LETTER FROM THE CHAIRMAN

Dear Shareholders,

With production revenues topping 268 million euros in 2004, up 5.7% on the previous year, an operating margin of over 15 million euros and pre-tax profits of about 10 million euros, the company has maintained the growth trend of the last few years. The recent acquisition of Pontello, a long-established construction firm that has played a leading role in the history of the building industry in Italy, and further afield as well, is just the most recent example confirming the development and growth strategy that has always distinguished the Gruppo Baldassini-Tognozzi, now called Baldassini-Tognozzi-Pontello.

However, this is not the only significant and noteworthy aspect regarding the company. In recent years we have invested in equipment, personnel and organization, but above all in the “aggregation of expertise and professional skills from various fields”.

Our main objective has not just been growth, but to achieve an evolution of the company’s structure, transforming a general construction firm into a dynamic group with top-class equipment and personnel but above all with the know-how and specialist skills required to provide concrete responses to new market requirements.

We were one of the first companies to pioneer new approaches such as project financing, forming stable alliances with prominent business partners in a range of service sectors. This has enabled us to make specific project financing proposals regarding the design, construction and management of given works.

The tangible economic results of this innovative financial tool have not been slow in coming.

However, we also had another objective: to enhance the company’s profile as a general contractor, bidding for large-scale contracts with highly stringent selection criteria, and hence to enhance the company’s capacity to take on projects that are increasingly technological and complex (also from a financial point of view).

The establishment of the permanent Operae consortium opens up important new perspectives in this regard. Founded in November 2004 and consisting of a number of prominent partners, the objective is to compete in the market for the programme of major public works established by the Legge Obiettivo (“Objective Law”). This has already led, in the first few months of the year 2005, to the assignation of major projects and prequalification for works of primary national importance. The first invitations to bid for these are due to be made by next June.

We therefore feel confident that we have all the necessary requisites to respond to the future opportunities offered by the market for large infrastructural and public building works.

We would particularly like to thank everyone who works in the company’s various offices and many building sites, to everyone who has contributed, and continues to do so every day, to the success of the company. We owe them our heartfelt praise and gratitude.

Riccardo Fusi
# Management Structure

**Chairmanship**
- **Chairman:** Riccardo Fusi
- **Vice Chairman:** Roberto Bartolomei
- **M. Maniscalchi:** Assistant to the Chairman

## Production
- **Rod. Bartolomei:** Executive Director
- **S. D. Lazzarini:** Executive Director
- **A. Monaco:** Executive Director, Tech. Div. Private Sector
- **A. Anello:** Tech. Div. Public Sector, Building Contracts
- **L. D’Onofrio:** Tech. Div. Project Financing
- **G. Formigli:** Technical Manager
- **G. L. Menchini:** Tech. Div. Public Sector, Infrastructure Contracts

## Business
- **F. Clemente:** Executive Director, Public Business Div.
- **V. Di Nardo:** Executive Director, Private Business and Project Financing Div.

## Administration
- **G. Tedeschi:** Executive Director, Financial Affairs
- **P. Brusacchetti:** Controlling and Budgeting
- **M. Cori:** Wages Office
- **S. Reali:** Industrial Accounts
- **R. Tegliai:** Administration and Financial Statements

## Various Services
- **V. Bellincioni:** Planning and Design
- **G. Berardi:** Logistics
- **R. Degl’Innocenti:** Health and Safety
- **G. Marullo:** Quality Assurance and Information Technology
- **F. Vella:** Legal Office

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## Certification

[Certification image]
A NEW COMPANY FOR LARGE-SCALE NATIONAL WORKS

With the establishment of Baldassini-Tognozzi-Pontello Costruzioni generali S.p.A. (BTP for short), a new player has emerged on the Italian building market. Combining the finest traditions and skills of Tuscany’s most important construction firms, it is in a position to present itself as a general contractor for large-scale national works.

BTP is the result of the decision by two businessmen, Riccardo Fusi and Roberto Bartolomei, to join forces in order to take on the national market. In 1988 Fusi Bruno S.p.A. (founded by Riccardo’s father in 1955) and Bartolomei & Manetti S.p.A. (set up by Roberto’s father in 1948) gradually began to be integrated.
1928  
**Baldassini Adolfo e F. S.A.S.**

The company’s origins date back to 1926, the year Baldassini Adolfo e F. S.A.S. was founded. Starting in 1928, the firm undertook many building projects, including the new premises for the University of Florence’s Faculty of Economic and Business Sciences. The company experienced strong growth in the period between 1935 and 1945, during which it did work for the mining company Mineraria Valdarno, building tunnels, industrial plants, hospitals, warehouses, roads and an entire village. In the post-war years the company worked increasingly for local councils, both on urban reconstruction programmes in areas that had suffered war damage and on urbanization and development projects in rural areas. In the 1960s, thanks also to the economic boom and the profound transformation of Italian society, Baldassini began to focus on major public works and urban infrastructure projects; the firm enrolled in the National Register of Building Contractors, with clearance for maximum sums in many categories. In the 1970s it extended its sphere of operations not only to Europe but also to Saudi Arabia and Libya, where the company constructed buildings, offices, schools and above all roads.

1945  
**Giovanni Tognozzi S.P.A.**

The engineering firm Giovanni Tognozzi S.p.A. was founded in 1945, immediately after the end of the war, and undertook major projects in various regions of Italy. From the outset the company worked principally on public, municipal and community works. In the 30-year period from 1958 to 1988 it successfully competed for important national building contracts, constructing prestigious buildings, industrial plants, hospitals, schools, banks and hotels.
In 1993 Baldassini acquired, by contribution in kind, the construction branch of Tognozzi SPA, giving rise to Baldassini-Tognozzi Costruzioni Generali S.p.A. The rapid expansion of Baldassini Tognozzi S.p.A. began in 1995, under the current ownership, with investment in human resources and state-of-the-art equipment, and the acquisition of specialist firms. This enabled the company to undertake large-scale building projects and to participate increasingly in the realization of public works throughout Italy, especially in the hospital sector (with as many as 25 such projects in the last 10 years Baldassini Tognozzi can boast an almost unrivalled level of experience) and in infrastructure (with the construction of airports, roads, motorways, stations and railway lines, underground and urban projects). As a result of this growth, Baldassini Tognozzi S.p.A. is currently one of the top ten firms in the Italian construction industry.

The year 2004 was marked by the acquisition of the trademark and one branch of Pontello S.p.A.
The Gruppo Pontello was established over a century ago, in the final years of the Austro-Hungarian Empire. The company began to work over a fairly wide area, operating in regions of Austria close to Italy, where it made a name for itself by introducing the reinforced concrete technique, virtually unknown at the time in that area of Europe. After the First World War, the firm moved to Florence and quickly established itself as one of Tuscany’s leading construction firms.

However, it was only after the Second World War that Costruzioni Callisto Pontello S.p.A. became the largest Tuscan construction firm and one of the leading Italian companies in the building and road construction sector. The firm played a leading role in post-war building programmes in Florence and at the same time built up its organization and personnel in order to be in a position to compete for contracts when work commenced on the Italian motorway network; between the end of the 1950s and the early 1960s the company was responsible for the construction of a number of important lots of the Autostrada del Sole and the Naples-Bari motorway.

Following the tragic 1966 flood, the firm moved equipment and personnel, which at the time were dotted around various building sites in Italy, back to Florence, in order to help the city, and Tuscany, to get back to normal. This difficult period also offered the firm an opportunity to assess its organizational capacity and to develop the entrepreneurial drive that led to Costruzioni Callisto Pontello S.p.A. becoming one of the top twenty general construction firms in Italy in the years that immediately followed, with projects both at home and abroad.

While the company was engaged in major public building works, it was also developing special technology to construct tunnels and wide-span viaducts (Viadotto del Rio, Viadotto Zeri, Viadotto all’Indiana, Viadotto sul Sente). The same technical expertise was also used in the company’s first major foreign projects: the civil engineering works for the electric power station at Tarong in Queensland, Australia, and the viaducts for the Jeddah-Medina expressway in Saudi Arabia.

In the middle of the 1980s Costruzioni Callisto Pontello S.p.A. played a prominent role in the modernization of the Italian rail network, winning the contract to build the new freight distribution depot of Maddaloni-Marcianise, the largest plant of its kind in southern Italy. Since then the company’s reputation as a railway construction specialist has grown steadily, resulting in contracts for the following works: the Arezzo-Stia-Sinalunga GRUPPO PONTELLO

Lot 6 of the Genoa-Savona motorway (Lupara viaduct and tunnel) (1971-75)
Viaducts for lots 26, 28 and 32 of the Fornovo-Pontremoli motorway (1969-73)
Jeddah-Medina expressway (a 15km viaduct constructed with precast shell elements for the Ministry of Communications of Saudi Arabia - 1977-83)
Florence - Viadotto all’Indiana (metal cable-stayed bridge) (1968-70)
line, the Staaken-Berlin line, the Sadurano and Raticosa rail tunnels in the Apennines, the Dynamic Multifunctional plant in Naples for the complete maintenance of the Eurostar fleet of trains (currently underway), the work to double the Milan-Bologna high-speed rail link and to quadruple the Padova-Mestre high-capacity rail link (currently underway).

The firm has been able to extensively apply its special expertise in wide-span viaducts, starting in 1995 with the building of the viaducts on the Messina-Palermo (the viaducts of the Caronia, Bussa, S. Stefano, Periano and Pollina lots), making a significant contribution to the completion of a motorway network that is of fundamental importance for Sicily.

In the late 1990s Costruzioni Callisto Pontello S.p.A. undertook major projects in East Europe, financed by the European Investment Bank: the upgrading of the road network in Romania and the above-mentioned contract for the German Railways.

The company was gradually restructured in 2000-01, a necessary requisite for public works contracts; this resulted in the establishment of a new company, Pontello S.p.A., which took over all the operational activities of the original firm. With this new company structure, Pontello S.p.A. obtained the ISO 9001 quality standard certification and concentrated increasingly on the railway contracts mentioned above. At the beginning of 2004 the reshaping of the company reached a natural conclusion with the acquisition of Pontello S.p.A. by Baldassini Tognozzi S.p.A. This has given rise to a large Tuscan group to whose general development the long-established Florentine company has contributed over a hundred years of experience.
THE NEW GROUP, which combines the finest traditions of the Tuscan business world, is well placed to participate in large-scale projects to reinforce the nation’s infrastructure, for instance the modernization of some sections of the Salerno-Reggio Calabria motorway, the construction of two sections of the new Siracusa-Gela motorway and the addition of a third lane to the A1 Milan-Naples motorway between Florence South and Florence North. Railway projects include the building of a second track on the Crevalcore-Nogara-Poggio Rusco line in Emilia Romagna and the Pellaro-Capo D’Armi line in Calabria.

In line with its strategy of expansion and aggregation, in 2004 BTP set up a permanent consortium named Operae, which also includes other construction firms. The objective is to be able to compete for major public commissions.

The Consorzio Operae’s qualification for an unlimited sum has enabled it, just a few months after it was set up, to pass the preliminary assessment phase for projects of primary importance, such as the construction of lot Dg 48 of the Salerno-Reggio Calabria motorway (for a total of 789 million euros) and the building of a new line (Line C) of the Rome Underground (2,500 million euros).

Baldassini-Tognozzi-Pontello has thus firmly established itself as one of the leading groups in the Italian construction sector, enhancing its profile as a general contractor by bidding for some of the nation’s most important contracts, which have extremely rigid selection criteria.
The firm has sought to devote particular attention to anticipating, identifying and stimulating market needs, pioneering new approaches such as project financing.

Project financing is the most innovative funding tool introduced by legislators in recent years. The central government is no longer in a position to finance all the projects that need to be implemented in the sector of the public services, which need to be efficient, effective and competitive. Structural works of significant importance for the community, identified on the basis of a list of priorities defined by the public authorities, can become feasible by drawing on private resources; these are required for the realization of the project and are compensated by the cash flow generated by tariffs resulting from the provision of the services that these works are capable of supplying. Moving for the first time beyond the rationale of a conglomerate of similar groups, for instance temporary associations of building contractors, in 1999 Baldassini Tognozzi S.p.A. joined forces with a number of leading business partners from various fields of the service sector. This was essential in order to provide in-house solutions, formulating project financing proposals covering the design, realization and operational phases.

In 2000, in its capacity as the leader of this group, Baldassini Tognozzi S.p.A. submitted a project financing proposal called Firenze Mobilità to the Municipality of Florence. The project envisaged the design, construction and running of underground and surface-level car parks for a total of over 1,500 parking slots in central areas of the city; the building of an underpass with a pedestrianized piazza of about 2,400 m² in front of the Fortezza da Basso; the building of a park covering some 77,500 m²; and other projects in Florence. The importance of this initiative, and the interest it attracted, subsequently led to new partners joining Firenze Mobilità S.p.A., for instance the Florence Chamber of Commerce, the Aeroporto di Firenze S.pA. and Firenze Parcheggi S.pA.

In 2003 the company, together with other business groups including RATP International, Alstom and Ansaldo-Breda, was part of the group that presented a project financing proposal, involving an overall investment of over 250 million euros, to the Municipality of Florence to design and construct new tram lines in the city and operate them for 35 years.

BTP AND PROJECT FINANCING: A NEW TOOL FOR PLANNING, CONSTRUCTION AND MANAGEMENT

After being awarded this contract, a project company called Tram di Firenze S.p.A. was set up, comprising the partners in the group and the local transport company, A.T.A.F. S.pA, in which the Municipality has a stake. In the same year, the company also participated in the group, which included Autostrade per l’Italia SpA, the Florence and Prato Chambers of Commerce and various banks, that presented a project financing proposal to the Region of Tuscany to design, construct and run (for 40.5 years) the Lastra a Signa-Prato motorway link road. The proposal, involving a total investment of approximately 250 million euros, has been declared to be in the public interest.

Various other project financing proposals are currently being drawn up, including proposals for the design, construction and management of a new civic centre and a high-speed tram station in Scandicci, and for the design, construction and management of student accommodation at the Technology Park in Sesto Fiorentino.

Following an initial phase during which the “business prototype” was developed,
Conscious of the need to move into new sectors and types of work in order to create new opportunities and capture new segments of the market, and abandoning the traditional role of the simple building contractor for that of a fully fledged developer, Baldassini-Tognozzi-Pontello S.p.A. is now engaged in the redevelopment of a number of large areas of derelict land. This follows the successful completion of complex projects such as the San Bartolo a Cintoia Redevelopment Plan, which concerns an area of some 25 hectares and involved the construction of a 220-room hotel; an 11-screen multiplex cinema seating a total of 2,498 people; a 10,000 m² shopping centre; 251 residential units; underground and surface-level parking; and related urbanization works. The group is currently working on the following projects:

**OSMANNORO REDEVELOPMENT PLAN:** construction of the IKEA Shopping Centre on a 60,770 m² plot, comprising a gross usable space of 26,400 m² distributed on two floors (of which 13,950 m² is retail space), and a 22,650 m² underground car park.

**FORMER SIME AREA:** the construction, on a plot of approximately 25,000 m², of 410 residential units plus 2 underground levels with garages, parking slots and cellars.

**FORMER FIAT VIALE BELFIORE AREA:** an area of about 3 hectares, on which it is planned to build a 205-room hotel, a conference centre, retail units, a wellness centre, underground parking and 104 apartments.

**FORMER FLORENCE MILITARY BAKERY:** redevelopment of an area of about 17,000 m² with the construction of a civic centre, residential units and offices.

These projects draw on the services of architects of international standing, such as Adolfo Natalini, Jean Nouvel and Rafael Moneo, because the group is keenly aware that the new challenge for redevelopment projects is the achievement of qualitative excellence.
Civil works

- Construction of the *Florence National Library* in Lungarno della Zecca Vecchia, one of the first major public buildings erected in Italy after the First World War, 1919-20.
- Reconstruction of buildings in *Borgo San Jacopo* facing onto the Arno, 1949-54.
- Construction of the *Palazzo dei Congressi*, the *State Archives*, the *Post Office* in Via Verdi, the *Municipal Swimming Pool of Campo Marte*.
- Construction of the *Florence Fruit and Vegetable Market*: the large construction slabs were one of the first applications of prestressed reinforced concrete.
- Building of the premises for the newspaper *La Nazione*, the industrial buildings and offices of *Nuovo Pignone* and the *Rari Nantes* municipal swimming pool on Lungarno Ferrucci.
- Construction of the *Hospital S. Giovanni di Dio*.
- Extension of the hospital complex of the *Tuscan Orthopaedic Institute* in Florence.
- Building of a new *infectious diseases* ward for Careggi Hospital.
- Upgrading of the *sewer system* in Florence.
- Building of the *Esselunga shopping centres* in *Via di Novoli* and *Via Canova*.
- Building of the *IKEA* and *CARREFOUR* shopping centres.
- Building of the *Warner Village* multiplex cinema.
- Building of the *Metropole* hotel in San Bartolo a Cintoia and the *Palace Hotel* in Novoli.
Infrastructures

- Rebuilding of **Ponte alle Grazie**.
- Construction of the **Viadotto all’Indiano**, a metal cable-stayed bridge.
- Construction of the **Giovanni da Verrazzano** bridge over the Arno and the **Varlungo** bridge.
- Construction of an underground car park for 1,000 cars in **Piazza della Libertà**.
- Quadrupling of the railway tracks at **Firenze Castello**.
- Building of the **Meeting Point at Peretola**.
- Building of the **Autostrade d’Italia Headquarters** (Section 4).
- Construction of an underground car park in **Piazza Ghiberti**.

- Building of a two-level underground car park with slots for 557 cars and 80 scooters in the **Piazzale Caduti nei Lager** area, plus landscaping of the surface of the piazza.
- Construction of an underground car park with slots for 205 cars and 23 scooters in the **State Archives area in Piazza Beccaria**.
- Construction of the **Viale Strozzi underpass**, consisting of a 4-lane artificial tunnel covered by a pedestrianized piazza of about 2,400 m² in front of the Mastio (main tower) of the Fortezza da Basso, thereby linking the fort to the Palazzo dei Congressi and the city centre.

Restorations

- Architectural renovation of the entire premises of the central office of **La Fondiaria Assicurazioni Generali** in Piazza della Liberta and the static consolidation of the structure.
- Renovation of the **Teatro Comunale**.
- Renovation and total structural and architectural reconstruction of the **Banca Nazionale del Lavoro** in Via Cerretani.
- Architectural renovation and static consolidation of the whole of the state-owned former **Luporini complex**.
- Restoration and conversion of the former premises of the daily newspaper **La Nazione**.
- Redevelopment of the **Badia Fiesolana** in San Domenico di Fiesole for use as a new university complex.
- Renovation of the **Teatro della Pergola**.
- Renovation of the **Museo Bardini**, the **Convitto della Calza**, **Palazzo Giandonati Canacci**, the **Le Murate complex**, **Villa Strozzi** and **Villa Vittoria**.
- The premises of the **Mostra dell’Artigianato** (Craft Fair) in the Fortezza da Basso and restoration of some of the former military buildings such as the powder house, which dates to the Napoleonic era.
BTP: WORKING FOR ITALY

Selected works around Italy

- Agenzia Torino 2006 - State road S.S. 23 (“del Sestriere”) – Porta bypass (Pinerolo)
- Moncalieri Airport
- New university buildings - University of Pavia
- Lot 6 of the Genoa-Savona motorway (sulpara viaduct and tunnel) (1971-75)
- Modernization of the Arezzo-Stia-Sinalunga railway line (1994-99)
- New office for the Region of Emilia Romagna at the Fiera di Bologna
- UNIA Hotel - Bologna
- Gallimari Hospital, Parma
- Civic Hospital, Sassari
- Construction work on the Medio Savuto-Piano Lago link road
- 9 - Lot 1
- Faculty of Political Sciences - University of Torino
- Service road between the port of Catania and Pantano d’Aci (1980-86)
- A 18 – Stracusa-Gala motorway - Lots 4 and 5
- ASAL’s of the Salerno-Roggio Calabria motorway between Rosarno and Gioia Tauris
- RFI / Italferr – Naples Dynamic Multifunctional Plant (Idp2) and the new railway station of Napoli – Barra
Conscious of the important role that a company should play in the development of its native city and region, Baldassini-Tognozzi-Pontello has promoted a series of significant cultural activities:

- In September 2001 the company became a founding member of the Foundation of the Teatro del Maggio Musicale Fiorentino, one of Italy's most prestigious theatres for opera and symphonic music.

- The group has sponsored the art gallery La Corte Arte Contemporanea, founded and directed by Rosanna Tempestini Frizzi. The gallery, which opened in 1996, promotes young Italian and foreign artists working in various media (photography, video, installations, performance).

- In March 2001 La Corte Arte Contemporanea organized an exhibition, curated by Giandomenico Semeraro, entitled Area di Transito ('Area of Transit'). The exhibition was mounted in large industrial warehouses owned by the company, which were due to be razed to the ground the day after the end of the show to make way for a new branch of IKEA.

- Together with iGuzzini, the group sponsored an exhibition of the recent works of Arturo Carmassi in Palazzo Vecchio’s Sala d’Arme.

- In June 2001, G.S.T. Global Service Toscana, a consortium headed by Baldassini-Tognozzi-Pontello, sponsored BOOM - Manifattura Tabacchi Manifattura d’Arte, an exhibition cum event conceived by Sergio Risaliti. This ushered in the new trend to mount exhibitions in sites of great industrial archaeological interest, stimulating a fruitful interaction between contemporary art and social history.

- In May 2002 the group also decided to contribute to the restoration of the frieze depicting Apollo and the Muses at the entrance to the Teatro Comunale di Firenze. The newly restored work was unveiled on the occasion of I Troiani, the inaugural opera of the 2002-03 Festival Season.

- Baldassini-Tognozzi-Pontello has contributed to the publication of Toscana Contemporanea 1980-2000, a contemporary art archive volume edited by Sergio Risaliti.

- Since 2004, Firenze Mobilità S.p.A., a consortium led by Baldassini-Tognozzi-Pontello, has organized exhibitions with the logo ‘Firenze mobilita l’arte’ ('Florence mobilizes art’). This is in line with the conviction that it is essential to promote young contemporary artists and to be willing to contribute to the process of cultural growth if a historic city like Florence is also to be a dynamic and contemporary one.