# ANNUAL REPORT 2007

**Aeroporti di Roma Società per Azioni**

Registered office in Fiumicino (Rome) - Via dell'Aeroporto di Fiumicino, 320

Fully paid-in capital stock: € 62,309,801

Company managed and coordinated by Gemina S.p.A.

www.adr.it

# Aeroporti di Roma S.p.A.

## Board of Directors

*(after the General Meeting and the Board of Directors' Meeting of April 16, 2007)*

** Directors with joint powers.*
*** Director with executive responsibilities.*

| | |
|---|---|
| Chairman | Fabrizio Palenzona * |
| Deputy Chairmen | Remy Cohen *(until July 18, 2007)* |
| | Massimo Pini |
| Directors | Maurizio Basile ** |
| | Andrew Christian Cowley * *(until July 18, 2007)* |
| | Christopher Timothy Frost *(until July 18, 2007)* |
| | Alessandro Grimaldi * |
| | Kerrie Patricia Mather *(until July 18, 2007)* |
| | Aldo Minucci |
| | Gianni Mion |
| | Paolo Roverato |
| | Claudio Sposito |
| Secretary | Antonio Abbate |

## Board of Statutory Auditors

*(after the General Meeting of April 16, 2007)*

| | |
|---|---|
| Chairman | Giacinto Chimenti |
| Statutory Auditors | Giuseppe Cappella |
| | Alessandro Grange |
| | Mario Tonucci |
| | Luigi Tripodo |
| Alternate Auditors | Nicola Lorito |
| | Andrea Piermartini Rosi |

## General Manager

Maurizio Basile

## Independent Auditors

Deloitte & Touche S.p.A.

# Aeroporti di Roma S.p.A.

## Board of Directors

*(after the General Meeting and the Board of Directors' Meeting of September 21, 2007)*

| | |
|---|---|
| Chairman | Fabrizio Palenzona |
| Deputy Chairman | Massimo Pini |
| Managing Director | Maurizio Basile |
| Directors | Guido Angiolini<br>Alessandro Grimaldi<br>Gianni Mion<br>Aldo Minucci<br>Andrea Mondello *(from January 9, 2008)*<br>Piergiorgio Peluso<br>Clemente Rebecchini<br>Paolo Roverato<br>Claudio Sposito |
| Secretary | Antonio Abbate |

## Board of Statutory Auditors

*(after the General Meeting of April 16, 2007)*

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| Chairman | Giacinto Chimenti |
| Statutory Auditors | Giuseppe Cappella<br>Alessandro Grange<br>Mario Tonucci<br>Luigi Tripodo |
| Alternate Auditors | Nicola Lorito<br>Andrea Piermartini Rosi |

## General Manager

Maurizio Basile

## Deputy General Manager

Emanuele Ludovisi *(since January 1, 2008)*

## Independent Auditors

Deloitte & Touche S.p.A.

XECUTIVE CENTER
Alitalia
Restaurant
Uscite da A5 a A12
Gates from A5 to A12
MILANO
Uscite da
Gates from
Giornali
Il mese del LIBRO
Libri scontati dal 15% al 63%

Notice is hereby given to Shareholders of the Ordinary General Meeting to be held Hilton Rome Airport hotel at Via Arturo Ferrarin 2 in Fiumicino (Roma) at 11am on April 16, 2008, in first call, and, if necessary, in second call, on April 17, 2008 at the same time and place, to discuss the following:

**Agenda**

1. Annual Report 2007 and related and consequent resolutions.

2. Appointment of a Director.

3. Ratification of the conduct, release of responsibility, indemnity and waiver of any action for liability in respect of the Directors of Aeroporti di Roma S.p.A. nominated by the Macquarie Group and in office from March 24, 2003 until July 18, 2007.

*Notice of call has been published in the Official Gazette of the Italian Republic, no. 33 of March 18, 2008.*

Terminal area stations - external front-view

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Top view of new Pier C

# MANAGEMENT REPORT ON OPERATIONS

Aeroporti di Roma

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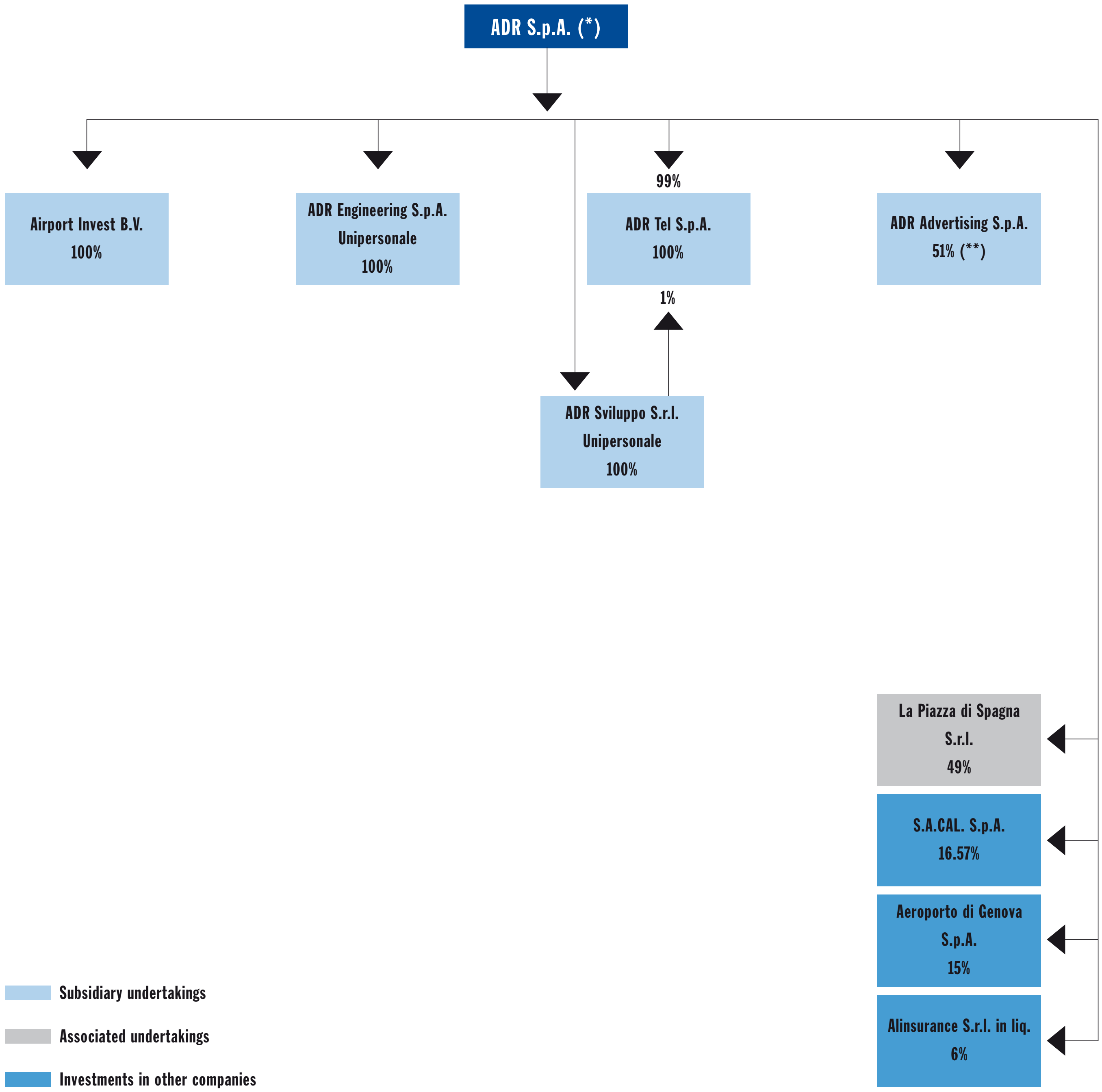
# The ADR Group.




*(*) ADR S.p.A. also has a 12.5% holding in the E.T.L. - European Transport Law Consortium.*

*(**) Of ordinary share capital.*

# Highlights.

The following table summarizes main traffic data for 2007 for Rome's airport system and shows changes with respect to 2006.

## Traffic performance.

| Traffic component | System (°) | Change % |
|---|---|---|
| Movements (no.) | 400,481 | +5.5% |
| Aircraft tonnage (tons.) | 28,297,463 | +6.3% |
| Total passengers (no.) | 38,349,336 | +9.2% |
| Total cargo (tons.) | 153,618 | +4.2% |

*(°) Fiumicino + Ciampino.*

The following table summarizes key economic, financial and operational data for the ADR Group for 2007.

## ADR Group.

| Key consolidated economic, financial and operational data (in thousand of euros) | 2007 (1) | 2006 (2) |
|---|---|---|
| Revenues | 556,616 | 567,279 |
| EBITDA | 256,335 | 256,655 |
| EBIT | 144,345 | 146,103 |
| Net income: | | |
| – Minority interest | 1,027 | 1,058 |
| – Group share | 17,891 | 59,986 |
| Investments | 85,440 | 57,899 |

| | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Invested capital | 2,055,473 | 2,115,594 |
| Shareholders' equity (including minority interest) | 733,039 | 765,615 |
| Group shareholders' equity | 731,068 | 763,648 |
| Net debt | 1,322,434 | 1,349,979 |
| Headcount at year end (no.) | 2,321 | 2,275 |

| Ratios | 2007 | 2006 |
|---|---|---|
| Revenue/Average headcount (in thousand of euros) | 242 | 182 |
| No. of passengers/Average headcount | 16,659 | 11,262 |

*(1) The 2007 income statement includes the expenses introduced by the "2007 Finance Act" (9.0 million euros for fire fighting and protection services, a 0.9 million euro increase in the license fee and 1.2 million euros in local property taxes), with negative impacts of 9.9 million on EBITDA and of 7.2 million euros on net income for the year.*

*(2) In the 2006 income statement the results of the first nine months of ADR Handling S.p.A. (now called Flightcare Italia S.p.A.), which was sold in November 2006, are still consolidated. This company accounts for 47.3 million euros of revenue and 5.3 million euros of EBITDA for that year.*

The following table summarizes key economic, financial and operational data for 2007 for ADR S.p.A..

# ADR S.p.A.

*(3) The 2007 income statement includes the expenses introduced by the "2007 Finance Act" (9.0 million euros for fire fighting and protection services, a 0.9 million euro increase in the license fee and 1.2 million euros in local property taxes), with negative impacts of 9.9 million on EBITDA and of 7.2 million euros on net income for the year.*

| Key economic, financial and operational data (in thousand of euros) | 2007 (3) | 2006 |
|---|---|---|
| Revenue | 549,038 | 512,571 |
| EBITDA | 252,755 | 247,453 |
| EBIT | 140,850 | 138,114 |
| Net income | 18,932 | 35,975 |
| Investments | 86,693 | 55,695 |

| | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Invested capital | 2,090,653 | 2,153,211 |
| Shareholders' equity | 766,392 | 797,930 |
| Net debt | 1,324,261 | 1,355,281 |
| Headcount at year end (no.) | 2,253 | 2,211 |

| Ratios | 2007 | 2006 |
|---|---|---|
| Revenue/Average headcount (in thousand of euros) | 246 | 244 |
| No. of passengers/Average headcount | 17,166 | 16,691 |

# Group operating review.

*(Translation from the original issued in Italian)*

## Introduction.

*Dear Shareholders,*

*2007 saw significant progress in the growth of Rome's airport system, especially the remarkable upturn in activities seen at Fiumicino airport, where the number of passengers increase by 9.2%, the second largest increase among Europe's major airports.*

The ADR Group reported net income of 17.9 million euros for 2007, which is down compared with the net results of 2006 (60.0 million euros). This decrease reflected the extraordinary component recorded in 2006 deriving from the withdrawal from ramp and passenger handling activities through the disposal of the equity investment held in ADR Handling S.p.A..

Despite carrying out investment totaling 85.4 million euros (up 48% on 2006), the Group's net debt fell to 1,322.4 million euros at December 31, 2007, declining 27.5 million euros.
The Parent Company, ADR S.p.A., closed 2007 with net income of 18.9 million euros, compared to 36.0 million euros in 2006.

Together with the extraordinary growth in traffic during the year – it should be kept in mind that average annual industrial growth in western economies hovers around 4 or 5% – the Group witnessed a series of internal and external events that will have a profound impact on our future development.

Significant **internal** events include:
– a change in the shareholder structure of the Parent Company, ADR S.p.A.;
– after several years of considerable sluggishness, the launch of a renewed strategic investment program is forecasted to transform Fiumicino airport over the short and medium term;
– disposal of ADR S.p.A.'s cargo business, which in the light of the Strategic Plan drawn up, was not considered as being core to the Company's future development.

Significant **external** events include:

– the CIPE (Interdepartmental Committee for Economic Planning) Resolution of June 2007 and the subsequent publication of Civil Aviation Authority Guidelines regarding the new fee regulations;
– the downsizing of Ciampino airport with the application of a limit of 100 movements per day with effect of the winter period;
– the Ministry of Transport's decision to opt for Viterbo as the new low-cost airport for the Rome-Lazio airport system;
– the advanced stage of the sales procedure regarding Alitalia. The Company's new Business plan envisages a reorganization of traffic in favor of Fiumicino.

The change in ADR S.p.A.'s shareholder structure, implemented in July, characterized the Company's new strategy, with a decisive shift towards rapid revitalization of the corporate "engine". A path was set out for closing the development gap that had built up over a five-year period of investment that was out of kilter with market trends. Special initiatives were also launched (such as the new Terminal 5), aimed at dealing with growing traffic pressures in the short term ahead of the construction of Pier C.

In 2008 alone, investment of around 150 million euros was planned, representing almost double the investment carried out in 2007, and around three times the average amount of investment implemented in the five-year period 2001-2006. These figures alone clearly highlight the massive efforts deployed by the Company, confirming the goal of its new majority shareholder to make Rome's airport system one of the best in Europe.

While growth has been decisively kick started, the Company's efficiency drive aimed at focusing operations on the core areas of the airport business has also continued. After the outsourcing of passenger handling activities in 2006, cargo handling activities were also spun off during 2007.

Regarding the problems relating to the age-old issue of the "Tariff Agreement" (*Contratto di Programma*), which has been dragging on for many years, the initial elements that emerged in 2007 with the CIPE (Interdepartmental Committee for Economic Planning) Resolution in June and the subsequent publication of the Civil Aviation Authority Guidelines, herald an increasingly tough dialog with the Authorities in order to obtain adequate fees in line with our legitimate expectations and, above all, with the long-term operational and financial needs of the Group. Such actions are necessary to prepare the start of negotiations between the parties (Authorities and Operators), which should realistically be completed in the first half of 2008, with the new fee system being introduced in the second half of the year. The way things have gone in recent months leads to the conclusion that there is now widespread awareness that the deadlock over the review of airport fees cannot carry on much longer. As well as seriously harming

Terminal area stations - external front-view the Company's operations, this situation also affects investment capacity, which is indispensable given the strong growth in demand in the airport sector. It is perfectly obvious that airport fees are one of the vital sources of funding that airport Operators require to support the development of their infrastructure capacity. No other European airport system, apart from Italy's, has had to do without rightful and legitimate fee adjustments for such a long period of time (seven years).

Significant progress was made in 2007 towards resolving the problem regarding the current and future use of Ciampino airport. An initial response to the ongoing environmental concerns regarding the increasing use of Ciampino airport saw a curtailment of flights, with the Government also expressing its intention to find a site close to Viterbo for a third airport for the Lazio region, which over time will handle the flights currently operating out of Ciampino. The legislative procedure aimed at locating a site for the airport and granting its operation to ADR (given that it actually means transferring the current Ciampino concession) is in progress and should be concluded in the first half of 2008.

Another important issue in 2007 relates to the reallocation of the majority of Alitalia's intercontinental network to Fiumicino, in accordance with the Plan drawn up and approved by the company in the summer of 2007.

2008 could therefore be the year that marks Alitalia's momentous return to Fiumicino airport. In the light of the Plan drawn up, this change of strategy by the flagship carrier now appears to be an indispensable maneuver for initiating a return to operational stability, regardless of the final outcome of the procedure to sell the company launched in the fall of 2007. Obviously, if implementation of this strategy is confirmed, it would mark an historic event for ADR, as the Roman airport, in line with the original projections, would once again be a real hub, with all the positive operational and management repercussions that would ensue.

Against this backdrop, in the light of the many extraordinary prospects that would unfold, all the initiatives set up by the Company in its ten-year Investment plan – which aims to achieve rapid improvement in terms of capacity and efficiency – would call for even greater urgency and commitment.

# Background.

## Analysis of economic trends.

The state of the global economy[4] changed rapidly in the last quarter of 2007, with the most recently available data

[4] *Source:* BCE – Monthly Bulletin, *December 2007; Confindustria Research Center*, Economic Outlooks, Education and Economic Development in Italy, *December 2007.*

showing a steady deterioration in the results registered in early 2008. The onset of summer saw growth across all regions and amongst all major nations, in line with trends over the last four years, whilst the fall ended with increasing signs of a slowdown in the USA, Europe and Japan. Therefore, in just a few months, the mood changed from one of confident optimism to an atmosphere of great uncertainty. However, the slowdown was foreshadowed by various indicators. Expansion will continue, but at a slower pace. Industrialized Countries, which not long ago were the sole powerhouse of the global economy, are slowing down rapidly. There is a real risk of recession in the United States, whilst the major emerging economies have become more robust and dynamic, and thus able to develop independently.

Moreover, the US economy is affected by the weak dollar (exchange rates were hovering at their lowest values ever at the end of 2007), which is undervalued against the euro and overvalued against the yuan and the yen. The overseas trade deficit is in sharp decline, whilst GDP growth slowed from 6.8% in the fourth quarter of 2005 to 5.5% in the second quarter of 2007.

In Europe Eurostat's initial estimate for the third quarter of 2007 indicates GDP growth in real terms of 0.7% for the euro area compared with the previous quarter. Internal demand was still the main driver of economic growth in the third quarter, in confirmation of the area's steady expansion. The latest information on economic activity, deriving from various consumer and business confidence surveys, supports the assessment that growth is set to continue in the fourth quarter, although at a slackened pace with respect to the third quarter.

Overall, the euro area's economic fundamentals are still quite sound. Companies' profitability has been significant, employment has grown steadily and the unemployment rate has fallen to the lowest levels in a quarter of a century.

These factors are also reflected in the economic projections of December 2007 drawn up by experts on the European economy. In real terms, average annual GDP growth is expected to be between 2.4% and 2.8% in 2007, with the likelihood of a slowdown over the next two years. Forecasts published by international organizations confirm this outlook. If steady GDP growth, substantially in line with potential GDP, is to continue, the global economy must show resilience and the slowdown in economic expansion in the United States will need to be partially offset by continuing vitality in emerging markets.

In 2007 Italy was affected by the growing strength of the euro, the weakness of the American economy, record oil prices and hikes in the prices of some food commodities, as well as the liquidity crisis in the money markets. Nevertheless, beneficial structural change is taking place in Italy, namely a gradual shift of the manufacturing sector towards innovation, quality, reorganization and new markets.

The transformation is in full swing and has started to yield important initial results, with a rise in added value and the recovery of market shares.

This transformation provides a safety net that will prevent a return to the stagnation experienced between 2001 and 2005 (the period in which the change was imposed), although it is not sufficient to bring Italian growth rates back above 2% and up towards 3% on a stable basis, nor to reduce the economic growth gap with the rest of Europe. At an international scale, Italian manufacturers are penalized by external costs that curb the rate of expansion by at least one quarter.

The principal economic indicators for 2006-2007 and the outlook for the next two years are shown in the table below. Given the risks overshadowing the global economy, the estimate for Italian GDP growth in 2008 has been revised down from 1.3% (in September) to 1%[5].

[5] *Source: Confindustria Research Center (December 2007).*

| Forecast for the Italian economy | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| GDP | 1.9% | 1.8% | 1.0% | 1.4% |
| Consumer spending | 1.5% | 1.9% | 1.2% | 1.4% |
| Gross fixed investment | 2.3% | 2.6% | 1.6% | 2.1% |
| Export of goods and services | 5.3% | 3.9% | 3.8% | 4.4% |
| Consumer prices | 2.1% | 1.8% | 2.2% | 2.0% |
| Public borrowing requirement [a] | 4.4% | 2.2% | 2.2% | 2.1% |
| Public debt [a] | 106.8% | 104.8% | 103.4% | 101.2% |

[a] *As a percentage of GDP. Source: CSC figures and forecasts, based on ISTAT and Bank of Italy data.*

## The air transport industry.

The growth trends in the global economy and trade that were still apparent during most of 2007, also undoubtedly benefited air transport which, in terms of passengers transported, increased 5.6% from the previous year, with above average growth in the Middle East (up 15.6%), Africa (up 14.3%) and Central and South America (up 7.6%)[6].

[6] *Source:* ACI Pax Flash Report, *December 2007.*

Particularly in the last few months of 2007, IATA (International Air Transport Association) reported the highest growth rates in the last 18 months. However, a steady increase in the cost of fuel was also registered, which will have an impact in the coming months with the prospect of a slowdown in the sector's growth.

The gradual process of bringing carriers together within strategic alliances also continued in 2007, with a further expansion of the number of participants registered during the year. Specifically, ONEWORLD was joined by Jal, Malev, Royal Jordanian and Dragonair, SKYTEAM by China Southern and STAR ALLIANCE by Air China and Shanghai Airlines.

Fleet modernization and renewal also continued, aimed at curbing emissions, consumption and costs. With its new B787, Boeing achieved the distinction of building the aircraft that has notched up the greatest number of orders during the design and construction phase.

The A380, from the European Airbus consortium, also made its debut in 2007, and is currently operating in Singapore Airlines' fleet. The A380 is the largest ever commercial aircraft, which is able to transport more than 500 passengers in various configurations. Due to its features, it is therefore designed for use on high density intercontinental routes. On the other hand, in order to counter Boeing's strategy relating to the B787 (minimum seating capacity of around 250 according to the configuration requested and maximum reduction of operating costs), Airbus is currently designing the A350 XWB.

However, against this fast-changing backdrop, both manufacturers are falling short of estimated delivery times for the new aircraft models.

In Europe air transport growth stood at 6.1%, with the domestic and international components registering respective rises of 4.7% and 6.6%. The low-cost traffic segment continues to expand faster than the traditional, full-service carrier segment, although a process of "hybridization" is taking place among some low-cost carriers, leading them to differ from one another in some respects, and in some cases, approach the traditional carrier model.

At the moment, both worldwide and in Europe, only the most successful low-cost carriers, such as Southwest and Ryanair, seem able to maintain the originally low-cost business model more or less intact.

In Italy traffic grew sharply (up 10.1%), especially due to the expansion of low-fare and low-cost traffic at secondary airports, whilst the number of passengers transported by Alitalia was largely stable (up 1.0% in the first 11 months 2007 – AEA data) and Air One reported substantial growth (up 23% in the first 11 months 2007 – AEA data).

As in the previous year, in 2007 Italian air transport was influenced by the financial and operational difficulties of Italy's major carrier. However, during 2008 Alitalia should move towards adopting a clearer and better defined growth strategy, following its privatization. Regarding the other Italian carriers, Air One continues to consolidate its position as the number two Italian airline, whilst Meridiana and Eurofly merged during the year. Nevertheless, the Italian air transport sector is still marked by significant fragmentation among the other smaller Italian carriers.

# Legal and regulatory context.

## Fire prevention and fire fighting service at airports.

Art. 1, paragraph 1328 of Law no. 296 of December 27, 2006 (the 2007 Finance Act) raised the surtax on passenger boarding fees established in Law no. 350/2003 by 0.50 euros starting from 2007 “in order to reduce the costs incurred by the State to ensure fire prevention and fire fighting services at airports”.
Consequently, to date, this surtax totals 2.50 euros.

The same paragraph also set up a “specific fund to be paid into by airport operators in proportion to the traffic generated”. 30 million euros a year is to be taken from the fund to be utilized for the same purpose, in addition to the extra 50 cents to be charged to passengers.

## License fee.

Art. 1, paragraph 258 of the Finance Act for 2007 establishes that, in conjunction with the Decree jointly issued by the Minister of Transport and the Minister of the Economy, the annual fee paid by airport operators is to be proportionally increased in order to provide tax authorities with additional revenues totaling 3 million euros in 2007, 9.5 million euros in 2008 and 10 million euros in 2009.

With the Decree dated August 3, 2007, published in issue no. 226 of the Official Gazette on September 28, 2007, the Minister of Transport and the Minister of the Economy and Finance, in application of Law no. 296 of December 27, 2006 (the Finance Act for 2007), declared an increase in the annual fee paid by airport operators for the period 2007-2009.
Both the above-mentioned fund of 30 million euros to be allocated to firefighters in service at airports and the increase in the license fee described in the previous paragraph represent new charges to be borne by airport operators from 2007. The total additional cost for the Parent Company, ADR S.p.A., is estimated to total around 9.9 million euros for 2007.
Recovery of these additional costs, which have been imposed on operators in accordance with the law from 2007, must clearly be achieved via changes in airport charges, in line with the spirit of the legislation that introduced them, regardless of the year in which they are incurred. Otherwise airport operators will encounter serious operating and financial difficulties.
For this reason, ADR S.p.A. firmly believes, and this belief is backed up by expert opinions, that the time lag between the introduction of the increased cost (2007) and its recognition for the purposes of setting airport charges (with the entry into effect of the new Tariff Agreement – *Contratto di Programma*) is no reason not to fully recover the new costs, regardless of the year in which they are incurred, via increased charges.

Thus, considering that the approval procedure for the new Tariff Agreement (*Contratto di Programma*), which will give rise to the new regime for charges, is still underway, and, it being impossible to reasonably predict the outcome of this procedure, it was deemed prudent to recognize these additional costs in the Income Statement for the period.

**Directive pertaining to the regulation of fees charged for airport services provided on an exclusive basis.**

CIPE (Interdepartmental Committee for Economic Planning) Resolution no. 38/2007 of June 15, 2007, which approves the Directive pertaining to the regulation of fees charged for airport services provided on an exclusive basis, was published in issue no. 221 of the Official Gazette on September 22, 2007. At the same time, CIPE Resolution no. 86 of August 4, 2006, with which the Committee expressed a favorable opinion as to the changes in fees charged for airport services provided on an exclusive basis, was revoked.

This Directive aims to establish general criteria for implementing Law no. 248/2005, whilst making the Civil Aviation Authority for drawing up the “Guidelines regarding the application criteria for said Directive” within 60 days of publication of the CIPE Resolution in the Official Gazette, subsequent to conducting a public consultation procedure with the parties pursuant to art. 9 of Law no. 241/90.

On December 19, 2007, NARS (Consultative Unit for the implementation of Guidelines for the regulation of public utility services) approved the Guidelines, with amendments, that implement Directive no. 38/2007, which are posted on the Civil Aviation Authority’s website, within the terms provided for.

**Surcharges on catering activities – obligations connected to Law no. 248/2005.**

Following the entry into effect of Law no. 248/2005, in February 2007 the Civil Aviation Authority launched a preliminary study to determine the underlying costs of the charges that airport operators levy on caterers for the use of shared airport assets.

The study regarded all entities involved in supplying airport catering services and concluded, for Fiumicino and Ciampino airports, with a Civil Aviation Authority ruling (no. 0035898 of June 5, 2007) in which charges for the use of shared assets are provisionally fixed with effect from January 1, 2007. They are as follows:

– 5.53 euros per flight supplied at Ciampino airport;
– 19.50 euros per medium/long-haul flight supplied at Fiumicino airport;
– 38.53 euros per long-haul flight supplied at Fiumicino airport.

**Civil Aviation Authority Ordinance on the number of movements at Ciampino airport.**

On July 9, 2007 the Civil Aviation Authority’s Airport Management at Ciampino issued Ordinance no. 14/2007 which, as of the 2007/2008 winter season, "restricted the number of commercial movements with slots to 100 per day" at Ciampino airport.

Ryanair appealed to the Lazio Regional Administrative Court requesting suspension of this Ordinance. The Lazio Regional Administrative Court rejected the request for suspensive relief.

Ryanair then lodged appeal with the Council of State against the Lazio Regional Administrative Court judgment rejecting the request for suspensive relief. With Ordinance no. 5752/2007 the Council of State upheld Ryanair's appeal (and therefore the original application for suspensive relief submitted by the airline).

Consequently, the current number of daily movements for commercial airlines with authorized slots at Ciampino airport amounts to 138.

**Sub-concession Cargo Building – call for tenders.**

With reference to the call for tenders for the Cargo Building sub-concession, as of January 30, 2007, the official closing date for the procedure, none of the three pre-qualified bidders had presented an offer. ADR S.p.A. only received one letter from Freschi & Schiavoni S.r.l. stating that an offer would not be made due to the withdrawal of ATI's Parent Company.

ADR S.p.A. provided the Civil Aviation Authority with the necessary information regarding the results of the procedure on February 2, 2007.

**Ciampino "Airport's Regulations".**

With Ordinance no. 7/2007 of March 6, 2007, the Director of Ciampino Airport adopted new Regulations for Ciampino Airport, which came into effect on March 15, 2007.

**Data Protection Code – Security Planning Document.**

On March 27, 2007 the Security Planning Document was updated pursuant to Legislative Decree no. 196/2003.

**Minimum Airport requirements – Fiumicino and Ciampino.**

With Ordinance no. 15/2007 of August 27, 2007, the Director of Fiumicino Airport formally adopted the "minimum airport requirements" for the airport. These regard the minimum operating standards needed to ensure the best possible use of the airport's technical and operating infrastructures and systems by handlers and self-handlers.

ADR is responsible for carrying out checks to ensure that the minimum requirements are respected, and for reporting any infringements to the Civil Aviation Authority so that the necessary sanctions can be applied.

In compliance with the above Ordinance, point 11.3 of Fiumicino Airport's Regulations was subsequently modified. Similarly, with Ordinance no. 15/2007 of July 16, 2007, the Director of Ciampino formerly adopted the "minimum airport requirements" for that airport.

## Definition of airport fees as not a form of taxation.

Art. 39-*bis* of Decree Law no. 159 of October 1, 2007 (the so-called "Addendum to the Finance Act"), converted with Law no. 222 of November 22, 2007, clarified the legal nature of airport fees. This article points out that the provisions regarding fees for the shipment and discharge of air cargo, aircraft landing, take-off and parking fees, passenger boarding fees, fees for security controls carried out under concession, as well as the municipal surtax on boarding fees, should be interpreted as not being a form of taxation.

## Fee alignment.

Art. 21-*bis* of Decree Law no. 248 published in the Official Gazette of December 31, 2007 (the so-called "Thousand-extensions decree") stipulates that, in the extensions relating to the establishment of new fees pursuant to art. 11-9 of Law no. 248/2005, "the Minister of Transport should issue a Decree to align airport fees with the forecast inflation rate".
However, if the Decree were not converted into law within 60 days of its publication, the provision would no longer have effect.

## Acquired rights of airport concessionaires.

Art. 18 of Decree Law no. 248 published in the Official Gazette of December 31, 2007 (the so-called "Thousand-extensions decree") amended the wording of art. 3, paragraph 2, of Legislative Decree no. 96/2005 (revision of the aeronautical section of the Navigation Code), thereby requiring the non-application of paragraphs 1 and 2 of art. 704 of the Navigation Code (which requires that airport concessions be awarded by European public tender). This regards not only airport concessions already granted – including those deriving from special laws – but also if "functional delocalization" were to occur. Regarding the procedures for granting the airport concession, initiated prior to application of Legislative Decree no. 96/2005, art. 18 of Decree Law no. 248/2007 states that they must be concluded by "December 31, 2008".
However, if the Decree were not converted into law within 60 days of its publication, the above-mentioned provisions would no longer have effect.

## Public tenders.

Legislative Decree no. 163/2006 entitled "The Code for public contracts for works, services and supplies in implementation of Directives 2004/17/CE and 2004/18/CE" (published in the Ordinary Supplement to the Official

Gazette of May 2, 2006, no. 100, in force as of July 1, 2006 with certain exceptions) implements a historic reorganization of the body of legislation that governs public tenders.
By taking advantage of an option provided for in the Code, on May 23, 2007 ADR S.p.A. adopted a set of regulations by which to outsource calls for tenders regarding works, supplies and services with a value lower than the threshold set by the European Community.
The Regulations, which were announced on the Company's website, on Fiumicino's Municipal Notice Board and in three national newspapers, govern the procedures by which to outsource calls for tenders with a value lower than the Community threshold, enabling the adoption of computerized procedures, including via the creation of an official "List of Suppliers".

In the last few months of 2007 certain amendments were made to bring the Regulations into line with requirements that emerged during the first six months of their application. The most important of these regards ADR's plan to use digital signatures, together with a request to the economic operators concerned to obtain them.
Due notification will be given of the actual date when digital signatures will be required for tenders, and the related procedures.

A further amendment regards the application thresholds in the procedures for awarding contracts, which Commission Regulation (EC) no. 1422/2007 has slightly modified. Specifically, as of January 1, 2008 calls for tender will have the following thresholds:

– supply and service contracts: 412,000 euros (previously 422,000 euros);
– works contracts: 5,150,000 euros (previously 5,278,000 euros).

Among the innovations that should appear in 2008 are the new Regulations on public works and service and supply contracts, which implement Legislative Decree no. 163/2006 (the so-called "Contracts Code"), and have been granted final approval by the Council of Ministers. These Regulations will come into effect six months after their publication in the Official Gazette.

# Activities.

## Aviation activities.

### Air traffic.

During 2007 the positive trend in world air traffic continued with a 5.6% increase in passengers compared with the


Terminal area station - internal front-view previous year. In particular, international traffic registered higher growth (up 7.4%) than domestic traffic (up 4.2%).

Europe also performed well. Indeed, 2007 saw a 6.1% increase in passenger traffic compared with 2006, which was also spearheaded by the international segment (up 6.6%) compared with a 4.7% rise in the domestic segment.

In Italy in 2007 passenger traffic growth was up 10.1% on 2006, with an 11.6% increase in international traffic compared with an 8.2% rise in the domestic segment.

Source:
*(a)* ACI Pax Flash Report *(2007)*.
*(b)* Assaeroporti *(2007)*.
*(°) Roman Airport System Fiumicino and Ciampino (2007)*.

| Passenger traffic – 2007 percentage increases compared with 2006 | 2007 vs. 2006 |
|---|---|
| World (a) | +5.6% |
| Europe (a) | +6.1% |
| Italy (b) | +10.1% |
| FCO + CIA (°) | +9.2% |

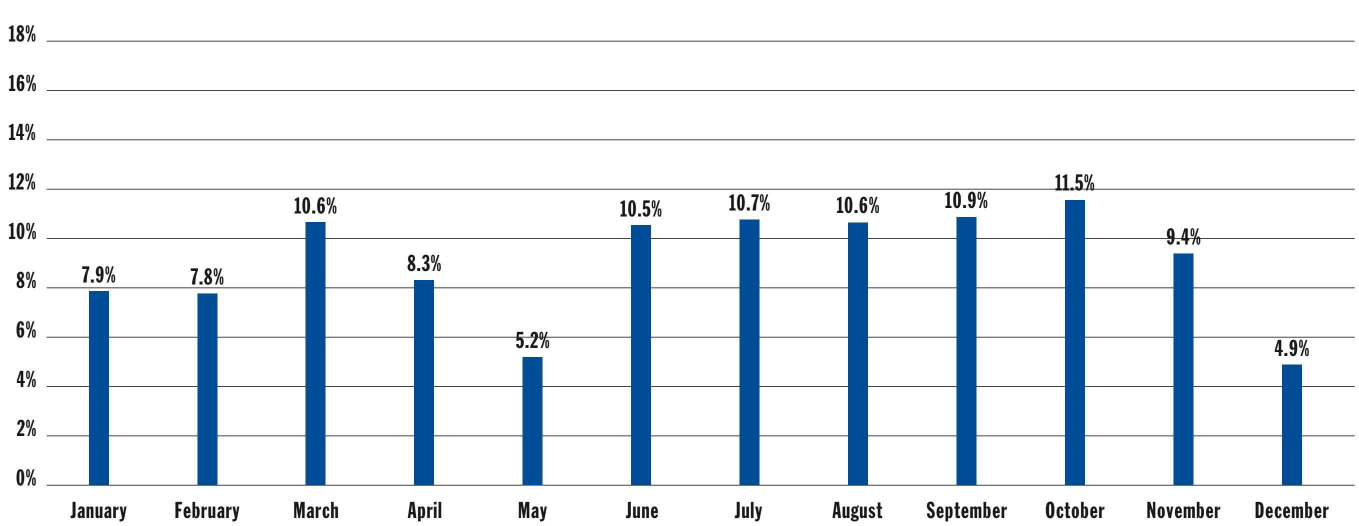
## Roman airport system.

[7] *Fonte:* Airport Council International; Rapid Data Exchange Programme.

During 2007 the main European airports[7] achieved the following passenger traffic results: Madrid (up 14.0%), Paris (up 4.7%), Amsterdam (up 3.7%), London (up 1.3%) and Frankfurt (up 2.6%), while in Italy the Milanese airport system (Linate and Malpensa) grew by 7.5%.

In 2007 the Roman airport system registered overall growth of 9.2%. Monthly performances are shown in the following graph:

ROMAN AIRPORT SYSTEM: Total Passengers - Monthly percentage changes compared with 2006



Information regarding trends in traffic components is provided below.

| Data up to December 31, 2007 | Rome System | Fiumicino | Ciampino | National | International |
|---|---|---|---|---|---|
| Movements | 400,481 | 334,848 | 65,633 | 178,349 | 222,132 |
| Δ% vs. PY | +5.5% | +6.1% | +2.7% | +1.1% | +9.4% |
| Mtow | 28,297,463 | 25,122,499 | 3,174,964 | 10,196,405 | 18,101,058 |
| Δ% vs. PY | +6.3% | +6.4% | +5.8% | +3.4% | +8.0% |
| Total Pax | 38,349,336 | 32,947,304 | 5,402,032 | 14,118,722 | 24,230,614 |
| Δ% vs. PY | +9.2% | +9.1% | +9.2% | +7.4% | +10.2% |
| Freight (Kg) | 153,617,834 | 130,610,958 | 23,006,876 | 10,632,956 | 142,984,878 |
| Δ% vs. PY | +4.2% | +5.6% | -3.2% | +18.3% | +3.3% |

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

| | International | International EU | International Extra EU |
|---|---|---|---|
| Movements | 222,132 | 164,462 | 57,670 |
| Δ% vs. PY | +9.4% | +13.8% | -1.6% |
| Mtow | 18,101,058 | 10,838,005 | 7,263,053 |
| Δ% vs. PY | +8.0% | +12.1% | +2.5% |
| Total Pax | 24,230,614 | 17,001,826 | 7,228,788 |
| Δ% vs. PY | +10.2% | +12.5% | +5.2% |
| Freight (Kg) | 142,984,878 | 42,260,914 | 100,723,964 |
| Δ% vs. PY | +3.3% | +6.8% | +1.9% |

At **Fiumicino** increases in total movements (up 6.1%) and passenger levels (up 9.1%) were reported in 2007.

This performance results from increases in both domestic (up 7.0%) and international (up 10.7%) passengers. Breakdowns for the different areas are as follows:

**Domestic Traffic**: This segment, representing 41.1% of total passenger traffic, reported the following:

– Domestic, Alitalia (57.9% of passenger market share): the carrier reported a rise in passenger levels (up 4.7%), deriving from a slight increase in capacity (movements up 0.7% and aircraft tonnage up 1.6%), as well as an increase in the load factor;
– Domestic, other carriers (42.1% of passenger market share): the other carriers reported a sharp increase in passenger levels (up 10.3%), partly due to increased capacity (movements up 3.7% and aircraft tonnage up 5.9%).

**International European Union Traffic**: This sector, representing 37.6% of total passenger traffic, reported the following:

- European Union, Alitalia (27.7% of passenger market share): the carrier reported increases in passenger levels (up 3.7%) and capacity (movements up 6.1% and aircraft tonnage up 6.0%);
- European Union, other carriers (72.3% of passenger market share): the other carriers reported a substantial rise of 15.6% in passenger levels due to an increase in capacity (movements up 17.6% and aircraft tonnage up 14.0%).

**International Traffic Outside the European Union**: This segment, representing 21.2% of total passenger traffic, reported the following:

- Traffic outside the European Union, Alitalia (21.9% of passenger market share): the carrier registered a slight rise in passenger levels (up 0.8%) due to a reduction in capacity (movements down 6.9% and aircraft tonnage down 3.0%) and an increase in the load factor;
- Traffic outside the European Union, other carriers (78.1% of passenger market share): other carriers registered a substantial rise of 10.7% in passengers, due to increases in movements (up 4.3%) and aircraft tonnage (up 6.2%) and an increase in the load factor.

It should be noted that as of January 1, 2007 the EU has two new member states, Romania and Bulgaria. This expansion resulted in greater international EU traffic growth and lower growth in international traffic outside the EU. Shorn of this change (i.e. considering Romania and Bulgaria as still being outside the EU, before January 1, 2007), growth would have been 5.2%, instead of 11.1%, for international EU traffic and 17.5%, instead of 7.5%, for international traffic outside the EU.

At Fiumicino, in terms of network development, despite increases in the frequencies of existing flights, new routes and destinations were introduced and new carriers started operating flights.

In the Domestic segment:
- Air One started operating new daily flights to Brindisi and Brescia;
- Blu-Express started operating new daily flights to Catania;
- Meridiana started operating new daily flights to Linate.

In the European Union segment:
- Air One started new routes to London City, Vienna, Toulon and Berlin;

– Clickair started operating flights to Barcelona (a route discontinued by Iberia) and Seville;
– Bmibaby started up a new flight to Birmingham;
– Sky Europe started operating a route to Bucharest;
– Air Baltic started up new flights to Riga and Vilnius;
– Vueling started up flights to Paris;
– Flyglobespan started up a flight to Edinburgh;
– Hapag-Lloyd started operating a route to Memmingen;
– Wizz Air started up a new flight to Cluj.

In the non-European Union segment:
– Alitalia started up a route to St. Petersburg which was expanded during the year;
– Air One started up new routes to Dubrovnik, Bodrum and Split;
– Varig started up flights to Sao Paolo;
– Flybaboo started up a route to Geneva;
– Eurofly stepped up its route to New York and extended it to the winter season;
– Air Canada started up a new seasonal flight to Montreal;
– United Airlines started up a new route to Washington;
– KD Avia started up a new route to Kaliningrad;
– Cabo Verde started up a new route to Sal.

In addition, some carriers transferred their operations (in whole or in part) from Ciampino to Fiumicino airport, including Norwegian, Sterling, Wizz Air and Blue Air.

At **Ciampino airport** the increase in passengers (up 9.2%) was primarily due to the development of low-cost traffic, as in the previous year:
– Ryanair stepped up its operations with the launch of services to Madrid and Zaragoza;
– EasyJet started up new flights to Lyons and Madrid;
– Centralwings started up a new route to Lodz, Gdansk and Poznan;
– Wizz Air started up new services to Sofia, Bucharest and Tirgu;
– Sterling started up new flights to Götheborg;
– Myair Airlines started up a flight to Sofia.

As already mentioned, some carriers/flights were transferred to Fiumicino airport due to the issue of regulations by the Aviation Authorities aimed at reducing usable capacity at Ciampino.

Cargo traffic performance at the airport, arising from the activities of express couriers, registered a decrease of 3.2% compared with 2006.

## Airport fees.

In 2007 revenues from airport fees, amounting to 155.9 million euros, reported an increase of 7.1% compared with 2006.

The two principal components, “landing and take-off fees” and “passenger boarding fees”, registered the following performances:

– landing and take-off fees: the increase of 6.7% is essentially due to an increase in movements and aircraft tonnage and a change in traffic mix in favor of the international component;
– passenger boarding fees: total revenues rose by 7.4% due to the growth in passenger levels during 2007 (up 9.2%), which was partly offset by the effects of reduced revenues deriving from the introduction of new fees on February 1, 2006 and the entry of Romania and Bulgaria into the European Union on January 1, 2007.

## Management of centralized infrastructures.

The management of centralized infrastructures and terminal services, which is carried out directly by the Parent Company, ADR S.p.A., reported revenues, in 2007, of 35.0 million euros, representing an increase of 1.7% compared with 2006.

This performance was due essentially to two factors:

– an increase in revenues of around 0.4 million euros (up 3.2%) from the baggage handling system, due mainly to the rise in passenger levels;
– slightly lower revenues for loading bridges (down 0.9%) due primarily to the reduction in fees for some types of aircraft introduced in the second part of 2006 and the first three months of 2007. This drop was largely offset by improved use of infrastructures, made possible by an increase in movements.

With regards to loading bridge infrastructure, during 2007 the number of flights served totaled 155,129 (up 2.9% on 2006), representing a total number of passengers of 18,122,790 and an increase of 769,090 customers (up 4.4%) compared with 2006, including 506,007 on international flights (up 7.8% on 2006).

The automated baggage handling system (HBS/BHS) processed around 6,353,000 pieces of baggage (up 1.9% on

2006), with the percentage of misdirected pieces of baggage totaling 0.21%.
The percentage of misdirected pieces of baggage registered an increase in the third quarter of 2007 (0.57% compared with 0.12% in the third quarter of 2006) and, consequently, the annual figure of 0.21% for 2007 rose compared with 2006, for which the comparable figure was 0.12%.

This performance was affected by events that occurred as of July 7 when, for technical reasons, it was necessary to use back-up equipment and procedures as it was impossible to use the automated baggage handling system (HBS/BHS). As a result of further technical hitches, as well as congestion in the baggage handling system due to various causes, the events re-occurred in July and, partially, also in August. However, as of August, the initiatives implemented by ADR enabled this trend to be reversed.

## Airport Regulations.

In March 2007 the Management of Ciampino Airport adopted new Airport Regulations for G.B. Pastine airport, as required by the Navigation Code.

Moreover the Airport Regulations for both Ciampino and Fiumicino airports have been modified to include the minimum airport operating requirements regarding the quality of essential airport services as set forth in the Civil Aviation Authority's Circular APT-19. The new Regulations, which were proposed by ADR after prior consultation with the Users' Committee and handlers, were subsequently adopted by the airports' respective Directors (in July 2007 for Ciampino and in August 2007 for Fiumicino).

## Security.

During 2007 the security activities carried out by the Parent Company, ADR S.p.A., (security checks on passengers and carry-on baggage, 100% screening of checked luggage, explosive detection checks, other security services requested and surveillance of the airport system) generated revenues of 64.5 million euros, a 7.2% increase on 2006. This performance resulted from the positive trend in passenger levels and greater demand for services, partially offset by the elimination of checks on transit passengers coming from countries included in the Schengen Agreement, as ordered by the Civil Aviation Authority and in force from March.

## Operational safety.

At Fiumicino and Ciampino airports, operational safety was carried out according to procedure (ISO 9001/2000 certificate), responding to the increase in traffic and the rising number of infrastructures to be checked. In addition, the monitoring of compliance with the requirements of Civil Aviation Authority certification and the correct use of airside infrastructure by handlers continued, with notification of any infringements.

## Real estate management.

### Sub-concessions.

Revenues from retail sub-concessions, deriving from “fees” and “utilities” at Fiumicino and Ciampino airports, amounted to 32.3 million euros, registering a slight increase compared with 2006 (up 2.5%).

Revenues from other sub-concessions at Fiumicino and Ciampino airports amounted to 16.5 million euros, up 6.7% on 2006. This increase derives from: 1) an increase in revenues related to fuel charge and resulting from the positive mix of the “higher amount supplied from oil Company and increase in aircraft tonnage” and “traffic growth”; 2) a decrease in revenues deriving from the calculation of fees on flights served by catering firms; 3) a reduction in revenues deriving from the impact throughout 2007 of the different average occupancy rate of the Hilton Airport Hotel, which was only partially offset by the performance of the Garden Inn Hotel that entered service in December 2006; 4) an increase in revenues from companies operating in the mobility sector (car hire with and without chauffeur, and buses).

## Non-aviation activities.

Non-aviation activities, both directly managed and in sub-concession, registered an increase that was greater than traffic growth in 2006, despite the negative impacts arising from the loss of purchasing power of passengers from US dollars area Countries, the disappearance of the duty-free regime for the latest Countries to join the European Union (Bulgaria and Romania), and the extra time required to process passengers due to more rigorous security checks.

### Direct sales.

Revenues from direct sales totaled 76.5 million euros in 2007, up 19.4% with respect to the previous year and compared with an increase of 8.8% in outgoing passenger traffic. The average passenger spending rose by 9.8% compared with 2006 (up 9.0% at Fiumicino airport and up 15.1% at Ciampino airport).

The steady growth registered in 2007 bears witness to the effectiveness of the development program and efficiency drive launched at the end of 2004, which has enabled increases of 61% in turnover and 28.5% in average passenger spend over the last three years.

The performance registered in 2007 was thanks to the opening of a new shop located on the mezzanine in Terminal A at the end of August 2006, the restructuring of shop 3 in “gate” area B11-B21 concluded in April 2007 and the restructuring and extension of the shop at Ciampino completed in October 2006. Regular targeted promotions in collaboration with major suppliers of “beauty products and alcoholic drinks” and the creation of personalized layouts for key brands also contributed.



Terminal 5

Growth was reported across all product segments, with above average results achieved by “skin care” (up 31.5%), “wines” (up 24.9%) and “confectionary” (up 23.2%).
A program was also launched in 2007 to make the logistics process for reordering systems more efficient and improve the monitoring and disposal of slow-moving products. This led to a reduction of around 30% in total stock weeks at year end.

### Outlets managed by sub-concessionaires.

Royalties from outlets managed by sub-concessionaires totaled 44.5 million euros, up 11.7% (4.6 million euros), with a 1.7% increase in terms of revenues per passenger (“retail” up 0.1% and “food & beverage” up 5.0%).
At Fiumicino airport, 2007 also saw expansion of the range of services offered and replacement of some businesses with outlets that better meet passenger requirements in accordance with strategic development policy. These plans include consolidation of the deluxe segment, introduction of more accessible purchasing opportunities (sportswear and gift items), modernization of retail formats and development of destination merchandising (souvenirs, traditional products and Italian brands), activities aimed at meeting the requirements of a wide variety of customers and raising brand awareness of the Rome Airports Shopping Gallery as a shopping destination.

New shops that opened during the year included certain reputable brands, such as Burberry, Yamamay and Adidas. Dolce&Gabbana joined the highly original travel retail channel, as did brands such as Prada, Etro, Sermoneta and Zara Home in the previous year, thus helping to make shopping at Fiumicino airport an exclusive and distinctive experience.
Development of services designed for the local community as well as passengers continued, with the opening of a laundromat and a florists in the Terminal A arrivals hall and the Morgante delicatessen in the Terminal C arrivals hall.
Fiumicino greatly contributed to the positive results in the “food & beverage” segment, including: restructuring of the MyChef outlet located on the mezzanine at Terminal A, restructuring of the Autogrill outlet with the introduction of a new format at the Satellite and the opening of a Rustichelli (bakery and confectionery) shop located at A Terminal Arrivals, which has been a great success with passengers and airport staff.

The “other royalties” segment reported good performances for baggage wrapping (SecureBag) and the ATA Hotels Business Center, whilst the bureaux de change (Maccorp and Travelex) fell back slightly. Overall, royalties were in line with passenger growth.

Retail outlet sub-concessions at Ciampino airport expanded with the opening of Sasch, a clothing accessories shop.
Regarding relations with major sub-concessionaires, negotiations were initiated at the end of the year with the

extraordinary administration of Cirio Finanziaria aimed at the potential takeover by new operators of the contract relating to the activities carried out by Cisim Food (company in liquidation, declared bankrupt on May 15, 2007), which is the largest "food & beverage" concessionaire at Fiumicino and Ciampino.

During the year a new advertising campaign, created by Armando Testa, was launched with the specific objective of raising brand awareness of the Rome Airports Shopping Gallery in terms of convenience, quality and the distinctively Italian nature of the goods on offer. The new format, restyling of the brand and adoption of the slogan "Discover hundreds of brands and the convenience of airport shopping" were all aimed at emphasizing how airports are becoming an increasingly special venue, where passengers can spend their time browsing through a wide range of prestigious and attractive commercial offerings.

## Advertising.

Revenues from advertising, amounting to 27.5 million euros, were up 5.3% on 2006, deriving mainly from the sale of advertising space at Pier A and B and inside shops directly managed by the Parent Company, ADR S.p.A. (whose turnover amounted to 2.5 million euros in 2007, up 25.2% with respect to the previous year).

## Management of car parks.

Management of car parks generated revenues of 30.5 million euros, representing growth of 7.9%, which breaks down as follows: 8.7% for the passengers' car park segment and 1.4% for the parking facilities used by airport staff.
The rise in the passenger segment benefited from the growth of 19.9% registered at Ciampino airport compared with 2006, which is well above the growth in outgoing passengers (up 8.5%), thanks to the impact over a full year of the increase in the number of metered parking spaces (up 400), which were installed in 2006.

The passenger segment at Fiumicino rose by 7.3%, compared with growth in outgoing passengers of 8.9% and an increase in originating passengers (effective potential market) of 7.8%. The year ended on a decisive upturn compared with 2006, although the average spend for originating passengers was still slightly down on the previous year (down 0.5%), mainly due to competition from off-airport operators and other means of transport (taxi and rail). The reversal of the trend bears out the effectiveness of product development initiatives, such as "leisure covered" and "short stay", and efforts aimed at expanding distribution channels, such online booking, as well as agreements with airlines (Alitalia, Meridiana and Blu-Express), tour operators, business travel agencies and large companies. The effectiveness of these initiatives was demonstrated in December when 43% of long-stay transactions were booked online.

In addition, communication initiatives via the mass media continued, both within and beyond the airport premises, aimed at strengthening marketing and combating off-airport competition.

A substantial upgrading program was launched in 2007 for the Multistory car park aimed at improving the availability of the service and raising the image of the system and the Easy Parking by ADR brand. This program will yield results in 2008 and 2009.

## Information Technology.

During 2007 activities aimed at upgrading and ensuring the reliability of Company application systems and ICT infrastructures were completed, continued and launched.

In particular, works completed during 2007 include the following:

– Business systems and infrastructures:
  - recorded announcements: the first three months of the year saw completion of the new system that automatically manages recorded announcements made in Fiumicino's air terminals. The system can receive requests for announcements via an automatic responder and subsequently manage them;
  - mobile check-in: April 2007 saw expanded coverage of the mobile check-in service equipped with scales and access to the network through WiFi coverage;
  - taxi system: in order to make it possible for ADR S.p.A. to adequately manage taxi coordination services starting from May 1, 2007, a control room was set up, payment points were prepared, and internal ADR S.p.A. personnel were trained in order to ensure the smooth running of activities previously carried out by another operator;
  - information kiosks for employees: May 2007 saw completion of the software development project and related roll-out of three kiosks in air terminal operational areas where security personnel can use their badge to access in-house communications and information on work shifts;
  - porter service via palmtop computer: May 2007 also saw completion of the system to manage the porter service with the automatic issue of vouchers and to program and determine the actual costs of the luggage porter service for handlers, carriers and tour operators;
  - public information: the tender was completed for the contract for the supply and implementation of new monitors to provide information to the public. The roll-out of the equipment is being launched;
  - radio systems: in October 2007 initiatives to upgrade land/air radio communications between air traffic controllers and incoming/outgoing aircraft were completed;
  - AITA system – Ciampino: in October 2007 activities regarding the development and standardization of airport badges at Ciampino and Fiumicino (for persons and vehicles) were completed, thereby ensuring that only magnetic badges are issued;

- commercial car park functions:
  - the White Label function, which integrates ADR's online car park booking function with the respective carriers' websites, went into operation for Alitalia, Meridiana and UVET. The functions are the same as on the adr.it web site, but the airlines' personalized graphics have been added;
  - activities regarding the extension of booking online (BOL) functions and recognition by the parking system of the fidelity cards of the various Companies that might sign commercial agreements with ADR S.p.A. in order to credit points were completed;
  - technical upgrading of the system and creation of a display panel that summarizes the availability of parking spaces and their allocation were completed.

– Management systems:
- treasury system: development of the treasury management and reporting system, for both final and estimated data, was completed in February 2007. This system has been integrated with other administrative areas (general accounting, customers, suppliers), and as of December with the estimation of the due dates of customer and supplier department invoices;
- review of spare parts and labor prices: following the selection of a bid in July 2007 for the maintenance of Alitalia Airport vehicles, work was completed as regards the review of spare parts and labor prices in the contract with ensured monitoring of the related Service Level Agreements;
- industrial accounting: in November 2007 the new industrial accounting system which provides monthly calculations of the profitability of areas of the business and individual ADR S.p.A. services became operational.

– Facility management:
- consolidation of corporate applications on new platforms: work was completed on the transfer of corporate applications from the old to the new technology platforms, which started up after the EDP outsourcing contract was stipulated;
- optimization of the airport's systems: the migration and technological upgrading of the airport system's components via their transfer from obsolete, externally dependent platforms and machinery to a single ADR system (ADBM) were completed.

– Internet:
- adr.it website: in 2007 the new commercial section of the ADR portal was developed and released, including multimedia maps of Fiumicino and Ciampino, with indication of the routes to take to reach gates, and the possibility of searching for shops and special offers at the outlets managed by ADR S.p.A. and all the sub-concessionaires.

# Environmental protection.

## Environmental impact.

During the period, maintenance and development of the Environmental Management System (EMS) at Fiumicino and Ciampino continued according to plan.
Within the scope of training initiatives, scheduled courses were given by ADR's specialized environmental department to managers in the EMS sector, and to all departments concerned by EMS.
EMS monitoring, conducted by ADR's internal environmental auditors, was carried out in accordance with annual planning, and contributed to highlighting areas where systems may be improved.

During the year, two separate air quality monitoring campaigns were carried out at Fiumicino and Ciampino airports respectively.
Sorted waste collection of solid urban waste and other types of material (paper, wood, plastic, glass and garden refuse) was stepped up at Fiumicino airport, with subsequent transfer of the sorted wastes to recycling plants.
ADR's Environmental Report was updated with 2006 data regarding both airports.

The new Development Plan through to 2020, including the related environmental impact study for which the approval process will begin in early 2008, was completed and delivered to the Civil Aviation Authority.

## Noise abatement.

Regarding noise abatement, initiatives to improve the compatibility of airport activities with the environment and the surrounding area continued in 2007.

In particular, two new noise measurement units were acquired for Ciampino, bringing the total to eight in 2008.
At Fiumicino airport a monitoring system went into service with the three units installed in 2006. In addition, upgrading and modernization work continued with the acquisition of seven fixed and three mobile units.

# Quality.

In order to encourage improvements in service quality, for the first time in Italy, the Parent Company, ADR S.p.A., has established "minimum airport standards" for Fiumicino and Ciampino airports. These standards of service provision regard the main airport procedures that all airport operators must guarantee for passengers, except under very exceptional circumstances.
The following indicators and service standards were identified:

| Indicators | Minimum standards per airport | |
|---|---|---|
| | Fiumicino | Ciampino |
| Time for delivery of last bag | 45' for domestic flights<br>50' for European flights<br>60' for flights outside Europe | 45' |
| Waiting time at check-in | 20' for domestic flights<br>40' for European flights<br>50' for flights outside Europe | 40' |
| Waiting time for carry-on baggage security checks | 15' | 20' |
| Waiting time disembarkation of first passenger | 4' | 4' |
| Time to restoring regular operation | Arrivals: within 10' of call for baggage reclaim belt<br>Departures: within 30' of call for check-in belt | Arrival of technician within 10'<br>of call to assess work |
| Delays to departing aircraft | 45' (excluding delay on arrival) | 20' (excluding delay on arrival) |

In its capacity as airport operator, ADR S.p.A. is responsible for checking that these minimum standards are respected and, in case of non-compliance, for notifying the operators concerned and the Civil Aviation Authority regarding the discrepancies noted so that the necessary corrective actions may be implemented.

The level of compliance with the minimum standards is also drawn from the results of the objective checks carried out in accordance with the Quality Policy. Consequently, notifications regarding discrepancies were sent to various operators – 449 at Fiumicino and 142 at Ciampino – equivalent to 4% and 3%, respectively, of the checks carried out at the two airports during the period under consideration.

Checks on service quality continued during 2007 by means of:

- daily surveys of the quality of service provided and perceived at Fiumicino and Ciampino were conducted, with a total of more than 700,000 objective checks and around 11,000 questionnaires completed by passengers;
- the benchmark, based on participation in the Airport Service Quality program, which compares the valuations of passengers at airports around the world, as well as meetings with airport operators in Paris, Amsterdam, Frankfurt, Munich, Milan and Zurich that allow for an exchange of information regarding the quality systems adopted, infrastructures and methods for providing services to passengers.

## Monitoring of quality provided.

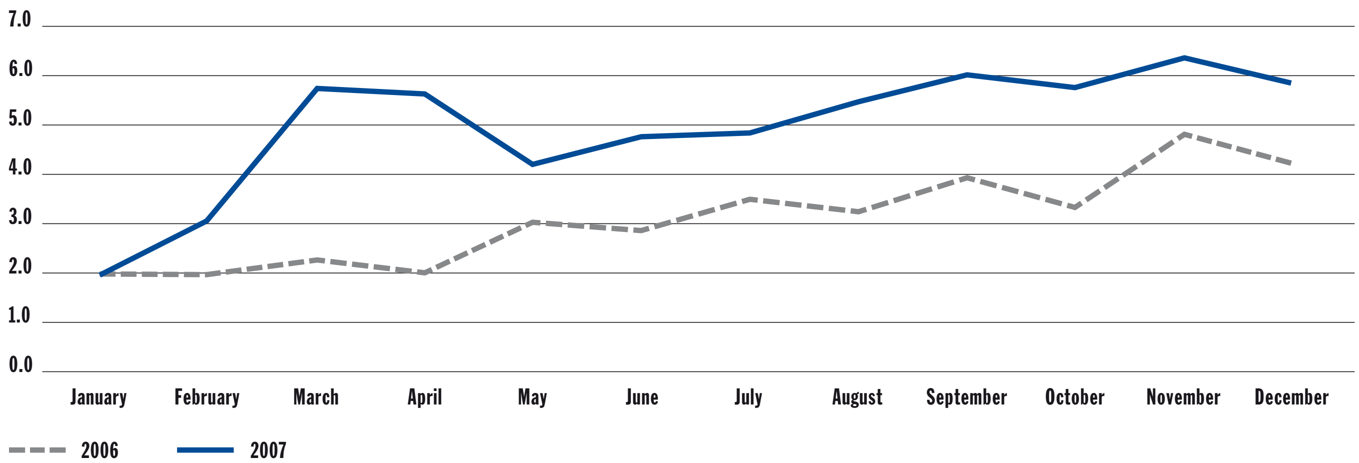
### Fiumicino

Monitoring activities revealed that the level of quality provided to passengers was generally lower than that provided in 2006, except for the check-in service.

In 2007, 88% of passengers underwent waiting times for carry-on baggage security checks of less than 10 minutes, 2 percentage points below the service standard published in the Service Charter (90% of passengers).

Waiting times rose by an annual average of 2 minutes compared with 2006, due to the increased traffic volumes registered, especially in the international segment.

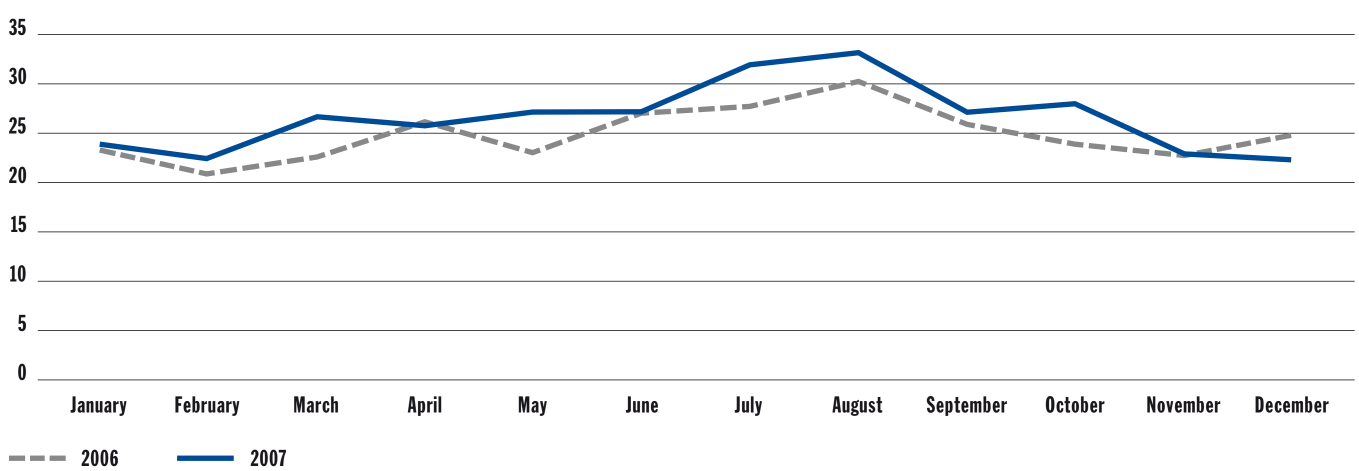
**Average waiting times for carry-on baggage security checks. Comparison between 2007 and 2006 (times expressed in minutes).**




The percentage of flights with baggage reclaim times within the set standards was 83% for the first piece of luggage and 87% for the last (the standard is 90%). The greatest difficulties were reported at Terminal A, where baggage reclaim times were 75% in compliance with standard times (average between the first and the last bag) compared with 86% at Terminal B and 77% at Terminal C.

On average an increase of 2 minutes in baggage reclaim times was registered compared with the service provided in 2006.

**Trend in average times for delivery of last bag. Comparison between 2007 and 2006 (times expressed in minutes).**

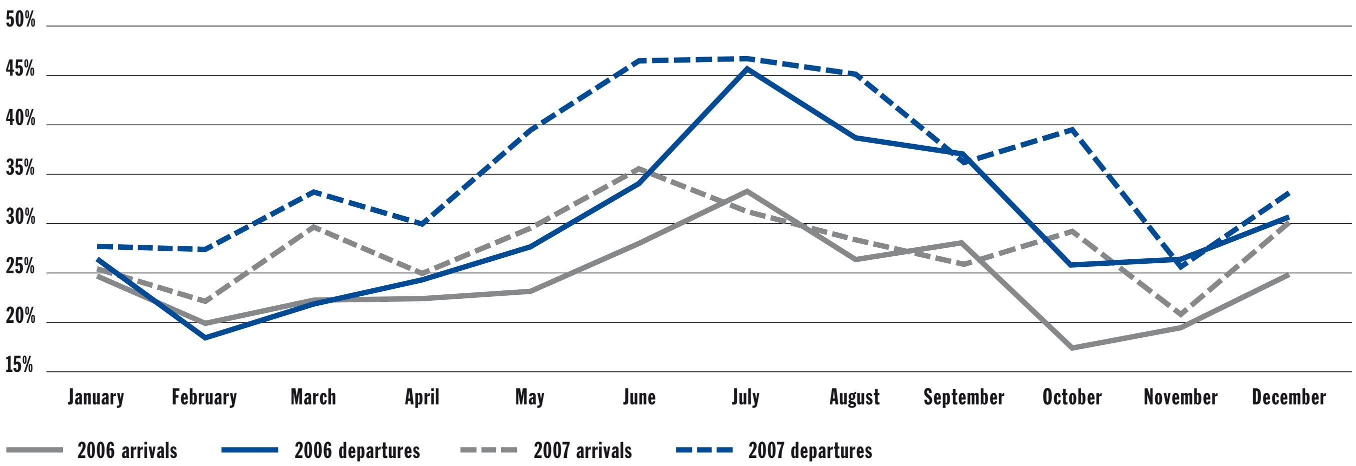



The percentage of outgoing flights with delays of more than 15 minutes was 36%, compared with 30% in 2006, 11 percentage points above the published standard, whilst the percentage of incoming flights with delays of more than 15 minutes was 28% (24% in 2006).

Consequently, the "recovery of airport transit times" (the difference between delays to incoming and outgoing flights with respect to scheduled time) was negative compared with the set value (+1%).

ADR, however, continued to report a positive performance in 2007: 0.3% of outgoing flights were delayed due to unavailability of infrastructures, in full compliance with the standard published in the Service Charter.

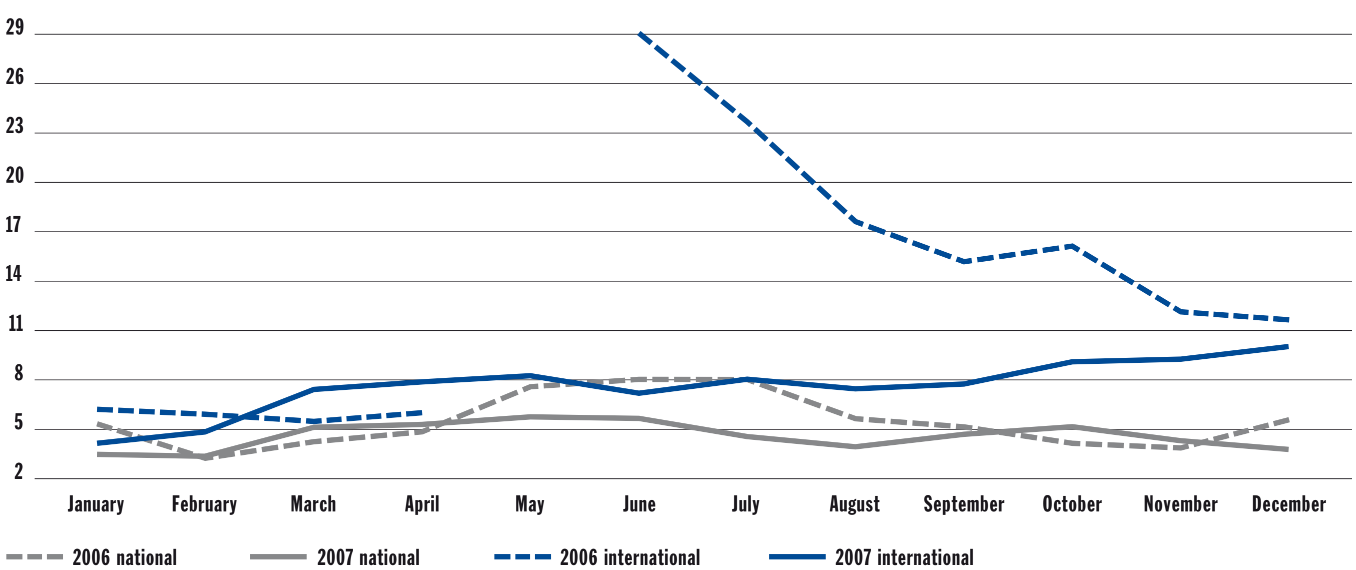
**Comparison between the percentage of delays of more than 15 minutes for incoming and outgoing flights.**




The percentage of passengers who completed check-in operations within the times set in the Service Charter was 90% for domestic flights and 91% for international flights (the standard is 90%).

The service registered substantial improvement with respect to the previous year – 14 percentage points for the former and 36 for the latter. In particular, average check-in times for international flights fell by around 5 minutes.

**Trend in average waiting times in lines at check-in desk. Comparison between 2007 and 2006 (times expressed in minutes).**



Ciampino

At Ciampino airport, quality monitoring activities have shown that:

- carry-on baggage security checks were completed within the set standard time of 9 minutes and 15 seconds in 95% of all cases, five percentage points better than the standard set in the Service Charter and three points up on the service provided in 2006;
- the percentage of outgoing flights with delays of more than 15 minutes was 30%, whilst the percentage of incoming flights with delays of more than 15 minutes was 23%. The airport did not respect either the standard regarding delays to outgoing flights (17%) or that regarding the recovery of airport transit time (1%);
- the percentage of flights with baggage reclaim times within the set Service Charter standards was 83% for the first piece of luggage and 84% for the last; the service improved by one percentage point with respect to 2006, although in both cases it was below the set standard (90%);
- passenger check-in operations were completed within 10 minutes in 37% of cases; the level of service provided was significantly down on 2006 (50%) and on the set standard (90%).

## Monitoring of perceived quality.

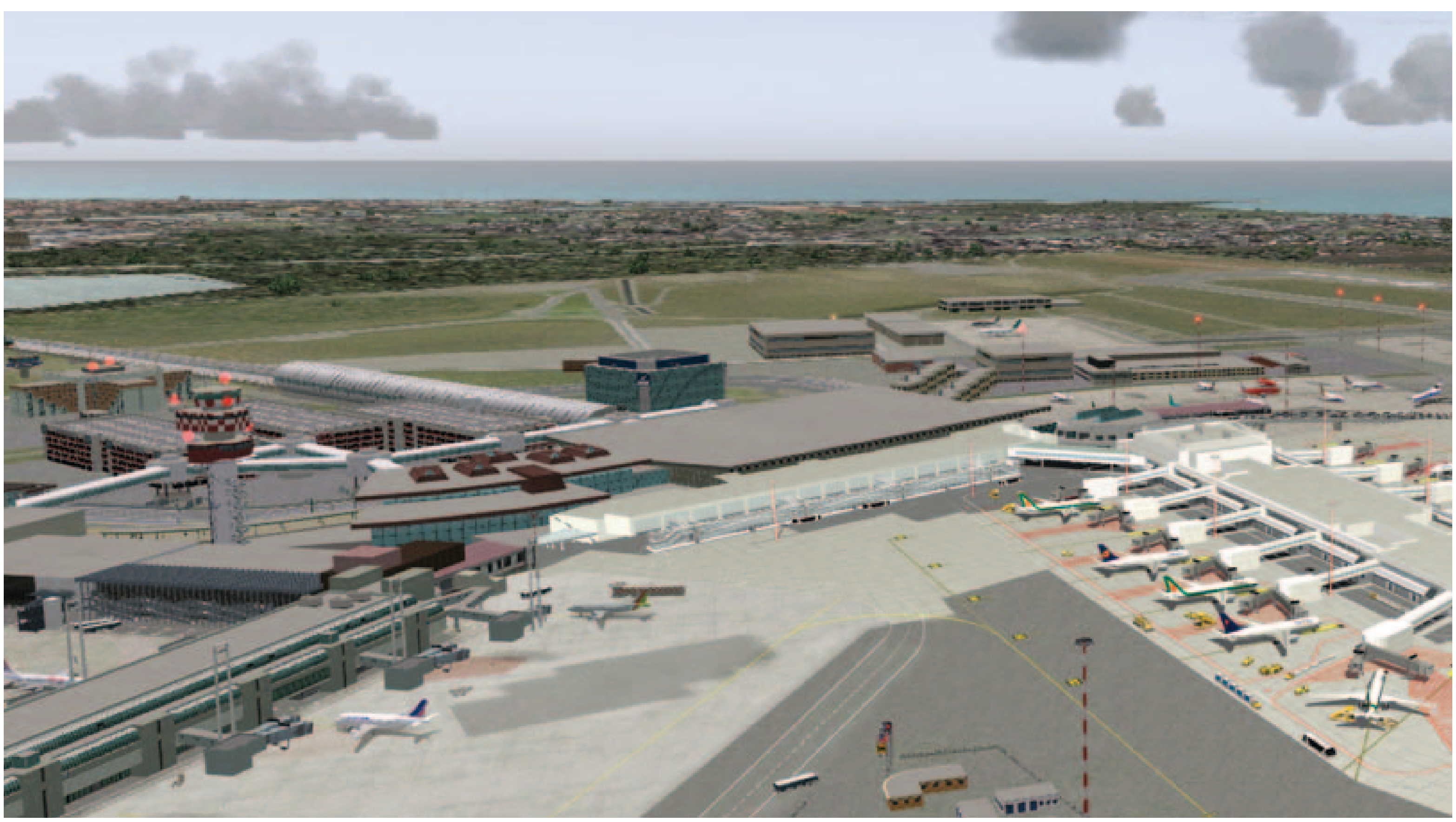
In 2007 Fiumicino airport received an average score of 4.5 from passengers (valuation scale 6 = excellent 1 = poor), which confirms the airport's good image.

As regards air terminals, Terminal A received the highest score of 4.6 compared with the score of 4.5 for Terminal C and the 4.4 for Terminal B. More generally, the judgment on Fiumicino was positively influenced by the score for outgoing flights (4.6 compared with 4.4 for incoming flights).

As regards the classes of service analyzed, retail services received a particularly positive judgment (4.5), whilst waiting times continued to be the airport's biggest problem in terms of service quality (3.8).

Moreover, the surveys made it possible to draw up a profile of passengers at the airport:

- typically, passengers tend to be young, with 47% between the ages of 36 and 55, 42% between 16 and 35 and only 11% over 55;
- 60% are upper-middle class professionals (managers, freelance professionals, office workers, teachers);
- 60% travel for pleasure and 40% travel on business;
- 60% are Italian, with 32% residing in Central regions, 15% in Northern regions and 17% in Southern regions and on the Islands;
- 40% are not Italian, with the majority coming from Europe (22%) and North America (10%);
- 43% have flown at least 7 times in the last year and 40% have been to Fiumicino at least 4 times in the same period;
- of those departing from Fiumicino, 23% arrived by train, 26% by private car and 35% by taxi.

New Pier C and projecting part in the existing terminal complex

According to research carried out by ACI, Fiumicino is judged to be a good airport, also in comparison with other leading European airports. Passengers ranked Fiumicino ahead of Frankfurt, London Heathrow and Paris (Charles de Gaulle and Orly) and behind those airports deemed “excellent” (Zurich, Munich, Amsterdam and Copenhagen).

# Group investment.

During 2007 the ADR Group carried out investment totaling 85,440 thousand euros (57,899 thousand euros in 2006).

### Terminals.

Work on improving the image and retail layout of terminals at Fiumicino continued, with completion of the upgrading of the B11/B21 Area, of civil and plant engineering works at the East Pier, of work to replace carpeting at Pier A/B and of the replacement of flooring at the West Pier, where civil and plant engineering works as well as replacement of flooring in the transit gallery are underway.
Steps to raise comfort levels inside the airport included work on upgrading air conditioning systems at the Domestic, Europe and East Piers. Upgrading works will continue in 2008, involving the technological station that serves Terminal C and the distribution systems for Terminals A and B.

During the year the restrooms were upgraded in the departure and transit areas of Terminal C, and in the remote A23-A27 boarding area of the Domestic Pier. Upgrading works were also started on the restrooms of Terminal C (quota 10.00) and those in the basement of the Domestic Pier. The restructuring of restrooms and general upgrading works on flooring, false ceilings and fittings will continue in the Terminals in 2008.
The following works will be completed by June 2008:
– extension of the Terminal B/C baggage reclaim area;
– construction of Terminal 5 for sensitive flights in the former ADR cargo building.

As part of the program to improve and rationalize the airport’s sign system, work on the portion relating to access to Terminal AA has been completed ahead of schedule. Work on the external and internal parts is underway.
As regards handling and security checks on checked luggage, the new BHS linking Alitalia’s check-in island in Terminal A with the new building previously used only for transit is now operational. As a result, airlines now enjoy an abundance of systems and greater flexibility in the use of resources. Moreover, the new control room for baggage security personnel working in Terminals B and C has been opened.
Work began on building a back-up system for the HBS/BHS at Terminal B, which is expected to be completed in

2008. A second back-up system for the HBS/BHS at Terminal C and a new building for handling and screening transit baggage, called Kilo3, will also enter service in 2008.

During the early months of 2008 the baggage handling and screening equipment in the North X-Ray Screening building used for Alitalia baggage in transit will be replaced. This will also mark the completion of the project to replace conventional x-ray machines with EDS (Explosive Detection System) equipment, namely automatic detectors of explosive materials in compliance with the National Security Plan.
As regards the infrastructure Development Plan that aims to increase Terminal capacity, the executive design phase and related validation for Pier C have been completed; the works will be delivered by March 2008 following approval of the project by the Civil Aviation Authority.

At Ciampino airport, the enlarged terminal is now open to the public and the new baggage control system is operational, allowing for a substantial improvement in the level of service offered.

### Infrastructures and buildings.

Upgrading of the perimeter of the customs area to meet standards set in the National Security Plan has been completed with the fencing of the perimeter area. The contract has also been assigned for the construction of a new portion of the road running parallel to runway 2, near the fencing.

The GOS system that automatically clocks and invoices aircraft parking times has entered service. The fueling station was restructured, including replacement of the fuel pumps and tanks.

Construction of the new co-generation (tri-generation) plant is in progress and should be completed by the end of 2008. Via this new self-production system, the airport will have its own independent source of electric power.
Construction of the new Epua 2 office building is underway and is scheduled for completion by the end of the summer of 2008.

As to the agreement between ADR and Alitalia to move the airline's cargo activity to the Cargo City, the Parent Company's technical department launched a project to convert Cargo AZ to a HBS/BHS specifically for flights at Terminal A, whilst plans are being drawn up to organize the cargo warehouse so that it can house AZ's activities. The creation of this new BHS in the AZ cargo area is especially important as, starting from 2010, this new HBS/BHS will work alongside the existing one, thereby greatly improving the related service.
Finally, the period saw completion of the feasibility study, partially financed by the European Community, regarding the use of an automated train to connect different areas of the airport.

**Runways and aprons.**

Widening of the Bravo taxiway at the future Pier C in the Northern sector was completed. In addition, work was completed as regards the construction of new aprons in the South-Eastern area and the area devoted to ramp vehicle parking was also expanded.

Works have also been completed on runway no. 3 regarding: the land alongside the runway constituting the safety strip; paving activities to fully meet transversal slope regulations; upgrading of the runway's luminous strips and the touchdown lights at the two runway heads so that the runway and related infrastructure are also operational in conditions of low visibility (ICAO's Cat. III). AVL signs using the latest LED technology have been installed on all of runway no. 3's connecting runways.

Work is currently being completed relating to the upgrading of the BA connecting runway, utilized by aircraft taking off from runway 2. This runway is especially subject to heat and chemicals emitted by aircraft waiting to take off. The related works should be completed by the end of January 2008. Works regarding the structural upgrading of the Alfa taxiway's pavement, as well as the upgrading of the BRAVO taxiway in the section between the PAPA connecting runway and the BRAVO ALFA 1 bay to facilitate take off in Cat. III low visibility conditions, have also been completed.

The first phase of the Pavement Management System (PMS) for runways and taxiways has almost been completed. Afterwards, it will be possible to determine the residual useful life of the pavement and to draw up the best program for future maintenance works.

Work is in progress on runway 1 and the ALFA taxiway between the AC and AF connecting runways. This work involves the structural upgrading of the runway pavement, of the taxiway and the related connecting runways, upgrading of the strip, construction of two new fast exits for landings from the South, thereby increasing the runway's capacity for such landings, and implementation of the luminous sign system for operations carried out in conditions of low visibility for all infrastructure connected to the runway. Plans are also on the drawing board to enlarge the anti-dust strips for the taxiway and connecting runways so that runway 1 is capable of handling new generation class F aircraft (A 380s).

Work regarding the reconstruction and upgrading of the horizontal sign system for Fiumicino's three runways, so that it is in accordance with the Civil Aviation Authority's related Regulations, has been completed.

As regards to Ciampino, work on upgrading the area in front of the hangar is in progress, with completion expected by May 2008.

# Research and development.

The ADR Group did not carry out any research and development activities in 2007.

# Group personnel.

The headcount as of December 31, 2007, including staff on temporary contracts, was 2,321 broken down as follows:

| Category | 12.31.2007 | 12.31.2006 | Δ |
|---|---|---|---|
| **Managers** | 57 | 55 | 2 |
| **Supervisors** | 210 | 190 | 20 |
| **White-collar** | 1,619 | 1,477 | 142 |
| **Blue-collar** | 435 | 553 | (118) |
| **Total Group** | 2,321 | 2,275 | 46 |
| *including:* | | | |
| *on permanent contracts* | *1,655* | *1,752* | *(97)* |
| *on temporary contracts* | *666* | *523* | *143* |

and broken down by Company as follows:

| Company | 12.31.2007 | | | 12.31.2006 | | | Δ | Δ | Δ |
|---|---|---|---|---|---|---|---|---|---|
| | Perm. contract | Temp. contract | Total | Perm. contract | Temp. contract | Total | Perm. contract | Temp. contract | Total |
| **ADR S.p.A.** | 1,587 | 666 | 2,253 | 1,690 | 521 | 2,211 | (103) | 145 | 42 |
| **ADR Engineering S.p.A.** | 39 | 0 | 39 | 30 | 1 | 31 | 9 | (1) | 8 |
| **ADR Tel S.p.A.** | 18 | 0 | 18 | 21 | 0 | 21 | (3) | 0 | (3) |
| **ADR Advertising S.p.A.** | 11 | 0 | 11 | 11 | 1 | 12 | 0 | (1) | (1) |
| **Total Group** | 1,655 | 666 | 2,321 | 1,752 | 523 | 2,275 | (97) | 143 | 46 |

The significant changes derive from the sale of the cargo business – primarily regarding blue-collar staff (down 118) – which took place in December 2007.

The increase in white-collar staff (up 142) related to new regulations and legislation deriving from amendments to the National Security Plan, traffic growth (around 10.6% in the total number of passengers), which called for greater commitment of resources to operational activities, the opening of new retail outlets and implementation of the customs warehouse.

The Group's headcount rose by a total of 46 with respect to 2006, with a reduction of 97 in the number of staff on permanent contracts and an increase of 143 in the number of staff on temporary contracts, to the long-term benefit of labor costs.

Working hours lost due to absenteeism fell to 8.3% from the 9.0% registered in 2006. Once again in 2007 the Company was committed to exploiting the make-up of lost hours of work, with 93.9% made up by administrative Staff and 61.0% by operational personnel. Overtime as a percentage of workable hours rose to 8.4% from the 6.7% reported in 2006.

## Organizational aspects.

Reorganization took place in 2007 regarding: the Department of General and Legal Affairs and Real Estate and the Department for the Management and Development of Non-aviation Activities, aimed at strengthening the supervision of legal matters and to better respond to business opportunities and procurement policies; the Central Department for Strategic Planning and Business Development in order to develop business potential at international level; and the Department for Airport Systems Development and Technical Services and the Subsidiary, ADR Engineering, regarding reorganization of the process to improve the "planning, design and execution of airport works and infrastructures". The Image and Quality Committees were set up and the roles and responsibilities regarding the quality certification process were defined.

On December 20, 2007 the Board of Directors approved the establishment of the Deputy General Manager's Office for Strategies, Development and Operational Management as of January 1, 2008, with a view to further integrating internal operating processes and guaranteeing alignment with the strategies underlying the Guidelines in the Company's business plan.

During the year the definition and updating of procedures also continued.

## Industrial relations.

2007 saw positive dialog with the Labor Unions on organizational issues, resulting in the signing of agreements that enabled the introduction of greater organizational flexibility in various operating areas, as well as a positive impact in terms of cost reductions via the management of vacations and reduced working hours.

A further example of constructive relations with labor unions was the agreement regarding the use of specific provisions to finance training programs involving all staff.

Moreover, July saw the signing of an agreement governing performance-related bonuses for 2006 which, in application of the agreement signed on April 10, 2006 regarding a review of the criteria used to calculate the bonus, established different amounts for the different areas of business. The new criteria also envisage the payment of bonuses calculated on the basis of specific weightings for temporary staff.

Finally, in December an agreement was signed regarding the sale of the cargo and mail business at Fiumicino airport, including transfer of the staff involved in these activities. Specifically, the corporate transaction entailed the sale by ADR S.p.A. of 100% of its holding in the newly incorporated company, Cargo Merci Fiumicino S.r.l., to Argol S.p.A., an integrated logistics operator. This thus resulted in the spin-off of cargo handling activities as of December 31, 2007, which at that time employed 268 members of staff on permanent and temporary contracts.

## Recruitment and selection activities.

During 2007 selection activities were conducted in order to maintain the pool of temporary staff for ADR S.p.A., entailing the recruitment of 583 handlers, 320 airport staff and 935 security staff.

The Group hired approximately 1,260 staff on temporary contracts (700 white-collar, 557 blue-collar and 3 professional nurses) during the year. Around 107 new university and high school graduates were interviewed to take part in possible Company training programs. Moreover, 62 people were hired on permanent contracts (38 white-collar, 18 blue-collar and 6 supervisors).
For new staff hired for Flightcare Italia S.p.A., in addition to the normal activity for the correct use of the management system for the pool of temporary staff, medical checkups, courses on security and safety and courses for airport workers and for airport operators were provided, amounting to a total of around 417 participants.

During 2007, 2,690 Company badges were issued for new recruits or to replace damaged badges (1,590 for ADR S.p.A. and 1,100 for Flightcare Italia S.p.A.). 280 new badges were issued for the incorporation of the Company, Cargo Merci Fiumicino S.r.l..
Moreover, 930 airport badges were issued (650 for ADR S.p.A. and 250 for Flightcare Italia S.p.A.).

## Training and refresher courses.

During 2007, a total of 19,376 hours of in-company training and refresher courses were provided, including 15,216 for Flightcare Italia S.p.A. and 4,160 for ADR S.p.A. personnel. Training courses were also sold and provided to white-collar and blue-collar staff employed at the airports of Genoa, Catania, Palermo, Ancona and Lamezia.

Regarding the training of Group personnel based on the results of a round of skills evaluations, 4 in-house seminars on creativity, time management, teamwork and problem-solving and decision-making were designed and held for 76 staff. An important in-house seminar entitled “Being a team leader”, aimed at staff with managerial responsibilities, was held for 59 Group managers and supervisors. This initiative benefited from special financing, thus enabling total coverage of the costs incurred.
The seminar was part of a training course on the theme “Communication between team leaders and their teams”,

including three follow-up seminars for 72 middle managers at the beginning of the year, followed by a one-day meeting for 50 Group managers.

Particular attention was also paid to specialized training and refresher courses with the organization and holding of a course on airport regulations and quality, involving a total of 125 staff.

Including participation in external specialized courses and seminars, a total of 422 staff took part in initiatives, equivalent to 3,063 hours of training.

### "Health/Safety at the workplace, Emergency management, Privacy, Corporate social responsibility".

Regarding health and safety at the workplace, the safety documents (ADR Fiumicino/Ciampino and ADR Engineering) were updated. These documents identify occupational risk factors, consequent prevention and protection measures, provisions for the protection of individuals, and instructions regarding health and safety at the workplace. In addition, 11 information leaflets for staff were updated and ongoing training provided.

Moreover, the document that assesses risks for members of staff who are pregnant or mothers and the handbook regarding personal food hygiene practices were updated.

Following the provisions issued by Law no. 123/2007, preparation of safety documents began with contractors and self-employed workers in order to prevent risks of interference caused by contemporaneous work.

Regarding emergency management issues, in addition to ongoing staff training, six fire and anti-terrorism drills were conducted in collaboration with the National Police Force, the Combined Police Force, the Fire Brigade, the Harbor Office of the Port of Fiumicino, the Italian Air Navigation Services Company, the Civil Aviation Authority, First Aid Staff and ADR's Emergency Operations Center, as well as Organizations, companies and handlers operating at the airports.

As regards legislation to protect privacy, the security planning document was drawn up within the prescribed time limit (March 31, 2007). Moreover there is constant contact with all company units to ensure that assignments are updated based on changes in both production processes and the company's organizational setup.

Corporate social responsibility initiatives were launched aimed at encourage the ethical commitment of staff via company volunteer work. Furthermore, the Company is participating in a trial corporate quality certification system regarding equal opportunities for men and women promoted by the Ministry of Employment and Social Policies.

Particular attention was paid to personnel training regarding all the above matters; 15,291 hours of training were provided to 2,701 participants (of whom 50% were from outside Organizations) with an average of 6 hours per person.

# Corporate transactions.

In line with the general strategy of withdrawing from the direct management of non-core businesses, in a meeting held on February 15, 2007, Parent Company ADR S.p.A.'s Board of Directors resolved to take steps in order to spin-off cargo activities. This was implemented via the setting up a separate company that was to take over this part of the business before it could be sold off.

Following conclusion of the sale, at a meeting held on August 2, 2007, on the basis of assessments carried out, the Board of Directors of ADR S.p.A. approved the continuation of negotiations with one of the two Companies that had expressed an interest in acquiring the cargo handling business.

Consequently, on November 6, 2007, Cargo Merci Fiumicino S.r.l. was incorporated. The business purpose of the company, whose share capital of 10,000 euros was fully paid in by ADR S.p.A., is to handle cargo and mail.

The negotiations resulted in acquisition of the Company by Argol S.p.A., an Italian company operating in the integrated logistics sector, and the subsequent disposal of the cargo business.

On December 20, 2007, with effect from 11.59pm on December 31, 2007, the cargo business, primarily consisting of vehicles, accounts receivable and staff, was transferred to Cargo Merci Fiumicino S.r.l.. As a result of this transaction, ADR S.p.A. made a gain of 611 thousand euros.

At the same time, also with effect from 11.59pm on December 31, 2007, a contract was drawn up for the sale to Argol S.p.A. of ADR S.p.A.'s holding in Cargo Merci Fiumicino S.r.l. for a sum of 1,518 thousand euros, thereby realizing a gain of 773 thousand euros during this second phase.
The transaction costs incurred total 708 thousand euros.

During 2007 an important change took place in the shareholder structure of the Parent Company, ADR S.p.A..
On July 18, 2007 the shareholder, Leonardo S.r.l., purchased Macquarie Airports Luxembourg S.A.'s entire holding in ADR S.p.A.. Consequently, Leonardo S.r.l. holds 59,668,245 shares with a par value of 1 euro each, representing 95.761% of the share capital.

Following the merger of the shareholder, Leonardo S.r.l., with Gemina S.p.A., with effect from October 4, 2007 Gemina S.p.A. is now the owner of 59,668,245 ADR S.p.A. shares with a par value of 1 euro each, representing 95.761% of the share capital.

# The ADR Group's financial position and operating results.

| Reclassified consolidated income statement (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| **A. - REVENUES** | **556,616** | **567,279** |
| Capitalized costs and expenses | 5,309 | 4,927 |
| **B. - REVENUES FROM ORDINARY ACTIVITIES** | **561,925** | **572,206** |
| Cost of materials and external services | (187,314) | (167,927) |
| **C. - GROSS MARGIN** | **374,611** | **404,279** |
| Payroll costs | (118,276) | (147,624) |
| **D. - GROSS OPERATING INCOME** | **256,335** | **256,655** |
| Amortization and depreciation | (98,070) | (99,424) |
| Other provisions | (5,524) | (3,844) |
| Provisions for risks and charges | (7,311) | (2,327) |
| Other income (expense), net | (1,085) | (4,957) |
| **E. - OPERATING INCOME** | **144,345** | **146,103** |
| Financial income (expense), net | (78,557) | (113,014) |
| **F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES** | **65,788** | **33,089** |
| Extraordinary income (expense), net | (425) | 60,491 |
| **G. - INCOME BEFORE TAXES** | **65,363** | **93,580** |
| Income taxes for the year | (42,914) | (28,055) |
| Deferred tax assets | (3,531) | (4,481) |
| **H. - NET INCOME FOR THE YEAR** | **18,918** | **61,044** |
| *including:* | | |
| *– Minority interest* | *1,027* | *1,058* |
| ***– Group interest*** | ***17,891*** | ***59,986*** |

In line with the upward trend of recent years, the Roman airport system reported substantial traffic growth in 2007 (passengers up 9.2%; movements up 5.5%).

A comparison between the Group's operating performance in 2007 and 2006 is affected by the consolidation of Flightcare Italia S.p.A. (formerly ADR Handling S.p.A.) during the latter. The company was sold at the end of 2006. Total revenues fell by 1.9%, the net result of a 13% drop in "aviation" revenues that was only partially offset by a 14.1% rise in "non-aviation" revenues.

As regards to the aviation component, the sharp drop in revenues from handling activities (down 63.8 million euros due to the disposal of handling) was offset by the increase in airport fees and security charges, which benefited from the increase in traffic, rising 7.1% and 7.3%, respectively.

Growth in the "non-aviation" segment (up 14.1%) primarily reflected growth in sales by directly managed retail outlets (up 19.4%), which outstripped traffic growth due to a substantial 9.8% increase in average passenger spending.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Revenues from sub-concessions and utilities rose 10.7% thanks to the activities of retail sub-concessionaires, and especially the excellent performance posted by the "food & beverage" segment.
Revenues from the management of car parks and advertising space also registered a good performance compared with 2006, rising 9.2% and 5.3%, respectively.
The consumption of materials and external services rose by 11.5%, primarily due to an increase in the cost of goods for resale, linked to growth in turnover, and in service costs. Specifically, costs linked to external services include new costs incurred by airport operators with effect from January 1, 2007 regarding fire prevention and fire fighting services and a license fee surtax.
Based on the reasons explained in the section "Legal and regulatory context", these expenses, estimated at 9.0 million euros for fire prevention and fire fighting services and at 0.9 million euros for the license fee, were prudently charged to the income statement.
Payroll costs fell by 19.9% compared with 2006 when – as already mentioned – handling activities, which are highly labor intensive, were still consolidated (operated by the former subsidiary, ADR Handling S.p.A.).
Consequently, EBITDA for the year is 256.3 million euros. Compared with 2006, this figure represents a drop in absolute terms of 0.1%, but an improvement in terms of the related margin (up from 45.2% to 46.1%).
EBIT, amounting to 144.3 million euros, registered a decrease of 1.2% due to increased provisions for doubtful accounts and provisions for risks and charges, which were only partly offset by lower amortization and depreciation and a reduction in net sundry expenses.
In comparing pre-tax income with the previous year, it should be taken into account that 2006 included non-recurring financial and extraordinary items.
Net financial expense, amounting to 78.6 million euros, dropped sharply (down 34.5 million euros) compared with the previous year, which was negatively affected by the cost of 27.4 million euros deriving from the realignment of fixed rate hedges with market rates, with the related payments made to counterparties in December 2006. Even with the exclusion of this exceptional item, and also thanks to the effects of the latter, net financial expense fell by 7.1 million euros, despite rising interest rates. This result is in line with the objectives set at the end of 2006 and to be achieved via various initiatives: early repayment of a significant amount of bank borrowings and the realignment of fixed rate hedges with market rates.

Compared with the previous year, however, a decrease was reported in extraordinary items, which in 2006 included the effect of the gain deriving from the sale of the subsidiary, ADR Handling S.p.A. (now Flightcare Italia S.p.A.), amounting to 61.4 million euros, less transaction costs and the price adjustments deemed likely.

The Group thus closed 2007 with net income of 17.9 million euros, compared with the 60.0 million euros reported in the previous year.

| Reclassified consolidated balance sheet (in thousand of euros) | 12.31.2007 | 12.31.2006 | Change |
|---|---|---|---|
| A. - NET FIXED ASSETS | | | |
| Intangible fixed assets (*) | 2,020,140 | 2,050,619 | (30,479) |
| Tangible fixed assets | 137,665 | 122,753 | 14,912 |
| Non-current financial assets | 3,121 | 3,751 | (630) |
| | 2,160,926 | 2,177,123 | (16,197) |
| B. - WORKING CAPITAL | | | |
| Inventory | 19,059 | 21,027 | (1,968) |
| Trade receivables | 149,913 | 128,896 | 21,017 |
| Other assets | 24,463 | 39,265 | (14,802) |
| Trade payables | (148,422) | (126,763) | (21,659) |
| Allowances for risks and charges | (29,637) | (29,350) | (287) |
| Other liabilities | (82,986) | (52,922) | (30,064) |
| | (67,610) | (19,847) | (47,763) |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 2,093,316 | 2,157,276 | (63,960) |
| D. - EMPLOYEE SEVERANCE INDEMNITIES | 37,843 | 41,682 | (3,839) |
| E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D) | 2,055,473 | 2,115,594 | (60,121) |
| financed by: | | | |
| F. - SHAREHOLDERS' EQUITY | | | |
| – Group interest | 731,068 | 763,648 | (32,580) |
| – Minority interest | 1,971 | 1,967 | 4 |
| | 733,039 | 765,615 | (32,576) |
| G. - MEDIUM/LONG-TERM BORROWING | 1,512,519 | 1,512,519 | 0 |
| H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | | |
| – short-term borrowing | 17,471 | 15,895 | 1,576 |
| – cash and current receivables | (207,556) | (178,435) | (29,121) |
| | (190,085) | (162,540) | (27,545) |
| (G+H) | 1,322,434 | 1,349,979 | (27,545) |
| I. - TOTALE AS IN "E" (F+G+H) | 2,055,473 | 2,115,594 | (60,121) |
| *(*) including the value of the concession totaling* | *1,798,853* | *1,848,137* | *(49,284)* |

As of December 31, 2007 the ADR Group's invested capital amounts to 2,055.5 million euros, representing a decrease of 60.1 million euros compared with the end of the previous year.

This change was due to a decline in fixed assets (down 16.2 million euros), due to amortization and depreciation, which exceeded investments carried out during the period, and, more significantly, to the effect of a reduction in working capital, amounting to 47.8 million euros.

The reduction in working capital derives from several components, in particular an increase in trade payables (up 21.7 million euros), primarily due to increased investment carried out towards the end of the year; an increase in "other liabilities" (up 30.1 million euros), deriving from amounts due to Gemina S.p.A. for tax consolidation (up 15.0 million euros); a payable relating to charges for fire prevention and fire fighting services (9.0 million euros); and an increase in amounts due for municipal surtax (up 6.0 million euros). "Other assets" also had a positive effect on working capital, registering a decrease of 14.8 million euros, primarily due to a reduction of 11.2 million euros in tax credits.

Trade receivables rose by 21.0 million euros, in part due to increased turnover and in part to a number of overdue items that were subsequently settled.

In terms of funding, there was a 32.6 million euro reduction in shareholders' equity due to the payment of dividends totaling 51.5 million euros, in part offset by net income for the period of 18.9 million euros.

The Group's net debt fell by 27.5 million euros, to stand at 1,322.4 million euros at December 31, 2007. This decrease derives entirely from the short-term component and, in particular, the rise in net liquidity (up 29.1 million euros).

| Consolidated Statement of cash flow (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - NET CASH AND CASH EQUIVALENTS - OPENING BALANCE | 162,540 | 290,260 |
| B. - CASH FLOW FROM (FOR) OPERATING ACTIVITIES | | |
| Net income (loss) for the year | 18,918 | 61,044 |
| Amortization and depreciation | 98,070 | 99,424 |
| (Gains) losses on disposal of fixed assets | (1,437) | (64,964) |
| (Revaluations) write-downs of fixed assets | (13) | (27) |
| Net change in working capital [a] | 47,763 | (27,164) |
| Net change in employee severance indemnities [a] | (3,839) | (2,453) |
| | 159,462 | 65,860 |
| C. - CASH FLOW FROM (FOR) INVESTING ACTIVITIES | | |
| Investment in fixed assets: | | |
| – intangible | (53,500) | (38,828) |
| – tangible | (31,650) | (18,429) |
| – financial | (6) | (438) |
| Proceeds from disposal, or redemption value of fixed assets [b] | 4,733 | 63,109 |
| | (80,423) | 5,414 |
| D. - CASH FLOW FROM (FOR) FINANCING ACTIVITIES | | |
| Repayments of loans | 0 | (127,500) |
| | 0 | (127,500) |
| E. - DIVIDENDS PAID | (51,494) | (71,494) |
| F. - CASH FLOW FOR THE YEAR (B+C+D+E) | 27,545 | (127,720) |
| G. - NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE (A+F) | 190,085 | 162,540 |

*[a] The net change in operating working capital and employee severance indemnities are showed by deducting the effect of the exclusion of Flightcare Italia S.p.A. (former ADR Handling S.p.A.) from the basis of consolidation, amounting respectively to 2,7 million euros and - 17,9 million euros.*

*[b] In 2006, this item includes the sale price (72,5 million euros, before deducting the related costs) of the undertakings in Flightcare Italia S.p.A. (former ADR Handling S.p.A.), after deducting "net cash and cash equivalents" transferred (10,9 million euros).*

The Group's operating cash flow amounted to 159.5 million euros 2007, after the servicing of debt falling due, a sharp increase compared with the previous year.

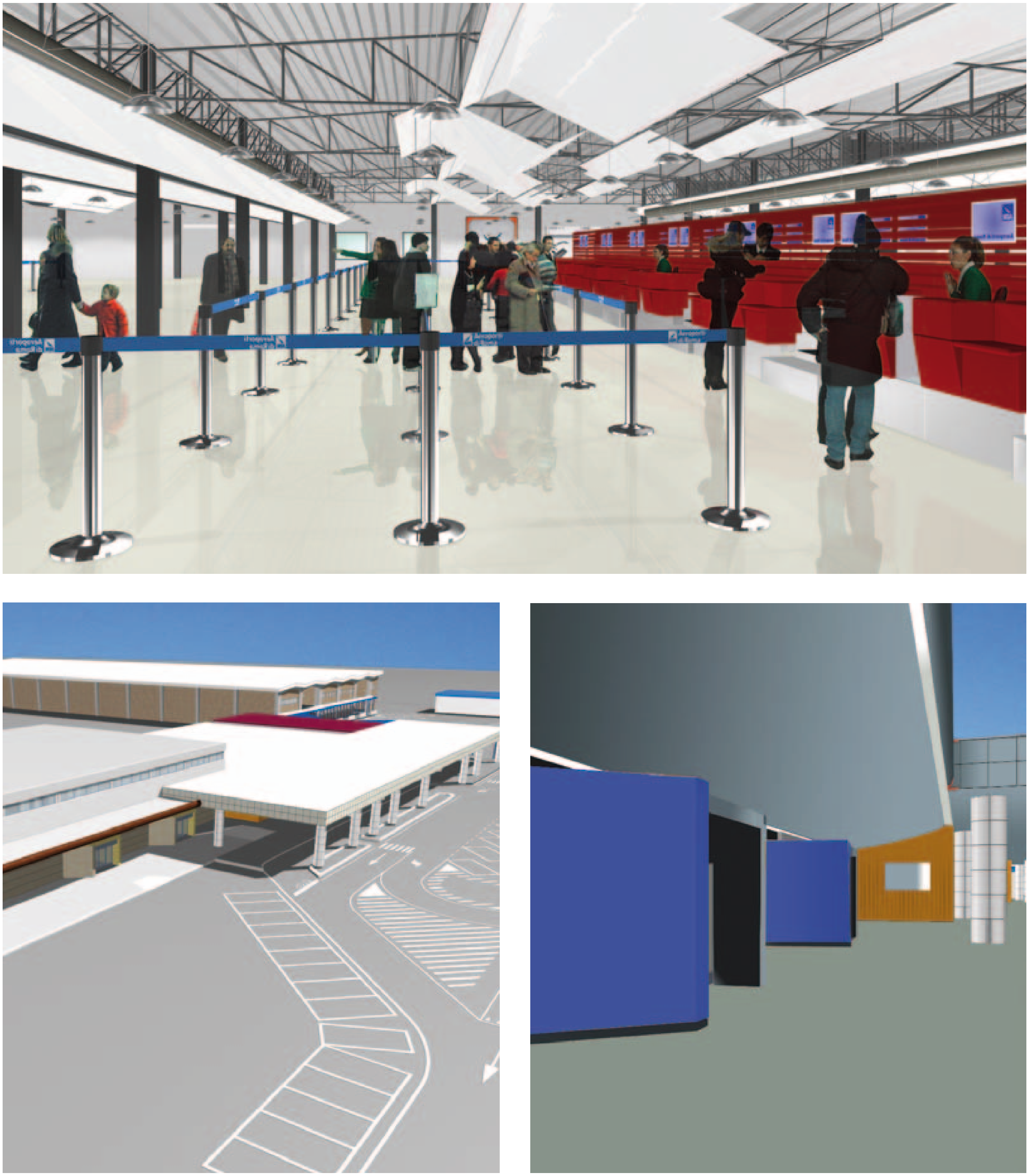
Internally generated resources made it possible to entirely cover the rising net cost of self-financed investments (85.2 million euros, compared with 57.3 million euros in 2006) as well as the payment of dividends amounting to 51.5 million euros.

The remaining cash flow, amounting to 27.5 million euros, increased the Group's net liquidity, which stood at 190.1 million euros at the end of the year.

| Consolidated Analysis of net debt (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - NET FINANCIAL BORROWING - OPENING BALANCE | (1,349,979) | (1,349,759) |
| EBITDA | 256,335 | 256,655 |
| Net change in operating working capital [a] | (2,914) | 9,660 |
| Net change in employee severance indemnities [a] | (3,839) | (2,453) |
| Other income (expense), net | (1,138) | (5,136) |
| Extraordinary income (expense), net | (1,838) | (4,481) |
| Current taxes paid | (16,576) | (44,220) |
| Other assets/liabilities (included allowances for risks and charges) [a] | 7,956 | (31,116) |
| B. - OPERATING CASH FLOW | 237,985 | 178,909 |
| Capex (tangibles, intangibles and financial) | (85,156) | (57,695) |
| Proceeds from disposal, or redemption value of fixed asset [b] | 4,733 | 63,109 |
| C. - FREE CASH FLOW | 157,562 | 184,323 |
| Financial income (expense), net | (78,523) | (113,049) |
| Dividends paid | (51,494) | (71,494) |
| D. - NET CASH FLOW | 27,545 | (220) |
| E. - NET BORROWING - CLOSING BALANCE (A+D) | (1,322,434) | (1,349,979) |

*[a] The net change in operating working capital, employee severance indemnities and other assets/liabilities are showed by deducting the effect of the exclusion of Flightcare Italia S.p.A. (former ADR Handling S.p.A.) from the basis of consolidation.*

*[b] In 2006, this item includes the sale price (72,5 million euros, before deducting the related costs) of the undertakings in Flightcare Italia S.p.A. (former ADR Handling S.p.A.), after deducting "net cash and cash equivalents" transferred (10,9 million euros).*



Terminal 5

# ADR S.p.A. operating review.

## Investment.

*In 2007 the Company continued infrastructure and plant development projects at Fiumicino and Ciampino airports, carrying out works amounting to 86,693 thousand euros (55,695 thousand euros in 2006). For a detailed analysis of the principal works carried out, reference should be made to the section that deals with "Group investment".*

## Research and development.

ADR S.p.A. did not carry out any research and development activities in 2007.

## Personnel.

The headcount as of December 31, 2007, including staff on temporary contracts, was 2,253 broken down as follows:

| Category | 12.31.2007 | 12.31.2006 | Δ |
|---|---|---|---|
| Managers | 50 | 47 | 3 |
| Supervisors | 192 | 172 | 20 |
| White-collar | 1,576 | 1,439 | 137 |
| Blue-collar | 435 | 553 | (118) |
| Total | 2,253 | 2,211 | 42 |
| *including:* | | | |
| *on permanent contracts* | *1,587* | *1,690* | *(103)* |
| *on temporary contracts* | *666* | *521* | *145* |

The significant changes derive from the sale of the Cargo business, primarily regarding blue-collar staff (down 118), which took place in December 2007. The increase in white-collar staff (up 137) related to regulatory and legislative changes deriving from amendments to the National Security Plan, traffic growth (around 10.6% in the total number of passengers) which called for greater commitment of resources to operational activities, the opening of new retail outlets and implementation of the Customs warehouse.

The headcount increased by a total of 42 with respect to 2006, with a reduction of 103 in the number of staff on permanent contracts and an increase of 145 in the number of staff on temporary contracts, to the long-term benefit of labor costs.
For further information reference should be made to the section on “Group personnel”.

# ADR S.p.A.: financial position and operating results.

| ADR S.p.A.: Reclassified income statement (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - REVENUES FROM ORDINARY ACTIVITIES | 549,038 | 512,571 |
| Cost of materials and external services | (183,533) | (161,697) |
| B. - GROSS MARGIN | 365,505 | 350,874 |
| Payroll costs | (112,750) | (103,421) |
| C. - GROSS OPERATING INCOME | 252,755 | 247,453 |
| Amortization and depreciation | (98,093) | (98,205) |
| Other provisions | (5,420) | (3,589) |
| Provisions for risks and charges | (7,301) | (2,120) |
| Other income (expense), net | (1,091) | (5,425) |
| D. - OPERATING INCOME | 140,850 | 138,114 |
| Financial income (expense), net | (77,163) | (111,907) |
| E. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | 63,687 | 26,207 |
| Extraordinary income (expense), net | (660) | 38,485 |
| F. - INCOME BEFORE TAXES | 63,027 | 64,692 |
| Income taxes for the year: | | |
| – current taxes | (40,659) | (23,913) |
| – deferred tax assets (liabilities) | (3,436) | (4,804) |
| | (44,095) | (28,717) |
| G. - NET INCOME (LOSS) FOR THE YEAR | 18,932 | 35,975 |

In line with the performances reported in recent years, 2007 saw traffic growth at the Roman airport system (passengers up 9.2%; movements up 5.5%), which was more than the growth registered at many of Europe’s major airports.

Benefiting from higher traffic volumes, the Company’s revenues grew by 7.1%, of which 5.2% were generated by "aviation" activities and 9.4% by "non-aviation" activities. For a detailed breakdown of "aviation" and "non-aviation" revenue components, reference should be made to the section on "revenues" in the Notes.

In the "aviation" segment, airport fees and earnings deriving from security activities were positively affected by traffic growth, reporting an overall increase of around 7%. Cargo handling revenues, however, fell slightly (down 1.8 million euros).

Growth in the "non-aviation" segment (up 9.4%) primarily reflected growth in sales by directly managed retail outlets (up 19.4%), which outstripped traffic growth due to a substantial 9.8% increase in average passenger spend. Revenues from sub-concessions and utilities rose 7% thanks to the activities of retail sub-concessionaires, which registered an excellent performance in the "food & beverage" segment.
Revenues from the management of car parks also registered a good performance compared with 2006, increasing by 7.9%.

Revenue growth was not fully reflected in a corresponding increase in profit margins, due primarily to a rise of 13.5% in consumption of materials and external services, deriving from increases in the cost of goods for resale, linked to growth in turnover, and in service costs. Specifically, costs linked to external services include new costs incurred by airport operators with effect from January 1, 2007 regarding fire prevention and fire fighting services and a license fee surtax.
These expenses, estimated at 9.0 million euros for fire prevention services and at 0.9 million euros for the license fee, were prudently charged to the Income Statement. For further information, reference should be made to the section "legal and regulatory context" of this Report.

Payroll costs also rose with respect to the previous year (up 9.0%) due to the greater operating capacity required by traffic growth at Fiumicino and Ciampino airports, particularly in connection with the new airport security regulations, the opening of new shops, implementation of the Customs warehouse and implementation of specific services aimed at improving quality standards for staff functions.

Consequently, EBITDA stood at 252.8 million euros, registering an increase in absolute terms of 2.1%, but a decrease of two percentage points in terms of the related margin (46.0% compared with 48.3% in 2006).

EBIT, amounting to 140.9 million euros, registered a similar improvement in absolute terms (up 2.0%), as the improvement in the balance of other income and operating costs was partly offset by an increase in provisions for doubtful accounts and risks and charges.

In comparing pre-tax income with the previous year, it should be take into account that 2006 included non-recurring financial and extraordinary items.

In 2007 net financial expense, amounting to 77.2 million euros, dropped sharply (down 34.7 million euros) compared with the previous year, which was negatively affected by the cost of 27.4 million euros deriving from realignment of fixed rate hedges with market rates, with the related payments made to counterparties in December 2006. Even with the exclusion of this exceptional item, and also thanks to the effects of the latter, net financial expense fell by 7.3 million euros, despite rising interest rates. This result is in line with the objectives set at the end of 2006 and to be achieved via various initiatives: early repayment of a significant amount of bank borrowings and realignment of fixed rate hedges with market rates.

Compared with the previous year, however, a decrease was reported in extraordinary items, which in 2006 included the effect of the gain deriving from the sale of the subsidiary undertaking, ADR Handling S.p.A. (now Flightcare Italia S.p.A.), amounting to 38.8 million euros, less transaction costs and the price adjustments deemed likely.

Pre-tax income was down by only 1.7 million euros, as a result of the compensatory effect of the operating, financial and extraordinary components described above. The Company reports net income of 18.9 million euros, compared with the 36.0 million euros of the previous year.
This substantial decrease derives from the increased tax burden (up 15.4 million euros) with respect to the previous year, which had benefited from a lower tax burden in respect of the component resulting from the sale of the interest in ADR Handling S.p.A..

| ADR S.p.A.: Reclassified balance sheet (in thousand of euros) | 12.31.2007 | 12.31.2006 | Change |
|---|---|---|---|
| A. - NET FIXED ASSETS | | | |
| Intangible fixed assets (*) | 2,056,413 | 2,085,010 | (28,597) |
| Tangible fixed assets | 138,970 | 123,622 | 15,348 |
| Non-current financial assets | 7,394 | 8,019 | (625) |
| | 2,202,777 | 2,216,651 | (13,874) |
| B. - WORKING CAPITAL | | | |
| Inventory | 18,744 | 20,433 | (1,689) |
| Trade receivables | 146,594 | 126,662 | 19,932 |
| Other assets | 21,384 | 37,307 | (15,923) |
| Trade payables | (151,809) | (125,657) | (26,152) |
| Allowances for risks and charges | (29,627) | (29,350) | (277) |
| Other liabilities | (81,033) | (52,600) | (28,433) |
| | (75,747) | (23,205) | (52,542) |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 2,127,030 | 2,193,446 | (66,416) |
| D. - EMPLOYEE SEVERANCE INDEMNITIES | 36,377 | 40,235 | (3,858) |
| E. - INVESTED CAPITAL, minus short-term liabilities and E.S.I. (C-D) | 2,090,653 | 2,153,211 | (62,558) |
| financed by: | | | |
| F. - SHAREHOLDERS' EQUITY | | | |
| Paid-up share capital | 62,310 | 62,310 | 0 |
| Reserves and retained earnings (accumuled losses) | 685,150 | 699,645 | (14,495) |
| Net income (loss) for the year | 18,932 | 35,975 | (17,043) |
| | 766,392 | 797,930 | (31,538) |
| G. - MEDIUM/LONG-TERM BORROWING | 1,512,519 | 1,512,519 | 0 |
| H. - NET SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | | |
| – short-term borrowing | 20,014 | 20,267 | (253) |
| – cash and current receivables | (208,272) | (177,505) | (30,767) |
| | (188,258) | (157,238) | (31,020) |
| (G+H) | 1,324,261 | 1,355,281 | (31,020) |
| I. - TOTALE AS IN "E" (F+G+H) | 2,090,653 | 2,153,211 | (62,558) |
| *(*) including the value of the concession totaling* | *1,828,493* | *1,878,589* | *(50,096)* |

The Company's invested capital decreased by 62.6 million euros in 2007, to stand at 2,090.7 million euros at year end.

This decrease was due to a decline in fixed assets (down 13.9 million euros), in turn due to amortization and depreciation which exceeded investments carried out during the year, and, more significantly, to the effect of a reduction in working capital amounting to 52.5 million euros at the end of 2007.

Several components made a positive contribution to the decrease in working capital, including an increase in trade payables (26.2 million euros), primarily due to increased investment carried out towards the end of the year; an increase in "other liabilities" (up 28.4 million euros) deriving from amounts due to Gemina S.p.A. for tax consolidation (up 14.1 million euros); a payable relating to charges for fire prevention and fire fighting services (9.0 million euros); and an increase in amounts due for municipal surtax (up 6.0 million euros). "Other assets" also had a positive effect on working capital, registering a decrease of 15.9 million euros, primarily due to a reduction of 11.2 million euros in tax credits.

Trade receivables rose by 19.9 million euros, in part due to increased turnover and in part to a number of overdue items that were subsequently settled.

In terms of funding, there was a 31.6 million euro reduction in shareholders' equity due to the payment of dividends totaling 50.5 million euros, in part offset by net income for the period of 18.9 million euros.

Net debt decreased by 31.0 million euros, and stood at 1,324.3 million euros at December 31, 2007. This decrease derives entirely from the short-term component and, in particular, the rise in net liquidity (up 30.8 million euros).

| ADR S.p.A.: Statement of cash flow (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A.- NET CASH AND CASH EQUIVALENTS - OPENING BALANCE | 157,238 | 148,306 |
| B. - CASH FLOW FROM (FOR) OPERATING ACTIVITIES | | |
| Net income (loss) for the year | 18,932 | 35,975 |
| Ammortization and depreciation | 98,093 | 98,205 |
| (Gains) losses on disposal of fixed assets | (1,435) | (42,395) |
| (Revaluations) write-downs of fixed assets | (13) | (27) |
| Net change in working capital | 52,542 | (23,474) |
| Net change in “employee severance indemnities” | (3,857) | (3,221) |
| | 164,262 | 65,063 |
| C. - CASH FLOW FROM (FOR) INVESTING ACTIVITIES | | |
| Investment in fixed assets: | | |
| – intangible | (54,575) | (38,096) |
| – tangible | (31,828) | (16,957) |
| – financial | (750) | (4,792) |
| Proceeds from disposal, or redemption value of fixed assets | 4,382 | 201,624 |
| | (82,771) | 141,779 |
| D. - CASH FLOW FROM (FOR) FINANCING ACTIVITIES | | |
| Repayments of loans | 0 | (127,500) |
| | 0 | (127,500) |
| E. - DIVIDENDS PAID | (50,471) | (70,410) |
| F. - CASH FLOW FOR THE YEAR (B+C+D+E) | 31,020 | 8,932 |
| G. - NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE (A+F) | 188,258 | 157,238 |

The Company’s operating cash flow amounted to 164.3 million euros in 2007, after the servicing of debt falling, compared to a sharp increase compared with the previous year.

Internally generated resources made it possible to entirely cover the rising net cost of self-financed investments (86.4 million euros, compared with 55.0 million euros in 2006) as well as the payment of dividends amounting to 50.5 million euros.

The remaining cash flow, amounting to 31.0 million euros, increased the Company’s net liquidity, which stood at 188.3 million euros at the end of the year.

| ADR S.p.A.: Analysis of net debt (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - NET BORROWING - OPENING BALANCE | (1,355,281) | (1,491,713) |
| EBITDA | 252,755 | 247,453 |
| Net change in operating working capital | 2,489 | 1,281 |
| Net change in employee severance indemnities | (3,858) | (3,221) |
| Other income (expense), net | (1,142) | (5,604) |
| Extraordinary income (expense), net | (2,072) | (3,918) |
| Current taxes paid | (15,473) | (39,482) |
| Other assets/liabilities (included allowances for risks and charges) | 7,547 | (18,488) |
| B. - OPERATING CASH FLOW | 240,246 | 178,021 |
| Capex (tangibles, intangibles and financial) | (87,153) | (59,845) |
| Proceeds from disposal, or redemption value of fixed asset | 4,382 | 201,624 |
| Dividends received | 2,531 | 1,515 |
| C. - FREE CASH FLOW | 160,006 | 321,315 |
| Financial income (expense), net | (78,516) | (114,473) |
| Dividends paid | (50,471) | (70,410) |
| D. - NET CASH FLOW OF THE YEAR | 31,019 | 136,432 |
| E. - NET BORROWING DEBT - CLOSING BALANCE (A+D) | (1,324,262) | (1,355,281) |

# Equity investments.

The characteristics and performance in 2007 of subsidiary undertakings are shown below.

## Investments in subsidiaries.

### Airport Invest B.V.

Airport Invest B.V., a Dutch registered Company wholly owned by ADR S.p.A., was incorporated in 1999 in order to act as a holding company.

In 2005 Airport Invest B.V. disposed of the only asset it held, consisting of the shareholding in the South African Company, ADR IASA Ltd.

The Company plays a part in the ADR Group's international development strategies.

The Company reports net income of 85 thousand euros for 2007 (1,208 thousand euros in 2006), primarily generated by the transfer account held with the Parent Company, ADR. Shareholders' equity amounted to 3,503 thousand euros at December 31, 2007.

The Company has no employees at December 31, 2007.

A summary of this Company's key financial data for 2007 is provided in the annexes to the Financial Statements "Airport Invest B.V.: Reclassified Balance Sheet and Income Statement".

### ADR Engineering S.p.A. - Unipersonale.

The Company operates in the field of airport engineering, i.e. design, works supervision and technical consultancy services, and is wholly owned by ADR S.p.A.. In 2007, it reported net income of 619 thousand euros, an increase of 174 thousand euros on the previous year due to expansion of the business.

Revenues from ordinary activities totaled 8,161 thousand euros, including 2,468 thousand euros from work supervision and 5,693 thousand euros from design, representing a rise of 21.0% compared with 2006. This derived from the increase in works commissioned by the Parent Company, resulting from the step up in infrastructure investment by the latter.

The greater volume of business was reflected in an improvement in EBITDA, which is 1,540 thousand euros, compared with the 759 thousand euros of 2006. EBIT, amounting to 1,419 thousand euros, is slightly up (up 488 thousand euros) due to the deterioration in the balance of other income and operating costs (down 271 thousand euros).

Net income is 619 thousand euros, after taxation of 745 thousand euros.

At December 31, 2007 the headcount numbers 39 (31 in 2006).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A summary of this Company's key financial data for 2007 is provided in the annexes to the Financial Statements "ADR Engineering S.p.A. - Unipersonale: Reclassified Balance Sheet and Income Statement".

## ADR Tel S.p.A.

The purpose of the Company, which is 99% owned by ADR S.p.A. and 1% by ADR Sviluppo S.r.l., is to build, develop and install telecommunications and electronic communications networks and systems, as well as to provide telecommunications and electronic communications services.

The Company reports net income of 564 thousand euros for 2007, after estimated taxation totaling 542 thousand euros, representing a decrease of 118 thousand euros with respect to 2006.

Revenues from ordinary activities, amounting to 9,672 thousand euros, are up 1,061 thousand euros (12.3%) with respect to the previous year. Such earnings derived entirely from the provision of services directly related to its commercial activities (up 15%), whilst capitalized costs and expenses fell by 191 thousand euros compared with 2006. Service revenues in 2007, amounting to 9,591 thousand euros, deriving from ADR Tel's commercial activities, break down into earnings generated by standard services (telephone, internet access, etc.), totaling 6,911 thousand euros (up 641 thousand euros), and revenues generated by specific services provided to the Parent Company, amounting to 2,680 thousand euros (up 611 thousand euros).

In the standard services segment, the above result was achieved by continued marketing of the company's services to customers that operate at Fiumicino and Ciampino airports, including ADR Group Companies. Marketing focused on building up loyalty among the customers acquired in the previous year, increasing the volume of existing services provided (upselling) and/or proposing new services (cross-selling). This has enabled the Company to meet all the needs of its airport-based customers.

Revenues from specific services provided to ADR, amounting to 2,680 thousand euros, were largely generated by infrastructure works commissioned by the Parent Company, which rose by 24% with respect to 2006.

Operating costs of 7,000 thousand euros are up 758 thousand euros compared with 2006 (up 12.1%), including 5,581 thousand euros classified under consumption of raw materials and external services (up 681 thousand euros on 2006), which supported the expansion of the business, and labor costs of 1,419 thousand euros (up 77 thousand euros on 2006).

As a result of the above performance of revenues and operating costs, the Company reports positive EBITDA of 2,672 thousand euros, marking an increase of 303 thousand euros (up 12.8%) compared to the previous year.

The increase in amortization and depreciation (up 336 thousand euros vs. 2006), following the entry into service of investments in progress during previous periods, and the decrease of 69 thousand euros of other net income and

operating expenses, have led to a 7.6% fall in EBIT, which consequently amounts to 1,187 thousand euros.
Investment of 1,238 thousand euros, which was substantially self-financed, was primarily aimed at developing and modernizing the telecommunications infrastructure used within the Roman airport system, with a view to introducing new services and improving existing ones.
At December 31, 2007 the headcount is 18 (21 in 2006).

A summary of this Company's key financial data for 2007 is provided in the Annexes to the Financial Statements under "ADR Tel S.p.A.: Reclassified Balance Sheet and Income Statement".

### ADR Advertising S.p.A.

ADR Advertising S.p.A. was incorporated on January 10, 2003. The Company has ordinary share capital of 500,000 euros, and is 51% owned by ADR S.p.A. and 49% owned by IGPDecaux S.p.A.. The preference shares, totaling 500,000 euros, were wholly subscribed by IGPDecaux S.p.A..
Under the terms of the agreement with ADR S.p.A. dated March 1, 2003, by which the Parent Company has leased its advertising division to the Company, ADR Advertising S.p.A. manages advertising space at the Roman airport system.
This contract, which lasts until December 31, 2011, provides for monthly payments to ADR S.p.A. proportional to ADR Advertising S.p.A.'s revenues, subject to a guaranteed minimum.
The Company reports net income of 1,325 thousand euros for 2007, substantially in line with the previous year (down 42 thousand euros).
Turnover, amounting to 25,172 thousand euros, is up 4.3% on 2006, whilst EBITDA, which stands at 2,782 thousand euros, has registered an increase in the margin of 14.1% thanks to slower growth of operating costs (up 3.2%). EBIT, however, amounting to 2,323 thousand euros, represents a slight fall (down 1.8%), due to the increase in amortization and depreciation and the deterioration in the balance of other income and operating costs.
Net income of 1,325 thousand euros takes account of estimated current tax expense of 969 thousand euros.
At December 31, 2007 the headcount stands at 11 (12 in 2006).

A summary of this Company's key financial data for 2007 is provided in the Annexes to the Financial Statements under "ADR Advertising S.p.A.: Reclassified Balance Sheet and Income Statement".

### ADR Sviluppo S.r.l. - Unipersonale.

ADR Sviluppo S.r.l. - Unipersonale has share capital of 100,000 euros and was incorporated on July 27, 2001. The Company is wholly owned by ADR S.p.A..
The Company's purpose is to promote and develop real estate initiatives for Fiumicino and Ciampino airports, to be

carried out directly or via third parties. To this end, the Company may therefore carry out, or commission, real estate projects regarding the construction of hotels, parking lots, offices and other forms of property in general, where such projects have a role to play in the development of airport activities, and are designed to meet the demands of traffic growth at Fiumicino and Ciampino airports.
During 2007 ADR Sviluppo S.r.l. - Unipersonale did not earn revenues, nor did it have employees, as it has yet to commence operations.
Net income for the year amounts to 5,589 euros (3,500 euros in 2006), thanks to dividends collected (6,480 euro) from the subsidiary, ADR Tel S.p.A.. Shareholders' equity as of December 31, 2007 amounts to 101,223 euros.

A summary of this Company's key financial data for 2007 is provided in the Annexes to the Financial Statements under "ADR Sviluppo S.r.l. - Unipersonale: Reclassified Balance Sheet and Income Statement".

# Investments in other companies.

## Investments in airports.

### Aeroporto di Genova S.p.A.

Aeroporti di Roma S.p.A. holds a 15% holding in the Company that manages Genoa airport. For 2006 (to which the latest approved Financial Statements refer) the Company reports net income of 245 thousand euros, up 209 thousand euros on the previous year.

Passenger traffic rose by 6.5% compared with 2005, in line with the national trend. Amongst other things, this result reflects a series of commercial actions that were implemented in the second half of 2005 aimed at defining a new growth strategy for the Ligurian airport, in line with the revival of tourism and manufacturing in the Region and its main city. Cargo traffic, however, registered a decrease of 8% compared with the previous year.

Passenger traffic growth was not sufficient to neutralize the effects of Law no. 248/2005 (elimination of the night surcharge and reduction of airport fees equivalent to a 75% decrease in the airport license fee).
Revenues amounting to 20,547 thousand euros thus dropped slightly overall (down 1.6%) compared with the previous year. The decrease in the aviation segment (down 2.9%) was offset by the consolidated positive trend in the non-aviation segment (up 2.2%).
EBITDA is up 14% due to a 4.6% reduction in costs which, net of the airport license fee, decreased by 2.7%. The Company's shareholders' equity amounts to 5,136 thousand euros at December 31, 2006.

### S.A.CAL. - Società Aeroportuale Calabrese S.p.A.

ADR S.p.A. owns a 16.57% stake in this Company (equal to 1,657 shares with a par value of 517 euros). In 2006 (to which the latest approved Financial Statements refer) the Company reported a strong rally in traffic growth at Lamezia Terme, the airport managed by the Company, both in terms of passengers (up 16.7% to reach a total of 1,356,998 passengers) and flights (up 6.8%).

Revenues, amounting to 15,266 thousand euros, are up 19% on 2005, whilst EBITDA is 2,360 thousand euros, compared with the 1,500 thousand euros registered in the previous year. The Company reports net income of 801 thousand euros for 2006, up 697 thousand euros on 2005. At December 31, 2006 shareholders' equity amounted to 11,023 thousand euros.

## Investments in other businesses.

ADR S.p.A. also has minority shareholdings in other Companies:

### La Piazza di Spagna S.r.l.

The Company was incorporated on December 17, 2003 with share capital of 100,000 euros, which was 49% subscribed by ADR S.p.A. and 51% by Airport Elite S.r.l., a subsidiary of Save S.p.A..

The Company scope is the refreshment outlets and the sale of newspapers and items regulated by State monopoly legislation, is not yet operative.

During the year ended December 31, 2007, La Piazza di Spagna S.r.l. did not earn revenues, nor did it have employees, as it has yet to commence operations. The Financial Statements report a loss of 2,130 euros (a loss of 1,882 euros in 2006) and shareholders' equity of 90,950 euros as of December 31, 2007.

A summary of this Company's key financial data for 2007 is provided in the Annexes to the Financial Statements under "La Piazza di Spagna S.r.l.: Reclassified Balance Sheet and Income Statement".

### Ligabue Gate Gourmet Roma S.p.A. (insolvent).

The Court of Civitavecchia officially declared Ligabue Gate Gourmet Roma S.p.A. bankrupt on February 1, 2002. A sentence of October 10, 2002 ordered a partial distribution plan whereby 29.6% of preferential claims would be paid. No significant events took place during 2007. The second partial distribution plan is awaited. The equity investment in the Company has been fully written down.

**Alinsurance S.r.l. (in liquidation).**

Since 1991, ADR S.p.A. has held a 6% stake in this Company which operates as an insurance broker. The Company was placed in voluntary liquidation on July 12, 2005.
Closure of the liquidation of the Company is awaited.
In 2006 Alinsurance reported a loss of 266 thousand euros, primarily due to liabilities incurred arising from the closure of relations with the various parties concerned.

The Company's shareholders equity amounted to 1,109 thousand euros at December 31, 2006.

# Notice regarding management and coordination of the company.

With reference to the corporate law reform introduced by article 2497 and subsequent articles of the Italian Civil Code, as of June 30, 2007, the Parent Company, ADR S.p.A., is not subject to "management and coordination" by its shareholder Leonardo S.r.l. which, despite holding a controlling interest pursuant to art. 2359 of the Italian Civil Code, does not exercise influence over the subsidiary undertaking's management strategies and operations.
From August 2, 2007, ADR S.p.A. is subject to "management and coordination" by Gemina S.p.A., which wholly owns Leonardo S.r.l., subsequently merged into Gemina S.p.A..

In turn, with the entry into force of the changes made to the corporate's articles of association, ADR S.p.A. "manages and coordinates" its subsidiary undertakings, ADR Engineering S.p.A. - Unipersonale, ADR Tel S.p.A. and ADR Sviluppo S.r.l. - Unipersonale.

# Relations with parent companies and other related parties.

**Relations with parent companies.**

ADR Group Companies' relations with the Parent Company, Gemina S.p.A., in 2007 primarily refer to participation in the tax consolidation regime:


New Pier C - aircraft parking stands with loading bridges

| Sundry relations between the ADR Group and Gemina S.p.A. | Balances at 12.31.2007 | | 2007 | |
|---|---|---|---|---|
| | Receivables | Payables | Tax Consolidation | |
| | | | Income | Expense |
| ADR S.p.A. | 0 | 14.107 | 0 | 26.563 |
| | 0 | 14.107 | 0 | 26.563 |
| Subsidiary undertakings subject to management and coordination: | | | | |
| – ADR Engineering S.p.A. - Unipersonale | 0 | 508 | 0 | 509 |
| – ADR Tel S.p.A. | 0 | 380 | 0 | 382 |
| | 0 | 888 | 0 | 891 |
| Unconsolidated subsidiary undertakings subject to management and coordination: | | | | |
| – ADR Sviluppo S.r.l. - Unipersonale | 1 | 0 | 0 | 0 |
| | 1 | 0 | 0 | 0 |

The effects on the Balance Sheet and Income Statement in 2007 deriving from participation in the domestic tax consolidation regime, governed by art. 117 *et seq.* of the Consolidated Act, by ADR S.p.A.[8] and the subsidiary undertakings, ADR Engineering S.p.A. - Unipersonale, ADR Tel S.p.A. and ADR Sviluppo S.r.l. - Unipersonale, as consolidated Companies, and by the Parent Company, Gemina S.p.A., as the consolidating Company, were classified under sundry relations.

As the consolidating Company, Gemina S.p.A., submitted the form to the Tax Authorities regarding participation in the domestic tax consolidation regime, exercising the option for the three-year period 2007-2009.

On taxable income transferred to the consolidating Company, Gemina S.p.A., by the consolidated Companies, ADR S.p.A., ADR Engineering S.p.A. - Unipersonale and ADR Tel S.p.A., consolidated taxation of 26,563 thousand euros, 509 thousand euros and 382 thousand euros was recorded, respectively, amounting to a total of 27,454 thousand euros. Regarding tax credits transferred by the consolidated Companies, in addition to the above taxable income, an amount of 14,995 thousand euros due to Gemina S.p.A. was recorded.

*(8) In 2004 ADR S.p.A. (as consolidating company), and the subsidiary undertakings, ADR Engineering S.p.A. - Unipersonale and ADR Tel S.p.A. (as consolidated companies), joined the domestic tax consolidation regime for the three-year period 2004-2006. In 2007 ADR S.p.A. did not renew the previously exercised option, but, given the circumstances, as previously mentioned, joined the tax consolidation regime with the Parent Company, Gemina S.p.A..*

Moreover, ADR S.p.A. entered into minor trading relations with the Parent Company, Gemina S.p.A.:

| Trading relations between the ADR Group and parent companies | Balances at 12.31.2007 | | 2007 | |
|---|---|---|---|---|
| | Receivables | Payables | Revenues | Costs |
| ADR S.p.A. | 0 | 0 | 16 | 75 |
| | 0 | 0 | 16 | 75 |

The expenses paid by ADR S.p.A. to Gemina S.p.A. include the fees paid to Directors of ADR S.p.A., as well as reimbursement of expenses and rentals payable; the revenues relate to the reimbursement of expenses.

## Relations with subsidiary undertakings.

Transactions carried out by ADR S.p.A. with subsidiary undertakings in 2007 refer primarily to the supply of goods, trade and centralized treasury services. All of the transactions were carried out on an arm's length basis.

Trading, financial and other relations between ADR S.p.A. and subsidiary undertakings subject to management and coordination, other subsidiary undertakings and associated undertakings are analyzed below (in thousands of euros).

| Trading relations between ADR S.p.A. and subsidiary and associated undertakings | Balances at 12.31.2007 | | | | 2007 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Receivables | Payables | Guarantees | Commit. | Revenues | | | Costs | | | |
| | | | | | Goods | Services | Other | Goods | Services | Other | Investments |
| **Subsidiary undertakings subject to management and coordination:** | | | | | | | | | | | |
| – ADR Engineering S.p.A. - Unipersonale | 284 | 8,876 | 250 | 3,555 | 6 | 240 | 259 | 0 | 617 | 0 | 8,634 |
| – ADR Tel S.p.A. | 156 | 2,408 | 257 | 771 | 0 | 575 | 91 | 0 | 4,458 | 0 | 1,379 |
| | 440 | 11,284 | 507 | 4,326 | 6 | 815 | 350 | 0 | 5,075 | 0 | 10,013 |
| **Other subsidiary undertakings:** | | | | | | | | | | | |
| – ADR Advertising S.p.A. | 8,508 | 6 | 0 | 0 | 0 | 20,657 | 48 | 0 | 83 | 0 | 0 |
| – Airport Invest B.V. | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| | 8,508 | 6 | 0 | 0 | 0 | 20,657 | 48 | 0 | 83 | 0 | 0 |
| **Associated undertakings:** | | | | | | | | | | | |
| – Ligabue Gate Gourmet Roma S.p.A. (insolvent) | 0 | 968 | 0 | 0 | | | | | | | |
| | 0 | 968 | 0 | 0 | | | | | | | |

The subsidiary undertaking, ADR Engineering S.p.A. - Unipersonale, provides design and works supervision services for works included in the Airport development plan and it was incorporated in 1997 for this reason. Revenues in 2007 for work commissioned by ADR S.p.A. amount to 9,251 thousand euros (5,792 thousand euros in 2006). ADR S.p.A. charged the Company 505 thousand euros (373 thousand euros in 2006) relating to sub-concession fees, utilities, administrative services, etc.

From April 2003 the subsidiary undertaking, ADR Tel S.p.A., has managed telecommunications at the airports of Fiumicino and Ciampino. In 2007 the Company posted revenues from telephony services provided to ADR S.p.A. of 4,458 thousand euros (3,900 thousand euros in 2006) and carried out upgrading works on the telephone network worth 1,379 thousand euros (1,136 thousand euros in 2006). ADR S.p.A. charged the Company an amount of 666 thousand euros (638 thousand euros in 2006) in royalties and rentals on the lease of telecommunications assets and premises, and for utilities and staff services.

From March 1, 2003, the subsidiary undertaking, ADR Advertising S.p.A., has managed advertising at Fiumicino airport on the basis of a contract entered into with ADR S.p.A. and expiring on December 31, 2011.

This contract specifies that a monthly payment based on ADR Advertising S.p.A.'s revenues is to be made to ADR S.p.A., whilst ensuring a guaranteed minimum. The royalties paid to ADR S.p.A. in 2007 amount to 20,311 thousand euros (19,619 thousand euros in 2006). ADR S.p.A. received additional revenues from the Company, totaling 394 thousand euros (409 thousand euros in 2006), as lease rentals and as payment for utilities and various services.

| Financial relations between ADR S.p.A. and subsidiary undertakings | Balances at 12.31.2007 | | | 2007 | |
|---|---|---|---|---|---|
| | Receivables | Payables | Guarantees | Income | Expense |
| **Subsidiary undertakings subject to management and coordination:** | | | | | |
| – ADR Engineering S.p.A. - Unipersonale | 0 | 301 | 0 | 44 | 0 |
| – ADR Tel S.p.A. | 1,352 | 0 | 0 | 83 | 0 |
| | 1,352 | 301 | 0 | 127 | 0 |
| **Other subsidiary undertakings:** | | | | | |
| – Airport Invest B.V. | 0 | 3,342 | 0 | 0 | 136 |
| | 0 | 3,342 | 0 | 0 | 136 |

Financial relations with the subsidiary undertakings, ADR Engineering S.p.A. - Unipersonale, ADR Tel S.p.A. and Airport Invest B.V., regard the centralized treasury system, which is conducted on an arm's length basis. The system has been put into place in order to optimize the management of financial resources and facilitate the settlement of inter-company trading relations.

| Sundry relations between ADR S.p.A. and subsidiary and associated undertakings | Balances at 12.31.2007 | | 2007 |
|---|---|---|---|
| | Receivables | Payables | Dividends |
| **Subsidiary undertakings subject to management and coordination:** | | | |
| – ADR Engineering S.p.A. - Unipersonale | 561 | 0 | 561 |
| – ADR Tel S.p.A. | 523 | 0 | 523 |
| | 1,084 | 0 | 1,084 |
| **Other subsidiary undertakings:** | | | |
| – ADR Advertising S.p.A. | 303 | 0 | 303 |
| | 303 | 0 | 303 |
| **Associated undertakings:** | | | |
| – Ligabue Gate Gourmet Roma S.p.A. (insolvent) | 530 | 0 | 0 |
| – La Piazza di Spagna S.r.l. | 0 | 34 | 0 |
| | 530 | 34 | 0 |

Sundry relations include dividends from subsidiary undertakings, totaling 1,387 thousand euros, deriving from the allocation of net income and approved by the Boards of Directors of the subsidiary undertakings, ADR Engineering S.p.A. - Unipersonale, ADR Tel S.p.A. and ADR Advertising S.p.A..

## Relations with other related parties.

Trading relations with other related parties break down as follows:

| Trading relations between the ADR Group and related parties | Balances at 12.31.2007 | | | 2007 | |
|---|---|---|---|---|---|
| | Receivables | Payables | Guarant. received | Revenues | Costs |
| Sistemi di Energia S.p.A. | 33 | 0 | 1,025 | 28 | 0 |
| Assicurazioni Generali S.p.A. | 0 | 0 | 0 | 0 | 5,342 |
| Key Managers of Gemina S.p.A. | 0 | 32 | 0 | 0 | 46 |
| | 33 | 32 | 1,025 | 28 | 5,388 |

Regarding these relations, the following should be noted:

– Sistemi di Energia S.p.A., an associate undertaking of Gemina S.p.A.: at the beginning of 2007, following a series of suspensive conditions, the business cooperation agreement signed on December 22, 2005 between the Parent Company, ADR S.p.A., and the Company came into effect. This agreement relates to the construction by Sistemi di Energia S.p.A. – at its own expense – of a gas-fired co-generation plant (for the production of electric and thermal energy), to be operated by a Consortium comprising ADR S.p.A. and Sistemi di Energia S.p.A., with respective stakes of 10% and 90%. Subsequently, investment in the Company could also be promoted among other airport operators.
  On April 16, 2007, ADR S.p.A. delivered the State-owned land on which the power plant will be built to Sistemi di Energia S.p.A.. Construction has commenced.
  The application of this agreement had the following effects on the financial statements:
  - ADR S.p.A. has granted the land where the power station is to be built to Sistemi di Energia S.p.A. in sub-concession. The sub-concession will only generate revenues for ADR S.p.A. after the power station enters service;
  - ADR S.p.A. has charged the Company expenses incurred on its behalf amounting to 28 thousand euros;
  - in accordance with the agreement, Sistemi di Energia S.p.A. has issued ADR S.p.A. with a performance bond of 1,025 thousand euros to guarantee its obligations to build the power plant.
– Assicurazioni Generali S.p.A. (a Company that holds a sufficient interest in Gemina S.p.A. to have a significant influence on the latter): the ADR Group has taken out its principal insurance policies with this insurance group.
– Key managers of Gemina S.p.A.: Guido Angiolini, Alessandro Grimaldi, Clemente Rebecchini and Paolo Roverato are members of the Board of Directors of ADR S.p.A..

ADR S.p.A. also paid expenses of 27 thousand euros to Macquarie Airport Luxembourg S.A., including the fees paid to Directors of ADR S.p.A. and reimbursement of expenses until July 18, 2007, the date on which this Company sold its interest in ADR S.p.A. to Leonardo S.r.l..

Financial relations include those maintained with Mediobanca S.p.A. (a Company that holds a sufficient interest in Gemina S.p.A. to have a significant influence on the latter):

| Financial relations between ADR S.p.A. and related parties | Balances at 12.31.2007 | | | 2007 | |
|---|---|---|---|---|---|
| | Cash and cash equivalents | Receivables | Payables | Financial income | Financial expense |
| Mediobanca S.p.A. | 89,304 | 47,730 | 0 | 6,492 | 1,572 |
| | 89,304 | 47,730 | 0 | 6,492 | 1,572 |

Several relations exist between ADR S.p.A. and Mediobanca S.p.A. in connection with the role played by the latter in current loan contracts:

- "Mandated Lead Arranger" of the long-term lines of credit granted under the "Term Loan Facility" (191,400 thousand euros) and "Revolving Facility" (100,000 euro) provided by a syndicate of banks[9];
- "Security Agent" representing all of ADR S.p.A.'s creditors;
- "Facility Agent" representing the banks within the "Bank Facility Agreement";
- "Administrative Agent" and holding bank for certain ADR current accounts, regulated by loan contracts, of which the following report movements: "Debt Service Account", "Interim Proceeds Account" and "Recoveries Account", of which the balances at December 31, 2007 are shown in the above table. Mediobanca S.p.A. is also the holder of a time deposit called the "Debt Service Reserve Account" for which ADR reports a financial receivable in its financial statements. The related interest due is reported in the item "financial income" in the above table;
- the counterparty in two "Interest Rate Swap" contracts with notional values of 252,000 thousand euros and 156,000 thousand euros; gains and losses on swap spreads are included respectively in the items "financial income" and "financial expense" in the above table.

*(9) The total amount due to the syndicate of banks is reported in the Financial Statements of ADR S.p.A.; the amounts contributed by each bank in the syndicate is not indicated.*

For a description of the guarantees granted by ADR S.p.A., reference should be made to the section on "payables" in the Notes.

# Treasury stock or parent company's shares in the portfolio.

The Group did not hold, directly, or indirectly, any of its own shares or any shares in the Parent Company, either at the end of 2007 or at the end of 2006. In addition, no purchases or sales of its own shares or of shares in the Parent Company took place, either directly or indirectly, during 2007.

# Financial risk management.

The Group uses "Interest Rate Swaps" and "Interest Rate Caps" to hedge interest rate risks.
The hedging policy, drawn up as part of Parent Company ADR S.p.A.'s loan agreements, calls for at least 51% of debt to be protected from the risk of floating interest rates.
In line with this policy, the "Interest Rate Swaps" entered into with Mediobanca, Barclays, UBM, Royal Bank of Scotland and Deutsche Bank in 2001 are still in effect. These swaps are based on notional capital of 864 million euros and mature on October 2, 2009.

On October 1, 2004 "Interest Rate Swaps" were entered into with a number of the above counterparties (Mediobanca, Barclays and Royal Bank of Scotland). The swaps are based on total notional capital of 468 million euros up to March 2008 and 495 million euros up to October 2, 2009. On the basis of the agreements, ADR receives a fixed rate of 3.3% and pays a floating 3-month Euribor rate capped at 6.0%. This transaction enables ADR S.p.A. to balance its exposure to fixed and floating rates (reducing its fixed rate debt from 78% to 59% of the total), bringing it more into line with expected short- to medium-term movements in interest rates and fixing the maximum risk that may be incurred.

On May 16, 2006 the Parent Company, ADR S.p.A., signed two "Interest Rate Collar Forward Start" contracts with Barclays and Royal Bank of Scotland, involving notional capital of 120 million euros each, on the basis of which ADR S.p.A. will receive a floating 3-month Euribor rate and pay a floating 3-month Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.
With the signing of these contracts protection against exposure to interest risk has been extended by an additional three years.

In December 2006, the above fixed "Interest Rate Swaps" with a notional capital of 864 million euros were renegotiated.

The above hedges, already adequate for the purposes of hedging the debt restructured in 2003, involve payment of a fixed rate of 5.075%.

Taking into account the favorable conditions offered by market interest rates and utilizing available liquidity, due also to income deriving from the sale of the subsidiary undertaking Flightcare Italia S.p.A. (formerly ADR Handling S.p.A.), the fixed rate paid by ADR has been realigned with the market rate (3.8910%) up to the original maturity date (2009), against payment of the market value of the related instruments (27.4 million euros). This initiative has allowed for a reduction in the average cost of debt by almost one percentage point for the three-year period 2007-2009.

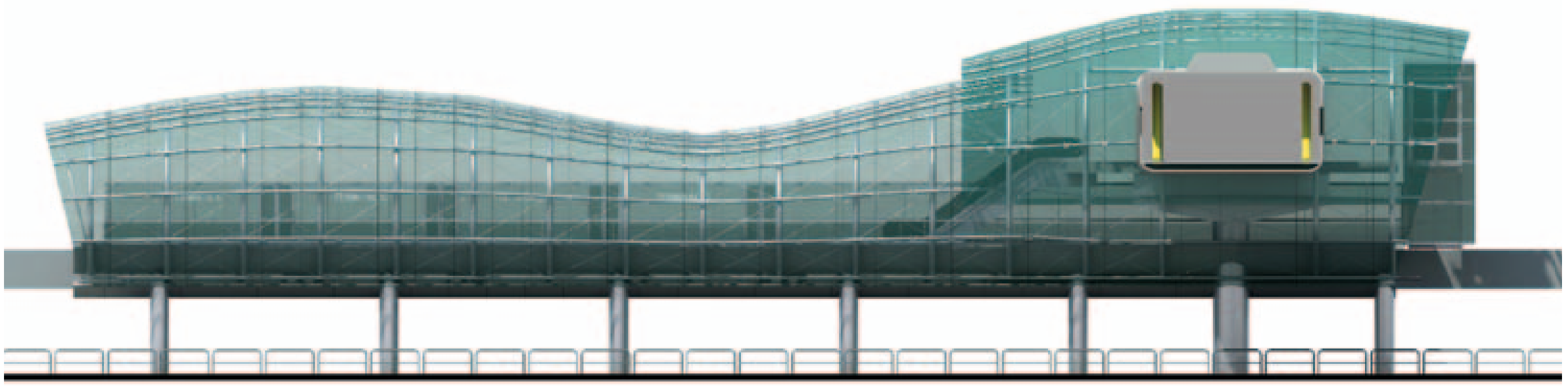
The rating agencies, Moody's and Standard & Poor's both revised the rating given to ADR S.p.A. during the second half of the year.

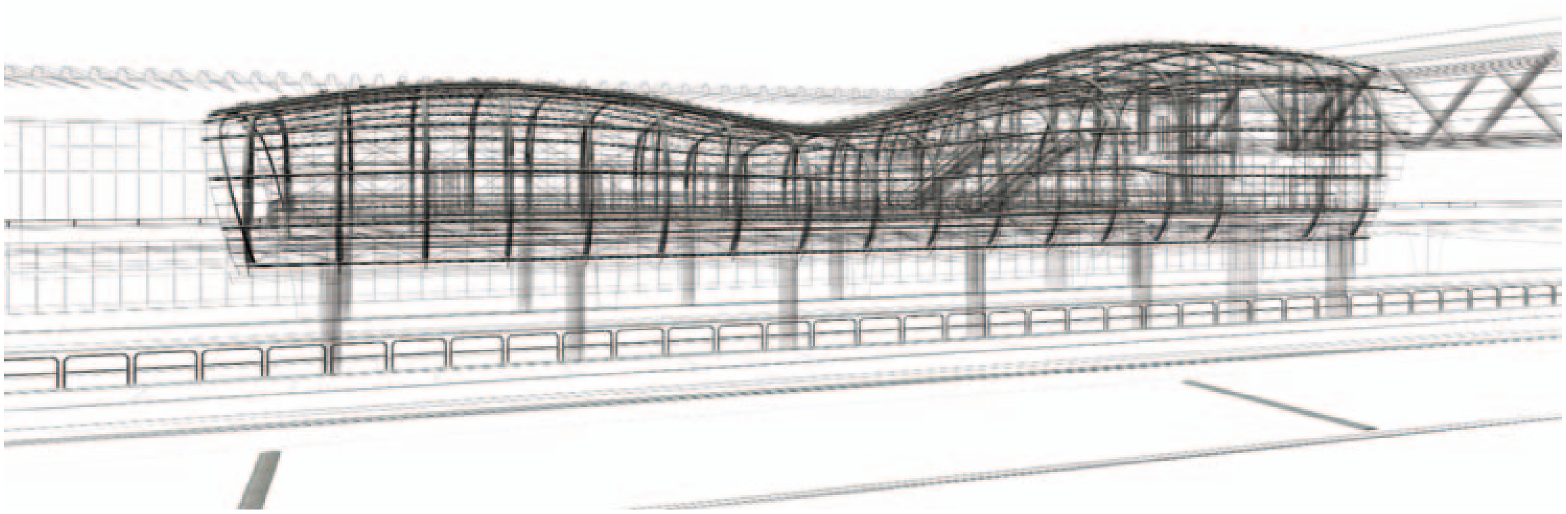
Given the changeable state of financial markets, entailing increased volatility and a perception of substantially increased risk, the potential impact on the ADR Group of the financial effects deriving from reorganization of the shareholder structure with regard to Gemina (taking into account the related hedging) led Moody's to lower the outlook from "positive" to "stable" (Baa3) on June 19. Subsequently, on November 30, Standard & Poor's (BBB) lowered ADR S.p.A.'s rating to BBB- "stable" (formerly BBB "stable") following the "negative watch" that came into effect on June 14. This second development primarily derives from uncertainties regarding the negative effects on cash flow that stem from the lengthy delay in implementing expected rises in fees.

In terms of relations with lenders, the new ratings place ADR S.p.A. under a more restrictive cash flow management regime (the so-called trigger event). Specific consequences derive from this condition, including: a) an obligation to use available cash flow to repay or collateralize repayable and non-repayable debt; b) an embargo on the payment of dividends. Moreover, creditors are granted the right: a) to obtain any information deemed necessary regarding the event; b) to take part in devising a recovery plan and the related implementation time frames; c) to hire an independent expert to take part in drawing up the Business plan containing the measures and remedies designed to restore an acceptable rating.

ADR S.p.A. immediately entered into negotiations with the creditors' committee, especially with the monoline insurance company, which has a majority say in the committee's decisions, in order to define balanced conditions for application of the trigger event, which do not jeopardize the development and future growth of the airport system.

From the outcome of the negotiations, which are still in progress, whilst the obligation not to distribute dividends is still in place, it had been requested from ADR S.p.A. the application of more appropriate precautionary measures to guarantee tighter control of cash flow, without jeopardizing implementation of the Company's investment plan and excluding any form of use of available cash flow to service the debt that is not repayable in advance (cash collateral).





Terminal area stations - front-views

# Subsequent events.

Information regarding trends for traffic components for the Roman airport system, during the period January-February 2008, broken down into segments for Fiumicino and Ciampino, and domestic and international traffic, is provided below:

## Data as of February 29, 2008 and changes with respect to the same period of 2007.

| | Rome System | Fiumicino | Ciampino | National | International |
|---|---|---|---|---|---|
| Movements | 61,139 | 52,041 | 9,098 | 28,141 | 32,998 |
| Δ% vs. PY | +2.4% | +4.6% | -8.6% | -1.3% | +5.8% |
| Mtow | 4,282,077 | 3,826,843 | 455,234 | 1,652,681 | 2,629,396 |
| Δ% vs. PY | +4.2% | +5.7% | -7.4% | +0.9% | +6.3% |
| Total Pax | 5,103,410 | 4,396,597 | 706,813 | 2,038,146 | 3,065,264 |
| Δ% vs. PY | +5.8% | +8.2% | -6.9% | +5.5% | +6.1% |
| Freight (Kg) | 21,558,035 | 18,279,319 | 3,278,716 | 1,357,341 | 20,200,694 |
| Δ% vs. PY | -0.9% | +3.1% | -18.5% | -27.9% | +1.6% |

| | International | Intl' EU | Intl' Extra EU |
|---|---|---|---|
| Movements | 32,998 | 24,457 | 8,541 |
| Δ% vs. PY | +5.8% | +4.7% | +9.2% |
| Mtow | 2,629,396 | 1,610,995 | 1,018,401 |
| Δ% vs. PY | +6.3% | +5.4% | +7.9% |
| Total Pax | 3,065,264 | 2,151,413 | 913,851 |
| Δ% vs. PY | +6.1% | +5.7% | +7.0% |
| Freight (Kg) | 20,200,694 | 6,138,746 | 14,061,948 |
| Δ% vs. PY | +1.6% | -6.2% | +5.5% |

During the first two months of 2008 Fiumicino airport registered an increase in passengers (up 8.2%) and capacity (movements up 4.6% and aircraft tonnage up 5.7%) compared with the same period of 2007.

Traffic at Ciampino airport in the first two months of 2008 registered decreases in passengers (down 6.9%) as well as capacity (movements down 8.6% and aircraft tonnage down 7.4%) due to the transfer of certain carriers and flights to Fiumicino airport. This followed the measures adopted by the aviation authorities with the aim of reducing the airport's capacity.

Overall, the airport system reports growth of 5.8%, in particular in international traffic (up 6.1%) to both EU countries (up 5.7%) and outside the EU (up 7.0%).

On January 7, 2008 the Civil Aviation Authority posted on its website the final version of the Guidelines that apply CIPE Directive no. 38/2007 and related annexes, revised following the comments made by NARS on December 12, 2007. The Guidelines were then sent to the Ministry of Transport for subsequent approval procedures, which will be granted in agreement with the Ministry of the Economy, in accordance with CIPE Resolution no. 38/2007.

In line with the strategy designed to restore adequate ratings, on February 4, 2008 the Parent Company, ADR S.p.A., notified the "Security Agent", Mediobanca S.p.A., of its irrevocable intention to effect voluntary early repayment of the line of credit granted by Romulus Finance S.r.l., called "Loan B" and amounting to 65.0 million euros, on March 20, 2008.

In continuation of the strategy to restore the previous ratings, in addition to repayment of "Loan B" of 65.0 million euros in accordance with the commitment undertaken in February, on March 20, 2008 ADR S.p.A. also partially repaid the "Term Loan Facility" (21.4 million euros) and the line of credit granted by Banca OPI (12.7 million euros).

The Extraordinary General Meeting of Shareholders of the subsidiary, Aeroporto di Genova S.p.A., agreed to increase the Company's share capital from 4,648,140.00 euros to 7,746,900.00 euros via the issue of 6,000 new shares with a par value of 516.46 euros each, to be offered to shareholders in proportion to the number of shares held.

The General Meeting to be held on January 31, 2008 is the deadline for which to exercise the related options and declare the exercise of pre-emption rights in respect of any unexercised options. The same Meeting also to be held on February 28, 2008 is the deadline for which to pay in the residual amounts owned by individual shareholders. ADR's investment is represented by 900 new shares with a total value of 464,814.00 euros.

On January 14, 2008, ADR S.p.A. exercised its option on 900 new shares, with payment by January 31, 2008, pursuant to art. 2439 of the Italian Civil Code, of 25% of the par value (116,203.50 euros), and the remaining amount of 348,610.50 euros to be paid by February 28, 2008.

On January 22, 2008 the Tax Authorities (Rome 7 Revenue Office) began carrying out a general tax audit at ADR Tel S.p.A. in order to check compliance with tax regulations regarding IRES, IRAP and VAT for 2005.
On February 18, 2008, the tax inspectors formally notified the Company that certain declared costs, totaling 394 thousand euros, were non-deductible. The Company reserved its right to formulate any further considerations, comments or exceptions regarding the findings, and to defend itself before all the competent administrative courts and tax commissions.

On February 27, 2008, Decree Law no. 248 of December 31, 2007 (the so-called "Thousand extensions decree"), previously mentioned in the section "legal and regulatory context", was converted into Law no. 31 of February 28, 2008, published in no. 51 of the Official Gazette of February 29, 2008.

On February 29, 2008, ADR S.p.A. was informed by the Civil Aviation Authority that, as the result of an investigation by the latter, the "Certificate for Ciampino airport" had been renewed for a three-year period as of December 1, 2007.

# Outlook for 2008.

2008 will be a decisive year for ADR.

The introduction of the new fees system, which is most likely to take place during the second half of the year, the launch of Alitalia's plan based on a renewed concentration of the carrier at Fiumicino airport, and more generally, an upturn in traffic growth that should confirm the excellent results achieved over the last two years, are the main factors in the development of the ADR Group. With the support of the planned infrastructure works at Rome's two airports, these factors will enable projected revenue and service quality targets to be reached.

Business expansion, however, would not be possible without the contribution of the activities generated by low-cost carriers. Consequently, it is imperative that initiatives aimed at defining the structure of a "regional" airport be launched in the near future. Via unified and coordinated management, this will enable use of an airport that has been designed and tailor-made to meet the specific needs of low-cost carriers.

Only if such requirements are met will it be possible to deal effectively with the expectations relating to the new role given to ADR by the National economic system, against a backdrop characterized by the looming threat of recession in western countries, rising inflation and the ongoing crisis in the money markets. Such a situation has already led the management of various companies to focus on these potentially new critical elements and the related risks to their planned development.

Given the importance at this time of not hampering the progress that has been made in recent years, the Group's investment program will be stepped up even further compared with the previous year and, concurrently, particular attention will be paid to financial management with a gradual shift, as of 2008, towards reducing debt in favor of a swift restoration of higher and more stable ratings for ADR.

# Proposals to the Shareholders' Meeting.

*Dear Shareholders,*

The Financial Statements for the year ended December 31, 2007 report net income of 18,932,492.93 euros. We therefore propose that you approve the Financial Statements for 2007, consisting of the Balance Sheet, Income Statement and Notes, and accompanied by the Management Report on Operations, which report net income of 18,932,492.93 euros, to be allocated to retained earnings.

*Dear Shareholders,*

In a letter dated February 27, 2008, Claudio Sposito has resigned as a Director of the Company with immediate effect.

At a meeting held on March 11, 2008, pursuant to art. 2386 of the Italian Civil Code, the Board of Directors appointed Giovanni Castellucci to replace him. This appointment expires at this General Meeting.

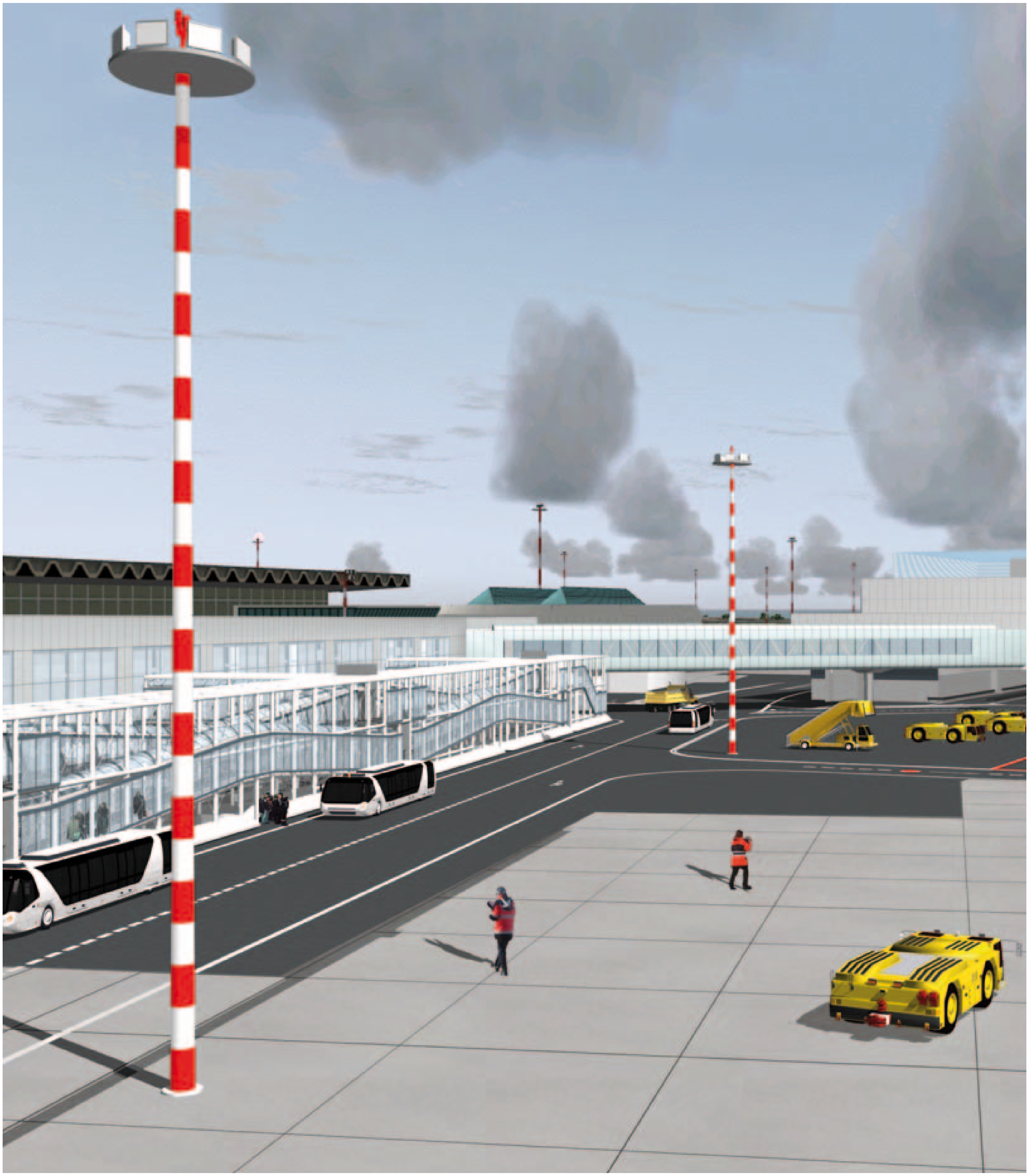
We therefore invite you to appoint a new Director.

*Dear Shareholders,*

The Parent Company, Gemina S.p.A., has notified us that, as part of the agreement entered into at the time of its acquisition of the Macquarie Group's holding in ADR S.p.A., Gemina S.p.A. and Leonardo S.r.l. (now merged into Gemina S.p.A.) made a commitment to the aforementioned Group to make the following proposal to the General Meeting of ADR S.p.A.'s Shareholders: to release from liability, up to the maximum extent permitted by law, the Directors appointed by the aforementioned Macquarie Group in respect of actions, events and omissions for which the latter were responsible until July 18, 2007, with the exception of any instances of fraud or gross negligence.

We therefore invite you to approve this proposal.

The Board of Directors



View of enlargement of existing terminal with the new boarding ramps

# CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2007

Aeroporti di Roma

# Contents


ADR

# CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

as of December 31, 2007 (compared with December 31, 2006) - (Translation from the original issued in Italian)

| ASSETS (in thousand of euros) | | 12.31.2007 | | | 12.31.2006 | |
|---|---|---|---|---|---|---|
| **UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS** | | | 0 | | | 0 |
| **FIXED ASSETS** | | | | | | |
| Intangible fixed assets: | | | | | | |
| – Incorporation and development costs | | 59 | | | 299 | |
| – Industrial patents and intellectual property rights | | 2,295 | | | 2,524 | |
| – Concessions, licenses, trademarks and similar rights | | 1,802,708 | | | 1,852,075 | |
| – Leasehold improvements in process and advances | | 35,261 | | | 37,671 | |
| – Others | | 179,816 | | | 158,050 | |
| | | | 2,020,139 | | | 2,050,619 |
| Tangible fixed assets: | | | | | | |
| – Land and buildings | | 3,103 | | | 3,301 | |
| – Plant and machinery | | 39,340 | | | 26,524 | |
| – Industrial and commercial equipment | | 1,580 | | | 1,680 | |
| – Fixed assets to be relinquished | | 74,264 | | | 79,974 | |
| – Other assets | | 4,287 | | | 4,598 | |
| – Work in progress and advances | | 15,091 | | | 6,676 | |
| | | | 137,665 | | | 122,753 |
| Non-current financial assets: | | | | | | |
| – Equity investments in: | | | | | | |
| - unconsolidated subsidiary undertakings | 100 | | | 100 | | |
| - associated undertakings | 49 | | | 49 | | |
| - other companies | 2,253 | | | 2,253 | | |
| | | 2,402 | | | 2,402 | |
| – Receivables due from others: | | | | | | |
| · within 12 months | 3 | | | 3 | | |
| · beyond 12 months | 716 | | | 1,346 | | |
| | | 719 | | | 1,349 | |
| | | | 3,121 | | | 3,751 |
| Total fixed assets | | | 2,160,925 | | | 2,177,123 |
| **CURRENT ASSETS** | | | | | | |
| Inventory: | | | | | | |
| – Raw, ancillary and consumable materials | | 2,817 | | | 2,853 | |
| – Contract work in progress | | 7,831 | | | 7,814 | |
| – Finished goods and goods for resale: | | | | | | |
| - goods for resale | 8,298 | | | 10,353 | | |
| | | 8,298 | | | 10,353 | |
| – Advances | | 113 | | | 7 | |
| | | | 19,059 | | | 21,027 |
| Receivables: | | | | | | |
| – Due from clients | | 149,913 | | | 128,867 | |
| – Due from associated undertakings | | 530 | | | 530 | |
| – Due from parent companies | | 0 | | | 29 | |
| – Due from tax authorities | | 2,513 | | | 13,541 | |
| – Deferred tax assets | | 14,408 | | | 18,002 | |
| – Due from others: | | | | | | |
| - various: | | | | | | |
| · within 12 months | 51,605 | | | 52,318 | | |
| - advances to suppliers for services to be rendered | 38 | | | 33 | | |
| | | 51,643 | | | 52,351 | |
| | | | 219,007 | | | 213,320 |
| Marketable securities | | | 0 | | | 0 |
| Cash on hand and in banks: | | | | | | |
| – Bank and post office deposits | | 158,024 | | | 128,254 | |
| – Checks | | 0 | | | 1 | |
| – Cash and notes in hand | | 1,146 | | | 1,216 | |
| | | | 159,170 | | | 129,471 |
| Total current assets | | | 397,236 | | | 363,818 |
| **ACCRUED INCOME AND PREPAID EXPENSES** | | | | | | |
| Accrued income and other prepaid expenses | | | 3,756 | | | 3,805 |
| **TOTAL ASSETS** | | | 2,561,917 | | | 2,544,746 |

## CONSOLIDATED BALANCE SHEET - ADR GROUP

as of December 31, 2007 (compared with December 31, 2006) - (Translation from the original issued in Italian)

| LIABILITIES AND SHAREHOLDERS' EQUITY (in thousand of euros) | | 12.31.2007 | | | 12.31.2006 | |
|---|---|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | | | | |
| Share capital: | | | | | | |
| – Ordinary shares | | 62,310 | | | 62,310 | |
| Share premium reserve | | 667,389 | | | 667,389 | |
| Revaluation reserves | | 0 | | | 0 | |
| Legal reserve | | 12,462 | | | 12,462 | |
| Statutory reserves | | 0 | | | 0 | |
| Reserve for own shares | | 0 | | | 0 | |
| Other reserves | | 0 | | | 0 | |
| Retained earnings (accumulated losses) | | (28,984) | | | (38,499) | |
| Group net income (loss) for the year | | 17,891 | | | 59,986 | |
| | | | 731,068 | | | 763,648 |
| **MINORITY INTEREST** | | | | | | |
| Share capital, reserves and net income (loss) for the year | | 1,971 | | | 1,967 | |
| | | | 1,971 | | | 1,967 |
| Group and minority interest in consolidated shareholders' equity | | | 733,039 | | | 765,615 |
| **ALLOWANCES FOR RISKS AND CHARGES** | | | | | | |
| Other | | 29,637 | | | 29,350 | |
| Total allowances for risks and charges | | | 29,637 | | | 29,350 |
| **EMPLOYEE SEVERANCE INDEMNITIES** | | | 37,843 | | | 41,682 |
| **PAYABLES** | | | | | | |
| Due to banks: | | | | | | |
| · within 12 months | 7,081 | | | 1,351 | | |
| · beyond 12 months | 243,250 | | | 247,500 | | |
| | | 250,331 | | | 248,851 | |
| Due to other financial institutions: | | | | | | |
| · within 12 months | 14,640 | | | 14,376 | | |
| · beyond 12 months | 1,265,019 | | | 1,265,019 | | |
| | | 1,279,659 | | | 1,279,395 | |
| Advances: | | | | | | |
| – From clients: | | | | | | |
| - from the Ministry of Transport: | | | | | | |
| · within 12 months | 278 | | | 278 | | |
| · beyond 12 months | 4,770 | | | 4,770 | | |
| - other | 4,534 | | | 3,714 | | |
| | | 9,582 | | | 8,762 | |
| Due to suppliers: | | | | | | |
| · within 12 months | 134,038 | | | 113,896 | | |
| · beyond 12 months | 3,833 | | | 2,960 | | |
| | | 137,871 | | | 116,856 | |
| Due to associated undertakings: | | | | | | |
| · within 12 months | 1,003 | | | 1,003 | | |
| | | 1,003 | | | 1,003 | |
| Due to parent companies: | | | | | | |
| · within 12 months | 14,995 | | | 176 | | |
| | | 14,995 | | | 176 | |
| Taxes due: | | | | | | |
| · within 12 months | 20,711 | | | 13,458 | | |
| | | 20,711 | | | 13,458 | |
| Due to social security agencies | | 7,036 | | | 5,794 | |
| Other payables: various creditors: | | | | | | |
| · within 12 months | 34,421 | | | 27,402 | | |
| · beyond 12 months | 1,463 | | | 1,025 | | |
| | | 35,884 | | | 28,427 | |
| Total payables | | | 1,757,072 | | | 1,702,722 |
| **ACCRUED EXPENSES AND DEFERRED INCOME** | | | | | | |
| Accrued expenses and other deferred income | | | 4,326 | | | 5,377 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | | 2,561,917 | | | 2,544,746 |

as of December 31, 2007 (compared with December 31, 2006) - (Translation from the original issued in Italian)

| CONSOLIDATED MEMORANDUM ACCOUNTS (in thousand of euros) | 12.31.2007 | | 12.31.2006 | |
|---|---|---|---|---|
| GENERAL GUARANTEES | | | | |
| Sureties | 111 | | 111 | |
| Other | 450 | | 421 | |
| | | 561 | | 532 |
| COLLATERAL GUARANTEES | | 0 | | 0 |
| COMMITMENTS ON PURCHASES AND SALES | | 108,319 | | 81,699 |
| OTHER | | 921,414 | | 919,657 |
| TOTAL CONSOLIDATED MEMORANDUM ACCOUNTS | | 1,030,294 | | 1,001,888 |

## CONSOLIDATED INCOME STATEMENT - ADR GROUP

for the year ended December 31, 2007 (compared with the year ended December 31, 2006) - (Translation from the original issued in Italian)

| CONSOLIDATED INCOME STATEMENT (in thousand of euros) | Year 2007 | | | Year 2006 | | |
|---|---|---|---|---|---|---|
| **TOTAL REVENUES** | | | | | | |
| Revenues from sales and services: | | | | | | |
| – Revenues from sales | 79,889 | | | 65,856 | | |
| – Revenues from services | 476,709 | | | 501,649 | | |
| – Revenues from contract work | 0 | | | 77 | | |
| | | 556,598 | | | 567,582 | |
| Changes in contract work in progress | | 18 | | | (310) | |
| Capitalized costs and expenses | | 5,309 | | | 4,927 | |
| Other income and revenues: | | | | | | |
| – Revenue grants | 0 | | | 7 | | |
| – Profits on disposals | 93 | | | 179 | | |
| – Other | 5,995 | | | 3,592 | | |
| | | 6,088 | | | 3,778 | |
| | | | 568,013 | | | 575,977 |
| **OPERATING COSTS** | | | | | | |
| Raw, ancillary and consumable materials and goods for resale | | 68,547 | | | 64,520 | |
| Services | | 106,958 | | | 96,385 | |
| Leases | | 10,557 | | | 10,110 | |
| Payroll: | | | | | | |
| – Wages and salaries | 85,851 | | | 107,419 | | |
| – Social security | 24,517 | | | 30,922 | | |
| – Employee severance indemnities | 6,726 | | | 8,097 | | |
| – Other | 1,215 | | | 1,244 | | |
| | | 118,309 | | | 147,682 | |
| Depreciation, amortization and write-downs: | | | | | | |
| – Amortization of intangible fixed assets | 82,533 | | | 83,395 | | |
| – Depreciation of tangible fixed assets | 15,537 | | | 16,029 | | |
| – Provisions for doubtful accounts | 5,524 | | | 3,844 | | |
| | | 103,594 | | | 103,268 | |
| Changes in inventories of raw, ancillary and consumable materials and goods for resale | | 2,091 | | | (2,588) | |
| Provisions for risks | | 7,131 | | | 2,298 | |
| Other provisions | | 180 | | | 29 | |
| Sundry operating costs: | | | | | | |
| – Losses on disposals | 40 | | | 0 | | |
| – License fees | 16 | | | 39 | | |
| – Other | 6,245 | | | 8,131 | | |
| | | 6,301 | | | 8,170 | |
| | | | (423,668) | | | (429,874) |
| Operating income | | | 144,345 | | | 146,103 |
| **FINANCIAL INCOME AND EXPENSE** | | | | | | |
| Other financial income: | | | | | | |
| – From long-term receivables: | | | | | | |
| - other | 13 | | | 27 | | |
| – Other: | | | | | | |
| - interest and commissions from others and sundry revenues | 11,243 | | | 8,961 | | |
| | | 11,256 | | | 8,988 | |
| Interest expense and other financial charges: | | | | | | |
| – Interest and commissions to others and sundry charges | 89,912 | | | 122,130 | | |
| | | (89,912) | | | (122,130) | |
| Profits and losses on exchange: | | | | | | |
| – Profits | 114 | | | 172 | | |
| – Losses | 15 | | | 44 | | |
| | | 99 | | | 128 | |
| Total financial income (expense), net | | | (78,557) | | | (113,014) |

| CONSOLIDATED INCOME STATEMENT (in thousand of euros) | | Year 2007 | | | Year 2006 | |
|---|---|---|---|---|---|---|
| ADJUSTMENTS TO FINANCIAL ASSETS | | | 0 | | | 0 |
| EXTRAORDINARY INCOME AND EXPENSE | | | | | | |
| Income: | | | | | | |
| – Gains on disposals | 1,384 | | | 64,785 | | |
| – Other | 617 | | | 890 | | |
| | | 2,001 | | | 65,675 | |
| Expense: | | | | | | |
| – Taxes relating to previous years | 28 | | | 237 | | |
| – Other | 2,398 | | | 4,947 | | |
| | | (2,426) | | | (5,184) | |
| Total extraordinary income (expense), net | | | (425) | | | 60,491 |
| Income before taxes | | | 65,363 | | | 93,580 |
| Income taxes of the year, current, deferred assets (liabilities): | | | | | | |
| – Current | | (42,914) | | | (28,055) | |
| – Deferred tax assets (liabilities) | | (3,531) | | | (4,481) | |
| Total taxes | | | (46,445) | | | (32,536) |
| Net income (loss) for the year | | | 18,918 | | | 61,044 |
| *of which:* | | | | | | |
| *– Minority interest* | | | *1,027* | | | *1,058* |
| *– Parent Company's share* | | | *17,891* | | | *59,986* |

# NOTES

# TO THE CONSOLIDATED

# FINANCIAL STATEMENTS

# General principles.

*(Translation from the original issued in Italian)*

*The Consolidated Financial Statements for the year ended December 31, 2007, prepared in accordance with the Accounting Standards issued by the Italian* Accounting Profession and the Italian Accounting Standards Setter (collectively referred to as Italian GAAP), are comprised of the Consolidated Balance Sheet and Income Statement and the following Notes.

The reporting date for the Consolidated Financial Statements is that of the Financial Statements of the Parent Company, Aeroporti di Roma S.p.A.. The reporting date used in the Financial Statements of subsidiary undertakings used for consolidation purposes is December 31, 2007.

The accounting policies adopted are those required by the relevant legislation, interpreted and integrated by the Accounting Principles established by the Italian Accounting Profession, and are those applied throughout the Group.

The reconciliation of shareholders' equity and net income as of and for the year ended December 31, 2007, as reported in the Financial Statements of Aeroporti di Roma S.p.A., and the related consolidated amounts for the same period is shown in the note to consolidated shareholders' equity.

Amounts shown in the Consolidated Financial Statements are expressed in thousands of euros.

The Balance Sheet data as of December 31, 2007 and the Income Statement for the year then ended are compared to the data for 2006. The Income Statement and Balance Sheet items, preceded by Arabic numerals, showing zero balances across the periods used for comparison are not shown.

# Basis of consolidation.

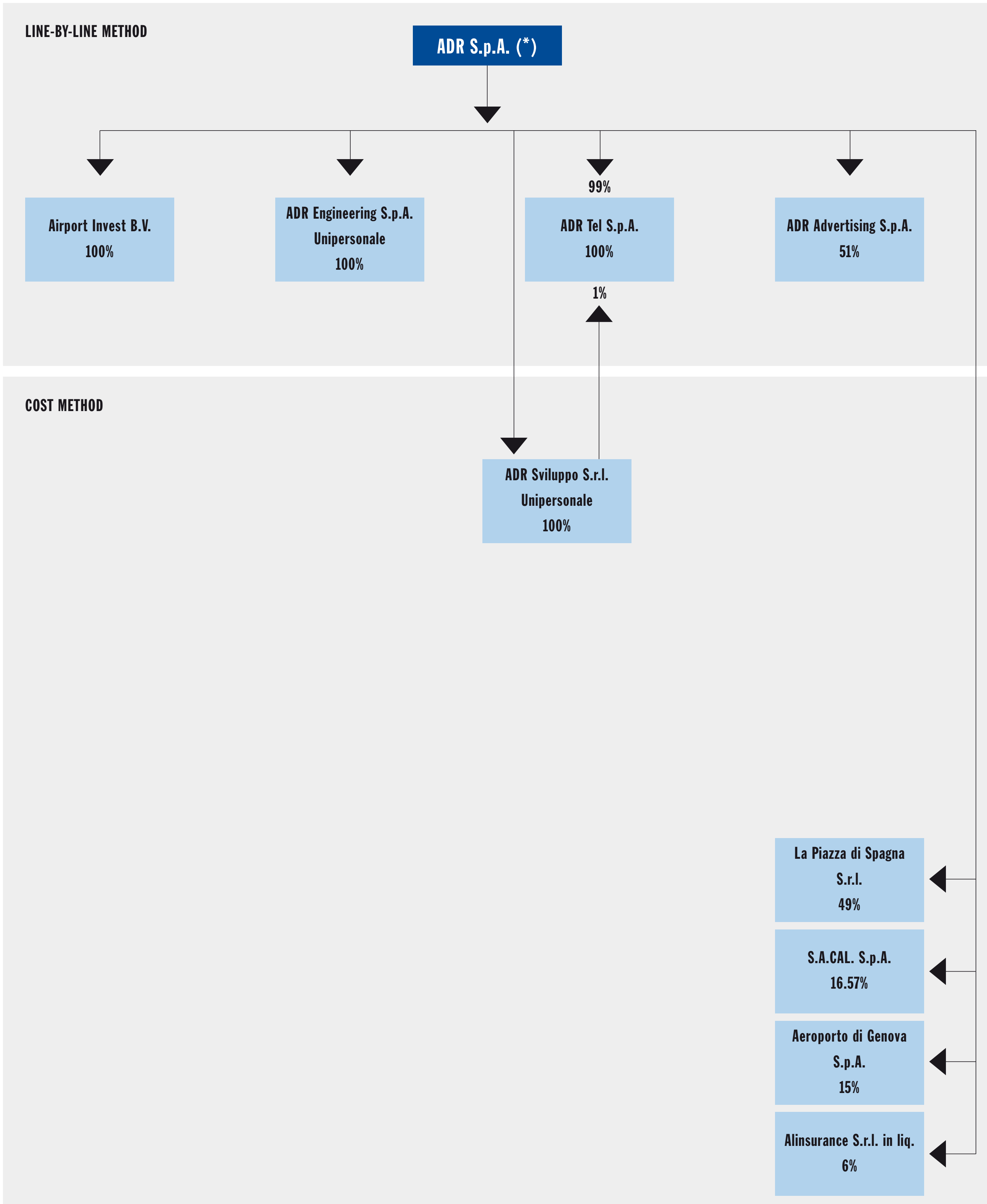
The Consolidated Financial Statements for the year ended December 31, 2007 include the Financial Statements for the same period, consolidated on a line-by-line basis, of the Parent Company, Aeroporti di Roma S.p.A., and the Italian and overseas subsidiary undertakings in which the Parent Company holds, either directly or indirectly, the majority of the voting shares. As of December 31, 2007, the basis of consolidation includes the following companies:

| Companies consolidated on a line-by-line basis | Registered office | Currency | Share capital | Group's % | Via: Company | % |
|---|---|---|---|---|---|---|
| Aeroporti di Roma S.p.A. | Fiumicino (Rome) | EUR | 62,309,801.00 | | Parent Company | |
| Airport Invest B.V. | Amsterdam (The Netherlands) | EUR | 101,039.90 | 100% | Aeroporti di Roma | 100% |
| ADR Engineering S.p.A. - Unipersonale | Fiumicino (Rome) | EUR | 774,690.00 | 100% | Aeroporti di Roma | 100% |
| ADR Tel S.p.A. | Fiumicino (Rome) | EUR | 600,000.00 | 99% | Aeroporti di Roma | (a) 99% |
| ADR Advertising S.p.A. | Fiumicino (Rome) | EUR | 1,000,000.00 | (b) 25.5% | Aeroporti di Roma | 25.5% |

*(a) The remaining 1% stake is held by ADR Sviluppo S.r.l. - Unipersonale, which is not included in the basis of consolidation.*

*(b) Equity investment in the company's total share capital of 1,000,000 euros (including preference shares). The interest in the ordinary share capital amounts to 500,000 euros (51%).*

Basis of consolidation as of December 31, 2007.




*(*) ADR S.p.A. holds a 12.5% quote (evaluated at cost) in E.T.L. - European Transport Law Consortium.*

Compared with the Consolidated Financial Statements at December 31, 2006, the basis of consolidation no longer includes the subsidiary undertaking, ADR Handling S.p.A. (now called Flightcare Italia S.p.A.), for which only the Income Statement was consolidated in 2006 during the period from January 1, 2006 until September 30, 2006, just before the sale of the Company on November 3, 2006.

The following equity investments are valued at cost:

| Companies valued at cost | Registered office | Currency | Share capital | Group's % | Via: | |
|---|---|---|---|---|---|---|
| | | | | | Company | % |
| ADR Sviluppo S.r.l. - Unipersonale | Fiumicino (Rome) | EUR | 100,000.00 | 100% | Aeroporti di Roma | 100% |
| La Piazza di Spagna S.r.l. | Fiumicino (Rome) | EUR | 100,000.00 | 49% | Aeroporti di Roma | 49% |
| Ligabue Gate Gourmet Roma S.p.A. (insolvent) | Tessera (Venice) | EUR | 103,200.00 | 20% | Aeroporti di Roma | 20% |
| S.A.CAL. S.p.A. | Lamezia Terme (Catanzaro) | EUR | 7,755,000.00 | 16.57% | Aeroporti di Roma | 16.57% |
| Aeroporto di Genova S.p.A. | Genoa Sestri | EUR | 4,648,140.00 | 15% | Aeroporti di Roma | 15% |
| Consorzio E.T.L. - European Transport Law | Rome | EUR | 82,633.04 | 12.5% | Aeroporti di Roma | 12.5% |
| Alinsurance S.r.l. (insolvent) | Rome | EUR | 104,000.00 | 6% | Aeroporti di Roma | 6% |

The holding in the subsidiary undertaking, ADR Sviluppo S.r.l. - Unipersonale, has not been consolidated as the Company, which was incorporated on July 27, 2001, is not yet operational.

The holding in the associated undertaking, La Piazza di Spagna S.r.l., has been valued at cost and not according to the equity method, as the Company, which was incorporated on December 17, 2003, is not yet operational. The holding in the associated undertaking, Ligabue Gate Gourmet Roma S.p.A., has also been valued at cost, due to the fact that the Company is insolvent.

# Consolidation principles.

The main consolidation principles are described below:

– the carrying amount of consolidated equity items has been eliminated against the corresponding entry of individual asset and liability items, in accordance with the line-by-line method. Any positive differences arising are included among fixed assets under the item "goodwill arising from consolidation", which is amortized on a straight-line basis in relation to the estimated possibility of recovery. Any negative differences are posted to the "reserve for consolidation adjustments" under shareholders' equity, or to the "consolidation allowance for risks and charges" should such negative goodwill be due to forecast losses;

– the minority interest in net income and shareholders' equity are reported separately as appropriate items in the income statement and under shareholders' equity;

- inter-company profits and losses still to be realized, significant sums relating to payables and receivables, and costs and revenues relating to consolidated companies have been eliminated;
- adjustments made to eliminate items of a purely fiscal nature, as well as other consolidation adjustments, take account, where applicable, the related deferred taxation. Furthermore, the statements show deferred tax assets relating to items which will be recoverable in future years;
- dividends received by subsidiary undertakings during the period and recorded in the Parent Company's income statement as income from equity investments are eliminated against the item retained earnings. Dividends paid by subsidiary undertakings, posted on an accruals basis in the Parent Company's accounts, are eliminated;
- the financial statements denominated in foreign currency have been translated into euros using "current exchange rates". Balance sheet items, with the exception of those forming shareholders' equity, have been translated using closing exchange rates, whilst average exchange rates for the period were applied to income statement items. Any exchange rate differences arising have been recorded among consolidated shareholders' equity;
- in the event of the disposal of a controlling interest to third parties, the gain or loss on the transaction recognized in the consolidated financial statements represents the difference between the sale price and the subsidiary's shareholders' equity at the transaction date (thus including net income or loss reported for the months prior to the disposal), plus any residual carrying amount of "goodwill arising from consolidation".

# Notice.

In order to facilitate comparison between the figures recorded in the consolidated financial statements and the balances of the previous year, following the merger of the shareholder, Leonardo S.r.l., with Gemina S.p.A., and thereby the latter's assumption of direct control of 95.761% of the share capital of ADR S.p.A., the amounts receivable and payable to and from Gemina S.p.A. at December 31, 2006 were reclassified as follows:

- a receivable of 29 thousand euros, included in the item "due from clients", was reclassified under the item "due from parent companies";
- a payable of 176 thousand euros, included in the item "due to suppliers", was reclassified under the item "due to parent companies".

# Explanation added for translation into English.

The Financial Statements have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian law related to financial statements, interpreted and integrated by the

Accounting Principles established by the Italian Accounting Profession. Certain accounting practices applied by the Company that conform to generally accepted Accounting Principles in Italy do not conform with the generally accepted accounting principles in other Countries.

# Accounting policies.

The accounting policies adopted in the preparation of the Financial Statements for the year ended December 31, 2007 are those required by the relevant legislation, interpreted and integrated by the Accounting Principles established by the Italian Accounting Profession and the Italian Accounting Standards Setter (collectively referred to as Italian GAAP), and are those applied throughout the Group.
The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found in the notes to the single classes of items.

## Fixed assets.

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

### Intangible fixed assets.

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

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

– *Industrial patents and intellectual property fees.*
These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, over what is usually established by tax legislation as being three years.

*– Concessions, licenses, trademarks and similar rights.*

These are recorded at purchase cost. Amortization begins when the right is taken up or can be taken up, and is applied over a period of three years in the case of concessions and licenses and of not more than ten years for trademarks.

The value of the airport management concession, paid by the Parent Company, Leonardo S.p.A. (now ADR S.p.A.) on acquiring its holding in ADR, is amortized on the basis of the residual concession term, which will expire on June 30, 2044.

*– Other.*

This item essentially includes:

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

## Tangible fixed assets.

Tangible fixed assets have a limited service life and their cost is depreciated on a straight-line basis during each financial period according to their residual service life. Rates of depreciation are applied that reflect the estimated useful lives of the assets.

The rates used are summarized below:

| | |
|---|---|
| **Land and buildings** | **10%** |
| **Plant and machinery** | **from 10% to 25%** |
| **Industrial and commercial equipment** | **from 10% to 25%** |
| **Fixed assets to be relinquished** | **4%, 10%** |
| **Other assets** | **from 10% to 25%** |

*– Land and buildings.*

These are recorded at purchase cost adjusted in accordance with art. 3 of Law no. 72/1983.

*– Fixed assets to be relinquished.*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law no. 72/1983, including any ancillary charges and subsequent development costs.

Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to the “fixed assets to be relinquished”, with the aim of covering the estimated costs which will be borne at the end of the concession/grant term (in 2044) when the assets are to be transferred to the Concession/Grant Provider in good working condition.

### Non-current financial assets.

The investment in the unconsolidated subsidiary undertaking (ADR Sviluppo S.r.l.) has been valued at cost; this method of valuation, given that this is a non-operating company is, in any event, representative of the interest in shareholders’ equity.

Equity in associated undertakings is valued in accordance with the equity method.
Equity in the associated undertaking, La Piazza di Spagna S.r.l., which is not operative, is valued at cost.
Other investments are recorded at purchase cost, adjusted to reflect any long-term loss in value.

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

Non-current receivables are recorded at their nominal value.

## Current assets.

### Inventories.

– *Inventories of raw, ancillary and consumable materials, finished goods and goods for resale.*
These are recorded at the lower of the weighted average purchase cost and the estimated realizable value taking into account market price trends.

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

**Receivables.**

These are recorded at their estimated realizable value.

**Marketable securities.**

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

**Cash on hand and in banks.**

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

## Accrued income and prepaid expenses.

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

## Allowances for risks and charges.

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

## Employee severance indemnities.

Employee severance indemnities were calculated for all employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2007 and is shown net of any advance payments and amounts paid in the form of supplementary pension benefits or to the Treasury Fund set up at the Italian Social Security Institute (INPS).

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

## Payables.

Payables are recorded at their nominal value.

## Receivables and payables recorded in foreign currency.

In line with the new provisions introduced by Company Law Reform (article 2426 - paragraph 8-*bis* of the Italian Civil Code), items expressed in foreign currency are posted at the historical exchange rate on the day a transaction is carried out. Any exchange rate differences, incurred on collection of receivables or on settlement of payables denominated in foreign currency, are recorded in the income statement under "foreign exchange gains and losses".

If the translation of receivables and payables denominated in foreign currency, at closing rates, results in a net gain or loss, such an amount is recorded in the income statement under "foreign exchange gains and losses".

## Finance leases.

Finance leases are recorded in the financial statements in accordance with the "operating lease method", which means that the lease rental is charged to the income statement. The Notes report the effects, if significant, on shareholders' equity and the income statement that would have been produced had finance leases been recorded according to the "finance lease method".

## Memorandum accounts.

### General/secured guarantees given.

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

### Commitments on purchases and sales.

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

In accordance with the "operating lease method" used to record finance leases in the financial statements, this item also includes the value of future commitments for leases rentals to be paid at the balance sheet date, in addition to the price to be paid in order to redeem the asset.

**Other.**

– *Secured/general guarantees received.*

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

– *Third parties' assets lodged with the company (principally assets received under the concession).*

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

– *Company-owned assets lodged with third parties.*

These are recorded at their net book value.

## Revenues.

Revenues are reported net of returns, discounts, reductions and premiums as follows:

– revenues from sales: upon delivery;

– revenues from services: upon supply of the service.

## Income taxes.

"Current taxes" are calculated on the basis of taxable income. The related payable is posted to "taxes due".

Regarding participation in the domestic tax consolidation regime by ADR S.p.A. and the subsidiary undertakings, ADR Tel S.p.A. and ADR Engineering S.p.A. - Unipersonale, as consolidated companies, and the Parent Company, Gemina S.p.A., as the consolidating company, taxable income and tax losses transferred to the Consolidating Company are recorded under current tax "expense" and "income from tax consolidation", respectively, with contra-entries for amounts due to and from the parent companies.

The Consolidated Company also transfers withholding taxes, tax credits and rebates from previous tax returns to the Consolidating Company. These may be offset against IRES calculated on consolidated income.

"Deferred tax assets" and "liabilities" represent the temporary difference between taxable income and net income reported in the income statement for the period, applying the tax liability method. Deferred tax assets are recorded only when there is reasonable certainty of their recoverability. The balance of deferred tax assets and liabilities are reported under the "allowance for deferred taxes" in the case of a liability and under "deferred tax assets" in the case of an asset.

### Derivatives contracts.

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

# Notes to the Consolidated Balance Sheet.

## Fixed assets.

### Intangible fixed assets.

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

– “concessions, licenses, trademarks and similar rights” include the value of the airport concession, amounting to 1,798,853 thousand euros as of December 31, 2007. The decrease of 49,367 thousand euros is due to the amortization for the current period (51,565 thousand euros) and disposals (103 thousand euros), partly offset by investment (2,010 thousand euros) and transfers from work in process/progress and reclassifications (291 thousand euros);
– “leasehold improvements in process and advances” decreased by 4,870 thousand euros in 2007 due to investment during the period, totaling 14,205 thousand euros, which was partly offset by improvements entering service during the period and accounted for in “leasehold improvements”, “concessions, licenses, trademarks and similar rights” and “industrial patents”;
– “other” intangible fixed assets increased by 21,766 thousand euros. “Leasehold improvements in process and advances” increased by 25,217 thousand euros due to purchases during the period (34,237 thousand euros) and transfers from work in process and reclassifications (up 17,336 thousand euros), partly offset by amortization for the period (26,356 thousand euros).
  “Ancillary charges for loans” decreased by 3,451 thousand euros due to amortization for the period.

The principal leasehold improvements in process (equal to 14,205 thousand euros) include:

– aircraft aprons South-Eastern ECHO area - first phase (240 thousand euros);

– repair of aircraft apron and road network pavements (1,087 thousand euros);
– extraordinary maintenance of the BRAVO boarding bridges (235 thousand euros);
– Runway 1: repair of runway head and ALFA taxiway pavements (1,590 thousand euros);
– Runway 1: upgrading and implementation of flight infrastructure (1,243 thousand euros);
– maintenance and implementation of HBS-BHS Terminal (1,303 thousand euros);
– Terminal C: unification of access points (608 thousand euros);
– new Alitalia warehouse at the Cargo City (722 thousand euros);
– new Pier C, portion financed by ADR (538 thousand euros);
– extension of telephone and LAN network (1,232 thousand euros).

The main leasehold improvements completed during the year (equal to 34,237 thousand euros) include:
– repair of airport fencing (444 thousand euros);
– renovation of B11/B21 Area shops in Terminal B (288 thousand euros);
– extraordinary maintenance of external road network (386 thousand euros);
– Terminal C: new control room (218 thousand euros);

| Intangible fixed assets | | 12.31.2006 | |
|---|---|---|---|
| | Cost | Amortization | Book value |
| Incorporation and development costs | 1,879 | (1,580) | 299 |
| Industrial patents and intellectual property rights | 5,599 | (3,075) | 2,524 |
| Concessions, licenses, trademarks and similar rights | 2,183,572 | (331,497) | 1,852,075 |
| Leasehold improvements in process and advances: | | | |
| – Leasehold improvements in process | 37,671 | 0 | 37,671 |
| – Advances to suppliers | 0 | 0 | 0 |
| | 37,671 | 0 | 37,671 |
| Others | | | |
| – Leasehold improvements | 400,497 | (271,763) | 128,734 |
| – Ancillary charges for loans | 53,383 | (24,067) | 29,316 |
| | 453,880 | (295,830) | 158,050 |
| Total | 2,682,602 | (631,982) | 2,050,619 |

– Terminal A-B: upgrading of offices and loading ramps (245 thousand euros);
– Terminal C and Europe Pier: extraordinary maintenance of fan coils (469 thousand euros);
– widening of BRAVO taxiway (4,070 thousand euros);
– Runway 3: improvement of the surface drainage in the Southern area (2,010 euros);
– Terminal B: civil and plant engineering works in B11/B21 Area (2,529 thousand euros);
– Runway 3: construction of roadways and upgrading of the strip (5,598 thousand euros);
– Terminal B: improvement of the appearance of the East Pier (674 thousand euros);
– HBS implementation works (976 thousand euros);
– Runway 2: road network paving (477 thousand euros);
– Europe Pier: works to bring stairways and moving walkways up to standard (458 thousand euros);
– West Pier: improvement of the appearance (591 thousand euros);
– Runways: upgrading of signage and upgrades to comply with ICAO standards (988 thousand euros).

Once again in 2007, investment in airport infrastructure development was funded from increased boarding fees received during the year (in accordance with paragraphs 9 and 10 of art. 10, Law no. 537/1993).

| Changes during the year | | | | 12.31.2007 | | |
|---|---|---|---|---|---|---|
| Purchases/ Capitalization | Disposals/ Retirements | Reclassification | Amortization | Cost | Amortization | Book value |
| 0 | 0 | 0 | (240) | 1,879 | (1,820) | 59 |
| 588 | 0 | 104 | (921) | 6,291 | (3,996) | 2,295 |
| 2,010 | (103) | 291 | (51,565) | 2,185,220 | (382,512) | 1,802,708 |
| | | | | | | |
| 14,205 | 0 | (19,075) | 0 | 32,801 | 0 | 32,801 |
| 2,460 | 0 | 0 | 0 | 2,460 | 0 | 2,460 |
| 16,665 | 0 | (19,075) | 0 | 35,261 | 0 | 35,261 |
| | | | | | | |
| 34,237 | 0 | 17,336 | (26,356) | 452,031 | (298,081) | 153,951 |
| 0 | 0 | 0 | (3,451) | 53,383 | (27,518) | 25,865 |
| 34,237 | 0 | 17,336 | (29,807) | 505,415 | (325,599) | 179,816 |
| 53,500 | (103) | (1,344) | (82,533) | 2,734,066 | (713,927) | 2,020,139 |

# Tangible fixed assets.

"Net tangible fixed assets" increased by 14,912 thousand euros primarily due to investment totaling 31,649 thousand euros, which was partially offset by depreciation of 15,537 thousand euros, impairments of 664 thousand euros and disposals of 536 thousand euros.

The most significant capitalizations during the period include:

– in the account "plant and machinery" (14,922 thousand euros), the acquisition of baggage screening and security equipment (2,656 thousand euros), heating and air-conditioning equipment (2,148 thousand euros), special airport equipment (2,772 thousand euros) and advertising equipment for ADR Advertising S.p.A. (677 thousand euros);

| Tangible fixed assets | 12.31.2006 | | | |
|---|---|---|---|---|
| | Cost | Reval. Law 72/1983 | Allowances for depreciation | Book value |
| Land and buildings | 20,380 | 465 | (17,544) | 3,301 |
| Plant and machinery | 86,658 | 0 | (60,134) | 26,524 |
| Industrial and commercial equipment | 7,777 | 0 | (6,097) | 1,680 |
| Fixed assets to be relinquished | 160,957 | 1,908 | (82,891) | 79,974 |
| Other assets | 40,047 | 0 | (35,449) | 4,598 |
| Work in progress and advances | 6,676 | 0 | 0 | 6,676 |
| Total | 322,495 | 2,373 | (202,115) | 122,753 |

– in the account ”tangible fixed assets in progress and advances” (14,192 thousand euros), the new Office Tower (4,929 thousand euros), civil engineering works at Terminal 5 in the former ADR cargo area (2,982 thousand euros), the new back-up system for the 100% hold baggage screening system at Terminal B (1,060 thousand euros) and works for the transfer of Alitalia's cargo activities to the common services building at Cargo City (1,152 thousand euros).

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI – described in detail in the notes to “payables” – the Parent Company, ADR S.p.A., has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR S.p.A.'s inventory. Such a guarantee is valid until the above loans have been fully repaid.

| Changes during the year | | | | 12.31.2007 | | | |
|---|---|---|---|---|---|---|---|
| Purchases/ Capitalization | Reclassification | Disposals/ Retirements | Amortization | Cost | Reval. Law 72/1983 | Allowances for depreciation | Book value |
| 339 | (24) | 0 | (513) | 20,670 | 465 | (18,032) | 3,103 |
| 14,922 | 4,839 | (482) | (6,463) | 104,497 | 0 | (65,157) | 39,340 |
| 412 | 0 | (2) | (510) | 8,144 | 0 | (6,564) | 1,580 |
| 650 | (161) | 0 | (6,199) | 161,444 | 1,908 | (89,088) | 74,264 |
| 1,134 | 459 | (52) | (1,852) | 40,237 | 0 | (35,950) | 4,287 |
| 14,192 | (5,777) | 0 | 0 | 15,091 | 0 | 0 | 15,091 |
| 31,649 | (664) | (536) | (15,537) | 350,083 | 2,373 | (214,791) | 137,665 |

## Equity investments held as non-current financial assets.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Equity investments in:** | | | |
| **– Unconsolidated subsidiary undertakings:** | | | |
| · Cargo Merci Fiumicino S.r.l. | 0 | 0 | 0 |
| · ADR Sviluppo S.r.l. - Unipersonale | 100 | 0 | 100 |
| | 100 | 0 | 100 |
| **– Associated undertakings:** | | | |
| · La Piazza di Spagna S.r.l. | 49 | 0 | 49 |
| · Ligabue Gate Gourmet Roma S.p.A. (insolvent) | 0 | 0 | 0 |
| | 49 | 0 | 49 |
| **– Other companies:** | | | |
| · Alinsurance S.r.l. in liq. | 6 | 0 | 6 |
| · Aeroporto di Genova S.p.A. | 930 | 0 | 930 |
| · S.A.CAL. S.p.A. | 1,307 | 0 | 1,307 |
| · Consorzio E.T.L. | 10 | 0 | 10 |
| | 2,253 | 0 | 2,253 |
| **Total** | 2,402 | 0 | 2,402 |

The change in "equity investments" in 2007 is entirely due to the equity investment in the subsidiary undertaking, Cargo Merci Fiumicino S.r.l., which breaks down as follows:

– an increase of 10,000 thousand euros deriving from subscription of the entire share capital of the Company, which was incorporated on November 6, 2007;
– an increase of 734,582 thousand euros following transfer of the cargo handling division, which came into effect on December 31, 2007;
– a reduction of 744,582 thousand euros following the sale of the entire equity investment in Argol S.p.A., which came into effect on December 31, 2007.

For further information regarding such equity investments during 2007, reference should be made to the section "equity investments" in the Parent Company's Management Report on Operations.

As security for the loans taken out via contracts entered into with Romulus Finance S.r.l., and a syndicate of banks and Banca OPI, Parent Company, ADR S.p.A., has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel S.p.A. and ADR Advertising S.p.A..
Such a guarantee is valid until the above loans have been fully repaid.

### Receivables due and other items under non-current financial assets.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Receivables:** | | | |
| **– Due from others:** | | | |
| · public bodies for licenses | 24 | (1) | 23 |
| · other | 1,325 | (629) | 696 |
| **Total** | 1,349 | (630) | 719 |

The reduction in such "receivables", amounting to 630 thousand euros, is due to payments of 649 thousand euros, net of revaluation of the amount due from the Tax Authorities in relation to the payment of withholding tax on employee severance indemnities as required by Law no. 662/1996, classified under "other" and totaling 13 thousand euros, and new receivables of 6 thousand euros.

There are no receivables falling due beyond five years.

## Current assets.

### Inventory.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| Raw, ancillary and consumable materials | 2,853 | (36) | 2,817 |
| Finished goods and goods for resale: goods for resale | 10,353 | (2,055) | 8,298 |
| Contract work in progress | 7,814 | 17 | 7,831 |
| less accumulated write-downs | 0 | 0 | 0 |
| | 7,814 | 17 | 7,831 |
| Advances | 7 | 106 | 113 |
| **Total** | 21,027 | (1,968) | 19,059 |

The reduction in "inventory" compared with December 31, 2006 (down 1,968 thousand euros) is primarily due to the "goods for resale" component (duty-free and duty-paid and directly managed shops), whose inventories decreased by 2,055 thousand euros as a result of improved stock management.

With regards to stocks of finished goods and goods for resale, the intense inventories program concerning all categories of goods at shops managed by ADR S.p.A. at Fiumicino and Ciampino has continued, resulting in a gradual reduction of inventory losses.

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

## Current receivables.

| | 12.31.2006 | Changes during the year | | 12.31.2007 |
|---|---|---|---|---|
| | | Increases (+)/ Repayments (-) | Provisions (-)/ Value recoveries (+) | |
| **Due from clients:** | 168,844 | 21,821 | 0 | 190,665 |
| **less allowance for doubtful accounts** | (32,031) | 4,875 | (5,524) | (32,680) |
| **less allowance for overdue interest** | (7,946) | 18 | (144) | (8,072) |
| | 128,867 | 26,714 | (5,668) | 149,913 |
| **Due from associated undertakings** | 530 | 0 | 0 | 530 |
| **Due from parent companies** | 29 | (29) | 0 | 0 |
| **Due from tax authorities** | 13,541 | (11,028) | 0 | 2,513 |
| **Deferred tax assets** | 18,002 | (3,594) | 0 | 14,408 |
| **Due from others:** | | | | |
| **– Sundry** | 52,318 | (713) | 0 | 51,605 |
| **– Advances to suppliers for services** | 33 | 5 | 0 | 38 |
| | 52,351 | (708) | 0 | 51,643 |
| **Total** | 213,320 | 11,355 | (5,668) | 219,007 |

"Current receivables", net of allowances for doubtful accounts, amount to 219,007 thousand euros, representing a net increase of 5,687 thousand compared with December 31, 2006.
The principal changes are analyzed below.

"Due from clients", net of allowances for doubtful accounts, amounts to 149,913 thousand euros and includes trade receivables due from clients and amounts due from Public Bodies deriving from financed works and the supply of utilities and services. The increase of 21.0 million euros compared with December 31, 2006 derives from increased turnover, and to receivables not yet matured or maturing.
As of December 31, 2007 receivables sold without recourse totaled 3.4 million euros (5.1 million euros as of December 31, 2006).

"Due from associated undertakings", amounting to 530 thousand euros, includes amounts due to the Parent Company, ADR S.p.A., from the insolvent Ligabue Gate Gourmet Roma S.p.A., classified among preferential liabilities. No movements in such receivables were reported during the period.

"Due from tax authorities" decreased by 11,028 thousand euros in 2007, primarily due to the transfer of the IRES tax credit, which amounted to 10,389 thousand euros at the end of the previous year, to the Consolidating Company, Gemina S.p.A., in order to compensate the IRES deriving from consolidated income.

"Deferred tax assets", totaling 14,408 thousand euros as of December 31, 2007, decreased by 3,594 thousand euros compared with the end of 2006.

The composition of deferred tax assets and changes during the period are shown in the following table.

| | Balance at 12.31.2006 (A) | | Increase (B) | | Decrease (C) | | Change rate previous year (D) | Transfer Cargo unit (E) | | Balance at 12.31.2007 (A+B-C+D+E) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tax Base | Tax | Tax Base | Tax | Tax Base | Tax | | Tax Base | Tax | Tax Base | Tax |
| **Deffered tax assets:** | | | | | | | | | | | |
| – Allowances for risks and charges | 19,604 | 7,006 | 5,525 | 2,074 | 6,307 | 2,219 | (1,079) | 0 | 0 | 18,822 | 5,782 |
| – Accumulated inventory write-downs | 673 | 259 | 141 | 54 | 355 | 136 | (27) | 0 | 0 | 459 | 150 |
| – Allowance for doubtful accounts | 31,147 | 10,278 | 4,572 | 1,509 | 3,859 | 1,273 | (1,752) | 238 | 63 | 31,622 | 8,699 |
| – Provision for personnel | 3,767 | 1,243 | 5,464 | 1,803 | 3,555 | 1,173 | (312) | 0 | 0 | 5,676 | 1,561 |
| – Accelerated depreciation | 1,416 | 543 | 0 | 0 | 215 | 82 | (70) | 0 | 0 | 1,201 | 391 |
| – Consolidated adjustment | 11,927 | 4,562 | 3,062 | 1,171 | 1,199 | 459 | (807) | 0 | 0 | 13,790 | 4,467 |
| – Other | 3,511 | 1,304 | 729 | 275 | 1,424 | 534 | (163) | 0 | 0 | 2,816 | 882 |
| **Total defferred tax assets** | 72,045 | 25,195 | 19,493 | 6,886 | 16,914 | 5,876 | (4,210) | 238 | 63 | 74,386 | 21,932 |
| **Defferred tax liabilities:** | | | | | | | | | | | |
| – Dividends | (74) | (24) | (69) | (23) | (75) | (24) | 4 | 0 | 0 | (68) | (19) |
| – Gains | (70) | (27) | (91) | (35) | (47) | (18) | 7 | 0 | 0 | (114) | (37) |
| – Advance depreciation | (18,668) | (7,142) | (5,881) | (2,250) | (1,506) | (576) | 1,348 | 0 | 0 | (23,043) | (7,468) |
| **Total deffered tax liabilities** | (18,812) | (7,193) | (6,041) | (2,308) | (1,628) | (618) | 1,359 | 0 | 0 | (23,225) | (7,524) |
| **Total** | 53,233 | 18,002 | 13,452 | 4,578 | 15,286 | 5,258 | (2,851) | 238 | 63 | 51,161 | 14,408 |
| **Net defferred tax (assets) liabilities** | | | | (3,531) | | | | | | | |

"Amounts due from others: sundry" decreased by 713 thousand euros, mainly due to the reduced liquidity deposited in the term current account denominated the "Debt Service Reserve Account" (down 300 thousand euros) in accordance with obligations set out in current loan agreements.

The balance of the term current account in the name of the Security Agent for Parent Company, ADR S.p.A.'s, loans, denominated the "Debt Service Reserve Account", amounted to 47,730 thousand euros as of December 31, 2007. In accordance with the procedures established in the relevant agreement, ADR S.p.A. has deposited a sum in this account to guarantee repayment of the loans.

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, the Parent Company, ADR S.p.A., has granted the lenders the following liens. Such guarantees are valid until the above loans have been fully repaid:

– a lien (in the form of a mortgage ranking *pari passu* with other claims) on all receivables deriving from the sale of plant, machinery and capital goods and rights constituting ADR S.p.A.'s inventory, as well as other goods and rights subject to liens;
– a lien on all receivables and contracts with clients regarding ADR Tel S.p.A. and ADR Advertising S.p.A. and insurance policies.

Amounts due as of December 31, 2007 (219,007 thousand euros) comprise 149,913 thousand euros of trade receivables, 48,386 thousand euros in the form of financial receivables, and 20,708 thousand euros of other receivables. There are no promissory notes or similar bills.

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

| | Italy | Other EU Countries | Rest of Europe | Africa | America | Asia | Total |
|---|---|---|---|---|---|---|---|
| Clients | 141,842 | 6,879 | 740 | 222 | 98 | 132 | 149,913 |
| Total | 141,842 | 6,879 | 740 | 222 | 98 | 132 | 149,913 |

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

## Cash on hand and in banks.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| Bank and post office deposits | 128,254 | 29,770 | 158,024 |
| Checks | 1 | (1) | 0 |
| Cash and notes in hand | 1,216 | (70) | 1,146 |
| Total | 129,471 | 29,699 | 159,170 |

The Group's "cash on hand and in banks" increased by 29,699 thousand euros in 2007, primarily due to operating cash flow, partly offset by the payment of dividends (51.5 million euros).

Bank deposits include the balance of the account provided for under ADR S.p.A.'s loan agreements, denominated "Recoveries Account". Any liquidity deriving from extraordinary operations is required to be deposited in this account. Consequently, in 2006 the amount collected from the sale of the equity investment in Flightcare Italia S.p.A. (formerly ADR Handling S.p.A.) was deposited in this account, net of related expenses; this liquidity had been allocated to financing ADR's investments. As of December 31, 2007, the balance in the account amounted to 12.5 million euros (70.8 million euros as of December 31, 2006).

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, the Parent Company, ADR S.p.A., has granted the lenders a lien on all the Company's current accounts governed by a specific agreement ("Account Bank Agreement"). Such a guarantee is valid until the above loans have been fully repaid.

As of December 31, 2007, 53.2 million euros was held in an ADR S.p.A. current account that is not subject to a lien. This amount derives from "free" cash flow and may therefore be used for the payment of dividends under ordinary circumstances.

## Accrued income and prepaid expenses.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Prepaid expenses:** | | | |
| – Service costs | 651 | (1) | 650 |
| – Leased assets | 0 | 1 | 1 |
| – Payroll costs | 19 | 0 | 19 |
| – Sundry operating costs | 7 | (1) | 6 |
| – Interest cost | 3,128 | (48) | 3,080 |
| **Total** | 3,805 | (49) | 3,756 |

One of the most significant items is represented by "interest cost", which include prepayment of the installment due for the period for the monoline insurance premium paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance S.r.l. that correspond to Facility A.

# Shareholders' equity.

| | Share capital | Share premium reserve | Legal reserve | Retained earnings | Net income for the year | Consolidated shareholders' equity | Minority interest | Group and minority interest in shareholders' equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as of 12.31.2005** | 62,310 | 667,389 | 12,462 | (47,780) | 79,691 | 774,072 | 1,993 | 776,065 |
| Allocation of net income 2005 | | | | 9,281 | (79,691) | (70,410) | (1,084) | (71,494) |
| Net income for the year | | | | | 59,986 | 59,986 | 1,058 | 61,044 |
| **Balance as of 12.31.2006** | 62,310 | 667,389 | 12,462 | (38,499) | 59,986 | 763,648 | 1,967 | 765,615 |
| Allocation of net income 2006 | | | | 24,469 | (59,986) | (35,517) | (1,023) | (36,540) |
| Distribution of reserve | | | | (14,954) | 0 | (14,954) | 0 | (14,954) |
| Net income for the year | | | | 0 | 17,891 | 17,891 | 1,027 | 18,918 |
| **Balance as of 12.31.2007** | 62,310 | 667,389 | 12,462 | (28,984) | 17,891 | 731,068 | 1,971 | 733,039 |

The Parent Company's "share capital" amounts to 62,309,801 euros, represented by no. 62,309,801 shares with a par value of 1 euro each. On May 7, 2004, pursuant to article 5 of the Parent Company's By-laws, the Board of Directors approved a capital increase in the form of a scrip issue, raising the share capital from 62,224,743 to 62,309,801 euros. Such increase was carried out via the issue of 85,058 ordinary shares with a par value of 1 euro each, and the transfer to share capital of a corresponding sum of 85,058 euros from the "reserve for share issues pursuant to art. 2349 of the Italian Civil Code".

The shares corresponding to this increase in share capital have yet to be issued and allocated.

"Group shareholders' equity" decreased by 32,580 thousand euros compared with December 31, 2006, primarily due to payment of dividends by the Parent Company, ADR S.p.A., totaling 50,471 thousand euros. Net income for the period, amounting to 17,891 thousand euros, only partly offsets this reduction.

The "minority interest in shareholders' equity" was substantially in line with the end of the previous year (up 4 thousand euros) due to net income for 2007 amounting to 1,027 thousand euros, offset by the payment of 1,023 thousand euros in dividends to minority Shareholders.

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

| Reconciliation of net income for the year and shareholders' equity | 2007 | 2006 | 12.31.2007 | 12.31.2006 |
|---|---|---|---|---|
| | Net income for the year | | Shareholders' equity | |
| **Balances in ADR S.p.A.'s accounts** | 18,932 | 35,975 | 766,392 | 797,930 |
| Effect of consolidation of subsidiary undertakings | 180 | 9,362 | 3,377 | 3,197 |
| Gain (elimination) of inter-company profits and other adjustments | (1,939) | 15,213 | (13,529) | (11,589) |
| Effect of deferred tax assets | (94) | (1,376) | 4,468 | 4,562 |
| Merger effect [a] | 812 | 812 | (29,640) | (30,452) |
| **Balances in consolidated accounts** | 17,891 | 59,986 | 731,068 | 763,648 |

*[a] Merger data different from first consolidation.*

# Allowances for risks and charges.

| | 12.31.2006 | Changes during the year | | 12.31.2007 |
|---|---|---|---|---|
| | | Provisions | Releases | |
| Other: | | | | |
| – Current and potential disputes | 19,416 | 7,428 | (4,061) | 22,783 |
| – Insurance deductibles | 1,328 | 73 | (109) | 1,292 |
| – Restructuring | 3,975 | 182 | (3,406) | 751 |
| – Fixed assets to be relinquished | 4,631 | 180 | 0 | 4,811 |
| Total | 29,350 | 7,863 | (7,576) | 29,637 |

"Allowances for risks and charges", totaling 29,637 thousand euros, increased by 287 thousand euros compared with December 31, 2006.

The most important changes are analyzed below:

– the "allowance for current and potential disputes" reports a net increase of 3,367 thousand euros, due to the combined effect of provisions of 7,428 thousand euros made in order to provide cover for likely potential liabilities and releases carried out in order to settle disputes with customers, contractors and personnel;

– releases from the "allowance for restructuring" amounting to 3,406 thousand euros were made for personnel leaving Group companies during the period – as outlined by the Group's restructuring program launched in 2005.

# Employee severance indemnities.

| | |
|---|---|
| Balance as of 12.31.2006 | 41,682 |
| Changes during the year: | |
| – Provisions | 6,726 |
| – Releases to pay indemnities | (1,676) |
| – Releases to pay advances | (1,389) |
| – Transfers of personnel | (3,022) |
| – Other | 94 |
| – Amounts allocated to social security allowances or to the Treasury Fund | (4,572) |
| Balance as of 12.31.2007 | 37,843 |

"Employee severance indemnities" report a net decrease of 3,839 thousand euros for the period, compared with provision of 6,726 thousand euros. This primarily reflects transfers of personnel amounting to 3,022 thousand euros and the amount paid into pension funds or to the Treasury Fund set up at INPS.

The 2007 Finance Act brought forward the application of supplementary pension reform, pursuant to Decree Law no. 252/2005, to January 1, 2007. This reform enables the personnel of private companies with more than 50 employees to allocate their accrued employee severance indemnities to a form of supplementary pension fund or to keep them deposited with the company. In the latter case, the company pays employee severance indemnities into a fund set up at INPS, in accordance with the implementing Decree of January 30, 2007, denominated Allowance for employee severance indemnities or Treasury Fund.
The reduction due to transfers of personnel refers specifically to the personnel transferred to Cargo Merci Fiumicino S.r.l., following the sale of the cargo handling division.

## Payables.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| Due to banks | 248,851 | 1,480 | 250,331 |
| Due to other financial institutions | 1,279,395 | 264 | 1,279,659 |
| Advances: | | | |
| – From clients: | | | |
| · from the Ministry of Transport | 5,048 | 0 | 5,048 |
| · other | 3,714 | 820 | 4,534 |
| – On invoices paid: | | | |
| · from clients | 0 | 0 | 0 |
| | 8,762 | 820 | 9,582 |
| Due to suppliers | 116,856 | 21,015 | 137,871 |
| Due to associated undertakings | 1,003 | 0 | 1,003 |
| Due to parent companies | 176 | 14,819 | 14,995 |
| Taxes due | 13,458 | 7,253 | 20,711 |
| Due to social security agencies | 5,794 | 1,242 | 7,036 |
| Other payables: sundry creditors | 28,427 | 7,457 | 35,884 |
| Total | 1,702,722 | 54,350 | 1,757,072 |

The Group's "payables" rose by 54,350 thousand euros during the period. The principal reasons for such a change are analyzed below.

"Amounts due to banks" total 250,331 thousand euros, of which 247,500 thousand euros represents the principal on long-term lines of credit denominated "Term Loan Facility" and "BOPI Facility", 1,731 thousand euros amounts due for interest, commissions and swap differentials accrued during the period but not yet settled and 1,100 thousand

euros the short-term line of credit (30 days) granted to the subsidiary undertaking, ADR Advertising S.p.A., by the Banca Popolare Commercio e Industria to meet temporary liquidity requirements.
The increase of 1,480 thousand euros with respect to December 31, 2006 is due to the interest and swap differentials component, as well as the line of credit of 1,100 thousand euros granted to ADR Advertising S.p.A..

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

| Lender | Facility Loan | Amount (millions of euros) | | Interest rate | Repayment | Life | Maturity date |
|---|---|---|---|---|---|---|---|
| | | Granted | Used | | | | |
| Syndacate of banks | Term Loan Facility | 191.4 | 191.4 | floating rate linked EURIBOR + margin | bullet | 6 years | Feb. 2012 |
| | Revolving Facility | 100.0 | 0.0 | floating rate linked EURIBOR + margin | revolving | 6 years | Feb. 2012 |
| | | 291.4 | 191.4 | | | | |
| Banca OPI | BOPI Facility | 56.1 | 56.1 | floating rate linked EURIBOR + margin | after 5 years in six-monthly installments | 12 years | Mar. 2015 |
| Total | | 347.5 | 247.5 | | | | |

The long-term line of credit denominated the "Term Loan Facility" and the "Revolving Facility" were granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon S.A., Mediobanca - Banca di Credito Finanziario S.p.A., Unicredit Banca Mobiliare S.p.A. and WestLB AG.

Regarding the line of credit denominated the "Term Loan Facility", initially worth 290,000 thousand euros, an amount of 98,600 thousand euros was repaid on September 20, 2006, thereby reducing the amount of the loan to 191,400 thousand euros.
On November 21, 2007, at the request of the Parent Company, ADR S.p.A., the line of credit denominated the "Revolving Facility" was reduced from the initial 200,000 thousand euros to 100,000 thousand euros, in line with projected cash flows, resulting in a reduction in the cost of borrowing.

The line of credit denominated the "BOPI Facility" was granted on February 19, 2003 by Banca OPI (as of January 1, 2008 the bank's name was changed to BIIS - Banca Infrastrutture Innovazione e Sviluppo) and guaranteed by CDC IXIS Financial Guaranty Europe. This line of credit, which was initially granted for an amount of 85,000 thousand euros, was reduced by 56,100 thousand euros following advance repayment of an amount of 28,900 thousand euros on September 20, 2006.

"Amounts due to other financial institutions" total 1,279,659 thousand euros. The item includes the principal of

1,265,019 thousand euros due from the Group to Romulus Finance S.r.l. and 14,640 thousand euros consisting of interest accrued on the above-mentioned loans and not yet paid.
The increase of 264 thousand euros compared with December 31, 2006 is entirely due to the interest component.
It should be noted that the loan granted by Romulus Finance S.r.l. in February 2003 arose from the transfer without recourse to Romulus Finance S.r.l. of the amount due to ADR S.p.A.'s original lenders for loans taken out in August 2001.

The loan from Romulus Finance S.r.l. breaks down into five lines of credit, summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance S.r.l. to finance the purchase of amounts due to ADR S.p.A.'s creditor banks:

| Lender | Facility Loan | Amount (millions of euros) | Interest rate | Repayment | Life | Maturity date |
|---|---|---|---|---|---|---|
| Romulus Finance S.r.l. | A1 | 500 | fixed | bullet | 10 years | Feb. 2013 |
| | A2 | 200 | floating rate linked EURIBOR + margin | bullet | 12 years | Feb. 2015 |
| | A3 | 175 | floating rate linked EURIBOR + margin | bullet | 12 years | Feb. 2015 |
| | A4 | 325 | floating rate linked to EURIBOR + margin up to 12.20.2009 and after fixed rate | bullet | 20 years | Feb. 2023 |
| | B | 65 | floating rate linked EURIBOR + margin | bullet | 7 years | Feb. 2010 |
| Total | | 1,265 | | | | |

The hedging policy established within the framework of loan agreements with the banks and with Romulus Finance S.r.l. requires that at least 51% of the debt is fixed rate (59.2% at fixed rate as of December 31, 2007).
In accordance with this policy, the following "Interest Rate Swap" agreements were entered into by ADR S.p.A. in 2001, with the aim of hedging the interest rate risk associated with a portion of the loan. Such "Interest Rate Swaps" – the counterparties for which in February 2003 are Mediobanca - Banca di Credito Finanziario S.p.A., Barclays, UBM (after HVB), Royal Bank of Scotland and Deutsche Bank – are based on a notional capital of 864 million euros and mature on October 2, 2009.

On October 1, 2004, the Parent Company, ADR S.p.A., entered into "Interest Rate Swap" agreements with a number of the above counterparties (Mediobanca - Banca di Credito Finanziario S.p.A., Barclays and Royal Bank of Scotland). The swaps are based on a total notional capital of 468 million euros up to 2007 and 495 million euros up to 2009. On the basis of the agreements, ADR S.p.A. receives a fixed rate of 3.3% and pays a floating rate capped at

6.0%. This transaction enables ADR S.p.A. to balance its exposure to fixed and floating rates, fixing the maximum risk that may be incurred.

Finally, on May 16, 2006, ADR S.p.A. signed two “Interest Rate Collar Forward Start” contracts with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, on the basis of which ADR S.p.A. will receive a floating 3 months Euribor rate and pay a floating 3 months Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

On December 18, 2006 the “Interest Rate Swap” with a notional capital 864 million euros entered into in 2001 were renegotiated.
In particular, the fixed rate paid by ADR S.p.A. (3.8910%) was realigned to the market rate up to the original date of maturity (2009) following payment of the market value of the related instruments (27.4 million euros). This initiative has made it possible to reduce the average cost of debt by almost one percentage point in the three-year period 2007-2009.

As of December 31, 2007, the fair value of the swap agreements entered into in 2001 and renegotiated in 2006 is a positive 9.1 million euros, whilst the fair value of the swaps entered into in 2004 is a negative 12.6 million euros. The fair value of the above-mentioned collar contracts entered into in May 2006 is a positive 0.1 million euros. The characteristics of outstanding swaps are listed below (in thousand of euros):

| | Notional | Fair value derivates at 12.31.2007 | Purpose of the derivates | Financial risk | Financial debt hedged |
|---|---|---|---|---|---|
| IRS of 2001 renegotiated in 2006 (CASH FLOW HEDGE) | 864,000 | 9,067 | Hedging | Interest rate | 864,000 |
| IRS of 2004 (FAIR VALUE HEDGE) | 468,000 | (12,583) | Hedging | Interest rate | 468,000 |
| COLLAR FWD START of 2006 (CASH FLOW HEDGE) | 240,000 | 123 | Hedging | Interest rate | 240,000 |

The financial liability hedged refers to a portion of “amounts due to other financial institutions” and a portion of “amounts due to banks”.
The effects of the Interest Rate Swap agreements on the Income Statement for the period are shown in the Notes on “financial income and expense”.

The bank loans and the loan from Romulus Finance S.r.l. are guaranteed, as described in detail in the individual balance sheet items, by:
– a lien (in the form of a mortgage) on the plant, machinery, capital goods and goods constituting ADR S.p.A.’s inventory, as well as any receivables deriving from the sale of such assets;

– a lien on all receivables and contracts with clients, and with ADR Tel S.p.A. and ADR Advertising S.p.A. and insurance policies;
– a lien on all of ADR S.p.A.'s bank current accounts;
– a lien on ADR S.p.A.'s shareholdings in ADR Tel S.p.A. and ADR Advertising S.p.A.;
– "ADR Deed of Charge" (a lien under British law on loans, hedging agreements and insurance policies governed by British law).

Romulus Finance S.r.l. is a vehicle established pursuant to Law no. 130/1999 regarding securitization and is controlled by two Dutch foundations (Romulus Finance). In the context of a securitization transaction, in February 2003 Romulus Finance financed the acquisition of ADR S.p.A.'s previous bank borrowings, thereby becoming ADR's creditor, via the issue of bonds amounting to 1,265 million euros, traded on the Luxembourg market and subscribed by institutional investors.

Almost all of the Romulus Finance bonds, amounting to 1.2 billion euros, benefit from Standard & Poor's and Moody's highest ratings due to a guarantee issued by a leading monoline insurance company, AMBAC Assurance UK Ltd (AMBAC).

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

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

– if the financial ratios are below certain predetermined minimum thresholds, or if the rating is below sub-investment grade levels, or if other specific contractually defined critical situations occur, further restrictive measures relating to cash flow management are set in motion in order to protect creditors from the risk of default by ADR S.p.A..

Regarding the latter condition, the downgrading of the Company's ratings by Moody's and Standard & Poor's, on June 19, 2007 (outlook down from "positive" to "stable" – Baa3) and on November 30, 2007 (down from BBB "stable" to the current BBB- "stable"), respectively, set off a trigger event (a so-called "sweep event"), which had the following main effects:

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

The principal covenants included in the current loan agreements consist of ratios, defined on the basis of final and forecast data, which measure: (i) the ratio between available cash flow and debt servicing, (ii) the ratio between discounted future cash flows and net debt, and (iii) the ratio between net debt and gross operating income.

Moreover, taking into account that the financial ratios referring to final data stood at levels above the minimum thresholds at the end of 2007, ADR immediately sent out a series of formal requests to the creditors committee in order to obtain partial waivers on the strict application of the consequences arising from the sweep event. These requests are based on the criterion of safeguarding a rapid return to adequate ratings, without jeopardizing effective implementation of the Company's operating programs. Specifically, the most important requests include:

– repayment in advance (in March 2008), by using available cash flow, of the Romulus Finance line of credit B, amounting to 65 million euros (thus avoiding application of the retention regime); this request has been granted;

- refinancing of the above-mentioned line B via a new line of credit that has already been approved by the European Investment Bank, which has also been granted;
- a further request was made (currently undergoing authorization) to use any further residual cash flow to repay only lines of credit that are effectively repayable, in order to avoid the negative consequences that would be triggered off by cash collateralization, namely the establishment of collateral cash reserves that would have little financial effect in improving the ratings;
- a waiver was granted on the transfer of receivables as guarantees and the consequent notification of debtors in order to avoid risking ADR's reputation and the resulting costs.

Moreover, an analysis of the Business Plan for 2008-2017 is fully underway, carried out by a consultant appointed by the lenders. By the end of April 2008, once the analysis has been completed, it will be possible to calculate the financial ratios based on budget forecasts.

"Amounts due to suppliers" rose by 21,015 thousand euros due to the greater volume of investment carried out in the last part of 2007 compared with 2006 and higher costs for acquiring goods and services.

"Amounts due to parent companies", amounting to 14,995 thousand euros, compared with 176 thousand euros at the end of 2006, entirely consist of amounts due to Gemina S.p.A. for tax consolidation. For more information, reference should be made to the section "relations with parent companies and other related parties" in the Management Report on Operations.

The item "taxes due" amounts to 20,711 thousand euros, representing an increase of 7,253 thousand euros mainly due to the greater amount due to Tax Authorities as municipal surtax on passenger fees (up 6,064 thousand euros). In this regard, it should be remembered that ADR S.p.A. began charging carriers this surtax from June 1, 2004 at the rate of 1 euro, which was subsequently increased to 2 euros from April 2005, pursuant to Law no. 43 of March 31, 2005. This rate was increased by an additional 50 cents, bringing it up to a total of 2.50 euros, from January 1, 2007, in compliance with the provisions of Law no. 296 of December 27, 2006 (the Finance Act for 2007). The amount due to Tax Authorities as municipal surtax on passenger fees totaled 16,550 thousand euros as of December 31, 2007.

"Other payables: sundry creditors" rose by 7,457 thousand euros, primarily due to the effect of increased amounts due to personnel (1,373 thousand euros) and the payable deriving from the cost of the fire prevention and fire fighting service (9,000 thousand euros), partly offset by a reduction in amounts due for employee severance indemnities (down 3,372 thousand euros) to personnel terminating employment in the last part of the year.

In summary, as of December 31, 2007 total payables of 1,757,072 thousand euros include 1,529,990 thousand euros of a financial nature, 148,422 thousand euros of trade payables and 78,660 thousand euros of sundry items.

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

Payables secured by collateral on the Group's assets amount to 1,528,891 thousand euros (as described in the paragraph regarding "amounts due to banks and other financial institutions").

Payables falling due beyond five years amount to 1,217,869 thousand euros and regard amounts due to banks totaling 17,850 thousand euros (the loan from Banca OPI) and amounts due to other financial institutions totaling 1,200,019 thousand euros.

Payables in currency exposed to exchange rate risks total 32 thousand euros and refer to services supplied.

## Accrued expenses and deferred income.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Accrued expenses:** | | | |
| – Sub-concessions and license fees | 3,132 | (677) | 2,455 |
| – Other services | 2,245 | (374) | 1,871 |
| **Total** | 5,377 | (1,051) | 4,326 |

# Notes to the Consolidated Memorandum Accounts.

## General guarantees.

| | 12.31.2007 | | | 12.31.2006 | | |
|---|---|---|---|---|---|---|
| | Secured receivables | Unsecured receivables | Total | Secured receivables | Unsecured receivables | Total |
| Sureties: | | | | | | |
| – in the interest of third parties | 0 | 111 | 111 | 0 | 111 | 111 |
| Other: | | | | | | |
| – in favour of clients | 0 | 450 | 450 | 0 | 421 | 421 |
| Total | 0 | 561 | 561 | 0 | 532 | 532 |

## Commitments on purchases and sales.

| | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Commitments on purchases: | | |
| – Investments: | | |
| · information systems, other | 322 | 322 |
| · electronic equipment | 705 | 727 |
| · maintenance and services | 3,880 | 2,218 |
| · vehicles and equipment | 0 | 644 |
| · self-financed works | 103,412 | 77,788 |
| Total | 108,319 | 81,699 |

With regards to "commitments on purchases", on February 28, 2003 the Parent Company, ADR S.p.A., granted IGPDecaux S.p.A. a put option on its holding in common and preferred shares in ADR Advertising S.p.A.. Such option is exercisable from the date of approval of the Financial Statements of ADR Advertising S.p.A. as of December 31, 2004 until December 31, 2011, on the occurrence of specific conditions. As the exercise price is equal to the pro rata book value of shareholders' equity, it may not be quantified.

Commitments on purchases also include ADR S.p.A.'s commitment, as an operator of airport infrastructures, to draw up and implement noise reduction and abatement plans, as required by noise pollution legislation (Law no. 477/1995) and the Ministerial Decree of November 29, 2000.

To this end ADR S.p.A. is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans. Such commitments are difficult to quantify and are, by necessity, be determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as “maintenance “ and “extension” of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the Framework Law on noise pollution). In view of the above, ADR S.p.A., based on available estimates at the balance sheet date, judges its overall commitment to be no more than approximately 18 million euros. This sum is thus conditional on subsequent events and on the effective program of works to be carried out. The Company believes that future works will qualify as a capital expenditure.

In the Group’s Management Report on Operations, the measures that the Parent Company, ADR S.p.A., has implemented, with a view to alleviating the acoustic impact generated by aircraft in the vicinity of the airport, are listed in the section on “environmental protection”.

The agreements on the sale of the equity investment in ADR Handling S.p.A., entered into on November 3, 2006, provide for a price adjustment of up to 12.5 million euros. Of this, the amount deemed most probable to arise was posted to the Income Statement in 2006 and 2007 with a contra-entry in allowances for risks and charges totaling around 2.1 million euros as of December 31, 2007. The remaining amount, currently deemed unlikely to be incurred, will be re-assessed in future years.

Finally, a series of “Interest Rate Swap” contracts aimed at hedging interest rate risk on current loans have been entered into. For further information reference should be made to the notes to “payables”.

## Other memorandum accounts.

| | 12.31.2007 | 12.31.2006 |
|---|---|---|
| **General guarantees received:** | | |
| – Sureties: | | |
| · received from suppliers | 47,360 | 48,880 |
| · received from clients | 56,840 | 53,583 |
| | 104,200 | 102,463 |
| **Third party assets in free loan, deposited in custody, leased or similar:** | | |
| – Leased assets | 49 | 29 |
| – CAA - plant and equipment at Fiumicino | 119,812 | 119,812 |
| – CAA - plant and equipment at Ciampino | 29,293 | 29,293 |
| – Works carried out on behalf of the State | 668,060 | 668,060 |
| | 817,214 | 817,194 |
| **Total** | 921,414 | 919,657 |

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

# Notes to the Consolidated Income Statement.

## Total revenues.

### Revenues.

| | 2007 | 2006 | Change |
|---|---|---|---|
| REVENUES FROM SALES | | | |
| Non-aviation activities: | | | |
| – Duty free and Duty paid | 76,507 | 64,056 | 12,451 |
| – Other | 3,382 | 1,800 | 1,582 |
| | 79,889 | 65,856 | 14,033 |
| REVENUES FROM SERVICES | | | |
| Aviation activities: | | | |
| – Fees | 155,873 | 145,543 | 10,330 |
| – Handling | 16,858 | 80,650 | (63,792) |
| – Centralized infrastructures | 35,002 | 34,417 | 585 |
| – Security | 64,512 | 60,110 | 4,402 |
| – Other | 19,019 | 14,074 | 4,945 |
| | 291,264 | 334,794 | (43,530) |
| Non-aviation activities: | | | |
| – Sub-concessions and utilities | 96,894 | 87,559 | 9,335 |
| – Car parks | 30,471 | 27,915 | 2,556 |
| – Advertising | 27,491 | 26,111 | 1,380 |
| – Refreshments | 9,031 | 7,855 | 1,176 |
| – Other | 21,558 | 17,414 | 4,144 |
| | 185,445 | 166,854 | 18,591 |
| | 476,709 | 501,648 | (24,939) |
| REVENUES FROM CONTRACT WORK | 0 | 78 | (78) |
| Total revenues from sales and services | 556,598 | 567,582 | (10,984) |
| CHANGES IN CONTRACT WORK IN PROGRESS | 18 | (310) | 328 |
| CONTRIBUTIONS AND GRANTS | 0 | 7 | (7) |
| Total revenues | 556,616 | 567,279 | (10,663) |

"Revenues" total 556,616 thousand euros. Of these, 52.3% derived from "aviation activities" carried out by the Group (59.0% in 2006) and 47.7% were generated by "non-aviation activities" (41.0% in 2006).

"Revenues from sales" amounted to 79,889 thousand euros, up 21.3% on 2006.

This change was due to the increased turnover of directly managed shops, linked to the positive trend in traffic.
"Revenues from services" totaled 476,709 thousand euros, down 5.0% from 2006.

## Segment information.

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

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

– Airport fees: paid in return for use of airport infrastructure.
– Handling: including handling contracts and supplementary services[4].
– Centralized infrastructures.
– Non-aviation activities, consisting of:
  - *sub-concessions*: including fees paid by sub-concessionaires operating on airport grounds, in addition to utilities;
  - *direct sales*: including revenues from directly operated duty free and/or duty paid outlets.

*[4] On December 31, 2007 the ADR Group transferred management of this business to the subsidiary undertaking, Cargo Merci Fiumicino S.r.l., which was sold to Argol S.p.A. on the same date.*

Finally, the category "other activities" includes the sale of advertising space, the management of car parks and refreshment facilities, design, security, left luggage, contract work on behalf of the State, etc.

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

| Revenues | Fees | Handling | Centralized infrastructures | Non-aviation activities | | Other activities | Total |
|---|---|---|---|---|---|---|---|
| | | | | Sub-concessions | Direct sales | | |
| 2007 | 155,873 | 16,858 | 35,002 | 96,894 | 79,889 | 172,100 | 556,616 |
| 2006 | 145,543 | 80,650 | 34,417 | 87,559 | 65,856 | 153,254 | 567,279 |
| Change | 10,330 | (63,792) | 585 | 9,335 | 14,033 | 18,846 | (10,663) |
| % change | 7.1% | (79.1%) | 1.7% | 10.7% | 21.3% | 12.3% | (1.9%) |

Total revenues can be broken down into two macro-areas:

– “aviation” (including fees, handling, management of centralized infrastructure, security services and left luggage) amounting to 291,264 thousand euros, compared with 334,794 thousand euros in 2006 (down 13.0%);
– “non-aviation” (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments, design and contract work on behalf of the State) amounting to 265,352 thousand euros, compared with 232,485 thousand euros in 2006 (up 14.1%).

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

## Other income and revenues: other.

| | 2007 | 2006 |
|---|---|---|
| Revenue grants | 0 | 7 |
| Profits on disposals | 93 | 179 |
| Other: | | |
| – Releases: | | |
| · release from allowance for overdue interest | 8 | 43 |
| · release from other allowances | 0 | 0 |
| – Expense recoveries | 692 | 315 |
| – Recoveries of personnel expenses | 163 | 224 |
| – Other revenues | 5,132 | 3,010 |
| | 5,995 | 3,592 |
| Total | 6,088 | 3,778 |

“Other revenues”, amounting to 5.1 million euros, includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year.

# Operating costs.

## Amortization, depreciation and write-downs.

“Amortization and depreciation” in 2007 amounted to 98,070 thousand euros (99,424 thousand euros in 2006), including amortization of intangible fixed assets of 82,533 thousand euros (83,395 thousand euros in 2006) and depreciation of tangible fixed assets of 15,537 thousand euros (16,029 thousand euros in 2006). Amortization of intangible fixed assets includes the charge for amortization of the concession, amounting to 49,284 thousand euros. Further details are provided in the note to “fixed assets”.

“Provisions for doubtful accounts” totaled 5,524 thousand euros (3,844 thousand euros in 2006) and reflect an updated assessment of the recoverability of the Group’s receivables.

## Provisions for risks and other charges.

The item “provisions for risks” breaks down as follows:

| | 2007 | 2006 |
|---|---|---|
| Current and potential disputes | 7,058 | 1,846 |
| Insurance deductibles | 73 | 452 |
| Total | 7,131 | 2,298 |

“Other provisions”, totaling 180 thousand euros, regard provisions for fixed assets to be relinquished.

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

It should be kept in mind that provisions to the Income Statement are made following determination of potential liabilities not absorbed by any surplus provisions deriving from updated assessments of the risks to which the Group is exposed.

## Other operating costs.

| | 2007 | 2006 |
|---|---|---|
| Losses on disposals | 40 | 0 |
| Concession fees | 16 | 39 |
| Other | 6,245 | 8,131 |
| Total | 6,301 | 8,170 |

The item “other”, amounting to 6,245 thousand euros, primarily comprises 1,034 thousand euros for membership fees (908 thousand euros in 2006), 2,801 thousand euros for indirect taxes and duties (1,502 thousand euros in 2006), including 1,165 thousand euros for local property taxes and 2,200 thousand euros for updated valuations of costs and revenues recognized in the 2006 Financial Statements (3,581 thousand euros in 2006).

# Financial income and expense.

## Other financial income.

| | 2007 | 2006 |
|---|---|---|
| Interest and commissions on long-term receivables: | | |
| – Other | 13 | 27 |
| Other: | | |
| – Interest on overdue current receivables: | | |
| · clients | 570 | 243 |
| – Interest and commissions received from other companies and sundry income: | | |
| · interest from banks | 7,738 | 6,914 |
| · interest from clients | 178 | 55 |
| · other | 2,757 | 1,749 |
| | 11,243 | 8,961 |
| Total | 11,256 | 8,988 |

The item "interest from banks", totaling 7,738 thousand euros, increased by 824 thousand euros compared with 2006 due to the increase in floating interest rates.

The item "other" includes 2,697 thousand euros (1,704 thousand euros in 2006) regarding positive differentials on "Interest Rate Swaps". This improvement on the previous year derives from the renegotiation of fixed rate hedges carried out in December 2006, when the fixed rates were aligned with existing market rates, which were more favourable compared with those fixed in 2001.

## Interest expense and other financial charges.

| | 2007 | 2006 |
|---|---|---|
| Interest and commissions due to others and sundry charges: | | |
| – Interest and commissions paid to banks | 12,535 | 12,625 |
| – Interest and commissions paid to other financial institutions | 72,204 | 62,580 |
| – Provisions for overdue interest on doubtful accounts | 143 | 237 |
| – Other | 5,030 | 46,688 |
| Total | 89,912 | 122,130 |

"Interest and commissions paid to banks" decreased by only 90 thousand euros, as the positive effects of the partial repayment of bank loans in September 2006 were almost entirely offset by the rise in floating interest rates.

The increase in “interest and commissions paid to other financial institutions” (9,624 thousand euros) reflects the increase in market interest rates, which is partially offset (for the amount hedged at fixed rates) by lower expense for swap differentials, as explained below in the note to the item “other”.

The item “other” includes a sum of 4.8 million euros regarding swap differentials maturing during the period. The 14.0 million euro reduction compared with 2006 (in which related expenses totaled 18.8 million euros) also benefited substantially from the above-mentioned renegotiation of fixed rate hedges carried out in December 2006. It should be borne in mind that in 2006 this operation entailed additional expense of 27.4 million euros also classified under the item “other”.

## Foreign exchange gains (losses).

| | 2007 | 2006 |
|---|---|---|
| Foreign exchange gains | 114 | 172 |
| Foreign exchange losses | 15 | 44 |
| Total | 99 | 128 |

# Extraordinary income and expense.

## Income.

“Extraordinary income” in 2007 totaled 2,001 thousand euros and breaks down as follows:

| | 2007 | 2006 |
|---|---|---|
| Gains on disposals | 1,384 | 64,785 |
| Other: | | |
| – Income and recovery of expenses relating to previous years deriving from: | | |
| · total revenues | 0 | 37 |
| · operating costs | 53 | 135 |
| · payroll costs | 8 | 0 |
| · financial income and expense | 486 | 0 |
| · taxes relating to previous years | 48 | 187 |
| · reversal of liabilities | 22 | 110 |
| · damages and compensation received | 0 | 421 |
| | 617 | 890 |
| Total | 2,001 | 65,675 |

The item "gains on disposals", amounting to 1,384 thousand euros, regards the cargo handling business transferred to the subsidiary undertaking, Cargo Merci Fiumicino S.r.l., which was sold to Argol S.p.A. on the same date. The related costs were classified under "extraordinary expense".

In 2006 the item "gains on disposals" included gains of 64,785 thousand euros deriving from the sale of the subsidiary undertaking, ADR Handling S.p.A. (now called Flightcare Italia S.p.A.).

## Expense.

In 2007 "extraordinary expense" amounted to 2,426 thousand euros and breaks down as follows:

| | 2007 | 2006 |
|---|---|---|
| Taxes relating to previous years | 28 | 237 |
| Other: | | |
| – Extraordinary expense derived from: | | |
| · total revenues | 0 | 132 |
| · operating costs | 300 | 716 |
| · other operating costs | 5 | 0 |
| · interest cost | 13 | 0 |
| · agreed settlements | 182 | 0 |
| · contingent assets | 609 | 389 |
| | 1,109 | 1,237 |
| – Other extraordinary expense: | | |
| · payments due for lost cargo | 59 | 68 |
| · fines | 67 | 142 |
| · antitrust sanctions | 46 | 0 |
| · damages and compensation paid to third parties | 37 | 79 |
| · costs relating to extraordinary operations | 1,080 | 3,413 |
| · other | 0 | 8 |
| | 1,289 | 3,710 |
| | 2,398 | 4,947 |
| Total | 2,426 | 5,184 |

The item "costs relating to extraordinary operations" includes the costs incurred by ADR S.p.A. in 2007 for the disposal of the cargo handling business (transfer of the business unit and sale of the equity investment), totaling 708 thousand euros. This item also includes adjustments to the selling price of the subsidiary undertaking ADR Handling S.p.A., sold in 2006, which were deemed likely (see the note to the Memorandum Accounts).

# Income taxes.

This item reports the estimated expense for current taxes for the year totaling 42,914 thousand euros. Deferred tax liabilities of 3,531 thousand euros have also been recognized.

| | 2007 | 2006 |
|---|---|---|
| **Current taxes:** | | |
| – IRES | 804 | 12,263 |
| – Tax consolidation expense | 27,454 | 0 |
| – IRAP | 14,656 | 15,792 |
| | 42,914 | 28,055 |
| **Deferred tax (assets) liabilities:** | | |
| – Deferred tax assets | 3,200 | 2,320 |
| – Deferred tax liabilities | 331 | 2,161 |
| | 3,531 | 4,481 |
| **Total** | 46,445 | 32,536 |

It should be noted that, due to the existence of the related prerequisites, ADR S.p.A. and the other Group Companies (ADR Engineering S.p.A. - Unipersonale, ADR Tel S.p.A. and ADR Sviluppo S.r.l.) along with the Consolidating Company, Gemina S.p.A., opted to adhere to the tax consolidation regime introduced by the Tremonti Reform for the three-year period 2007-2009.

Gemina S.p.A., as the Consolidating Company, has submitted the necessary documents to the Tax Authorities, electing to participate in the optional tax consolidation regime introduced by Legislative Decree no. 344/2003.

As regards deferred taxation, it was decided to continue posting the assets and allowances that generated temporary differences in the individual Companies' Financial Statements.

Pursuant to the above tax legislation, against the taxable income transferred by the Consolidated Companies, ADR S.p.A., ADR Engineering S.p.A. - Unipersonale and ADR Tel S.p.A., to the Consolidating Company, Gemina S.p.A., tax consolidation expenses amounting to 26,563 thousand euros, 509 thousand euros and 382 thousand euros, respectively, making a total of 27,454 thousand euros, have been recorded.

IRES for 2007 refers exclusively to the subsidiary undertaking, ADR Advertising S.p.A., which does not take part in the tax consolidation regime. In contrast, IRES for 2006 included expenses relating to all of the Group's subsidiary undertakings.

In particular, IRES, accounting for 43.2% of pre-tax income, is higher than the expected rate of 33%. Reconciliation of the expected and effective rates is provided in the table below.

| | 2007 | 2006 |
|---|---|---|
| Ordinary applicable rate (IRES) | 33.0% | 33.0% |
| Effect of increases (decreases) in the ordinary rate: | | |
| – Tax-exempt income (gains on disposals) | (0.6%) | (21.5%) |
| – Non-deductible costs | 10.9 % | 7.3% |
| – Temporary differences and other differences | (0.1%) | (5.7%) |
| Effective rate | 43.2% | 13.1% |

For further information on the calculation of deferred tax assets see the item “deferred tax assets” in the section on “receivables”.

# Other information.

## Headcount.

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

| Average | 2007 | 2006 | Change |
|---|---|---|---|
| Management | 58 | 55 | 3 |
| Administrative staff | 1,672 | 1,969 | (297) |
| Ground staff and others | 572 | 1,095 | (523) |
| Total | 2,302 | 3,119 | (817) |

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

| Average | 2007 | 2006 | Change |
|---|---|---|---|
| ADR S.p.A. | 2,234 | 2,105 | 129 |
| ADR Handling S.p.A. | 0 | 954 | (954) |
| ADR Engineering S.p.A. - Unipersonale | 38 | 29 | 9 |
| ADR Tel S.p.A. | 20 | 20 | 0 |
| ADR Advertising S.p.A. | 10 | 11 | (1) |
| Total | 2,302 | 3,119 | (817) |

It should be pointed out that the Group's average headcount in 2006 took account of the subsidiary undertaking ADR Handling S.p.A. (now called Flightcare Italia S.p.A.) only during the first nine months of the year.

## Remuneration of Directors and Statutory Auditors.

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

| Category | Remuneration (€/000) |
|---|---|
| Directors | 643 |
| Directors with positions required by Legislative Decree no. 231/2001 | 2 |
| Statutory Auditors | 266 |
| Total | 911 |

At a meeting on August 2, 2007 the Board of Directors also approved payment of gross annual remuneration of 45 thousand euros to the members of the Supervisory Board pursuant to Legislative Decree no. 231/2001 (the total installment falling due amounts to 19 thousand euros, as well as reimbursement of expenses amounting to 2 thousand euros).

## Litigation.

### Tax litigation.

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

On July 10, 2002, the Tax Authorities appealed to the Supreme Court, and the Parent Company responded by depositing its counter-evidence with the Court. At a hearing to discuss the matter on November 7, 2007, the Supreme Court accepted the appeal and referred the case to a different department of the Regional Tax Commission.

Thus far the outcomes of the hearings conducted by the various Tax Commissions have been in ADR S.p.A.'s favour, confirming the legal interpretation adopted and a positive outcome for the Company.

– On February 3, 2005 the Special Audit Team from the Regional Tax Police Headquarters for the Lazio Region instigated a general tax audit of the Parent Company, Aeroporti di Roma S.p.A., with respect to direct, indirect and other taxation due for the tax years 2003 and 2004.

The audit was subsequently extended to include VAT for the tax years 2001 and 2002, limited to certain specific operations carried out by the Company.

The tax inspectors then contested the applicability of IRPEG, IRAP and VAT deductions for so-called "ancillary financial costs" incurred between 2001 and 2003.

In particular, for the tax year 2003, the inspectors deemed that amortization of "transaction costs", amounting to 4.1 million euros, was inapplicable with regard to IRPEG and IRAP.

With regard to VAT, the inspectors claim that VAT, totaling approximately 1.3 million euros, paid on the transaction costs incurred during the tax years 2001, 2002 and 2003, in relation to the assumption and restructuring of the above loans, is not deductible for tax purposes.

ADR submitted a memorandum containing its own observations to the Revenue Office, asking that the findings set forth in the report drawn up by the Regional Tax Police be dismissed.

On December 29, 2005, the Rome 7 Revenue Office notified Aeroporti di Roma of two claims for back taxes and fines regarding VAT for the tax years 2001 and 2002.

Backed up by the opinions of its tax experts, and deeming that recognition of the legitimacy of its actions is highly likely, on March 15, 2006 the Company lodged an appeal with the Provincial Tax Commission against said claims.

During delays in the proceeding, the Rome 7 Revenue Office sent a request to the Revenue Office – Regional Head Office of Lazio, in which it asked for an opinion regarding its own valuations of the findings presented by the Tax Police.

In a note dated June 13, 2006 the Regional Head Office of Lazio responded to this request and recognized the legitimacy of ADR's practices deeming, "the amount to be amortized during the year as deductible for the purposes of VAT in connection to the said costs". Specifically, in addition to pointing out the contradictory interpretation of the Tax Police in deeming the interest expense on the loans taken out in 2001 to be deductible but not the related transaction costs on the same loans, the Regional Head Office for Lazio clearly stated that, on the basis of the argument put forward by the Company pursuant to art. 11 of Law no. 212/2000 and the subsequent judgment by the Revenue Head Office's Disputed Claims Department, Resolution no. 240 of July 19, 2002 "resolved the question, never having considered the deduction of the transaction costs to be questionable in any way whatsoever".

Following this favorable judgment, the Rome 7 Revenue Office presented the Provincial Tax Commission with a request to dismiss the claims, asking that the notices of assessment regarding the tax years 2001 and 2002 be revoked.

During the hearing on February 12, 2007 at the Provincial Tax Commission of Rome, the representative from the Rome 7 Revenue Office confirmed the Revenue Office's position expressed in the requests for the dismissal of the claims asking for a termination of the dispute.

On March 8, 2007 the sentences accepting the appeals lodged by ADR S.p.A. were deposited at the offices of the Provincial Tax Commission of Rome.

These sentences, which were notified to the Revenue Office on July 24, 2007 in order to take advantage of the fast-track appeal procedure, were not appealed against and are, therefore, final.

– On November 3, 2006 Tax Office of Rome (UTF) initiated an audit of ADR S.p.A.'s accounts regarding taxation of the consumption of electricity. In short, the revenue officers carried out a check "aimed at quantifying the electricity purchased by the company and sold, subject to reimbursement of expenses, to third parties operating at the airport, for uses different from those that are exempt from the tax on consumption".

  In its Report dated February 23, 2007, the Tax Office (UTF) informed the Company that it "intended to recover the amounts relating to the consumption tax and related local surtaxes on electricity sold to third parties for the years between 2002 and 2005, in that, in the Office's opinion, the said amounts were not duly paid". In this regard, the Office specifies that "it is necessary to know, for each of the above years, the electricity suppliers that in the role of withholding agents applied the exemptions in question, as well as the list of sub-concessionaires that were supplied electricity with exemption and the related amounts invoiced, even if for the purposes of reimbursement".

  The Tax Office (UTF) formalized the request for data and information regarding the supply of electricity for the above period. ADR replied in a letter dated June 1, 2007, reiterating that, on the basis of the legal framework governing the Company's activities, the electricity obligatorily supplied to airport premises and infrastructures utilized by other entities cannot be considered as energy "acquired by the company and sold, subject to reimbursement of expenses, to third parties".

  Between July 3 and 13, 2007, the Tax Office (UTF) carried out additional audits aimed at "carrying out technical checks on the equipment and on the means of distribution and consumption of electricity on the part of ADR, in order to identify and separate the consumption subject to the tax exemption in accordance with art. 52 of Consolidated Act no. 504/1995 for the tax period January 1, 2002 – May 31, 2007".

  Following the audits, the Tax Office (UTF) issued no. 15 demands for payment of a total of 4.4 million euros, regarding failure to pay the tax on electricity consumption and the related surtax for the period 2002-2006. This amount includes interest expense, penalties for late payment and notification expenses.

Generally speaking, the disputes relate to the alleged sale to third parties of the electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category “industrial operators”.

Along with the demands for payment, there were no. 9 Notifications of administrative irregularities, amounting to a total of 1.5 million euros for 2002, concerning the sanctions imposed in relation to the failed payment of the above taxes.

Backed up by the opinion of its tax experts, ADR S.p.A. deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed the demands in question before Rome’s Provincial Tax Commission.

– On December 27, 2006, the Municipality of Fiumicino notified ADR S.p.A. of its failure to declare and pay local property tax for 2001 regarding Rome Airport’s Hilton hotel.

  On December 28, 2007 the Municipality of Fiumicino notified ADR S.p.A. of a tax assessment for 2002 regarding the same building previously assessed for 2001.

  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission of Rome.

– On August 16, 2007, the Rome II Customs District Office notified ADR S.p.A. of reported irregularities in the sales carried out at its Duty Free shops from January 1, 1993 to January 31, 1998. The findings essentially regard sales made to passengers traveling within the EU that exceeded duty free allowances in terms of amount and value.

  On December 18, 2007, the same Customs District Office ordered payment of sums regarding VAT, excise duties and tobacco duties, as a result of the findings set out in the assessment report. The total amount of taxes and interest charged adds up to around 22.2 million euros.

  Backed up by the opinion of its tax experts, ADR S.p.A. deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed this demand for payment before the Provincial Tax Commission.

– On January 22, 2008 the Tax Authorities began carrying out a general tax assessment of the subsidiary, ADR Tel S.p.A., in order to check compliance with tax regulations regarding IRES, IRAP and VAT for 2005. For more information, reference should be made the section “subsequent events” in the Management Report on Operations.

## Administrative, civil and labor litigation.

Administrative, civil and labor litigation is followed by the Group through its internal legal department which has provided, for the preparation of the Accounts as of and for the period ended December 31, 2007, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.

With regards to litigation as a whole, the Group carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under “allowances for risks and charges” to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of financial statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

Significant disputes are summarized below.

- With regard to relations with Public Bodies, subsequent to Supreme Court sentence no. 15023/2001, which, on the one hand, established that Public Bodies should have rent-free access to the premises needed to carry out their legally required duties regarding aircraft, passenger and cargo movements, whilst, on the other hand, requiring such Bodies to pay for the services and utilities relating to said premises, ADR applied to the Ordinary Court for injunctions allowing it to recover receivables due from the various Ministries. The latter have opposed such injunctions, not questioning that payment is due for use of services, but challenging the determination of amounts and the methods of calculation. All of the judgments were made in first instance, and in all cases the Civil Court rejected the Ministries' opposition. The time limits in which to appeal two of the judgments are expiring, and for the other two the sentences in first instance have become final given that no appeals have been lodged.
- On May 26, 1999, ADR S.p.A. appealed Ministry of Finance Decree no. 86, dated March 5, 1999, before the Lazio Regional Administrative Court. The Decree establishes the license fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.

  A similar action brought by ADR S.p.A. before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR's position, declared that the Company has no obligation to pay the Government license fees for the years prior to 1997 in application of the Convention of June 26, 1974.
- In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR S.p.A., launched in 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was inflicted. The Company has appealed the latter finding before the Lazio Regional Administrative Court, but the date for the hearing has yet to be set.
- Alitalia and Alitalia Airport have appealed to the Lazio Regional Administrative Court against the Italian Civil Aviation Authority and the Director of Fiumicino Airport and against ADR S.p.A. and ADR Handling S.p.A. as interested parties. The appellants have requested the cancellation, subject to suspension, of both the Aviation Authority's provisions of September 26, 2000, by which the Authority defined the centralized infrastructure at Fiumicino Airport, including the cargo storage plant, and the act of March 29, 2001, by which the Director of

Rome Fiumicino Airport ordered the appellants to “cease, with immediate effect, all activities regarding cargo handling, in relation to both services subject to limits and those for which it might have been necessary to use ...Alitalia’s cargo plant...”. An announcement of the date of the relevant hearing is awaited, given that the appellants have withdrawn their request for a suspension.

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

  The appeal judge, citing grounds that are partially different from those on which the appealed sentence was based, has decided that airport operators have an obligation to reduce noise pollution and thus prepare noise abatement action plans under two conditions:

  - identification of the boundaries of the areas covered by the Ministerial Decree of January 31, 1997 (see the section of the Management Report on Operations dealing with “environmental protection: noise abatement”);
  - verification, according to a precise schedule, of instances when noise pollution limits are exceeded outside the areas covered by the regulations, as established by the Prime Ministerial Decree of November 19, 1997, with reference to be made to the limits established in municipal zoning bylaws or, in their absence, by art. 6, paragraph 1 of the Prime Ministerial Decree of March 1, 1991.

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

  The obligation to make financial provisions to cover the cost of adopting noise reduction and abatement measures, regardless of whether or not the above limits have been exceeded, derives from Framework Law no. 447/1995 (art. 10, paragraph 5) and not the Ministerial Decree to which the appeal judge’s sentence refers, as the latter is merely a repetition of the legal provisions referred to.

  The Ministry of the Environment “assumes that the obligation to make provisions is valid regardless of whether or not the noise emission limits have been exceeded” (thus as of the entry into force of Law no. 447/1995); at the same time “all issues regarding the reasonableness of such obligation, even where limits have not been exceeded, are beyond the scope of this action, by which the appellants have appealed a regulation that merely requires communication of the provisions made”.

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

– In July 2003 ADR S.p.A. lodged an appeal with the Lazio Regional Administrative Court in which it contested the request by the Antitrust Authority of May 12, 2003 to pay a sum of 1.2 million euros, equivalent to thirteen six-monthly "surcharges" on penalties of 0.9 million euros, imposed on ADR S.p.A. in 1993 following a dispute about handling.

  The appealed letter follows payment by ADR S.p.A. of an amount corresponding to only five six-monthly surcharges (0.5 million euros, as well as the original penalty) rather than the total of eighteen six-monthly surcharges requested by the Authority.

  In ADR S.p.A.'s opinion, the surcharges are not due for the period in which the Antitrust Authority's penalty was "suspended" following acceptance by the Lazio Regional Administrative Court of ADR S.p.A.'s request for a suspension in 1993 (as part of the appeal in which ADR S.p.A. contested the Antitrust Authority ruling), and until the sentence handed down by the Court in July 2000.

  With sentence no. 198/2004, handed down on May 6, 2004, the Lazio Regional Administrative Court accepted ADR S.p.A.'s appeal and, in particular: 1) annulled the disputed act (the letter from the Antitrust Authority dated May 12, 2003 in which the Authority laid claim to a sum of 1.7 million euros rather than 0.5 million euros; 2) ruled that ADR S.p.A. was not liable for payment of the surcharge stipulated in said act; 3) ordered payment of legal interest to ADR for the period of the dispute (thirteen six-month periods, unless a different interpretation of the letter containing the grounds for the sentence emerges).

  In October 2004 the Antitrust Authority appealed the Lazio Regional Administrative Court sentence before the Council of State. The date of the hearing has yet to be announced.

– In September 2003 ADR S.p.A. issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. In fact, pursuant to local airport authority ordinance no. 14/2002, as interpreted by the local airport authority's letter of January 9, 2003, ADR S.p.A. was obliged, as of February 1, 2003, to carry out 100% screening of hold baggage with no possibility of charging fees for the service. Such fees were belatedly determined by the Ministerial Decree published in the Official Gazette on June 3, 2003. The appeal aims, among other things, to recover the fees due for the period between the date the Decree became valid (June 3, 2003) and the date authorized by the Civil Aviation Authority in a separate letter (June 26, 2003).

– In September 2003 ADR S.p.A. lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (Definition of airport license fees for 2003) published in the Official Gazette on July 7, 2003, as amended in the notice published in the Official Gazette on September 6, 2003. This decree established methods different from those previously applied for calculating annual fees due from, among others, global airport operators pursuant to special laws. Such methods of calculation are deemed to be illegitimate as they introduce an element of "adjustment" to the resulting figures regarding the "earnings" that passengers produce in relation to the airport.

  In a parallel judgment in Civil Court, negative declaratory action (*azione d'accertamento negativo*), on July 12, 2007 ADR S.p.A. was notified of the purview of sentence no. 12189 of June 13, 2007 with which the Court of Rome, accepting ADR's request, "following misapplication of the executive decree issued by the director of the State property office on June 30, 2003", declared "Aeroporti di Roma S.p.A. did not owe the Italian Civil Aviation Authority any amounts greater than the license fees due for the years 2003, 2004 and 2005 calculated in conformity with Law no. 662/1996, in application of the calculation criteria set forth in the Ministerial Decree dated December 12, 1998".

– With regard to the preparatory phase for the Tariff Agreement (*Contratto di Programma*) 2005-2009, in November 2005 ADR S.p.A. appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the document issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy on September 22, 2005, in which Aeroporti di Roma is substantially denied the right to include any component of the purchase cost of the airport management concession for Fiumicino and Ciampino in the regulatory asset base, to be used in determining the airport fees it will charge. The appeal also includes a claim for damages from the Ministries concerned, in view of the unwarranted delay the above document has caused in finalizing the Tariff Agreement (*Contratto di Programma*) provided for in point 5 of the regulatory framework annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution no. 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. The date of the related hearing has yet to be announced.

– On October 28, 2005, ADR S.p.A. submitted a Complaint to the European Commission asking it to examine the provisions of Decree Law no. 211/2005 regarding so-called "system requirements", which was subsequently included in Decree Law no. 203/2005, converted into Law no. 248/2005. ADR's complaint aims to bring to the Commission's attention the fact that the above legislation violates EU law, with particular regard to the rules Governing State aid.

  This complaint was followed on February 20, 2006 by a further communication to the European Commission from ADR, reinforcing and expanding on the previous complaint, in response to the Guidelines issued by the Ministry of Infrastructure and Transport.

– Actions brought by the Parent Company, including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called "system requirements"), include the proceedings held before the Civil Court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR S.p.A. as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 662/1996, which was repealed by Law no. 248/2005. The next hearing is scheduled to take place on March 20, 2009 in order to finalize the conclusions.
– A further action relating to "system requirements" regards the appeal filed by ADR S.p.A. at the Lazio Regional Administrative Court in February 2006, with a view to revoking the Guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005, regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority's memorandum of January 20, 2006, fixing the level of temporary airport fees. With sentence no. 2289/2007 lodged on June 5, 2007 the Lazio Regional Administrative Court rejected the appeal. In November 2007 ADR appealed against this sentence before the Council of State.
– Moreover, in March 2006 ADR S.p.A. appealed to the Lazio Regional Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority's memorandum of February 3, 2006 and subsequent memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties. The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority.
– Finally, ADR S.p.A. lent its support to the appeals brought before the Constitutional Court by the Campania, Emilia Romagna, Piedmont, Tuscany and Sicily Regional Authorities in order to have Law no. 248/2005 declared unconstitutional.

  The hearing to discuss the matter called for by the Piedmont Region was held on January 9, 2007. In May 2007 the Constitutional Court decided to "re-enter the case for trial" and fixed a hearing to discuss the appeal on January 15, 2008. The Court's decision is awaited.
– ASSAEREO (National Association of Airline Carriers and Air Transport Operators) and Blue Panorama lodged an appeal with the Lazio Regional Administrative Court, with a request for suspensive relief, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (and another decision dated October 31, 2006 that does not concern Roman airports) with which the Civil Aviation Authority communicated the results of the controls carried out on airports' total operations "in order to analyze the cost correlation of what airport operators request from oil companies on a lump sum basis".

  At the hearing on December 14, 2006 the appellant withdrew the request for suspensive relief and requested an adjournment. A hearing to discuss the matter was held on October 11, 2007. With sentence no. 11154/2007 the

Lazio Regional Administrative Court rejected the appeal. The carriers lodged an appeal on January 2, 2008.

– IBAR (Italian Board Airlines Representatives) and no. 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Regional Administrative Court, with a request for suspensive relief, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the Civil Aviation Authority communicated the results of the controls carried out airports' total operations "in order to analyze the cost correlation of what airport operators request from oil companies on a lump sum basis". At the hearing on January 11, 2007 IBAR withdrew the request for suspensive relief. A hearing was held to discuss the matter on October 11, 2007, and a judgment is awaited.

– ENI has brought a claim before the Rome Civil Court against its own client airline carriers (Air One, Alitalia, Eurofly, Livingston, Meridiana and Neos) in order to ascertain the obligation to pay oil Company the amounts regarding the license fee that the Company owes to airport operators, and, consequently, that the carriers are ordered to pay ENI the amounts accrued to this effect since October 2005 (with Decree Law no. 211/2005 regarding "system requirements" came into effect ).

  In the same claim, ENI has also brought a secondary claim against airport operators, including ADR S.p.A. (and the Civil Aviation Authority for the airports managed by the State) in order to ascertain that ENI does not owe the airport operators payments for the license fee calculated on the basis of the amount of fuel supplied to airline companies.

  Moreover, as specifically regards ADR, on the one hand, ENI requests that it is ordered to pay an amount corresponding to the sum paid since October 2005, totaling 276 thousand euros, and, on the other, that it be determined that ENI does not owe ADR the amount of 1.1 million euros (determined up to May 31, 2006), as yet unpaid. The case has been adjourned until a hearing on November 19, 2008.

– On December 19, 2006, the Antitrust Authority notified ADR of the start (with decision no. 16246 of December 14, 2006) of proceedings against the Company, following:

  - reports from IBAR regarding the methods applied by ADR S.p.A. to determine some fees for the use of airport infrastructures and capital goods used to service air transportation and passenger and aircraft assistance operations;
  - a complaint (also on the part of ALAS, ASSODOR and ANAMA) regarding the cargo sector, which focused on the anti-competitive aspect of the methods of determining fees for office space sub-concessions as well as the limits put forward by ADR regarding competitors' access to the cargo services assistance market.

  The Authority holds that ADR has abused its dominant position, pursuant to art. 82 of the EC Treaty, in the airport infrastructure management market at Fiumicino and Ciampino airports and in the cargo handling services market at Fiumicino.

  The maximum fine allowed by law cannot exceed 10% of the value of total revenues ADR earned in the last year prior to the investigative proceedings (for a theoretical maximum of approximately 51 million euros).

To date, not only has the Company not yet been notified of the results of the Authority's investigations, but also the latter, with a measure of November 15, 2007, extended the deadline for completing the proceedings – previously set for January 31, 2008 – until June 30, 2008. Therefore, it is objectively difficult to predict the outcome. In any case, the possibility of the fine exceeding the legally set limits can be deemed remote.

March 19, 2007, was the deadline by which ADR could exercise the faculty pursuant to art. 14-*ter* of Law no. 287/1990, enabling it to give the Authority commitments that would resolve the issue of the anti-competitive practices forming the subject of the investigation. Taking account of ADR S.p.A.'s reasonable and defendable stance in the face of the accusations put forward, it was decided not to make any such commitments and to fully defend the Company's position.

On April 23 and on June 14, 2007, ADR S.p.A. gave evidence during an Antitrust Authority hearing as part of the proceedings.

Following the second hearing the Authority asked ADR S.p.A. to present documentation backing up the facts that had emerged: the documentation will be presented on July 20, 2007.

On November 21, 2007 the Authority asked the Company to provide further information (accompanied by relevant documentation) regarding the state of progress of ADR's procedure to spin off the cargo business at Fiumicino airport, the allocation of space at the Cargo City and the number of all-cargo flights operating at Fiumicino airport. ADR submitted all the requested information and documents on December 13, 2007.

– On February 20, 2007, ADR S.p.A. was notified of the start of proceedings on the part of the Antitrust Authority involving a claim that the Company has violated art. 8, paragraphs 2-*bis* and 2-*ter* of Law no. 287/1990, "for not having carried out cargo handling activities at Rome's Fiumicino airport via a separate company".

  ADR S.p.A. gave evidence during a hearing called by the Authority on March 20, 2007.

  On June 1, 2007 the Authority issued its closing decision and ordered ADR S.p.A. to pay a fine of 25 thousand euros (the maximum for this type of proceeding is 51,645 euros) deeming that ADR S.p.A. had failed to set up a separate company for the cargo handling activities carried out at Fiumicino airport and, subsequently, had omitted to inform the Authority of the situation. The Company is considering possible steps to be taken, including an appeal against this decision to be lodged with the Lazio Regional Administrative Court, also in relation to possible impacts on the other proceedings regarding airport fees underway before the Antitrust Authority. The fine was paid in July 2007.

– On June 18, 2007 ADR S.p.A. was notified of the start of proceedings, and of a concomitant request for information, initiated by the Antitrust Authority in relation to alleged misleading advertising (pursuant to Legislative Decree no. 206/2005, the so-called "Consumers' Code") regarding the advertising aimed at promoting a special fare for parking in the Multi-story car park E. On July 31, 2007, ADR S.p.A. submitted its defensive memorandum, together with the information and documents requested by the Authority.

With notification issued to ADR S.p.A. on December 3, 2007, the Antitrust Authority closed the proceedings by imposing a fine of 31.1 thousand euros on the Company. This amount was reduced to 21.1 thousand euros thanks to the positive attitude displayed by ADR S.p.A., which had already removed the advertising poster that was objected to by consumers before the start of the proceedings. ADR S.p.A. paid the fine within the terms requested by the Authority.

- On December 21, 2007, ADR S.p.A. appealed to the Lazio Regional Administrative Court against CIPE Resolution no. 38 of June 15, 2007, the "Directive on airport service fee regulations offered on an exclusive basis", as well as any other related deed or measure, without requesting suspensive relief.
  The Company argues that various points of the directive are illegitimate, insofar as, for example, the Civil Aviation Authority's discretion is inadequately defined, in infringement of art. 704 of the Navigation Code. No distinction is made when dealing with public and privatized airports regarding returns on invested capital, thereby constituting a serious violation of the principle of equality, as the Resolution provides for identical treatment in situations that are different, etc.
  IBAR, ASSAEREO and Alitalia also appealed to the Lazio Regional Administrative Court against CIPE Resolution no. 38/2007, with different claims of illegitimacy; ASSAEREO also requested suspensive relief.
- Ryanair appealed to the Lazio Regional Administrative Court requesting cancellation – with prior suspension – of Ordinance no. 14/2007 of July 9, 2007 issued by the Management of Ciampino airport, stipulating that no more than 100 commercial movements by the holders of slots could be effected in any one day, with slots to be allocated between 6am and 11.30pm during the winter of 2007-2008. At the hearing held on October 11, 2007 to discuss suspensive relief, the Lazio Regional Administrative Court rejected Ryanair's appeal, thereby maintaining the restricted number of slots for the winter of 2007-2008. Ryanair then lodged an appeal with the Council of State against the Lazio Regional Administrative Court ordinance that rejected the request for suspensive relief. With Ordinance no. 5752/2007 the Council of State accepted Ryanair's appeal (and therefore the original application for suspensive relief submitted by the airline).
  Consequently, the current number of daily movements for commercial airlines with authorized slots at Ciampino airport amounts to 138.
- IBAR, together with 13 carriers, on the one hand, and ASSAEREO and Volare, on the other hand, in separate requests, appealed to the Lazio Regional Administrative Court, with concomitant request for suspensive relief, for the cancellation of Civil Aviation Authority rulings no. A0035898 and no. 0035899 of June 5, 2007, regarding the setting of fees for the catering carried out at Rome and Milan airports, respectively. The plaintiffs have withdrawn their request for suspensive relief. A hearing on the matter is awaited, although it is not expected to take place in the immediate future.

The following claims with regard to contract work, services and supplies are pending before civil law courts:

– At the hearing on January 10, 2007 ATI Alpine Bau, awarded the contract for works relating to the structural and operational upgrading of runway 16/34L (runway 3) at “Leonardo da Vinci” Airport in Fiumicino, appealed sentence no. 1347/2006 handed down on January 16, 2006 by Rome’s Civil Court. This sentence ordered ADR to pay 1.2 million euros, plus interest legal expenses and revaluation for a total amount of 0.2 million euros.

  The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim) and a request was made to combine the three proceedings. In addition, a further appeal is pending against the partial judgment in first instance (the hearing for final judgment, originally set for October 2, 2007 was adjourned by the Court until October 20, 2009).

  At the hearing on January 10, 2007 ATI Alpine’s legal counsel made a request to combine the present proceeding with the preceding underway for which a partial judgment has been made (cited above). ADR’s legal experts opposed to the combination of the proceedings and the judge, in accepting this opposition, rejected the request, but at the same time ordered that, merely for the purposes of reducing the number of court appearances, the present proceeding and that for which a partial judgment has been made be handled during the same hearing set for October 2, 2007. This hearing was adjourned by the Court until January 1, 2010.

– In 2002 a lawsuit was taken out by ATI Elsag S.p.A. - CML Handling Technology S.p.A. regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. With sentence no. 23167/2007 Aeroporti di Roma was ordered to pay damages to Elsag, amounting to 1,184 thousand euros, plus interest and revaluation. The Company is considering whether or not to lodge an appeal.

– A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome’s Fiumicino Airport and related works, has been brought by Consorzio Aerest (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation.

  On October 8, 2004 the Court of Rome partially upheld the Consorzio Aerest’s claim, requiring ADR S.p.A. to pay the Consortium the sum of approximately 167 thousand euros, rejecting all other claims and apportioning the legal costs to both parties. On April 27, 2005, Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the claim submitted in first instance. A hearing has been scheduled for May 20, 2008 for final judgment.

– In the parallel civil judgment instigated by Consorzio Aerest to obtain, amongst other things, restitution from ADR S.p.A. of the so-called withholding on accidents and injuries, equal to 0.5% of the entire amount of the contact describe in the above paragraph, with sentence no. 2691/2007 of June 28, 2007, Rome’s Civil Court order ADR S.p.A. to pay the amount of 280 thousand euros, in addition to legal interest and Court expenses accruing from the time of the claim.

  The appeal is going forward in consideration of the fact that ADR S.p.A. has already paid the contested amount on the basis of the inspection certificate approved at that time, even if the nature of said amounts was not specified in the certificate, thereby causing the Judgment in first instance to be erroneous. At the hearing held on January 30, 2008 the Court of Appeal adjourned the case until May 20, 2008.

– A civil lawsuit brought by Finprest to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" domestic terminal (Terminal A) at "Leonardo da Vinci" Airport in Fiumicino. At the hearing held on October 16, 2007, the Judge gathered evidence for the decision; issue of the sentence is awaited.
– On December 30, 2004, ATI NECSO ENTRECANALES - Lamaro Appalti notified its decision to appeal sentence no. 35859/2003 issued by the Civil Court of Rome, summonsing ADR S.p.A. to appear before the Appeal Court of Rome at a hearing on March 30, 2005. In addition to rejecting ATI NECSO's claims, the judge at the initial hearing also ordered the Company to pay ADR S.p.A.'s costs. ATI NECSO is claiming damages of 9.8 million euros, plus VAT, interest, revaluation and costs, from ADR S.p.A. in relation to no. 7 claims posted in the accounts relating to the contract for work on the extension and restructuring of the international terminal (West Satellite) at Fiumicino. In view of the positive outcome of the initial hearing, ADR S.p.A. believes the likelihood of a negative outcome to be remote. The case was adjourned until November 18, 2008.
– On February 1, 2005, Fondedile Costruzioni S.r.l. lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the company to reimburse ADR's legal costs. Such appeal reiterates the claim submitted in first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation.

  At a preliminary hearing on May 3, 2005 before the second section of the Appeal Court of Rome, the judge adjourned the hearing until April 21, 2009 for final judgment.
– On March 31, 2006, a summons was issued in which ATI Opere Pubbliche S.p.A. - Opere Idriche S.p.A., the Company contracted to carry out works on the multistory car park (fifth module) at "Leonardo da Vinci" airport in Fiumicino, requests that ADR be ordered to pay the 17 reserves recorded in the accounts regarding said works, for a total of 2.0 million euros, plus legal interest, as well as legal costs and fees.

  The request submitted derives from the alleged design error which obliged the contractor, ATI, to use greater quantities of material than those provided for in the design and, above all, to incur increased prices for the materials used for the work in question, primarily metals (iron, steel, copper, etc.).

  With the Order of April 3, 2007, the judge accepted the preliminary and prejudicial questions raised by ADR S.p.A. during the hearing on March 30, 2007, rejecting, at the same time, the requests put forward by the plaintiff. The hearing was adjourned until March 20, 2009 for final judgment.

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

* * *

In conclusion, we declare that these Consolidated Financial Statements present a true and fair picture of the Group's financial position and results of operations for the year.

The Board of Directors

# REPORT OF THE INDEPENDENT AUDITORS

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**AUDITORS' REPORT PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998**

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

1. We have audited the consolidated financial statements of Aeroporti di Roma S.p.A. and subsidiaries as of December 31, 2007. These consolidated financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 28, 2007.

3. In our opinion, the consolidated financial statements present fairly the financial position of Aeroporti di Roma S.p.A. and subsidiaries as of December 31, 2007, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

DELOITTE & TOUCHE S.p.A.

*Signed by*
Domenico Falcone
Partner

Rome, Italy
March 31, 2008

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Perugia Roma Torino Treviso Verona

Member of
**Deloitte Touche Tohmatsu**

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Terminal area stations - night external front-view

# COMPANY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2007

Aeroporti di Roma

# Contents

Service lanes between new projecting part and boarding ramps

# BALANCE SHEET AND INCOME STATEMENT

as of December 31, 2007 (compared with December 31, 2006) - (Translation from the original issued in Italian)

| ASSETS (in Euros) | | 12.31.2007 | | | 12.31.2006 | |
|---|---|---|---|---|---|---|
| **UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS** | | | 0 | | | 0 |
| **FIXED ASSETS** | | | | | | |
| Intangible fixed assets: | | | | | | |
| – Industrial patents and intellectual property rights | | 2,295,454 | | | 2,524,391 | |
| – Concessions, licenses, trademarks and similar rights | | 1,832,274,814 | | | 1,882,391,004 | |
| – Leasehold improvements in process and advances | | 41,808,644 | | | 42,515,872 | |
| – Leasehold improvements | | 180,034,154 | | | 157,580,125 | |
| | | | 2,056,413,066 | | | 2,085,011,392 |
| Tangible fixed assets: | | | | | | |
| – Land and buildings | | 3,102,806 | | | 3,300,529 | |
| – Plant and machinery | | 37,543,992 | | | 24,972,151 | |
| – Industrial and commercial equipment | | 1,578,883 | | | 1,678,421 | |
| – Fixed assets to be relinquished | | 76,116,680 | | | 81,785,132 | |
| – Other assets | | 4,190,763 | | | 4,511,354 | |
| – Work in progress and advances | | 16,437,400 | | | 7,374,319 | |
| | | | 138,970,524 | | | 123,621,906 |
| Non-current financial assets: | | | | | | |
| – Equity investments in: | | | | | | |
| - subsidiary undertakings | 4,378,132 | | | 4,378,132 | | |
| - associated undertakings | 49,001 | | | 49,001 | | |
| - other companies | 2,252,718 | | | 2,252,718 | | |
| | | 6,679,851 | | | 6,679,851 | |
| – Receivables due from others: | | | | | | |
| · within 12 months | 3,099 | | | 3,099 | | |
| · beyond 12 months | 711,586 | | | 1,336,025 | | |
| | | 714,685 | | | 1,339,124 | |
| | | | 7,394,536 | | | 8,018,975 |
| **Total fixed assets** | | | 2,202,778,126 | | | 2,216,652,273 |
| **CURRENT ASSETS** | | | | | | |
| Inventory: | | | | | | |
| – Raw, ancillary and consumable materials | | 2,817,101 | | | 2,853,106 | |
| – Contract work in progress | | 7,515,348 | | | 7,225,352 | |
| – Finished goods and goods for resale: | | | | | | |
| - goods for resale | 8,298,091 | | | 10,353,173 | | |
| | | 8,298,091 | | | 10,353,173 | |
| – Advances | | 113,439 | | | 949 | |
| | | | 18,743,979 | | | 20,432,580 |
| Receivables: | | | | | | |
| – Due from clients | | 137,646,498 | | | 115,912,911 | |
| – Due from subsidiary undertakings | | 11,687,054 | | | 14,726,827 | |
| – Due from associated undertakings | | 529,543 | | | 529,543 | |
| – Due from parent companies | | 0 | | | 29,440 | |
| – Due from tax authorities | | 2,090,942 | | | 13,248,132 | |
| – Deferred tax assets | | 9,757,345 | | | 13,256,846 | |
| – Due from others: | | | | | | |
| - various: | | | | | | |
| · within 12 months | 51,509,226 | | | 52,180,431 | | |
| - advances to suppliers for services to be rendered | 0 | | | 32,095 | | |
| | | 51,509,226 | | | 52,212,526 | |
| | | | 213,220,608 | | | 209,916,225 |
| Marketable securities | | | 0 | | | 0 |
| Cash on hand and in banks: | | | | | | |
| – Bank and post office deposits | | 157,390,127 | | | 125,847,689 | |
| – Checks | | 0 | | | 1,361 | |
| – Cash and notes in hand | | 1,143,033 | | | 1,215,739 | |
| | | | 158,533,160 | | | 127,064,789 |
| **Total current assets** | | | 390,497,747 | | | 357,413,594 |
| **ACCRUED INCOME AND PREPAID EXPENSES** | | | | | | |
| Accrued income and other prepaid expenses | | | 4,496,565 | | | 4,493,198 |
| **TOTAL ASSETS** | | | 2,597,772,438 | | | 2,578,559,065 |

## BALANCE SHEET - ADR SPA

as of December 31, 2007 (compared with December 31, 2006) - (Translation from the original issued in Italian)

| LIABILITIES AND SHAREHOLDERS' EQUITY (in Euros) | | 12.31.2007 | | | 12.31.2006 | |
|---|---|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | | | | |
| Share capital: | | | | | | |
| – Ordinary shares | | 62,309,801 | | | 62,309,801 | |
| Share premium reserve | | 667,389,495 | | | 667,389,495 | |
| Revaluation reserves | | 0 | | | 0 | |
| Legal reserve | | 12,461,960 | | | 12,461,960 | |
| Reserve for own shares | | 0 | | | 0 | |
| Statutory reserves | | 0 | | | 0 | |
| Other reserves | | 416,300 | | | 416,300 | |
| Retained earnings (accumulated losses) | | 4,881,808 | | | 19,377,394 | |
| Net income (loss) for the year | | 18,932,493 | | | 35,975,352 | |
| Total shareholders' equity | | | 766,391,857 | | | 797,930,302 |
| **ALLOWANCES FOR RISKS AND CHARGES** | | | | | | |
| Other | | 29,627,399 | | | 29,350,494 | |
| Total allowances for risks and charges | | | 29,627,399 | | | 29,350,494 |
| **EMPLOYEE SEVERANCE INDEMNITIES** | | | 36,377,465 | | | 40,235,313 |
| **PAYABLES** | | | | | | |
| Due to banks: | | | | | | |
| · within 12 months | 5,981,349 | | | 1,350,946 | | |
| · beyond 12 months | 243,250,000 | | | 247,500,000 | | |
| | | 249,231,349 | | | 248,850,946 | |
| Due to other financial institutions: | | | | | | |
| · within 12 months | 14,640,355 | | | 14,376,351 | | |
| · beyond 12 months | 1,265,018,896 | | | 1,265,018,896 | | |
| | | 1,279,659,251 | | | 1,279,395,247 | |
| Advances: | | | | | | |
| – From clients: | | | | | | |
| - from the Ministry of Transport: | | | | | | |
| · within 12 months | 278,106 | | | 278,106 | | |
| · beyond 12 months | 4,770,000 | | | 4,770,000 | | |
| - other | 4,531,198 | | | 3,713,522 | | |
| | | 9,579,304 | | | 8,761,628 | |
| Due to suppliers: | | | | | | |
| · within 12 months | 126,137,634 | | | 105,903,805 | | |
| · beyond 12 months | 3,833,119 | | | 2,960,490 | | |
| | | 129,970,753 | | | 108,864,295 | |
| Due to subsidiary undertakings: | | | | | | |
| · within 12 months | 14,932,635 | | | 11,749,074 | | |
| | | 14,932,635 | | | 11,749,074 | |
| Due to associated undertakings: | | | | | | |
| · within 12 months | 1,002,980 | | | 1,002,980 | | |
| | | 1,002,980 | | | 1,002,980 | |
| Due to parent companies: | | | | | | |
| · within 12 months | 14,106,960 | | | 175,983 | | |
| | | 14,106,960 | | | 175,983 | |
| Taxes due: | | | | | | |
| · within 12 months | 20,251,372 | | | 13,177,702 | | |
| | | 20,251,372 | | | 13,177,702 | |
| Due to social security agencies | | 6,546,613 | | | 5,352,814 | |
| Other payables: various creditors: | | | | | | |
| · within 12 months | 33,497,620 | | | 26,823,646 | | |
| · beyond 12 months | 1,462,636 | | | 1,025,122 | | |
| | | 34,960,256 | | | 27,848,768 | |
| Total payables | | | 1,760,241,473 | | | 1,705,179,437 |
| **ACCRUED EXPENSES AND DEFERRED INCOME** | | | | | | |
| Accrued expenses and other deferred income | | | 5,134,244 | | | 5,863,519 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | | 2,597,772,438 | | | 2,578,559,065 |

as of December 31, 2007 (compared with December 31, 2006) - (Translation from the original issued in Italian)

| MEMORANDUM ACCOUNTS (in Euros) | 12.31.2007 | | 12.31.2006 | |
|---|---|---|---|---|
| GENERAL GUARANTEES | | | | |
| Sureties | 110,522 | | 110,522 | |
| Other | 686,421 | | 749,607 | |
| | | 796,943 | | 860,129 |
| COLLATERAL GUARANTEES | | 0 | | 0 |
| COMMITMENTS ON PURCHASES AND SALES | | 112,323,422 | | 87,774,883 |
| OTHER | | 917,577,282 | | 915,256,703 |
| TOTAL MEMORANDUM ACCOUNTS | | 1,030,697,647 | | 1,003,891,715 |

## INCOME STATEMENT - ADR SPA

for the year ended December 31, 2007 (compared with the year ended December 31, 2006) - (Translation from the original issued in Italian)

| INCOME STATEMENT (in Euros) | | 2007 | | | 2006 | |
|---|---|---|---|---|---|---|
| **TOTAL REVENUES** | | | | | | |
| Revenues from sales and services: | | | | | | |
| – Revenues from sales | 79,894,625 | | | 67,295,209 | | |
| – Revenues from services | 468,854,381 | | | 444,626,700 | | |
| – Revenues from contract work | 0 | | | 77,453 | | |
| | | 548,749,006 | | | 511,999,362 | |
| Changes in contract work in progress | | 289,996 | | | 564,682 | |
| Other income and revenues: | | | | | | |
| – Revenue grants | 0 | | | 7,460 | | |
| – Profits on disposals | 90,700 | | | 179,134 | | |
| – Other | 6,128,051 | | | 2,980,602 | | |
| | | 6,218,751 | | | 3,167,196 | |
| | | | 555,257,753 | | | 515,731,240 |
| **OPERATING COSTS** | | | | | | |
| Raw, ancillary and consumable materials and goods for resale | | 66,815,964 | | | 63,012,727 | |
| Services | | 105,149,972 | | | 92,740,403 | |
| Leases | | 10,391,174 | | | 9,009,529 | |
| Payroll: | | | | | | |
| – Wages and salaries | 82,061,505 | | | 75,358,418 | | |
| – Social security | 23,395,366 | | | 21,500,076 | | |
| – Employee severance indemnities | 6,436,906 | | | 5,768,922 | | |
| – Other | 1,191,079 | | | 968,491 | | |
| | | 113,084,856 | | | 103,595,907 | |
| Depreciation, amortization and write-downs: | | | | | | |
| – Amortization of intangible fixed assets | 82,683,678 | | | 83,383,923 | | |
| – Depreciation of tangible fixed assets | 15,409,438 | | | 14,820,705 | | |
| – Provisions for doubtful accounts | 5,420,328 | | | 3,588,891 | | |
| | | 103,513,444 | | | 101,793,519 | |
| Changes in inventories of raw, ancillary and consumable materials and goods for resale | | 2,091,086 | | | (2,587,600) | |
| Provisions for risks | | 7,121,206 | | | 2,120,292 | |
| Other provisions | | 180,000 | | | 0 | |
| Sundry operating costs: | | | | | | |
| – Losses on disposals | 39,660 | | | 0 | | |
| – License fees | 16,258 | | | 39,090 | | |
| – Other | 6,003,253 | | | 7,892,691 | | |
| | | 6,059,171 | | | 7,931,781 | |
| | | | (414,406,873) | | | (377,616,558) |
| Operating income | | | 140,850,880 | | | 138,114,682 |
| **FINANCIAL INCOME AND EXPENSE** | | | | | | |
| Income from equity investments: | | | | | | |
| – Dividends from subsidiary undertakings | 1,387,170 | | | 2,530,815 | | |
| | | 1,387,170 | | | 2,530,815 | |
| Other financial income: | | | | | | |
| – From long-term receivables: | | | | | | |
| - other | 13,440 | | | 27,479 | | |
| – Other: | | | | | | |
| - interest and commissions from subsidiary undertakings | 127,455 | | | 51,326 | | |
| - interest and commissions from banks | 7,706,902 | | | 6,852,441 | | |
| - interest and commissions from clients | 748,370 | | | 295,882 | | |
| - interest and commissions from others | 2,755,448 | | | 1,747,336 | | |
| | | 11,351,615 | | | 8,974,464 | |
| Interest expense and other financial charges: | | | | | | |
| – Interest and commissions due to subsidiary undertakings | 136,250 | | | 1,379,933 | | |
| – Interest and commissions due to banks | 12,492,374 | | | 12,617,330 | | |
| – Interest and commissions due to other financial institutions | 72,203,952 | | | 62,580,300 | | |
| – Interest and commissions due to others | 5,024,506 | | | 46,721,739 | | |
| – Provisions for overdue interest on written down receivables | 143,577 | | | 238,339 | | |
| | | (90,000,659) | | | (123,537,641) | |
| Profits and losses on exchange: | | | | | | |
| – Profits | 113,559 | | | 169,036 | | |
| – Losses | 14,935 | | | 43,497 | | |
| | | 98,624 | | | 125,539 | |
| Total financial income (expense), net | | | (77,163,250) | | | (111,906,823) |

| INCOME STATEMENT (in Euros) | 2007 | | | 2006 | | |
|---|---|---|---|---|---|---|
| **ADJUSTMENTS TO FINANCIAL ASSETS** | | | 0 | | | 0 |
| **EXTRAORDINARY INCOME AND EXPENSE** | | | | | | |
| Income: | | | | | | |
| – Gains on disposals | 1,384,382 | | | 42,216,348 | | |
| – Other | 613,503 | | | 821,679 | | |
| | | 1,997,885 | | | 43,038,027 | |
| Expense: | | | | | | |
| – Taxes relating to previous years | 18,270 | | | 90,711 | | |
| – Other | 2,639,384 | | | 4,462,813 | | |
| | | (2,657,654) | | | (4,553,524) | |
| Total extraordinary income (expense), net | | | (659,769) | | | 38,484,503 |
| Income before taxes | | | 63,027,861 | | | 64,692,362 |
| Income taxes of the year, current, deferred assets (liabilities): | | | | | | |
| – Current | | (40,659,368) | | | (23,913,010) | |
| – Deferred tax assets (liabilities) | | (3,436,000) | | | (4,804,000) | |
| Total taxes | | | (44,095,368) | | | (28,717,010) |
| Net income (loss) for the year | | | 18,932,493 | | | 35,975,352 |

# NOTES TO THE FINANCIAL STATEMENTS

# General principles.

*(Translation from the original issued in Italian)*

*These Notes are an integral part of the Company Financial Statements for the year ended December 31, 2007. The Financial Statements have been prepared in accordance with the law, as interpreted and integrated by the Accounting* Standards issued by the Italian Accounting Profession and the Italian Accounting Standards Setter (collectively referred to as Italian GAAP), and include such supplementary information on the Balance Sheet and the Income Statement as to guarantee a true and fair view of Aeroporti di Roma S.p.A.'s financial position and operating performance.

The Balance Sheet data as of December 31, 2007 and the Income Statement for the year then ended are compared with the data for 2006.

The Income Statement and Balance Sheet items showing zero balances across the periods used for comparison are not shown.

The Financial Statements are expressed in euros.

# About the Company.

Leonardo S.p.A. (now ADR S.p.A.) was incorporated on January 25, 2000[1] for the purpose of acquiring holdings in airport management companies.

As a result of the privatization of ADR S.p.A., on July 31, 2000 Leonardo acquired 51.148% of the share capital of ADR S.p.A., an airport management company founded on February 12, 1974, from IRI S.p.A. (now Fintecna S.p.A.). This holding was increased to 95.860% following the public offerings (obligatory and residual) launched by Leonardo, in order to acquire the remaining shares of ADR S.p.A., pursuant to art. 106 of Legislative Decree no. 58/1998. The offerings were concluded on November 6, 2000 and March 23, 2001. Other shares in ADR S.p.A. were purchased on the open market. Therefore, with effect from March 29, 2001, in accordance with the action taken by the Italian Stock Exchange, ADR S.p.A.'s shares, which had been quoted since July 24, 1997, were subsequently delisted.

*[1] Leonardo was incorporated as a limited liability Company with the name of Sysira S.r.l.. The Extraordinary General Meeting of July 4, 2000 resolved to convert the Company into a joint-stock Company with the name of Leonardo S.p.A..*

The deed for the ensuing merger of ADR S.p.A. and Leonardo was drawn up on May 16, 2001 and came into effect

on May 21, 2001, under the terms of art. 2503 of the Italian Civil Code. At the time of the merger of ADR S.p.A. with Leonardo S.p.A., the latter changed its name to Aeroporti di Roma S.p.A..
The merger adjustments were posted to the financial statements of the acquiring Company, with effect from January 1, 2001, for both statutory and fiscal purposes.

The business purpose of the merged Company, Aeroporti di Roma S.p.A., is the construction and management of airports, including the operation of any activity connected with or complementary to air traffic of any type or specification. The Company's principal activities include the management of Rome's two airports ("Leonardo da Vinci" at Fiumicino and "G.B. Pastine" at Ciampino) in accordance with financial and organizational criteria, as per Law no. 755 dated November 10, 1973 and subsequent amendments.

This activity is carried out under a concession granted by the Italian Ministry of Infrastructure and Transport (the Concession Provider). The current concession term is due to expire in 2044. The concession, regulated by specific contractual agreements with the Concession Provider, includes the management of infrastructures and services (retail outlets, etc.) and the maintenance of plant, machinery and buildings. ADR S.p.A. also provides security screening services for passengers and carry-on and hold baggage.
Additionally, the Company is responsible for coordinating the airport infrastructure Development Program financed by both the Government and by the Company, with funds generated from its own resources.
The special laws governing the Company's activities require that the assets utilized be indicated in the balance sheet according to legal title to ownership.

As a result, it is important to note that the assets used by the Company are classified according to four different categories, as analyzed below:

- "Company-owned fixed assets": consist of assets purchased outright by the Company using its own funds and which the Company considers will not be relinquished on expiry of the concession. This category includes temporary buildings, plant and machinery, industrial and commercial equipment and other items. Such assets are recorded under "tangible fixed assets".

- "Fixed assets to be relinquished": consist of assets purchased by the Company using its own funds and which the Company will be obliged to transfer to the Concession Provider free of charge, in good working condition, at the end of the concession term. "Fixed assets to be relinquished" are defined as all permanent works and installations constructed on Government land within the airport. This category includes industrial buildings and plant and machinery, which are recorded under "tangible fixed assets".

- "Assets received under the concession": consist of assets purchased or constructed by the Government and made available to the Company under the concession. This category primarily includes the infrastructure already present on the airport grounds before Aeroporti di Roma S.p.A. was formed in 1974. As the Company does not hold title to such assets, they are recorded in the Memorandum Accounts under "other".

- "Assets completed on behalf of the State": consist of assets resulting from construction projects carried out by the Company pursuant to the Development Program on behalf of, and financed by, the Government, for which the Company generally makes no gain or loss deriving from their construction. Such assets are recorded in two ways: either in the Memorandum Accounts under "other", reflecting the completion of a pre-agreed portion of the relevant construction project and the issuance by the Company of an invoice to the Concession Provider, or as an asset in the Company's balance sheet under "inventory: contract work in progress", reflecting the value of the portion of the relevant construction project not yet invoiced at year end. In order to carry out such construction projects, the Company receives a cash advance from the Concession Provider. The advance provides funds for carrying out the relevant construction projects and is recorded in the Company's balance sheet as a payable, under "advances". Thereafter, the costs actually incurred by the Company in relation to the relevant construction project are invoiced to the Concession Provider on the basis of the work completed leading to a reduction of the related payable under "advances" during the construction period. In addition, the Concession Provider makes a lump-sum payment to the Company to cover general construction costs relating to design, inspections, testing and works supervision. This lump-sum payment is equal to approximately 9% of the total amount allocated by the Concession Provider for the relevant project, including general construction costs.

The invoiced portion of assets included in "assets received under the concession" and "assets completed on behalf of the State" is recorded in the Memorandum Accounts, since such assets are used by the Company over the entire concession term.
Furthermore, the costs of any improvements or conversions carried out in relation to assets included under "assets received under the concession" and "assets completed on behalf of the State" and financed independently by the Company, where such assets have a service life of several years, are recorded in the Company's balance sheet under "intangible fixed assets", since such assets are comparable to leasehold improvements.
The value of the airport management concession, posted in the accounts at the time of ADR S.p.A.'s merger with Leonardo, represents the goodwill purchased by Leonardo and reflecting the difference between the price paid for ADR S.p.A.'s shares and the value of the relevant interest in shareholders' equity. The concession is posted among "intangible fixed assets" under "concessions, licenses, trademarks and similar rights".

As of December 31, 2007, the Company is a subsidiary of Gemina S.p.A., which owns 95.761% of the share capital.

# Explanation added for translation into English.

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

# Exemptions.

The Financial Statements were prepared in accordance with the specifications laid down in the Italian Civil Code within the limits already specified in the introduction to the Notes. A true and fair account of the Company's financial position, operating results and cash flows was ensured without recourse to any departure from the Principles mentioned above. No exceptional cases of incompatibility arose that required application of art. 2423 paragraph IV of the Italian Civil Code.

# Notice.

In order to facilitate comparison between the figures recorded in the financial statements and the balances of the previous year, following the merger of the Shareholder, Leonardo S.r.l., with Gemina S.p.A., and thereby the latter's assumption of direct control of 95.761% of the share capital of ADR S.p.A., the amounts receivable and payable to and from Gemina S.p.A. as of December 31, 2006 were reclassified as follows:

– a receivable of 29 thousand euros, included in the item "due from clients", was reclassified under the item "due from parent companies";
– a payable of 176 thousand euros, included in the item "due to suppliers", was reclassified under the item "due to parent companies".

# Accounting policies.

The accounting policies adopted in the preparation of the Financial Statements for the year ended December 31, 2007 are based on the prudence, going-concern and substance over form principles. They comply with the provisions

of article 2426 of the Italian Civil Code and are consistent with those adopted in previous years.
The principal accounting policies are summarized below. A more detailed explanation of certain policies can be found in the notes to the single classes of items.

## Fixed assets.

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

### Intangible fixed assets.

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

– *Incorporation and development costs.*

These are reported under assets at purchase cost, with the consent of the Board of Statutory Auditors, and amortized over a period of five years. The Company may only distribute dividends if there are sufficient reserves available to cover the amount of the costs not yet amortized.

– *Industrial patents and intellectual property fees.*

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

– *Concessions, licenses, trademarks and similar rights.*

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

– *Other.*

This item essentially includes:

- *leasehold improvements*: improvements (modernization, upgrades), having a service life of several years, carried out on assets belonging to third parties (held under concession or constructed on behalf of the State). These costs are amortized in relation to their residual service lives, usually less than the period of the concession/grant;

- *transaction costs incurred on loans*: the charges incurred to obtain medium- and long-term loans (such as investigative charges, legal fees, etc.) are capitalized and amortized on the basis of the duration of the loan, in accordance with the financial method.

## Tangible fixed assets.

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

A summary of the rates used is provided below:

| | |
|---|---|
| Land and buildings | 10% |
| Plant and machinery | from 10% to 25% |
| Industrial and commercial equipment | from 10% to 25% |
| Fixed assets to be relinquished | 4%, 10% |
| Other assets | from 10% to 25% |

In accordance with articles 10 and 3 of Law no. 72 of March 19, 1983, the Company has revalued fixed assets still in its possession by 2,463,379 euros. Such fixed assets are carried at 2,372,924 euros. The original revaluation reserve was utilized in previous years to absorb losses.

– *Land and buildings.*

These are recorded at purchase cost adjusted in accordance with art. 3 of Law no. 72/1983.

– *Fixed assets to be relinquished.*

Such assets are recorded at purchase cost adjusted in accordance with the above-mentioned art. 3 of Law no. 72/1983, including any ancillary charges and subsequent development costs.

Such assets are depreciated in relation to their residual useful lives. In addition, provisions are made for transfer costs relating to the “fixed assets to be relinquished”, with the aim of covering the estimated costs which will be incurred at the end of the concession term (in 2044) when the assets are to be transferred to the Concession Provider in good working condition.

## Non-current financial assets.

Non-current financial assets include equity investments recorded at purchase cost in accordance with the previously explained criteria applied to fixed assets. Should there be a permanent impairment in the value of an asset, due to losses sustained or to other reasons, and revenues in the near future are not expected to cover such losses, the asset

is written down accordingly. In future years, should the reason for the write-down cease to apply, the original value of the asset is reinstated. Should the company decide to dispose of an equity investment previously accounted for in non-current financial assets, the investment is reclassified to “current financial assets”.
Non-current receivables are recorded at their nominal value.

## Current assets.

### Inventories.

– *Inventories of raw, ancillary and consumable materials, finished goods and goods for resale.*
These are recorded at the lower of the weighted average purchase cost and the estimated realizable value taking into account market price trends.
– *Contract work in progress.*
These assets are recorded on the basis of the percentage-of-completion method (determined on the basis of the ratio of costs sustained to the total cost of the project). The value of the work so far completed and for which repayment is considered definite is recorded among revenues.
Any additional costs incurred by the Company in relation to changes in the original project, as requested by the Concession Provider, constitutes, depending on the nature of the changes, either a write-down of the agreed value (in the case of assets which may not be operated autonomously) or, alternatively, intangible fixed assets (where such variations are considered improvements to and/or conversions of third party assets).

### Receivables.

These are recorded at their estimated realizable value.

### Marketable securities.

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

### Cash on hand and in banks.

Such items are recorded at their nominal value subject to verification of the clearance of bank checks and the availability of bank deposits.

## Accrued income and prepaid expenses.

Accruals and deferrals are valued in accordance with the matching concept, by means of matching costs with their associated revenues in the period in which they are incurred.

## Allowances for risks and charges.

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

## Employee severance indemnities.

Employee severance indemnities were calculated for all the Company's employees and in accordance with governing legislation. This amount was calculated for indemnities accrued up to December 31, 2007 and is shown net of any advance payments and amounts paid in the form of supplementary pension benefits or to the Treasury Fund set up at the Italian Social Security Institute (INPS).

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

## Payables.

Payables are recorded at their nominal value.

## Receivables and payables recorded in foreign currency.

In line with the new provisions introduced by Company Law Reform (article 2426 - paragraph 8-*bis* of the Italian Civil Code), items expressed in foreign currency are posted at the historical exchange rate on the day a transaction is carried out.
Any exchange rate differences, incurred on collection of receivables or on settlement of payables denominated in foreign currency, are recorded in the Income Statement under "foreign exchange gains and losses".

If the translation of receivables and payables denominated in foreign currency, at closing rates, results in a net gain or loss, such an amount is recorded in the Income Statement under “foreign exchange gains and losses”. As any net income deriving from translation using closing exchange rates is unrealized profit, this is allocated to a special undistributable reserve until it is subsequently realized.

## Memorandum accounts.

### General/secured guarantees given.

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

### Commitments on purchases and sales.

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

### Other.

– *Secured/general guarantees received.*

These are recorded at an amount approximately equal to the residual value due at period end.

– *Third parties’ assets lodged with the company (principally assets received under the concession).*

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

– *Company-owned assets lodged with third parties.*

These are recorded at their net book value.

This item also includes the value of the advertising division leased to ADR Advertising S.p.A., as recorded in the inventory check carried out on start-up of activities.

## Revenues.

Revenues are reported net of returns, discounts, reductions and premiums as follows:

– revenues from sales: upon delivery;

– revenues from services: upon supply of the service.

## Dividends.

Dividends from subsidiary undertakings are posted to the Income Statement on an accruals basis, that is in the year in which the relevant net income is generated by the subsidiary undertaking, based on the proposed dividend approved by the Company's Board of Directors prior to the date of approval of ADR S.p.A.'s Financial Statements.

## Income taxes.

"Current taxes" are calculated on the basis of the Company's taxable income. The related payable is posted to "taxes due".

Following adoption of the new form of domestic tax consolidation, governed by article 117 and subsequent articles of the Consolidated Act, IRES (corporate income tax) is calculated on consolidated income, resulting from the sum of the income and losses reported by the Parent Company, ADR S.p.A., and its consolidated subsidiary undertakings. The above sum may reflect adjustments made by the Parent Company, such as the detaxation of intercompany dividends, that enable the Group to reduce its tax expense compared with the figure deriving from the sum of the taxes to be paid by the individual Companies.

The transfer of taxable income and tax losses from the individual consolidated Companies to the Parent Company, ADR S.p.A., results in proceeds and expenses from tax consolidation, reflected in receivables and payables due from and to subsidiary undertakings.
Consolidated Companies also transfer withholding taxes, tax credits and rebates from previous tax returns to the Parent Company. These may be offset against IRES calculated on consolidated income.

Regarding participation in the domestic tax consolidation regime by ADR S.p.A., as consolidated Company, and the Parent Company, Gemina S.p.A., as the consolidating Company, taxable income and tax losses transferred to the Consolidating Company are recorded under current tax "expense" and "income from tax consolidation", respectively, with contra-entries for amounts due to and from the parent companies.
The Consolidated Company also transfers withholding taxes, tax credits and rebates from previous tax returns to the Consolidating Company. These may be offset against IRES calculated on consolidated income.

"Deferred tax assets" and "liabilities" are calculated on the basis of temporary differences between the carrying value recorded in the Financial Statements and the tax bases of the relevant assets and liabilities, applying the tax liability method. Deferred tax assets are only recorded where there is reasonable certainty of their recoverability.

### Derivatives contracts.

The positive and negative interest rate differentials, deriving from "Interest Rate Swaps", accrued at the end of the period are recorded on the accruals basis in the Income Statement among financial income and expense.

The Company's hedging policy, in accordance with obligations laid down in loan agreements, stipulates that at least 51% of the loan should be subject to a fixed rate of interest.

# Notes to the balance sheet.

## Fixed assets.

### Intangible fixed assets.

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

– "concessions, licenses, trademarks and similar rights" include the value of the airport concession, amounting to 1,828,493 thousand euros as of December 31, 2007. The decrease of 50,116 thousand euros is due to the combined effect of amortization for the period (52,264 thousand euros), disposals (103 thousand euros), investment (1,957 thousand euros), transfers from work in process (262 thousand euros) and reclassifications (32 thousand euros);
– "leasehold improvements in process" decreased by 707 thousand euros due to a reduction in works entering service, reclassified under "leasehold improvements" and "concessions, licenses, trademarks and similar rights" (18,891 thousand euros), write-downs (617 thousand euros) and an increase of 18,801 thousand euros for new investments;
– "other" intangible fixed assets increased by 22,454 thousand euros. "Leasehold improvements" increased by 25,905 thousand euros due to purchases during the period (33,286 thousand euros), transfers from work in process (18,540 thousand euros) and reclassifications (up 127 thousand euros), partly offset by amortization for the period (26,048 thousand euros).
  "Ancillary charges for loans" decreased by 3,451 thousand euros due to amortization for the period.

The principal leasehold improvements in process (equal to 16,341 thousand euros) include:

– aircraft aprons South-Eastern ECHO area - first phase (240 thousand euros);

– upgrading of the paving of aircraft aprons and roads (1,087 thousand euros);

– extraordinary maintenance of the BRAVO boarding bridges (235 thousand euros);

– Runway 1: repair of runway head and ALFA taxiway paving (1,590 thousand euros);

– Runway 1: upgrading and implementation of flight infrastructure (1,243 thousand euros);

– maintenance and implementation of HBS-BHS Terminal (1,303 thousand euros);

– Terminal C: unification of access points (608 thousand euros);

– new Alitalia warehouse at the Cargo City (722 thousand euros);

– new Pier C, portion financed by ADR (538 thousand euros).

The main leasehold improvements completed during the year (equal to 33,286 thousand euros) include:

– upgrading of airport fencing (444 thousand euros);

– renovation of B11/B21 Area shops in Terminal B (288 thousand euros);

– extraordinary maintenance of external road network (386 thousand euros);

– Terminal C: new control room (218 thousand euros);

| Intangible fixed assets | | 12.31.2006 | |
|---|---|---|---|
| | Cost | Amortization | Book value |
| Incorporation and development costs | 672,578 | (672,578) | 0 |
| Industrial patents and intellectual property rights | 5,600,199 | (3,075,808) | 2,524,391 |
| Concessions, licenses, trademarks and similar rights | 2,194,113,074 | (311,722,070) | 1,882,391,004 |
| Leasehold improvements in process and advances: | | | |
| a - Leasehold improvements in process | 42,344,881 | 0 | 42,344,881 |
| b - Advances | 170,991 | 0 | 170,991 |
| | 42,515,872 | 0 | 42,515,872 |
| Others: | | | |
| – Leasehold improvements | 400,982,999 | (272,718,821) | 128,264,178 |
| – Ancillary charges for loans | 53,383,947 | (24,068,000) | 29,315,947 |
| | 454,366,946 | (296,786,821) | 157,580,125 |
| Total | 2,697,268,669 | (612,257,277) | 2,085,011,392 |
| [a] Including: | | | |
| *Cost* | | | |
| *Adjustments for depreciation* | | | |

– Terminal A-B: upgrading of offices and loading ramps (245 thousand euros);
– Terminal C and Europe Pier: extraordinary maintenance of fan coils (469 thousand euros);
– widening of the BRAVO taxiway (4,070 thousand euros);
– Runway 3: improvement of the surface drainage in the Southern Area (2,010 euros);
– Terminal B: civil and plant engineering works in B11/B21 Area (2,529 thousand euros);
– Runway 3: construction of roadways and upgrading of the strip (5,598 thousand euros);
– Terminal B: improvement of the appearance of the East Pier (674 thousand euros);
– HBS-BHS implementation works (976 thousand euros);
– Runway 2: road network paving (477 thousand euros);
– Europe Pier: works to bring stairways and moving walkways up to standard (458 thousand euros);
– West Pier: improvement of the appearance (591 thousand euros);
– Runways: upgrading of signage and upgrades to comply with ICAO standards (988 thousand euros).

Once again in 2007, investment in airport infrastructure development was funded from increased boarding fees received during the year (in accordance with paragraphs 9 and 10 of art. 10, Law no. 537/1993).

| Changes during the year | | | | 12.31.2007 | | |
|---|---|---|---|---|---|---|
| Purchases/Capitalizat. | Reclassifications [a] | Disposals/Retirements | Amortization | Cost | Amortization | Book value |
| 0 | 0 | 0 | 0 | 672,578 | (672,578) | 0 |
| 588,246 | 103,507 | 0 | (920,690) | 6,291,952 | (3,996,498) | 2,295,454 |
| 1,957,088 | 293,854 | (103,088) | (52,264,044) | 2,195,678,575 | (363,403,761) | 1,832,274,814 |
| 16,341,230 | (19,508,458) | 0 | 0 | 39,177,653 | 0 | 39,177,653 |
| 2,460,000 | 0 | 0 | 0 | 2,630,991 | 0 | 2,630,991 |
| 18,801,230 | (19,508,458) | 0 | 0 | 41,808,644 | 0 | 41,808,644 |
| 33,286,092 | 18,666,881 | 0 | (26,047,944) | 452,923,691 | (298,754,484) | 154,169,207 |
| 0 | 0 | 0 | (3,451,000) | 53,383,947 | (27,519,000) | 25,864,947 |
| 33,286,092 | 18,666,881 | 0 | (29,498,944) | 506,307,638 | (326,273,484) | 180,034,154 |
| 54,632,656 | (444,216) | (103,088) | (82,683,678) | 2,750,759,387 | (694,346,321) | 2,056,413,066 |
| | *(456,497)* | *(679,559)* | | | | |
| | *12,281* | *576,471* | | | | |
| | *(444,216)* | *(103,088)* | | | | |

# Tangible fixed assets.

"Net tangible fixed assets" increased by 15,349 thousand euros due to investment totaling 31,828 thousand euros, partly offset by depreciation (15,409 thousand euros), disposals (534 thousand euros) and write-downs (536 thousand euros).

The most significant capitalizations during the period include:

– "plant and machinery" (14,243 thousand euros), the acquisition of baggage screening and security equipment (2,656 thousand euros), air conditioning and heating equipment (2,148 thousand euros) and special airport equipment (2,772 thousand euros);

| Tangible fixed assets | 12.31.2006 | | | |
|---|---|---|---|---|
| | Cost | Reval. Law 72/1983 | Allowances for depreciation | Book value |
| Land and buildings | 20,379,250 | 465,128 | (17,543,849) | 3,300,529 |
| Plant and machinery | 84,532,576 | 0 | (59,560,425) | 24,972,151 |
| Industrial and commercial equipment | 7,769,086 | 0 | (6,090,665) | 1,678,421 |
| Fixed assets to be relinquished | 163,329,723 | 1,907,795 | (83,452,386) | 81,785,132 |
| Other assets | 39,768,924 | 0 | (35,257,570) | 4,511,354 |
| Work in progress and advances | 7,374,319 | 0 | 0 | 7,374,319 |
| Total | 323,153,878 | 2,372,923 | (201,904,895) | 123,621,906 |
| [a] Including: | | | | |
| *Cost* | | | | |
| *Adjustments for depreciation* | | | | |

– ”tangible fixed assets in progress and advances” (14,971 thousand euros), the new Office Tower (4,929 thousand euros), civil engineering works at Terminal 5 in the former ADR cargo area (2,982 thousand euros), the new back-up system for the 100% hold baggage screening system at Terminal B (1,060 thousand euros) and works relating to the transfer of Alitalia’s cargo activities to the common services building at Cargo City (1,152 thousand euros).

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI – described in detail in the notes to “payables” – ADR S.p.A. has granted the lenders a lien (in the form of a mortgage ranking *pari passu* with other claims) on the plant, machinery and capital goods recorded at any time in the book of depreciable assets and ADR S.p.A.’s inventory. Such a guarantee is valid until the above loans have been fully repaid.

| Changes during the year | | | | 12.31.2007 | | | |
|---|---|---|---|---|---|---|---|
| Purchases/ Capital. | Reclassifications [a] | Disposals/ Retirements [a] | Amortization | Cost | Reval. Law 72/1983 | Allowances for depreciation | Book value |
| 338,521 | (23,553) | 0 | (512,691) | 20,669,225 | 465,128 | (18,031,547) | 3,102,806 |
| 14,242,924 | 4,918,711 | (479,951) | (6,109,843) | 101,774,200 | 0 | (64,230,208) | 37,543,992 |
| 411,130 | 0 | (1,677) | (508,991) | 8,135,213 | 0 | (6,556,330) | 1,578,883 |
| 769,292 | 13,956 | 0 | (6,451,700) | 164,111,289 | 1,907,795 | (89,902,404) | 76,116,680 |
| 1,095,531 | 462,809 | (52,718) | (1,826,213) | 39,923,793 | 0 | (35,733,030) | 4,190,763 |
| 14,970,591 | (5,907,510) | 0 | 0 | 16,437,400 | 0 | 0 | 16,437,400 |
| 31,827,989 | (535,587) | (534,346) | (15,409,438) | 351,051,120 | 2,372,923 | (214,453,519) | 138,970,524 |
| | *(538,658)* | *(3,392,090)* | | | | | |
| | *3,071* | *2,857,744* | | | | | |
| | *(535,587)* | *(534,346)* | | | | | |

## Equity investments held as non-current financial assets.

| | 12.31.2006 | Changes during the year | | 12.31.2007 |
|---|---|---|---|---|
| | | Acquisitions/ Equity investments | Disposals/ Equity reimbursements | |
| **Subsidiary undertakings:** | | | | |
| – Airport Invest B.V. | 2,835,206 | 0 | 0 | 2,835,206 |
| – ADR Engineering S.p.A - Unipersonale | 593,926 | 0 | 0 | 593,926 |
| – ADR Tel S.p.A. | 594,000 | 0 | 0 | 594,000 |
| – ADR Advertising S.p.A | 255,000 | 0 | 0 | 255,000 |
| – ADR Sviluppo S.r.l. - Unipersonale | 100,000 | 0 | 0 | 100,000 |
| – Cargo Merci Fiumicino S.r.l. | 0 | 744,582 | (744,582) | 0 |
| | 4,378,132 | 744,582 | (744,582) | 4,378,132 |
| **Associated undertakings:** | | | | |
| – La Piazza di Spagna S.r.l. | 49,000 | 0 | 0 | 49,000 |
| – Ligabue Gate Gourmet Roma S.p.A. (insolvent) | 1 | 0 | 0 | 1 |
| | 49,001 | 0 | 0 | 49,001 |
| **Investments in other companies:** | | | | |
| – Alinsurance S.r.l. in liq. | 6,198 | 0 | 0 | 6,198 |
| – Aeroporto di Genova S.p.A. | 929,622 | 0 | 0 | 929,622 |
| – S.A.Cal. S.p.A. | 1,306,569 | 0 | 0 | 1,306,569 |
| – Consorzio E.T.L. | 10,329 | 0 | 0 | 10,329 |
| | 2,252,718 | 0 | 0 | 2,252,718 |
| **Total** | 6,679,851 | 744,582 | (744,582) | 6,679,851 |

The change in “equity investments” in 2007 is entirely due to the equity investment in the subsidiary undertaking, Cargo Merci Fiumicino S.r.l., which breaks down as follows:

– an increase of 10,000 thousand euros deriving from subscription of the entire share capital of the Company, which was incorporated on November 6, 2007;
– an increase of 734,582 thousand euros following transfer of the cargo handling division which came into effect on December 31, 2007;
– a reduction of 744,582 thousand euros following the sale of the entire equity investment in Argol S.p.A., which came into effect on December 31, 2007.

For further information regarding such equity investments during 2007, reference should be made to the section “equity investments” in the Management Report on Operations.

A comparison between the carrying amount and the value of shareholders' equity, determined on the basis of the equity method, is provided in the following table (in euros):

| | Registered office | Share capital | Shareholders' equity at 12.31.2007 | Net Income (Loss) 2007 | Holding % | Corresponding book value of equity (A) | Book value (B) | Valuation art. 2426 no. 4 C.C. (C) | Surplus B-A | Surplus B-C |
|---|---|---|---|---|---|---|---|---|---|---|
| **Subsidiary undertakings:** | | | | | | | | | | |
| – Airport Invest B.V. | Amsterdam (Holland) | 101,040 | 3,502,713 | 84,621 | 100% | 3,502,713 | 2,835,206 | 3,502,713 | (667,507) | (667,507) |
| – ADR Engineering S.p.A. - Unipersonale | Fiumicino (Rome) | 774,690 | 2,169,109 | 619,363 | 100% | 2,169,109 | 593,926 | (7,397,430) | (1,575,183) | 7,991,356 |
| – ADR Tel S.p.A. | Fiumicino (Rome) | 600,000 | 2,777,287 | 564,117 | 99.0% | 2,749,514 | 594,000 | 2,092,747 | (2,155,514) | (1,498,747) |
| – ADR Advertising S.p.A.(*) | Fiumicino (Rome) | 1,000,000 | 2,563,078 | 1,325,572 | 25.5% | 620,435 | 255,000 | 396,206 | (365,435) | (141,206) |
| – ADR Sviluppo S.r.l. - Unipersonale | Fiumicino (Rome) | 100,000 | 101,223 | 5,589 | 100% | 101,223 | 100,000 | 101,223 | (1,223) | (1,223) |
| **Associated undertakings:** | | | | | | | | | | |
| – La Piazza di Spagna S.r.l. | Fiumicino (Rome) | 100,000 | 90,950 | (2,130) | 49.0% | 44,566 | 49,000 | 44,566 | 4,435 | 4,435 |
| **Total** | | | | | | | 4,427,132 | | | |

*(*) Holding present in the stated capital (1,000,000 euros) of the Company (including preference shares). The shareholding present in the capital (500,000 euros) is equal to 51%.*

The positive difference between the carrying amount of the equity investment in ADR Engineering S.p.A. - Unipersonale and the valuation under article 2426, of the Italian Civil Code primarily derives from the reversal of inter-company income realized by the Company from services provided to ADR S.p.A.. Such revenues, capitalized among fixed assets, are of a temporary nature. The positive difference regarding La Piazza di Spagna S.r.l. is due to the fact that the Company is not yet operational.

As security for the loans taken out via contracts entered into with Romulus Finance S.r.l., and a syndicate of banks and Banca OPI, ADR S.p.A. has granted the lenders a lien on the Company's shareholdings in the subsidiary undertakings, ADR Tel S.p.A. and ADR Advertising S.p.A..
Such guarantee is valid until the above loans have been fully repaid.

## Receivables due and other items under non-current financial assets.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Receivables:** | | | |
| **– Due from others:** | | | |
| · public bodies for licenses | 22,514 | 147 | 22,661 |
| · other | 1,316,610 | (624,586) | 692,024 |
| **Total** | 1,339,124 | (624,439) | 714,685 |

The reduction in "receivables" classified among non-current financial assets, amounting to 624 thousand euros, is due to payments of 643 thousand euros, partly offset by new receivables of 5 thousand euros and revaluation of the amount due from the Tax Authorities in relation to the payment of withholding tax on employee severance indemnities, as required by Law no. 662/1996. This item is classified under "other" and totals 14 thousand euros.

There are no receivables falling due beyond five years.

# Current assets.

## Inventory.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| Raw, ancillary and consumable materials | 2,853,106 | (36,005) | 2,817,101 |
| Finished goods and goods for resale: goods for resale | 10,353,173 | (2,055,082) | 8,298,091 |
| | 13,206,279 | (2,091,087) | 11,115,192 |
| Contract work in progress: | 7,225,352 | 289,996 | 7,515,348 |
| less accumulated write-downs | 0 | 0 | 0 |
| | 7,225,352 | 289,996 | 7,515,348 |
| Advances | 949 | 112,490 | 113,439 |
| Total | 20,432,580 | (1,688,601) | 18,743,979 |

In comparison to December 31, 2006 the 1,689 thousand euros reduction in "inventory" is primarily due to the item "goods for resale" (directly managed duty-free and duty-paid shops). Stocks decreased by 2,055 thousand euros due to improved managements of stocks.

Regarding stocks of finished goods and goods for resale, the intense inventories program concerning all categories of goods at shops managed by ADR S.p.A. at Fiumicino and Ciampino has continued, resulting in a gradual reduction of inventory losses.

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

# Current receivables.

| | 12.31.2006 | Changes during the year | | 12.31.2007 |
|---|---|---|---|---|
| | | Increases (+)/ Repayments (-) | Provisions (-)/ Value recoveries (+) | |
| **Due from clients:** | 155,647,987 | 22,403,885 | 0 | 178,051,872 |
| less allowance for doubtful accounts | (31,790,051) | 4,875,196 | (5,420,328) | (32,335,183) |
| less allowance for overdue interest | (7,945,025) | 18,411 | (143,577) | (8,070,191) |
| | 115,912,911 | 27,297,492 | (5,563,905) | 137,646,498 |
| **Due from subsidiary undertakings** | 14,726,827 | (3,039,773) | 0 | 11,687,054 |
| **Due from associated undertakings** | 529,543 | 0 | 0 | 529,543 |
| **Due from parent companies** | 29,440 | (29,440) | 0 | 0 |
| **Due from tax authorities** | 13,248,132 | (11,157,190) | 0 | 2,090,942 |
| **Deferred tax assets** | 13,256,846 | (3,499,501) | 0 | 9,757,345 |
| **Due from others:** | | | | |
| – Sundry | 52,180,431 | (671,205) | 0 | 51,509,226 |
| – Advances to suppliers for services to be rendered | 32,095 | (32,095) | 0 | 0 |
| | 52,212,526 | (703,300) | 0 | 51,509,226 |
| **Total** | 209,916,225 | 8,868,288 | (5,563,905) | 213,220,608 |

"Current receivables", net of allowances for doubtful accounts, amounted to 213,221 thousand euros, representing a net increase of 3,305 thousand euros compared to December 31, 2006. The principal changes are analyzed below.

The item "due from clients", net of allowance for doubtful accounts, amounts to 137,646 thousand euros and includes trade receivables due from clients and amounts due from Public Bodies, deriving from financed works and the supply of utilities and services. The increase of approximately 21.7 million euros, compared with December 31, 2006, reflects growth in turnover and primarily relates to receivables not yet matured or maturing.
As of December 31, 2007 receivables sold without recourse totaled 3.4 million euros (5.1 million euros as of December 31, 2006).

"Due from subsidiary undertakings", totaling 11,687 thousand euros, decreased by 3,040 thousand euros compared with December 31, 2006 due to a reduction in trade receivables and accrued dividends.
A breakdown of receivables due from subsidiary undertakings shows that 8,948 thousand euros derives from trading relations (10,719 thousand euros as of December 31, 2006), 1,352 thousand euros from financial relations (1,477 thousand euros as of December 31, 2006), and 1,387 thousand euros from other relations (2,531 thousand euros as of December 31, 2006) deriving from accrued dividends.

For more information, reference should be made to the section “relations with parent companies and other related parties” in the Management Report on Operations.

“Due from associated undertakings”, amounting to 530 thousand euros, includes amounts due to ADR from the insolvent Ligabue Gate Gourmet Roma S.p.A., classified among preferential liabilities. No movements in such receivables were reported during the previous year.

“Due from tax authorities” decreased by 11,157 thousand euros, primarily due to the transfer of the IRES tax credit, which amounted to 10,361 thousand euros at the end of the previous year, to the Consolidating Company, Gemina S.p.A., in order to compensate the IRES deriving from consolidated income.

“Deferred tax assets”, totaling 9,757 thousand euros as of December 31, 2007, decreased by 3,500 thousand euros compared with the end of the previous year.
The composition of deferred tax assets and changes during the year are shown in the following table:

| | | Balance as of 12.31.2006 (A) | | Increase (B) | | Decrease (C) | | Adjustment rate for previous years (D) | Transfer Cargo unit (E) | | Balance as of 12.31.2007 (A+B-C+D-E) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tax rate % | Tax base | Tax | Tax base | Tax | Tax base | Tax | Tax | Tax base | Tax | Tax base | Tax |
| **Deferred tax assets:** | | | | | | | | | | | | |
| – Allowances for risks and charges | 27.50% - 32.40% | 19,604 | 7,006 | 5,526 | 2,073 | 6,307 | 2,219 | (1,078) | 0 | 0 | 18,823 | 5,782 |
| – Accumulated inventory write-downs | 32.40% | 673 | 258 | 141 | 54 | 355 | 136 | (27) | 0 | 0 | 459 | 149 |
| – Allowance for doubtful accounts | 27.50% | 30,993 | 10,228 | 4,522 | 1,492 | 3,848 | 1,270 | (1,742) | 238 | 64 | 31,429 | 8,644 |
| – Provisions for personnel | 27.50% | 3,394 | 1,120 | 5,210 | 1,719 | 3,394 | 1,120 | (287) | 0 | 0 | 5,210 | 1,432 |
| – Accelerated depreciation | 32.40% | 1,416 | 542 | 0 | 0 | 215 | 82 | (70) | 0 | 0 | 1,201 | 390 |
| – Other | 27.50% - 32.40% | 3,468 | 1,287 | 690 | 260 | 1,409 | 528 | (159) | 0 | 0 | 2,749 | 860 |
| **Total deferred tax assets** | | 59,548 | 20,441 | 16,089 | 5,598 | 15,528 | 5,355 | (3,363) | 238 | 64 | 59,871 | 17,257 |
| **Deferred tax liabilities:** | | | | | | | | | | | | |
| – Dividends | 27.50% | (74) | (24) | (69) | (23) | (74) | (24) | 4 | 0 | 0 | (69) | (19) |
| – Gains | 32.40% | (70) | (26) | (91) | (34) | (47) | (18) | 7 | 0 | 0 | (114) | (35) |
| – Accelerated depreciation (reversal of tax-related entries) | 32.40% | (6,737) | (2,577) | (38) | (15) | (3) | (1) | 396 | 0 | 0 | (6,772) | (2,195) |
| – Accelerated depreciation | 32.40% | (11,912) | (4,557) | (5,804) | (2,219) | (1,505) | (576) | 949 | 0 | 0 | (16,211) | (5,251) |
| **Total deferred tax liabilities** | | (18,793) | (7,184) | (6,002) | (2,291) | (1,629) | (619) | 1,356 | 0 | 0 | (23,166) | (7,500) |
| **Total** | | 40,755 | 13,257 | 10,087 | 3,307 | 13,899 | 4,736 | (2,007) | 238 | 64 | 36,705 | 9,757 |
| **Net deferred tax (assets) liabilities to Income Statement** | | | | | (3,436) | | | | | | | |

"Amounts due from others: sundry" decreased by 671 thousand euros, mainly due to reduced liquidity deposited in the term account denominated the "Debt Service Reserve Account" (down 300 thousand euros) in accordance with obligations set out in current loan agreements.

As of December 31, 2007, the balance of the term account in the name of the security agent for ADR S.p.A.'s loans, denominated the "Debt Service Reserve Account", amounted to 47,730 thousand euros. In accordance with the procedures established in the relevant agreement, ADR S.p.A. has deposited a sum in this account to guarantee repayment of the loans.

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, ADR S.p.A. has granted the lenders the following liens. Such guarantees are valid until the above loans have been fully repaid:

– a lien (in the form of a mortgage ranking *pari passu* with other claims) on all receivables deriving from the sale of plant, machinery and capital goods and rights constituting ADR S.p.A.'s inventory, as well as other goods and rights subject to liens;
– a lien on all receivables and contracts with clients, and with ADR Tel S.p.A. and ADR Advertising S.p.A. and insurance policies.

"Amounts due" as of December 31, 2007 (213,221 thousand euros) comprise trade receivables (146,594 thousand euros), financial receivables (49,739 thousand euros) and sundry receivables (16,888 thousand euros). There are no promissory notes or similar bills.

The following table shows a geographical breakdown of the Company's trade receivables (€/000):

| | Italy | Other EU Countries | Rest of Europe | Africa | America | Total |
|---|---|---|---|---|---|---|
| **Due from clients** | 129,580 | 6,875 | 872 | 222 | 98 | 137,647 |
| **Due from subsidiary undertakings** | 8,947 | 0 | 0 | 0 | 0 | 8,947 |
| **Total** | 138,527 | 6,875 | 872 | 222 | 98 | 146,594 |

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

## Cash on hand and in banks.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Bank and post office deposits** | 125,847,689 | 31,542,438 | 157,390,127 |
| **Checks** | 1,361 | (1,361) | 0 |
| **Cash and notes in hand** | 1,215,739 | (72,706) | 1,143,033 |
| **Total** | 127,064,789 | 31,468,371 | 158,533,160 |

The Company's "cash on hand and in banks" increased by 31,468 thousand euros during the period, primarily due to operating cash flow, partly offset by the payment of dividends (50.5 million euros).

It should be noted that bank deposits include the balance of the account required by the Company's loan agreements and denominated the "Recoveries Account". Cash from extraordinary transactions must be deposited in this account. Thus, in 2006, the amount received in return for the sale of the holding in Flightcare Italia S.p.A. (formerly ADR Handling S.p.A.), after the related costs, was deposited in this account. This amount was used to finance investments carried out by ADR. As of December 31, 2007 the account presents a remaining balance of 12.5 million euros (70.8 million euros as of December 31, 2006).

As security for the loans governed by agreements with Romulus Finance S.r.l., a syndicate of banks and Banca OPI, ADR S.p.A. has granted the lenders a lien on all the Company's current accounts governed by a specific agreement ("Account Bank Agreement"). Such guarantee is valid until the above loans have been fully repaid.

As of December 31, 2007, 53.2 million euros was held in an ADR S.p.A. current account that is not subject to a lien. This amount derives from "free" cash flow and may therefore be used for the payment of dividends under ordinary circumstances.

# Accrued income and prepaid expenses.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Prepaid expenses:** | | | |
| – Service costs | 1,339,041 | 50,561 | 1,389,602 |
| – Leased assets | 0 | 750 | 750 |
| – Payroll costs | 19,217 | (135) | 19,082 |
| – Other operating costs | 7,334 | (1,437) | 5,897 |
| – Interest cost | 3,127,606 | (46,372) | 3,081,234 |
| **Total** | 4,493,198 | 3,367 | 4,496,565 |

One of the most significant items is "interest cost", which includes monoline insurance premium paid to AMBAC Assurance UK, which has secured the bonds issued by Romulus Finance S.r.l. that correspond to Facility A, in advance and to be accrued in the next financial period.

# Shareholders' equity.

Changes in "shareholders' equity" during 2007 are analyzed below:

| | Share capital (a) | Share premium reserve | Revaluation reserves | Legal reserve | Statutory reserves | Reserve for own shares | Reserve for share issues (art. 2349 Italian Civil Code) | Distributable reserves | Retained earnings | Net income for the year | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of 12.31.2004** | 62,309,801 | 667,389,495 | 0 | 12,444,949 | 0 | 0 | 0 | 1,662,496 | 2,001,607 | 12,244,045 | 758,052,393 |
| **Allocation of net income:** | | | | | | | | | | | |
| – distribution of dividends (0.13 euros per share) | | | | | | | | | | (8,100,274) | (8,100,274) |
| – allocation of reserve | | | | 17,011 | | | | | 4,126,760 | (4,143,771) | 0 |
| **Other changes:** | | | | | | | | | | | |
| – distribution of reserve (0.05 euros per share) | | | | | | | | (1,246,196) | (1,869,294) | | (3,115,490) |
| Net income for the year | | | | | | | | | | 85,528,397 | 85,528,397 |
| **Balance as of 12.31.2005** | 62,309,801 | 667,389,495 | 0 | 12,461,960 | 0 | 0 | 0 | 416,300 | 4,259,073 | 85,528,397 | 832,365,026 |
| **Allocation of net income:** | | | | | | | | | | | |
| – distribution of dividends (1.13 euros per share) | | | | | | | | | | (70,410,076) | (70,410,076) |
| – allocation of reserve | | | | | | | | | 15,118,321 | (15,118,321) | 0 |
| Other changes | | | | | | | | | | | 0 |
| Net income for the year | | | | | | | | | | 35,975,352 | 35,975,352 |
| **Balance as of 12.31.2006** | 62,309,801 | 667,389,495 | 0 | 12,461,960 | 0 | 0 | 0 | 416,300 | 19,377,394 | 35,975,352 | 797,930,302 |
| **Allocation of net income:** | | | | | | | | | | | |
| – distribution of dividends (0.57 euros per share) | | | | | | | | | | (35,516,586) | (35,516,586) |
| – allocation of reserve | | | | | | | | | 458,766 | (458,766) | 0 |
| **Other changes:** | | | | | | | | | | | |
| – distribution of dividends (0.24 euros per share) | | | | | | | | | (14,954,352) | | (14,954,352) |
| Net income for the year | | | | | | | | | | 18,932,493 | 18,932,493 |
| **Balance as of 12.31.2007** | 62,309,801 | 667,389,495 | 0 | 12,461,960 | 0 | 0 | 0 | 416,300 | 4,881,808 | 18,932,493 | 766,391,857 |

*(a) Including: no. 62,309,801 ordinary shares (with a unit value of 1 euro).*

The Company's "share capital" amounts to 62,309,801 euros, represented by 62,309,801 shares with a par value of 1 euro each.

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

Changes during the period reflect net income for 2007, amounting 18,932 thousand euros, and the plan for allocation of net income for 2006, amounting to 35,975 thousand euros, as approved by the General Meeting of Shareholders of April 16, 2007, summarized as follows:

– payment of a dividend of 0.57 euros for each of the 62,309,801 shares, representing a total of 35,516 thousand euros;
– allocation of the remaining income of 459 thousand euros to retained earnings.

The same General Meeting approved payment of a dividend of 0.24 euros per share, making a total of 14,954 thousand euros, from "retained earnings" as of December 31, 2006.

The following statement shows movements in shareholders' equity during the year and a breakdown of available and distributable reserves:

| | Amount | Potential use | Available portion | Summary of uses in previous years (2005-2007) | |
|---|---|---|---|---|---|
| | | | | to cover losses | other reasons |
| **Share capital** | 62,309,801 | | | | |
| **Capital reserves:** | | | | | |
| – Share premium reserve | 667,389,495 | (*) A, B, C | 667,389,495 | | |
| **Retained profit reserves:** | | | | | |
| – Legal reserve | 12,461,960 | B | | | |
| – Available reserve | 416,300 | A, B, C | 416,300 | | (1,246,196) |
| – Retained earnings | 4,881,808 | A, B, C | 4,881,808 | | (16,823,646) |
| **Total share capital and reserves** | 747,459,364 | | 672,687,603 | | |
| **Undistributable portion (ex art. 2426, no. 5)** | | | 0 | | |
| **Remaining distributable portion** | | | 672,687,603 | | |
| **Untaxed portion subject to restriction covering negative income components deducted off-balance-sheet, net of deferred tax liabilities** | | | (15,534,649) | | |
| **Remaining tax-exempt portion** | | | 657,152,954 | | |

*Legend:*
*A: to increase capital;*
*B: to cover losses;*
*C: to pay dividends.*

*(*) Entirely distributable in order to reach limit established by art. 2430 of Italian Civil Code.*

The untaxed portion of 15,535 thousand euros includes all off-balance-sheet deductions totaling 22,981 thousand euros, net of the resulting deferred tax liabilities totaling 7,446 thousand euros.

The above off-balance-sheet deductions are covered by a restriction on the distribution of an identical amount in the "share premium reserve". With the exception of the legal reserve, the retained profit reserves may thus be distributed without incurring tax expense.

# Allowances for risks and charges.

| | 12.31.2006 | Changes during the year | | 12.31.2007 |
|---|---|---|---|---|
| | | Provisions (Reversal to income statement) | Releases | |
| **Other:** | | | | |
| – Current and potential disputes | 19,416,747 | 7,420,356 | (4,062,465) | 22,774,638 |
| – Insurance deductibles | 1,329,010 | 72,850 | (110,099) | 1,291,761 |
| – Restructuring | 3,974,737 | 182,463 | (3,406,200) | 751,000 |
| – Fixed assets to be relinquished | 4,630,000 | 180,000 | 0 | 4,810,000 |
| **Total** | 29,350,494 | 7,855,669 | (7,578,764) | 29,627,399 |

"Allowances for risks and charges", totaling 29,627 thousand euros, increased 277 thousand euros compared with December 31, 2006.

The most important changes are analyzed below:

– the "allowance for current and potential disputes" reports a net increase of 3,358 thousand euros, due to the combined effect of provisions of 7,420 thousand euros made in order to provide cover for likely potential liabilities during the period, and releases carried out in order to settle disputes with clients, contractors and personnel;

– releases from the "allowance for restructuring" amounting to 3,406 thousand euros were made for personnel leaving the Company during the period in implementation of the Company's restructuring program launched in 2005.

# Employee severance indemnities.

This item recorded the following changes during 2007:

| | |
|---|---|
| **Balance as of 12.31.2006** | 40,235,313 |
| **Changes during the year:** | |
| – Provisions charged to the Income Statement | 6,436,906 |
| – Releases to pay indemnities | (1,483,610) |
| – Releases to pay advances | (1,354,291) |
| – Increases (decreases) for transfers of personnel | (3,032,637) |
| – Amounts allocated to social security allowances or to the Treasury Fund | (4,517,320) |
| – Other | 93,104 |
| **Balance as of 12.31.2007** | 36,377,465 |

"Employee severance indemnities" report a net decrease 3,858 thousand euros for the period, compared with provisions of 6,437 thousand euros. This primarily reflects transfers of personnel amounting to 3,032 thousand euros and the amount paid into pension funds or to the Treasury Fund set up at INPS.

The 2007 Finance Act brought forward the application of supplementary pension reform, pursuant to Decree Law no. 252/2005, to January 1, 2007.
This reform enables the personnel of private companies with more than 50 employees to allocate their accrued employee severance indemnities to a form of supplementary pension fund or to keep them deposited with the company. In the latter case, the company pays employee severance indemnities into a fund set up at INPS, in accordance with the implementing Decree of January 30, 2007, denominated Allowance for employee severance indemnities or Treasury Fund.

The reduction due to transfers of personnel refers specifically to the personnel transferred to Cargo Merci Fiumicino S.r.l., following the sale of the cargo handling division.

# Payables.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| Due to banks | 248,850,946 | 380,403 | 249,231,349 |
| Due to other financial institutions | 1,279,395,247 | 264,004 | 1,279,659,251 |
| Advances: | | | |
| a) from the Ministry of Transport | 5,048,106 | 0 | 5,048,106 |
| b) from clients | 3,713,522 | 817,676 | 4,531,198 |
| Due to suppliers | 108,864,295 | 21,106,458 | 129,970,753 |
| Due to subsidiary undertakings | 11,749,074 | 3,183,561 | 14,932,635 |
| Due to associated undertakings | 1,002,980 | 0 | 1,002,980 |
| Due to parent companies | 175,983 | 13,930,977 | 14,106,960 |
| Taxes due | 13,177,702 | 7,073,670 | 20,251,372 |
| Due to social security agencies | 5,352,814 | 1,193,799 | 6,546,613 |
| Other payables: sundry creditors | 27,848,768 | 7,111,488 | 34,960,256 |
| Total | 1,705,179,437 | 55,062,036 | 1,760,241,473 |

"Payables" increased by 55,062 thousand euros during the period. The principal reasons for such a change are analyzed below.

“Amounts due to banks” total 249,231 thousand euros, of which 247,500 thousand euros represents the principal on long-term lines of credit denominated “Term Loan Facility” and “BOPI Facility”. The remaining 1,731 thousand euros represents amounts due for interest, commissions and swap differentials accrued during the period but not yet settled. The increase of 380 thousand euros compared with December 31, 2006 derives from the interest and swap differential component.

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

| Lender | Facility Loan | Amount (millions of euros) | | Interest rate | Repayment | Life | Maturity date |
|---|---|---|---|---|---|---|---|
| | | Granted | Used | | | | |
| Syndacate of banks | Term Loan Facility | 191.4 | 191.4 | floating rate linked EURIBOR + margin | bullet | 6 years | Feb. 2012 |
| | Revolving Facility | 100.0 | 0.0 | floating rate linked EURIBOR + margin | revolving | 6 years | Feb. 2012 |
| | | 291.4 | 191.4 | | | | |
| Banca OPI | BOPI Facility | 56.1 | 56.1 | floating rate linked EURIBOR + margin | after 5 years in six-monthly installments | 12 years | Mar. 2015 |
| Total | | 347.5 | 247.5 | | | | |

The long-term line of credit denominated the “Term Loan Facility” and the “Revolving Facility” were granted on September 20, 2005 by a syndicate of banks with the mandated lead arrangers comprising Barclays Capital, Calyon S.A., Mediobanca - Banca di Credito Finanziario S.p.A., Unicredit Banca Mobiliare S.p.A. and WestLB AG.

Regarding the line of credit denominated the “Term Loan Facility”, initially worth 290,000 thousand euros, an amount of 98,600 thousand euros was repaid on September 20, 2006, thereby reducing the amount of the loan to 191,400 thousand euros.

On November 21, 2007, at the request of the Company, the line of credit denominated the “Revolving Facility” was reduced from the initial 200,000 thousand euros to 100,000 thousand euros, in line with projected cash flows, resulting in a reduction in the cost of the loan.

The line of credit denominated the “BOPI Facility” was granted on February 19, 2003 by Banca OPI (as of January 1, 2008 the bank’s name was changed to BIIS - Banca Infrastrutture Innovazione e Sviluppo) and guaranteed by CDC IXIS Financial Guaranty Europe. This line of credit, which was initially granted for an amount of 85,000 thousand euros, was reduced by 56,100 thousand euros following advance repayment of an amount of 28,900 thousand euros on September 20, 2006.

“Amounts due to other financial institutions” total 1,279,659 thousand euros. The item includes the principal of

1,265,019 thousand euros due from the Company to Romulus Finance S.r.l. and 14,640 thousand euros consisting of interest accrued on the above-mentioned loans and not yet settled.

The increase of 264 thousand euros compared with December 31, 2006 is entirely due to the interest component.

It should be noted that the loan granted by Romulus Finance S.r.l. in February 2003 arose from the transfer without recourse to Romulus Finance S.r.l. of the amount due to ADR S.p.A.'s original lenders for loans taken out in August 2001.

The loan from Romulus Finance S.r.l. breaks down into five lines of credit, summarized in the table below. The conditions reflect those of the bonds issued by Romulus Finance S.r.l. to finance the purchase of amounts due to ADR's creditor banks:

| Lender | Facility Loan | Amount (millions of euros) | Interest rate | Repayment | Life | Maturity date |
|---|---|---|---|---|---|---|
| Romulus Finance S.r.l. | A1 | 500 | fixed | bullet | 10 years | Feb. 2013 |
| | A2 | 200 | floating rate linked EURIBOR + margin | bullet | 12 years | Feb. 2015 |
| | A3 | 175 | floating rate linked EURIBOR + margin | bullet | 12 years | Feb. 2015 |
| | A4 | 325 | floating rate linked to EURIBOR + margin up to 12.20.2009 and after fixed rate | bullet | 20 years | Feb. 2023 |
| | B | 65 | floating rate linked EURIBOR + margin | bullet | 7 years | Feb. 2010 |
| Total | | 1,265 | | | | |

The hedging policy established within the framework of loan agreements with the banks and with Romulus Finance S.r.l. requires that at least 51% of the debt is fixed rate (59.2% at fixed rate as of December 31, 2007). In accordance with this policy, the following "Interest Rate Swap" agreements were entered into by ADR S.p.A. in 2001, with the aim of hedging the interest rate risk associated with a portion of the loan. Such interest rate swaps – the counterparties for which in February 2003 are Mediobanca - Banca di Credito Finanziario S.p.A., Barclays, UBM (after HVB), Royal Bank of Scotland and Deutsche Bank – are based on a notional capital of 864 million euros and mature on October 2, 2009.

On October 1, 2004, ADR S.p.A. entered into "Interest Rate Swap" agreements with a number of the above counterparties (Mediobanca - Banca di Credito Finanziario S.p.A., Barclays and Royal Bank of Scotland). The swaps are based on a total notional capital of 468 million euros up to 2007 and 495 million euros up to 2009. On the basis of the agreements, ADR S.p.A. receives a fixed rate of 3.3% and pays a floating rate capped at 6.0%. This transaction enables ADR S.p.A. to balance its exposure to fixed and floating rates, fixing the maximum risk that may be incurred.

Finally, on May 16, 2006, ADR S.p.A. signed two "Interest Rate Collar Forward Start" contracts with Barclays and Royal Bank of Scotland, with a notional capital of 120 million euros each, on the basis of which ADR S.p.A. will receive a floating 3 months Euribor rate and pay a floating 3 months Euribor rate with a cap of 5% and a floor of 3.64% from October 2, 2009 until February 20, 2012.

On December 18, 2006 the "Interest Rate Swaps" with a notional capital of 864 million euros entered into in 2001 were renegotiated.
In particular, the fixed rate paid by ADR S.p.A. (3.8910%) was realigned to the market rate up to the original date of maturity (2009) following payment of the market value of the related instruments (27.4 million euros). This initiative has made it possible to reduce the average cost of debt by almost one percentage point in the three-year period 2007-2009.

As of December 31, 2007, the fair value of the swap agreements entered into in 2001 and renegotiated in 2006 is a positive 9.1 million euros, whilst the fair value of the swaps entered into in 2004 is a negative 12.6 million euros. The fair value of the above-mentioned collar contracts entered into in May 2006 is a positive 0.1 million euros.
The characteristics of outstanding swaps are listed below (in €/000):

| | Notional | Fair value derivates at 12.31.2007 | Purpose of the derivates | Financial risk | Financial debt hedged |
|---|---|---|---|---|---|
| IRS of 2001 renegotiated in 2006 (CASH FLOW HEDGE) | 864,000 | 9,067 | Hedging | Interest rate | 864,000 |
| IRS of 2004 (FAIR VALUE HEDGE) | 468,000 | (12,583) | Hedging | Interest rate | 468,000 |
| COLLAR FWD START of 2006 (CASH FLOW HEDGE) | 240,000 | 123 | Hedging | Interest rate | 240,000 |

The financial liability hedged refers to a portion of "amounts due to other financial institutions" and a portion of "amounts due to banks".
The effects of the interest rate swap agreements on the Income Statement for the period are shown in the Notes on "financial income and expense".

The bank loans and the loan from Romulus Finance S.r.l. are guaranteed, as described in detail in the individual balance sheet items, by:
– a lien (in the form of a mortgage) on the plant, machinery, capital goods and goods constituting ADR S.p.A.'s inventory, as well as any receivables deriving from the sale of such assets;
– a lien on all receivables and contracts with clients, and with ADR Tel S.p.A. and ADR Advertising S.p.A. and insurance policies;
– a lien on all of ADR S.p.A.'s bank current accounts;

– a lien on ADR S.p.A.'s shareholdings in ADR Tel S.p.A. and ADR Advertising S.p.A.;
– "ADR Deed of Charge" (a lien under British law on loans, hedging agreements and insurance policies governed by British law).

Romulus Finance S.r.l. is a vehicle established pursuant to Law no. 130/1999 regarding securitization and is controlled by two Dutch foundations (Romulus Finance). In the context of a securitization transaction, in February 2003 Romulus Finance financed the acquisition of ADR S.p.A.'s previous bank borrowings, thereby becoming ADR's creditor, via the issue of bonds amounting to 1,265 million euros, traded on the Luxembourg market and subscribed by institutional investors.

Almost all of the Romulus Finance bonds, amounting to 1.2 billion euros, benefit from Standard & Poor's and Moody's highest ratings due to a guarantee issued by a leading monoline insurance company, AMBAC Assurance UK Ltd (AMBAC).

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

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

Regarding the latter condition, the downgrading of the Company's ratings by Moody's and Standard & Poor's, on June 19, 2007 (outlook down from "positive" to "stable" – Baa3) and on November 30, 2007 (down from BBB "stable" to the current BBB- "stable"), respectively, set off a trigger event (a so-called "sweep event"), which had the following main effects:

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

The principal covenants included in the current loan agreements consist of ratios, defined on the basis of final and forecast data, which measure: (i) the ratio between available cash flow and debt servicing, (ii) the ratio between discounted future cash flows and net debt, and (iii) the ratio between net debt and gross operating income.
Moreover, taking into account that the financial ratios referring to final data stood at levels above the minimum thresholds at the end of 2007, ADR immediately sent out a series of formal requests to the creditors' committee in order to obtain partial waivers on the strict application of the consequences arising from the sweep event.
These requests are based on the criterion of safeguarding a rapid return to adequate ratings, without jeopardizing effective implementation of the Company's operating programs.

Specifically, the most important requests include:

– repayment in advance (in March 2008), by using available cash flow, of the Romulus Finance line of credit B, amounting to 65 million euros (thus avoiding application of the retention regime); this request has been granted;
– refinancing of the above-mentioned line B via a new line of credit that has already been approved by the European Investment Bank, which has also been granted;

– a further request was made (currently undergoing authorization) to use any further residual cash flow to repay only lines of credit that are effectively repayable, in order to avoid the negative consequences that would be triggered off by cash collateralization, namely the establishment of collateral cash reserves that would have little financial effect in improving the ratings;
– a waiver was granted on the transfer of receivables as guarantees and the consequent notification of debtors in order to avoid risking ADR's reputation and the resulting costs.

An analysis of the Business Plan for 2008-2017 is fully underway, carried out by a consultant appointed by the lenders. By the end of April 2008, once the analysis has been completed, it will be possible to calculate the financial ratios based on budget forecasts.

"Amounts due to suppliers" rose by 21,106 thousand euros due to the greater volume of investment carried out in the last part of 2007 compared with 2006 and higher costs for acquiring goods and services.

"Amounts due to subsidiary undertakings" increased by 3,184 thousand euros, primarily due to an increase in trade payables.
A breakdown of receivables due from subsidiary undertakings shows that 11,290 thousand euros derives from trading relations (6,886 thousand euros as of December 31, 2006) and 3,643 thousand euros from financial relations (4,372 thousand euros as of December 31, 2006); no payables derive from other relations (491 thousand euros as of December 31, 2006).
For more information on amounts due to subsidiary undertakings, reference should be made to the section "relations with parent companies and other related parties" in the Management Report on Operations.

"Amounts due to parent companies", amounting to 14,107 thousand euros, compared with 176 thousand euros at the end of 2006, entirely consist of amounts due to Gemina S.p.A. for tax consolidation. For more information, reference should be made to the section "relations with parent companies and other related parties" in the Management Report on Operations.

The item "taxes due" amounts to 20,251 thousand euros, representing an increase of 7,074 thousand euros mainly due to the greater amount due to Tax Authorities as municipal surtax on passenger fees (up 6,064 thousand euros). In this regard, it should be remembered that ADR S.p.A. began charging carriers this surtax from June 1, 2004 at the rate of 1 euro, which was subsequently increased to 2 euros from April 2005, pursuant to Law no. 43 of March 31, 2005. This rate was increased by an additional 50 cents, bringing it up to a total of 2.50 euros, from January 1, 2007, in compliance with the provisions of Law no. 296 of December 27, 2006 (the Finance Act for 2007). The amount due to Tax Authorities as municipal surtax on passenger fees totaled 16,550 thousand euros as of December 31, 2007.

“Other payables: sundry creditors” increased by 7,111 thousand euros, primarily due to the effect of increased amounts due to personnel (1,395 thousand euros) and the payable deriving from the cost of the fire prevention and fire fighting service (9,000 thousand euros), partly offset by a reduction in amounts due for employee severance indemnities (down 3,785 thousand euros) to personnel terminating employment in the last part of the year.

In summary, as of December 31, 2007 total “payables” of 1,760,241 thousand euros include 1,532,533 thousand euros of a financial nature, 151,809 thousand euros of trade payables and 75,899 thousand euros of sundry items.
A breakdown of the Company’s trade payables by geographical area is not provided as it is not significant given the limited amount due to overseas creditors (4.2 million euros out of at total of 152.4 million euros).
Payables secured by collateral on the Company’s assets amount to 1,528,891 thousand euros (as described in the paragraph regarding “amounts due to banks and other financial institutions”).
Payables falling due beyond five years amount to 1,217,869 thousand euros and regard amounts due to banks totaling 17,850 thousand euros (the loan from Banca OPI) and amounts due to other financial institutions totaling 1,200,019 thousand euros.
Payables in currency exposed to exchange rate risks total 32 thousand euros and refer to services supplied.

## Accrued expenses and deferred income.

| | 12.31.2006 | Changes during the year | 12.31.2007 |
|---|---|---|---|
| **Accrued expenses:** | | | |
| – Sub-concessions and license fees | 4,791,949 | (603,820) | 4,188,129 |
| – Other | 1,071,570 | (125,455) | 946,115 |
| **Total** | 5,863,519 | (729,275) | 5,134,244 |

# Notes to the Memorandum Accounts.

## General guarantees.

| | 12.31.2007 | | | 12.31.2006 | | |
|---|---|---|---|---|---|---|
| | Secured receivables | Unsecured receivables | Total | Secured receivables | Unsecured receivables | Total |
| Sureties: | | | | | | |
| – In the interest of third parties | 0 | 110,522 | 110,522 | 0 | 110,522 | 110,522 |
| – In the interest of subsidiary undertakings | 0 | 0 | 0 | 0 | 0 | 0 |
| Other: | | | | | | |
| – In favour of clients | 0 | 178,580 | 178,580 | 0 | 149,607 | 149,607 |
| – In the interest of subsidiary undertakings | 0 | 507,841 | 507,841 | 0 | 600,000 | 600,000 |
| Total | 0 | 796,943 | 796,943 | 0 | 860,129 | 860,129 |

## Commitments on purchases and sales.

| | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Commitments on purchases: | | |
| – Investments: | | |
| · due from subsidiary undertakings | 4,325,763 | 6,397,135 |
| · electronic equipment | 704,901 | 726,920 |
| · maintenance and services | 3,879,816 | 2,217,619 |
| · vehicles and equipment | 1,800 | 643,900 |
| · self-financed works | 103,411,142 | 77,789,309 |
| | 112,323,422 | 87,774,883 |
| Commitments on sales | 0 | 0 |
| Total | 112,323,422 | 87,774,883 |

Regarding "commitments on purchases", on February 28, 2003 ADR S.p.A. granted IGPDecaux S.p.A. a put option on its holding in ordinary and preference shares in ADR Advertising S.p.A..

Such option is exercisable from the date of approval of the Financial Statements of ADR Advertising S.p.A. as of December 31, 2004 until December 31, 2011, on the occurrence of specific conditions.

As the exercise price is equal to the pro rata book value of shareholders' equity, it may not be quantified.

Commitments on purchases also include ADR S.p.A.'s commitment, as an operator of airport infrastructures, to draw up and implement noise reduction and abatement plans, as required by Noise pollution legislation (Law no. 477/1995) and the Ministerial Decree of November 29, 2000.
To this end ADR S.p.A. is currently assessing whether or not the relevant limits have been exceeded, and if so will proceed with preparation of the necessary noise reduction and abatement plans.
Such commitments are difficult to quantify and are, by necessity, be determined on the basis of interpretations, given that there are no specific indications of the activities to be considered as "maintenance " and "extension" of infrastructures, which form the basis for calculation pursuant to Law no. 447/1995 (the Framework Law on noise pollution).

In view of the above, ADR S.p.A., based on available estimates at the balance sheet date, judges its overall commitment to be no more than approximately 18 million euros. This sum is thus conditional on subsequent events and on the effective program of works to be carried out. The Company believes that future works will qualify as capital expenditure.
In the Management Report on Operations, the measures that the ADR S.p.A. has implemented, with a view to alleviating the acoustic impact generated by aircraft in the vicinity of the airport, are listed in the section on "environmental protection".

The agreements on the sale of the equity investment in ADR Handling S.p.A., entered into on November 3, 2006, provide for a price adjustment of up to 12.5 million euros. Of this, the amount deemed most probable to arise was charged to the Income Statement in 2006 and 2007 under extraordinary items with a contra-entry in allowances for risks and charges totaling around 2.1 million euros as of December 31, 2007. The remaining amount, currently deemed unlikely to be incurred, will be re-assessed in future years.

A series of "Interest Rate Swap" contracts aimed at hedging interest rate risk on current loans have been entered into. For further information reference should be made to the notes to "payables".

# Other memorandum accounts.

| | 12.31.2007 | 12.31.2006 |
|---|---|---|
| **General guarantees received:** | | |
| – Sureties | 100,268,691 | 97,968,674 |
| | 100,268,691 | 97,968,674 |
| **Third party assets in free loan, deposited in custody, leased or similar:** | | |
| – Leased assets | 49,219 | 28,657 |
| – CAA - plant and equipment at Fiumicino | 119,811,701 | 119,811,701 |
| – CAA - plant and equipment at Ciampino | 29,293,608 | 29,293,608 |
| – Works carried out on behalf of the State | 668,060,840 | 668,060,840 |
| | 817,215,368 | 817,194,806 |
| Goods in process deposited with third parties | 0 | 0 |
| **Other matters in question:** | | |
| – Assets leased to subsidiary undertakings | 93,223 | 93,223 |
| | 93,223 | 93,223 |
| Commitments to other companies | 0 | 0 |
| Total | 917,577,282 | 915,256,703 |

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

"Assets leased to subsidiary undertakings" include the value of the intangible and tangible fixed assets (93 thousand euros) that form part of the "advertising" division leased by ADR S.p.A. to the subsidiary undertaking, ADR Advertising S.p.A., as reported in the division's balance sheet prepared on February 28, 2003. The above division also includes net payables due to personnel (employee severance indemnities, vacation pay, etc.) and social security agencies (294 thousand euros), which were settled by the parties in cash.

# Notes to the Income Statement.

## Total revenues.

### Revenues.

| | 2007 | 2006 | Change |
|---|---|---|---|
| **REVENUES FROM SALES** | | | |
| Non-aviation activities: | | | |
| – Duty free and Duty paid | 76,506,733 | 64,056,041 | 12,450,692 |
| – Other | 3,387,892 | 3,239,168 | 148,724 |
| | 79,894,625 | 67,295,209 | 12,599,416 |
| **REVENUES FROM SERVICES** | | | |
| Aviation activities: | | | |
| – Fees | 155,872,927 | 145,543,405 | 10,329,522 |
| – Handling | 16,858,096 | 18,693,227 | (1,835,131) |
| – Security | 35,001,873 | 60,167,041 | (25,165,168) |
| – Centralized infrastructures | 64,511,980 | 34,434,361 | 30,077,619 |
| – Other | 19,018,998 | 18,002,043 | 1,016,955 |
| | 291,263,874 | 276,840,077 | 14,423,797 |
| Non-aviation activities: | | | |
| – Sub-concessions and utilities | 114,080,998 | 106,626,966 | 7,454,032 |
| – Car parks | 30,476,938 | 28,232,529 | 2,244,409 |
| – Advertising | 2,613,124 | 1,978,212 | 634,912 |
| – Refreshments | 9,100,510 | 9,065,886 | 34,624 |
| – Other | 21,318,937 | 21,883,030 | (564,093) |
| | 177,590,507 | 167,786,623 | 9,803,884 |
| | 468,854,381 | 444,626,700 | 24,227,681 |
| **REVENUES FROM CONTRACT WORK** | 0 | 77,452 | (77,452) |
| Total revenues from sales and services | 548,749,006 | 511,999,361 | 36,749,645 |
| **CHANGES IN CONTRACT WORK IN PROGRESS** | 289,996 | 564,682 | (274,686) |
| **CONTRIBUTIONS AND GRANTS** | 0 | 7,460 | (7,460) |
| Total revenues | 549,039,002 | 512,571,503 | 36,467,499 |

"Revenues" total 549,039 thousand euros. Of these, 53% derived from "aviation activities" carried out by the Company (54.0% in 2006) and 47% were generated by "non-aviation activities" (46.0% in 2006).

"Revenue from sales" amounted to 79,895 thousand euros, up 18.7% on 2006. This change was due to the increased turnover of directly managed shops, linked to the positive trend in traffic.
"Revenue from services" totaled 468,854 thousand euros, up 5.4% on 2006.

## Segment information.

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

However, it is possible to identify segments on the basis of the type of product or service offered and the production process involved. Information regarding the resulting segments has been extracted directly from the Company's accounts.

The following table provides information relating to the three principal areas of activity identified:
– Airport fees: paid in return for use of airport infrastructure.
– Handling: including handling contracts and supplementary services[2].
– Centralized infrastructures.
– Non-aviation activities, consisting of:
  - *sub-concessions*: including fees paid by sub-concessionaires operating on airport grounds, in addition to utilities;
  - *direct sales*: including revenues from directly operated duty free and/or duty paid outlets.

*[2] On December 31, 2007 ADR S.p.A. transferred management of this business to the subsidiary undertaking, Cargo Merci Fiumicino S.r.l., which was sold to Argol S.p.A. on the same date.*

Finally, the category, "other activities", includes the sale of advertising space[3], the management of car parks and refreshment facilities, security, left luggage, contract work on behalf of the State, etc..

*[3] Until March 1, 2003, the date on which the lease of the "advertising" division to the subsidiary undertaking, ADR Advertising S.p.A., came into effect; the sale of advertising space in retail outlets, on the other hand, continues to be carried out by ADR S.p.A..*

The following table shows a breakdown of revenues from the segments described. It should be noted, moreover, that the revenues earned by each segment relate entirely to third parties and do not include inter-segment transactions (in €/000).

| Revenues | Fees | Handling | Centralized infrastructures | Non-aviation activities | | Other activities | Total |
|---|---|---|---|---|---|---|---|
| | | | | Sub-concessions | Direct sales | | |
| 2007 | 155,873 | 16,858 | 35,002 | 114,081 | 79,895 | 147,330 | 549,039 |
| 2006 | 145,543 | 18,693 | 34,434 | 106,627 | 67,295 | 139,979 | 512,571 |
| Change | 10,330 | (1,835) | 568 | 7,454 | 12,600 | 7,351 | 36,468 |
| % change | 7.1% | (9.8%) | 1.6% | 7.0% | 18.7% | 5.3% | 7.1% |

Total revenue can be broken down into two macro-areas:

– “aviation” (including fees, handling, management of centralized infrastructure, security services and left luggage) amounting to 291,264 thousand euros, compared with the 276,840 thousand euros of 2006;
– “non-aviation” (including sub-concessions, direct sales, the management of advertising space and car parks, refreshments and contract work on behalf of the State) amounting to 257,775 thousand euros, compared with the 235,735 thousand euros of 2006.

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

### Other income and revenue: other.

| | 2007 | 2006 |
|---|---|---|
| **Revenue grants** | 0 | 7,460 |
| **Profits on disposals** | 90,700 | 179,134 |
| **Other:** | | |
| **– Releases:** | | |
| **· release from allowance for overdue interest** | 7,540 | 42,727 |
| **– Expense recoveries** | 775,579 | 366,166 |
| **– Recoveries of personnel expenses** | 156,163 | 150,804 |
| **– Revaluations of prior years** | 3,958,265 | 1,741,882 |
| **– Other revenues** | 1,230,504 | 679,023 |
| | 6,128,051 | 2,980,602 |
| **Total** | 6,218,751 | 3,167,196 |

“Revaluations of prior years”, amounting to 4.0 million euros, includes the effects of updated valuations of costs and revenues, formerly estimated at the end of the previous year.

## Operating costs.

### Amortization, depreciation and write-downs.

“Amortization and depreciation” during the period amounted to 98,093 thousand euros (98,205 thousand euros in 2006), including amortization of intangible assets of 82,684 thousand euros (83,384 thousand euros in 2006) and depreciation of tangible fixed assets of 15,409 thousand euros (14,821 thousand euros in 2006). Amortization of intangible fixed assets includes the charge for the amortization of the concession, amounting to 50,096 thousand euros.

Further details are provided in the note to “fixed assets”.

“Provisions for doubtful accounts” totaled 5,420 thousand euros (3,589 thousand euros in 2006) and reflect an updated assessment of the recoverability of ADR S.p.A.’s receivables.

## Provisions for risks and other charges.

| | 2007 | 2006 |
|---|---|---|
| **Current and potential disputes** | **7,048,356** | **1,825,296** |
| **Insurance deductibles** | **72,850** | **294,996** |
| **Total** | **7,121,206** | **2,120,292** |

“Other provisions”, totaling 180 thousand euros, regard provisions for fixed assets to be relinquished.

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

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

## Other operating costs.

| | 2007 | 2006 |
|---|---|---|
| **Losses on disposals** | **39,660** | **0** |
| **Concession fees** | **16,258** | **39,090** |
| **Other** | **6,003,253** | **7,892,691** |
| **Total** | **6,059,171** | **7,931,781** |

The item “other”, amounting to 6,003 thousand euros, primarily comprises 1,029 thousand euros for membership fees (903 thousand euros in 2006), 2,787 thousand euros for indirect taxes and duties (1,485 thousand euros in 2006), including 1,165 thousand euros for local property taxes and 2,024 thousand euros for updated valuations of costs and revenues recognized in the 2006 Financial Statements (3,387 thousand euros in 2006).

# Financial income and expense.

## Income from equity investments.

| | 2007 | 2006 |
|---|---|---|
| Dividends from subsidiary undertakings | 1,387,170 | 2,530,815 |
| Total | 1,387,170 | 2,530,815 |

“Dividends from subsidiary undertakings” regard:

– 561 thousand euros in dividends for 2007, recognized on an accruals basis, paid by the subsidiary undertaking, ADR Engineering S.p.A. - Unipersonale (100% owned by ADR S.p.A.), in accordance with the proposed allocation of net income approved by the Company’s Board of Directors on February 29, 2008;

– 523 thousand euros in dividends for 2007, recognized on an accruals basis, paid by the subsidiary undertaking, ADR Tel S.p.A. (99% owned by ADR S.p.A.), in accordance with the proposed allocation of net income approved by the Company’s Board of Directors on March 4, 2008;

– 303 thousand euros in dividends for 2007, recognized on an accruals basis, paid by the subsidiary undertaking, ADR Advertising S.p.A. (51% owned by ADR S.p.A.), in accordance with the proposed allocation of net income approved by the Company’s Board of Directors on March 3, 2008.

## Other financial income.

| | 2007 | 2006 |
|---|---|---|
| Interest and commissions on long-term receivables: | | |
| – Other | 13,440 | 27,479 |
| Other: | | |
| – Interest on overdue current receivables: | | |
| · clients | 748,370 | 295,882 |
| – Interest and commissions received from other companies and sundry income: | | |
| · interest from subsidiary undertakings | 127,455 | 51,326 |
| · interest from banks | 7,706,902 | 6,852,441 |
| · other | 2,755,448 | 1,747,336 |
| Total | 11,351,615 | 8,974,464 |

"Interest from banks", totaling 7,707 thousand euros, rose by 855 thousand euros compared with 2006 due to the increase in floating interest rates.

The item "other" includes 2,697 thousand euros (1,704 thousand euros in 2006) regarding positive differentials on "Interest Rate Swaps". This improvement on the previous year derives from the renegotiation of fixed rate hedges in December 2006, resulting in the realignment of fixed rates with current market rates, representing better conditions than those set in 2001.

## Interest expense and other financial charges.

| | 2007 | 2006 |
|---|---|---|
| Interest paid to subsidiary undertakings | 136,250 | 1,379,933 |
| Interest and commissions due to others and sundry charges: | | |
| – Interest and commissions paid to banks | 12,492,374 | 12,617,330 |
| – Interest and commissions paid to other financial institutions | 72,203,952 | 62,580,300 |
| – Provisions for overdue interest on doubtful accounts | 143,577 | 238,339 |
| – Other | 5,024,506 | 46,721,739 |
| Total | 90,000,659 | 123,537,641 |

"Interest and commissions paid to banks" decreased by only 125 thousand euros, as the positive effects of the partial repayment of bank loans in September 2006 were almost entirely offset by the rise in floating interest rates.

The increase in "interest and commissions paid to other financial institutions" (9,624 thousand euros) reflects the increase in market interest rates, which is partially offset (for the amount hedged at fixed rates) by lower expenses for swap differentials, as explained below in the note to the item "other".

The item "other" includes a sum of 4.8 million euros regarding swap differentials maturing during the period. The 14.0 million euro reduction compared with 2006 (in which related expenses totaled 18.8 million euros) also benefited substantially from the above-mentioned renegotiation of fixed rate hedges carried out in December 2006.

It should be borne in mind that in 2006 this operation entailed additional expense of 27.4 million euros, also classified under the item "other".

## Foreign exchange gains/(losses).

| | 2007 | 2006 |
|---|---|---|
| Foreign exchange gains | 113,559 | 169,036 |
| Foreign exchange losses | 14,935 | 43,497 |
| Total | 98,623 | 125,539 |

The conversion of receivables and payables denominated in non-EU currencies at closing exchange rates resulted in a net loss of 5,694 euros.

# Extraordinary income and expense.

## Income.

"Extraordinary income" for the period totaled 1,998 thousand euros and breaks down as follows:

| | 2007 | 2006 |
|---|---|---|
| Gains on disposals | 1,384,382 | 42,216,348 |
| Other: | | |
| – Income and recovery of expenses relating to previous years deriving from: | | |
| · total revenues | 0 | 0 |
| · other income and revenues | 0 | 10,076 |
| · operating costs | 51,871 | 120,804 |
| · payroll costs | 8,280 | 0 |
| · amortization, depreciation and write-downs | 0 | 2,412 |
| · financial income and expense | 486,257 | 198 |
| · reversal of liabilities | 21,988 | 79,544 |
| · damages and compensation received | 0 | 421,384 |
| · taxation relating to previous years | 45,107 | 187,261 |
| | 613,503 | 821,679 |
| Total | 1,997,885 | 43,038,027 |

"Gains on disposals", amounting to 1,384 thousand euros, include 611 thousand euros deriving from the transfer of the cargo handling business to the subsidiary undertaking, Cargo Merci Fiumicino S.r.l., and 773 thousand euros deriving from the sale of the equity investment in the above-mentioned Company to Argol S.p.A.; the related costs are classified under "extraordinary expense".

In 2006 the item "gains on disposals" included 42,216 thousand euros deriving from the sale of the subsidiary undertaking, ADR Handling S.p.A. (now called Flightcare Italia S.p.A.).

## Expense.

"Extraordinary expense" amounted to 2,658 thousand euros and breaks down as follows:

| | 2007 | 2006 |
|---|---|---|
| Taxes relating to previous years | 18,270 | 90,711 |
| Other: | | |
| – Extraordinary expense derived from: | | |
| · total revenue | 33 | 0 |
| · operating costs | 269,447 | 636,245 |
| · payroll costs | 29,252 | 10,258 |
| · other operating costs | 5,040 | 0 |
| · financial income and expense | 11,634 | 0 |
| · reversal of assets | 859,499 | 153,219 |
| | 1,174,905 | 799,722 |
| – Other extraordinary expense: | | |
| · payments due for lost cargo | 57,700 | 67,974 |
| · fines | 60,857 | 126,079 |
| · restructuring costs | 182,463 | 0 |
| · damages and compensation paid to third parties | 36,897 | 56,381 |
| · antitrust sanctions | 46,100 | 0 |
| · costs relating to extraordinary operations | 1,080,462 | 3,412,656 |
| | 1,464,479 | 3,663,090 |
| | 2,639,384 | 4,462,812 |
| Total | 2,657,654 | 4,553,523 |

The item "costs relating to extraordinary operations" includes the costs incurred by ADR S.p.A. in 2007 for the disposal of the cargo handling business (transfer of the business unit and sale of the equity investment), totaling 708 thousand euros. This item also includes adjustments to the selling price of the subsidiary undertaking, ADR Handling S.p.A., sold in 2006, which were deemed likely (see the note to the Memorandum Accounts).

# Income taxes.

This item reports current taxes for the year totaling 40,659 thousand euros. Deferred tax liabilities of 3,436 thousand euros have also been recognized.

| | 2007 | 2006 |
|---|---|---|
| Current taxes: | | |
| – IRES | 0 | 11,423,232 |
| – Income relating to tax consolidation | 0 | (750,968) |
| – Expense relating to tax consolidation | 26,563,079 | 0 |
| | 26,563,079 | 10,672,264 |
| – IRAP | 14,096,289 | 13,240,746 |
| | 40,659,368 | 23,913,010 |
| Deferred tax (assets) liabilities: | | |
| – Deferred tax assets | 3,120,000 | 2,704,000 |
| – Deferred tax liabilities | 316,000 | 2,100,000 |
| | 3,436,000 | 4,804,000 |
| Total | 44,095,368 | 28,717,010 |

It should be remembered that, due to the existence of the related prerequisites, ADR S.p.A. and the other Group Companies (ADR Engineering S.p.A. - Unipersonale, ADR Tel S.p.A. and ADR Sviluppo S.r.l.) along with the Consolidating Company, Gemina S.p.A., opted to adhere to the tax consolidation regime introduced by the Tremonti Reform for the three-year period 2007-2009. Gemina S.p.A., as the Consolidating Company, has submitted the necessary documents to the Tax Authorities, electing to participate in the optional tax consolidation regime introduced by Legislative Decree no. 344/2003.

As regards deferred taxation, it was decided to continue posting the assets and allowances that generated temporary differences in the individual Companies' Financial Statements.

Pursuant to the above tax legislation, against the taxable income transferred by ADR S.p.A. to the Consolidating Company, Gemina S.p.A., "expense relating to tax consolidation" amounting to 26,563 thousand euros (regarding IRES) have been recorded.

In 2006 the items "IRES" and "income relating to tax consolidation" included the effects of ADR S.p.A.'s participation in the domestic tax consolidation regime in 2004, for the three-year period 2004-2006, with ADR S.p.A., as Consolidating Company, and the subsidiary undertakings, ADR Engineering S.p.A. - Unipersonale and ADR Tel S.p.A., as Consolidated Companies.

(4) *For the purposes of calculating the tax rate for IRES, IRES expense was added to the proceeds and expense deriving from tax consolidation.*

IRES(4) accounts for 42.1% of pre-tax income compared with the expected rate of 33%. In 2006 IRES accounted for 16.5% of pre-tax income.

Reconciliation of the expected and effective rates is provided in the table below:

| | 2007 | 2006 |
|---|---|---|
| Ordinary applicable rate (IRES) | 33.0% | 33.0% |
| Effect of increases (decreases) in the ordinary rate: | | |
| – Permanent changes: | | |
| · tax-exempt income (gains on disposals) | (0.6%) | (19.6%) |
| · dividends | (0.7%) | (0.5%) |
| · non-deductible costs | 11.8% | 10.5% |
| · other permanent changes | (0.0%) | (0.1%) |
| – Temporary changes: | | |
| · increases | 9.3% | 6.4% |
| · decreases | (10.6%) | (13.2%) |
| Effective rate | 42.1% | 16.5% |

For further information on the calculation of deferred tax assets see the item “deferred tax assets” in the section on “receivables”.

# Other information.

## Headcount.

The following table shows the average number of Aeroporti di Roma S.p.A.’s employees by category:

| Average | 2007 | 2006 | Change |
|---|---|---|---|
| Management | 50 | 42 | 8 |
| Administrative staff | 1,611 | 1,512 | 99 |
| Ground staff and others | 573 | 551 | 22 |
| Total | 2,234 | 2,105 | 129 |

# Remuneration of Directors and Statutory Auditors.

In accordance with art. 2427 of the Italian Civil Code, the remuneration of Directors and Statutory Auditors is shown in the table below (cumulatively for each category in euros):

| Category | | Remuneration | Other remuneration (e) | Total |
|---|---|---|---|---|
| Directors | (a) | 105,048 | 9,221 | 114,269 |
| Executive Directors | (b) | 538,458 | 18,409 | 556,867 |
| Directors with positions required by Legislative Decree no. 231/2001 | (c) | 2,390 | 543 | 2,933 |
| Statutory Auditors | (d) | 227,984 | 8,981 | 236,965 |
| Total | | 873,880 | 37,154 | 911,034 |

*(a) Remuneration determined pursuant to art. 2389 paragraph I of the Italian Civil Code, approved by General Meetings of April 21, 2006 and September 21, 2007.*

*(b) See Resolutions of Board of Directors' Meetings of April 21, 2006 and September 21, 2007, pursuant to art. 2389, paragraph III of the Italian Civil Code.*

*(c) See Resolution of Board of Directors' Meeting of April 21, 2006 (installment January, 1 - 26, 2007).*

*(d) See Resolution of the Ordinary General Meeting of April 16, 2007.*

*(e) Reimbursement of expenses.*

At a meeting on August 2, 2007 the Board of Directors also approved payment of gross annual remuneration of 45,000 euros to the members of the Supervisory Board pursuant to Legislative Decree no. 231/2001 (the total installment falling due amounts to 18,739 euros, plus reimbursement of expenses amounting to 2,430 euros).

# Remuneration of Independent Auditors.

In accordance with art. 149-*duodecies* of the Issuers' Regulations, which apply to ADR S.p.A. as it is a Company controlled by a listed Company (Gemina S.p.A.), a breakdown of the fees paid to the ADR Group's principal Independent Auditors is shown in the table below (in thousand of euros):

| | | 2007 | |
|---|---|---|---|
| Type of service | Entity providing the service | Client | Fees |
| Auditing | Deloitte & Touche S.p.A. | ADR S.p.A. | 136 |
| Attestation | Deloitte & Touche S.p.A. | ADR S.p.A. | 26 |
| Auditing | Deloitte & Touche S.p.A. | ADR Engineering S.p.A.<br>ADR Tel S.p.A. | 41 |
| Total | | | 204 |

# Shareholdings of Directors and Statutory Auditors.

None of the Directors or Statutory Auditors hold shares in the Company.

# Number of shares.

The share capital of 62,309,801 euros is represented by no. 62,309,801 shares with a par value of 1 euro each.
As of December 31, 2007 the interest of the majority shareholder, Gemina S.p.A., amounts to 95.761% (no. 59,668,245 shares).

# Key data from the Financial Statements of Gemina S.p.A. for the year ended December 31, 2006.

From August 2, 2007, ADR S.p.A. is subject to "management and coordination" by Gemina S.p.A., which wholly owned Leonardo S.r.l., which was subsequently merged into Gemina S.p.A..
Key data from the Financial Statements of Gemina S.p.A. as of December 31, 2006, the latest available Financial Statements approved by the Company's General Meeting of Shareholders on May 7, 2007, are shown in the table below (in Euros):

| BALANCE SHEET - ASSETS (in Euros) | 12.31.2006 | |
|---|---|---|
| NON-CURRENT ASSETS | | |
| Intangible fixed assets | 6,587 | |
| Tangible fixed assets | 95,403 | |
| Investment in subsidiary undertakings | 632,667,732 | |
| Investment in associated undertakings and joint venture | 18,755,581 | |
| Assets held for sale | 23,440,544 | |
| Other non-current assets | 628 | |
| Other non-current financial assets | 7,341,733 | |
| Total non-current assets | | 682,308,208 |
| CURRENT ASSETS | | |
| Trade receivables | 4,649,539 | |
| Other receivables | 8,601,664 | |
| Derivative financial instruments | 543,640 | |
| Other current assets | 2,373,245 | |
| Cash and cash equivalents | 1,278,584 | |
| Total current assets | | 17,446,672 |
| Assets held for sale | | 0 |
| TOTAL ASSETS | | 699,754,880 |

| BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY (in Euros) | | 12.31.2006 |
|---|---|---|
| SHAREHOLDERS' EQUITY | | |
| Share capital | 362,240,080 | |
| Capital reserve | 67,148,888 | |
| Hedging reserve | 505,409 | |
| Other reserves | 74,775,492 | |
| Profit (loss) from previuos years | 38,151,458 | |
| Profit (loss) for the year | 50,998,166 | |
| Total shareholders' equity | | 593,819,493 |
| NON-CURRENT LIABILITIES | | |
| Employee benefits | 395,862 | |
| Total non-current liabilities | | 395,862 |
| CURRENT LIABILITIES | | |
| Trade payables | 988,288 | |
| Current tax payables | 945,339 | |
| Current financial liabilities | 102,654,716 | |
| Provisions for risks and charges | 164,966 | |
| Other current liabilities | 786,216 | |
| Total current liabilities | | 105,539,525 |
| Liabilities held for sale | | 0 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 699,754,880 |

| INCOME STATEMENT (in Euros) | | 2006 |
|---|---|---|
| Financial income (expense) from equity investments | | 64,821,157 |
| Financial income (expense), net | | (8,385,869) |
| Personnel costs | (2,307,437) | |
| Other operating costs | (5,375,116) | |
| Amortization, depreciation and write-down of fixed assets | (28,499) | |
| Revenues | 559,961 | |
| Other operating profit | 496,151 | |
| Total costs operating, net | | (6,654,940) |
| Profit (loss) before taxation | | 49,780,348 |
| Income tax | | 1,217,818 |
| Profit (loss) for the year | | 50,998,166 |

# Litigation.

## Tax litigation.

– In 1987, a general tax audit of the Parent Company's, ADR S.p.A., accounts from January 1, 1985 to February 18, 1987 was carried out, focusing in addition on certain aspects relating to previous years.

Despite the fact that the auditors found no evidence of irregular accounting practices or violations of statutory regulations, including misdemeanors punishable by fine in compliance with Law no. 516 of August 7, 1982, ADR S.p.A. was notified of certain irregularities regarding both direct and sales tax for the years between 1982 and 1987. ADR S.p.A. appealed the Tax Authorities' interpretation before the competent Tax Commissions.

During 2002, the Rome 1 Revenue Office appealed the sentence issued by the Regional Tax Commission for Rome - section no. 43 – before the Supreme Court. Such sentence had turned down the appeal against the sentence of the Tax Commission for the Province of Rome, dated April 9, 1999, which had accepted the grounds for ADR S.p.A.'s appeal against the allegations of income tax violations (IRPEG and ILOR) regarding the years 1985 and 1986.

On July 10, 2002, the Tax Authorities appealed to the Supreme Court, and the Company responded by depositing its counter-evidence with the Court. At a hearing to discuss the matter on November 7, 2007, the Supreme Court accepted the appeal and referred the case to a different department of the Regional Tax Commission.

Thus far the outcomes of the hearings conducted by the various Tax Commissions have been in ADR S.p.A.'s favour, confirming the legal interpretation adopted and a positive outcome for the Company.

– On February 3, 2005 the Special Audit Team from the Regional Tax Police Headquarters for the Lazio Region instigated a general tax audit of the Parent Company, Aeroporti di Roma S.p.A., with respect to direct, indirect and other taxation due for the tax years 2003 and 2004.

The audit was subsequently extended to include VAT for the tax years 2001 and 2002, limited to certain specific operations carried out by the Company.

The tax inspectors then contested the applicability of IRPEG, IRAP and VAT deductions for so-called "ancillary financial costs" incurred between 2001 and 2003.

In particular, for the tax year 2003, the inspectors deemed that amortization of "transaction costs", amounting to 4.1 million euros, was inapplicable with regard to IRPEG and IRAP.

With regard to VAT, the inspectors claim that VAT, totaling approximately 1.3 million euros, paid on the transaction costs incurred during the tax years 2001, 2002 and 2003, in relation to the assumption and restructuring of the above loans, is not deductible for tax purposes.

ADR S.p.A. submitted a memorandum containing its own observations to the Revenue Office, asking that the findings set forth in the Report drawn up by the Regional Tax Police be dismissed.

On December 29, 2005, the Rome 7 Revenue Office notified Aeroporti di Roma of two claims for back taxes and fines regarding VAT for the tax years 2001 and 2002.

Backed up by the opinions of its tax experts, and deeming that recognition of the legitimacy of its actions is highly likely, on March 15, 2006 the Company lodged an appeal with the Provincial Tax Commission against said claims.

During delays in the proceeding, the Rome 7 Revenue Office sent a request to the Revenue Office – Regional Head Office of Lazio, in which it asked for an opinion regarding its own valuations of the findings presented by the Tax Police.

In a note dated June 13, 2006 the Regional Head Office of Lazio responded to this request and recognized the legitimacy of ADR's practices deeming, "the amount to be amortized during the year as deductible for the purposes of VAT in connection to the said costs". Specifically, in addition to pointing out the contradictory interpretation of the Tax Police in deeming the interest expense on the loans taken out in 2001 to be deductible but not the related transaction costs on the same loans, the Regional Head Office for Lazio clearly stated that, on the basis of the argument put forward by the Company pursuant to art. 11 of Law no. 212/2000 and the subsequent judgment by the Revenue Head Office's Disputed Claims Department, Resolution no. 240 of July 19, 2002 "resolved the question, never having considered the deduction of the transaction costs to be questionable in any way whatsoever".

Following this favorable judgment, the Rome 7 Revenue Office presented the Provincial Tax Commission with a request to dismiss the claims, asking that the notices of assessment regarding the tax years 2001 and 2002 be revoked.

During the hearing on February 12, 2007 at the Provincial Tax Commission for Rome, the representative from the Rome 7 Revenue Office confirmed the Revenue Office's position expressed in the requests for the dismissal of the claims asking for a termination of the dispute.

On March 8, 2007 the sentences accepting the appeals lodged by ADR S.p.A. were deposited at the offices of the Provincial Tax Commission of Rome.

These sentences, which were notified to the Revenue Office on July 24, 2007 in order to take advantage of the fast-track appeal procedure, were not appealed against and are, therefore, final.

– On November 3, 2006 Tax Office of Rome (UTF) initiated an audit of ADR S.p.A.'s accounts regarding taxation of the consumption of electricity. In short, the revenue officers carried out a "check aimed at quantifying the electricity purchased by the company and sold, subject to reimbursement of expenses, to third parties operating at the airport, for uses different from those that are exempt from the tax on consumption".

  In its Report dated February 23, 2007, the Tax Office (UTF) informed the Company that it "intended to recover the amounts relating to the consumption tax and related local surtaxes on electricity sold to third parties for the years between 2002 and 2005, in that, in the Office's opinion, the said amounts were not duly paid". In this regard, the Office specifies that "it is necessary to know, for each of the above years, the electricity suppliers that in the role of withholding agents applied the exemptions in question, as well as the list of sub-concessionaires that were supplied electricity with exemption and the related amounts invoiced, even if for the purposes of reimbursement".

The Tax Office (UTF) formalized the request for data and information regarding the supply of electricity for the above period. ADR replied in a letter dated June 1, 2007, reiterating that, on the basis of the legal framework governing the Company's activities, the electricity obligatorily supplied to airport premises and infrastructures utilized by other entities cannot be considered as energy "acquired by the company and sold, subject to reimbursement of expenses, to third parties".

Between July 3 and 13, 2007, the Tax Office (UTF) carried out additional audits aimed at "carrying out technical checks on the equipment and on the means of distribution and consumption of electricity on the part of ADR, in order to identify and separate the consumption subject to the tax exemption in accordance with art. 52 of Consolidated Act no. 504/1995 for the tax period January 1, 2002 - May 31, 2007".

Following the audits, the Tax Office (UTF) issued no. 15 demands for payment of a total of 4.4 million euros, regarding failure to pay the tax on electricity consumption and the related surtax for the period 2002-2006. This amount includes interest expense, penalties for late payment and notification expenses.

Generally speaking, the disputes relate to the alleged sale to third parties of the electricity acquired by ADR, as well as the refusal to recognize the favorable terms applied in accordance with art. 52 of the Consolidated Customs Act to entities qualifying for inclusion in the category "industrial operators".

Along with the demands for payment, there were no. 9 notifications of administrative irregularities, amounting to a total of 1.5 million euros for 2002, concerning the sanctions imposed in relation to failure to pay the above taxes.

Backed up by the opinion of its tax experts, ADR S.p.A. deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed the demands in question before Rome's Provincial Tax Commission.

– On December 27, 2006, the Municipality of Fiumicino notified ADR S.p.A. of its failure to declare and pay local property tax for 2001 regarding Rome Airport's Hilton Hotel.

  On December 28, 2007, the Municipality of Fiumicino notified ADR S.p.A. of a tax assessment for 2002 regarding the same building previously assessed for 2001.

  The Company, considering that there are valid arguments in favor of its non-liability to pay this tax, has appealed against these tax assessments to the Provincial Tax Commission of Rome.

– On August 16, 2007, the Rome II Customs District Office notified ADR S.p.A. of reported irregularities in the sales carried out at its Duty free shops from January 1, 1993 to January 31, 1998. The findings essentially regard sales made to passengers traveling within the EU that exceeded Duty free allowances in terms of amount and value.

  On December 18, 2007, the same Customs District Office ordered payment of sums regarding VAT, as well as excise and tobacco duties, as a result of the findings set out in the assessment report. The total amount of taxes and interest charged adds up to around 22.2 million euros.

Backed up by the opinion of its tax experts, ADR S.p.A. deems it highly likely that the legitimacy of its behavior will be recognized, and has therefore appealed this demand for payment before the Provincial Tax Commission.

## Administrative, civil and labor litigation.

Administrative, civil and labor litigation is followed by the Company through its internal legal department which has provided, for the preparation of the Accounts as of and for the period ended December 31, 2007, a complete and exhaustive breakdown of the different civil, administrative and arbitration proceedings outstanding as of that date.
As regards litigation as a whole, the Company carried out a valuation of the risk of negative outcomes leading to the creation of a specific allowance under "allowances for risks and charges" to cover the cost of litigation likely to result in a negative outcome and for which a reasonable estimate of the amount involved could be made. The disputes for which a negative outcome was merely possible, given the different legal interpretations, were not the object of provisions in accordance with the principles and procedures governing the preparation of Financial Statements. Furthermore, there are a limited number of civil proceedings underway, for which no provisions were made, as the impact of any negative outcome, while negligible, could not be measured.

Significant disputes are summarized below.

- With regard to relations with Public Bodies, Supreme Court sentence no. 15023/2001, which, on the one hand, established that Public Bodies should have rent-free access to the premises needed to carry out their legally required duties regarding aircraft, passenger and cargo movements, whilst, on the other hand, requiring such Bodies to pay for the services and utilities relating to said premises, ADR applied to the Ordinary Court for injunctions allowing it to recover receivables due from the various Ministries. The latter have opposed such injunctions, not questioning that payment is due for use of services, but challenging the determination of amounts and the methods of calculation. All of the judgments were made in first instance, and in all cases the Civil Court rejected the Ministries' opposition. The time limits in which to appeal two of the judgments are expiring, and for the other two the sentences in first instance have become final given that no appeals have been lodged.
- On May 26, 1999, ADR S.p.A. appealed Ministry of Finance Decree no. 86, dated March 5, 1999, before the Lazio Regional Administrative Court. The Decree establishes the license fees to be paid by airport operators for the years prior to 1997. Judgment is still pending.
  A similar action brought by ADR S.p.A. before the Civil Court of Rome, with the aim of ascertaining that the Company is not required to pay any back-dated fees to the Ministry of Transport for the years prior to 1997, ended with the issue of sentence no. 5283/2004. This sentence, which upheld ADR S.p.A.'s position, declared that the Company has no obligation to pay the Government license fees for the years prior to 1997 in application of the Convention of June 26, 1974.

– In a resolution of September 20, 2000, the Antitrust Authority closed the investigation of ADR S.p.A., launched with the resolution of 1999, finding that the Company had not abused its dominant position either with respect to the fees charged for ground handling services, or with regard to self-handling. The Authority did, however, find anti-competitive practices in relation to Aviation Services (Meridiana Group), although no fine was inflicted. The Company has appealed the latter finding before the Lazio Regional Administrative Court, but the date for the hearing has yet to be set.
– Alitalia and Alitalia Airport have appealed to the Lazio Regional Administrative Court against the Italian Civil Aviation Authority and the Director of Fiumicino Airport and against ADR S.p.A. and ADR Handling S.p.A. as interested parties. The appellants have requested the cancellation, subject to suspension, of both the Aviation Authority's provisions of September 26, 2000, by which the Authority defined the centralized infrastructure at Fiumicino Airport, including the cargo storage plant, and the act of March 29, 2001, by which the Director of Rome Fiumicino Airport ordered the appellants to "cease, with immediate effect, all activities regarding cargo handling, in relation to both services subject to limits and those for which it might have been necessary to use ...Alitalia's cargo plant". An announcement of the date of the relevant hearing is awaited, given that the appellants have withdrawn their request for a suspension.
– The Ministerial Decree of November 29, 2000 requires the operators of public transport services and relative infrastructure to draw up action plans for the reduction and abatement of noise, and to make provisions in line with forecast penalties if such limits should be exceeded. The legislation has been independently appealed by all airport operators to the Council of State, with the aim of obtaining an annulment of Lazio Regional Administrative Court's sentence no. 3382/2002. Sentence no. 5822/2004 of September 7, 2004 partially rejected the appeals brought by the airport operators. The consequences of this judgment are summarized below.

  The appeal judge, citing grounds that are partially different from those on which the appealed sentence was based, has decided that airport operators have an obligation to reduce noise pollution and thus prepare noise abatement action plans under two conditions:
  - identification of the boundaries of the areas covered by the Ministerial Decree of January 31, 1997 (see the section of the Management Report on Operations dealing with "environmental protection: noise abatement");
  - verification, according to a precise schedule, of instances when noise pollution limits are exceeded outside the areas covered by the regulations, as established by the Prime Ministerial Decree of November 19, 1997, with reference to be made to the limits established in municipal zoning bylaws or, in their absence, by art. 6, paragraph 1 of the Prime Ministerial Decree of March 1, 1991.

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

The obligation to make financial provisions to cover the cost of adopting noise reduction and abatement measures, regardless of whether or not the above limits have been exceeded, derives from Framework Law no. 447/1995 (art. 10, paragraph 5) and not the Ministerial Decree to which the appeal judge’s sentence refers, as the latter is merely a repetition of the legal provisions referred to.

The Ministry of the Environment “assumes that the obligation to make provisions is valid regardless of whether or not the noise emission limits have been exceeded” (thus as of the entry into force of Law no. 447/1995); at the same time “all issues regarding the reasonableness of such obligation, even where limits have not been exceeded, are beyond the scope of this action, by which the appellants have appealed a regulation that merely requires communication of the provisions made”.

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

– In July 2003 ADR S.p.A. lodged an appeal with the Lazio Regional Administrative Court in which it contested the request by the Antitrust Authority of May 12, 2003 to pay a sum of 1.2 million euros, equivalent to thirteen six-monthly “surcharges” on penalties of 0.9 million euros, imposed on ADR S.p.A. in 1993 following a dispute about handling.

  The appealed letter follows payment by ADR S.p.A. of an amount corresponding to only five six-monthly surcharges (0.5 million euros, as well as the original penalty) rather than the total of eighteen six-monthly surcharges requested by the Authority.

  In ADR S.p.A.’s opinion, the surcharges are not due for the period in which the Antitrust Authority’s penalty was “suspended” following acceptance by the Lazio Regional Administrative Court of ADR S.p.A.’s request for a suspension in 1993 (as part of the appeal in which ADR S.p.A. contested the Antitrust Authority ruling), and until the sentence handed down by the Court in July 2000.

  With sentence no. 198/2004, handed down on May 6, 2004, the Lazio Regional Administrative Court accepted ADR S.p.A.’s appeal and, in particular: 1) annulled the disputed act (the letter from the Antitrust Authority dated May 12, 2003 in which the Authority laid claim to a sum of 1.7 million euros rather than 0.5 million euros; 2) ruled that ADR S.p.A. was not liable for payment of the surcharge stipulated in said act; and 3) ordered payment of legal interest to ADR S.p.A. for the period of the dispute (thirteen six-month periods, unless a different interpretation of the letter containing the grounds for the sentence emerges).

  In October 2004 the Antitrust Authority appealed the Lazio Regional Administrative Court sentence before the Council of State. The date of the hearing has yet to be announced.

– In September 2003 ADR S.p.A. issued notice of appeal to Lazio Regional Administrative Court against Ministerial Decree 14/T of March 14, 2003 (published in the Official Gazette of June 3, 2003) containing provisions regarding the payment of fees for the 100% screening of hold baggage, as interpreted, in relation to the date from which such fees are to be applicable, in Civil Aviation Authority letters dated June 3, 2003 and June 11, 2003. The main reasons for the appeal are: (a) the contradictory nature of the two letters from the Civil Aviation Authority; and (b) the lack of any provision regarding collection of the fees prior to the implementation of the Ministerial Decree. In fact, pursuant to local airport authority ordinance no. 14/2002, as interpreted by the local airport authority's letter of January 9, 2003, ADR S.p.A. was obliged, as of February 1, 2003, to carry out 100% screening of hold baggage with no possibility of charging fees for the service. Such fees were belatedly determined by the Ministerial Decree published in the Official Gazette on June 3, 2003. The appeal aims, among other things, to recover the fees due for the period between the date the Decree became valid (June 3, 2003) and the date authorized by the Civil Aviation Authority in a separate letter (June 26, 2003).
– In September 2003 ADR S.p.A. lodged an appeal with Lazio Regional Administrative Court against the Executive Decree of June 30, 2003 (Definition of airport license fees for 2003) published in the Official Gazette on July 7, 2003, as amended in the notice published in the Official Gazette on September 6, 2003. This decree established methods different from those previously applied for calculating annual fees due from, among others, global airport operators pursuant to special laws. Such methods of calculation are deemed to be illegitimate as they introduce an element of "adjustment" to the resulting figures regarding the "earnings" that passengers produce in relation to the airport.

  In a parallel judgment in Civil Court, negative declaratory action (*azione d'accertamento negativo*), on July 12, 2007 ADR S.p.A. was notified of the purview of sentence no. 12189 of June 13, 2007 with which the Court of Rome, accepting ADR's request, "following misapplication of the executive decree issued by the director of the State property office on June 30, 2003", declared "Aeroporti di Roma S.p.A. did not owe the Italian Civil Aviation Authority any amounts greater than the license fees due for the years 2003, 2004 and 2005 calculated in conformity with Law no. 662/1996, in application of the calculation criteria set forth in the Ministerial Decree dated December 12, 1998".
– With regard to the preparatory phase for the Tariff Agreement (*Contratto di Programma*) 2005-2009, in November 2005 ADR S.p.A. appealed to Lazio Regional Administrative Court for an annulment of the decisions and considerations contained in the document issued by the Ministry of Infrastructure and Transport and the Ministry of the Economy on September 22, 2005, in which Aeroporti di Roma is substantially denied the right to include any component of the purchase cost of the airport management concession for Fiumicino and Ciampino in the regulatory asset base, to be used in determining the airport fees it will charge. The appeal also includes a claim for damages from the Ministries concerned, in view of the unwarranted delay the above document has caused in finalizing the Tariff Agreement (*Contratto di Programma*) provided for in point 5 of the regulatory framework

annexed to CIPE (Interdepartmental Committee for Economic Planning) Resolution no. 86/2000 and art. 4 of the Ministerial Decree of November 14, 2000. The Agreement governs the determination of airport fees and the other regulated revenues earned by ADR. The date of the related hearing has yet to be announced.

– On October 28, 2005, ADR S.p.A. submitted a Complaint to the European Commission asking it to examine the provisions of Decree Law no. 211/2005 regarding so-called “system requirements”, which was subsequently included in Decree Law no. 203/2005, converted into Law no. 248/2005. ADR’s complaint aims to bring to the Commission’s attention the fact that the above legislation violates EU law, with particular regard to the rules Governing State aid.

  This complaint was followed on February 20, 2006 by a further communication to the European Commission from ADR, reinforcing and expanding on the previous complaint, in response to the Guidelines issued by the Ministry of Infrastructure and Transport.

– Actions brought by the ADR S.p.A., including those contesting certain provisions regarding the implementation of regulations introduced by Law no. 248/2005 (so-called “system requirements”), include the proceedings held before the Civil Court in February 2006 against the Ministry of Infrastructure and Transport. This regards a claim for damages, estimated at 27.6 million euros, caused to ADR S.p.A. as a result of the failure to bring airport fees into line with the target inflation rate until December 2005, in compliance with article 2, paragraph 190 of Law no. 662/1996, which was repealed by Law no. 248/2005. The next hearing is scheduled to take place on March 20, 2009 in order to finalize the conclusions.

– A further action relating to “system requirements” regards the appeal filed by ADR S.p.A. at the Lazio Regional Administrative Court in February 2006, with a view to revoking the Guidelines issued by the Ministry of Infrastructure and Transport on December 30, 2005, regarding the entry into effect of Law no. 248/2005. Specifically, this regards a request for annulment of both the regulations concerning the reduction of airport fees and the Civil Aviation Authority’s memorandum of January 20, 2006, fixing the level of temporary airport fees. With sentence no. 2289/2007 lodged on June 5, 2007 the Lazio Regional Administrative Court rejected the appeal. In November 2007 ADR appealed this sentence before the Council of State.

– Moreover, in March 2006 ADR S.p.A. appealed to the Lazio Regional Administrative Court, without a request for suspensive relief, against the Civil Aviation Authority’s memorandum of February 3, 2006 and subsequent memoranda in which the Authority deemed it appropriate to suspend payment of royalties on the sub-concession of airport fuel supply to third parties. The suspension is to remain in force until the submission by airport operators of data regarding the costs incurred in relation to the service provided by oil companies and until the completion of checks to be carried out on these companies by the Civil Aviation Authority.

– Finally, ADR S.p.A. lent its support to the appeals brought before the Constitutional Court by the Campania, Emilia Romagna, Piedmont, Tuscany and Sicily Regional Authorities in order to have Law no. 248/2005 declared unconstitutional.

The hearing to discuss the matter called for by the Piedmont Region was held on January 9, 2007. In May 2007 the Constitutional Court decided to "re-enter the case for trial" and fixed a hearing to discuss the appeal on January 15, 2008. The Court's decision is awaited.

- ASSAEREO (National Association of Airline Carriers and Air Transport Operators) and Blue Panorama lodged an appeal with the Lazio Regional Administrative Court, with a request for suspensive relief, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (and another decision dated October 31, 2006 that does not concern Roman airports) with which the Civil Aviation Authority communicated the results of the controls carried out on airports' total operations "in order to analyze the cost correlation of what airport operators request from oil companies on a lump sum basis".

  At the hearing on December 14, 2006 the appellant withdrew the request for suspensive relief and requested an adjournment. A hearing to discuss the matter was held on October 11, 2007. With sentence no. 11154/2007 the Lazio Regional Administrative Court rejected the appeal. On January 2, 2008 the carriers lodged a further appeal.
- IBAR (Italian Board Airlines Representatives) and no. 6 carriers (Iberia, Tap, American Airlines, Delta Airlines, Ethiopian Airlines and Cyprus Airlines) lodged an appeal with the Lazio Regional Administrative Court, with a request for suspensive relief, against the Civil Aviation Authority's memorandum of September 15, 2006 (protocol no. 60600) (in addition to other previous measures), with which the Civil Aviation Authority communicated the results of the controls carried out airports' total operations "in order to analyze the cost correlation of what airport operators request from oil companies on a lump sum basis". At the hearing on January 11, 2007 IBAR withdrew the request for suspensive relief. A hearing was held to discuss the matter on October 11, 2007, and a judgment is awaited.
- ENI has brought a claim before the Rome Civil Court against its own client airline carriers (Air One, Alitalia, Eurofly, Livingston, Meridiana and Neos) in order to ascertain the obligation to pay oil company the amounts regarding the license fee that the Company owes to airport operators, and, consequently, that the carriers are ordered to pay ENI the amounts accrued to this effect since October 2005 (with Decree Law no. 211/2005 regarding "system requirements" came into effect).

  In the same claim, ENI has also brought a secondary claim against airport operators, including ADR S.p.A. (and the Civil Aviation Authority for the airports managed by the State) in order to ascertain that ENI does not owe the airport operators payments for the license fee calculated on the basis of the amount of fuel supplied to airline companies. Moreover, as specifically regards ADR, on the one hand, ENI requests that it is ordered to pay an amount corresponding to the sum paid since October 2005, totaling 276 thousand euros, and, on the other, that it be determined that ENI does not owe ADR the amount of 1.1 million euros (determined up to May 31, 2006), as yet unpaid. The case has been adjourned until a hearing on November 19, 2008.
- On December 19, 2006, the Antitrust Authority notified ADR of the start (with decision no. 16246 of December 14, 2006) of proceedings against the Company, following:

- reports from IBAR regarding the methods applied by ADR S.p.A. to determine some fees for the use of airport infrastructures and capital goods used to service air transportation and passenger and aircraft assistance operations;
- a complaint (also on the part of ALAS, ASSODOR and ANAMA) regarding the cargo sector, which focused on the anti-competitive aspect of the methods of determining fees for office space sub-concessions as well as the limits put forward by ADR regarding competitors' access to the cargo services assistance market.

The Authority holds that ADR has abused its dominant position, pursuant to art. 82 of the EC Treaty, in the airport infrastructure management market at Fiumicino and Ciampino airports and in the cargo handling services market at Fiumicino.

The maximum fine allowed by law cannot exceed 10% of the value of total revenues ADR earned in the last year prior to the investigative proceedings (for a theoretical maximum of approximately 51 million euros).

To date, not only has the Company not yet been notified of the results of the Authority's investigations, but also the latter, with a measure of November 15, 2007, extended the deadline for completing the proceedings – previously set for January 31, 2008 – until June 30, 2008. Therefore, it is objectively difficult to predict the outcome. In any case, the possibility of the fine exceeding the legally set limits can be deemed remote.

March 19, 2007, was the deadline by which ADR could exercise the faculty pursuant to art. 14-*ter* of Law no. 287/1990, enabling it to give the Authority commitments that would resolve the issue of the anti-competitive practices forming the subject of the investigation. Taking account of ADR S.p.A.'s reasonable and defendable stance in the face of the accusations put forward, it was decided not to make any such commitments and to fully defend the Company's position.

On April 23 and on June 14, 2007, ADR S.p.A. gave evidence during an Antitrust Authority hearing as part of the proceedings.

Following the second hearing the Authority asked ADR S.p.A. to present documentation backing up the facts that had emerged: the documentation will be presented on July 20, 2007.

On November 21, 2007 the Authority asked the Company to provide further information (accompanied by relevant documentation) regarding the state of progress of ADR's procedure to spin off the cargo business at Fiumicino airport, the allocation of space at the Cargo City and the number of all-cargo flights operating at Fiumicino airport. ADR submitted all the requested information and documents on December 13, 2007.

– On February 20, 2007, ADR S.p.A. was notified of the start of proceedings on the part of the Antitrust Authority involving a claim that the Company has violated art. 8, paragraphs 2-*bis* and 2-*ter* of Law no. 287/1990, "for not having carried out cargo handling activities at Rome's Fiumicino airport via a separate company".

  ADR S.p.A. gave evidence during a hearing called by the Authority on March 20, 2007.

  On June 1, 2007 the Authority issued its closing decision and ordered ADR S.p.A. to pay a fine of 25 thousand euros (the maximum for this type of proceeding is 51,645 euros) deeming that ADR S.p.A. had failed to set up a separate company for the cargo handling activities carried out at Fiumicino airport and, subsequently, had omitted to inform the Authority of the situation. The Company is considering possible steps to be taken, including an appeal against this decision to be lodged with the Lazio Regional Administrative Court, also in relation to possible impacts on the other proceedings regarding airport fees underway before the Antitrust Authority. The fine was paid in July 2007.

– On June 18, 2007 ADR S.p.A. was notified of the start of proceedings, and of a concomitant request for information, initiated by the Antitrust Authority in relation to alleged misleading advertising (pursuant to Legislative Decree no. 206/2005, the so-called “Consumers’ Code”) regarding the advertising aimed at promoting a special fare for parking in the Multi-story car park E. On July 31, 2007, ADR S.p.A. submitted its defensive memorandum, together with information and documents requested by the Authority.

  With notification issued to ADR S.p.A. on December 3, 2007, the Antitrust Authority closed the proceedings by imposing a fine of 31.1 thousand euros on the Company. This amount was reduced to 21.1 thousand euros thanks to the positive attitude displayed by ADR S.p.A., which had already removed the advertising poster that was objected to by consumers before the start of the proceedings. ADR S.p.A. paid the fine within the terms requested by the Authority.

– On December 21, 2007, ADR S.p.A. appealed to the Lazio Regional Administrative Court against CIPE Resolution no. 38 of June 15, 2007, the “Directive on airport service fee regulations offered on an exclusive basis”, as well as any other related deed or measure, without requesting suspensive relief.

  The Company argues that various points of the directive are illegitimate, insofar as, for example, the Civil Aviation Authority’s discretion is inadequately defined, in infringement of art. 704 of the Navigation Code. No distinction is made when dealing with public and privatized airports regarding returns on invested capital, thereby constituting a serious violation of the principle of equality, as the Resolution provides for identical treatment in situations that are different, etc.

  IBAR, ASSAEREO and Alitalia also appealed to the Lazio Regional Administrative Court against CIPE Resolution no. 38/2007, with different claims of illegitimacy; ASSAEREO also requested suspensive relief.

– Ryanair appealed to the Lazio Regional Administrative Court requesting cancellation – with prior suspension – of Ordinance no. 14/2007 of July 9, 2007 issued by the Management of Ciampino airport, stipulating that no more than 100 commercial movements by the holders of slots could be effected in any one day, with slots to be allocated between 6am and 11.30pm during the winter of 2007-2008. At the hearing held on October 11, 2007 to discuss suspensive relief, the Lazio Regional Administrative Court rejected Ryanair’s appeal, thereby maintaining the restricted number of slots for the winter of 2007-2008. Ryanair then lodged an appeal with the Council of State against the Lazio Regional Administrative Court ordinance that rejected the request for suspensive relief. With Ordinance no. 5752/2007 the Council of State accepted Ryanair’s appeal (and therefore the original application for suspensive relief submitted by the airline).

Consequently, the current number of daily movements for commercial airlines with authorized slots at Ciampino airport amounts to 138.

– IBAR, together with 13 carriers, on the one hand, and ASSAEREO and Volare, on the other hand, in separate requests, appealed to the Lazio Regional Administrative Court, with concomitant request for suspensive relief, for the cancellation of Civil Aviation Authority rulings no. A0035898 and no. 0035899 of June 5, 2007, regarding the setting of fees for the catering carried out at Rome and Milan airports, respectively. The plaintiffs have withdrawn their request for suspensive relief. A hearing on the matter is awaited, although it is not expected to take place in the immediate future.

The following claims with regard to contract work, services and supplies are pending before civil law courts:

– At the hearing on January 10, 2007 ATI Alpine Bau, awarded the contract for works relating to the structural and operational upgrading of runway 16/34L (runway 3) at "Leonardo da Vinci" Airport in Fiumicino, appealed sentence no. 1347/2006 handed down on January 16, 2006 by Rome's Civil Court. This sentence ordered ADR to pay 1.2 million euros, plus interest legal expenses and revaluation for a total of 0.2 million euros.
  The appeal reiterates the claims for damages made in first instance (66 million euros, plus legal interest accrued from the time of the claim) and a request was made to combine the three proceedings. In addition, a further appeal is pending against the partial judgment in first instance (the hearing for final judgment, originally set for October 2, 2007 was postponed by the Court until October 20, 2009).
  At the hearing on January 10, 2007 ATI Alpine's legal counsel made a request to combine the present proceeding with the preceding underway for which a partial judgment has been made (cited above). ADR's legal experts opposed to the combination of the proceedings and the judge, in accepting this opposition, rejected the request, but at the same time ordered that, merely for the purposes of reducing the number of court appearances, the present proceeding and that for which a partial judgment has been made be handled during the same hearing set for October 2, 2007. The Court adjourned this hearing until January 1, 2010.
– In 2002 a lawsuit was taken out by ATI Elsag S.p.A. - CML Handling Technology S.p.A. regarding payment of sums posted to accounts relating to the contract to construct the new baggage handling system at Fiumicino airport, amounting to 7.4 million euros, plus interest. With sentence no. 23167/2007 Aeroporti di Roma was ordered to pay damages of 1,184 thousand euros to Elsag, plus interest and revaluation. The Company is considering whether or not to lodge an appeal.
– A claim for damages, in relation to the contract for the extension and restructuring of the international terminal at Rome's Fiumicino airport and related works, has been brought by Consorzio Aerest (in liquidation). The claim amounts to approximately 2.2 million euros plus VAT, interest and revaluation. On October 8, 2004 the Court of Rome partially upheld the Consorzio Aerest's claim, requiring ADR S.p.A. to pay the Consortium the sum of

approximately 167 thousand euros, rejecting all other claims and apportioning the legal costs to both parties. On April 27, 2005, Consorzio Aerest appealed against the above-mentioned sentence, substantially reiterating the claim submitted in first instance. A hearing has been scheduled for May 20, 2008 for final judgment.

- In the parallel civil judgment instigated by Consorzio Aerest to obtain, amongst other things, restitution from ADR S.p.A. of the so-called withholding on accidents and injuries, equal to 0.5% of the entire amount of the contact describe in the above paragraph, with sentence no. 2691/2007 of June 28, 2007. Rome's Civil Court ordered ADR S.p.A. to pay the amount of 280 thousand euros, in addition to legal interest and Court expenses accruing from the time of the claim. The appeal is going forward in consideration of the fact that ADR S.p.A. has already paid the contested amount on the basis of the inspection certificate approved at that time, even if the nature of said amounts was not specified in the certificate, thereby causing the Judgment in first instance to be erroneous. At a hearing on January 30, 2008 the Court of Appeal adjourned the case until May 20, 2008.
- A civil lawsuit brought by Finprest to obtain recognition of its right to a sum of 3.2 million euros pertaining to review of contract prices, revaluations and interest in relation to a contract (dating back to 1988) for restructuring and extension works at the "old" domestic terminal (Terminal A) at "Leonardo da Vinci" Airport in Fiumicino. At the hearing held on October 16, 2007, the Judge gathered evidence for the decision; issue of the sentence is awaited.
- On December 30, 2004, ATI NECSO ENTRECANALES - Lamaro Appalti notified its decision to appeal sentence no. 35859/2003 issued by the Civil Court of Rome, summonsing ADR S.p.A. to appear before the Appeal Court of Rome at a hearing on March 30, 2005. In addition to rejecting ATI NECSO's claims, the judge at the initial hearing also ordered the Company to pay ADR S.p.A.'s costs. ATI NECSO is claiming damages of 9.8 million euros, plus interest, revaluation and costs, from ADR S.p.A. in relation to no. 7 claims posted in the accounts relating to the contract for work on the extension and restructuring of the international terminal (West Satellite) at Fiumicino. In view of the positive outcome of the initial hearing, ADR S.p.A. believes the likelihood of a negative outcome to be remote. The case was adjourned until November 18, 2008.
- On February 1, 2005, Fondedile Costruzioni S.r.l. lodged an appeal against sentence no. 23019/2004 of the Civil Court of Rome, which rejected all the requests made by Fondedile, and also ordered the Company to reimburse ADR's legal costs. Such appeal reiterates the claim submitted in first instance for a total of 3.6 million euros, as well as legal and overdue interest and revaluation. At a preliminary hearing on May 3, 2005 before the second section of the Appeal Court of Rome, the judge adjourned the hearing until April 21, 2009 for final judgment.
- On March 31, 2006, a summons was issued in which ATI Opere Pubbliche S.p.A. - Opere Idriche S.p.A., the Company contracted to carry out works on the multistory car park (fifth module) at "Leonardo da Vinci" Airport in Fiumicino, requests that ADR be ordered to pay the 17 reserves recorded in the accounts regarding said works, for a total of 2.0 million euros, plus legal interest, as well as legal costs and fees.

  The request submitted derives from the alleged design error which obliged the contractor, ATI, to use greater quantities of material than those provided for in the design and, above all, to incur increased prices for the materials used for the work in question, primarily metals (iron, steel, copper, etc.). With the Order of April 3, 2007, the judge accepted the preliminary and prejudicial questions raised by ADR S.p.A. during the hearing on March 30, 2007, rejecting, at the same time, the requests put forward by the plaintiff. The hearing was adjourned until March 20, 2009 for final judgment.

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

* * *

In conclusion, we declare that the Financial Statements, accompanied by the Management Report on Operations, present a true and fair view of the Company's financial position and results of operations as of and for the year ended December 31, 2007, and that they correspond with the underlying accounting records.

The Board of Directors

# ANNEXES

# List of significant equity investments.

**AIRPORT INVEST B.V.**

| | |
|---|---|
| Date of incorporation | April 7, 1999 |
| Chamber of Commerce | Amsterdam 34113641 |
| Registered Office | Strawinskylaan 3105, 1077 ZX - Amsterdam (The Netherlands) |
| Tax Code | 97166530580 |
| Share capital | 101,039.90 euros represented by 155,446 shares with a par value of 0.65 euros each |
| Holding: no. 155,446 shares with voting rights at Ordinary General Meeting, amounting to 100% | |

**ADR ENGINEERING S.p.A. - Unipersonale**

| | |
|---|---|
| Date of incorporation | February 21, 1997 |
| Tax Code and Companies' Register | Rome 05256281006 |
| R.E.A. | Rome 867594 |
| Registered Office | 00054 Fiumicino - Via Lago di Traiano, 100 |
| Share capital | 774,690 euros represented by 1,500 shares with a par value of 516.46 euros each |
| Holding: no. 1,500 shares with voting rights at Ordinary General Meeting, amounting to 100% | |

**ADR Tel S.p.A.**

| | |
|---|---|
| Date of incorporation | July 31, 2002 |
| Tax Code and Companies' Register | Rome 07169231003 |
| R.E.A. | Rome 1014944 |
| Registered Office | 00054 Fiumicino - Via dell'Aeroporto di Fiumicino, 320 |
| Share capital | 600,000 euros represented by 600,000 shares with a par value of 1 euro each |
| Holding: no. 600,000 shares with voting rights at Ordinary General Meeting, amounting to 100% (of which 1% held via ADR Sviluppo S.r.l.) | |

**ADR ADVERTISING S.p.A.**

| | |
|---|---|
| Date of incorporation | January 10, 2003 |
| Tax Code and Companies' Register | Rome 07336861005 |
| R.E.A. | Rome 1027780 |
| Registered Office | 00054 Fiumicino - Office Tower, Leonardo da Vinci Airport |
| Share capital | 1,000,000 euros represented by 500,000 ordinary shares and 500,000 preference shares both with a par value of 1 euro each |
| Holding: no. 255,000 ordinary shares with voting rights at Ordinary General Meeting, amounting to 51% of the ordinary share capital | |

**ADR SVILUPPO S.r.l. - Unipersonale**

| | |
|---|---|
| Date of incorporation | July 27, 2001 |
| Tax Code and Companies' Register | Rome 06708221004 |
| R.E.A. | Rome 984688 |
| Registered Office | 00054 Fiumicino - Via dell'Aeroporto di Fiumicino, 320 |
| Share capital | 100,000 euros |
| 100% of voting rights at Ordinary General Meeting | |

**LA PIAZZA DI SPAGNA S.r.l.**

| | |
|---|---|
| Date of incorporation | December 17, 2003 |
| Tax Code and Companies' Register | Rome 07754621006 |
| R.E.A. | Rome 1053884 |
| Registered Office | 00054 Fiumicino - Via dell'Aeroporto di Fiumicino, 320 |
| Share capital | 100,000 euros |
| 49% of voting rights at Ordinary General Meeting | |

**LIGABUE GATE GOURMET ROMA S.p.A. (insolvent)**

| | |
|---|---|
| Date of incorporation | November 20, 1997 |
| Tax Code and Companies' Register | Venice 03016170270 |
| Registered Office | 30030 Tessera (VE) - Marco Polo Airport |
| Share capital | 103,200 euros represented by 20,000 shares with a par value of 5.16 euros each |
| Holding: no. 4,000 shares with voting rights at Ordinary General Meeting, amounting to 20% | |

**SOCIETÀ AEROPORTUALE CALABRESE - S.A.CAL. S.p.A.**

| | |
|---|---|
| Date of incorporation | February 23, 1990 |
| Tax Code and Companies' Register | Catanzaro 01764970792 |
| Registered Office | Lamezia Terme (CZ) - Lamezia Terme Civil Airport |
| Share capital | 7,755,000 euros represented by 15,000 shares with a par value of 517 euros each |
| Holding: no. 2,485 shares with voting rights at Ordinary General Meeting, amounting to 16.57% | |

**AEROPORTO DI GENOVA S.p.A.**

| | |
|---|---|
| Date of incorporation | February 12, 1985 |
| Tax Code and Companies' Register | Genoa 02701420107 |
| Registered Office | Genoa Sestri - Passenger Terminal |
| Share capital | 4,648,140 euros represented by 9,000 shares with a par value of 516.46 euros each |
| Holding: no. 1,350 shares with voting rights at Ordinary General Meeting, amounting to 15% | |

# AIRPORT INVEST B.V.

## RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

## Company name

## Airport Invest B.V.

## Board of Directors

| | |
|---|---|
| Chairman | Fabio Capozio |
| Directors | Luciano Acciari<br>J.C.W. Van Burg<br>J.P. Everwijn<br>Paul Schimtz |

## Independent Auditors

KPMG Accountants NV

Information about the subsidiary undertaking, Airport Invest B.V., is provided in the section "equity investments" in the Management Report on Operations.

| RECLASSIFIED BALANCE SHEET (in thousand of euros) | 12.31.2007 | 12.31.2006 |
|---|---|---|
| A. - FIXED ASSETS | 0 | 0 |
| Trade payables | (31) | (24) |
| B. - WORKING CAPITAL | (31) | (24) |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | (31) | (24) |
| D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.) | 0 | 0 |
| E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I. | (31) | (24) |
| financed by: | | |
| Share capital | 101 | 101 |
| Reserves and retained earnings | 3,317 | 3,275 |
| Net income (loss) for the year | 85 | 1,208 |
| F. - SHAREHOLDERS' EQUITY | 3,503 | 4,584 |
| G. - MEDIUM/LONG-TERM BORROWING | 0 | 0 |
| H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | |
| Short-term debt | 0 | 0 |
| Cash and current receivables | (3,534) | (4,608) |
| (G+H) | (3,534) | (4,608) |
| I. - TOTAL AS IN "E" (F+G+H) | (31) | (24) |

| RECLASSIFIED INCOME STATEMENT (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - REVENUES | 0 | 0 |
| B. - REVENUES FROM ORDINARY ACTIVITIES | 0 | 0 |
| Cost of materials and external services | (57) | (169) |
| C. - GROSS MARGIN | (57) | (169) |
| Payroll costs | 0 | 0 |
| D. - EBITDA | (57) | (169) |
| Other income (expense), net | 0 | 0 |
| E. - EBIT | (57) | (169) |
| Financial income (expense), net | 142 | 1,377 |
| F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | 85 | 1,208 |
| Extraordinary income (expense), net | 0 | 0 |
| G. - INCOME BEFORE TAXES | 85 | 1,208 |
| Income taxes | 0 | 0 |
| H. - NET INCOME (LOSS) FOR THE YEAR | 85 | 1,208 |

# ADR ENGINEERING S.P.A. UNIPERSONALE

## RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

## Company name

## ADR Engineering S.p.A. Unipersonale

## Board of Directors

| | |
|---|---|
| Chairman | Mario Sisto *(from February 1, 2007)* |
| Directors | Carmine Bassetti<br>Giorgio Gregori |
| Secretary | Riccardo Affinita |

## Board of Statutory Auditors

*(after the General Meeting of April 6, 2006)*

| | |
|---|---|
| Chairman | Antonio Mastrapasqua |
| Statutory Auditors | Pietro Cerasoli<br>Eugenio Lagomarsino |
| Alternate Auditors | Francesco Mariani<br>Guido Zavadini |

## Independent Auditors

Deloitte & Touche S.p.A.

Information about the subsidiary undertaking, ADR Engineering S.p.A. - Unipersonale, is provided in the section "equity investments" in the Management Report on Operations.

| RECLASSIFIED BALANCE SHEET (in thousand of euros) | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Intangible fixed assets | 89 | 71 |
| Tangible fixed assets | 74 | 62 |
| A. - FIXED ASSETS | 163 | 133 |
| Inventory | 5,870 | 4,960 |
| Trade receivables | 2,869 | 3,561 |
| Other assets | 233 | 558 |
| Trade payables | (4,677) | (4,534) |
| Allowances for risks and charges | (9) | 0 |
| Other liabilities | (1,828) | (1,041) |
| B. - WORKING CAPITAL | 2,458 | 3,504 |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 2,621 | 3,637 |
| D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.) | 829 | 726 |
| E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I. | 1,792 | 2,911 |
| financed by: | | |
| Share capital | 775 | 775 |
| Reserves and retained earnings | 775 | 750 |
| Net income for the year | 619 | 445 |
| F. - SHAREHOLDERS' EQUITY | 2,169 | 1,970 |
| G. - MEDIUM/LONG-TERM BORROWING | 0 | 0 |
| H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | |
| Short-term debt | 0 | 984 |
| Cash and current receivables | (377) | (43) |
| (G+H) | (377) | 941 |
| I. - TOTAL AS IN "E" (F+G+H) | 1,792 | 2,911 |

| RECLASSIFIED INCOME STATEMENT (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - REVENUES | 8,161 | 6,744 |
| B. - REVENUES FROM ORDINARY ACTIVITIES | 8,161 | 6,744 |
| Cost of materials and external services | (3,678) | (3,713) |
| C. - GROSS MARGIN | 4,483 | 3,031 |
| Payroll costs | (2,943) | (2,272) |
| D. - EBITDA | 1,540 | 759 |
| Amortization and depreciation | (74) | (61) |
| Provisions for risks and charges | (9) | 0 |
| Other income (expense), net | (38) | 233 |
| E. - EBIT | 1,419 | 931 |
| Financial income (expense), net | (40) | (15) |
| Adjustments to financial assets | 0 | 0 |
| F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | 1,379 | 916 |
| Extraordinary income (expense), net | (15) | 27 |
| G. - INCOME BEFORE TAXES | 1,364 | 943 |
| Current taxes for the year | (756) | (515) |
| Deferred tax assets (liabilities) for the year | 11 | 17 |
| | (745) | (498) |
| H. - NET INCOME FOR THE YEAR | 619 | 445 |

# ADR TEL S.P.A.

## RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

| | |
|---|---|
| **Company name** | **ADR Tel S.p.A.** |

## Board of Directors

| | |
|---|---|
| Chairman | Marco Torsello *(from March 8, 2007)*<br>Roberto Piana *(until February 28, 2007)* |
| Directors | Antonio Abbate *(from March 8, 2007)*<br>Giacomo Cassigoli *(until February 7, 2007)*<br>Andrea Pontecorvo *(from February 7, 2007)*<br>Marco Torsello *(until March 8, 2007)* |
| Secretary | Riccardo Affinita |

## Board of Statutory Auditors

| | |
|---|---|
| Chairman | Renato Colavolpe |
| Statutory Auditors | Roberto Ascoli<br>Giorgio Palasciano |
| Alternate Auditors | Pietro Cerasoli<br>Guido Zavadini |

| | |
|---|---|
| **Independent Auditors** | Deloitte & Touche S.p.A. |

Information about the subsidiary undertaking, ADR Tel S.p.A., is provided in the section "equity investments" in the Management Report on Operations.

| RECLASSIFIED BALANCE SHEET (in thousand of euros) | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Intangible fixed assets | 4,830 | 4,893 |
| Tangible fixed assets | 453 | 551 |
| A. - FIXED ASSETS | 5,283 | 5,444 |
| Trade receivables | 4,051 | 2,732 |
| Other assets | 60 | 200 |
| Trade payables | (3,395) | (3,681) |
| Other liabilities | (1,689) | (1,097) |
| B. - WORKING CAPITAL | (973) | (1,846) |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 4,310 | 3,598 |
| D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.) | 452 | 509 |
| E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I. | 3,858 | 3,089 |
| financed by: | | |
| Share capital | 600 | 600 |
| Reserves and retained earnings | 1,613 | 1,579 |
| Net income (loss) for the year | 564 | 682 |
| F. - SHAREHOLDERS' EQUITY | 2,777 | 2,861 |
| G. - MEDIUM/LONG-TERM BORROWING | 0 | 0 |
| H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | |
| Short-term debt | 1,352 | 493 |
| Cash and current receivables | (271) | (265) |
| (G+H) | 1,081 | 228 |
| I. - TOTAL AS IN "E" (F+G+H) | 3,858 | 3,089 |

| RECLASSIFIED INCOME STATEMENT (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - REVENUES | 9,591 | 8,339 |
| Capitalized costs and expenses | 81 | 272 |
| B. - REVENUES FROM ORDINARY ACTIVITIES | 9,672 | 8,611 |
| Cost of materials and external services | (5,581) | (4,900) |
| C. - GROSS MARGIN | 4,091 | 3,711 |
| Payroll costs | (1,419) | (1,342) |
| D. - EBITDA | 2,672 | 2,369 |
| Amortization and depreciation | (1,398) | (1,062) |
| Other provisions | (13) | (18) |
| Other income (expense), net | (74) | (5) |
| E. - EBIT | 1,187 | 1,284 |
| Financial income (expense), net | (79) | (34) |
| F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | 1,108 | 1,250 |
| Extraordinary income (expense), net | (2) | 0 |
| G. - INCOME BEFORE TAXES | 1,106 | 1,250 |
| Current taxes for the year | (525) | (565) |
| Deferred tax assets (liabilities) for the year | (17) | (3) |
| | (542) | (568) |
| H. - NET INCOME (LOSS) FOR THE YEAR | 564 | 682 |

# ADR ADVERTISING S.P.A.

## RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

| | |
|---|---|
| Company name | ADR Advertising S.p.A. |

## Board of Directors

*(after the General Meeting and the Board of Directors' Meeting of March 22, 2006 and April 13, 2007)*

| | |
|---|---|
| Chairman | Emanuele Ludovisi *(from April 13, 2007)* |
| | Andrea Belardini *(until April 13, 2007)* |
| Managing Director | Fabrizio Du Chene De Vere |
| Directors | Andrea Belardini *(from April 13, 2007)* |
| | Mario de Gennaro |
| | Andrea Ghisolfi |
| Secretary | Riccardo Affinita |

## Board of Statutory Auditors

*(after the General Meeting of March 22, 2006)*

| | |
|---|---|
| Chairman | Giancarlo Russo Corvace |
| Statutory Auditors | Angelo Casò |
| | Guido Croci |
| Alternate Auditors | Marco Baccani |
| | Pietro Cerasoli |

| | |
|---|---|
| General Manager | Sandro Loreti |
| Independent Auditors | Reconta Ernst & Young S.p.A. |

Information about the subsidiary undertaking, ADR Advertising S.p.A., is provided in the section "equity investments" in the Management Report on Operations.

| RECLASSIFIED BALANCE SHEET (in thousand of euros) | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Intangible fixed assets | 1 | 13 |
| Tangible fixed assets | 1,432 | 1,009 |
| Non-current financial assets | 4 | 10 |
| A. - FIXED ASSETS | 1,437 | 1,032 |
| Trade receivables | 10,214 | 9,961 |
| Other assets | 2,204 | 2,017 |
| Trade payables | (8,976) | (10,711) |
| Allowances for risks and charges | (79) | (62) |
| Other liabilities | (1,050) | (1,331) |
| B. - WORKING CAPITAL | 2,313 | (126) |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 3,750 | 906 |
| D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.) | 185 | 212 |
| E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I. | 3,565 | 694 |
| financed by: | | |
| Share capital | 1,000 | 1,000 |
| Reserves and retained earnings | 238 | 190 |
| Net income (loss) for the year | 1,325 | 1,367 |
| F. - SHAREHOLDERS' EQUITY | 2,563 | 2,557 |
| G. - MEDIUM/LONG-TERM BORROWING | 0 | 0 |
| H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | |
| Short-term debt | 1,100 | 0 |
| Cash and current receivables | (98) | (1,863) |
| (G+H) | 1,002 | (1,863) |
| I. - TOTAL AS IN "E" (F+G+H) | 3,565 | 694 |

| RECLASSIFIED INCOME STATEMENT (in thousand of euros) | 2007 | 2006 |
|---|---|---|
| A. - REVENUES | 25,172 | 24,143 |
| B. - REVENUES FROM ORDINARY ACTIVITIES | 25,172 | 24,143 |
| Cost of materials and external services | (21,528) | (20,821) |
| C. - GROSS MARGIN | 3,644 | 3,322 |
| Payroll costs | (862) | (884) |
| D. - EBITDA | 2,782 | 2,438 |
| Amortization and depreciation | (266) | (196) |
| Other provisions | (91) | (51) |
| Provisions for risks and charges | (17) | (10) |
| Other income (expense), net | (85) | 184 |
| E. - EBIT | 2,323 | 2,365 |
| Financial income (expense), net | (29) | 5 |
| F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | 2,294 | 2,370 |
| G. - INCOME BEFORE TAXES | 2,294 | 2,370 |
| Income taxes | (974) | (1,003) |
| Deferred tax assets (liabilities) for the year | 5 | 0 |
| H. - NET INCOME (LOSS) FOR THE YEAR | 1,325 | 1,367 |

# ADR SVILUPPO S.R.L. UNIPERSONALE

## RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

| | |
|---|---|
| Company name | ADR Sviluppo S.r.l. Unipersonale |
| Sole Director | Fabio Capozio |

Information about the subsidiary undertaking, ADR Sviluppo S.r.l. - Unipersonale, is provided in the section "equity investments" in the Management Report on Operations.

| RECLASSIFIED BALANCE SHEET (in Euros) | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Intangible fixed assets | 4,141 | 4,141 |
| Non-current financial assets | 6,000 | 6,000 |
| A. - FIXED ASSETS | 10,141 | 10,141 |
| Other assets | 1,542 | 2,329 |
| B. - WORKING CAPITAL | 1,542 | 2,329 |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 11,683 | 12,470 |
| D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.) | 0 | 0 |
| E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I. | 11,683 | 12,470 |
| financed by: | | |
| Share capital | 100,000 | 100,000 |
| Reserves and retained earnings | (4,366) | (7,866) |
| Net income (loss) for the year | 5,589 | 3,500 |
| F. - SHAREHOLDERS' EQUITY | 101,223 | 95,634 |
| G. - MEDIUM/LONG-TERM BORROWING | 0 | 0 |
| H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | |
| Short-term debt | 0 | 0 |
| Cash and current receivables | (89,540) | (83,164) |
| (G+H) | (89,540) | (83,164) |
| I. - TOTAL AS IN "E" (F+G+H) | 11,683 | 12,470 |

| RECLASSIFIED INCOME STATEMENT (in Euros) | 2007 | 2006 |
|---|---|---|
| A. - REVENUES | 0 | 0 |
| B. - REVENUES FROM ORDINARY ACTIVITIES | 0 | 0 |
| Cost of materials and external services | (654) | (648) |
| C. - GROSS MARGIN | (654) | (648) |
| D. - EBITDA | (654) | (648) |
| Other income (expense), net | (498) | (840) |
| E. - EBIT | (1,152) | (1,488) |
| Financial income (expense), net | 6,488 | 4,988 |
| F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | 5,336 | 3,500 |
| Extraordinary income (expense), net | (18) | 0 |
| G. - INCOME BEFORE TAXES | 5,318 | 3,500 |
| Income taxes | 271 | 0 |
| H. - NET INCOME (LOSS) FOR THE YEAR | 5,589 | 3,500 |

# LA PIAZZA DI SPAGNA S.R.L.

## RECLASSIFIED BALANCE SHEET AND INCOME STATEMENT

| RECLASSIFIED BALANCE SHEET (in Euros) | 12.31.2007 | 12.31.2006 |
|---|---|---|
| Intangible fixed assets | 7,087 | 7,087 |
| A. - FIXED ASSETS | 7,087 | 7,087 |
| Other assets | 1,601 | 1,263 |
| Other liabilities | 0 | 0 |
| B. - WORKING CAPITAL | 1,601 | 1,263 |
| C. - INVESTED CAPITAL, minus short-term liabilities (A+B) | 8,688 | 8,350 |
| D. - EMPLOYEE SEVERANCE INDEMNITIES (E.S.I.) | 0 | 0 |
| E. - INVESTED CAPITAL, minus (C-D) short-term liabilities and E.S.I. | 8,688 | 8,350 |
| financed by: | | |
| Paid-up capital (*) | 30,000 | 30,000 |
| Reserves and retained earnings | (6,920) | (5,038) |
| Net income (loss) for the year | (2,130) | (1,882) |
| F. - SHAREHOLDERS' EQUITY | 20,950 | 23,080 |
| G. - MEDIUM/LONG-TERM BORROWING | 0 | 0 |
| H. - SHORT-TERM BORROWING (NET CASH AND CASH EQUIVALENTS) | | |
| Short-term debt | 0 | 0 |
| Cash and current receivables | (12,262) | (14,730) |
| (G+H) | (12,262) | (14,730) |
| I. - TOTAL AS IN "E" (F+G+H) | 8,688 | 8,350 |

*(*) Share capital of 100,000 euros, net of the amounts due from shareholders for unpaid called-up capital, totaling 70,000 euros.*

| RECLASSIFIED INCOME STATEMENT (in Euros) | 2007 | 2006 |
|---|---|---|
| A. - REVENUES | 0 | 0 |
| B. - REVENUES FROM ORDINARY ACTIVITIES | 0 | 0 |
| Cost of materials and external services | (1,556) | (1,091) |
| C. - GROSS MARGIN | (1,556) | (1,091) |
| D. - EBITDA | (1,556) | (1,091) |
| Other income (expense), net | (808) | (965) |
| E. - EBIT | (2,364) | (2,056) |
| Financial income (expense), net | 252 | 174 |
| F. - INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES | (2,112) | (1,882) |
| Extraordinary income (expense), net | (18) | 0 |
| G. - INCOME BEFORE TAXES | (2,130) | (1,882) |
| Income taxes | 0 | 0 |
| H. - NET INCOME (LOSS) FOR THE YEAR | (2,130) | (1,882) |

# REPORT OF THE BOARD OF STATUTORY AUDITORS

*(Translation from the original issued in Italian)*

# Report of the Board of Statutory Auditors to the Ordinary General Meeting of the Shareholders of Aeroporti di Roma S.p.A., pursuant to art. 2429 of the Italian Civil Code.

*Dear Shareholders,*

during the year ended December 31, 2007 we verified compliance with the law, the articles of association and the principles of good governance, applying the recommendations laid down in the regulations for Statutory Auditors established by the Italian Accounting Profession.

We attended the two General Meetings held during the year and twelve Board of Directors' Meetings, which were conducted in compliance with the related statutory requirements, laws and regulations.

We obtained information from the Directors regarding the overall operating performance and outlook, and on the most significant transactions, in terms of size or nature, carried out by the Company. We can, therefore, provide reasonable assurances that both the resolutions passed and the actions implemented complied with the law and the Articles of association, and that they were not manifestly imprudent or risky, and did not involve a conflict of interest or compromise the value of the Company's assets.

Our discussions with the auditors engaged to carry out the Company's accounting controls did not reveal significant aspects or information to be included in this Report.

We also had meetings with the head of the Supervisory Board, following adoption of the "Organizational, management and control model", pursuant to Legislative Decree no. 231/2001. After year end, the Company's Board of Directors approved revision of the "model" to include new cases of predicate offenses, pursuant to current legislation.

We have assessed and verified the adequacy of the administrative and accounting systems, and the reliability of such accounting systems to provide a fair view of operations, via the gathering of information from the Managers of the various functions and from the auditors engaged to carry out the Company's accounting controls, and via examination of corporate documents. We have no particular observations to make in this regard.

We have not received any reports pursuant to art. 2408 of the Italian Civil Code.

We have examined the Financial Statements for the year ended December 31, 2007. In view of the fact that the accounts were audited by Deloitte & Touche S.p.A., we have verified the general presentation and overall compliance with the laws relating to form and content. We have no particular observations to make in this regard.

We have also checked that the "Management Report on Operations" has been prepared in accordance with the related regulations.

As far as we are aware, in preparing the Financial Statements the Directors did not apply the exemptions permitted by art. 2423, paragraph 4 of the Italian Civil Code.

We have verified that the Financial Statements are consistent with the disclosures and information communicated to us in the course of carrying out our duties, and we have no observations to make in this regard.

The Consolidated Financial Statements of Group Aeroporti di Roma for the year ended December 31, 2007 have been prepared in compliance with the provisions of Legislative Decree no. 127 of April 9, 1991. The "Management Report on Operations" has been prepared in accordance with the provisions of art. 2428 of the Italian Civil Code and art. 40 of the above Legislative Decree no. 127/1991.

In 2007 ADR S.p.A. was managed and coordinated by Gemina S.p.A., with effect from August 2, 2007, pursuant to art. 2497 and following of the Italian Civil Code.

*Dear Shareholders*,

The Independent Auditors, Deloitte & Touche S.p.A., have issued "Reports" on the Separate and Consolidated Financial Statements, and have no particular observations to make in this regard. In view of the above, we invite you to approve the Financial Statements for the year ended December 31, 2007, as prepared by the Board of Directors, and the proposed allocation of net income for 2007.

*Dear Shareholders*,

With this Meeting, the term of office of the Director co-opted pursuant to art. 2386 of the Italian Civil Code, at the Meeting held on March 11, 2008, expires. We therefore invite you to elect a Director.

Fiumicino, Italy - April 1, 2008

THE BOARD OF STATUTORY AUDITORS
Giacinto Chimenti - Chairman
Giuseppe Cappella - Statutory Auditor
Alessandro Grange - Statutory Auditor
Mario Tonucci - Statutory Auditor
Luigi Tripodo - Statutory Auditor

# REPORT OF THE INDEPENDENT AUDITORS

Deloitte.

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**AUDITORS' REPORT PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998**

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

1. We have audited the financial statements of Aeroporti di Roma S.p.A. as of December 31, 2007. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 28, 2007.

3. In our opinion, the financial statements present fairly the financial position of Aeroporti di Roma S.p.A. as of December 31, 2007, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.

DELOITTE & TOUCHE S.p.A.

*Signed by*
Domenico Falcone
Partner

Rome, Italy
March 31, 2008

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

# RESOLUTIONS

## OF THE GENERAL MEETING
## OF SHAREHOLDERS
## DATED APRIL 16, 2008

*(Translation from the original issued in Italian)*

The General Meeting:

resolved to approve the Board of Directors' Management Report on Operations and the Financial Statements for the year ended December 31, 2007, which report net income of 18,932,492.93 euros, taken to retained earnings;

elected Giovanni Castellucci as a Director of the Company, to serve the same term as the other current members of the Board;

resolved:

– to endorse and approve the conduct of Marcus Charles Balmforth, Martyn Booth, Remy Cohen, Andrew Christian Cowley, Christopher Timothy Frost, Kerrie Patricia Mather, Nicholas Moore and John Stuart Hugh Roberts in their position as Directors of the Company, through to their respective dates of termination;
– to waive any action for liability in respect of each and every action taken by the above-indicated persons, through to their respective dates of termination and in relation to the overall activities carried out by such persons in their position as Directors of the Company, as reflected, depending on the circumstances, in the Financial Statements for 2003, 2004, 2005, 2006 and/or 2007; the General Meeting also confirmed that it is fully informed in this respect and specified that, for the purposes of the waiver, it is understood that, in any event, all actions giving rise to the Operating Result for the year have been reflected in the above annual Financial Statements;
– to release and indemnify the above persons in respect of all demands and/or requests and/or claims and/or damages that may be brought against such persons by Company and/or third-party creditors (including public entities or bodies) and/or shareholders, and/or any civil and/or administrative sanction (of a financial nature) levied against them, reimbursing all legal costs incurred for their defense and assistance, including in criminal proceedings, in relation to their conduct as Directors through to their respective dates of termination, until qualification for application of the statute of limitations, with the exception of instances where it is proven, in a final sentence against them, that they have been guilty of fraud or gross negligence.

* * *

Having acknowledged the resignation of Maurizio Basile as Managing Director, a Director of the Company and as General Manager, the Board of Directors' Meeting held immediately after the General Meeting elected the Director Guido Angiolini to serve as Deputy Executive Chairman, assigning him the related powers.

*Graphic project:*

Roberto Conti

*Photography to care of:*

Virginio Favale
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*Printing:*

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