recording and recognition of the costs incurred by the former service contractors for activities carried out pursuant to law and the work ordered by the Administration and performed by the Companies during the transitional management period (December 16, 2005 to December 31, 2007). They thus requested that the Regional Administrative Court rule that such inaction was unlawful and verify the obligation of the respondent Administrations to complete the abovementioned procedure within an adequate timeframe, with the concurrent appointment of an *ad acta* Commissioner who, should the abovementioned timeframe elapse without results, would take the necessary action in lieu of the defaulting Administrations. Further to the oral arguments hearing of June 24, 2009, the Regional Administrative Court handed down Decision No. 7070/2009 finding that the complaint was inadmissible, noting that because the complaint dealt with the "*verification of financial claims, albeit based on obligations assumed pursuant to law,*", the Companies should not have already activated the special silence procedure but should have filed a specific action for declaration and satisfaction before the Regional Administrative Court on an exclusive jurisdictional basis.

Upon learning of the decision by the Regional Administrative Court, the Companies filed a new complaint with the Regional Administrative Court of Latium (RG No. 7338/2009), on an exclusive jurisdictional basis pursuant to Article 4 of Decree Law No. 90/2008, asking the Court to hand down the necessary verification decisions ordering the Public Administration to pay the requested amounts, including on an admonitory basis. The admonitory motion was denied as the Regional Administrative Court did not find that there was a justification for issuing a payment injunction. The merit hearing is currently pending. While waiting for the oral argument hearing to be scheduled, a discovery motion was notified and subsequently filed on April 8, 2010 asking for the designation of a court-appointed technical consultant who, after examining the documents included in the record of the proceedings, shall determine the following amounts:

(i) *the debt owed by the Administration for the management activities reported by the companies starting on December 16, 2005;*

(ii) *the amount already paid by the Administration for the abovementioned service;*

(iii) *the amount of indebtedness already verified and acknowledged but not yet paid by the Administration in accordance with administrative measures issued and included in the record of the proceedings;*

(iv) the amount not yet verified or paid by the Administration for the services reported by the abovementioned Companies;

(v) the debt owed by the Administration <u>for the work</u> entrusted to the abovementioned Companies and provided by them since December 16, 2005;

(vi) the amount already paid by the Administration for the services referred to in item (e) above;

(vii) the amount of indebtedness already verified and acknowledged but not yet paid by the Administration in accordance with administrative measures issued and included in the record of the proceedings;

(viii) the amount not yet verified or paid by the Administration for the services provided by FIBE S.p.A. and FIBE Campania S.p.A. at the Administration's request, based on documents included in the record of the proceedings;

(ix) the amount, as identified and specified by the appointed consultant based on the verification of the documents included in the record of the proceedings, owed by the Administration for all of the activities imposed on and carried out by FIBE S.p.A. and FIBE Campania S.p.A. for the benefit of the Administration, starting on December 16, 2005, net of the amount already paid for such services and any other question that the Court may wish to ask.

The Companies then filed a motion for accelerated proceedings, asking for the prompt scheduling of an oral argument hearing, after which the Regional Administrative Court issued its interim ruling No. 3669 ordering an auditing of the accounting documents submitted for reporting purposes, in order to ascertain whether the claims lodged in the proceedings are grounded, reserving its merit decision until this procedure is completed. To that effect, the Court designated *La Sapienza* Rome University as the entity selected to perform the audit, based on the queries stated in decision. A partial expert's report covering the period from December 15, 2005 to December 31, 2006 was filed on January 29, 2013, followed by a final report in which, basically, the auditor, providing exhaustive answers to the queries of the Regional Administrative Court, analyzed the amounts listed by FIBE in its complaint and the corresponding supporting documents, finding substantial consistency between them. In addition, the auditor left to the Regional Administrative Court the determination of the judicial validity of the documents submitted by FIBE, which provide evidence of the work ordered and, lastly, did not render an opinion (one not having been requested) regarding the amounts for which an accounting was provided but which were not reviewed by the Commissioner's entities in charge at the time.

E) By a complaint notified on May 18, 2009 (RG No. 4189/09), the Companies again petitioned the Regional Administrative Court of Latium, challenging Prime Minister Order No. 3748/09 insofar as it ordered that only waste produced and stored after the date of termination of the service contracts with the Companies (after December 15, 2005) could be conveyed to the Acerra waste-to-energy facility. A date for a merit hearing has yet to be set.

While they are convinced that the obligation to dispose of all of the bales produced and stored in the Campania region (regardless of the solution selected by the Public Administration as to which waste was to be disposed of first and which one later) rests solely with the Administration, the Companies challenged this order before the Regional Administrative Court of Latium – Rome as a precaution.

F) It is also worth mentioning that, on May 5, 2011, the Regional Administrative Court of Latium, acting in response to a motion filed by FIBE (R.G. No. 9942/2009) asking for a determination that the Public Administration was in default with regard to the obligation to pay FIBE's unamortized costs at December 15, 2005 for the Campania RDF facilities, handed down Decision No. 3886 granting FIBE's motion and ordering the Public Administration to pay FIBE the sum of 204,742,665.00 euros, plus statutory and delinquent interest from 15 December 2005 until settlement. This decision correctly reconstructs the transactions between the parties as per the reference contractual and legislative framework, confirming that, due to the termination of the contracts, the Administration regained control of the RDF facilities and is therefore obliged to pay to the former contractors the unamortized costs at the contract termination date (December 15, 2005), as expressly stated by the Administration. As to the amount of the claim, the Regional Administrative Court based its ruling, in addition to the accounting records submitted by the complainant, on acknowledgments provided by the Public Administration in previous calls to tender for the award the service, in which the corresponding amounts are stated and acknowledged.

It is important to point out that the Public Administration appealed this decision with a motion notified on July 11, 2011. This motion (R.G. 6313/11) was heard at a hearing on December 13, 2011, after which the Council of State handed down Decision No. 868/2012 on February 20, 2012, denying the motion filed by the Administration and ordering that the parties bear their own legal costs.

The Government Solicitor's Office appealed the Council of State's decision to the Supreme Court of Cassation claiming lack of jurisdiction by the administrative judge. FIBE, in turn, filed a counter-motion and incidental motion, on the one hand disagreeing with the Administration's arguments and, on the other hand, challenging on an incidental basis the part of the abovementioned decision in which the Council of State held that it had first to rule about its jurisdiction (even though the ruling was in the affirmative) rather than acknowledging the tardiness of the appeal and, therefore, invalidating it. The Government Solicitor's Office then filed a counter-motion in response to FIBE's incidental motion and the Supreme Court of Cassation, after a hearing held on March 6, 2013, denied the motion filed by the Government Solicitor's Office. The enforcement procedure aimed at forcefully collecting the entire amount awarded continued. The Government Solicitor's Office filed a motion opposing the enforcement and asking for a stay, which was argued at a hearing on July 9, 2013. By a decision dated July 24, 2013, the Enforcement Actions Judge at the Court of Rome awarded to FIBE the amount of 240,547,560.96 euros in satisfaction of the actioned claim, including both principal and statutory interest, but stayed the enforcement action for the additional interest claimed, setting a deadline of November 30, 2013 for the introduction of a merit judgment in connection with the challenge.

Both parties then filed for a merit judgment and, at the hearing of February 3, 2014, the Court ruled that the Prime Minister's Office had failed to appear as required and set a deadline of February 21, 2014 for producing a certificate that the summons promoted by the Prime Minister's Office, with date set (in the summons) at February 10, had not been duly recorded. Both FIBE and the Government Solicitor's Office joined the proceedings for a continuation of the merit judgment; however, the two summonses were assigned to two different judges who left to the Chief Judge of the Court the decision about combining and assigning the proceedings; a decision is now pending.

G) By Order No. 292 of February 23, 2012, handed down in response to Complaint R.G. 301/2012, the Regional Administrative Court of Campania denied the motion by the complainant S.A.P.NA. to stay the Ministry order requesting that the provincial company provide the results of the characterization plan and the implementation of emergency safety measures for the contaminated aquifer at the Settecainati landfill, in the Municipality of Giugliano, owned by FIBE S.p.A. The complainant sued FIBE S.p.A. for its alleged liability for the contamination and its obligation to carry out the characterization and implementation of emergency safety measures. The court order denying the motion offset the charges for the precautionary phase. A merit hearing has not yet been scheduled. S.A.P.NA. S.p.A. challenged the abovementioned Order No. 292/2012 of the Regional Administrative Court of Campania, entered into the record with No. R.G. 3247/2012, before the Council of State, which, by Order No. 1968 of May 23, 2012 upheld the lower court's decision. Court costs were offset.

H) The Regional Administrative Court of Latium, by Decision No. 5831 of June 26, 2012, handed down in response to Complaint R.G. 7434/2008 and subsequent additional arguments filed by FIBE S.p.A. asking the Court to void the Commissioner and Ministry orders mandating the communication of the results of the characterization and emergency safety measures for the soil and aquifer, under penalty of the activation of substitute damaging procedures, recognition of the actual cost and assessment and recovery of the environmental damage at the landfill located at Cava Giuliani in the Municipality of Giugliano, ruled that it lacked jurisdiction in favor of the Superior Court of Public Waters, as the abovementioned orders constituted administrative measures concerning public waters. The proceedings were transferred to the Superior Court of Public Waters and the preliminary hearing was ultimately scheduled for October 9, 2013. Due to the execution, on September 9, 2013, of an agreement with the Delegated Government Commissioner involving, *inter alia,* the characterization of the Cava Giuliani landfill, the hearing was postponed to June 25, 2014.

I) By Decisions No. 6033/2012, published on July 3, 2012 and notified on September 13, 2012, the Regional Administrative Court of Latium combined and denied complaints R.G. 10397/2007, 10398/2007 and 2770/2012 and related additional arguments by which FIBE asked the Court to void the Commissioner and Ministry orders requiring the characterization plan and urgent safety measures, under penalty of the implementation of substitute damaging procedures for the Pon

tericcio site, the RDF production facility and storage area, and the Cava Giuliani site and storage area.
The company challenged this decision in appeal to the Council of State (R.G. 7313/2012) arguing that the decision appeared to be adversely affected by an obvious misrepresentation of the facts as it was based on contamination found at a site different to those subject of the proceedings. Specifically, reference was mistakenly made to

contamination at the Cava Giuliani landfill (as shown in the report by court-appointed technical consultant to the Naples Public Prosecutor, prepared for the criminal proceedings R.G.N.R. 15968/2008), subject of Complaint R.G. 7434/2008 reviewed in Letter I) above. On November 12, 2012, the Council of State denied FIBE's precautionary motion to stay the enforcement of the decision and the parties are currently waiting for a merit hearing to be scheduled.

Following the denial of a precautionary motion by Decision No. 6033/2012 and considering the consequences of the crime of omitted remediation, also with regard to the Company's liability, pursuant to Legislative Decree No. 231/2001, and further to the communication by the Government Commissioner delegated pursuant to Order No. 3849/2010 that, while the proceeding were in progress, it executed with Sogesid S.p.A. a contract for the characterization of areas at the Pontericcio and Cava Giuliani locations, subject of Decision No. 6033/2012 and of Appeal No. 36/2013 to the Supreme Court of Public Waters, FIBE, in a letter dated December 13, 2012, informed the Ministry of the Environment and other relevant authorities that it was willing to voluntarily implement Decision No. 6033/2012 and asked for a meeting in order to finalize an agreement governing the mutual relationships. All of the above without admitting any responsibility and without any effect on pending litigation for merit purposes, and reserving the right to reimbursement for the costs of performing the abovementioned activities. This agreement was signed on September 9, 2013 by FIBE and the delegated Government Commissioner. Under the agreement, FIBE agreed to comply with the requests of the delegated Government Commissioner with regard to characterization and environmental surveying activities, excluding any liability with regard to any issues that may be identified upon completions of these activities and confirming that its actions were being carried out exclusively in implementation of the abovementioned Decision No. 6033/2012 by the Regional Administrative Court.

* * *

II.2 CIVIL LITIGATION

By a summons served in May 2005, the Government Commissioner filed an action requesting compensation from FIBE, FIBE Campania and FISIA Italimpianti for alleged damages of about 43 million euros. In the course of the proceedings, the Government Commissioner increased its damage claims to over euro 700 million, plus a further to claim for damages to its image quantified at 1 billion euros.

The Companies joined the proceedings and, in addition to disputing the claims made by the Government Commissioner, filed a counterclaim requesting compensation for damage and sundry charges determined in the initial filing at more than 650 million euros, plus a further to claim for damages to their image quantified at 1.5 billion euros. More specifically, the respondent Companies complained about the significant delay (compared with the schedule of the 2000 and 2001 contracts) in issuing the permits required to build the waste-to-energy facilities and the resulting delay in the construction of such facilities. These delays led both to a lengthening of the temporary storage period of the so-called "eco-bales" produced and an increase in the volume of stored "eco-bales," which resulted in the need to find bigger storage areas: circumstances that caused the contractors FIBE and FIBE Campania to incur greater costs.

In the same proceeding, the banks that issued FIBE and FIBE Campania's performance bonds to the Government Commissioner also moved for the Commissioner's claim to be denied and, in any case, asked to be held harmless by Impregilo from the commissioner's claims. Impregilo joined the proceedings contesting the request of the guarantor banks.

The proceedings were concluded with Decision No. 4253 of April 11, 2011, which found that jurisdiction rested with the administrative court and not with the ordinary court. The Government Solicitor's Office appealed this decision and FIBE duly joined the proceedings concerning R.G. 686/12. The hearing for closing arguments before the Naples Court of Appeals was scheduled for December 11, 2014.

By a "reactivation brief" filed on August 1, 2012, the Ministry of Justice and the Cassa Ammende reactivated the before the Court of Milan the proceedings concerning the enforcement of sureties totaling 13,000,000.00 euros provided by some large credit institutions to guarantee the performance of the orders issued by the Public Prosecutor of Naples in connection with the seizure of the RDF facilities.

The Impregilo Group companies joined the proceedings before the Court of Milan (R.G. 57109/2012 challenging the substance of the claims from various standpoints, objecting, *inter alia,* that the policy was invalid, having been activated after its expiration date and the lack of grounds for its enforcement, and, in turn, sued the Government Commissioner.

At the initial hearing of January 17, 2013, the proceeding were adjourned and a hearing for closing arguments was scheduled for December 5, 2013. Following this hearing, the court will hand down a decision within the customary deadline.

Also worth mentioning at civil court level are some lawsuits recently filed by public administrations that, under various titles, have standing in contesting FIBE's activities with respect to the complex management of the receivables and payables arising from the "contractual management" period. Although these proceedings are separate from those described above, they refer to the same issues subject of the claims filed by FIBE in the administrative courts, with regard to which the activities of the *ad acta* commissioner is still in progress (see Section II.1.A *supra*). Accordingly and comforted by the advice of counsel that supports it in this complex context, the Group believes that FIBE's fully compliant conduct during the "contractual" period can reasonably be confirmed and that the risk of a negative outcome of these proceedings is merely possible.

Specifically, the Company's counsel believes that the public administration's claims can reasonably be resisted considering the counterclaims and, moreover, the admissibility in these proceedings of a court ordered offsetting process.

Lastly, pending proceedings include a lawsuit in opposition to a payment injunction issued by FS Logistica (formerly Ecolog) against the Office of the Prime Minister for the payment of consideration owed for assignments it received from 2001 to 2008 by the then Government Commissioner for shipment of waste outside Italy. The claim, made through a summary procedure, was lodged against the Office of the Prime Minister which turned to FIBE as guarantor. FIBE, on the one hand, objected pointing out that this request for guarantee was the same as the one already subject of lawsuit filed by the Office of the Prime

Minister/Government Commissioner before the Court of Naples and concluded with Decision No. 4253/11, as mentioned above, in which the Court found that it lacked jurisdiction, and, on the other hand and with regard to the counterclaims lodged by the Office of the Prime Minister, noted both the inadmissibility of the counterclaims due to the totally different titles compared with the original claim of FS Logistica and the fact that these counterclaims had already been put forth by the Office of the Prime Minister in numerous other proceedings that are still pending.

Following a hearing held on July 11, 2013, the judge adjourned the proceedings and scheduled a discovery hearing for January 24, 2014. At that hearing, the judge allowed a court ordered technical expert's report only with regard to the claims of FS Logistica towards the Office of the Prime Minister and subject to the payment injunction.

* * *

II.3 CRIMINAL LITIGATION

In September 2006, the Public Prosecutor of the Court of Naples served Impregilo S.p.A., Impregilo International Infrastructures N.V., FIBE S.p.A., FIBE Campania S.p.A., FISIA Italimpianti S.p.A. and Gestione Napoli in liquidation with a "*Notice of the completion of the preliminary investigation about the administrative liability of legal entities*" related to the alleged administrative violation pursuant to Article 24 of Legislative Decree No. 231/2001, within the framework of criminal proceedings against some former Directors and employees of the abovementioned companies, who were being investigated for the crimes subject of Article 640, Sections 1 and 2, No. 1, of the Italian Criminal Code in connection with the contracts for management of the urban solid waste disposal cycle in the Campania region. Following the preliminary hearing of February 29 2008, the Preliminary Hearing Judge at the Court of Naples granted the motions for indictment made by the Public Prosecutor.

It is also worth mentioning in this regard that the Court, upholding the exception raised by the defense counsels of the Companies, excluded the option of allowing parties to join the proceedings as plaintiffs seeking damages from the public entities involved pursuant to Legislative Decree No. 231/2001 and, consequently, declared that all filings to join the proceedings as plaintiffs seeking damages from the companies were inadmissible.

Please also note that, at a hearing held on June 15, 2011, the public prosecutors Messrs. Noviello and Sirleo filed an additional charge pursuant to Article 517 of the Code of Criminal Procedure against just the individuals involved for the crime subject of Article 110 of the Criminal Code, Article 81 of the Criminal Code and Article 53-*bis* of Legislative Decree No. 22/97, now Article 260 of Legislative Decree No. 152/06.

Within the framework of these proceedings, the Public Prosecutor requested the following **precautionary measures** relating to:

(i) "property," pursuant to Article 19 of Legislative Decree No. 231/2001 (attachment of: the RDF production facilities and Acerra waste-to-energy facility; approximately 43 million euros belonging to Impregilo Group companies; receivables of 109 million euros owed to FIBE and FIBE Campania by municipalities in the Campania region); and

(ii) "interdiction," pursuant to Article 9 of Legislative Decree No. 231/2001 (alternatively: ban on contracting with the public administration; exclusion from subsidies, financing and similar benefits; ban on advertising goods and services).

With regard to the abovementioned precautionary measure, the Preliminary Hearing Judge, with an order dated June 26, 2007, ordered the preventive attachment of the alleged "profit from the crime" quantified at about 750 million euros, as the equivalent of:

a) 53,000,000.00 corresponding to the amount advanced by the Commissioner for the construction of facilities in provinces other than Naples;

b) the total amount of the waste disposal fee regularly collected, amounting to 301,641,238.98 euros;

c) the certain, liquid and collectible receivables claimed from the Municipal Administrations and not yet collected, totaling 141,701,456.56 euros;

d) the amount of the expenses incurred by the Office of the Commissioner for the disposal of USW and the residual waste after processing by the RDF facilities, amounting to 99,092,457.23 euros;

e) the amount of 51,645,689.90 euros corresponding to the unpaid security deposit, the payment of which had been stipulated to secure the faithful performance of contractual obligations;

f) the amounts received as fees for the collection activities carried out on behalf of the Office of the Commissioner and the Municipal Administrations, for an amount to be determined upon enforcement;

g) the amount of 103,404,000.00 euros, corresponding to the value of the work carried out in the construction of the Acerra waste-to-energy facility until December 31, 2005.

The precautionary proceedings, activated with the orders described above, continued for five years, before definitively ending, without any action taken against the Group, in May 2012, when, in its the final decision, the Sixth Criminal Section of the Court of Cassation found that there were no new elements that could supersede the findings developed in the precautionary proceedings with regard to the latest motions for precautionary measures filed by the Public Prosecutor regarding the "fees," as set forth in the decision handed down by the Second Section of the Court of Cassation on April 16, 2009. A more detailed analysis of the complex process that developed with regard to precautionary measures and has now ended is provided in previous financial reports of the Impregilo Group.

On November 4, 2013, the Court of Naples handed down a decision finding all defendants not guilty on all charges and in the most ample manner, revoking the seizure orders targeting the storage site and handing them over to the respective provincial administrations. The detailed decision of acquittal (265 pages long) was filed on February 1, 2014 and was appealed by the Naples Public Prosecutor in March 2014.

* * *

Also in 2008, as part of a new investigation by the Court of Naples into waste disposal and related activities in the region carried out after the termination of the contracts by force of law (on December 15, 2005), the Preliminary Investigations Judge, upon a request by the Public

Prosecutor issued preventive measures against some managers and employees of FIBE, FIBE Campania and FISIA Italimpianti and managers in the Commissioner's office.

As part of this investigation, which in the record is described both as a continuation of an earlier investigation and as separate proceedings based on new charges, the former contractors and FISIA Italimpianti are again charged with the administrative liability attributable to legal entities pursuant to Legislative Decree No. 231/01.

The preliminary hearing was completed on January 29, 2009 with the indictment of all defendants. In the pre-trial hearing, the civil actions brought against the companies involved were found to be inadmissible. Moreover, on December 16, 2009, the Court of Naples ruled that it lacked jurisdiction and ordered that the record of the proceedings be forwarded to the Rome Public Prosecutor. The Court of Rome Court scheduled a preliminary hearing for October 27, 2010, at which time the Preliminary Hearing Judge adjourned the proceedings to December 13, 2010, due to errors in the process by which FIBE's counsel was served with a notice of the hearing. At a subsequent hearing held on January 10, 2011, the Preliminary Hearing Judge at the Court of Rome Court decided to address separately with regard to some charges the position of the Chief Executive Officer of the Companies in office when the events took place and adjourned the proceedings first to a hearing scheduled for March 23, 2011, then to a hearing scheduled for September 21, 2011, again to a hearing scheduled for December 14, 2011 and, lastly, to a hearing scheduled for March 28, 2012. As for the other defendants and the remaining charges, the Preliminary Hearing Judge deferred to the Supreme Court for a decision about the negative conflict in territorial jurisdiction, finding again that the Court of Naples Court was competent to rule on these issues. On July 6, 2011, the related hearing was held before the First Section of the Supreme Court, which, however, adjourned the proceedings while waiting for guidance from the Joint Sections of the Court of Cassation. However, further to a decision by the Chief Justice of the Supreme Court, the "*similar but related to another event*" issue was not addressed by the Joint Sections and, consequently, the decision was left to Second Section of the Supreme Court, which, on March 2, 2012, ruled that the Preliminary Hearing Judge at the Court of Rome had jurisdiction with respect to all defendants and all charges. Consequently, the proceedings resumed with a preliminary hearing before the Preliminary Hearing Judge at the Court of Rome, originally scheduled for May 16, 2012 and postponed by the Court to September 26, 2012, as the case was assigned to a different Preliminary Hearing Judge replacing Mr. Mancinetti, who was transferred to a different assignment.

At the abovementioned hearing, the new Judge, Mr. Saulino, having combined the different segments of the proceeding, scheduled extraordinary hearings for January 10 and 31, 2013 and March 14, 2013 as a continuation of the preliminary hearing.

Subsequent to these hearings, during which some defendants made unsolicited statements, the Preliminary Hearing Judge issued an order ruling the inadmissibility of the only civil party who asked to join the criminal proceeding as a plaintiff. The Public Prosecutor asked for the indictment of all defendants and legal entities involved pursuant to Legislative Decree No. 231/2011.

Hearings were scheduled for March 14, 2013 for the discussion of the defense arguments and for March 21, 2013 for the decision.

Upon the conclusion of the hearing of March 21, 2013, the Preliminary Hearing Judge indicted all defendants and legal entities involved pursuant to Legislative Decree No. 231/2011 for all of the charges in the proceedings before the Court of Rome scheduled for July 16, 2013.

At that hearing, the Court of Rome, upon being informed of a defect in the process by which a notice of the decree ordering the trial was served on numerous defendants, adjourned the trial to a hearing scheduled for April 1, 2014.

The companies of the Group involved in the new proceedings firmly believe that their actions were lawful, because their activities were not only expressly mandated by Law No. 21/2006 but were also carried out "merely at the behest" of the Delegated Commissioner (see in this regard the decisions of the Regional Administrative Court of Latium and the Council of State reviewed in Section II.A earlier in this Report).

In January 2011, FIBE joined as an injured party the proceeding No. 61604/10 RGNR against the member of Parliament Nicola Cosentino pending at the Santa Maria Capua Vetere Court. The alleged charges to be examined during the trial, which legitimize FIBE's position as a "party injured by the crime" is that Mr. Cosentino provided a decisive input "*in the planning and implementation of the project aimed—specifically through the consortium company […], the consortium […] and other consortia in the Province of Caserta controlled by him—at establishing in Campania an integrated cycle in competition with the one lawfully managed by the FIBE-FISIA Italimpianti system, thus boycotting the contractor companies in order to take sole control of the entire management of the related financial cycle and thus create an unlawful independent management system at the provincial level (so-called 'provincialization' of the waste disposal cycle, directly controlling the landfills where the waste is ultimately disposed of, becoming involved in the construction and operation of a waste-to-energy facility and manipulating for his own benefit the activities of the Government Commissioner for the Waste Emergency).*"

On January 27, 2011, an order for immediate judgment of the defendant was issued and FIBE was specifically identified as a "party injured by the crime." As mentioned above, this trial is currently in the oral argument phase.

On December 23, 2011, FIBE S.p.A., in its capacity as the legal entity involved pursuant to Legislative Decree No. 231/01, was served with a notice of completion of the preliminary investigations related to another investigation by the Naples Public Prosecutor. The charges are based on a violation of Article 24 of Legislative Decree No. 231/01, as it applies to the occurrence of the crime subject of Article 81, Section Two, Article 110 and Article 640, Sections 1 and 2, of the Criminal Code, committed jointly and with the prior agreement of the defendants (individuals) and other parties to be identified, in connection with the management of an urban wastewater purification service based on treatment facilities.

Specifically, certain individuals from the Commissioner's Officer and FIBE S.p.A. allegedly actively encouraged and induced other competitors to implement stratagems and tricks to hide and conceal the very poor management of the abovementioned wastewater treatment facilities.

FIBE S.p.A. is a defendant because it allegedly submitted expense reports that, among the other items related to the disposal of USW, included the cost of transporting leachate, while failing to mention the fact that the leachate was transported to facilities without the requisite proper permit and lacked the technical qualifications and residual treatment capacity.

The Public Prosecutor asked for an indictment before the Preliminary Hearing Judge at the Court of Naples. After an initial adjournment, due to some defects in the summonses, the next two hearings were scheduled for April 11, 2014, to verify that all parties duly joined the proceedings, and April 24, 2014, to address the preliminary motions.

However, because in this case as well the events in question occurred during the period following the cancellation of the contracts—during which the Companies' activities were not only specifically dictated by Law No. 21/2006 but were also carried "merely at the behest" of the Delegated Commissioner—the Company is fully convinced that its conduct was lawful.

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III. Assessment by the Board of Directors regarding the status of the USW Campania Projects at March 31, 2014

As shown by the intricacy of the information presented above, the overall picture in terms of the status of the Impregilo Group with respect to the USW Campania Projects at March 31, 2014 continues to be extremely complex and uncertain.

The recent rulings by the administrative courts regarding the claims put forth for the costs of the RDF facilities that had not been amortized when the service contracts were cancelled (December 15, 2005), as discussed earlier in this Report, are positive and extremely important factors, because they support the Group's arguments regarding the correctness of its conduct and the resulting assessments made to date.

At the end of March 2014, the Naples Public Prosecutor appealed the decision by which the Court of Naples acquitted of all charges both the individuals and the companies involved "because no crime was committed." However, the Group is of the opinion that the detailed rationale provided for this decision, filed on February 1, 2014, in which the judges state: "The disastrous attempt to dispose of waste in Campania was not the consequence of either unlawful conduct by the defendants or lack of technical suitability or poor management of the facilities" and also "the source of the problem was not the facilities but the fact that the waste cycle, as organically and efficiently designed, had not been properly implemented, due to the absence of a separate waste collection system, in the initial phase, and because the waste-to-energy facilities of Acerrra and Santa Maria La Fossa had not been built, in the final phase," fully supports the belief, with which the Company's counsel wholly concurs, that future developments of these proceedings and of proceedings pending in other venues (administrative, criminal and civil) will prove that the Group acted properly. Taking also into account the recent rulings handed down by the administrative judges regarding the areas in the municipality of Giuliano, which are still pending with regard to merit and for which the risk of an unfavorable outcome was assessed, with the support of the counsel assisting FIBE in the various disputes, as being in the realm of mere possibility, at this time, an accurate timing for the end of the various pending proceedings cannot be reasonably determined.

In view of the complexity and development of the different disputes described in detail in the preceding paragraphs, the possibility that future events, unforeseeable at this point, could occur requiring changes to the assessments made thus far cannot be excluded.

PART TWO – TODINI COSTRUZIONI GENERALI GROUP

In 2013, as part of the Group's strategies designed to achieve an increasingly more efficient allocation of resources, to be realized also through a steady and strong focus of the potential redesign of its organizational structure, the Board of Directors of Salini S.p.A. resolved to consider the possibility of realizing the value of the 100% interest held in Todini Costruzioni Generali S.p.A. through its divestment.

The aim of creating a global player in the sector of complex infrastructures capable of competing with the main international competitors, in terms of economies of scale, size and geographic complementarities made the development of the projects currently included in the order backlog of Todini Costruzioni Generali S.p.A. irrelevant for the purpose of achieving the objectives of the Industrial Plan.

The guidelines for future commercial initiative, increasingly focused on the acquisition of large-scale projects, call for a rigorous selection of new business opportunities in accordance with predefined profitability and cash flow generation parameters and in areas with strong growth potential.

The markets in which this subsidiary operates are attractive and, should opportunities develop that meet the scale requirements of the Group's current commercial policy, possible participation and/or acquisition methods will be considered.

In view of the uncertainties concerning the modalities, terms and timing for implementation of the abovementioned divestment, with the support of a top financial institution, and considering that there are still no binding commitments towards third parties, a reasonably reliable estimate of its effects on the Group's Industrial Plan cannot be provided.

The tables below show the highlights from the financial statements of the Todini Group classified into non-current assets and liabilities held for sale:

INCOME STATEMENT DATA

(In millions of euros)	1st quarter 2014
Revenue	31.6
Operating profit (EBIT)	(12.1)
Financing income	13.9
Gain on investments	0.2
Net profit (loss) for the period	4.9

STATEMENT OF FINANCIAL POSITION DATA

(In millions of euros)	March 31, 2014
Non-current assets	67.1
Provisions for risks, post-employment benefits and other employee benefits	(7.4)
Working capital	269.2

Net invested capital	**329.0**
Net financial position	**63.7**
NET ASSETS	**265.3**

Risk areas

A1 Milan-Naples Highway, work to upgrade the Apennine Mountains section between Sasso Marconi and Barberino di Mugello, La Quercia-Aglio segment

This project refers to the work to enlarge and modernize the A1 Highway, Base tunnel – Lot 9-11 – Valico Bypass. This order is part of a larger project being implemented by Autostrade per l'Italia S.p.A. to upgrade the A1 Highway with the construction of the Valico Bypass to improve traffic conditions and reduce travel time between Bologna and Florence. The iconic work of the Valico Bypass is the Base Tunnel: a tunnel with separate lanes (cross-section of 160 m^2 and length of about 8.6 km) that will link the Emilia Romagna and Tuscany regions, connecting the future Badia Nuova rest area in the north with the new Poggiolino interchange in the south.

Work has been virtually completed except for some minor finishing activities and smaller items to be built in Tuscany, for which the Company is waiting for a revocation of the order to suspend work issued by the Sole Manager of the Process.

In June 2011, the Florence Public Prosecutor, at the end of an investigation launched in 2005, charged some employees/senior managers of Todini Costruzioni Generali S.p.A. (no longer on the Company's payroll), Autostrade per l'Italia S.p.A. and other contractor companies with environmental crimes allegedly related to the construction of the Valico Bypass.

The persons connected with Todini Costruzioni Generali S.p.A. listed as being under investigation included Pietro Salini, in his capacity as Chief Executive Officer on the date of the action by the Public Prosecutor.

By a decision dated November 5, 2012, the Preliminary Hearing Judge:

- dismissed the charges against the Chief Executive Officer Pietro Salini for the reason that he did not commit the crime;

- ruled that the statute of limitations had run out on all of the crimes with which the defendants were charged regarding water control and effluent management;

- indicted the abovementioned defendants for the alleged crimes concerning the management of excavated soil and rocks and environmental damage.

On May 26, 2013, at a hearing before the Court of Florence, the Ministry of the Environment joined the proceedings as a civil plaintiff seeking damages from the civilly liable parties Todini C.G., Autostrade per l'Italia S.p.A. and other contractors involved (in addition to the defendants themselves), putting forth a damage claim "for equivalent asset value" in an amount of at least 810 million euros or different amount awarded in the proceedings.

In support of its claim, the Ministry of the Environment filed a report by the I.S.P.R.A. (an institute established within the Ministry), which was deleted from the record of the proceedings at a hearing on December 9, 2013, as the Judge ruled that the introduction of this document could not be allowed because it had not been developed through an adversary process and lacked the name of the party who wrote it.

Since the civil plaintiff failed to produce documents or consultants, at this point, the damage claim is not supported by any evidence as to its amount.

The discovery phase began in January 2014. Thus far, no evidence concerning the type of crime for which Todini Costruzioni is being charged has been analyzed, nor has any activity been carried out to verify whether the conduct and damage did occur.

The Group denies having any responsibility for the disputed issues, emphasizing that its conduct was completely lawful and that the charges levied against it are groundless. It also objects to the outrageous amount of the damage claim filed by the Ministry of the Environment, which, in addition to being put forth without first requesting the adoption of any environmental remediation measures that might have been necessary, does not appear to be compliant with Italian law and European Directive No. 2004/35/EC. In that regard, the European Commission activated infraction proceedings against Italy in 2007 (No. 2007/4679), confirmed on January 27, 2012 with a complementary reasoned opinion, which recently resulted in the adoption, with Law No. 97 of August 6, 2013, of amendments to the Uniform Environmental Code enacted with Legislative Decree No. 152 of April 3, 2006, which include the elimination from the text of Article 311 of the abovementioned Legislative Decree No. 152/2006 of the reference to the damage claim "for equivalent asset value," due to the fact that compensation for environmental damages can first of all be achieved with specific remediation measures.

In view of the foregoing considerations and comforted by the opinion of counsel, the Group believes that the abovementioned damage claim is devoid of merit and, consequently, that the risk of the claim being granted is remote. Consequently, management did not find it necessary to recognize a provision in its financial statements.

Naples, construction of the section a railway for an urban railway system, Piscinola-Secondigliano segment

Construction of the civil engineering structures for the Piscinola – Secondigliano railway segment, part of a project to modernize and upgrade the Naples – Alifana railway, was suspended in the second half of 2011 due to the customer's failure to pay the consideration owed for the work. As a result, the only activities carried out concerned ensuring the safety of the jobsites.

The customer, while aware of the strategic significance of the project for the purpose of completing the railway system ringing the City of Naples, was unable to honor its commitments due to the financial difficulties that characterized the budget of the Campania region, which, ultimately, created a shortage of financial resources at the Metrocampania Nordest S.r.l. subsidiary, making the disbursements of the consideration owed extremely difficult.

In light of this situation, the Ministry of Infrastructures and Transportation, in accordance with the provisions of Decree Law No. 83 of June 22, 2012 (converted into Law No. 134 of August 7, 2012), appointed and *ad acta* Commissioner tasked with determining the amounts of the payables and receivables of the companies that operate the regional railway services, with the aim of developing a plan to cover the ascertained deficit.

At this point, the appointed Commissioner has apparently completed his task regarding the investigative and planning phase and is now expected to announce his subsequent determinations.

Considering that, in order to allow the Commissioner to carry out his activities, the abovementioned Decree Law specified that no payment enforcement actions may be activated or pursued against the companies owned by the regional administration that operate railway transportation services for 12 months from the effective date of the abovementioned Decree Law No. 83, the subsidiary Todini Costruzioni Generali S.p.A. nevertheless took all actions that it deemed necessary to obtain satisfaction of its rights, while maintaining a non-confrontational relationship with its customer, who still considers completion of the railway segment in question as a priority for the effective operation of the metropolitan railway ring.

Ukraine

This country is currently going through a phase of social and geopolitical instability caused by the suspension by the Ukrainian government of the negotiations for the agreement of association with the European Union.

Social unrest, initially limited to Maidan Square in downtown Kiev, spread beyond the square and the capital city to various other areas, including the Crimean Peninsula, raising the crisis to the international attention level.

The Todini Costruzioni Generali subsidiary operates in Ukraine with a permanent organization, which was awarded a project to rehabilitate a section of the M02 Highway, and through a joint venture with Akkord, a local partner, through which the modernization of Highway M06 has been virtually completed.

Because the jobsites are located near the cities of Poltava and Zhytomyr, geographically removed from the areas most affected by the current social crisis, production activities were not affected to any significant degree.

However, the weakness of the new political class and uncertainty about the country’s immediate political future, coupled with a steady weakening of Ukraine’s position versus its Russian neighbor for the supply of natural gas, caused a dramatic financial crisis that could be solved only with the intervention of the international community.

The Group’s management reasonably believes that it can assess the profitability of the orders won in Ukraine with a prospective of continuity, while constantly and carefully monitoring Ukraine’s internal developments, but cannot exclude the possibility that currently unforeseeable future events could force a revision of the assessments made.

PART THREE – FISIA BABCOCK ENVIRONMENT G.M.B.H.

The tables below show the main assets and liabilities and the highlight of the income statement, at March 31, 2014, of this subsidiary, which was sold to external parties in a transaction that closed after the end of the quarter subject of this Interim report on operations.

INCOME STATEMENT DATA

(In millions of euros)	1st quarter 2014
Revenue	22.0
Operating profit (EBIT)	(4.7)
Financing income	0.6
Net profit (loss) for the period	(4.0)

STATEMENT OF FINANCIAL POSITION DATA

(In millions of euros)	March 31, 2014
Non-current assets	12.9
Provisions for risks, post-employment benefits and other employee benefits	(1.8)
Tax assets (liabilities)	(6.1)
Working capital	(32.3)
Net invested capital	**(27.3)**
Net financial position	**2.8**
NET ASSETS	**(24.5)**

EVENTS OCCURRING AFTER MARCH 31, 2014

This section presents the main events that occurred after March 31, 2014, to the extent that they were not the subject of specific comments in earlier sections of the Interim report on operations of the Salini Group for the first quarter of 2014.

On April 17, the Group, as leader with a 75% interest of an aggregation of companies, was awarded a contract, valued at about 410 million euros, for the construction of a section of a highway in Slovakia. The contract, which is for the Lietavská Lúčka – Višňové – Dubná Skala lot and was awarded by Národná diaľničná spoločnosť as, the National Highway Company of Slovakia that operates Slovakia's highway system, calls for the design and construction of a 13.4 km section of the D1 highway in the northern part of Slovakia. The main items to be constructed include five viaducts, for a total length of 2.5 km, and a twin-tube tunnel 7.5 km in length. This highway section is part of the Transportation Corridor No. 5 of the Trans-European Networks (TEN), which links Bratislava with Uzhhorod in Ukraine, and is financed by the European Union, through the European Investment Bank, and the government of Slovakia. Work on this projects is expected to start in the second half of this year and will last for about five an one-half years.

The resolutions approved by the Ordinary Shareholders' Meeting held on April 30, 2014 included the distribution of a dividend on the savings shares in the amount of 0.26 euros per savings share, for a total payout of 420,027.66 euros.

The transaction by which Impregilo International Infrastructures N.V., a Dutch subsidiary wholly owned by Salini Impregilo S.p.A., sold an investment equal to the entire share capital of Fisia Babcock Environment GmbH to the Japanese company Nippon Steel & Sumikin Engineering Co., Ltd. closed on May 7, 2014. A portion of the sales price of 139.3 million euros was used to close out the debit-credit relationship existing between the Group and this subsidiary, amounting to 74 million euros circa.

Also on May 7, 2014, Salini Impregilo S.p.A. purchased from Itinera S.p.A., S.A.T.A.P. S.p.A. and S.I.N.A. S.p.A. an 85% interest in C.I.V. S.p.A. for a consideration of about 18 million euros.

For events occurring after March 31, 2014 concerning the USW Campania Projects, please see the section of this Interim report on operations entitled "Non-current assets held for sale – USW Campania Projects."

No other significant events occurred after March 31, 2014, beyond those described the previous sections of this Interim report on operations.

BUSINESS OUTLOOK FOR THE BALANCE OF THE CURRENT YEAR

The important events that characterized the Group's governance during the year, among which the completion of the merger between Salini S.p.A., the former controlling company and now the incorporated company, and Impregilo S.p.A., the incorporating company, and the resulting change in the Company's name to Salini Impregilo S.p.A. represent a new and important milestone and will further strengthen the Group's strategic position and competitive strength in its target markets over the medium term, consistent with the strategic guidelines and objectives of the 2014-2017 Industrial Plan approved in March 2014.

At the end of the first quarter of 2014, a truly outstanding order portfolio, both in qualitative and quantitative terms, and a well-balanced financial structure continue to be important growth and development factors that justify the Group's confidence that the results projected for the subsequent periods of the current year will develop in accordance with the guidance recently provided to the market.

It is important to keep in mind that the Group still finds itself in a complex operational and judicial situation within the framework of criminal and civil proceedings related to the USW Campania Projects. Due to the particularly complex nature of the abovementioned proceedings, which involve government institution, regional administrations and provincial and municipal administrations in the Campania region, and the complexity of the related court procedures, the possibility of the occurrence of future events not currently foreseeable requiring a revisions of current valuations cannot be excluded.

OTHER INFORMATION

Treasury shares

As of the date of this Interim report on operations, the Parent Company did not hold any treasury shares, either directly or indirectly.

Corporate governance bodies

The members of the Board of Directors and Board of Statutory Auditors are listed in the section of this Interim report on operations entitled "Company Officers."

Investigation by the judiciary – Court of Milan (proceedings activated before the Court of Monza)

Further to the proceedings activated by the Public Prosecutor of the Court of Monza, in which the Chairman of the Board of Directors and the Chief Executive Officer of Impregilo in office at time of the events in question are being investigated for the crimes covered by Articles 81 and 110 of the Criminal Code and Articles 2621 and 2637 of the Civil Code, Impregilo S.p.A. and Imprepar S.p.A. were the targets of a preliminary investigation in connection with an alleged administrative violation related to the crimes subject of Article 25-ter, Letters a) and r), and Articles 5 and 44 of Legislative Decree No. 231/2001.

The charges against the targets of the investigation were announced by the relevant Public Prosecutor with a notice dated October 13, 2005.

The alleged charge against Impregilo is to have "prepared and implemented an organizational model unsuitable to prevent the crimes" allegedly attributed to the officers target of the investigation, from which the Company is alleged to have benefited.

The proceedings progressed through a series of interconnected and complex procedural phases, at the end of which, at a hearing held on July 12, 2007, concurring with the objections that the counsel for the defendants and the companies involved in these proceedings had raised since the preliminary hearing, the Court of Milan, ruling on a preliminary basis, declared that "the indictment issued by the Preliminary Hearing Judge at the Court of Milan on February 21, 2007, in the proceedings pursuant to Article 416 of the Code of Criminal Procedure, was null and void" and, consequently, ordered that the record of the proceedings be sent back to the Public Prosecutor at the Court of Milan.

Consequently, the Milan Public Prosecutor reactivated the proceedings and, in November 2007, filed with the Judge for Preliminary Investigations in Milan a motion to end the proceedings. On February 13, 2009, the Judge for Preliminary Investigations granted the motion of the Public Prosecutor limited to a portion of the charges, which were dismissed. As a result of this decision, the proceedings targeting Imprepar S.p.A. ended. At the same time, the judge sent the record of the proceedings back to the Public Prosecutor for a filing of charges for the portion of the motion that had not been granted. Specifically with regard to the charges that were not dismissed by the Judge for Preliminary Investigations, the Company filed a motion for summary judgment and, at a hearing held on September 21, 2009, the Public Prosecutor requested a decision dismissing the remaining charges.

At the hearing of November 17, 2009, Impregilo was found not guilty both of the first charge, due to the lack of an element of the crime, and of the second charge, as it was not punishable pursuant to Article 6 of Legislative Decree No. 231/01, having adopted adequate organizational models.

On March 21, 2012, the Milan Court of Appeals denied the appeal motion filed by the Public Prosecutor against the lower court's decision, which found Impregilo not guilty of the charge of violating Legislative Decree No. 231/01, and fully confirmed the abovementioned decision by the lower court judge, who found, inter alia, that the organizational model adopted by the Company was adequate. The Public Prosecutor then appealed this decision to the Court of Cassation, which on December 18, 2013 handed down Decision No. 4677/14 setting aside the decision of the Milan Court of Appeals, returning the proceedings to a different section of the same Court for a new merit review regarding three issues: (i) Decision concerning the preventative suitability of the organization and management model in effect when the events took place and its effective implementation; (ii) Existence of a deceptive and fraudulent conduct by the authors of the alleged crime of insider trading; (iii) Determination that the crime in question (insider trading) did occur.

Investigation by the judiciary – Court of Naples

The events that occurred regarding the USW Campania Projects are described in the section of the Annual financial report entitled "Non-current assets held for sale – USW Campania Projects."

Other proceedings – Court of Florence

With regard to the criminal proceedings activated against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the Consortium, it is worth mentioning that the appellate proceedings ended in June 2011 with a decision handed down on June 27, 2011, which reversed in full the lower court's decision, thus reversing the convictions handed down by the lower court and finding both the Consortium and the indicted individuals not guilty of any of the charges. The Public Prosecutor of the Court of Florence appealed this decision to the Court of Cassation, which, on March 18, 2013, set aside in part the decision of the Florence Court of Appeals ordering that the case be returned to the Court of Appeals. The reinstated proceedings before the Florence Court of Appeals got under way on January 30, 2014 and, on March 21, 2014, the Court of Appeals handed down a decision by which it rejected most of the charges levied by the Public Prosecutor, but upheld them in some important cases. The Consortium is waiting for the Court to file the detailed reasoning of the decision for a more accurate assessment of any impacts resulting from this decision, but it is confident of its ability to prove once again, in subsequent proceedings, that its actions were fully proper.

Compliance with the requirements of Article 36 of the Market Regulations

Impregilo confirms that it is in compliance with the requirements of Article 36 of Consob Regulation No. 16191 (the "Market Regulations"), based on the procedures adopted before the abovementioned regulations went into effect and the availability of the related information.

Research and development activities

In accordance with the requirements of Article 2428 of the Italian Civil Code, the Company discloses that it did not carry out any research and development activities in the first quarter of 2014.

Alternative performance indicators

As required by Consob Communication No. 6064293 of July 28, 2006, information about the composition of the performance indicators used in this document and in the corporate communications of the Salini Impregilo Group is provided below.

Financial ratios

Debt/Equity ratio: This indicator corresponds to the ratio of net financial position as the numerator (with a negative sign signifying net debt) to shareholders' equity as the denominator. The consolidated statement of financial position items making up the financial position are listed in the corresponding accounting schedules, where they are marked with an asterisk (*). The shareholders' equity items are those included in the relevant section of the statement of financial position. On a consolidated basis, the shareholders' equity used for this ratio includes the amount attributable to non-controlling interests.

Performance indicators

1. **EBITDA or Gross operating profit:** This indicators is the algebraic sum of the following items included in the income statement for the period:
   a. Total revenue;
   b. Total costs, except for depreciation and amortization.

   This indicator can also be shown in percentage form, as the ratio of EBITDA to Total revenue.
2. **EBIT or Operating Profit:** This indicator corresponds to the operating profit shown in the income statement and is equal to the algebraic sum of Total revenue and Total costs.
3. **Return on sales or R.o.S.:** This indicator, stated as a percentage, shows the ratio of EBIT, computed in the manner described above, to Total revenue.

The Board of Directors

by: The Chairman

Statement by the manager in charge of financial reporting pursuant to Article 154-bis, Section 2, of Legislative Decree No. 58/1998 (Consolidated Finance Act)

Pursuant to article 154-*bis,* Section 2, of the Consolidated Finance Act, the manager in charge of financial reporting, Massimo Ferrari, states that the financial information included in this Interim report on operations is consistent with the supporting documentation and accounting books and records.

Financial statements

Accounting standards and valuation criteria adopted to prepare the consolidated statement of financial position, income statement and statement of cash flows of the Salini Impregilo Group for the quarter ended March 31, 2013

The Interim report on operations of the Salini Impregilo Group was prepared on a going concern basis and in accordance with the measurement criteria set forth in the International Financial Reporting Standard IAS/IFRS.

The presentation and content of these quarterly consolidated statement of financial position, income statement and statement of cash flows comply with the disclosure requirements of Article 154-*ter* of the Consolidated Finance Act.

The recognition and measurement criteria are consistent with those issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as required by Regulation No. 1606/2002 issued by the European Parliament and Council and enacted in Italy by Legislative Decree No. 38/2005.

The accounting standards and measurement criteria used to prepare these statement of financial position, income statement and statement of cash flows at March 31, 2014 are the same as those used to prepare the consolidated financial statements for the 2013 reporting year, which are explicitly cited here by reference, except for the international accounting standards that went into effect as of January 1, 2014. The adoption of these standards did not produce any material effects on revenue, net profit, shareholders’ equity and net financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of euros)

ASSETS	March 31, 2014	December 31, 2013
Non-current assets		
Property, plant and equipment	455,317	450,761
Intangible assets	141,399	165,027
Investments in associates	230,967	227,361
Non-current financial assets (*)	57,229	48,928
Other non-current assets	15,001	15,083
Deferred tax assets	120,339	121,132
Total non-current assets	**1,020,252**	**1,028,292**
Current assets		
Inventories	223,936	215,321
Contract work in progress	1,240,846	1,105,176
Trade receivables	1,205,741	1,188,060
Current receivables from unconsolidated Group companies	492,585	422,326
Derivatives and other current financial assets (*)	163,344	223,128
Current tax assets	81,919	78,868
Other tax receivables	126,162	114,804
Other current assets	334,134	296,583
Net financial position held by SPVs and unconsolidated project companies (*)	274,478	223,789
Cash and cash equivalents (*)	712,485	908,631
Total current assets	**4,855,630**	**4,776,686**
Non-current assets held for sale	732,593	653,604
Total assets	**6,608,475**	**6,458,582**

(*) Items included in the net financial position.

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 2014	December 31, 2013
Shareholders' equity		
Share capital	500,000	62,400
Other reserves	354,805	469,860
Net profit	15,292	166,781
Equity attributable to the owners of the parent	**870,097**	**699,041**
Non-controlling interests	38,655	193,108
Total shareholders' equity	**908,752**	**892,149**
Non-current liabilities		
Bank loans and other facilities (*)	626,393	625,127
Non-current indebtedness held by SPVs and unconsolidated project companies (*)	5,709	14,483
Bond issues (*)	551,806	552,542
Payables under finance leases (*)	100,487	107,237
Non-current derivatives (*)	4,634	4,350
Post-employment benefits and other employee benefits	18,863	20,508
Non-current payables to unconsolidated Group companies	6,233	6,230
Deferred tax liabilities	67,447	73,959
Provisions for risks	105,014	105,023
Other non-current liabilities	1,061	1,045
Total non-current liabilities	**1,487,647**	**1,510,504**
Current liabilities		
Bank account overdrafts and current portion of financing facilities (*)	442,628	320,797
Current indebtedness held by SPVs and unconsolidated project companies (*)	56,251	62,046
Current portion of bond issues (*)	3,399	952
Current portion of payables under finance leases (*)	50,321	48,646
Current derivatives and other current financial liabilities (*)	3	4
Advances on contract work in progress	1,524,075	1,563,429
Trade payables to suppliers	702,765	742,508
Current payables to unconsolidated Group companies	583,071	527,771
Current tax liabilities	85,239	76,786
Other tax payables	71,439	82,906
Other current liabilities	206,916	212,023
Total current liabilities	**3,726,107**	**3,637,868**
Liabilities directly associated with non-current assets held for sale	485,969	418,061
Total shareholders' equity and liabilities	**6,608,475**	**6,458,582**

(*) Items included in the net financial position.

CONSOLIDATED INCOME STATEMENT

(Amounts in thousands of euros)

	1st quarter 2014	1st quarter 2013
Revenue		
Operating revenue	813,643	305,825
Other revenue	45,343	2,035
Total revenue	**858,986**	**307,860**
Costs		
Purchasing costs	(113,087)	(71,319)
Subcontractors	(195,955)	(68,541)
Service costs	(342,684)	(80,414)
Personnel costs	(104,272)	(39,909)
Other operating costs	(8,881)	(992)
Depreciation, amortization, accruals and impairment losses	(49,040)	(19,550)
Total costs	**(813,919)**	**(280,725)**
Operating profit (loss)	**45,067**	**27,135**
Financing income (costs) and gains (losses) on investments		
Financial income	*9,692*	*3,617*
Financial expense	*(34,781)*	*(5,583)*
Net exchange rate gains (losses)	*5,312*	*(2,822)*
Net financing costs	(19,777)	(4,788)
Net gains on investments	3,793	20,308
Net financing costs and net gains on investments	**(15,984)**	**15,520**
Profit (loss) before taxes	**29,083**	**42,655**
Income tax expense	(9,597)	(7,202)
Profit (loss) from continuing operations	**19,486**	**35,453**
Profit from discontinued operations	725	(6,289)
Net profit (loss)	**20,211**	**29,164**
Profit (Loss) attributable to:		
Owners of the Parent	15,292	30,328
Non-controlling interests	4,919	(1,164)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of euros)

	1st quarter 2014	1st quarter 2013
Profit (loss) for the period (a)	**20,211**	**29,164**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:		
Change in the translation reserve	(3,334)	(1,343)
Net gains (losses) on cash flow hedges, net of the tax effect	(283)	-
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:		
Other comprehensive income (expense) (b)	**(3,617)**	**(1,343)**
Total comprehensive income (expense) (a) + (b)	**16,594**	**27,821**
Total comprehensive income (expense) attributable to:		
Owners of the parent	11,675	28,986
Non-controlling interests	4,919	(1,165)

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands of euros)

	1st quarter 2014	1st quarter 2013
Cash and cash equivalents	908,631	411,703
Current account facilities	(132,589)	(92,820)
Total opening cash and cash equivalents	**776,042**	**318,883**
Operating activities		
Net profit attributable to owners of the parent and non controlling interests	20,211	29,165
Depreciation, amortization and impairment losses	49,040	23,073
Operating cash flow	**(274,626)**	**(82,069)**
Cash flow generated (used) in investing activities	**(27,762)**	**(48,499)**
Cash flow generated (used) in financing activities	**36,826**	**(23,409)**
Increase (Decrease) in cash and cash equivalents	**(265,562)**	**(153,977)**
Cash and cash equivalents	712,485	291,107
Current account facilities	(202,005)	(126,201)
Total closing cash and cash equivalents	**510,480**	**164,906**