



THE ITALIAN PERFORMANCE PLAN

Rome, 26/05/2011

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TARIFFS

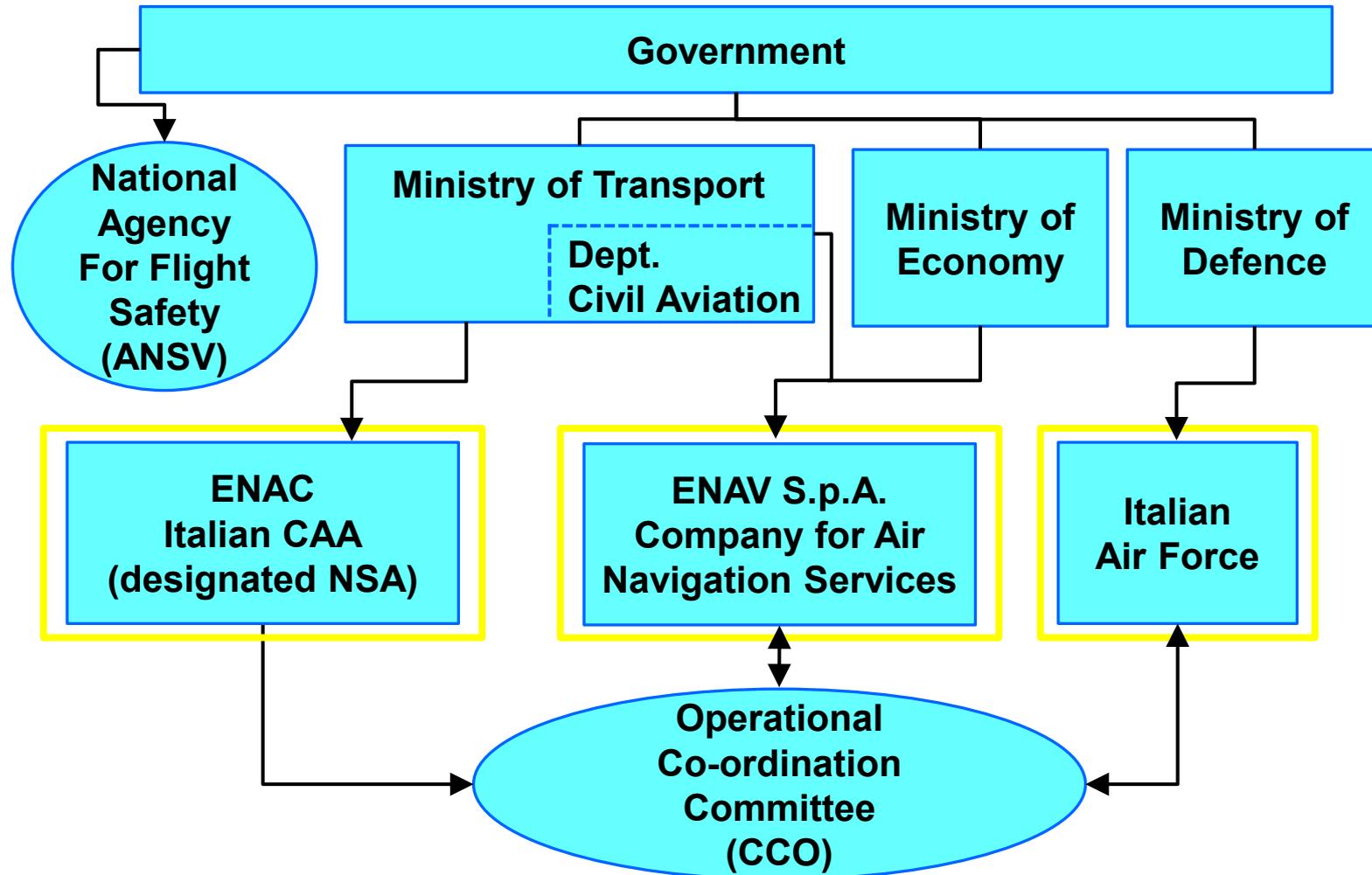
- En-Route Unit Rate for RP1
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ENAV INVESTMENT PLAN

INTRODUCTION

- The Plan is at “National Level”, and it covers the first Reference Period.
- ENAC is the NSA responsible for the preparation of the Plan.
- Terminal Charges will follow the current regime until the second reference period.

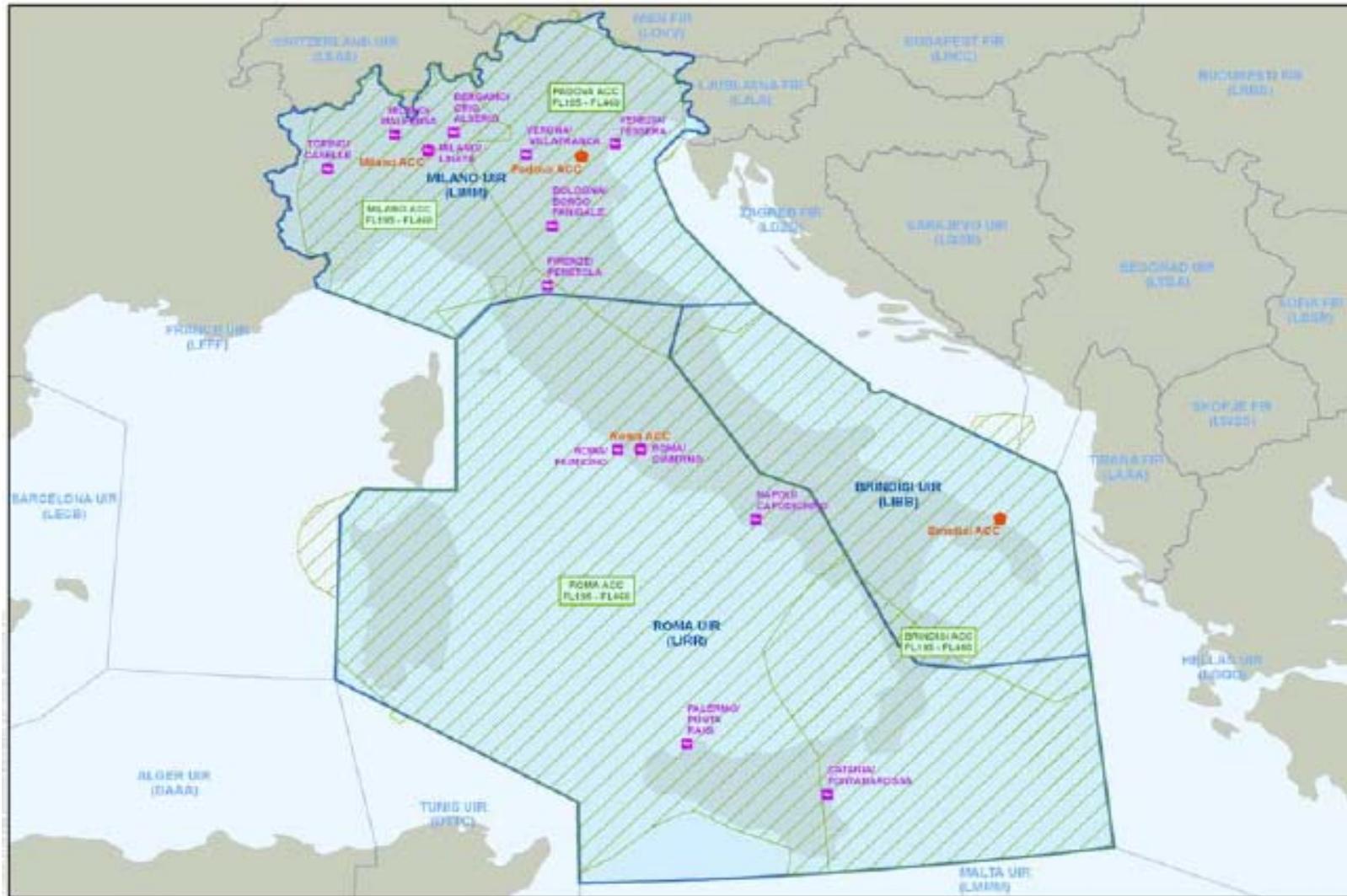
ACCOUNTABLE ENTITIES



ITALIAN AIR FORCE

- ANSP authorised by Italian State to provide services without certification pursuant article 7, comma 5, of SPR.
- Route: provides MET and APP Services for GAT.
- According to EC Reg. 1794/2006 (as amended by Reg. 1191/2010) ITAF should be subject to cost risk but not to traffic risk (institutional arrangements under scrutiny).
- The role of ITAF for terminal is going to be reduced alongside the number of military airports.

GEOGRAPHICAL SCOPE



OVERALL ASSUMPTIONS FOR RP 1

- The plan relies on data coming from the entities officially designated to provide them:
 - Traffic Statistics from EUROCONTROL.
 - National Inflation rate from IMF.
 - Gross Domestic Product from IMF.

- No variation of service provision with respect to the present situation, except for a progressive reduction in the number of airport where ITAF provides service to GAT.

KPIs SPECIFIED IN IR PERFORMANCE SCHEME

KPA	RP1	RP2
Safety	<ol style="list-style-type: none"> 1) Effectiveness of safety management ('maturity') 2) Application of severity classification 3) Application of Just Culture 	Revision of RP1 KPIs on basis of lessons learnt
Environment	<ol style="list-style-type: none"> 1) Average horizontal en-route flight efficiency 2) Monitoring of effective use of the civil/military airspace structures (e.g. CDRs) 	New KPI to address specific airport ANS-related environmental issues
Capacity	<ol style="list-style-type: none"> 1) Minutes of en-route ATFM delay per flight 2) Monitoring of airport data (ATFM airport delays, additional time in taxi-out phase and arrival sequencing/merging area) 	New KPI to address specific airport ANS-related capacity issues on the basis of monitoring
Cost Efficiency	<ol style="list-style-type: none"> 1) Determined Unit Rate for en-route-ANS 2) Monitoring of terminal costs and unit rates 	Determined unit rate for terminal air navigation services

Green indicates EU-wide target/monitoring in RP1

NATIONAL PERFORMANCE PLAN MAIN DRIVERS

- In setting the targets, Italy has been driven by two main rationales:
 - Safety is a paramount. The actual excellent levels of safety offered shall not in any case be compromised.
 - The quality of service offered to users shall not be compromised.
- Italy is paying particular attention to the continuity of service, with a minimum level of delays and an adequate provision of capacity, at a correct level of costs.
- Italy is committed in maintaining the actual level of service.

PARAMETERS FOR RISK SHARING AND INCENTIVES

- For what concerns the KPAs of **Safety** and **Environment**, no incentive schemes are foreseen.
- For what concerns **Cost-efficiency**, Italy at the moment is oriented at adopting the cost and traffic risk sharing mechanisms as per Reg.1191/2010, with no financial incentives. Nevertheless, Italy has adopted the list of uncontrollable costs as reported in the EC Regulation n. 1191/2010.
- ENAC is evaluating the proposal to recognise a 1% bonus of the determined costs of the ANSP for each year when the declared capacity target has been achieved.

ALERT THRESHOLDS FOR RP1

- For what concerns the Alert thresholds:
 - in case of variations of costs (or revenues) which are originated by socio-political or financial factors that cannot be foreseen in advance by the State and that could have a severe impact on safety or on the level of service offered by the provider, Italy will consider the possibility to propose revised targets;
 - for any variation higher than 4,5% on the forecasted level of traffic, Italy will consider the possibility to propose revised targets.

SCENARIO

INTERNATIONAL SCENARIO

Almost all main economic KPIs indicate a two-speed recovery after the 2009 crisis.

In advanced economies the growth rate is lower than the emerging countries:

- according to IMF Gross Domestic Product increased vs previous year of 5.0% worldwide and 1,7% in EU
- industrial production had an improvement vs 2009 of 7,8% and 6,9% for OECD and EU countries,*
- unemployment in EU is still high,
- investment has increased from 21,7% in percentage on GDP in 2009 to 22,9% in 2010,**
- oil prices (in average) raised from 62\$ per barrel in 2009 to 79\$ in 2010. Currently it jumped up to 111\$ per barrel.

Air transport industry, as from IATA, ended 2010 “*with improved profitability but low margins*”:

- **Industry net profits** estimated in **16US\$ billion**, both influenced by the passenger (7,1%) and cargo (18,1%) demand,
- The weakest recovery has been registered in **Europe (1,4US\$ billion vs 7,6US\$ billion** in Asia-Pacific and **4,7US\$ billion** in North America regions)

* Source: OECD – Organisation for Economic Co-operation and Development.

** Source: IMF – International Monetary Fund.

*** ESRA includes Austria, Benelux, Bulgaria, Croatia, Cyprus, Czech Rep, Denmark, Finland, France, FYROM, Germany, Greece, Hungary, Ireland, Italy, Malta, Moldova, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and UK.

EUROPEAN SCENARIO

Overall European flight (ECAC area) growth in 2010 was 0,9%, close to the 2006 volume traffic level, with significant differences between the various market segments (*source: EUROCONTROL - STATFOR Interactive Dashboard*).

- Traditional scheduled: -1,1%
- Low cost carriers: +6,9%
- Charter: -3,1%
- Business aviation: +5,6%
- All cargo: +2,7%

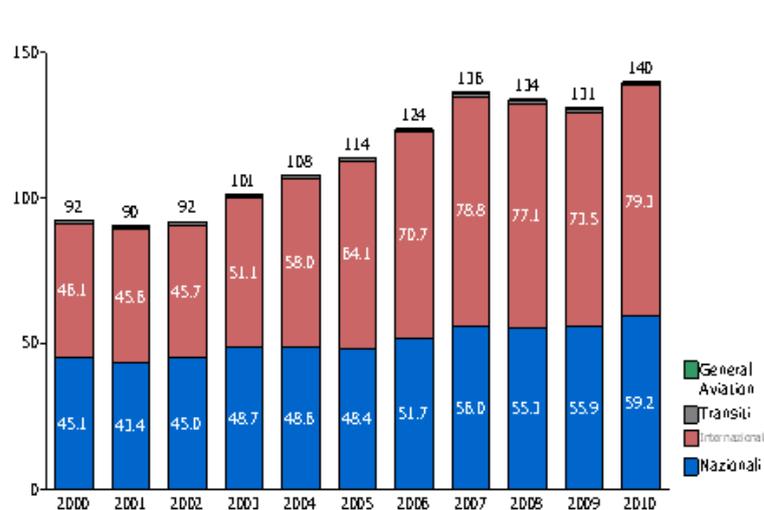
ITALIAN SCENARIO (1/2)

The Italian economic situation reflects the actual European contest and confirms a slight recovery from 2009 crisis*:

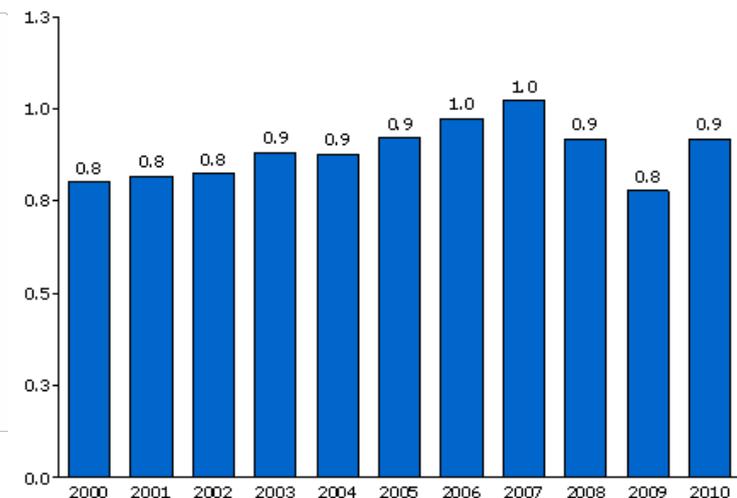
- estimated data of 1,3% GDP percentage change (vs 2009) provides evidence of a slow growth,
- Italian industrial production increased by 2,3 % compared to the same period in 2009,
- IV quarter 2010 unemployed rate was 8,7% from 8,6% IV quarter 2009.

The improvement of the economic picture is reflected in the aviation sector, where both passengers and cargo have resumed positive growth trend that was interrupted only in the period 2008-2009.

Italy: Total passengers (in Mln)



Italy: Total cargo volumes (in Mln of tonnes)



Variazione 2.0% 0.8% 7.1% -0.5% 5.0% 5.6% 4.9% -10.0% -15.4% 18.0%

*Source: ISTAT – National Institute of Statistics in Italy. Industrial production data are corrected with calendar.

ITALIAN SCENARIO (2/2)

In 2010 Italian airports have shown **recovery***:

- both in **movements (+1,3%)** and **passengers (+7,0%**, equal to +9,1 million pax),
- the values in 2009 were: mvmts -1,3%, pax -2,3%,
- Cargo volumes raised up to +18%

With regards to the main Italian airports:

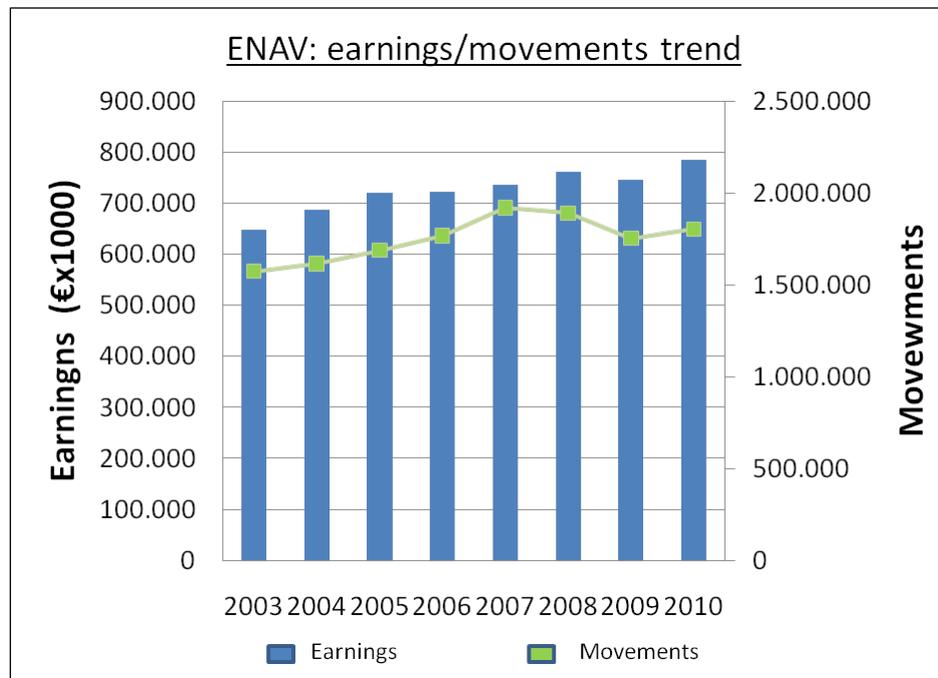
- **Most of 6 main Italian airports**** confirm recovery from 2009, in terms of movements and passengers,
- **Malpensa up** to +3,3% (mvmts) and +8,0% (pax),
- **Roma Fiumicino** main airport had +1,5% in terms of movements and +7,5% **increase** in terms of passengers (+2,5 million pax more than 2009).

*Source: Assaeroporti

**6 main airports are Catania Fontanarossa, Milano Linate, Milano Malpensa, Napoli Capodichino, Roma Fiumicino e Venezia Tessera.

SERVICE UNIT TRENDS IN EUROPE

- The year 2010 saw a general recovery for almost all the ANSPs but values have not returned to pre-crisis one.
- After the end of the volcanic ash problem, the Service Unit (SU) volumes have returned to positive growth (+3.3% vs 2009).
- At the end of August 2010, the Service Unit in EUROCONTROL Area reached a value of +2.3% over the same period in 2009.
- However, it should be noted that in 2010, SU trends are not homogeneous in the five largest European providers: while Italy has recorded the best performance with a +5.9%, there were decreases of -4.4% for Great Britain and -0.9% for France, an increase of +3.4% for Spain and +3.2% for Germany. Among emerging EUROCONTROL countries, Turkey recorded a +10.4%.



Source: ENAV

AIR TRANSPORT INDUSTRY: FORECAST

- IATA cuts its forecast for airline industry profits (net post-tax) in 2011 from US\$ 9.1 billion to US\$ 8.6 billion, a 46% reduction from the US\$ 16 billion of profit estimated last year.
- This downgrade is due to the recent increase in oil and jet kerosene prices. In line with market forecasts, IATA assumes an average crude oil price of US\$ 96 a barrel this year, significantly higher than IATA previous forecast of US\$ 84 a barrel.
- Regional differences will remain during 2011 with a particular contrast between weak European home markets and still strong traffic originating from the so-called 'emerging' markets. Asia-Pacific airlines are expected to continue to be the most profitable.
- Due to the robust demand for air transport and the strengthening of business confidence, IATA forecasts growth in passenger markets of 5.6% in 2011, and growth of 6.1% in air cargo. Overall this generates an expansion of 5.7% in tonne kilometers flown, not far from the expected 6% expansion in capacity.

Source: IATA (data, outlook for the industry based on IATA's financial forecast to 2011.).

AIR TRANSPORT INDUSTRY IN ITALY: FORECAST USED FOR THE PLANNING

In line with the market at international level, also in Italy traffic is forecasted in slow but encouraging improvement for 2011:

- in terms of service units, last EUROCONTROL Short/Medium – Term Forecast of Service Units shows an increase of 3,5% for 2011 and 2,8% for 2012;
- in terms of number of flights, last EUROCONTROL Medium – Term Forecast of Flights provides an increase of 4,5% for 2011 and 3,1% for 2012.

However, this growth could be affected by the socio-political events happening in the North African Region, which has led, in Italy, to a reduction of the SU (-17%) on routes to and from Africa. (These routes represent about 19% of total ENAV revenues).

The SU recorded in Italy in the first quarter of 2011, compared to the same period of 2010, has stood at +0,6%. The results are:

- international traffic +4,1%,
- domestic traffic +1,4%,
- overfly -3,6%.

*Source: EUROCONTROL SUF – Statfor

ENAV

ENAV CONTEXT ELEMENTS

FUNCTIONAL AIRSPACE BLOCK (FAB)	NEW ALITALIA COMPANY	HIGH-SPEED TRAIN COMPETITION
NEW EUROPEAN REGULATIONS	NEW PERFORMANCE AND CHARGING SCHEMES	
GREATER STAKEHOLDERS INTEGRATION	TECHNOLOGICAL IMPROVEMENTS	



CHANGE OF THE OPERATING FRAMEWORK

ENAV is facing new and important challenges that will have a major impact on its role, both strategically and operationally.

Especially some elements, are speeding up the process of change:

- New EU rules, notably the Single European Sky II, for a rationalization of the airspace (FAB-BLUE MED), the development of future technological platform ATM (SESAR) and new role of the European network manager.
- The new charging regulation led by the European Commission that, by changing the current system of cost-recovery into a new management model based on the measurement of performance, will increase the financial and management risk of the company.
- The future development of the Italian airport system (also based on the recent study commissioned by the Italian Ministry of Transportation and the Civil Aviation Authority);

ENAV MAIN POINTS

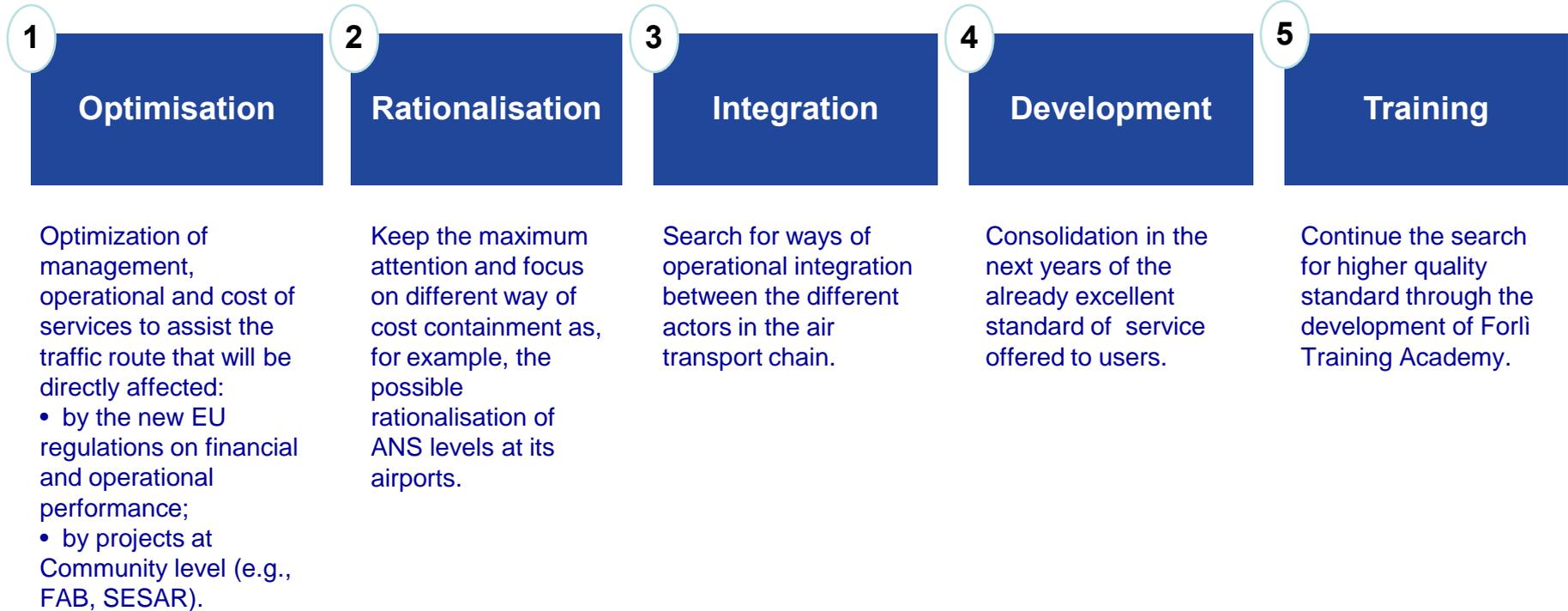
In the last years ENAV has adopted a set of actions that have produced some important results in terms of efficiency and cost rationalization.

Among the most significant:

- In 2010, 99.47% of flights handled by Enav has not been affected by ATFM delays caused by the Italian system itself. The traffic delayed due to reasons accounted to ENAV was 0.04%, a value well below the European average and steadily improving over the last five years.
- ENAV rate is one of the least expensive compared to the other major European ANS providers. In the period 2005-2009 the ENAV en-route unit rate was reduced by about 5%.
- The pricing policy adopted by the Company is the result of ongoing research of strategic actions aimed at containing its costs. Note, for example, the significant 26.5 million euro savings achieved on operating costs during the period 2004-2009.
- In 2010, from the environmental point of view, the Flight Efficiency Plan actions resulted in the estimated savings of about 13 million pounds of fuel, 41,256,000 CO2 kgs and 2,560,500 km flown;
- The disappearance of strike actions in the last three years, should be regarded not only as an excellent achievement for the company but also as a positive factor for the users and the air transport sector.

ENAV MAIN STRATEGIC TARGETS

The main macro-areas in which ENAV is focusing for the future are:



ENAV: a focus on 2010

EN-ROUTE AND TERMINAL COSTS FOR 2009-2010

TOTAL ENAV					
	2009 A	2010 B	2010 A	2010 A/ 2010 B	2010 A/ 2009 A
Staff costs	389,709	396,112	394,838	-0,32%	1,32%
Other operating costs	161,143	153,474	151,301	-1,42%	-6,11%
Depreciation	124,994	135,035	134,481	-0,41%	7,59%
Contr by Gover authorities	-30,000	-30,000	-30,000	0,00%	0,00%
Cost of capital	28,900	29,107	29,063	-0,15%	
Exceptional items	2,411	0,000	2,449		1,55%
Total costs	677,158	683,727	682,132	-0,23%	0,73%

EN-ROUTE ENAV					
	2009 A	2010 B	2010 A	2010 A/ 2010 B	2010 A/ 2009 A
Staff costs	288,200	293,846	291,520	-0,79%	1,15%
Other operating costs	106,646	104,247	101,612	-2,53%	-4,72%
Depreciation	88,412	93,005	95,254	2,42%	7,74%
Contr by Gover authorities	-16,609	-20,663	-16,702	-19,17%	0,56%
Cost of capital	28,900	21,090	21,580	2,32%	
Exceptional items	1,761	0,000	1,524		-13,47%
Total costs	497,310	491,526	494,788	0,66%	-0,51%

TERMINAL ENAV					
	2009 A	2010 B	2010 A	2010 A/ 2010 B	2010 A/ 2009 A
Staff costs	101,509	102,266	103,318	1,03%	1,78%
Other operating costs	54,498	49,227	49,689	0,94%	-8,82%
Depreciation	36,582	42,029	39,227	-6,67%	7,23%
Contr by Gover authorities	-13,391	-9,337	-13,298	42,41%	-0,70%
Cost of capital		8,016	7,483	-6,65%	
Exceptional items	0,651	0,000	0,925		42,18%
Total costs	179,848	192,202	187,345	-2,53%	4,17%

ENAV MAIN POINTS FOR 2010

The cost level recorded at the end of year 2010 shows that careful planning in the allocation of human and material resources has allowed to maintain a high level of quality of services offered and at the same time to obtain an optimization of expenditure.

- Despite the considerable increase of traffic of about 6%, the total costs of the service (en route and terminal) at the end of 2010 shows a reduction of approximately 1.6 million euros compared to the costs planned in the Budget, with a decrease of about 1,7% in real terms.
- It should be noted that, excluding from the actual 2010 the exceptional costs (i.e. credit depreciation for 5,4 mln €, and exceptional items for 2,5 mln €), the comparison with the planned costs shows a decrease of over 9 million €
- Compared to the 2009, the 2010 actual cost shows an increase of about 4,9 mln euro. However, it is necessary to consider that the 2010 computation base includes the capital costs for the terminal (not included in the 2009), as foreseen by the EC Regulation 1794/2006. Excluding this cost item and using the same cost parameter, the comparison with 2009 shows a reduction of approximately € 2.3 million, with a decrease in real terms of about 2%.

PERFORMANCE TARGETS

SAFETY

EU-WIDE SAFETY PERFORMANCE INDICATORS FOR RP1

Safety – No target, but national reporting against 6 KPIs:

3 Leading Indicators

- Effectiveness of Safety Management
- Application of Severity Classification of the Risk Analysis Tool
 - Reporting of Just Culture

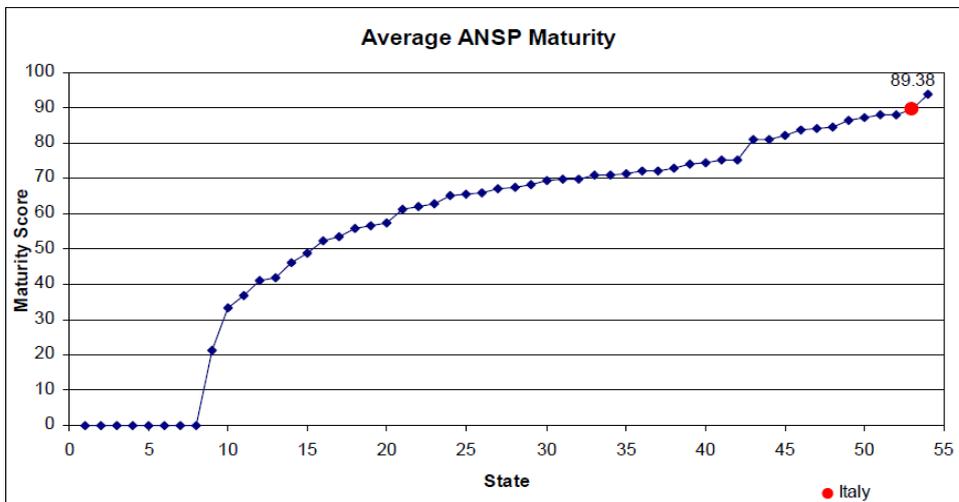
3 Lagging Indicators (severity graded by RAT)

- Separation Minima Infringement
 - Runway Incursions
 - ATM Specific Occurrences

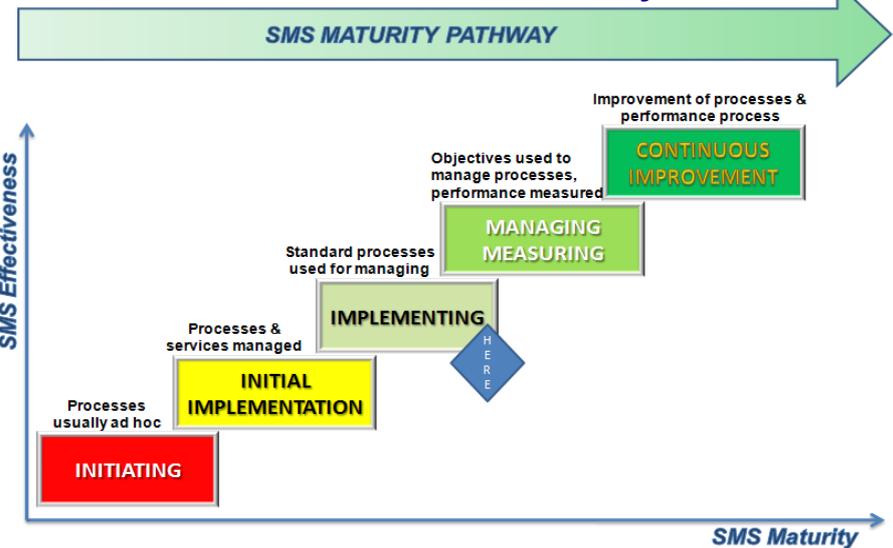
SAFETY – SMS STANDARD OF EXCELLENCE



Safety Framework Maturity

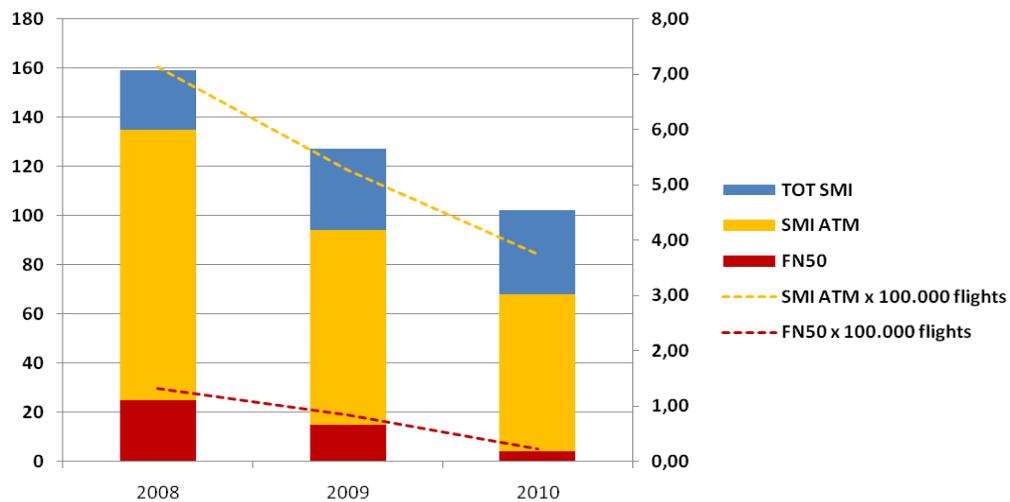


SMS Maturity

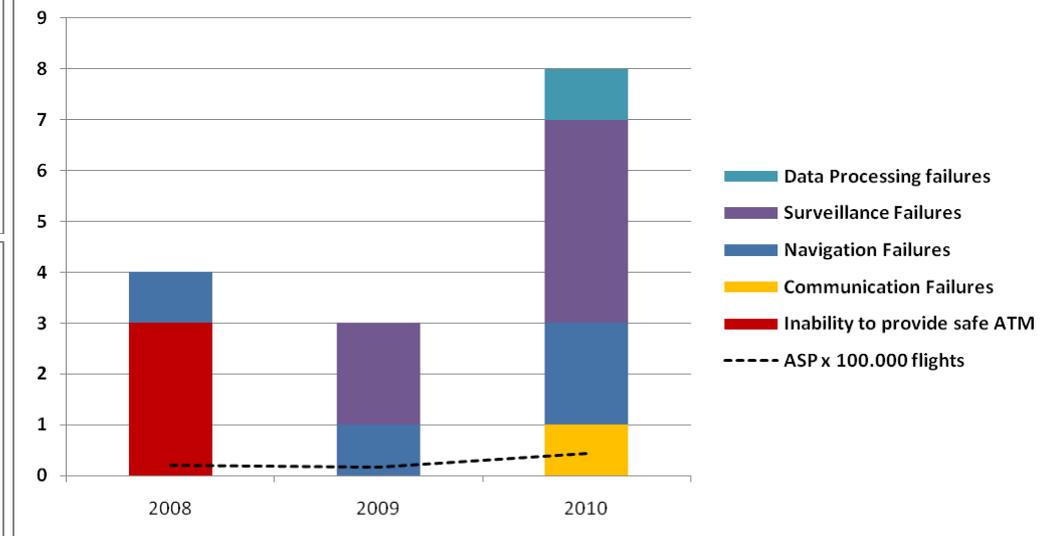


SAFETY – SAFETY PERFORMANCE RECORD 2008 - 2010

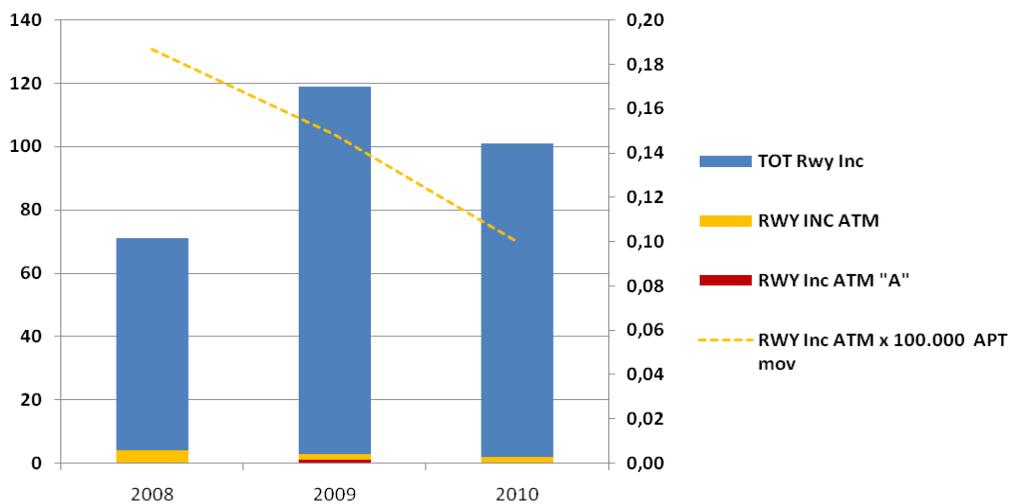
AIR - Separation Minima Infringement



ATM Specific Occurrences



GROUND - Runway Incursion



ENAV – SCENARIO HYPOTHESIS FOR RP1

Strategic Intent: turn Reactive Safety into a

PROACTIVE SAFETY DIMENSION

These are the elements that shape the strategic dimension

ACHIEVE: Zero tolerability  of ATM direct contribution to an aircraft Accident and
of Total Inability of providing safe ATM

TEND TO: Zero ATM induced risk-bearing air traffic incident by not exceeding agreed thresholds

DEPLOY: Agreed yearly improvement rates of risk index

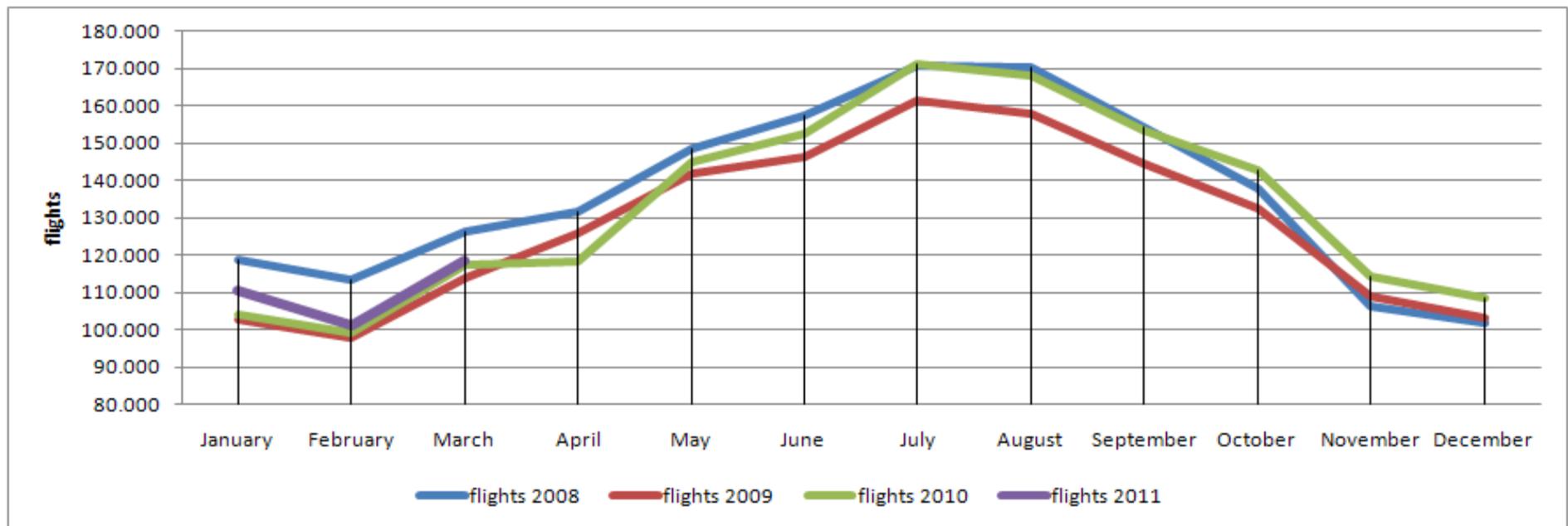
CAPACITY

ITALIAN CAPACITY PERFORMANCE

Traffic Variation 2010 vs 2009

Year
ITALY + 3,7 %
ECAC Area +0,9%

Summer Season
ITALY + 5,42 %
ECAC Area +3,1%



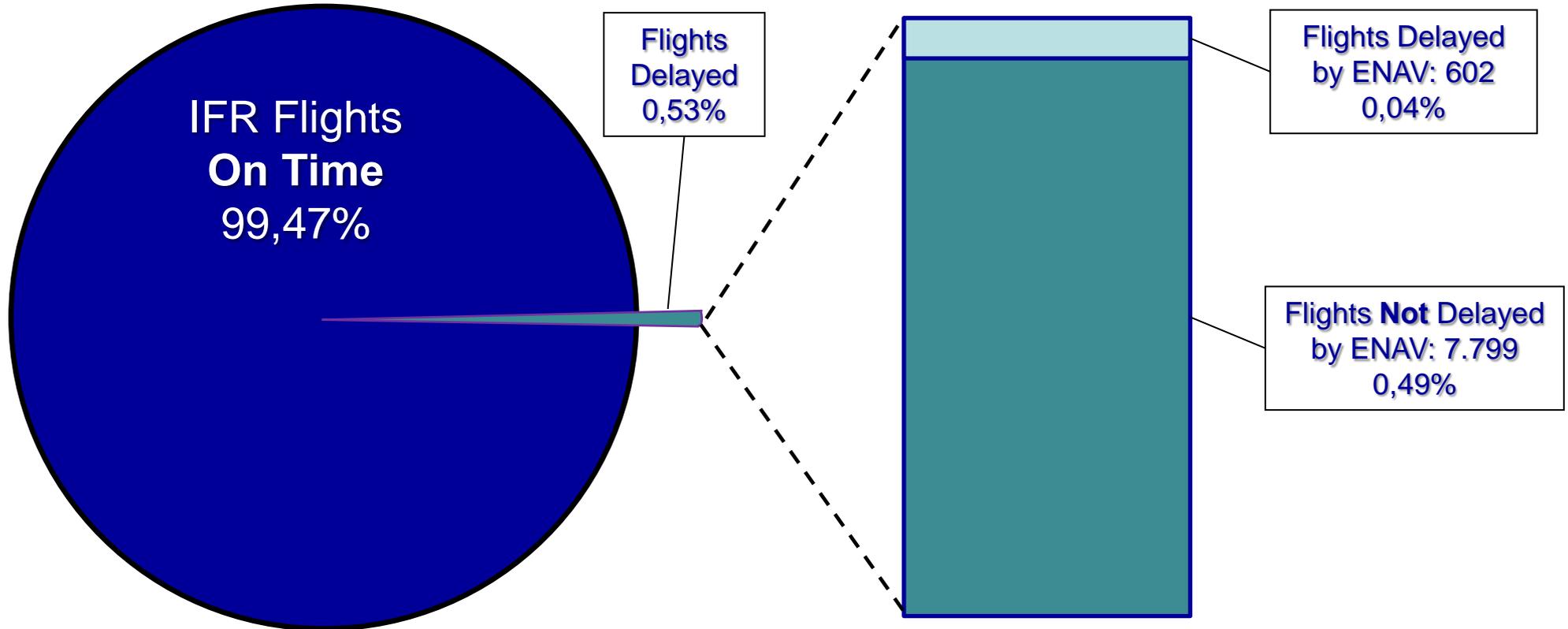
Source: EUROCONTROL

ITALIAN CAPACITY PERFORMANCE: PUNCTUALITY (1/3)

2010

Total Flights: 1.594.405

Delayed Flights: 8.401



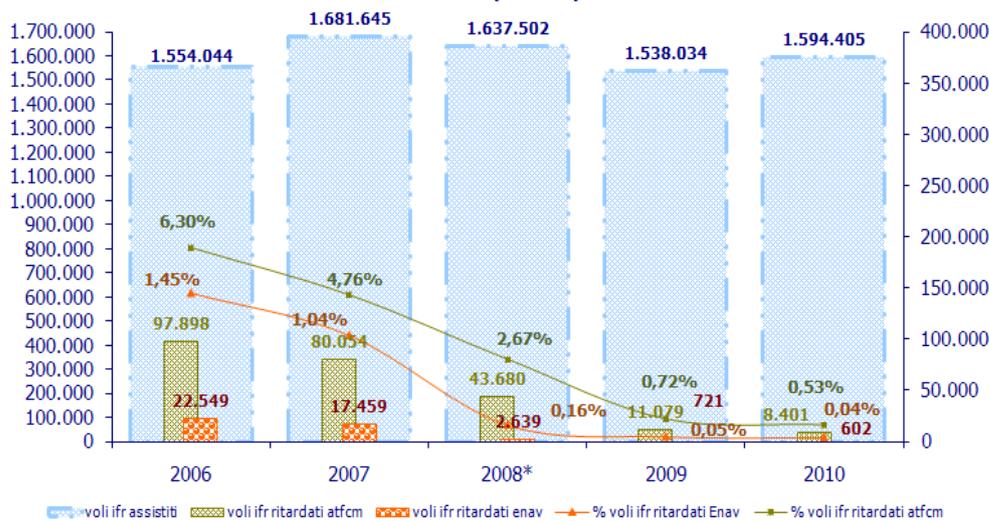
ITALIAN CAPACITY PERFORMANCE: PUNCTUALITY (2/3)

ENAV 2010
AVG Delay/Flight
Year: 0.01 min/flight
Summer: 0.01 min/flight

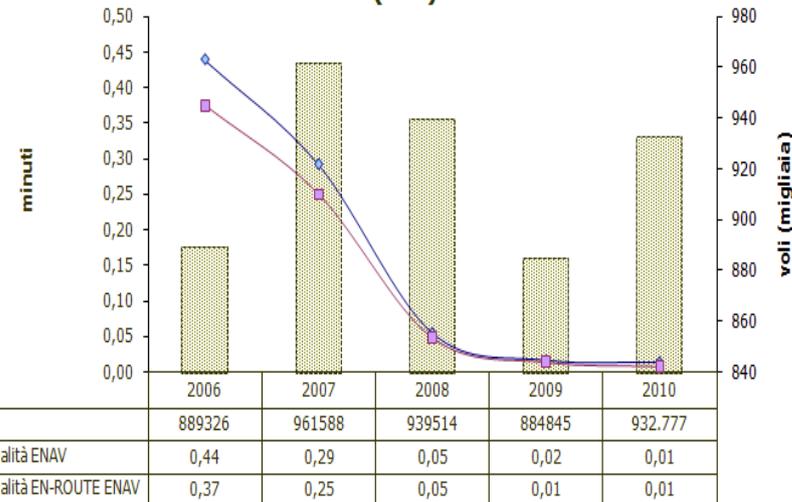
ENAV 2010
 accountable delay value
 was 100 times lower
 than PC Summer Season
 En-Route Target
 1 min/flight

ECAC Area: AVG Delay/flight → year: 2.8 min/flight → Summer: 3.5 min/flight

ATFCM e ENAV: voli ritardati e quote rispetto ai voli assistiti



Summer Season: evoluzione del ritardo medio ENAV per singolo volo assistito (min)



* anno bisestile

ITALIAN CAPACITY PERFORMANCE: PUNCTUALITY (3/3)

RP1 - Capacity KPI EU-wide target

- For the 1st reference period, the EU-wide capacity target shall be set in **minutes of en route ATFM delay per flight** (the indicator includes all IFR flights within European airspace and covers ATFM delay causes and it is calculated for the whole calendar year)

- **EU Targets:**

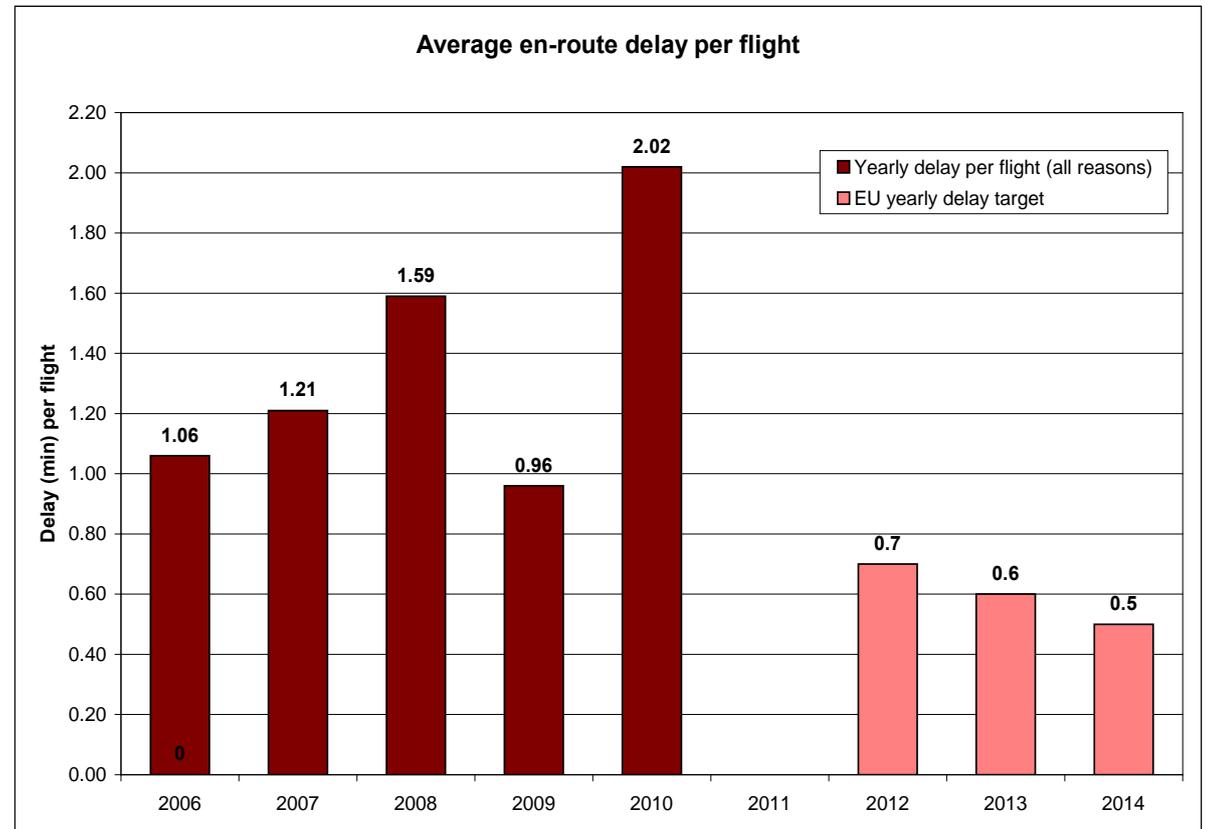
- **0.7 min/flight in 2012***

- **0.6 min/flight in 2013***

- **0.5 min/flight in 2014****

*As recommended by the PRB

**Adopted by the European Commission



ITALIAN CAPACITY PERFORMANCE: NATIONAL TARGET

RP1 – Italy En-Route Target

	2009A	2010A	2011F	2012F	2013F	2014T
En-route ATFM delay prior to RP1 (en-route ATFM delay minutes per flight)	0.02	0.01	0.18			
Reference value from the capacity planning process of EUROCONTROL (en-route ATFM delay minutes per flight)				0.14	0.14	0.12
% n/n-1				-22%	0.0%	-14.3%
National capacity target (en-route ATFM delay in minutes per flight)				0.14	0.14	0.12
% n/n-1				-22%	0.0%	-14.3%
Difference between the target and the reference value				0	0	0

AIRPORT & TERMINAL MONITORING FOR RP1

Capacity Performance Monitoring 2011

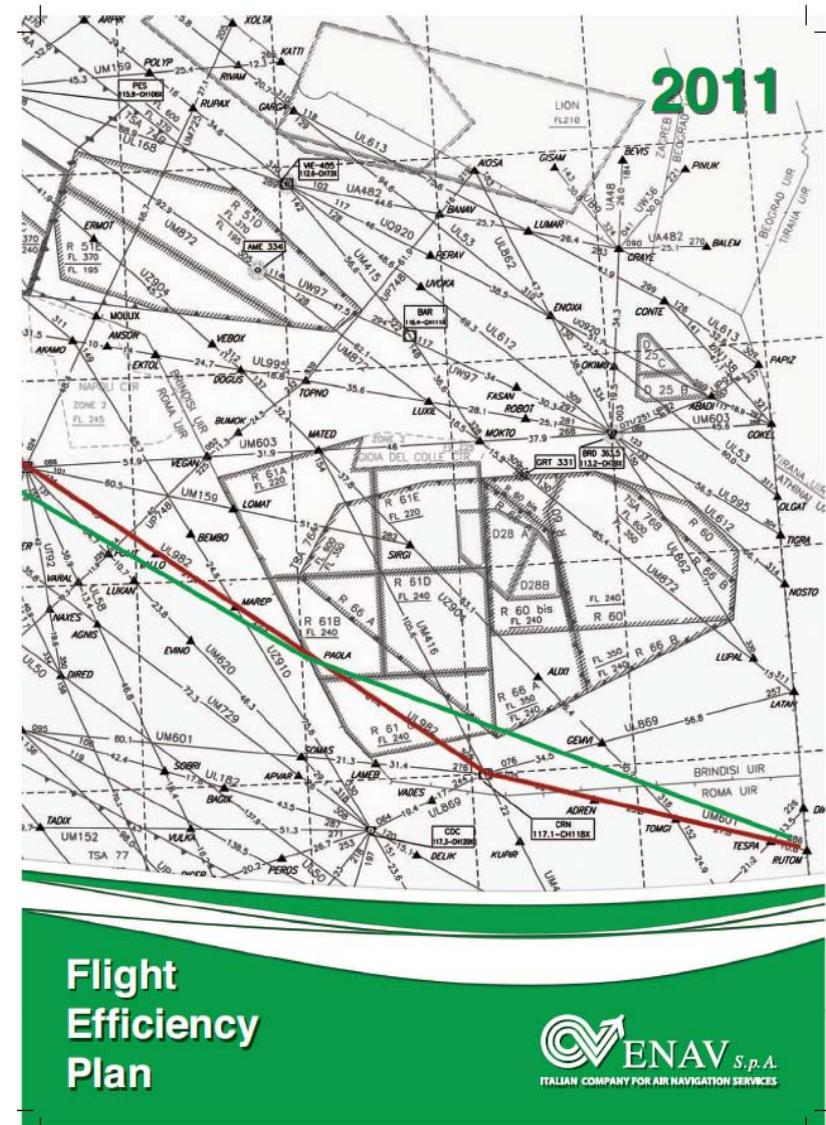
Indicators that will be monitored during RP1:

- ATFM Arrival delay (REG EU 691/2010)
- Taxi-out additional time (REG EU 691/2010)
- Adherence to ATFM slot (REG EU 255/2010)

ENVIRONMENT

ITALIAN ENV PERFORMANCE: FLIGHT EFFICIENCY

- It is the third ENAV ad-hoc action plan that collects the solutions identified to contribute in improving efficiency and reducing environmental impact of CO₂ from aviation.
- It is in line with the 5 action points proposed by CANSO, IATA, EUROCONTROL in 2008.
- ENAV FEP contains more than 100 actions planned to be achieved within 2012.



ITALIAN ENV PERFORMANCE: FLIGHT EFFICIENCY

5 Action points



- **Airspace Design**
- **Airspace and network availability**
- **Design and use of TMA**
- **Airport operations**
- **ATCO's Awareness to flight efficiency**

COST-EFFICIENCY

DEFINITION OF THE COST-EFFICIENCY TARGET

- ENAV cost-efficiency target for 2014 is defined in accordance with the roadmap provided by the EC for the EU-wide targets.
- Following this approach, ENAV guarantees a consistent contribution to the achievement of the National and EU-wide Performance Targets.
- Data sources used for traffic, inflation rates and calculation of the cost of capital are those indicated by the PRB.
- ENAV Determined Unit Rate is expressed in 2009 prices.

TRAFFIC AND INFLATION

➤ TRAFFIC

SU	2009A	2010A	2011F	RP1		
				2012F	2013F	2014F
TOTAL SU	8,155	8,629	8,931	9,181	9,456	9,740
<i>variation %</i>		<i>5,81%</i>	<i>3,50%</i>	<i>2,80%</i>	<i>3,00%</i>	<i>3,00%</i>

- Traffic estimates adopted by Italy are in line with EUROCONTROL “STATFOR Short-Medium Term Forecast” published in February 2011.
- 2009 and 2010 values are actual.

➤ INFLATION

2010 A	2011	2012	RP 1	
			2013	2014
<i>1,64%</i>	<i>1,95%</i>	<i>2,13%</i>	<i>2,00%</i>	<i>2,00%</i>

- The information on inflation rates in Italy are published by the International Monetary Fund in its April 2011 Outlook.
- 2009 and 2010 values are actual.

ENAV DETERMINED UNIT RATE: A ROADMAP

EU-wide target Determined Unit Rate (€2009)		Variazione %
2009	€ 63,82	
2010	€ 61,90	-3,02%
2011	€ 59,97	-3,11%
2012	€ 57,88	-3,49%
2013	€ 55,87	-3,47%
2014	€ 53,92	-3,49%



Italy Target Determined Unit Rate (€2009)		Variation %
2009	€ 73,89	
2010	€ 71,66	-3,02%
2011	€ 69,43	-3,11%
2012	€ 67,01	-3,49%
2013	€ 64,69	-3,47%
2014	€ 62,43	-3,49%



ENAV DUR target (€2009)		Variation %
2009	€ 60,99	
2010	€ 59,15	-3,02%
2011	€ 57,31	-3,11%
2012	€ 55,31	-3,49%
2013	€ 53,39	-3,47%
2014	€ 51,53	-3,49%

The *roadmap* designed by the European Commission for the achievement of the cost-efficiency EU-wide target of €53,92 in 2014, starts from the actual value of the DUR in 2009 and establishes reference values finalised to the monitoring already from 2011.

Starting from the actual value of the Italian 2009 DUR, it has been calculated in a proportional manner the Italian expected annual contribution to the EU-wide target.

The expected contribution represents the National target DUR.

In the same proportional manner and starting from the national target on calculated ENAV expected contribution to the achievement of the National target. The expected contribution represents ENAV target DUR.

ENAV TARGET DUR AND ENAV DUR FROM PLANNED COSTS

From the comparison between the target DUR for ENAV and the the DUR generated by the proposed planning it emerges that the proposed planning allows a consistent alignment with the targets.

ENAV DUR target (€2009)		Variation % DUR ENAV target	DUR ENAV from planned costs	Variation % DUR ENAV from planned costs
2009	€ 60,99		€ 60,99	
2010	€ 59,15	-3,02%	€ 56,42	-7,49%
2011	€ 57,31	-3,11%	€ 56,41	0,0%
2012	€ 55,31	-3,49%	€ 54,75	-3,0%
2013	€ 53,39	-3,47%	€ 53,07	-3,1%
2014	€ 51,53	-3,49%	€ 51,36	-3,2%

ENAV DUR will therefore have the following trends:

- within the period 2009-2014 an average reduction of 3,4% per year;
- within the period 2011-2014, an average reduction of 3,1% per year.

The cost planning proposed by ENAV will allow to contribute in a more than consistent manner to the achievement of the national DUR and therefore to the achievement of the EU-wide targets, as required by the European Commission.

ENAV - En-Route and Terminal costs for RP1

	RP 1					DELTA 2014 VS 2011
	FORECAST 2011	FORECAST 2012	FORECAST 2013	FORECAST 2014	FORECAST 2015	
STAFF	403,0	412,7	420,9	429,1	438,6	
%		2,4%	2,0%	1,9%	2,2%	6,5%
var.		9,7	8,2	8,2	9,5	26,1
En Route	297,5	304,7	310,8	316,8	323,8	19,3
OPERATING COSTS	129,4	130,2	135,0	138,8	141,3	
%		0,6%	3,7%	2,8%	1,8%	7,2%
var.		0,8	4,8	3,8	2,5	9,4
En Route	89,7	90,1	90,0	92,5	94,2	2,8
DEPRECIATION	153,6	153,9	156,5	157,3	156,5	
%		0,2%	1,7%	0,5%	-0,5%	2,4%
var.		0,3	2,6	0,8	-0,8	3,7
En Route	108,8	109,0	110,8	111,4	110,8	2,6
COST OF CAPITAL	34,1	36,1	38,1	38,1	38,1	
%		5,9%	5,5%	0,0%	0,0%	11,7%
var.		2,0	2,0	0,0	0,0	4,0
En Route	26,1	28,1	30,1	30,1	30,1	4,0
TOTAL	720,1	732,9	750,5	763,2	774,5	
		1,8%	2,4%	1,7%	1,5%	6,0%
		12,9	17,6	12,7	11,3	43,2
En Route	522,1	531,9	541,7	550,8	559,0	28,7

values in mln € and in nominal terms

THE NATIONAL DETERMINED UNIT RATE

THE NATIONAL DUR

- The components of the national determined costs are as follows:
 - ENAV costs.
 - EUROCONTROL costs.
 - ITAF costs.
 - NSA costs.

- Costs are expressed in 2009 prices.
- Inflation rates are as per IMF April 2011 Outlook.
- Total SU are calculated in line with “EUROCONTROL Short and Medium Term Forecast of Service Units” (February 2011).

The national DUR is, therefore, the sum of the DURs of the different entities.

THE COMPONENTS OF THE NATIONAL DUR

Nominal costs	2009A	2010A	2011F	2012F	2013F	2014F
ENAV COSTS	497,310	494,788	522,082	531,937	541,683	550,803
EUROCONTROL COSTS	50,535	51,887	44,776	50,039	45,664	46,132
NSA COSTS	0,000	0,000	3,112	3,158	3,206	3,254
ITAF	54,716	62,351	61,159	62,007	62,555	63,159
TOTAL NATIONAL COSTS	602,561	609,025	631,129	647,141	653,109	663,348

values in mln €

The nominal costs reported above are generated, respectively:

- **ENAV**: proposed planned costs.
- **EUROCONTROL**: costs communicated by EUROCONTROL in the scope of the calculation of the unit rate presented to CRCO in November 2010.
- **NSA (ENAC)**: costs communicated by ENAC in the scope of the calculation of the unit rate presented to CRCO in November 2010.
- **ITAF**: costs communicated by ITAF in the scope of the calculation of the unit rate presented to CRCO in November 2010.

THE CALCULATION OF THE NATIONAL DUR

- Starting from the nominal costs of each one of the entities, costs have been deflated in accordance with the rates indicated by IMF.
- Then, it has been calculated the DUR for each one of the entities, by dividing the deflated costs (expressed in 2009 prices) to the total SU.
- The national DUR for each year is given by the sum of the DUR of all the entities.

NATIONAL DUR (€2009)						
ENTITIES/YEARS	2009 A	2010A	2011F	2012F	2013F	2014F
ENAV	€60,99	€56,42	€56,41	€54,75	€53,07	€51,36
EUROCONTROL	€6,20	€5,92	€4,84	€5,15	€4,47	€4,30
NSA	€0,00	€0,00	€0,34	€0,33	€0,31	€0,30
ITAF	€6,71	€7,11	€6,61	€6,38	€6,13	€5,89
NATIONAL DUR	€ 73,89	€ 69,44	€ 68,20	€ 66,60	€ 63,98	€ 61,85

NATIONAL COST-EFFICIENCY TARGET

From the comparison of the national target DUR and the DUR generated by the proposed planned costs of the different entities, it emerges that also in this case the proposed planning allows to be perfectly aligned with the foreseen targets.

EU-wide target Determined Unit Rate (€2009)		Variation %	DUR target Italy (€2009)	Variation % target Italy	National DUR from planned costs (€2009)	Variation %
2009	€ 63,82		€ 73,89		€ 73,89	
2010	€ 61,90	-3,02%	€ 71,66	-3,02%	€ 69,44	-6,02%
2011	€ 59,97	-3,11%	€ 69,43	-3,11%	€ 68,20	-1,8%
2012	€ 57,88	-3,49%	€ 67,01	-3,49%	€ 66,60	-2,3%
2013	€ 55,87	-3,47%	€ 64,69	-3,47%	€ 63,98	-3,9%
2014	€ 53,92	-3,49%	€ 62,43	-3,49%	€ 61,85	-3,3%

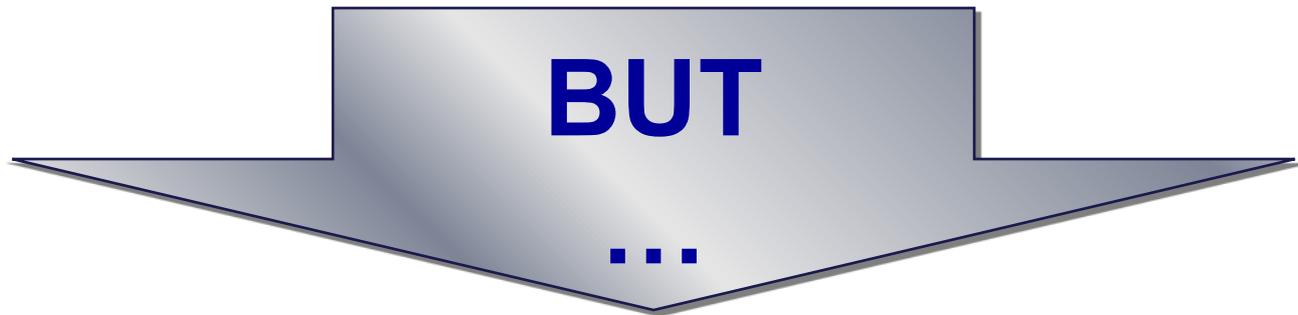
The national DUR will therefore provide with:

- in the period 2009-2014 an average efficiency of the 3,5% per year;
- in the period 2011-2014, an average efficiency of the 3,2% per year.

National costs as planned by the different entities would allow to bring a more than consistent contribution to the EU DUR.

A NATIONAL JOINT EFFORT

- What we have presented so far is the result of the joint effort of all the Italian entities involved.
- The guidelines indicated by the EC/PRB have been followed.
- All the planning so far reported has been prepared in coordination with the NSA.
- For what concerns ENAV, the planning has been approved by the Board of Directors (Consiglio di Amministrazione ENAV) and presented to the shareholders.



... WHAT HAPPENED IN THE LAST 3 DAYS?

- Three events:
 - ITAF has updated its costs
 - EUROCONTROL has updated its costs



Italy has updated the total national costs with no major impacts on the results



- The major change comes from STATFOR (EUROCONTROL):

Following the recent events related with the North African crisis, traffic forecasts have been **dramatically revised downwards**

THE NORTH AFRICAN CRISIS EFFECT

- EUROCONTROL has released the new Service Units Forecast.

Italy forecasts moved from...

YEARS	2009A	2010A	2011F	RP 1		
				2012F	2013F	2014F
TOTAL SU	8,145	8,621	8,920	9,174	9,423	9,729
variation %		5,8%	3,5%	2,8%	2,7%	3,2%

Source: EUROCONTROL, SUF - FEBRUARY 2011

To...

YEARS	2009A	2010A	2011F	RP 1		
				2012F	2013F	2014F
TOTAL SU	8,145	8,621	8,546	8,643	8,878	9,165
variation %		5,8%	-0,9%	1,1%	2,7%	3,2%

Source: EUROCONTROL, SUF - MAY 2011

Paradoxically, Italy would be already in the position of activating the proposed alert mechanism for an event, as it is the North African crisis situation, above which no control leverages are available not for the State nor for the provider !!!

THE IMPACTS ON THE DUR

For Italy, the three changes have the following impact:

FROM WHAT SENT:

YEARS	National DUR from planned costs (€2009)	Variation %
2011	€ 68,20	
2012	€ 66,60	-2,3%
2013	€ 63,98	-3,9%
2014	€ 61,85	-3,3%

TO THE NEW SITUATION:

YEARS	National DUR from planned costs (€2009)	Variation %
2011	€ 71,20	
2012	€ 70,31	-1,2%
2013	€ 68,21	-3,0%
2014	€ 65,96	-3,3%

For ENAV, the traffic effect has the following impact:

FROM WHAT SENT:

YEARS	ENAV DUR from planned costs (€2009)	Variation %
2011	€ 56,41	
2012	€ 54,75	-3,0%
2013	€ 53,07	-3,1%
2014	€ 51,36	-3,2%

TO THE NEW SITUATION:

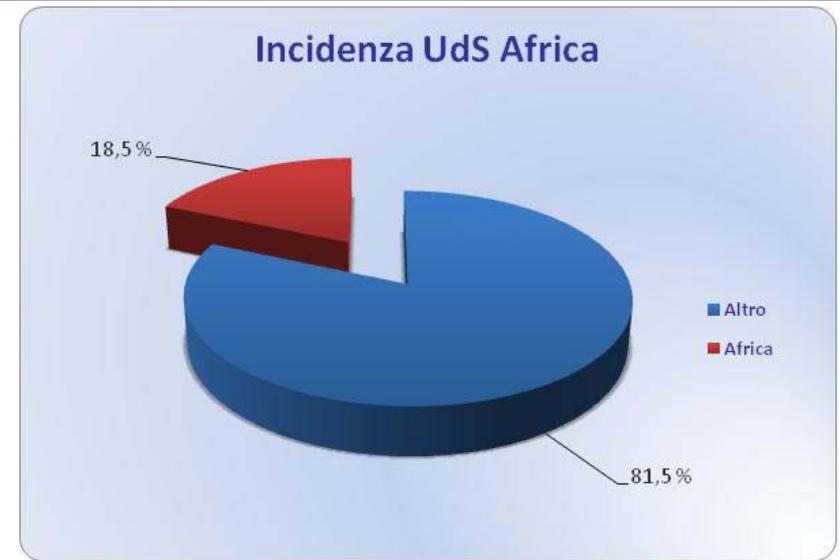
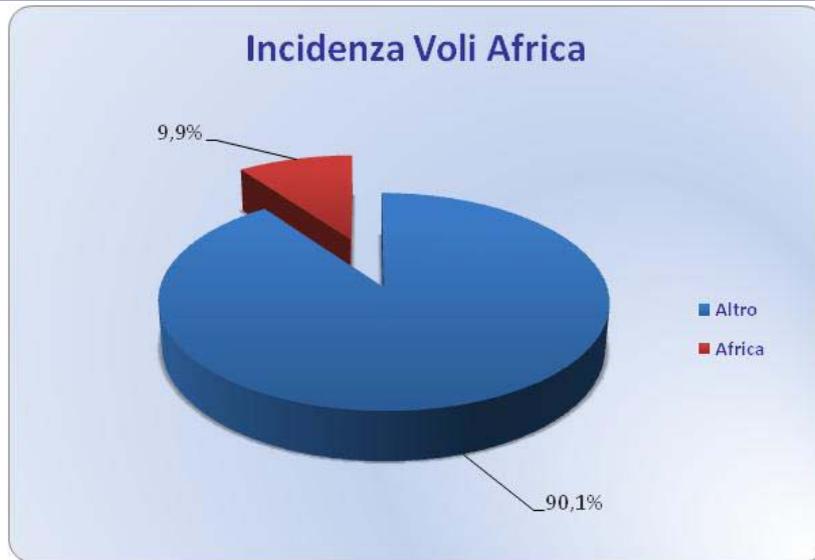
YEARS	ENAV DUR from planned costs (€2009)	Variation %
2011	€ 58,90	
2012	€ 58,10	-1,36%
2013	€ 56,47	-2,81%
2014	€ 54,53	-3,43%

THE IMPACTS ON THE DUR IN AVERAGE

- Considering the new traffic forecasts and the variation in ITAF and EUROCONTROL costs, the average efficiency in terms of DUR for Italy can be represented as follows:
 - in the period 2009-2014 an average efficiency of the 2,2% per year;
 - in the period 2011-2014, an average efficiency of the 2,5% per year.

- In the same way, considering only the new traffic forecasts, the average efficiency in terms of DUR for ENAV can be represented as follows:
 - in the period 2009-2014 an average efficiency of the 2,2% per year;
 - in the period 2011-2014, an average efficiency of the 2,5% per year.

A FIRST ANALYSIS: TRAFFIC FROM AND TO AFRICA (THROUGH ITALY) – FIRST QUARTER 2011



Flight trends in the main African Countries (through Italy)

Country	Flights variations 2011-2010
Egypt	-25,5%
Tunisia	-18,1%
Libya	-17,8%
South Africa	-15,7%

Excluding from the quarterly figures the effect of what is happening in Africa, the overall en-route traffic would stand at a +4.3% in terms of flights and +5.9% in terms of Service Units!

AND NOW ... WHAT SHOULD ITALY DO?



TARIFFS

EN-ROUTE UNIT RATE FOR RP1

Total Italy (ENAV + AM + ENAC + ECTL) EN-ROUTE				
	RP1			
	2011 F	2012	2013	2014
Staff costs	332.112	341.460	348.056	354.640
Other operating costs	175.188	176.977	180.890	184.842
Contribution by Gov authorities	-16.702	-16.702	-20.147	-20.147
Depreciation	114.442	113.952	115.475	116.793
Cost of capital	26.090	28.090	30.090	30.090
Exceptional items	0	0	0	0
Total costs for Determined UR	631.129	643.777	654.365	666.218
Costs of exempted IFR flights	-16.468			
Amounts carried over to year	15.164	28.002	12.388	12.388
Total costs ITALY	629.824	671.779	666.752	678.606
Service units	8.330	8.651	8.886	9.173
Unit Rate (€)	€ 75,61	€ 77,65	€ 75,03	€ 73,98
Unit Rate no balance (€)	€ 73,79	€ 74,42	€ 73,64	€ 72,62

With the exception of the Unit Rate, all the values in k€ and in nominal terms

TERMINAL UNIT RATE FOR RP1

Total Italy (ENAV + AM + ENAC + ECTL) TERMINAL				
		RP1		
	2011 F	2012	2013	2014
Staff costs	120.170	121.705	124.053	126.397
Other operating costs	63.145	61.556	63.158	64.511
Contribution by Gov authorities	-13.298	-13.298	-9.853	-9.853
Depreciation	46.689	46.813	47.504	48.181
Cost of capital	8.016	8.016	8.016	8.016
Exceptional items	0	0	0	0
Total costs	224.723	224.793	232.879	237.252
Amounts carried over to year		13.253		
Smaller airport costs	-85.165	-84.862	-87.860	-89.548
Contribution on greater airports	-39.126	-38.818	-40.156	-40.946
Chargeable costs	100.432	114.367	104.863	106.758
Service units	931	967	1.003	1.033
Unit Rate (€)	€ 107,85	€ 118,27	€ 104,56	€ 103,35
Unit Rate no balance (€)	€ 107,85	€ 104,57	€ 104,56	€ 103,35

With the exception of the Unit Rate, all the values in k€ and in nominal terms

CARRY-OVERS FROM BALANCE SHEET

EN-ROUTE

	2011	2012	2013	2014	2015	TOTAL
BALANCE 2009	15,2	12,4	12,4	12,4	-	52,3
BALANCE 2010	-	15,6	-	-	-	15,6
TOTAL	15,2	28,0	12,4	12,4	-	67,9

TERMINAL

	2011	2012	2013	2014	2015	TOTAL
BALANCE 2010	-	13,2	-	-	-	13,2

ENAV INVESTMENT PLAN

ENAV INVESTMENTS

	INVESTMENTS PLAN 2011 - 2015 (strategic lines)							Total 2011-15
	2009	2010	2011	2012	2013	2014	2015	
Maintenance and Upgrades En-route	18.994.920	39.240.501	41.850	50.000	35.200	30.300	21.300	178.650
Maintenance and Upgrades Airport	114.933.146	42.779.992	37.020	33.600	32.200	30.500	29.000	162.320
Technological Innovation En-route	28.859.914	50.973.908	38.950	34.500	45.700	36.300	51.300	206.750
Technological Innovation Airport	27.165.837	16.724.556	2.800	4.500	3.300	4.800	4.800	20.200
Security	33.712.480	12.765.989	5.000	5.000	5.000	5.000	5.000	25.000
Managerial and Infrastructural Development	11.683.230	3.208.569	7.700	6.100	7.300	7.100	6.600	34.800
SAFETY AT WORK STATION S	23.327.204	23.502.756	3.680	3.300	2.300	2.000	2.000	13.280
	258.676.731	189.196.271	137.000	137.000	131.000	116.000	120.000	641.000

For 2011-2015 values are in k€

COMPLEMENTARY INFO

THE NEW NATIONAL COSTS

EUROCONTROL						
Nominal Costs	2009A	2010A	2011F	2012F	2013F	2014F
New planning	50,535	51,887	44,776	48,320	48,613	49,696
Old planning	50,535	51,887	44,776	50,039	45,664	46,132
<i>abs.variation</i>	0,000	0,000	0,000	-1,719	2,949	3,564

ITAF						
Nominal Costs	2009A	2010A	2011F	2012F	2013F	2014F
New planning	54,716	62,351	61,159	60,361	60,862	62,465
Old planning	54,716	62,351	61,159	62,007	62,555	63,159
<i>abs.variation</i>	0,000	0,000	0,000	-1,646	-1,693	-0,694

TOTAL NATIONAL COSTS						
Nominal Costs	2009A	2010A	2011F	2012F	2013F	2014F
New planning	602,561	609,025	631,129	643,777	654,365	666,218
Old planning	602,561	609,025	631,129	647,141	653,109	663,348
<i>abs.variation</i>	0,000	0,000	0,000	-3,365	1,256	2,870

values in k€ and in nominal terms



BACK UP

EN-ROUTE UNIT RATE FOR RP1 (OLD¹)

Total Italy (ENAV + AM + ENAC + ECTL) EN-ROUTE				
	2011 F	RP1		
		2012	2013	2014
Staff costs	332,112	339,818	346,390	352,949
Other operating costs	175,188	181,269	180,553	183,928
Depreciation	114,442	114,667	116,223	116,529
Contr by Gover authorities	-16,702	-16,702	-20,147	-20,147
Cost of capital	26,090	28,090	30,090	30,090
Exceptional items	0,000	0,000	0,000	0,000
Total costs	631,129	647,141	653,109	663,348
Costs of exempted IFR flights	-16,468	0,000	0,000	0,000
Amounts carried over to year	15,164	28,002	12,388	12,388
Total costs ITALY	629,824	675,143	665,497	675,736
Service units*	8.698	9.181	9.456	9.740
Unit Rate (€)	€ 72,41	€ 73,54	€ 70,38	€ 69,38
Unit Rate no balance (€)	€ 70,67	€ 70,49	€ 69,07	€ 68,11

With the exception of the Unit Rate (expressed in €), all other costs and revenues are in K€.

* Service Units are Chargeable SU for 2011, in consideration of the full cost recovery system. For the Reference Period 2012-2014, the Performance Plan considers Total SU.

¹ This slide was included in the presentation sent to users on the 9th of May 2011. At that time the en-route Unit Rate did not include: the updated EUROCONTROL and ITAF costs and was calculated with the traffic forecast provided in the SUF published in February 2011.

TERMINAL UNIT RATE FOR RP1 (OLD¹)

Total Italy (ENAV + AM + ENAC + ECTL) TERMINAL				
	2011 F	RP1		
		2012	2013	2014
Staff costs	120,170	122,938	125,305	127,667
Other operating costs	63,145	63,668	65,301	66,686
Depreciation	46,689	46,900	47,691	47,969
Contr by Gover authorities	-13,298	-13,298	-9,853	-9,853
Cost of capital	8,016	8,016	8,016	8,016
Exceptional items	0,000	0,000	0,000	0,000
Total costs	224,723	228,225	236,461	240,486
Amounts carried over to year	0,000	13,253	0,000	0,000
Smaller airport costs	-85,165	-86,501	-89,571	-91,092
Contribution on greater airports	-39,126	-39,745	-41,123	-41,820
Chargeable costs	100,432	115,232	105,766	107,574
Service units	931	967	1.003	1.033
Unit Rate (€)	€ 107,85	€ 119,17	€ 105,46	€ 104,14
Unit Rate no balance (€)	€ 107,85	€ 105,46	€ 105,46	€ 104,14

With the exception of the Unit Rate (expressed in €), all other costs and revenues are in K€.

¹ This slide was included in the presentation sent to users on the 9th of May 2011. At that time the terminal Unit Rate did not include the updated ITAF costs.