

## BOARD OF DIRECTORS EXAMINES FINANCIAL STATEMENTS FOR 2010

### ITALMOBILIARE GROUP

- **REVENUES: 5,147.3 MILLION EURO (5,365.4 MILLION EURO IN 2009)**
- **TOTAL NET PROFIT: 187.8 MILLION EURO (284.3 MILLION EURO)**
- **NET DEBT: 2,095.5 MILLION EURO (2,200.8 MILLION EURO)**
- **SHAREHOLDERS' EQUITY: 5,932.8 MILLION EURO (5,767.1 MILLION EURO)**
  
- **NET ASSET VALUE: 1,654.9 MILLION EURO AT DECEMBER 31, 2010 (2,166.1 MILLION EURO AT THE END OF 2009)**
  
- **DIVIDEND FOR FINANCIAL YEAR 2010: 0.532 EURO TO ORDINARY SHARES (0.856 EURO IN 2009) AND 0.610 EURO TO SAVINGS SHARES (0.934 EURO)**

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**Milan, March 30, 2011** – *The Board of Directors of Italmobiliare S.p.A. today examined and approved the consolidated financial statements and the separate financial statements for financial year 2010.*

*The Italmobiliare Group closed 2010 with a **total net profit** of 187.8 million euro. This compared with a net profit of 284.3 million euro in 2009, a result that benefited from significant measurement gains on securities as a result of the positive performance of the financial markets in 2009 and higher dividend inflows.*

*Among the different sectors in which the Group operates, the financial sector, which comprises the parent company and the wholly owned financial subsidiaries, was the sector that reported the largest percentage downturn in results, owing to continuing instability on the financial markets. At the end of the year, the Italian stock market was down by more than 13%, in contrast to the performance of other markets. Given these conditions, the financial sector reported a net profit of 26.7 million euro compared with 91.8 million euro in 2009, when important measurement gains were posted on trading securities (net gains of 27.7 million euro compared with losses of 3.2 million euro in 2010). The decline in results was also due to lower income from equity investments and net losses at companies valued at equity.*

*In the banking sector, the uncertain market mood led clients to adopt a more cautious approach in portfolio management. This produced a significant decline in commission income and, despite a sharp reduction in costs, a net loss of 4.1 million euro (a net profit of 1.2 million euro in 2009).*

*Looking at the Group's industrial operations, the construction materials sector formed by the Italcementi group (which published its results on March 4) posted revenues of 4,790.9 million euro (-4.3% on 2009), reflecting the fall in sales volumes and the negative sales price dynamic in some countries, notably Italy, North America and India. The decrease in revenues and the rise in the cost of energy products were counterbalanced only in part by*

decisive control of operating expenses and efficiency gains. Recurring EBITDA was 836.3 million euro (-13.9%) and EBIT was 353.8 million euro (-20.1%).

In the food packaging and thermal insulation sector, consisting of the Sirap Gema group, revenues were 239.3 million euro, substantially in line with 2009. EBIT amounted to 10.8 million euro, down by 42.2% from 2009 largely as a result of a significant increase in the average cost of raw materials, on a fiercely competitive market.

In financial year 2010, **revenues** amounted to 5,147.3 million euro, a decrease of 4.1% from 2009. **Recurring EBITDA** (878.8 million euro) and **EBITDA** (876.5 million euro) were down by 16.8% and 16.0% respectively. After an increase in depreciation and amortization charges (to 488.4 million euro from 474.9 million euro in 2009) and a sharp reduction in impairment on fixed assets (7.9 million euro compared with 54.4 million euro), **EBIT** fell by 26.1% to 380.2 million euro.

**Net profit** for the year was 187.8 million euro, a decrease of 34.0% from 2009, while **net profit attributable to the Group** was 21.3 million euro (-78.1%), after net profit attributable to minorities of 166.5 million euro (-11.0%).

At December 31, 2010, Italmobiliare Group **total shareholders' equity** amounted to 5,932.8 million euro, up from 5,767.1 million euro at December 31, 2009. Year-end **net debt** stood at 2,095.5 million euro, an improvement of more than 105 million euro from the end of 2009. The **gearing** ratio was down to 35.32% at December 31, 2010, from 38.16% at the end of 2009.

The **net financial position of Italmobiliare and the wholly owned financial companies** was positive at the end of 2010, at 170.6 million euro, down by 84.4 million euro from the end of 2009. The decrease was largely due to the purchase for 110.6 million euro of the investments held by Italcementi in Mediobanca and RCS MediaGroup, as already announced at the end of December.

The parent company **Italmobiliare S.p.A.** reported a net profit of 35.2 million euro for the year to December 31, 2010, down from 52.6 million euro for 2009. The reduction was essentially due to the sharp drop in dividend inflows in 2010 and to capital losses not fully offset by corresponding income from liquidity investments.

**Italmobiliare Net Asset Value (NAV)** was 1,654.9 million euro at December 31, 2010 (2,166.1 million euro at December 31, 2009).

At the Shareholders' Meeting called for May 24 and 25, 2011 (first and second call respectively), the Italmobiliare Board of Directors will propose distribution of a **dividend** of 0.532 euro on ordinary shares (0.856 euro in 2009) and 0.610 euro on savings shares (0.934 euro), to be paid from June 9, 2011; shares will trade ex dividend from June 6.

A meeting of savings shareholders has been called for May 16 (first call), May 23 (second call) and May 24 (third call).

**Outlook** – Despite the upturn in the world economy and the recovery in the Eurozone, continuing pressures on the markets, and their potential spread to the real economy, create great uncertainty with regard to formulation of precise guidance on Italmobiliare results for 2011, although a net profit is expected.

***Disclaimer***

This press release, and in particular the section entitled "Outlook", contains forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in each case, in Italy or abroad), and many other factors, most of which are beyond the Group's control.

<b>ITALMOBILIARE ON THE INTERNET: <a href="http://www.italmobiliare.it">http://www.italmobiliare.it</a></b>
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## **FOURTH QUARTER 2010**

**Revenues** in the fourth quarter were substantially in line with those of the year-earlier period, reflecting a positive contribution from the financial sector (>100%), the food packaging and thermal insulation sector (+8.9%) and property, services and other (>100%), contrasting a decline in the other sectors, especially in banking (-19.7%).

Fourth-quarter **EBITDA** was significantly lower (-7.8%) than the year-earlier result, due to the increase in interest expense and write-downs on trading securities and equities in the financial and banking sectors, the fall in sales prices and volumes and the rise in the cost of raw materials in the Group's industrial operations.

**EBIT** in the fourth quarter was positive at 45.5 million euro, a year-on-year improvement of 5.6 million euro arising essentially from the reduction in impairment losses on fixed assets at the Italcementi group.

The Group reported a **net profit** for the fourth quarter of 2010 of 43.3 million euro (a net loss of 12.5 million euro in the fourth quarter of 2009), thanks to the positive contributions of construction materials, food packaging and thermal insulation, and property, services, other. Fourth-quarter **net profit attributable to the Group** was 2.7 million euro (-19.0 million euro in the year-earlier period); a significant increase was also reported in **net profit attributable to minorities** to 40.6 million euro (+6.5 million euro in the fourth quarter of 2009), after the improvement in the results of the companies with significant minority interests.

## **FINANCIAL STATEMENTS AT DECEMBER 31, 2010**

For full-year 2010, Italmobiliare Group consolidated **revenues** amounted to 5,147.3 million euro. The 4.1% reduction from 2009 reflected the downturn in business performance for -6.3%, counterbalanced by a positive exchange-rate effect (2.3%); changes in the scope of consolidation were minimal (-0.1%).

The business slowdown arose in construction materials (-6.6%) and banking (-21.9%), while the contribution of the other sectors was positive.

The negative changes in the scope of consolidation were immaterial, while the positive exchange-rate effect arose mainly from the appreciation of the Egyptian lira, rupee, Thai baht and US dollar against the euro in construction materials, and the Swiss franc in the banking sector; the changes in the other sectors were limited, if positive.

Net of intersector eliminations, the geographical revenue breakdown showed growth in Asia and the Middle East, in non EU countries and in North America, set against a sharp fall in EU countries and in Trading.

**Recurring EBITDA** (878.8 million euro) and **EBITDA** (876.5 million euro) were down 176.9 million euro (-16.8%) and 167.5 million euro (-16.0%) respectively from 2009. The decrease arose in all sectors, except property, services, other, but the largest declines in absolute terms were in construction materials, largely as a result of lower volumes and a weak sales price dynamic in some countries, and in the financial sector because of the negative performance of the financial markets.

## Revenues and operating results by geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2010	% change vs 2009	2010	% change vs 2009	2010	% change vs 2009	2010	% change vs 2009
European Union	2,776.7	(9.1)	394.5	(28.3)	395.2	(30.4)	155.8	(47.9)
Other European countries	219.7	13.0	4.3	n.s.	4.6	n.s.	(12.9)	(31.8)
North America	415.3	3.5	25.4	102.7	21.7	n.s.	(48.2)	(13.3)
Asia and Middle East	500.1	8.5	73.4	(26.2)	73.0	(21.5)	19.6	(24.1)
Africa	1,114.2	0.1	396.3	0.5	392.9	(0.2)	286.7	(1.7)
Trading	229.3	3.7	14.3	30.0	14.3	29.9	11.4	34.5
Others and inter-area eliminations	(108.0)	(35.5)	(29.4)	n.s.	(25.2)	12.7	(32.2)	(10.8)
<b>Total</b>	<b>5,147.3</b>	<b>(4.1)</b>	<b>878.8</b>	<b>(16.8)</b>	<b>876.5</b>	<b>(16.0)</b>	<b>380.2</b>	<b>(26.1)</b>

n.s. not significant

After an increase in amortization and depreciation charges (488.4 million euro from 474.9 million euro) and a sharp decrease in impairment on fixed assets (7.9 million euro in 2010 compared with 54.4 million euro in 2009), **EBIT** fell by 26.1%, from 514.7 million euro to 380.2 million euro.

Operating results by geographical area reflected a significant decline in Europe, and in Asia and Middle East, compared with an upturn in North America and Trading. In absolute terms the EU and Africa were still the largest contributors to revenues and to operating results.

**Net finance costs**, including net exchange-rate differences and derivatives, amounted to 112.3 million euro, largely in line with 2009 (111.4 million euro), although non-recurring charges of 21.4 million euro were posted in 2010 for early redemption of the notes issued by Ciments Français in the USA from 2002 to 2006. Interest expense on net debt decreased from 105.3 million euro to 93.6 million euro, an improvement of 11.1% driven by the fall in interest rates and the reduction in average debt compared with 2009. Exchange-rate differences reflected a net gain of 8.6 million euro (a net loss of 9.5 million euro in 2009). The caption does not include finance income and costs in the financial and banking sectors, which are part of these sectors' core businesses and therefore classified under the line items constituting recurring EBITDA.

**Impairment on financial assets** reflected a loss of 23.2 million euro, an improvement of 24.5 million euro from 2009 (-47.7 million euro). It referred to the smaller loss on Calcestruzzi S.p.A. and the impairment reversal on RCS Media Group S.p.A. Impairment arose in the construction materials sector for -21.0 million euro and the financial sector for -2.2 million euro.

The **share of results of associates** was significantly lower, decreasing from +28.1 million euro to +8.6 million euro after losses of 8.5 million euro reported mainly by associates in the financial sector, offset by better results for associates in the construction materials sector for 17.1 million euro.

**Profit before tax** was 253.3 million euro, down by 34.0% from 2009 (383.7 million euro). Income tax expense was 65.5 million euro, down by 34.1% from 2009, essentially because of the decrease in profit before tax; the average tax rate was 25.86%, in line with 2009 (25.90%).

**Net profit** for the year was 187.8 million euro, a decrease of 34.0% from 2009 (284.3 million euro). **Net profit attributable to the Group** was 21.3 million euro (-78.1%), after net profit attributable to minorities of 166.5 million euro (-11.0%).

**Total shareholders' equity** at December 31, 2010, was 5,932.8 million euro, up by 165.7 million euro from December 31, 2009. The net increase arose from the positive impact of the net profit for the year of 187.8 million euro, the change in the translation reserve of 215.9 million euro due to the appreciation of other currencies against the euro and other minor changes for 26.5 million euro, and from the negative impact of dividends paid for 150.3 million euro and the change in the fair value reserve on equity investments and derivatives for 114.2 million euro.

At December 31, 2010 **net debt** stood at 2,095.5 million euro, down by 105.4 million euro from the situation at December 31, 2009. The change arose primarily from significant cash flows on operations (+762.6 million euro), determined to a large extent by the reduction in working capital (133.6 million euro), offset only in part by the year's investments in fixed assets (580.1 million euro, of which 535.3 million euro for property, plant and equipment and intangible assets, and 44.8 million euro for financial fixed assets) and by dividends paid (150.3 million euro).

The **gearing** ratio (net debt/shareholders' equity) was 35.32% at December 31, 2010, compared with 38.16% at the end of 2009.

### **Performance in the core businesses**

Performance in the **construction materials sector**, headed by the Italcementi group (Italmobiliare's main industrial activity), was affected by the continuing difficulties in the international economic situation in 2010. Sales volumes were down, especially in cement and aggregates, while the reduction was marginal in ready mixed concrete. In this context, revenues, at 4,790.9 million euro, decreased by 4.3% from 2009 (-6.6% at constant size and exchange rates). The revenue slowdown was driven by a reduction in sales volumes and a weak sales price dynamic in some countries, especially Italy, North America and India. The negative effect of the sales slowdown was counterbalanced in part by incisive control of operating expenses and by capital gains from the sale of CO<sub>2</sub> emission rights. Operating results were, nonetheless, down on 2009: recurring EBITDA, at 836.3 million euro, fell by 13.9%, while EBIT, at 353.8 million euro, was down 20.1%, after amortization, depreciation and impairment on fixed assets totaling 480.5 million euro (513.8 million euro in 2009). Profit before tax (259.2 million euro) was down 16.3%. The decrease in earnings led to a reduction in income tax expense from 94.2 million euro in 2009 to 62.1 million euro in 2010. Net profit for the year was 197.1 million euro (215.3 million euro in 2009), while net profit attributable to the Italcementi group was 45.8 million euro (71.3 million euro in 2009). Net profit attributable to minority interests rose from 144.0 million euro to 151.3 million euro.

The **food packaging and thermal insulation sector**, consisting of the Sirap Gema group, reported revenues of 239.3 million euro, substantially in line with 2009 (238.3 million euro). Revenues in the food packaging business were slightly down on 2009 due to the difficult economic climate, while thermal insulation revenues were up 2.7%, thanks to healthy demand for insulating products for energy-saving restructuring projects. Group EBIT was 10.8 million euro, down by 42.2% on 2009 (18.6 million euro), largely because of the higher average cost of polymers and slacker demand, which prevented the increase in costs from being absorbed with adjustments to sales prices. Net finance costs were down from 7.0 to 4.0 million euro thanks to the reduction in average debt, the lower cost of money and the decrease in exchange-rate losses at the East European subsidiaries. After

income tax expense of 3.1 million euro, net profit for the year was 3.5 million euro (7.0 million euro in 2009).

The **financial sector**, which includes the parent company Italmobiliare and the wholly owned financial companies, was affected by continuing instability on the financial markets. Specifically, the Italian stock market reported a 13.2% decline in the FTSE Mib index at the end of the year, in contrast to the trend on other markets. In this situation, the sector reported a net profit for the year of 26.7 million euro, a sharp decline with respect to 91.8 million euro in 2009, although 2009 benefited from significant measurement gains on trading securities. The decrease arose largely from lower income from equity investments, losses at companies valued at equity and lower gains on liquidity investments due to the high volatility on the financial markets in 2010. Since the financial sector is owned 100% by the Group, its net profit is reflected in full on net profit attributable to the Group:

The **banking sector** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. It reported a net loss of 4.1 million euro, compared with a net profit of 1.2 million euro in 2009. This result, essentially due to the negative performance of Finter Bank Zürich, reflected the decrease in the intermediation margin caused by lower commission income from a smaller number of client transactions and a reduction in assets under management.

**THE PARENT COMPANY** – The parent company Italmobiliare S.p.A. reported a **net profit** of 35.2 million euro for the year to December 31, 2010, down by 33.06% from the net profit of 52.6 million euro posted for 2009. Italmobiliare had revenues of 67.7 million euro in 2010, compared with 92.2 million euro in 2009. The downturn arose essentially from the significant fall in dividends collected during 2010.

After operating expenses and finance costs of 33.2 million euro (24.4 million euro at December 31, 2009), EBITDA and EBIT were, respectively, 34.6 and 34.4 million euro, both down by 33.2 million euro from 2009. In addition to the significant decline in revenues described above, the contraction in earnings was chiefly due to higher capital losses on the sale of equities and to higher other income in 2009 from the release of provisions.

The parent company reported impairment losses of 0.2 million euro, compared with losses of 19.7 million euro in 2009. In 2009 it posted significant impairment losses of 11.7 million euro relating to measurement of the equity investment in Franco Tosi S.r.l. and 8.0 million euro for the alignment of the equity investment in UBI with year-end market values.

A smaller positive fiscal component reduced the income tax effect to +1.0 million euro compared with +4.7 million euro in 2009, generating net profit for the year of 35.2 million euro.

Italmobiliare S.p.A. shareholders' equity was down by 171.3 million euro from December 31, 2009, decreasing from 1,247.0 million euro to 1,075.7 million euro as a result of the reduction of 89.3 million euro in reserves, caused largely by the decrease in available-for-sale financial assets (90.6 million euro net of the deferred tax effect), the 83.7 million euro deficit on the upstream merger of the subsidiaries Franco Tosi S.r.l. and Sance S.r.l., dividends of 33.5 million euro paid in conformity with the shareholder resolution of April 29, 2010, and the net profit for the year (35.2 million euro).

Net debt amounted to 220.9 million euro, up from 151.1 million euro at December 31, 2009.

Italmobiliare **Net Asset Value** (NAV) at December 31, 2010, was 1,654.9 million euro (2,166.1 million euro at December 31, 2009) on capitalization of 844.5 million euro. NAV was computed considering: the year-end market price of investments in listed companies;

the value of non-listed companies determined, when possible, on the basis of market multiples or specific valuations; the equity of the other equity investments, determined with IAS/IFRS policies, where available, or with local accounting policies; the increased value of any real estate assets; and taking account of the fiscal effect.

At the Shareholders' Meeting called for May 24 and 25, 2011 (first and second call respectively), the Italmobiliare Board of Directors will propose distribution of a **dividend** of 0.532 euro to ordinary shares (0.856 euro in 2009) and 0.610 euro to savings shares (0.934 euro), to be paid as from June 9, 2011 ; shares will trade ex dividend as from June 6.

**OUTLOOK** – The world economy continues to show an overall improvement in international economic and financial conditions, driven largely by the emerging countries. Even so, short-term growth prospects in the main advanced economies continue to be limited, especially in countries that still need to resolve their national debt.

The general weakness of the property market and continuing high unemployment levels weaken the scenario for the short term, with further risks of a downturn presented by the possibility of increases in the cost of raw materials, in part as a result of the current geopolitical tensions.

The current high volatility in interest rates is a partial reflection of the growth expected on the money markets over the longer term. After a positive start to the year, with the publication of better than expected corporate earnings figures and a mild upturn in risk propensity, aggregate stock market indices have been pushed down by the political unrest in North Africa and the Middle East.

Under these conditions, despite the upturn in the world economy and the recovery in the Eurozone, continuing pressures on the markets, and their potential spread to the real economy, create great uncertainty with regard to formulation of precise guidance on Italmobiliare results for 2011, although a net profit is expected.

**DEBENTURE ISSUES AND MATURITIES** – No new debentures were issued during the year and no issues are due to mature in the 18 months after closure of the 2010 financial statements with the exception of those illustrated by the subsidiary Italcementi S.p.A. in its press release of March 4, 2011.

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Among proposals the Board of Directors decided to present at the ordinary session of the Shareholders' Meeting to be held on May 24 and 25, 2011, on first and second call respectively:

- 1) **renewal of the authorization for the purchase and disposal of treasury shares** for a period of 18 months as from the resolution date. Shares may be purchased in order to:
  - hold treasury shares:
    - \* for sale to employees and/or directors in connection with stock option plans reserved for employees and/or directors;
    - \* for medium/long-term investment purposes;
  - intervene, in compliance with current regulations, directly or through intermediaries, in order to limit anomalous movements in share prices and to regularize trends in



trading and share prices in response to momentary distortions caused by excessive volatility or low trading liquidity;

- build a treasury stock portfolio to service extraordinary financial transactions or for other purposes deemed to be in the financial, business and/or strategic interests of the company;
- offer shareholders an additional tool to monetize their investments.

The proposal provides that the per-share purchase price shall not be more than 15% above or below the average reference price on the same regulated market in the three trading sessions prior to each transaction; the overall amount paid by the company for buy-backs shall not exceed 50 million euro; the overall nominal value of the maximum number of bought-back ordinary and/or treasury shares, including treasury shares already held as of today by the company and by the subsidiaries, shall not exceed one tenth of the share capital.

Furthermore:

- buy-backs shall normally be conducted in a manner that ensures equitable treatment of shareholders and does not allow offers to purchase to be directly matched with predetermined offers to sell, or, taking account of the various possible objectives, in any other manner allowed under current laws and regulations governing the stock market on which the transaction is performed;
- the shares shall be disposed of in any manner deemed suitable to achieve the objectives pursued, directly or through intermediaries, in compliance with the current applicable community and national laws and regulations;
- share buy-back and sale transactions shall be performed in compliance with applicable laws and, specifically, with current laws and regulations.

As of today, the company holds 871,411 ordinary treasury shares and 28,500 ordinary savings shares, representing, respectively, 3.93% of ordinary share capital and 0.17% of savings share capital.

## **2) the appointment of the Board of Directors and the Board of Statutory Auditors as envisaged by the By-laws and the Voluntary Code of Conduct.**

The directors will also propose, at an extraordinary session of the Shareholders' Meeting, an amendment to the by-laws in order to comply with dispositions introduced by Legislative Decree no. 27 of January 27, 2010, and by the CONSOB Regulation governing transactions with related parties, and the renewal of the powers granted to the directors, ex art. 2443 Italian Civil Code, to raise the paid-in share capital, on one or more occasions, in accordance with art. 2441, par 8, Italian Civil Code, by a maximum nominal amount of 910,000 euro through the issue of 350,000 ordinary and/or savings shares to be reserved, in accordance with current laws, for the employees of the company and its subsidiaries.

\* \* \*

The Board of Directors carried a resolution to close the current stock option plans for directors and managers, without prejudice to the terms under which each beneficiary may exercise options that have already been granted, and, also, to ask the next Shareholders' Meeting to approve the adoption of two new long-term monetary incentives plans, linked to the Italmobiliare share price trend, the first for directors and managers with strategic responsibilities and the second for managers. The beneficiaries of the new plans will be identified by, respectively, the Board of Directors and the company Chief Executive Officer.

### **1. Plan recipients**

The recipients of the plan for directors and managers with strategic responsibilities are Giampiero Pesenti – Chief Executive Officer Italmobiliare S.p.A., Carlo Pesenti – Director/Chief Operating Officer Italmobiliare S.p.A., and Giorgio Moroni – Co-Chief Operating Officer and Manager in charge of preparing the company’s financial reports. Other managers recognized as having strategic responsibilities may be designated as recipients in the future.

The recipients of the plan for managers are the managers of the company identified as recipients by the Chief Executive Officer.

### **2. Characteristics of granted instruments**

Under the plans, the rights granted to the beneficiaries will, after vesting in accordance with the terms, conditions and procedures of the regulation, enable the beneficiaries to obtain payment of the planned incentive.

The plans have a duration of 3 (three) three-year cycles over the period from 2011 to 2019. The duration of the first cycle of both plans has been established as the three-year period 2011-2013.

The maximum number of financial instruments to be granted for the 2011-2013 cycle is 100,000 rights for the plan for directors and managers with strategic responsibilities and 35,000 rights for the plan for managers.

### **3. Reasons for introduction of the plans**

The objectives of the plans can be summarized as follows:

- to tie overall remuneration of the beneficiaries to the company’s medium/long-term performance and to the creation of shareholder value;
- to reward the results achieved by each recipient by creating the conditions to maximize the involvement of senior management in the company’s performance and raising the beneficiaries’ sense of belonging, thus providing an incentive for them to remain with the company.

The plan rights granted to the recipients of the plans vest subject to attainment of targets relating to business, financial and management results and other individual targets specifically assigned to each recipient.

\* \* \*

The Board of Directors ascertained that the directors Mauro Bini, Gabriele Galateri di Genola, Jonella Ligresti and Giorgio Perolari meet the independence requirements set out in the company’s Voluntary Code of Conduct (also with regard to director Giorgio Perolari, waiving the criterion regarding term of office).

\* \* \*

With reference to financial year 2010, on the basis of the individual targets assigned, the Board of Directors granted 48,000 stock options to the Chief Executive Officer, 30,700 stock options to the Chief Operating Officer, in both cases under the stock option plan for directors, and 14,150 stock options to the Co-Chief Operating Officer-Manager in charge of preparing the company’s financial reports under the stock option plan for managers.

At the meeting the Chief Executive Officer informed the board that he had granted a total of 20,050 stock options to 4 managers.

The options in question may be exercised between the fourth and the tenth year after the grant date.

## STOCK OPTION PLAN FOR DIRECTORS AND MANAGERS

	OPTION GRANTS FOR DIRECTORS <sup>(*)</sup>							
	Section 1 Options relating to currently valid plans approved under previous shareholder resolutions							
	Date of shareholder resolution	Description of instrument	Number of financial instruments underlying granted but non-vested options	Number of financial instruments underlying vested but unexercised options	Date of assignment by the Bod body	Exercise price	Market price of underlying financial instruments at grant date	Option expiry
Giampiero Pesenti <i>Chairman-CEO</i>	-	ITM ord. shares	-	45,000	03.30.2004	35.199	35.040	03.29.2014
	-	ITM ord. shares	-	55,000	03.30.2005	54.5355	53.380	03.29.2015
	-	ITM ord. shares	-	55,000	03.21.2006	65.701	72.960	03.20.2016
	-	ITM ord. shares	-	60,000	03.21.2007	86.0685	86.550	03.20.2017
	-	ITM ord. shares	-	60,000	03.28.2008	59.908	62.370	03.27.2018
	-	ITM ord. shares	53,000	-	03.24.2010	28.834	30.385	03.23.2020
	-	ITM ord. shares	48,000	-	03.24.2010	27.469	27.835	03.29.2021
Carlo Pesenti <sup>(**)</sup> <i>Director-COO</i>	-	ITM ord. shares	35,800	-	03.24.2010	28.834	30.385	03.23.2020
		ITM ord. shares	30,700	-	03.30.2011	27.469	27.835	03.29.2021

<sup>(\*)</sup> On March 30, 2011, the Board of Directors also adopted a resolution to close the Plan, without prejudice to the terms for the exercise of granted options.

<sup>(\*\*)</sup> Carlo Pesenti, a Director and Chief Operating Officer of the company, is also an employee of Italmobiliare S.p.A. Until the end of financial year 2008, he had been granted stock options under the plan for managers and as from 2010 stock options under the stock option plan for directors.

OPTION GRANTS FOR MANAGERS (*)								
Section 1 Options relating to currently valid plans approved under previous shareholder resolutions								
	Date of shareholder resolution	Description of instrument	Number of financial instruments underlying granted but non-vested options	Number of financial instruments underlying vested but unexercised options	Date of assignment by the Body	Exercise price	Market price of underlying financial instruments at grant date	Option expiry
Carlo Pesenti (**) Chief Operating Officer	-	ITM ord. shares	-	24,500	03.30.2004	35.199	35.040	03.29.2014
	-	ITM ord. shares	-	37,500	03.30.2005	54.5355	53.380	03.29.2015
	-	ITM ord. shares	-	37,500	03.21.2006	65.701	72.960	03.20.2016
	-	ITM ord. shares	-	40,000	03.21.2007	86.0685	86.550	03.20.2017
	-	ITM ord. shares	-	35,500	03.28.2008	59.908	62.370	03.27.2018
Giorgio Moroni Co-Chief Operating Officer and Manager in charge of preparing the company's financial reports		ITM ord. shares	14,150	-	03.30.2011	27.469	27.835	03.29.2021
Managers of Italmobiliare S.p.A.	-	ITM ord. shares	-	9,563	03.24.2003	31.280	32.090	03.23.2013
	-	ITM ord. shares	-	26,580	03.30.2004	35.199	35.040	03.29.2014
	-	ITM ord. shares	-	15,937	03.30.2005	54.5355	53.380	03.29.2015
	-	ITM ord. shares	-	17,380	03.21.2006	65.701	72.960	03.20.2016
	-	ITM ord. shares	-	22,479	03.21.2007	86.0685	86.550	03.20.2017
	-	ITM ord. shares	-	28,700	03.28.2008	59.908	62.370	03.27.2018
	-	ITM ord. shares	19,350	-	03.25.2009	20.526	20.487	03.25.2019
	-	ITM ord. shares	35,585	-	03.24.2010	28.834	30.385	03.23.2020
	-	ITM ord. shares	20,050	-	03.30.2011	27.469	27.835	03.30.2021

(\*) On March 30, 2011, the Board of Directors also adopted a resolution to close the Plan, without prejudice to the terms for the exercise of granted options.

(\*\*) Carlo Pesenti, a Director and Chief Operating Officer of the company, is also an employee of Italmobiliare S.p.A. Until the end of financial year 2008, he had been granted stock options under the plan for managers and as from 2010 stock options under the stock option plan for directors.

*The Manager in charge of preparing the Italmobiliare S.p.A. financial reports, Giorgio Moroni, declares – pursuant to paragraph 2 article 154-bis of the Consolidated Law on Finance (Legislative Decree 58/1998) – that the accounting information contained in this press release corresponds to the document results, books and accounting entries.*

<b>Italmobiliare Group</b>					
<b>Income statement</b> (in thousands of euro)	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>% change</b>
<b>Revenues</b>	<b>5,147,341</b>	<b>100.0</b>	<b>5,365,383</b>	<b>100.0</b>	<b>(4.1)</b>
Other revenues	41,724		43,259		
Change in inventories	28,122		(92,531)		
Internal work capitalized	59,598		58,971		
Goods and utilities expenses	(2,143,985)		(1,990,483)		
Services expenses	(1,131,176)		(1,154,749)		
Employee expenses	(1,002,107)		(1,000,097)		
Other operating income (expense)	(120,738)		(174,065)		
<b>Recurring EBITDA</b>	<b>878,779</b>	<b>17.1</b>	<b>1,055,688</b>	<b>19.7</b>	<b>(16.8)</b>
Net capital gains on sale of fixed assets	9,865		26,109		
Non-recurring employee expenses for re-orgs	(12,001)		(33,987)		
Other non-recurring income (expense)	(159)		(3,785)		
<b>EBITDA</b>	<b>876,484</b>	<b>17.0</b>	<b>1,044,025</b>	<b>19.5</b>	<b>(16.0)</b>
Amortization and depreciation	(488,402)		(474,894)		
Impairment variation	(7,871)		(54,410)		
<b>EBIT</b>	<b>380,211</b>	<b>7.4</b>	<b>514,721</b>	<b>9.6</b>	<b>(26.1)</b>
Finance income	48,258		34,484		
Finance costs	(165,308)		(136,115)		
Net exchange-rate differences and derivatives	4,731		(9,805)		
Impairment on financial assets	(23,211)		(47,743)		
Share of results of associates	8,592		28,121		
<b>Profit before tax</b>	<b>253,273</b>	<b>4.9</b>	<b>383,663</b>	<b>7.2</b>	<b>(34.0)</b>
Income tax expense	(65,497)		(99,352)		
<b>Net profit for the period</b>	<b>187,776</b>	<b>3.6</b>	<b>284,311</b>	<b>5.3</b>	<b>(34.0)</b>
Attributable to:					
<b>Equity holders of the parent</b>	21,269	0.4	97,258	1.8	(78.1)
<b>Minority interests</b>	166,507	3.2	187,053	3.5	(11.0)
Earnings per share					
- Basic					
ordinary shares	0.531 €		2.517 €		
savings shares	0.609 €		2.673 €		
- Diluted					
ordinary shares	0.531 €		2.517 €		
savings shares	0.609 €		2.673 €		

**n.s. not significant**

<b>Italmobiliare Group</b>					
<b>Statement of comprehensive income</b> (in thousands of euro)	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>% change</b>
<b>Net profit for the period</b>	<b>187,776</b>	<b>3.6</b>	<b>284,311</b>	<b>5.3</b>	<b>(34.0)</b>
Fair value adjustments to:					
Available-for-sale financial assets	(126,112)		175,070		
Derivative financial instruments	11,749		(36,486)		
Translation differences	215,861		(41,023)		
Tax relating to components of other comprehensive income	183		10,156		
<b>Components of other comprehensive income</b>	<b>101,681</b>		<b>107,717</b>		
<b>Total comprehensive income</b>	<b>289,457</b>	<b>5.6</b>	<b>392,028</b>	<b>7.3</b>	<b>(26.2)</b>
Attributable to:					
<b>Group</b>	(39,982)		233,945		
<b>Minority interests</b>	329,439		158,083		

<b>Italmobiliare Group</b>			
<b>Balance Sheet</b> (in thousands of euro)	<b>12/31/2010</b>	<b>12/31/2009</b>	<b>Change</b>
<b>Non-current assets</b>			
Property, plant and equipment	4,700,014	4,503,916	196,098
Investment property	35,692	34,066	1,626
Goodwill	2,095,916	2,039,909	56,007
Intangible assets	154,790	139,634	15,156
Investments in associates	365,220	360,546	4,674
Other equity investments	612,278	746,578	(134,300)
Non-current trade and other receivables	180,662	131,806	48,856
Deferred tax assets	117,944	58,350	59,594
Non-current receivables due from employees	2,272	1,863	409
<b>Total non-current assets</b>	<b>8,264,788</b>	<b>8,016,668</b>	<b>248,120</b>
<b>Current assets</b>			
Inventories	755,015	713,441	41,574
Trade receivables	811,609	958,958	(147,349)
Other assets	397,820	371,528	26,292
Income tax assets	93,170	109,804	(16,634)
Equity investments and financial receivables	1,033,309	1,055,200	(21,891)
Cash and cash equivalents	739,217	727,793	11,424
<b>Total current assets</b>	<b>3,830,140</b>	<b>3,936,724</b>	<b>(106,584)</b>
<b>Total assets</b>	<b>12,094,928</b>	<b>11,953,392</b>	<b>141,536</b>
<b>Shareholders' equity</b>			
Share capital	100,167	100,167	
Reserves	314,659	442,115	(127,456)
Treasury shares	(21,226)	(21,226)	
Retained earnings	1,965,835	1,876,576	89,259
<b>Group shareholders' equity</b>	<b>2,359,435</b>	<b>2,397,632</b>	<b>(38,197)</b>
Minority interests	3,573,350	3,369,492	203,858
<b>Total shareholders' equity</b>	<b>5,932,785</b>	<b>5,767,124</b>	<b>165,661</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and long-term borrowings	2,735,959	2,915,453	(179,494)
Employee benefit liabilities	193,038	190,735	2,303
Non-current provisions	252,685	239,822	12,863
Other non-current liabilities	33,222	56,245	(23,023)
Deferred tax liabilities	246,943	269,862	(22,919)
<b>Total non-current liabilities</b>	<b>3,461,847</b>	<b>3,672,117</b>	<b>(210,270)</b>
<b>Current liabilities</b>			
Bank overdrafts and short-term borrowings	286,902	427,864	(140,962)
Interest-bearing loans and short-term borrowings	486,239	159,995	326,244
Trade payables	635,440	593,774	41,666
Current provisions	3,608	3,419	189
Income tax liabilities	68,196	69,623	(1,427)
Other current liabilities	1,219,911	1,259,476	(39,565)
<b>Total current liabilities</b>	<b>2,700,296</b>	<b>2,514,151</b>	<b>186,145</b>
<b>Total liabilities</b>	<b>6,162,143</b>	<b>6,186,268</b>	<b>(24,125)</b>
<b>Total Shareholders' equity and liabilities</b>	<b>12,094,928</b>	<b>11,953,392</b>	<b>141,536</b>

<b>Italmobiliare S.p.A</b>					
<b>Income statement</b> (euro)	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>% change</b>
<b>Revenues</b>	<b>67,707,046</b>	<b>100.0</b>	<b>92,179,600</b>	<b>100.0</b>	<b>(26.5)</b>
Other revenues	933,398		2,740,567		
Goods and utilities expenses	(119,608)		(113,945)		
Services expenses	(5,985,939)		(5,640,254)		
Employee expenses	(15,723,285)		(14,185,421)		
Other operating income (expense)	(11,657,365)		(10,280,166)		
<b>Recurring EBITDA</b>	<b>35,154,247</b>	<b>51.9</b>	<b>64,700,381</b>	<b>70.2</b>	<b>(45.7)</b>
Net capital gains on sale of fixed assets	-		-		
Other non-recurring income (expense)	(600,001)		3,034,058		
<b>EBITDA</b>	<b>34,554,246</b>	<b>51.0</b>	<b>67,734,439</b>	<b>73.5</b>	<b>(49.0)</b>
Amortization and depreciation	(119,093)		(64,170)		
<b>EBIT</b>	<b>34,435,153</b>	<b>50.9</b>	<b>67,670,269</b>	<b>73.4</b>	<b>(49.1)</b>
Finance income and costs	(49,257)		(22,146)		
Impairment on financial assets	(190,472)		(19,727,777)		
<b>Profit before tax</b>	<b>34,195,424</b>	<b>50.5</b>	<b>47,920,346</b>	<b>52.0</b>	<b>(28.6)</b>
Income tax	1,041,659		4,721,851		
<b>Net profit for the period</b>	<b>35,237,083</b>	<b>52.0</b>	<b>52,642,197</b>	<b>57.1</b>	<b>(33.1)</b>



<b>Italmobiliare S.p.A</b>			
<b>Balance sheet</b> (euro)	<b>12/31/2010</b>	<b>12/31/2009</b> <u>Restated</u>	<b>Change</b>
<b>Non-current assets</b>			
Property, plant and equipment	3,662,479	3,656,981	5,498
Investment property	96,842	98,824	(1,982)
Intangible assets	122,483	138,515	(16,032)
Investments in subsidiaries and associates	939,168,799	934,351,644	4,817,155
Other equity investments	356,700,945	311,722,767	44,978,178
Deferred tax assets	60,064,936	11,556,922	48,508,014
Non-current trade and other receivables	9,402,235	151,648,362	(142,246,127)
<b>Total non-current assets</b>	<b>1,369,218,719</b>	<b>1,413,174,015</b>	<b>(43,955,296)</b>
<b>Current assets</b>			
Trade receivables	3,370,600	5,072,869	(1,702,269)
Other assets	1,051,602	7,741,544	(6,689,942)
Income tax assets	39,934,016	37,314,319	2,619,697
Equity investments and financial receivables	13,549,449	10,062,141	3,487,308
Cash and cash equivalents	102,192,528	93,951,672	8,240,856
<b>Total current assets</b>	<b>160,098,195</b>	<b>154,142,545</b>	<b>5,955,650</b>
<b>Total assets</b>	<b>1,529,316,914</b>	<b>1,567,316,560</b>	<b>(37,999,646)</b>
<b>Shareholders' equity</b>			
Share capital	100,166,937	100,166,937	
Reserves	235,262,353	324,577,457	(89,315,104)
Treasury shares	(21,226,190)	(21,226,190)	
Retained earnings	761,492,044	843,441,182	(81,949,138)
<b>Total shareholders' equity</b>	<b>1,075,695,144</b>	<b>1,246,959,386</b>	<b>(171,264,242)</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and long-term borrowings	135,338,453	258,798,748	(123,460,295)
Employee benefit liabilities	1,463,325	1,320,240	143,085
Non-current provisions	6,045,188	6,045,188	
Other non-current liabilities	62,480	49,238	13,242
Deferred tax liabilities	1,361,345	1,759,672	(398,327)
<b>Total non-current liabilities</b>	<b>144,270,791</b>	<b>267,973,086</b>	<b>(123,702,295)</b>
<b>Current liabilities</b>			
Bank overdrafts and short-term borrowings	-	-	-
Interest-bearing loans and short-term borrowings	210,574,819	5,211,297	205,363,522
Trade payables	3,033,240	2,454,172	579,068
Income tax liabilities	-	-	-
Other current liabilities	95,742,920	44,718,619	51,024,301
<b>Total current liabilities</b>	<b>309,350,979</b>	<b>52,384,088</b>	<b>256,966,891</b>
<b>Total liabilities</b>	<b>453,621,770</b>	<b>320,357,174</b>	<b>133,264,596</b>
<b>Total Shareholders' equity and liabilities</b>	<b>1,529,316,914</b>	<b>1,567,316,560</b>	<b>(37,999,646)</b>