CASSA DEPOSITI E PRESTITI
SOCIETÀ PER AZIONI

CDP S.p.A.

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

at 30 June 2008

Condensed Interim Separate Financial Statements at 30 June 2008

Cassa depositi e prestiti società per azioni

REGISTERED OFFICE

ROME– Via Goito, 4

COMPANY REGISTER OF ROME

Entered in Company Register of Rome no. 80199230584

Registered with Chamber of Commerce of Rome at no. REA 1053767

SHARE CAPITAL

Share capital € 3,500,000,000.00 fully paid up

Tax code 80199230584 – VAT registration no. 07756511007

Board of Directors

Alfonso Iozzo	*Chairman*
Franco Bassanini	*Deputy Chairman*
Renato Cambursano	*Director*
Francesco Giovannucci	*Director*
Vittorio Grilli	*Director*
Nunzio Guglielmino	*Director*
Gianfranco Imperatori	*Director*
Luisa Torchia	*Director*
Gianfranco Viesti	*Director*

Supplementary members for administration of Separate Account

(Article 5.8, Decree Law 269/2003, ratified with amendments by Law 326/03)

State Accountant General	*Director*	*(1)*
Director General of the Treasury	*Director*	*(2)*
Isaia Sales	*Director*	
Francesco Scalia	*Director*	
Giuseppe Pericu	*Director*	

(1) Edoardo Grisolia, non-permanent delega te of the State Accountant General

(2) Maria Cannata , delegate of the Director General of the Treasury

Preference Shareholders Support Committee

Mario Nuzzo	*Chairman*
Teresio Barioglio	*Member*
Pier Giuseppe Dolcini	*Member*
Amedeo Grilli	*Member*
Francesco Lorenzetti	*Member*
Antonio Marotti	*Member*
Massimo Paniccia	*Member*
Marco Parlangeli	*Member*
Stefano Poli	*Member*
Roberto Saro	*Member*
Davide Tinelli	*Member*

Steering Committee

Giuliano Segre	*Chairman*
Carlo Colaiacovo	*Member*
Adriano Giannola	*Member*
Matteo Melley	*Member*
Antonio Miglio	*Member*
Francesco Parlato	*Member*
Antimo Prosperi	*Member*
Giovanni Sabatini	*Member*
Antonino Turicchi	*Member*

General Manager

Antonino Turicchi

Board of Auditors

Alberto Sabatini	*Chairman*
Mario Basili	*Auditor*
Biagio Mazzotta	*Auditor*
Fabio Alberto Roversi Monaco	*Auditor*
Antonello Arru	*Auditor*
Francesco Bilotti	*Alternate*
Gerhard Brandstätter	*Alternate*

Parliamentary Supervisory Committee

Massimo Saverio Ennio Fundarò	*Chairman*
Salvatore Bonadonna	*Deputy Chairman*
Andrea Liotta	*Secretary for Confidential Matters*
Gianpiero Bocci	*Parliamentary member*
Vladimiro Crisafulli	*Parliamentary member*
Carmine Santo Patarino	*Parliamentary member*
Salvatore Adduce	*Parliamentary member*
Luigi Bobba	*Parliamentary member*
Antonio D'Alì	*Parliamentary member*
Salvatore Giacchetti	*Non-parliamentary member*
Gaetano Trotta	*Non-parliamentary member*
Luigi Papiano	*Non-parliamentary member*

Judge of the State Audit Court
(Article 5.17, Decree Law 269/2003 – attends meetings of the Board of Directors and the Board of Auditors)

Luigi Mazzillo

Independent auditors

KPMG S.p.A.

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Reclassified balance sheet

	30/06/2008 (€/mil)	31/12/2007 (€/mil)	Change (%)
ASSETS			
A. Cash and cash equivalents	99,365	92,807	7.1%
B. Loans to customers and banks	80,540	78,631	2.4%
C. Debt securities	410	208	96.9%
D. Equity investments and shares	17,831	19,950	-10.6%
E. Assets held for trading and hedging derivatives	1,477	1,182	25.0%
F. Property, plant and equipment and intangible assets	214	214	0.3%
G. Accrued income, prepaid expenses and other non-interest-bearing assets	1,176	2,212	-46.9%
H. Other assets	728	890	-18.2%
Total assets	**201,741**	**196,094**	**2.9%**
LIABILITIES AND SHAREHOLDERS' EQUITY			
A. Debt and payables	185,900	178,213	4.3%
- due to banks	*1,174*	*698*	*68.1%*
- due to customers	*11,516*	*10,953*	*5.1%*
- debt securities	*9,571*	*9,314*	*2.7%*
- postal funding	*163,640*	*157,248*	*4.1%*
B. Hedging derivatives and liabilities held for trading	829	730	13.5%
C. Accrued expenses, deferred income and other non-interest-bearing liabilities	416	822	-49.5%
D. Other liabilities	815	842	-3.3%
E. Provisions for contingencies, taxes and staff severance benefit	905	1,131	-19.9%
F. Shareholders' equity	12,876	14,356	-10.3%
Total liabilities and shareholders' equity	**201,741**	**196,094**	**2.9%**

Reclassified income statement

	1st half 2008 (€/mil)	1st half 2007 (€/mil)	Change (%)
Interest income and similar revenues	3,985	3,425	16.3%
of which on loans to customers and banks	*1,919*	*1,897*	1.2%
Interest expense and similar charges	(2,816)	(2,396)	17.5%
NET INTEREST INCOME	**1,169**	**1,030**	**13.6%**
Dividends	629	598	5.1%
Commission income	3	3	-0.1%
Commission expense	(404)	(387)	4.5%
of which postal savings management commissions	*(404)*	*(387)*	*4.5%*
Net gain (loss) on trading activities	(4)	6	N/S
Net gain (loss) on hedging activities	(3)	(72)	-95.3%
Gains (losses) on disposal or repurchase of assets and liabilities	3	9	-69.5%
GROSS INCOME	**1,391**	**1,185**	**17.4%**
Net impairment adjustments	(1)	(10)	-89.2%
of which impairment adjustments of loans	*(1)*	*(10)*	*-89.2%*
NET INCOME FROM FINANCIAL OPERATIONS	**1,390**	**1,176**	**18.3%**
General and administrative expenses	(28)	(29)	-1.0%
of which staff costs	*(16)*	*(16)*	*1.2%*
Other operating income (expenses)	0	0	-53.3%
OPERATING INCOME	**1,362**	**1,147**	**18.7%**
Net provisions	(4)	(0)	N/S
Net adjustments of non-current assets	(4)	(4)	14.4%
Gains (losses) on equity investments	(266)	0	N/S
Gains (losses) on disposal of investments	0	0	N/S
INCOME (LOSS) BEFORE TAX ON CONTINUING OPERATIONS	**1,088**	**1,143**	**-4.8%**
Income tax	(283)	(224)	26.4%
NET INCOME FOR THE PERIOD	**805**	**920**	**-12.4%**

(millions of euros)

MAIN INDICATORS

	2008	2007
BALANCE SHEET DATA (balances at 30 June 2008 and 31 December 2007)		
Total assets	201,741	196,094
Loans to customers and banks	80,540	78,631
Equity investments and shares	17,831	19,950
Postal funding	163,640	157,248
Other direct funding	21,086	20,266
Shareholders' equity	12,876	14,356
PERFORMANCE DATA (accruing in 1st half of 2008 and 2007)		
Net interest income	1,169	1,030
Dividends	629	598
Net commissions	(402)	(384)
Other net revenues	(5)	(58)
Gross income	1,391	1,185
Net writedowns	(1)	(10)
Overheads	(32)	(32)
Operating income	1,362	1,147
Net income	805	920
PERFORMANCE RATIOS (%) (annualised, where material, on the basis of accruals for 1st half)		
Spread on interest-bearing assets - liabilities	1.4%	1.5%
Cost/income ratio	2.3%	2.7%
ROE	11.2%	14.0%
CREDIT RISK RATIOS (%) (values at 30 June 2008 and 31 December 2007)		
Gross bad debts / Gross loans to customers	0.078%	0.083%
Net writedowns / Net loans to customers	0.001%	0.012%
OPERATING STRUCTURE (averages for 1st half of 2008 and 2007)		
No. of employees	394	393

1. INTRODUCTION

1.1 CDP S.P.A.'s ROLE AND MISSION

Cassa Depositi e Prestiti S.p.A. (CDP S.p.A.) is the result of the transformation of CDP S.p.A. from an agency part of general government into a joint-stock company pursuant to Article 5 of Decree Law 269 of 30 September 2003.

Article 5.7 of the decree outlines the new company's main lines of activity, which maintain continuity with CDP S.p.A.'s mission prior to the transformation. Specifically, they are:

- financing of any form for the state, regional governments, local authorities, public bodies and public-law entities using repayable funds raised from postal savings bonds and passbook savings accounts and other forms of funding that may benefit from state guarantees;
- financing of works, plant, networks, and other resources intended for the delivery of public services and for improvement projects. To this end, the CDP S.p.A. may raise funds through the issue of securities, borrowing and other financial operations, without state guarantees and precluding demand funding.

Decrees issued by the Minister for the Economy and Finance on 5 December 2003 and 6 October 2004 implemented the decree law and established the assets and liabilities of CDP S.p.A., as well as the criteria for organisational and accounting separation and the procedures to be followed in setting the terms and conditions of lending and funding under the Separate Account.

With regard to the acquisition of equity investments, on 27 January 2005 the Minister for the Economy and Finance issued, pursuant to Article 5.9 of Decree Law 269 of 30 September 2003 (regulating the minister's policy-making powers for CDP S.p.A. activities), a decree establishing the criteria for determining which equity investments CDP S.p.A. may make. The decree makes reference to CDP S.p.A.'s Bylaws, which at Article 3.2, establish that "The company may also carry out any other operations instrumental, related or accessory to the attainment of its corporate purpose, including *inter alia*: […] acquiring equity investments and interests in companies, other businesses, consortiums and business groupings in Italy and abroad". The decree specifies the definitions of instrumental, related and accessory to the corporate purpose of CDP S.p.A.. Accordingly, CDP S.p.A. may acquire, using funds from postal savings if deemed appropriate, equity investments in companies whose business:

- is functional or auxiliary to the pursuit of CDP S.p.A.'s corporate purpose (instrumental equity investments);
- is interdependent with CDP S.p.A.'s corporate purpose (related equity investments);
- is complementary to CDP S.p.A.'s corporate purpose (accessory equity investments).

In accordance with Article 5.6 of Decree Law 269 of 30 September 2003, the provisions of Title V of the 1993 Banking Law also apply to CDP S.p.A., given its characteristics.

All of the activities established by the new regulatory framework in which CDP S.p.A. now operates must be conducted in a manner such that they preserve the financial stability of the organisation over the long term while ensuring a return on investment for the shareholders (bearing in mind the "preferred dividend" to be paid to the holders of preferred shares pursuant to Article 30 of the company Articles of association).

1.2 ORGANISATIONAL AND ACCOUNTING SEPARATION

Article 5.8 of Decree Law 269 of 30 September 2003 established a system of organisational and accounting separation between the activities of general economic interest and the other activities performed by the company. To this end, Article 8 of the decree of the Minister for the Economy and Finance (MEF) of 5 December 2003 called for CDP S.p.A. to submit the criteria for organisational and accounting separation to the MEF, having heard the opinion of the Bank of Italy, with such criteria to be based on the guidelines set out in the MEF decree of 6 October 2004.

By the end of the 2004 financial year, CDP S.p.A. had completed the procedures to implement organisational and accounting separation after having obtained the opinion of the Bank of Italy and submitted the definitive criteria to the MEF. As such, the organisational and accounting separation took full effect from the 2005 financial year.

CDP S.p.A.'s implementation of the system of organisational and accounting separation, as envisaged in Decree Law 269/2003, made it first necessary to observe EU regulations regarding state aid and domestic competition, in light of the fact that certain forms of CDP S.p.A. funding, such as postal bonds and passbook savings accounts, benefit from an explicit state guarantee in the event of issuer default. The existence of this guarantee, which is justified by the social and economic importance of postal savings (which was defined by the

MEF decree of 6 October 2004 as a service of general economic interest on the same level as the activities of lending to public entities and public-law bodies under the Separate Account), makes it necessary to distinguish between activities that are not of general economic interest and are, therefore, conducted in competition with other market players. This separation is, in particular, intended to avoid the indiscriminate transfer of resources between the activities that benefit from forms of compensation, such as the state guarantee, and “market” activities.

More specifically, the separation arrangements put in place by CDP S.p.A. envisage:

- the establishment of three operating units called, respectively, the Separate Account, the Ordinary Account, and Joint Services, within which CDP S.p.A.’s existing organisational units have been re-grouped. The Separate Account includes the units responsible for government financing activity, the management of equity investments, the management of the assets and functions transferred to MEF with CDP S.p.A.’s transformation into a joint-stock company, and the provision of advisory services to government bodies. The Ordinary Account includes the units responsible for funding activities regarding infrastructure for the delivery of public services and related advisory, study, and research activities. Joint Services include the units responsible for shared functions of governance, policy and control of the company in the light of the company’s unique status;
- the implementation of a double level of separation, with the first level envisaging the allocation of direct costs and revenues to the Accounts and Joint Services, and the second level the subsequent allocation to the Accounts of the costs and revenues of Joint Services on the basis of appropriate analytical accounting methods;
- the recognition and measurement of any internal transactions between the Separate Account and the Ordinary Account, or between the Accounts and Joint Services, using the respective market prices as a benchmark, with a view to preventing unauthorised transfers of resources;
- the preparation of distinct annual income statements on the basis of the levels of separation described above.

As regard the organisational structure of CDP S.p.A. in effect as of 30 June 2008, the Public Investments and Development Policies Management & Support divisions come under the Separate Account, while the Infrastructure & Strategic Projects division comes under the Ordinary Account. Joint Services include all of the support areas and the governance and control bodies. The departments of the Finance division, on the other hand, are divided among the other three divisions based on the specific activity being performed.

From the very start of operations for the Ordinary Account, CDP S.p.A. chose to keep cash flows separated for the two Accounts, although such a strict division is not required by the system of accounting separation. In other words, the forms of funding, lending and liquidity management (deposits and current accounts) for the Separate Account are distinct and autonomous from the analogous instruments used for the Ordinary Account.

The contribution of the Separate Account and the Ordinary Account to CDP S.p.A.'s performance is detailed in the notes to the interim financial statements (Segment Information).

1.3 OPERATION OF THE SEPARATE ACCOUNT

During the first half of 2008, following the significant expansion of the company's range of products between 2005 and 2007, and particularly the introduction of new credit products dedicated to specific customer segments, the related internal procedures were adapted, and the conditions for accessing credit under the Separate Account were revised.

These revisions were formalised, after the close of the first six months, with circular no. 1273 of 22 July 2008 and essentially concerned:

- the supplementation of the documentation required in the preliminary loan processing phase;
- the revision of contracts.

With regard to the first point, the supplementation of the documentation required of public entities in order to access credit under the Separate Account seeks to unite compliance with the principles of accessibility, uniformity in treatment, predetermination and non-discrimination that characterise the service of general economic interest entrusted to CDP with safeguarding the organisation's financial stability and protecting postal savings. Accordingly, preliminary loan application processing will include gathering all the information needed to verify the applicant's ability to sustain the debt, such as verifying the entity's accounts and those of any significant subsidiaries, as well as verifying the legal compliance of the investment or the expenditure that the entity intends to finance.

Based on this extended preliminary assessment stage is complete, CDP will retain the option of granting or refusing credit to the applicant, possibly including clauses in the loan contract that enable it to monitor the performance and financial position of the borrower.

The revision of contracts involves the unification of the general terms and conditions and the contractual clauses into a single document and the redefinition of a number of financial parameters in order to align them with standard market practice.

1.4 OPERATION OF THE ORDINARY ACCOUNT

During the first half of 2008, lending activities for the Ordinary Account continued in accordance with the guidelines following in previous periods, while seeing a significant increase in lending volumes.

New loans granted during the period involved a wide range of areas, including:

- construction and operation of public property;
- power generation from traditional and renewable sources;
- local multiutilities;
- urban transformation projects that focus on infrastructures;
- water systems;
- local public transportation.

As concerns the types of financing adopted, CDP was involved in both corporate loans and project financing in the various areas listed above.

On the funding side, during the first half of 2008, CDP raised €250 million through the EMTN programme, and additional operations were carried out after the close of the period (as described in the related section below).

2. THE GENERAL MACROECONOMIC SITUATION

2.1 THE MACROECONOMIC FRAMEWORK

The first half of 2008 saw a heightening of tensions on the international financial markets and a deterioration in the world macroeconomic situation. The sharp slowdown in the U.S. economy and the global repercussions of the financial crisis translated into weaker growth in the leading developed economies, which has thus far been offset by the continuing strong growth of the emerging economies. At the same time, inflationary pressures remain high, driven by the sharp increase in food and energy prices, and, overall, the risk factors for slower growth in the global economy predominate.

Growth in U.S. GDP was close to zero growth in the fourth quarter last year (0.6% on an annualised basis, down from 4.9% in the third quarter), reflecting the sharp contraction in investment in residential construction, the decline in inventories, and slower growth in household consumption and non-residential fixed investment. The slowdown in consumption appears to have continued into the first quarter of 2008, affected by the decline in employment, the weakness of growth in real disposable income, and the fall in the prices of financial and real assets. Housing market indicators indicate that the drop in prices and the contraction in investment could continue in the coming months, while the decline in orders and the deterioration in business confidence point to a further slowdown in non-residential investment. Analysts and international organisations have also revised their growth forecasts for the U.S. economy downward. The IMF projects growth of 0.5% for the current year, 1 percentage point lower than the forecast issued in January, and implies a contraction, on average, over the course of the year.

The Japanese economy saw growth accelerate unexpectedly in the fourth quarter of 2007 (to 3.5% on an annualised basis), with the expansion being supported by exports, particularly to other Asian economies. Nonetheless, economic indicators point to a weakening in the first half of 2008, and analysts and international organisations have lowered their growth forecasts to below 2%. The recent rise in consumer price inflation (to 1% in February) was due entirely to energy and food prices, excluding which the change in prices was slightly negative.

In the fourth quarter of 2007, economic growth continued at a rapid pace in the leading emerging economies. China's central bank tightened monetary conditions further in an effort to curb the strong expansion of credit and to counter inflation (which rose to 8.7% in February, due primarily to increasing food prices). There is no indication that these measures have thus far had an effect on trends in investment. Exports, on the other hand, slowed in the first six months of 2008, reflecting a deceleration in demand. Although strengthening more rapidly against the dollar (4.5% with respect to the end of last year), the exchange rate of the renminbi (the currency of the People's Republic of China) remained virtually unchanged in nominal effective terms. For 2008, the IMF expects the slowdown in the more developed countries to have a relatively limited impact on the emerging nations: GDP is expected to rise by 9.3% in China (from 11.4% in 2007), 7.9% in India (from 9.2%), 4.8% in Brazil (from 5.4%), and 6.8% in Russia (from 8.1%).

In the euro area, both domestic and foreign demand should provide solid support for GDP growth throughout 2008. Indeed, although there are signs of a slowdown, growth in the global economy remains high (at 3.8% in 2008 according to the IMF), driven by the continuing strong expansion of the emerging economies. The fundamentals of the euro area economy also remain strong, and investment growth (4.3%) combined with the high capacity utilisation rate and a high level of profitability in the non-financial sector should ensure moderate growth for the euro area throughout 2008 (1.6%). With regard to prices, the inflation rate as measured by the harmonised consumer price index remains well above the target of 2% set by the ECB, reaching 3.7% in May. In addition, the direction of price pressures over the medium term remains upwards and pressures have continued to mount in recent months.

In Italy, industrial activity began contracting again in the second quarter of 2008 (-0.6% according to ISAE estimates), after recovering in the first (+0.7%). A decisive factor was the reduction in domestic orders, which were penalised by rising prices and by reduced attractiveness of investment (-13% at April), as well as in foreign orders, due to the strengthening of the euro and the slowdown in the global economy. Forecasts for 2008 GDP growth (0.4% according to latest estimates) have been progressively lowered in recent months, largely in response to factors common of other countries in the euro area, such as the more uncertain outlook for growth in global trade, the deterioration in terms of trade, and the marked strengthening of the euro. After the increase in 2007 (1.4%), consumer spending in Italy slowed sharply, with a drop in consumption in May of 2.7%, the sixth decline in the last seven months, with a total decrease in consumption for the first five months of the year of 1.9%, compared with a 1.1% increase posted for the same period of 2007.

2.2 THE FINANCIAL MARKET AND RATES

During the first half of 2008, the financial markets of the leading industrial countries were affected by high levels of uncertainty. Loan losses and writedowns, either announced or recognised, for financial intermediaries since the start of the crisis on the sub-prime mortgage market rose from about $230 billion at the end of March to some $400 billion by the end of June. From mid-March to mid-May, the stock markets in the United States, the United Kingdom and the euro area had posted gains of around 10%, but then began falling again, more than offsetting those rises and producing an overall loss of between 3% and 8% for the three economies. Shares in the financial services segment, which posted gains in line with the market average during the upward swing, were highly penalised during the downturn, with a drop of some 24% in both the United States and the euro area. In the United States, the stock prices of firms specialised in mortgage loan securitisation (Fannie Mae and Freddie Mac) posted losses of around 50% in response to fears concerning their solvency.

Risk premiums on corporate bonds in the highest risk categories, which had narrowed between mid-March and mid-May, have begun widening again both in the United States (reaching 790 basis points by early July, which is still about 50 points lower than the previous highs) and in the euro area, where they reached 830 basis points, 40 points higher than the figure in mid-March. Spreads between highly rated (BBB) corporate bonds and government securities increased to a more limited extent, reaching 300 basis points in the United States and 200 basis points in the euro area.

Yields on ten-year government bonds in the leading areas posted significant increases between mid-April and mid-June – about 70 basis points in the United States, the United Kingdom and the euro area and 50 basis points in Japan – due largely to changing expectations for monetary policy following the heightening of inflationary pressures.

Seeking to contain these pressures, particularly in the second wave, the European Central Bank (ECB) increased the main refinancing rate on 3 July to 4.25% from the previous 4.00%.

At the same time, the Federal Reserve continued to support the normal operation of the market by increasing the liquidity provided each month through the Term Auction Facility from $100 billion to $150 billion. On 21 April, the Bank of England introduced its Special Liquidity Scheme, a programme that enables banks and building societies to use one-year asset swaps to exchange securities issued in the securitisation of mortgage loans against U.K. treasury securities.

The market curve for euro-denominated interest rate swaps (IRSs) has flattened steadily since the beginning of the year, before actually becoming inverted in early June. In January, the average spread between 12-year and 2-year IRSs was 0.40%, compared with -0.33% in June.

Conditions on the interbank markets remained strained, reflecting the persistence of both liquidity and counterparty risk. The spread between the rates on secured and unsecured interbank deposits, which had posted a marked increase in the weeks following the crisis of the U.S. investment bank Bear Stearns in mid-March, narrowed slightly but remained well above the values seen before the summer of 2007. Currently, spreads are at 90 basis points for three-month U.S. dollar deposits and 60 basis points for those in euros and pounds.

In the second quarter, the slide in the U.S. dollar came to an end, with nearly all the depreciation of about 4% in real terms between the start of the year and the end of June taking place in the first quarter. After reaching an all-time low of $1.59 in April, the euro-dollar exchange rate subsequently stabilised, fluctuating around $1.56, while the dollar strengthened against the yen by about 6%.

2.3 PUBLIC FINANCES

Based on figures published in the Italian Government's Economic and Financial Planning Document (EFPD), net general government borrowing is expected to reach 2.5% of GDP by the end of 2008, a moderate increase over the 2007 year-end figure (1.9% of GDP), but lower than that for 2006 (3.4% of GDP). The EFPD also expects the ratio of debt to GDP at the end of 2008 to fall slightly, to stand at 103.9%, compared with 104% in 2007 and 106.5% in 2006.

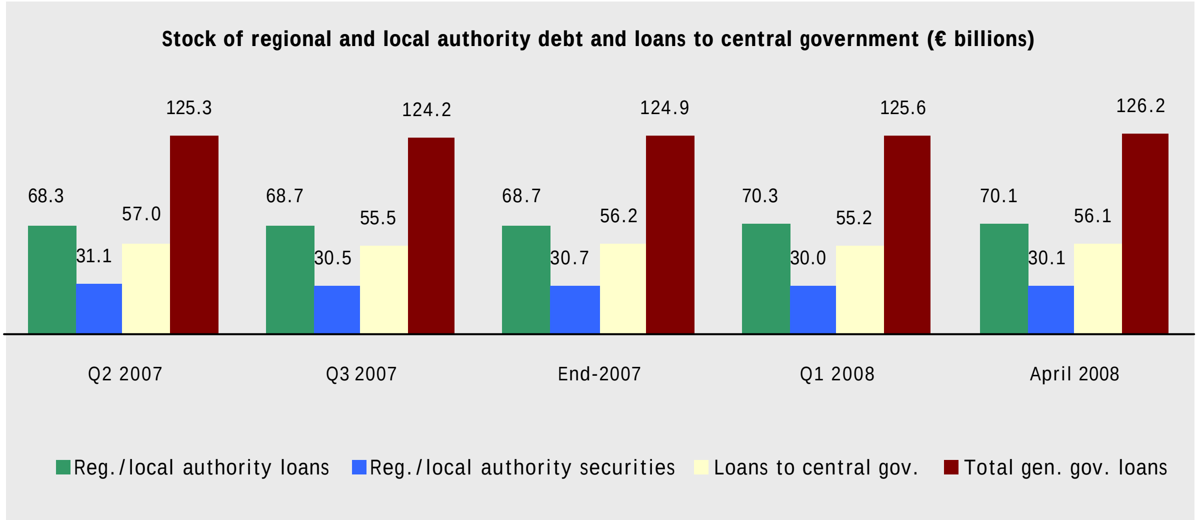
At 30 April 2008, the stock of loans to regional government entities reached €70.1 billion, a slight increase (2.1%) over the end of 2007 (€68.7 billion).

As at the same date, the stock of securities issued by local and regional authorities came to €30.1 billion, a slight decline (-2.2%) during the first half of 2008 from the figure posted at the end of 2007 (€30.7 billion).

Total debt for these local and regional government entities therefore reached €109 billion, including the securitisation transactions recognised as debt in addition to the bonds and other debt and securities issued.[3]

In general, CDP's primary market remained essentially stagnant for the first half of the year, both in terms of securities issued, the stock of which, as mentioned above, declined from the end of 2007, and lending, which, although posting a slight recovery over the performance of 2007, continues to show more modest growth than in years past.

[3] Effective as of 1 January 2007, in application of the EUROSTAT criteria of September 2006, the 2007 Finance Act (Law 296 of 27 December 2006) extended the notion of debt for regional and other local governments to include the assignment or securitisation of receivables from suppliers of goods and services for which the entity assumes new payment obligations, including by way of restructuring amortisation plans with payment deferrals of more than 12 months. Transactions approved by regional and local governments prior to 4 September 2006 are not to be included if completed by 31 March 2007.



Source: Bank of Italy. The time series are subject to revision in conjunction with the periodic updates to the figures.

A breakdown of the debt of regional and other local governments confirms the central importance of loans issued by CDP S.p.A. and other monetary financial institutions (MFIs) (64.6% of total debt, compared with 62.8% at the end of 2007), while bond issues continued to decline (now equal to 27.7% of all debt, compared with the 28.1% at the end of 2007 and 29.6% at the end of 2006). At the same date, securitisation transactions for regional and local authorities, which are treated as debt under Eurostat criteria, fell to 7.7% of total debt, as compared with 9.1% at the end of 2007.

The following provides a description of some of the main changes in the legislative framework concerning local public finances.

With Decree Law 93/2008, in May 2008 the Government exempted a household's primary residence from municipal property tax (ICI), effective as of 2008, in order to safeguard purchasing power. The consequent reduction in ICI revenues, estimated at a total of €1.7 billion, has been charged to the Ministry of the Interior. The law ratifying Decree Law 93/2008 (Law 126/2008) established that the Ministry of the Interior would make an initial payment to the municipalities for 50% of the total reimbursement due. Furthermore, until definition of the parameters of the new Stability Pact, the power of the regional and local governments to authorise increases in tax surcharges attributable to them from the state has been suspended. This suspension does not apply to the regions with high levels of healthcare deficits, for which the provisions of Article 1(174) of Law 311/2004 and Article 1(796)(b) of Law 296/2006 shall apply, or to local authorities that have included such increases in their budgets for 2008.

With regard to transactions in derivative instruments by regional and local authorities, Article 62 of Decree Law 112/2008 prohibits these entities from using such instruments until a specific regulation can be issued by the Ministry for the Economy and Finance, having obtained the opinions of the Bank of Italy and CONSOB, and, in any event, for a period of one year from the date on which the aforementioned decree goes into effect. Such authorities are also prohibited from using debt instruments which call for the repayment of principal in a single instalment. In addition, the duration of the debt amortisation schedules may not exceed a total of thirty years, including any refinancing or renegotiations of the debt.

3. CASSA DEPOSITI E PRESTITI

Through the first half of 2008, CDP continued developing its organisational structure through the following initiatives:

1. further development of the organisational model;
2. the design and revision of organisational processes;
3. the implementation of new technology infrastructure.

3.1 FURTHER DEVELOPMENT OF THE ORGANISATIONAL MODEL

3.1.1 Revised organisation for the Finance division

In the first half of the year, work was done to develop the organisational structure of the Finance division, which saw the creation of a "Finance Middle Office" unit with the following responsibilities:

- providing direct support to the division's front office;
- managing operations of the Credit Support Annexes;
- providing analytical support.

The unit was created in order to achieve an organisational model in which the business processes of the various divisions are divided into front and middle office structures, with the process being completed by back office structures managed at the centralised corporate level.

3.2 THE DESIGN AND REVISION OF ORGANISATIONAL PROCESSES

As always, in designing corporate processes, emphasis has been placed primarily on supporting the divisions and departments in defining and completing the model of corporate operations, as well as on responding, in a timely manner, to the need to adapt the organisational structure to applicable regulatory and legislative requirements (e.g. defining the internal control model in accordance with Law 262/2005, anti-money laundering legislation).

3.2.1 Public Investments

Activities to support the Public Investments division included:

1. updating the processes of granting and disbursing loans to local and regional governments in order to comply with:
   - the requirements of Law 262/05 as concerns internal controls;
   - the new procedures for transferring files and assigning them at the system level for subsequent processing;
   - the new procedures introduced by the new payment and collections system for payment orders;
2. defining new processes for granting loans to other public entities.

3.2.2 Development Policies Management and Support

Developments during the first half of the year with regard to the Development Policies Management and Support division, together with the other divisions and areas, involved:

1. efforts continued to define the technical and operating procedures related to lending through the Revolving Fund to support business and investment in research (FRI), with a particular emphasis on the collection process, for which transitional procedures have been implemented in order to manage operations until the support information system can be fully implemented;
2. work to define the technical and operating procedures for managing lending under two new funds, the Revolving Fund for Strategic Infrastructures (FRIS) and the Public Works Guarantee Fund (FGOP).

3.2.3 Finance

Following the implementation of SIPA, the new system to manage the payment and collections process, guidelines for liquidity management were drafted, governing and describing:

1. the applications involved in the various organisational processes;
2. the entire cycle of activities connected with payment and collection requests;
3. the internal cut-offs to be respected in executing activities, so as to effectively manage interaction with the networks for the transmission and settlement of orders in line with organisational standards for the banking system.

3.2.4 Administration and Financial Reporting

As regards the development of the SIPA system, work focused on the following:

1. the study of and participation in the preparation of the user requirement documents needed to identify the system's typical functions;
2. process design and the preparation of related organisational procedures, aimed at formalising and disseminating such procedures within the organisation;
3. the design and implementation of the application profile management system (designing application profiles, defining the rules and procedures for assigning profiles, creating internal databases for recording profiles);
4. supporting system testing;
5. supporting the preparation of user manuals;
6. the design of training courses for the staff involved.

3.2.5 Money laundering laws and regulations

During the first half of the year, work began to define the scope of the actions to be taken within CDP in compliance with money laundering laws and regulations, given the characteristics of the Company's operations and based on the further discussions currently under way with the supervisory authorities.

The Organisational Development department took part in the project, which is aimed at analysing the implications for CDP of the transposition of the Third Directive on Money Laundering (with Legislative Decree 231/07) and the company's related obligations concerning the Tax Register and the requirements of various authorities (e.g. the Revenue Agency, the courts, the Guardia di Finanza, etc.), as well as identifying the processes involved, and which must comply with the applicable laws and regulations. In particular, the activities performed included the following:

- analysis of the implications for CDP of Legislative Decree 231/07 and of the Tax Register, taking account of the specific characteristics of the Company and the Accounts Register;
- survey of the Company's processes affected by such laws and regulations and analysis of level of impact, so as to establish priorities for the actions to be taken and to assess the commitment required;
- survey of the databases currently used by CDP, so as to determine which information that could be requested for the purposes of the Unified Data Archive and the Tax Register is already available and which queries need to be provided;
- the design of processes and related organisational procedures, aimed at formalising and disseminating such procedures within the organisation.

3.3 IMPLEMENTATION OF NEW TECHNOLOGY INFRASTRUCTURE

In the first half of 2008, the new payment and collections system was rolled out. This system provides a single, standardised platform to manage the payment and collection process.

3.4 THE ORGANISATION CHART

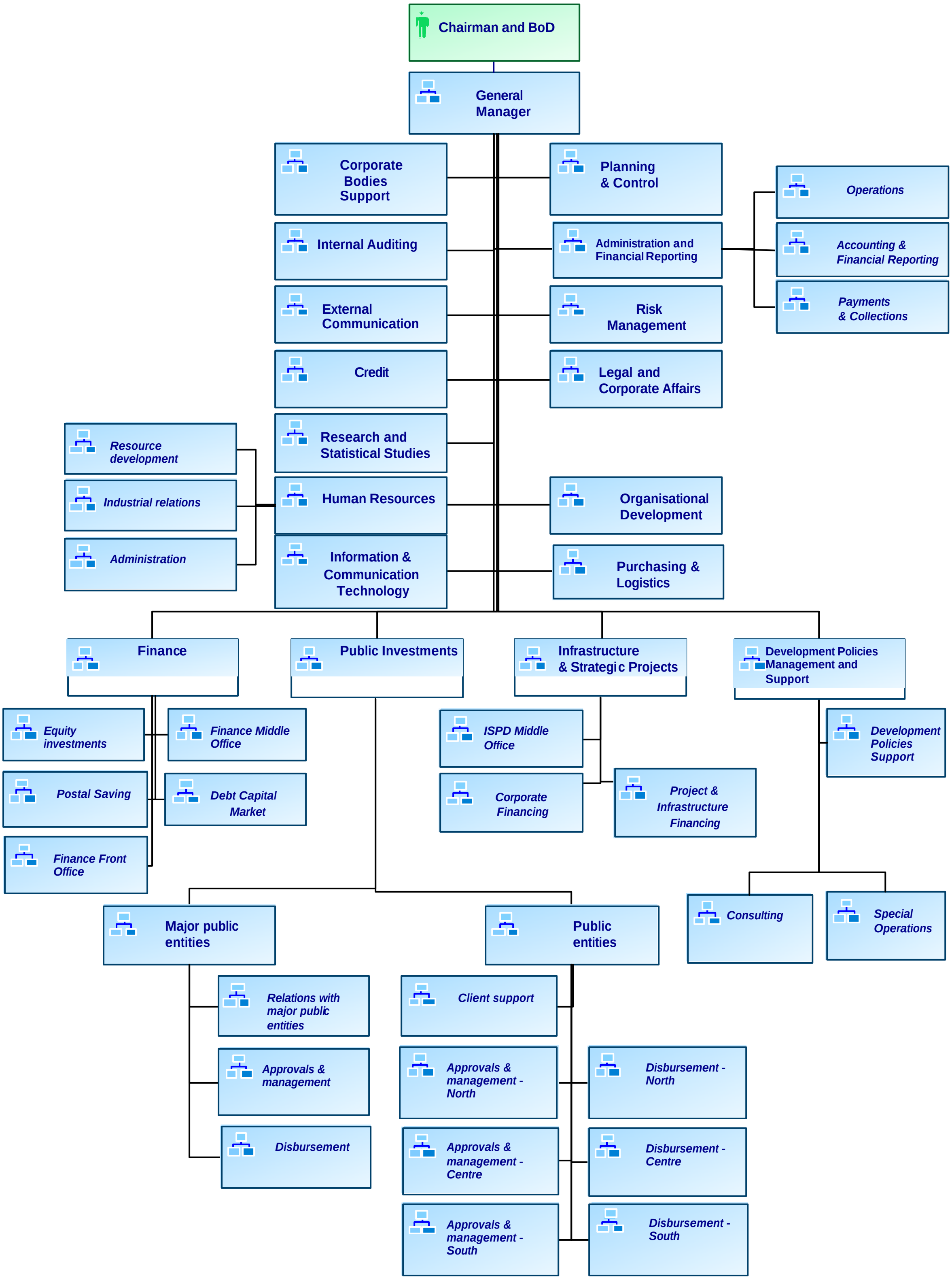
CDP's organisation chart currently consists of:

4 *Divisions*:

- Finance
- Public Investments
- Development Policies Management and Support
- Infrastructure and Strategic Projects

13 *Departments*:

- Purchasing and Logistics
- Administration and Financial Reporting
- External Communication
- Credit
- Information & Communication Technology
- Internal Auditing
- Legal and Corporate Affairs
- Planning and Control
- Research and Statistical Studies
- Risk Management
- Human Resources
- Corporate Bodies Support
- Organisational Development


Chairman and BoD
General Manager
Corporate Bodies Support
Internal Auditing
External Communication
Credit
Research and Statistical Studies
Human Resources
Information & Communication Technology
Resource development
Industrial relations
Administration
Planning & Control
Administration and Financial Reporting
Risk Management
Legal and Corporate Affairs
Organisational Development
Purchasing & Logistics
Operations
Accounting & Financial Reporting
Payments & Collections
Finance
Public Investments
Infrastructure & Strategic Projects
Development Policies Management and Support
Equity investments
Finance Middle Office
Postal Saving
Debt Capital Market
Finance Front Office
ISPD Middle Office
Corporate Financing
Project & Infrastructure Financing
Development Policies Support
Consulting
Special Operations
Major public entities
Public entities
Relations with major public entities
Approvals & management
Disbursement
Client support
Approvals & management - North
Approvals & management - Centre
Approvals & management - South
Disbursement - North
Disbursement - Centre
Disbursement - South

3.5 PERSONNEL

THE WORKFORCE AND PERSONNEL TRAINING

Over the first 6 months of 2008, the workforce of CDP S.p.A. went from 392 employees to 395, broken down as follows: 31 executives, 115 middle managers, and 249 office staff.

During the first half of the year, personnel with specialist skills, as well as with attitudes and motivation that are in line with the company's mission and values, were hired and assigned primarily to the administration, information systems and financial areas.

Training during the first half of the year involved 60% of the workforce and a total of 3,000 hours.
The training concerned:

- updates on financial and regulatory issues directly related to CDP's business;
- professional training;
- training on statutory obligations and procedures;
- corporate training;
- languages and information technology.

4. RESULTS FOR THE PERIOD

4.1 ASSETS

The main categories of CDP assets are shown below, along with changes for the period.

(millions of euros)

ASSETS

	30/06/2008 (€/mil)	31/12/2007 (€/mil)	Change (%)
Cash and cash equivalents	99,365	92,807	7.1%
Loans to customers and banks	80,540	78,631	2.4%
Debt securities	410	208	96.9%
Equity investments and shares	17,831	19,950	-10.6%
Hedging derivatives and financial assets held for trading	1,477	1,182	25.0%
Property, plant and equipment and intangible assets	214	214	0.3%
Accrued income, prepaid expenses and other non-interest-bearing assets	1,176	2,212	-46.9%
Other assets	728	890	-18.2%
Total assets	**201,741**	**196,094**	**2.9%**

At the end of the first half of 2008, CDP had total assets of about €202 billion, compared with €196 billion at the end of 2007, an increase of around 3%.

An analysis of the individual aggregates shows significant growth in liquidity (+7.1%), as well as a moderate increase in loans to customers (+2.4%), a sharp rise in debt securities (+96.9%), and a drop in equity investments and shares (-10.6%) and in the other asset accounts.

The increase in liquidity is essentially attributable to the high volume of net funding through postal savings products during the first half of the year, in the amount of more than €4.5 billion.

During the first six months of the year, CDP also continued diversifying lending by granting and disbursing loans from the Revolving Fund to support business and investments in research (FRI) and developing operations of the Ordinary Account, where loans to customers continue to grow more rapidly than the other lending operations, as detailed below.

The increase for the period in debt securities is the result of the subscription of an inflation-linked bond with a total nominal value of €200 million. The operation is intended to provide a natural hedge against the risk of a change in the rate of inflation related to the significant increase in postal savings bonds that are indexed to Italian inflation.

The change in the balance of equity investments and shares from the end of 2007 (-10.6%) is partly the result of the decrease in the fair value of the shareholdings classified as available for sale, as well as the writedown of the indirect equity investment in STMicroelectronics N.V.

Among the other asset accounts, there was virtually no change in investments in non-current assets connected with the refurbishment of buildings and the renovation of furnishings and plant, and the investment in intangible assets connected primarily with the implementation and development of projects related to the Company’s information systems.

4.1.1 The main financial assets

The main financial assets of CDP regard loans to customers, investments in securities, equity investments, and holdings in investment funds.

CDP’s loan portfolio can be divided among the products of the Separate Account and those of the Ordinary Account.

The main products available under the Separate Account are:

a) ordinary specific-purpose loans, with maturities normally of between 5 and 30 years, with disbursement in one or more instalments on the basis of state of progress on the project being financed. Repayment normally begins on 1 July of the current year or on 1 January of the year following the year in which the loan is granted. During the pre-repayment grace period, the borrower pays interest (simple capitalisation) on the amounts disbursed by CDP at the fixed rate for the loan or Euribor plus a specified spread for floating-rate loans. During the amortisation period, CDP pays a floating rate of interest six-monthly on amounts not yet disbursed;
b) “flexible” loans, similar to a credit facility, with drawings (subject to presentation of a state of progress report) during a pre-repayment grace period of up to 6 years. Repayment is made on the amounts actually disbursed, with the option of shifting

from floating rate to fixed rate, with the increase calculated on the basis of the length of the pre-repayment grace period and the amortisation period;

c) loans without a pre-repayment grace period disbursed in one or more instalments for autonomous provinces and regions;
d) real estate and unsecured loans for local health authorities, hospitals, public residential construction entities, universities and comparable higher educational institutions;
e) loans under the Revolving Fund in support of businesses and investment in research;
f) advances under the Revolving Fund for Project Development and the domestic Stability Pact Fund.

Under CDP's Ordinary Account, lending can be divided into corporate loans and project financing for the construction of works, plant, networks and other infrastructure for the delivery of public services and for reclamation projects.

Developments in the main lending activities in the first half of 2008 are discussed in the following pages.

4.1.1.1 Developments in Separate Account lending

A) LOANS TO CUSTOMERS AND BANKS AND NEW LENDING[1]

The stock of loans to customers and banks (related to financing activities) under the Separate Account at 30 June 2008 came to €77,922 million, an increase of 2.1% over the end of 2007. Special-purpose loans include an advance of €478 million granted to the City of Rome in accordance with Article 7(8) of Decree Law 112/08.
At 30 June 2008, €11,433 million of loans in repayment were still to be disbursed. Such loans are normally disbursed in accordance with the state of progress of their respective projects.

[1] Since 2007 the figures for volumes and stocks under the Separate Account also include the contribution of the Revolving Fund to support enterprises and investment in research. See part D of this section.

(millions of euros)

STOCK OF LOANS TO CUSTOMERS AND BANKS - SEPARATE ACCOUNT

	30/06/2008	31/12/2007	Change %
Specific-purpose loans	77,149	75,735	1.9%
Advances	32	43	-25.0%
Securities	604	537	12.4%
Other loans (FRI)	137	18	681.4%
Total	**77,922**	**76,333**	**2.1%**
Amounts to disburse on loans	**11,433**	**10,895**	**4.9%**

In the first half of 2008, the reference market for the Separate Account continued to be affected by the persistent weakness that had already impacted upon the volumes of new lending for CDP S.p.A. in 2007.

For the first six months of 2008, total new lending came to €1,442 million. Of this amount, €18 million was related to lending through the Revolving Fund to support business and investments in research (FRI).

(millions of euros)

FLOWS OF NEW LOANS GRANTED - SEPARATE ACCOUNT - 1ST HALF 2008

	North	Centre	South	Total
Local authorities	291	530	144	964
Regions and autonomous provinces	-	0	4	4
Other entities	360	79	16	455
Other loans (FRI)	0	6	12	18
Total	**651**	**615**	**175**	**1,442**

Of the loans granted, 66.9% were to local authorities (for a total of €964 million), 0.3% to regional authorities (for a total of €4 million), 31.5% to other beneficiaries, including public entities, universities, and other public-law bodies (for a total of €455 million), and 1.2% through the FRI (for a total of €18 million).

B) DISBURSEMENTS MADE DURING THE PERIOD

During the first half of 2008, loan disbursements came to €2,530 million, essentially in line with the first six months of 2007.

(millions of euros)

DISBURSEMENTS OF CDP SPA LOANS - 1ST HALF 2008

Local authorities	2,103
Regions and autonomous provinces	105
Other entities	202
Other loans (FRI)	120
Total	**2,530**

C) OTHER SEPARATE ACCOUNT ACTIVITIES

Advances granted on the Revolving Fund for Project Development and on the domestic Stability Pact Fund declined further in the first half of 2008, settling at €32 million as at 30 June 2008, compared with €43 million at the end of 2007. The amounts still to be disbursed from these funds as of the end of the first half of 2008 totalled €34 million.

The Separate Account loan portfolio also includes the securities issued by regional and local authorities and by other public-law bodies. In the first half of 2008, CDP S.p.A. subscribed to securities issued by Cassa del Trentino S.p.A. in the amount of €69 million.

D) REVOLVING FUND IN SUPPORT OF BUSINESSES

One of the specific-purpose funds is the Revolving Fund to support businesses and investment in research, It was established with Article 1(354) of Law 311 of 30 December 2004 and activated in 2006. This tool is a part of the broader reform of public incentives for business and replaces a portion of the grant with a subsidised loan based on CDP S.p.A. funding. Italian law requires banks to evaluate the creditworthiness of the initiatives and supplement the CDP S.p.A. subsidised loans with loans granted on market terms. Of the fund's resources (some €6 billion), at 30 June 2008 the competent ministries had approved loans totalling €2,209 million, of which €1,581 million under Law 488/92 (development incentives), €258 million under Law 46/82 (Technological Innovation Fund), and €370 million under Legislative Decree 297/99 (Research Incentive Fund).
During the first six months of 2008, a total of €18 million in new financing was granted, bringing total financing granted under the FRI to €1,269 million.

(millions of euros)

FLOW OF NEW FRI LOANS BY SUBSIDY - 1ST HALF 2008

Subsidy law	
Law 488/92 (Artisans)	2
Law 488/92 (Tourism, industry and trade)	15
Law 46/82 (FIT - PIA Innovation)	0
Total	**18**

During the first half of 2008, further disbursements totalling €120 million were made for loans agreed both in 2007 and during the first six months of 2008, with the total disbursed as at 30 June 2008, net of principal repayments, coming to €137 million.

4.1.1.2 Developments in Ordinary Account lending

As at 30 June 2008, the total stock of loans granted under the Ordinary Account totalled €2,026 million, up 11% over the same figure at 31 December 2007.

(millions of euros)

STOCK OF LOANS GRANTED - ORDINARY ACCOUNT

	30/06/2008	31/12/2007	Change %
Project finance	396	367	8.1%
Corporate finance	1,630	1,457	11.8%
Total	**2,026**	**1,824**	**11.1%**

At the same date, the amount of loans disbursed, which corresponds with the amount reported as an asset on the balance sheet, came to €1,485 million (+15% compared with the same figure reported in the most recently approved financial statements).

(millions of euros)

STOCK OF LOANS TO CUSTOMERS AND BANKS - ORDINARY ACCOUNT

	30/06/2008	31/12/2007	Change %
Project finance	130	127	2.4%
Corporate finance	1,355	1,164	16.5%
Total	**1,485**	**1,291**	**15.1%**

These levels were achieved in part as a result of new lending in the amount of €261 million (€203 million of which related to corporate loans and €58 million resulting from project financing) during the first half of the year, nearly doubling the flow of new loans compared with the same period of the previous year.

(millions of euros)

FLOWS OF NEW LOANS GRANTED - ORDINARY ACCOUNT - 1ST HALF 2008

	Total
Project finance	58
Corporate finance	203
Total	**261**

Total flows of new loans granted are reported gross of amounts repaid early and principal repayments

In the first half of 2008, net disbursements on loans granted in both past years and the current year totalled €263 million, once again primarily involving corporate loans.

(millions of euros)

FLOWS OF NEW LOANS DISBURSED - ORDINARY ACCOUNT - 1ST HALF 2008

	Total
Project finance	40
Corporate finance	222
Total	**263**

Total flows of new loans disbursed are reported gross of amounts repaid early and principal repayments

4.1.1.3 *Equity investments*

(thousands of euros)

EQUITY INVESTMENTS AND FINANCIAL ASSETS AVAILABLE FOR SALE

	30/06/2008		
	Number of shares	**% holding**	**Book value**
A. Listed companies			
1. Eni S.p.A.	400,288,338	9.99%	9,486,834
2. Enel S.p.A.	627,528,282	10.14%	3,789,643
3. Terna S.p.A.	599,999,999	29.99%	1,315,200
B. Unlisted companies			
1. Poste Italiane S.p.A.	457,138,500	35.00%	2,518,744
2. ST Holding N.V. (*)	425,992	30.00%	683,201
3. Galaxy S.àr.l.	913,972	40.00%	22,928
4. Sinloc S.p.A.	605,727	11.85%	5,507
5. F2i SGR S.p.A.	1,500	14.29%	2,143
6. Europrogetti & Finanza S.p.A.	5,975,000	31.80%	2,125
7. Istituto per il Credito Sportivo	2,065,864	21.62%	2,066
8. Tunnel di Genova S.p.A.	170,000	33.33%	0

(*) holding written down at 30/06/2008

At 30 June 2008, there were no significant changes in the CDP S.p.A. portfolio of equity investments compared with 31 December 2007, with the exception of the pro-rata subscription of capital increases by Galaxy S.àr.l during the first half of 2008 in order to fund new investments. In particular, Galaxy S.àr.l acquired a majority interest in the airport management company Aeroporto di Siena S.p.A.

As of 30 June 2008, the CDP S.p.A. portfolio of equity investments primarily included: (i) the minority shareholdings in Enel S.p.A., Eni S.p.A., and Poste Italiane S.p.A., which were transferred to CDP S.p.A. from the Ministry for the Economy and Finance when CDP was transformed into a joint-stock company at the end of 2003; (ii) a 29.99% stake in Terna S.p.A., which was acquired from Enel S.p.A. in September 2005; and (iii) a 30% stake in ST Holding N.V. (STH) acquired in December 2004.

In order to determine the carrying amount of the investment in STH at 30 June 2008, the fair value of the STMicroelectronics N.V. shares held by STH was calculated. This equity investment is the company's only significant asset, and it should also be noted that STH has virtually no liabilities. Therefore, the equity investment in STH was recognised at a value of €683 million, taking account of the market price of STMicroelectronics N.V. shares. This prompted a writedown of €266 million, recognised in full through the income statement for the first half of 2008.

As regards all equity investments held by CDP S.p.A., dividends received for the first half of 2008 came to about €629 million, up 5.1% over the amount received during the first half of 2007 (€598 million). This amount is primarily attributable to the equity investments held in Eni S.p.A. and Enel S.p.A. It should be noted that Eni S.p.A., Enel S.p.A., and Terna S.p.A. have adopted a semi-annual dividend distribution policy, whereas STMicroelectronics N.V., beginning with the dividend payment for 2007, distributes the annual dividend in four equal quarterly payments.

In 2007, CDP S.p.A. determined that it exercised *de facto* control over Terna S.p.A., a company in which it holds a 29.99% stake. Such control was formally reported to CONSOB and to the company's administrative bodies. As a result, CDP S.p.A. is now required to prepare both consolidated financial statements, given that the company holds a controlling interest in other companies, and its usual separate financial statements.

The consolidated financial statements are prepared using the formats established for banks in the Bank of Italy circular no. 262 of 22 December 2005, consolidating the assets, liabilities, costs and revenues of the Terna group on a line-by-line basis, even though Terna prepares its own consolidated accounts on the basis of the formats envisaged for non-financial companies in the applicable accounting standards. For other equity investments in companies in which CDP S.p.A. does not exercise control, the accounting rules adopted in the 2006 financial statements continue to apply (fair value measurement for holdings classified as available-for-sale assets and equity method accounting for investments in associated companies).

In the separate financial statements, equity investments in subsidiaries and associates are recognised at cost and adjusted for any impairment, while investments classified as available-for-sale assets continue to be carried at fair value. As regards the income statement, in the separate financial statements, dividends from equity investments are recognised as revenues regardless of classification, rather than recognising CDP S.p.A.'s share of the net income of the investee, as is done for the consolidated financial statements.

The current portfolio of equity investments held by CDP S.p.A. can be classified as follows:

- the investment in Terna S.p.A. is classified as an investment in a subsidiary and carried at purchase cost on the separate financial statements;
- the investments in Europrogetti & Finanza S.p.A., Galaxy S.àr.l., Poste italiane S.p.A., STMicroelectronics Holding N.V., and Tunnel di Genova S.p.A. are classified as investments in associates and are therefore carried at purchase cost in the separate financial statements;
- the investments in ENEL S.p.A., ENI S.p.A., F2i SGR, Istituto di Credito Sportivo, and Sinloc S.p.A. do not constitute investments in subsidiaries or associates and therefore continue to be classified as available-for-sale financial assets.

As concerns the separation of organisation and accounting, shareholdings in the CDP S.p.A. portfolio as of 30 June 2008, regardless of their classification for financial reporting purposes, fall within the scope of the Separate Account, with the exception of the shares held in F2i SGR S.p.A. and Galaxy S.àr.l, which fall under the Ordinary Account.

4.1.1.4 CDP subsidiaries

Terna - Rete Elettrica Nazionale S.p.A. (“Terna”)

Terna Rete Elettrica Nazionale S.p.A. is responsible for the transmission and dispatching of electricity in Italy using the high and very-high voltage networks throughout the country. It is also the primary owner of the nation’s electricity transmission grid (NTN), owning more than 98% of the electricity infrastructure. As of 1 November 2005, in compliance with the provisions of the Prime Minister’s Decree of 11 May 2004, Terna received the business unit of the Italian Independent System Operator (ISO) comprising electricity transmission and dispatching operations and the activities of planning and developing the NTN. Terna also provides services related to its skills in the design, construction, operation, and maintenance of high and very-high voltage electricity infrastructure, as well as services related to the development of its own assets in the telecommunications industry.
The company’s shares are traded on the Milan stock exchange.

4.1.1.5 Other CDP equity investments

Eni S.p.A. (“Eni”)

Eni is an integrated company operating in the oil and natural gas industries, as well as power generation and distribution, engineering and construction, and the petrochemical industry. The company is known for the excellence of its skill base and its strong international market position. Eni has a presence in some 70 countries and about 76,000 employees. Its four primary businesses are: Exploration & Production, Gas & Power, Refining & Marketing, Engineering & Construction.
The company’s shares are listed on the Milan stock exchange and the New York Stock Exchange.

Enel S.p.A. (“Enel”)

Enel is Italy’s leader in electricity generation, distribution, and sales. The company is also involved in the import, distribution and sale of natural gas. Following the acquisition (together with Acciona) of the Spanish electrical company Endesa, Enel now has a presence in 21 countries and a total installed capacity of some 80,000 MW serving 50 million electricity and gas customers. The Group businesses are handled by the following divisions: Generation

and Energy Management; Engineering and Innovation; Sales; Infrastructure and Networks; International; and Iberia and Latin America.
The company's shares are traded on the Milan stock exchange.

Poste Italiane S.p.A. ("Poste Italiane")

Poste Italiane operates the universal postal service in Italy and engages in commercial activities through its various product divisions and group companies in the two main business areas of postal services and BancoPosta (postal banking and financial services). Postal services include the Mail, Express Delivery, Logistics and Parcels, and Philately divisions. BancoPosta operations consist essentially in the provision of payment services and financial products (including products on behalf of CDP S.p.A., i.e. postal passbook savings accounts and postal savings bonds). The Poste Italiane Group is also active in the insurance industry through the company Poste Vita S.p.A., which operates through the more than 11,000 post offices of the Poste Italiane network participating in the service, and has also entered the telecommunications industry as a virtual mobile carrier through its subsidiary PosteMobile S.p.A.

STMicroelectronics Holding N.V. ("STH")

STH, a Dutch firm with Italian and French shareholders, manages – through its wholly-owned subsidiary STMicroelectronics Holding II B.V. – a 27.5% stake in the Dutch firm STMicroelectronics N.V., which is active in research and the production of semiconductors and other technology. CDP S.p.A. indirectly holds a 10.07% stake in STMicroelectronics N.V.
STMicroelectronics N.V. is an independent global manufacturer of semiconductors and is a leader in semiconductor solutions for the full range of microelectronic applications, from development to delivery. STMicroelectronics N.V. is one of the world's largest semiconductor companies. The group was established in June 1987 following the merger of the Italian company SGS Microelettronica and the French firm Thomson Semiconducteurs. In May 1998, the company changed its name from SGSThomson Microelectronics to STMicroelectronics N.V.
STMicroelectronics N.V. shares are traded on the Italian stock market, the New York Stock Exchange, and Euronext Paris.

Galaxy S.àr.l. ("Galaxy")

Galaxy, a Luxembourg firm, makes equity or quasi-equity investments in transportation infrastructure, particularly within Europe and other OECD countries. Its main segments of investment are roadways, rail, airports and harbours. The current Galaxy shareholders are Caisse des Dépôts et Consignations ("CDC"), Kreditanstalt für Wiederaufbau ("KfW"), and CDP S.p.A. Galaxy operates in a manner typical of a private equity fund. In particular, Galaxy shareholders have a financial commitment totalling €250 million, which could be

asked of the company's shareholders in order to make investments approved during the investment period. CDP S.p.A. became a Galaxy shareholder with a maximum total commitment of €100 million, about €23 million of which had been paid as at 30 June 2008. Another capital increase is scheduled to take place by the end of July 2008, to be subscribed by CDP S.p.A. on a pro-rata basis for a total of about €1 million, in order to finance the increase in the equity investment held by Galaxy in Arrow Light Rail Ltd., which manages the Net 1 light rail in Nottingham, U.K.
It should also be noted that the investment period for the company came to an end on 9 July 2008.

Sistema Iniziative Locali S.p.A. ("Sinloc")

The company is a financial intermediary entered in the special section of the general register pursuant to Article 113 of the 1993 Banking Law for persons operating on a non-public basis. Sinloc is engaged in promoting and supporting initiatives for local territorial development. It also provides financial and legal consulting services to local authorities, banking foundations and other government bodies, with a focus on projects for urban regeneration and socio-economic development.

Fondi Italiani per le Infrastrutture SGR S.p.A. ("F2i SGR")

F2i SGR provides asset management services through the promotion, creation, and organisation of closed-end mutual funds specialising in infrastructure. In July 2007, F2i SGR was entered under number 247 of the register of asset management companies kept by the Bank of Italy. In December 2007, F2i SGR launched the Italian infrastructure fund (*Fondo Italiano per le Infrastrutture*), the first fund specialising in infrastructure assets.

Europrogetti & Finanza S.p.A. ("EPF")

EPF was established in 1995, pursuant to Decree Law 26 of 1995, ratified with Law 95 of 29 March 1995, to promote initiatives to stimulate entrepreneurial activities and develop projects eligible for European co-financing.
EPF is involved in the entire project lifecycle, from design through to the actual works, making particular use of project financing as a key means of development. In addition to project evaluation services for the management of subsidised projects, EPF provides advisory services for central and local government and for private business.

Istituto per il Credito Sportivo ("ICS")

ICS, which was reformed with Presidential Decree no. 453 of 20 October 2000, is a residual public-law bank in accordance with Article 151 of the 1993 Banking Law. It provides medium and long-term financing to public and private borrowers for the design and construction of sports facilities.

The 2004 Finance Act (Article 4.14) expanded the scope of ICS's activity to include financing for cultural initiatives, as well.

Tunnel di Genova S.p.A. ("TdG")

The company was established to coordinate activities for the design, construction and operation of underground and underwater links between the western and eastern sections of Genoa.

In April 2008, CDP S.p.A. received a formal notice of interest in the acquisition of the stake held in TdG from a leading publicly-held Italian firm. The sale is expected to be completed in the coming months.

4.1.1.6 *Investment funds subscribed by CDP*

(thousands of euros)

INVESTMENT FUNDS

	30/06/2008			
	Number of units	**Carrying amount**	**Sector**	**Fund manager**
1. PPP Italia	350	190	Infrastructure and PPP	Fondaco SGR
2. Abitare Sociale 1	20	1,000	Social Housing	Polaris Investment Italia SGR
3. F2i - Fondo Italiano per le Infrastrutture	150	1,020	Infrastructure	F2i Fondi Italiani per le Infrastrutture SGR

CDP S.p.A. invests in physical and social infrastructure through investment funds or private equity funds. These investments foster both the creation of specific know-how within CDP S.p.A. and the mobilisation of a significant pool of capital for investment, represented by: i) direct equity participation on the part of CDP S.p.A.; ii) capital subscribed by other investors; and iii) debt raised in the various acquisition/investment operations. The participation of CDP S.p.A. as a subscriber in investment funds facilitates investments at various levels:

- local, in cooperation with local authorities and foundations, who have a close understanding of the territory. In this area, CDP S.p.A. also promotes public-private partnerships (PPPs);
- national, focusing on major works and cooperating with Italian and foreign institutional investors;
- international, in support of infrastructure projects and networks involving more than one country, not only at the European level, cooperating with European institutions and comparable foreign entities (such as CDC and KfW).

Currently, the investment funds subscribed by CDP are the following: PPP Italia; Abitare Sociale 1; and Fondo Italiano per le Infrastrutture (F2i). The units held in these funds by CDP S.p.A. are recognised as available-for-sale financial assets. In particular, the units that CDP S.p.A. holds in PPP Italia and Abitare Sociale 1 have been measured at the net asset value of the units as shown in the funds' management reports as at 31 December 2007, which have been prepared in accordance with the formats established in the Bank of Italy measure of 14 April 2005. As for F2i, given that the initial payments to the fund were made during the first half of 2008, the carrying value of the fund has been measured at the total amount of the payments CDP S.p.A. has made from the first closing date of the subscriptions in the fund until 30 June 2008.

As concerns the separation of organisation and accounting, the investments described above in investment funds and private equity funds come under the Ordinary Account and are therefore wholly financed with funding raised under that Account.

Below is a brief description of the activities of each of the funds for which CDP S.p.A. has subscribed units.

PPP Italia

PPP Italia is a closed-end fund specialised in public-private partnerships (PPPs) and its purpose is to make equity or quasi-equity investments through significant (20-40% stakes) and active (e.g. with representation on the boards of directors of the companies held) minority interests in the following sectors: i) civil construction (schools, hospitals, public office buildings, etc.); ii) the environment and urban regeneration; iii) transportation and public utilities. The fund totals €120 million, and CDP S.p.A. has subscribed units totalling €17.5 million, €474 thousand of which was paid as at 30 June 2008. An additional payment of €140 thousand is scheduled for the second half of 2008 related to management fees for the next six months. In the coming months, the fund's first investments are also expected to be finalised.

Abitare Sociale 1

Abitare Sociale 1 is an Italian closed-end ethical real estate fund promoted by the Cariplo Foundation. The financial resources of the fund are to be used for the construction of housing and services in the Lombardy region, so as to contribute to solving the housing problem with a particular emphasis on the socially or financially disadvantaged and by collaborating with the service and public sectors. This will also include rent control for the properties built using the assets of the fund. The initiative primarily targets students, senior citizens, single-income families, immigrants and other socially or financially disadvantaged parties. The fund has total assets of €85 million, and CDP S.p.A. is involved in the initiative with a financial commitment of €20 million, €1 million of which was paid as at 30 June 2008. In the second half of 2008, a significant portion of the total financial commitment available to the fund is expected to be called in, so as to finance the building work selected by the fund's management company in the cities of Crema and Milan.

Fondo Italiano per le Infrastrutture ("F2i")

The purpose of the F2i fund is to invest in infrastructure, particularly in the areas of transportation, gas and energy transport, media and telecommunications, power generation (from renewable sources), and social and local public services. The F2i fund was authorised by the Bank of Italy in August 2007 and, following its first closing in December 2007 (with a subsequent supplementary funding period in the first part of 2008), had total resources of more than €1,630 million. Additional funds are to be raised during the second half of 2008. CDP S.p.A. has subscribed units in F2i totalling €150 million, €1 million of which was paid as at 30 June 2008. An additional payment of about €660 thousand was scheduled to be made on 3 July 2008 related to management fees for the second half of 2008. The fund's first investments are also expected to be made in the coming months, including the acquisition of an interest of around 15% in Alerion Industries S.p.A., a company listed on the Milan Stock Exchange that is active in the renewable energy industry and with which F2i signed a preliminary agreement last March.

4.2 LIABILITIES AND EQUITY

The main categories of CDP liabilities and equity are shown below, along with changes for the period:

(millions of euros)

LIABILITIES AND SHAREHOLDERS' EQUITY

	30/06/2008 (€/mil)	31/12/2007 (€/mil)	Change (%)
Funding	185,900	178,213	4.3%
Hedging derivatives and financial liabilities held for trading	829	730	13.5%
Accrued expenses, deferred income and other non-interest-bearing liabilities	416	822	-49.5%
Other liabilities	815	842	-3.3%
Provisions for contingencies, taxes and staff severance benefit	905	1,131	-19.9%
Shareholders' equity	12,876	14,356	-10.3%
Total liabilities and shareholders' equity	**201,741**	**196,094**	**2.9%**

This aggregate increased by around 3% as compared with the end of 2007, due essentially to the positive trend posted in the first half of the year in funding through postal savings products, as described in detail below, which was accompanied by relatively insignificant changes in the other items on the liabilities side of the balance sheet.

4.2.1 Funding

Developments in CDP funding for the period are broken down in the table below.

(millions of euros)

FUNDING

	30/06/2008 (€/mil)	31/12/2007 (€/mil)	Change (%)
Due to banks	1,174	698	68.1%
Due to customers	11,516	10,953	5.1%
Debt securities	9,571	9,314	2.7%
Postal funding	163,640	157,248	4.1%
Total funding	**185,900**	**178,213**	**4.3%**

In the first half of 2008, net postal funding related to CDP S.p.A. was positive by about €4,540 million, doubling the figure for the same period of the previous year. The carrying amount of postal passbook savings accounts reached €77,791 million, while postal savings bonds, which are measured at amortised cost, came to €85,849 million (+2% and +6%, respectively, from 31 December 2007).

With regard to the other items comprising funding, the increase in the amounts due to banks is attributable to the increase in deposits connected with the Credit Support Annex guarantee agreements. As compared with the same figure at 31 December 2007, liabilities for securities increased following new bond issues under the Ordinary Account totalling €250 million. The change in amounts due to customers for the first half of the year is related to the aforementioned developments in amounts to be disbursed to customers.

4.3 PERFORMANCE

CDP's performance has been analysed using an income statement reclassified on the basis of operational criteria, in line with the schedules presented above, which detail CDP's margins, as follows:

(millions of euros)

INCOME DATA

	1st half 2008 (€/mil)	1st half 2007 (€/mil)	Change (%)
NET INTEREST INCOME	1,169	1,030	13.6%
GROSS INCOME	1,391	1,185	17.4%
OPERATING INCOME	1,362	1,147	18.7%
NET INCOME FOR THE PERIOD	**805**	**920**	**-12.4%**

Net income for the first half of the year declined by about 12% compared with performance for the same period of the previous year. This can be attributed to the writedown of the equity investment in STMicroelectronics N.V., whereas all of the margins shown above actually increased.

Net interest income reached €1,169 million for the first half of 2008 (+14% over the same figure for the first half of 2007), essentially attributable to the increase in the volume of lending and funding for the period, despite the slight deterioration in the spread between the return on assets and the cost of liabilities.

Gross income came to €1,391 million, an increase of around 17% over the same period of 2007. In addition to being significantly affected by the factors cited in relation to net interest income, this performance was also the result of lower charges deriving from the positive developments in the net result of hedging activities and dividends accrued by CDP on its portfolio of equity investments, which was only partially offset by the increase, in absolute terms, in charges related to commission expense for postal savings products.

Nonetheless, in light of the writedown of the equity investment portfolio, net income for the period came to €805 million, falling by 12% from the same period of 2007.

Excluding the writedown, as a result of the factors discussed above in relation to gross income and the broad stability of operating costs with respect to the previous year, pro-forma net income for the first half of 2008 would be €1,071 million, an increase of 17% over the €920 million in the first half of 2007, as shown in the table below.

(millions of euros)

INCOME DATA - PRO-FORMA

	1st half 2008 (€/mil)	1st half 2007 (€/mil)	Change (%)
NET INTEREST INCOME	1,169	1,030	13.6%
GROSS INCOME	1,391	1,185	17.4%
OPERATING INCOME	1,362	1,147	18.7%
NET INCOME FOR THE PERIOD	**1,071**	**920**	**16.5%**

5. PERFORMANCE INDICATORS

5.1 OPERATING PERFORMANCE

The following table reports the main performance indicators for the first half of 2008, with comparative figures for the same period of 2007.

PERFORMANCE RATIOS (RECLASSIFIED DATA) *(%)*

	2008*	2007*
Spread interest-bearing assets - interest-bearing liabilities	1.4%	1.5%
Net income / Opening shareholders' equity (ROE)	11.2%	14.0%
Net income / Average shareholders' equity (ROAE)	11.8%	13.4%
Income tax / Income before taxes (tax rate)	26.0%	19.6%
Net income / Total average assets (ROAA)	0.8%	1.0%

** Annualised figures where material*

An analysis of these figures shows that, due to a slight narrowing in the spread between interest-bearing assets and liabilities and the writedown of the equity investment portfolio, partially offset by an increase in the volume of lending and funding, return on equity fell from the first half of 2007, to 11.2% Nonetheless, even considering the writedown, return on equity for the first half of 2008 was still higher than that for 2007 as a whole (10.4%).

The average tax rate, of about 26% of pre-tax income, increased due to the lower percentage of partially tax-exempt revenues (i.e. dividends on equity investments), as well as to the adoption of the requirements of recent legislation, which call for an increase in taxes for all financial institutions (through adjustments to taxable income) and the non-deductibility of the writedown of the investment in STMicroelectronics N.V.

5.2 OPERATING EFFICIENCY

The increase in profitability as described above is also reflected in the trends in per-employee efficiency indicators and in the cost-to-income ratio for the first half of 2008, due both to revenues rising more than costs and to the volume of lending and funding rising more than proportionately to the number of employees. In addition, even reclassifying commissions on postal savings services among operating costs, the cost-to-income ratio of 24% would place CDP in an excellent position compared with other financial institutions.

(in thousand of euros or %)

OPERATING EFFICIENCY (RECLASSIFIED DATA)

	2008*	2007*
Loans to customers / No. of employees	201,084	200,394
Gross income / No. of employees	7,062	6,032
Operating income / No. of employees	6,914	5,839
Operating expenses / No. of employees	165	164
Staff costs / No. of employees	82	81
Cost / income ratio	2.3%	2.7%
Cost / income ratio (including cost of postal funding)	24.3%	26.8%

** Annualised figures where material*

5.3 CAPITAL STRUCTURE

The analysis of the capital structure shown below compares the values for the first half of 2008 with those at the end of 2007.

(%)

CAPITAL STRUCTURE

	2008*	2007
Loans to customers / Total assets	39.3%	40.0%
Loans to customers / Due to customers	88.3%	89.4%
Equity investments / Shareholders' equity	1.4x	1.4x
Net bad debts / Net loans to customers	0.078%	0.083%
Net writedowns / Net loans to customers	0.001%	0.012%

** Annualised figures where material*

The rise in postal funding for the period, which outpaced disbursements made on the asset side, led to a further increase in the liquidity held by CDP and, consequently, in the ratio of liquidity to total assets, as compared with a decline in the equivalent ratios for loans to customers and equity investments and shares.
Writedowns prompted by a deterioration in the credit quality of counterparties decreased with respect to the end of 2007, when they were already insignificant. The few problem

positions, all under the Separate Account, continue to regard isolated cases that are often unconnected with the core business of lending to local and regional authorities.

6. MONITORING RISK

DEVELOPMENTS IN INTEREST RATE RISK AND INFLATION RISK

Interest rate volatility was high in the first half of 2008, particularly along the short to medium-term portion of the yield curve.

Trends in the prices of raw materials also increased inflationary pressures. At the same time, the subprime mortgage crisis created uncertainty concerning the willingness and ability of the central banks to respond to the increasing risk of inflation by increasing interest rates. In this context, inflation expectations have risen, while expectations concerning monetary policy, which tend to drive short and medium-term rates, fluctuated, generating high levels of interest rate volatility, as well as increasing the implicit swaptions and cap/floor volatilities. Short-term rates were also affected by a deterioration in the confidence of financial institutions, which generated particularly large spreads between interbank and repo rates.

In this environment, and in line with the output of the company's dynamic ALM (DALM) system, CDP limited its exposure to rising interest rates with hedges on new fixed-rate lending under the Separate Account.

Interest rate exposure in PV01[4] terms went from a negative €14.8 million at the start of 2008 to a negative €12.5 million at the end of June 2008.

Despite the trend in PV01, given the increased volatility VaR went from €469 million at the start of 2008 to €485 million at the end of June 2008. The peak value for VaR was €573 million on 11 June 2008, which is 88% of the ceiling set by the Board of Directors (€650 million).

CDP calculates VaR (with a 10-day time horizon and a 99% confidence interval) on the basis of risk factors comprising the euro inflation rate (zero-coupon inflation swap) as well as the euro yield curve and related implicit volatilities.

CDP's exposure to changes in consumer prices derives primarily from issuing postal savings bonds that are indexed to the Italian consumer price index and is partially mitigated by:

- holding securities in the equity investment portfolio whose performance is positively correlated with inflation or with the factors that generate inflation;
- having a small portion of inflation-linked loans among the company's assets;

[4] The risk measures PV01 and VaR are calculated for the aggregate of both the banking book and the trading book, which in the case of CDP is negligible.

- having bought, in the first half of 2008, Italian treasury bonds indexed to Italian inflation.

The exposure to Italian inflation connected with issuing postal savings bonds, measured in terms of PV01, went from a negative €1.4 million at the start of 2008 to a negative €2.1 million at the end of June 2008.
Given the trends in inflation mentioned above, the inflation implicit in the prices of inflation swaps increased significantly during the period, with the ten-year rate going from the 2.372% of the start of 2008 to 2.698% at the end of June 2008.

DEVELOPMENTS IN PRICE RISK IN THE BANKING BOOK

The market value of the portfolio of large equity investments held by CDP was significantly affected by the downward trend in stock prices in the first six months. Although the decline was limited for Eni and Terna, Enel and STMicroelectronics fell significantly (by 25% and 33%, respectively).

DEVELOPMENTS IN COUNTERPARTY RISK CONNECTED WITH DERIVATIVE TRANSACTIONS

As mentioned above, the unusual conditions connected with the subprime mortgage crisis continued through the first half of 2008. Trends in both interbank rates and the prices of credit default swaps confirmed a significant decline in confidence in the ability of banks to meet all their commitments.
Within this context, CDP continued to act with the utmost caution.
In the first half of 2008, four new Credit Support Annex agreements were signed, bringing the number of counterparties with which the company exchanges collateral to twelve. Currently, the percentages of notional value and credit equivalent accounted for by counterparties with which a CSA is in place account for 67% and 65% of the total, respectively. As in 2007, transactions in derivatives were suspended with counterparties that no longer met the restrictive criteria set by CDP.

DEVELOPMENTS IN LIQUIDITY RISK

In the context of eroding confidence that has arisen beginning with the difficulties in the financial markets, liquidity risk has assumed a position of central importance for many financial institutions. While financial institutions that structurally lack a channel of funding through deposits have experienced particular difficulties, even institutions that enjoy extensive retail funding have had to face a significant increase in the average cost of funding.
In this context, CDP benefited from a series of special circumstances:

- a preponderance of postal funding, which is guaranteed by the state;

- high-quality lending;
- a high level of liquidity in the form of treasury account balances (which increased during the period);
- a limited need to turn to the wholesale market.

CREDIT RISK

For the Ordinary Account, CDP currently adopts risk-adjusted pricing techniques using a model that, during the first half of 2008, was validated by an external auditor and became fully operational.

The assets of CDP's Separate Account do not include items that are directly influenced by the ongoing credit crisis.

LEGAL DISPUTES

As concerns pending litigation as of the end of the first half of 2008, it should be noted that both the total number of cases and the related contingent liability have remained insignificant in absolute terms and that, even in relative terms, the impact of the estimated potential charges on CDP's accounts appears to be of very little significance.

With regard to the customers of the Separate Account, it should be noted that, as at 30 June 2008, 36 suits were pending with a total estimated liability of no more that €4 million. There are no situations that point to serial disputes that could suggest the presence of critical issues in procedures or in the related laws and regulations. Indeed, the reasons for the various individual disputes are never recurring and often regard the actions or facts concerning other entities involved in the litigation in which CDP is also involved.

There are currently no pending disputes, and therefore no related contingent liability, in relation to the Ordinary Account.

With regard to labour disputes, as at the end of the first half, there were 53 suits pending with a total estimated contingent liability of no more than €2 million.

7. OUTLOOK FOR THE FULL YEAR

Based on the information available at the close of the first half of 2008, we can expect that lending under the Separate Account should stabilise at the levels reached in 2007, a year in which the market underwent a significant contraction. In this context, business volumes for the full year could nonetheless exceed those of the previous year in part as a result of non-recurring operations that were already disbursed during the first half of the year.

In terms of expected developments in balance sheet aggregates for the full year, the areas that are expected to post the greatest rates of growth should continue to be Ordinary Account lending and disbursements through the Revolving Fund to support business and investment in research, as well as funding through postal savings products.

Compared with the initial forecasts reported at the time the annual financial statements were prepared, excluding the writedowns of equity investments for both years, performance for the full year is expected to be slightly stronger than in 2007.

As concerns the main risks for the current year, it should be noted that, in the event the recent decline in the stock markets should continue through the rest of the year, producing significant corrections in market prices compared with related carrying amounts, it could be necessary to recognise further writedowns on the portfolio of equity investments. As mentioned previously, we do not believe that the operating performance of the company's business should be negatively affected by the credit crisis that is currently under way.

Rome, 6 August 2008

The Chairman
Alfonso Iozzo

REPORT OF THE INDEPENDENT AUDITORS

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM

Telefono 06 809611
Telefax 06 8077475
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Review report

To the shareholders of
Cassa Depositi e Prestiti S.p.A.

1 We have reviewed the condensed interim separate financial statements comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto of Cassa Depositi e Prestiti S.p.A. as at and for the six months ended 30 June 2008. The company's directors are responsible for the preparation of these condensed interim separate financial statements in accordance with IAS 34, "Interim Financial Reporting", endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information relating to the captions of the condensed interim separate financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed interim separate financial statements. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than an audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual separate financial statements, we do not express an audit opinion on the condensed interim separate financial statements.

Reference should be made to the report dated 11 April 2008 for our opinion on the prior year separate financial statements, which included the prior year annual figures presented for comparative purposes.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim separate financial statements of Cassa Depositi e Prestiti S.p.A. as at and for the six months ended 30 June 2008 have not been prepared, in all material respects, in conformity with IAS 34, "Interim Financial Reporting", endorsed by the European Union.

Rome, 6 August 2008

KPMG S.p.A.

(Signed on the original)

Giuseppe Scimone
Director

CERTIFICATION pursuant to Article 154-*bis* of Legislative Decree 58/1998

Certification of condensed interim separate financial statements at 30 June 2008 pursuant to Article 154-*bis* of Legislative Decree 58/1998

1. The undersigned Alfonzo Iozzo, in his capacity as Chairman of the Board of Directors, Antonino Turicchi, in his capacity as General Manager, and Angelo Mariano, in his capacity as the manager responsible for preparing the corporate financial reports of Cassa Depositi e Prestiti S.p.A., hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness with respect to the characteristics of the company and
- the effective adoption

of the administrative and accounting procedures for the preparation of the condensed interim separate financial statements for the period (1 January – 30 June 2008).

2. In this regard:

2.1 the assessment of the appropriateness of the administrative and accounting procedures followed in preparing the condensed interim separate financial statements at 30 June 2008 was based on a process developed by Cassa Depositi e Prestiti S.p.A. in line with the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, which is a generally accepted framework at the international level;

2.2 in the first half of 2008 the manager responsible for preparing the corporate financial reports of Cassa Depositi e Prestiti S.p.A. assessed the adequacy and effective adoption of existing administrative and accounting procedures, with reference to the internal control system for financial reporting, and continued the process of upgrading these procedures, as the process requires further activities for its completion.

3. In addition, we certify that:

3.1 the condensed interim separate financial statements:

a) have been prepared in compliance with the international accounting standards adopted in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, in particular with IAS 34 – Interim Financial Reporting, as well as the measures issued in implementation of Article 9 of Legislative Decree 38/2005;

b) correspond to the information in the books and other accounting records;

c) provide a true and fair representation of the performance and financial position of the issuer;

3.2 the interim report on operations, at the very least, reports the major events that occurred during the first six months of the year and their impact on the condensed interim separate financial statements, together with a description of the main risks and uncertainties to be faced in the remaining six months of the year.

Rome, 6 August 2008

Chairman of the Board of Directors	General Manager	Manager responsible for preparing the corporate financial reports
Alfonso Iozzo	Antonino Turicchi	Angelo Mariano
(signed on the original)	(signed on the original)	(signed on the original)

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS AT 30 JUNE 2008

FORM AND CONTENT OF THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2008

The condensed interim separate financial statements at 30 June 2008 have been prepared in conformity with the applicable regulations and are composed of:

- **BALANCE SHEET;**
- **INCOME STATEMENT;**
- **STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY;**
- **CASH FLOW STATEMENT;**
- **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS.**

Schedules presenting a comparison with the balance sheet at 31 December 2007 and the income statement at 30 June 2007 have also been prepared.

The following documents are contained in the annexes to the financial statements:

1. **LIST OF EQUITY INVESTMENTS**
2. **ACCOUNTS AT 30 JUNE 2008 OF THE SEGREGATED TAV ASSETS**

FINANCIAL STATEMENTS

AT 30 JUNE 2008

Balance sheet

Income statement

Statement of changes in shareholders' equity

Cash flow statement

(euros)

BALANCE SHEET

	Assets	30/06/2008	31/12/2007
10.	Cash and cash equivalents	97,356,493,314	91,407,672,569
20.	Financial assets held for trading	361,716,793	353,727,392
40.	Financial assets available for sale	13,499,932,578	15,355,238,072
50.	Financial assets held to maturity	203,849,528	-
60.	Loans to banks	4,492,046,997	3,884,711,963
70.	Loans to customers	79,226,948,445	78,353,918,675
	of which securing covered bonds	*17,100,522,325*	*17,679,918,036*
80.	Hedging derivatives	1,115,675,566	828,580,651
100.	Equity investments	4,542,197,490	4,806,496,216
110.	Property, plant and equipment	207,524,376	208,205,190
120.	Intangible assets	6,862,389	5,468,798
	of which:		
	- goodwill	-	-
130.	Tax assets	520,623,120	856,724,975
	a) current	195,070,069	530,522,354
	b) deferred	325,553,051	326,202,621
150.	Other assets	206,671,215	33,472,147
	Total assets	**201,740,541,811**	**196,094,216,648**

Head of the Administration
& Financial Reporting Department
Angelo Mariano

General Manager
Antonino Turicchi

(euros)

BALANCE SHEET

	Liabilities and shareholders' equity	30/06/2008	31/12/2007
10.	Due to banks	1,402,899,432	1,263,143,094
20.	Due to customers	89,759,884,154	87,617,083,119
	of which amounts to be disbursed on loans securing covered bonds	*1,702,302,401*	*2,004,619,120*
30.	Securities issued	95,153,032,601	90,154,580,185
	of which covered bonds	*7,770,156,035*	*7,900,926,342*
40.	Financial liabilities held for trading	351,963,333	362,440,555
60.	Hedging derivatives	1,098,895,431	896,258,908
70.	Adjustment of financial liabilities hedged generically (+/-)	(622,007,017)	(528,636,754)
80.	Tax liabilities	899,369,150	1,128,258,051
	a) current	286,218,570	489,850,000
	b) deferred	613,150,580	638,408,051
100.	Other liabilities	814,905,941	842,422,991
110.	Staff severance pay	698,222	738,098
120.	Provisions	5,248,066	1,883,722
	a) pensions and similar commitments	-	-
	b) other provisions	5,248,066	1,883,722
130.	Valuation reserves	4,905,745,098	6,736,284,207
160.	Reserves	3,664,760,473	2,746,235,313
180.	Share capital	3,500,000,000	3,500,000,000
200.	Net income for the period (+/-)	805,146,927	1,373,525,159
	Total liabilities and shareholders' equity	**201,740,541,811**	**196,094,216,648**

Head of the Administration
& Financial Reporting Department
Angelo Mariano

General Manager
Antonino Turicchi

(euros)

INCOME STATEMENT

		1st half 2008	1st half 2007
10.	Interest income and similar revenues	3,985,289,627	3,425,305,922
20.	Interest expense and similar charges	(2,816,010,188)	(2,395,802,844)
30.	**Net interest income**	**1,169,279,439**	**1,029,503,078**
40.	Commission income	2,580,374	2,583,548
50.	Commission expense	(404,467,270)	(387,083,006)
60.	**Net commission income**	**(401,886,896)**	**(384,499,458)**
70.	Dividends and similar revenues	628,637,432	598,087,076
80.	Net gain (loss) on trading activities	(3,945,907)	5,604,005
90.	Net gain (loss) on hedging activities	(3,413,556)	(71,903,894)
100.	Gains (losses) on disposal or repurchase of:	2,599,810	8,520,572
	a) loans	2,599,810	8,520,572
120.	**Gross income**	**1,391,270,322**	**1,185,311,379**
130.	Net impairment adjustments of:	(1,051,349)	(9,695,622)
	a) loans	(1,051,349)	(9,695,622)
140.	**Financial income (expense), net**	**1,390,218,973**	**1,175,615,757**
150.	General and administrative expenses:	(28,523,434)	(28,904,715)
	a) staff costs	(15,858,254)	(15,850,250)
	b) other administrative expenses	(12,665,180)	(13,054,465)
160.	Net provisions	(3,948,104)	(426,401)
170.	Net adjustments of property, plant and equipment	(3,279,583)	(2,963,103)
180.	Net adjustments of intangible assets	(862,232)	(656,586)
190.	Other operating income (costs)	389,264	721,617
200.	**Operating costs**	**(36,224,089)**	**(32,229,188)**
210.	Gains (losses) on equity investments	(266,003,726)	-
240.	Gains (losses) on disposal of investments	-	(220)
250.	**Income (loss) before tax from continuing operations**	**1,087,991,158**	**1,143,386,349**
260.	Income tax for the period on continuing operations	(282,844,231)	(223,752,591)
270.	**Income (loss) after tax on continuing operations**	**805,146,927**	**919,633,758**
290.	**Income (loss) for the period**	**805,146,927**	**919,633,758**

Head of the Administration
& Financial Reporting Department
Angelo Mariano

General Manager
Antonino Turicchi

(thousands of euros)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30/06/2008

	Balance at 31.12.07	Changes in opening balance	Balance at 1.1.08	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations	Changes for the year: Changes in reserves	Equity transactions: Issue of new shares	Equity transactions: Purchase of own shares	Equity transactions: Special dividend distribution	Equity transactions: Changes in equity instruments	Equity transactions: Derivatives on own shares	Equity transactions: Stock options	Net income (loss) for the period ended 30.06.08	Shareholders' equity at 30/06/2008
Share capital:														
a) ordinary shares	2.450.000		2,450,000											2,450,000
b) other shares	1.050.000		1,050,000											1,050,000
Share premium reserve														
Reserves:														
a) income	2.746.235		2,746,235	918,525										3,664,760
b) other														
Valuation reserves:														
a) available for sale	6.566.605		6,566,605			(1,830,802)								4,735,803
b) cash flow hedges	2.107		2,107			263								2,370
c) other reserves														
- revaluation of property	167.572		167,572											167,572
Equity instruments														
Treasury shares														
Net income (loss) for the period	1.373.525		1,373,525	(918,525)	(455,000)								805,147	805,147
Shareholders' equity	**14,356,044**		**14,356,044**	**-**	**(455,000)**	**(1,830,539)**							**805,147**	**12,875,652**

Head of the Administration
& Financial Reporting Department
Angelo Mariano

General Manager
Antonino Turicchi

(thousands of euros)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 30/06/2007

				Allocation of net income for previous year		Changes for the year								
							Equity transactions							
	Balance at 31.12.06	Changes in opening balance (*)	Balance at 1.1.07	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Net income (loss) for the period ended 30.06.07	Shareholders' equity at 30/06/2007
Share capital:														
a) ordinary shares	2.450.000		2,450,000											2,450,000
b) other shares	1.050.000		1,050,000											1,050,000
Share premium reserve	-													
Reserves:														
a) income	1.271.408	53,695	1,325,103	1,421,132										2,746,235
b) other														
Valuation reserves:														
a) available for sale	6.281.002		6,281,002			633,408								6,914,410
b) cash flow hedges						991								991
c) other reserves														
- revaluation of property	167.572		167,572											167,572
- exchange rate differences	11.201	(11,201)	-											
Equity instruments														
Treasury shares														
Net income (loss) for the period	2.052.661	(176,529)	1,876,132	(1,421,132)	(455,000)								919,634	919,634
Shareholders' equity	**13,283,844**	**(134,035)**	**13,149,809**	**-**	**(455,000)**	**634,399**							**919,634**	**14,248,842**

(*) The variation is related to the method used to measure equity investments, which was changed from equity method to cost.

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General Manager
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(thousands of euros)

CASH FLOW STATEMENT (indirect method)

A. OPERATING ACTIVITIES	1st half 2008	1st half 2007
1. Operations	**1,369,525**	**1,223,774**
- Net income for the period (+/-)	805,147	919,634
- Gains (losses) on financial assets held for trading and on financial assets recognised at fair value (-/+)	3,946	(5,604)
- Gains (losses) on hedging activities (-/+)	3,414	71,904
-Net impairment adjustments (+/-)	1,051	9,696
- Net value adjustments to property, plant and equipment and intangible assets (+/-	4,142	3,620
- Net provisions and other costs/revenues (+/-)	4,312	771
- Unpaid taxes and duties (+)	282,844	223,753
- Writedowns/writebacks of equity investments (+/-)	266,004	-
- Other adjustments	(1,335)	-
2. Cash generated by/used in financial assets	**(1,918,647)**	**(8,944,515)**
- Financial assets held for trading	(165,998)	(28,701)
- Financial assets available for sale	(1,313)	(7,904)
- Loans to banks: other	(553,602)	(3,356,263)
- Loans to customers	(1,197,734)	(5,551,647)
3. Cash generated by/used in financial liabilities	**7,215,774**	**6,822,539**
- Due to banks: other	139,756	140,023
- Due to customers	2,142,801	3,229,495
- Securities issued	5,110,210	3,644,801
- Trading financial liabilities	143,586	49,576
- Other liabilities	(320,579)	(241,356)
Cash generated by/used in operating activities	**6,666,652**	**(898,202)**
B. INVESTING ACTIVITIES		
1. Cash generated by	-	-
- Sale of equity investments	-	-
- Dividends from equity investments	-	-
- Sale of property, plant and equipment	-	-
2. Cash used in	**(209,074)**	**(6,688)**
- Purchase of equity investments	(1,705)	(2,616)
- Purchase of financial assets held to maturity	(202,514)	-
- Purchase of property, plant and equipment	(2,599)	(2,990)
- Purchase of intangible assets	(2,256)	(1,082)
Cash generated by/used in investing activities	**(209,074)**	**(6,688)**
C. FINANCING ACTIVITIES		
- Dividend distribution and other allocations	(455,000)	(455,000)
Net cash generated by/used in financing activities	**(455,000)**	**(455,000)**
NET CASH GENERATED/USED DURING THE PERIOD	**6,002,578**	**(1,359,890)**

RECONCILIATION

Cash and cash equivalents at beginning of period	**91,634,997**	**78,550,844**
Total cash generated/used during the period	**6,002,578**	**(1,359,890)**
Cash and cash equivalents: effects of changes in exchange rates	-	-
Cash and cash equivalents at end of period	**97,637,575**	**77,190,954**

Head of the Administration
& Financial Reporting Department
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General Manager
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COMPARATIVE STATEMENTS

(thousands of euros)

BALANCE SHEET

	Assets	30/06/2008	31/12/2007	Change (+/-)	%
10.	Cash and cash equivalents	97,356,493	91,407,673	5,948,821	6.5%
20.	Financial assets held for trading	361,717	353,727	7,989	2.3%
40.	Financial assets available for sale	13,499,933	15,355,238	(1,855,305)	(12.1%)
50.	Financial assets held to maturity	203,850	-	203,850	
60.	Loans to banks	4,492,047	3,884,712	607,335	15.6%
70.	Loans to customers	79,226,948	78,353,919	873,030	1.1%
	of which securing covered bonds	*17,100,522*	*17,679,918*	*(579,396)*	*(3.3%)*
80.	Hedging derivatives	1,115,676	828,581	287,095	34.6%
100.	Equity investments	4,542,197	4,806,496	(264,299)	(5.5%)
110.	Property, plant and equipment	207,524	208,205	(681)	(0.3%)
120.	Intangible assets	6,862	5,469	1,394	25.5%
	of which:				
	- goodwill	-	-	-	-
130.	Tax assets	520,623	856,725	(336,102)	(39.2%)
	a) current	*195,070*	*530,522*	(335,452)	(63.2%)
	b) deferred	*325,553*	*326,203*	(650)	(0.2%)
150.	Other assets	206,671	33,472	173,199	517.4%
	Total assets	**201,740,542**	**196,094,217**	**5,646,325**	**2.9%**

(thousands of euros)

BALANCE SHEET

	Total liabilities and shareholders' equity	30/06/2008	31/12/2007	Change (+/-)	%
10.	Due to banks	1,402,899	1,263,143	139,756	11.1%
20.	Due to customers	89,759,884	87,617,083	2,142,801	2.4%
	of which amounts to be disbursed on loans securing covered bonds	*1,702,302*	*2,004,619*	*(302,317)*	*(15.1%)*
30.	Securities issued	95,153,033	90,154,580	4,998,452	5.5%
	of which covered bonds	*7,770,156*	*7,900,926*	*(130,770)*	*(1.7%)*
40.	Financial liabilities held for trading	351,963	362,441	(10,477)	(2.9%)
60.	Hedging derivatives	1,098,895	896,259	202,637	22.6%
70.	Adjustment of financial liabilities hedged generically (+ / -)	(622,007)	(528,637)	(93,370)	17.7%
80.	Tax liabilities	899,369	1,128,258	(228,889)	(20.3%)
	a) current	286,219	489,850	(203,631)	(41.6%)
	b) deferred	613,151	638,408	(25,257)	(4.0%)
100.	Other liabilities	814,906	842,423	(27,517)	(3.3%)
110.	Staff severance pay	698	738	(40)	(5.4%)
120.	Provisions	5,248	1,884	3,364	178.6%
	a) pensions and similar commitments	-	-	-	-
	b) other provisions	5,248	1,884	3,364	178.6%
130.	Valuation reserves	4,905,745	6,736,284	(1,830,539)	(27.2%)
160.	Reserves	3,664,760	2,746,235	918,525	33.4%
180.	Share capital	3,500,000	3,500,000	-	0.0%
200.	Net income for the period (+ / -)	805,147	1,373,525	(568,378)	(41.4%)
	Total liabilities and shareholders' equity	**201,740,542**	**196,094,217**	**5,646,325**	**2.9%**

(thousands of euros)

INCOME STATEMENT

		1st half 2008	1st half 2007	change (+/-)	%
10.	Interest income and similar revenues	3,985,290	3,425,306	559,984	16.3%
20.	Interest expense and similar charges	(2,816,010)	(2,395,803)	(420,207)	17.5%
30.	**Net interest income**	**1,169,279**	**1,029,503**	**139,776**	**13.6%**
40.	Commission income	2,580	2,584	(3)	(0.1%)
50.	Commission expense	(404,467)	(387,083)	(17,384)	4.5%
60.	**Net commission income**	**(401,887)**	**(384,499)**	**(17,387)**	**4.5%**
70.	Dividends and similar revenues	628,637	598,087	30,550	5.1%
80.	Net gain (loss) on trading activities	(3,946)	5,604	(9,550)	(170.4%)
90.	Net gain (loss) on hedging activities	(3,414)	(71,904)	68,490	(95.3%)
100.	Gains (losses) on disposal or repurchase of:	2,600	8,521	(5,921)	(69.5%)
	a) loans	2,600	8,521	(5,921)	(69.5%)
120.	**Gross income**	**1,391,270**	**1,185,311**	**205,959**	**17.4%**
130.	Net impairment adjustments of:	(1,051)	(9,696)	8,644	(89.2%)
	a) loans	(1,051)	(9,696)	8,644	(89.2%)
140.	**Financial income (expense), net**	**1,390,219**	**1,175,616**	**214,603**	**18.3%**
150.	General and administrative expenses:	(28,523)	(28,905)	381	(1.3%)
	a) staff costs	(15,858)	(15,850)	(8)	0.1%
	b) other administrative expenses	(12,665)	(13,054)	389	(3.0%)
160.	Net provisions	(3,948)	(426)	(3,522)	825.9%
170.	Net adjustments of property, plant and equipment	(3,280)	(2,963)	(316)	10.7%
180.	Net adjustments of intangible assets	(862)	(657)	(206)	31.3%
190.	Other operating income (costs)	389	722	(332)	(46.1%)
200.	**Operating costs**	**(36,224)**	**(32,229)**	**(3,995)**	**12.4%**
210.	Gains (losses) on equity investments	(266,004)	-	(266,004)	
240.	Gains (losses) on disposal of investments	-	(0)	0	(100.0%)
250.	**Income (loss) before tax from continuing operations**	**1,087,991**	**1,143,386**	**(55,395)**	**(4.8%)**
260.	Income tax for the period on continuing operations	(282,844)	(223,753)	(59,092)	26.4%
270.	**Income (loss) after tax on continuing operations**	**805,147**	**919,634**	**(114,487)**	**(12.4%)**
290.	**Net income for the period**	**805,147**	**919,634**	**(114,487)**	**(12.4%)**

NOTES TO THE

FINANCIAL STATEMENTS

(CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS AT 30 JUNE 2008)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

STRUCTURE AND CONTENT OF THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

The CDP S.p.A. condensed interim separate financial statements have been prepared in accordance with international accounting standards, specifically IAS 34, which establishes the minimum content and preparation rules for interim financial reports.
With Regulation (EC) 1606/2002 of 19 July 2002, the European Union made it compulsory, as of the 2006 financial year, to adopt the IFRSs in preparing the financial statements of EU companies that issue equity or debt securities on a regulated market in the European Community.
Legislative Decree 38 of 20 February 2005 was then issued in Italy in order to govern the application of the international accounting standards issued by the International Accounting Standards Board (IASB) as well as the *Implementation Guidance, Basis for Conclusions* adopted by the International Financial Reporting Interpretations Committee (IFRIC, formerly the Standing Interpretations Committee, or SIC).
The financial statements are expressed in euros and include the balance sheet, the income statement, the cash flow statement, the statement of changes in equity, and these explanatory notes to the financial statements and related annexes, as well as the directors' report on operations.
The condensed interim separate financial statements of CDP S.p.A. at 30 June 2008 present a clear, true and accurate view of the company's performance and financial position for the period. The figures reported in the statements correspond with the company's accounting records and fully reflect the transactions conducted during the period.

BASIS OF PRESENTATION

In accordance with the regulations issued by the Bank of Italy, the financial statements are expressed in euros, whereas the explanatory notes to the financial statements are expressed in thousands of euros.
Accounts with zero balances for both the current and prior period have been excluded. In the income statement, revenues are indicated as positive numbers, while costs are shown as negative numbers (in parentheses).
The figures in the explanatory notes to the financial statements have been rounded to the nearest thousand, and the rounded totals for the various figures are obtained by summing the rounded balances of the items making up such totals.

COMPARISON AND DISCLOSURE

The financial statements comply with the provisions of Bank of Italy circular no. 262/2005 and, in accordance with IAS 34, contain the following comparative information in addition to the accounting data at 30 June 2008:

- balance sheet at 31 December 2007;
- income statement at 30 June 2007;
- statement of changes in equity at 30 June 2007;
- cash flow statement at 30 June 2007.

CDP SEGREGATED ASSETS

CDP holds two sets of segregated assets as follows:

A. THE COVERED BOND SEGREGATED ASSETS

This is not segregated assets as defined by the Italian Civil Code, but rather a separation related to certain CDP assets (loans to local authorities) for which CDP has established guarantees/liens on the cash flows for the holders of the covered bonds issued, which enables the bond itself to have a higher rating that that of the issuer.

The separation concerns the flows related to the portfolio of loans that constitute the collateral of the related bond issue.

The assets are in the accounts with an “of which” indication in the financial statements.

B. THE TAV SEGREGATED ASSETS

Acquired following the merger of Infrastrutture S.p.A. on 1 January 2006, these segregated assets were established in order to fund the investments related to the high-speed/high-capacity railway infrastructure in accordance with Article 75 of Law 289 of 27 December 2002. On 27 December 2006, by decree of the Ministry for the Economy and Finance, it was established that the assets were to be liquidated according to procedures defined by Article 2447-*novies* of the Civil Code, with the Italian government taking over responsibility for the costs related to the assets.

Even after the adoption of the IFRSs, CDP has shown this fund as an off-balance-sheet item, in line with the accounting treatment adopted by Infrastrutture S.p.A.

The financial situation of the TAV segregated assets at 30 June 2008, prepared in accordance with strictly financial criteria following the liquidation of the assets and their absorption by the state with the 2007 Finance Act, is reported in the document annexed to these notes.

AUDITING OF THE FINANCIAL STATEMENTS

The CDP condensed interim separate financial statements have undergone a limited audit by KPMG S.p.A.

ANNEXES

In order to enhance disclosure, the following documents are annexed to this report:

1 list of equity investments;

2 accounts at 30 June 2008 of the segregated TAV assets.

ACCOUNTING POLICIES

GENERAL INFORMATION

SECTION 1 – DECLARATION OF CONFORMITY WITH THE INTERNATIONAL ACCOUNTING STANDARDS

These financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (IFRSs/IASs) issued by the IASB (and related IFRIC and SIC interpretations) endorsed by the European Commission as of 30 June 2008. More specifically, the condensed interim separate financial statements have been prepared in compliance with the provisions of IAS 34 governing interim financial reporting. As permitted under this standard, CDP has elected to prepare a condensed report in place of the full reporting envisaged for the annual financial statements.
The schedules have been prepared in compliance with the Bank of Italy circular of 22 December 2005.

SECTION 2 – GENERAL PREPARATION PRINCIPLES

The financial statements have been prepared in accordance with the IFRSs issued by the IASB (including the SIC and IFRIC interpretations) endorsed by the European Commission pursuant to Regulation (EC) 1606 of 19 July 2002. IFRS 7 has also been applied beginning with the 2006 financial year.

For the purposes of interpretation and to provide support in applying these standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- the *Framework for the Preparation and Presentation of Financial Statements* issued by the International Accounting Standards Board in 2001;
- *Implementation Guidance*, *Basis for Conclusions*, IFRIC interpretations, and any other documentation prepared by the IASB or IFRIC to supplement the IFRSs;
- Interpretation documents concerning the application of the IFRSs in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board; OIC) and by the Italian Banking Association (ABI).

Where the information required by the IFRSs and the regulations of the Bank of Italy is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the explanatory notes to the financial statements also include supplemental information for such purpose.

The interim financial statements have been prepared on an accruals and going-concern basis. The general principles of the materiality and significance of information and the prevalence of substance over form have also been taken into account.

No assets have been offset with liabilities, nor revenues with costs, unless expressly required or allowed by the regulations issued by the Bank of Italy or by an accounting standard or a related interpretation.

SECTION 3 – EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 16 July 2008 the contract for a new loan under the Ordinary Account was signed with Ferrovie dello Stato S.p.A. (for total amount of €600 million and final maturity date of 29 December 2009).

In addition to the developments already reported in the section on the investment funds subscribed by CDP S.p.A., in July additional payments were made, of which:
i) Fondo PPP Italia: payment of €140 thousand in respect of management fees for the second half of 2008;
ii) F2I: payment of €660 thousand in respect of management fees for the second half of 2008;
iii) Galaxy S.àr.l.: payment of €1.02 million to acquire 4.289% in Arrow Rail Holding Limited.

In addition, in July two new bond issues were carried out under the EMTN programme for a total of €450 million.
The new funding is intended to cover the liquidity needs of new lending under the Ordinary Account.

ACCOUNTING PRINCIPLES

The pages provide a description of the accounting principles adopted in preparing the condensed interim separate financial statements at 30 June 2008, which are the same as those used in preparing the annual financial statements.

1 – FINANCIAL ASSETS HELD FOR TRADING

"Financial assets held for trading" (item 20) includes all financial assets, regardless of type (debt securities, equity, loans, derivatives, etc.), allocated to the trading portfolio and held for the purpose of generating profits over the short term as a result of changes in the price of such instruments, as well as the derivative contracts operationally connected with financial liabilities measured at fair value (under the fair value option) and derivatives with a positive value, including those resulting from the separation of embedded derivatives, that are not deemed to be effective for hedging purposes.
Financial assets held for trading meet the following prerequisites:

a) they are purchased with the intention of being sold in the short term;
b) they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
c) they are derivatives (with the exception of derivatives that are designated and effective hedging instruments).

Such financial assets are initially recognised at fair value, which generally equals the amount paid or received net of transactions costs or income. Where the amount paid is different from the fair value, the financial asset is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is carried out at the subscription date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the settlement date.
Financial assets held for trading also include derivative contracts embedded in other financial instruments or contracts and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, recognising them separately after separating the embedded derivative from the main contract, which is then treated in accordance with the accounting rules for its own category. This is not done in cases in which the compound instrument containing the derivative is measured at fair value through profit or loss.

The financial instruments are measured subsequently at fair value based on the official prices as of the balance sheet date if they are listed on active markets. For financial instruments, including equity, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models, and values registered in recent similar transactions. For equity securities and related derivative instruments, if the fair value obtained using such measurement techniques cannot be reliably determined, the financial instruments are measured at cost and adjusted in the event of losses in value.

If the fair value of a financial asset becomes negative, it is recognised as a financial liability held for trading.

Financial assets held for trading are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial asset are retained, the asset remains on the balance sheet even if official title has been transferred.

The gains and losses on sale or redemption and unrealised gains and losses resulting from the fair value measurement of the trading portfolio are shown under “Net gain (loss) on trading activities” (item 80). The income components are recognised following the results of the measurement of the financial assets held for trading.

2 – FINANCIAL ASSETS AVAILABLE FOR SALE

Available-for-sale financial assets (item 40) are non-derivative financial assets (debt securities, equity, etc.) that are classified as being available for sale and not as (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised on the contract date for all financial assets, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is carried out at the settlement date and on the disbursement date in the case of loans.

The financial assets are initially recognised at fair value, which generally equals the amount paid or received net of transactions costs or gains. In cases in which the amount paid is different from the fair value, the financial asset is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is done on the subscription date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the settlement date.

Investments in equity instruments that are not listed on an active market and for which it is not possible to measure fair value reliably, as well as derivatives connected to such instruments and / or that must be settled with the delivery of such instruments, are measured at cost.

Unrealised gains or losses on available-for-sale securities are recorded in a specific equity reserve, net of tax effects, until the investment is sold or written down.

Subsequent measurement is done at fair value based on the official prices as of the balance sheet date if the financial instruments are listed on active markets. For financial instruments, including equity, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions. For equity securities and related derivative instruments, if the fair value obtained using such measurement techniques cannot be reliably determined, the financial instruments are measured at cost and written down in the event of impairment losses.

Available-for-sale financial assets are subject to impairment tests to determine whether there is objective evidence of impairment. Where an available-for-sale security is impaired, the cumulative, unrealized change in value recorded in the equity reserve is recognised in the income statement under “Net impairment adjustments of financial assets available for sale” (item 130.b). The impairment is recognised when the purchase cost (net of any amortisation and repayments of principal) of an available-for-sale financial asset exceeds its recoverable amount. The amount of this loss is measured using specific valuation techniques and models concerning equity securities. Any writebacks of investments in equity instruments are not recognised in the income statement but in an equity reserve, while any writebacks of investments in debt instruments go through the income statement.

Where the reasons for the impairment should cease to obtain subsequent to the recognition of the impairment loss, the writeback is recognised in the income statement for loans or debt securities and in an equity reserve in the case of equity instruments. The amount of the writeback shall in any event not exceed the amortised cost that the instrument would have had in the absence of the prior adjustments.

Dividends on equity instruments that are available for sale are recognised as income when the right to receive payment is established.

In addition to the recognition of impairment losses, the cumulative gains or losses in the equity reserve are, as mentioned above, recognised in the income statement at the time of the sale of the asset. Accordingly, in the event of the disposal of an investment in available-for-sale securities, the related cumulative, unrealised change in value recorded in equity is recognised in the income statement as “Gains (losses) on the disposal or repurchase of financial assets available for sale” (item 100.b).

Available-for-sale financial assets are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial asset are retained, the asset remains on the balance sheet even if official title has been transferred.

3 – FINANCIAL ASSETS HELD TO MATURITY

Financial assets held to maturity include financial assets other than derivatives with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.
If, following a change in such intention or ability, it is no longer appropriate to continue to classify an investment as held to maturity, it is reclassified under financial assets available for sale.
Held-to-maturity financial assets are initially recognised at fair value, which is normally equal to the price paid or received. In cases where the price differs from fair value, the asset is recognised at fair value and the difference between the price and the fair value is taken to the income statement.
The value at which such assets are recognised includes incidental costs and revenues attributable to the transaction.
Following initial recognition, financial assets held to maturity are measured at amortised cost and undergo impairment testing. The amortised cost of a financial asset is equal to the amount at which it is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Such assets are derecognised when the contractual rights to the cash flows from the assets expire or when the assets are divested by transferring substantially all the risks and rewards of ownership of the assets.

4 - LOANS

The term “loans” refers to a portfolio of financial instruments, including debt securities, that are not listed on an active market and which IAS 39 refers to as “loans and receivables”, for which the company has a right to receive future cash flows.
Loans are initially recognised at the disbursement date or, in the case of debt securities, at the settlement date.
Loans are recognised when the contract is executed, i.e. upon the unconditional acquisition of a right to payment of the amounts agreed, and are initially measured at fair value, which

equals the amount disbursed including directly related transaction costs and commissions. Where the net amount disbursed does not equal the loan's fair value because the interest rate is lower than the market rate or the rate normally applied for similar loans, initial measurement is effected by discounting the future cash flows using an appropriate rate.

The loans in CDP's Separate Account portfolio are quite different from the loans granted by banks, which normally disburse the entire amount of the loan to its beneficiary at the time the loan is granted. Such loans are special-purpose loans generally granted to local authorities for public works and are disbursed to the beneficiaries only after detailed verification of the progress of the works in question. Therefore, disbursements are intended to meet the debts actually accumulated by the authority as the work is performed by the various contractors involved.

Upon signing the finance agreement, the debtor assumes the obligation to repay the entire principal granted, and this amount is used to determine an amortisation schedule separately from the amount actually disbursed. Amounts still to be disbursed by CDP earn interest that can be treated as a reimbursement of the interest income earned by customers on the non-disbursed portion. CDP's special-purpose loans normally have an initial grace period, during which, in the absence of disbursements on the loan granted, the loan does not bear interest. The repayment plan for the amount granted begins, with certain exceptions, the year following the signing of the related contract. CDP's accounting policy for special-purpose loans is to recognise a commitment to disburse the sums granted upon signing the loan agreement and to recognise a receivable (with a consequent reduction in the disbursement commitments) for the entire amount granted only when repayment begins.

Any disbursements requested by borrowers during the grace period effectively reduce the commitment and result in a "short-term" receivable for the amount actually disbursed, with this amount accruing interest at the rate agreed upon by contract. The short-term receivable for advances on loans in their grace period is measured at cost in accordance with the IFRSs.

When repayment begins on a loan that has not yet been disbursed, both a payable and a receivable are recognised for the same amount in respect of the party responsible for repaying the loan. In accordance with the IFRSs, the receivable is measured at amortised cost (which, given the lack of transaction costs on the loans granted by CDP and with certain exceptions, equals cost), and the payable is a demand liability that decreases as the amounts are actually disbursed.

The interest on loans and default interest is recognised as interest income and similar revenues on loans to banks and customers and are recognised on an accruals basis.

The carrying amount of loans is subject to periodic testing for impairment that could reduce their expected realisable value. This reduction becomes material when it is deemed probable that the amount due will not be paid in full, based on the original terms of the agreement, or that an equivalent asset will not be received.

Loans classified as bad debts, substandard or restructured are measured individually for positions that exceed a given value threshold. In view of the lack of time series of loss data on loans, as well as the creditworthiness of CDP's leading borrowers, no general writedowns of the portfolio are recorded.

The measurement of writedowns of loans is based on discounting the expected future cash flows of principal and interest net of collection costs, taking account of any guarantees securing the positions and any advances received. The key to determining the value of the future cash flows is in defining the estimated collections, the related timing, and the discount rate to be applied.

The impairment of problem loans is then written back only when the quality of the loan improves to the point that there is a reasonable certainty of a greater recovery of principal and interest and/or greater receipts have been recorded than the previously recorded carrying amount of the loan. In any event, given the method used to measure impairment losses, as the due dates for credit collection approach with the passing of time, the value of the loan is "written back", given that there is a reduction in the implicit finance costs previously recognised as a reduction in the value of the loans.

Recovery of all or a part of previously written down loans is recognised as a reduction to "Net impairment adjustments of loans" (item 130.a).

Loans are derecognised when paid in full, when all of the related risks and rewards have been transferred, or when a loan is deemed to be definitively uncollectible. The amount of the loss is recognised in the income statement net of previously recognised impairment losses.

Loans represented by positions with parties that are not classified under any of the risk categories listed above, but which are more than 180-days past due at the balance sheet date, are also subject to individual impairment testing.

"Loans to customers" include unlisted financial assets in respect of customers (loans, debt securities, operating receivables, etc.) that are allocated to the "loans" portfolio. This also includes receivables from Italian post offices and variation margins with clearing bodies for derivative transactions.

"Loans to banks" include unlisted financial assets in respect of banks (current accounts, security deposits, debt securities, operating receivables, etc.) that are allocated to the "loans" portfolio. This also includes the amounts receivable from central banks other than free deposits (as the reserve requirement).

6 - HEDGING TRANSACTIONS

According to the IASs, hedging instruments are designated derivatives or (limited to the hedging of foreign currency risk) non-derivative financial assets or liabilities the fair value or cash flows of which are expected to offset the changes in fair value or cash flows of a designated position (IAS 39, paragraphs 72-77 and Annex A, paragraph AG94). A hedged position is an asset, liability, firm commitment, a highly probable forecast transaction, or a net investment in a foreign operation that (a) exposes the organisation to the risk of a change in fair value or future cash flows and (b) is designated as being hedged (paragraphs 78-84 and Annex A, paragraphs AG98-AG101). The effectiveness of the hedge is the extent to which the change in fair value or cash flows of the hedged position that is attributable to a hedged risk are offset by the change in fair value or cash flows of the hedging instrument (Annex A, paragraphs AG105-AG113).

When a financial instrument is classified as a hedging instrument, the following are to be formally documented:

1. the relationship between the hedging instrument and the position hedged, including the risk management objectives;
2. the hedging strategy, which must be in line with established risk management policies;
3. the methods to be used in order to verify the effectiveness of the hedge.

Accordingly, both at the inception of the hedge and throughout its life, the change in the fair value of the derivative is analysed in order to determine whether it is highly effective in offsetting the changes in fair value of the hedged position.

A hedge is deemed to be highly effective if, both at inception and throughout its life, the changes in fair value of the hedged position or in the expected cash flows attributable to the risk being hedged are almost entirely offset by the changes in fair value of the hedging derivative, with the relationship of these changes falling within a range of between 80% and 125%.

If the hedge is not effective as described above, the hedging instrument is reclassified under trading instruments, while the hedged item is measured in accordance with the criteria for its category and in the case of cash flow hedge any reserve is reversed to profit or loss. Hedge accounting also ceases in the event the hedging instrument expires, is sold or exercised or where the hedged item expires, is sold or is repaid.

CDP has fair value hedges in place to neutralise the carrying amount of individual assets and liabilities or groups of similar assets and liabilities, as well as macro-hedging of the interest rate risk of portfolios of liabilities in respect of medium / long-term fixed-rate postal funding.

Asset item 80 and liability item 60 report hedging derivatives (when not considered guarantees received in accordance with IAS 39), which at the balance sheet date have either a positive or negative value.

7 - Equity investments

The term “equity investments” refers to investments in subsidiaries (IAS 27), in joint ventures (IAS 31), and associates subject to significant influence (IAS 28) other than financial

assets held for trading (item 20) and financial assets at fair value through profit or loss (item 30) in accordance with IAS 28 and IAS 31.
Subsidiaries are companies in which CDP holds, either directly or indirectly, more than half of the voting rights for the purpose of appointing dependent directors or, in any event, when CDP exercises the power to determine financial and operating policies. Joint ventures are companies in which control is shared with other parties by contract. Associates are companies in which CDP holds, either directly or indirectly, at least 20% of the voting rights or, independently of the proportion of voting rights, companies over which CDP has significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control. Minority interests are recognised as financial assets available for sale (item 40) and are treated as described above.
Equity investments are initially recognised and subsequently carried at cost at the settlement date, including costs and revenues that are directly attributable to the transaction.
Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking account of both its market value and the present value of future cash flows. If this value is lower than the carrying amount, the difference is recognised in the income statement as an impairment loss. This loss is only recognised when the loss in value is significant and persistent. Impairment losses on investments listed on active markets, and unless there are additional, specifically justified reasons, are recognised when the impairment is deemed to be significant, which for investments in listed companies is when the market price is more than 20% lower than the carrying amount for nine months prior to the balance sheet date.
In the absence of market prices or valuation models, the value of the equity investment is prudentially written down by the amount of the loss reported in the financial statements of the investee where the loss is considered to be a reliable indicator of impairment.
Equity investments are derecognised when the contractual rights to the cash flows of the business terminate or when the financial asset is sold, transferring substantially all risks and rewards connected with it.

8 - PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment" includes all non-current tangible assets used in operations governed by IAS 16 and investment property governed by IAS 40. These include assets under finance leases (for the lessee) and operating leases (for the lessor), as well as leasehold improvement costs.
Property, plant and equipment is recognised at purchase cost including incidental expenses and VAT, increased by revaluations carried out under the provisions of specific laws.

The carrying amount represents the book value of the assets net of depreciation. The depreciation rates used are felt to reflect the remaining useful economic lives of the assets.
Newly acquired assets are depreciated as from the period in which they enter service.
Land and buildings are treated as separate assets for accounting purposes, even if purchased together. Therefore, with the transition to the IFRSs, we have separated the value of land from the value of buildings based on appraisals that were previously used in 2005 for the purpose of revaluing company properties that had been recognised in the 2004 financial statements, pursuant to the provisions of the 2006 Finance Act. Land is considered to have an indefinite life and, as such, is not depreciated.
Buildings are depreciated over a 33-year period, which is considered to be the useful life of the buildings themselves.
Assets whose use or nature classifies them as capital equipment are depreciated on a straight line basis over their remaining useful lives. Newly acquired assets are depreciated as from the period in which they enter service.
In the event an asset should suffer a lasting impairment of value, independently of depreciation, it is written down. The original value is restored where the conditions that had prompted the writedown should cease to obtain.
Maintenance and repair costs that do not increase the utility or useful lives of assets are charged directly to income for the year.
"Assets under construction and advances" are composed of advances or expenses incurred in respect of assets and materials that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, depreciation is suspended.

9 - INTANGIBLE ASSETS

"Intangible assets" include goodwill and other intangibles governed by IAS 38.
Intangible assets are recognised at purchase or development cost including incidental expenses and are amortised over their estimated useful lives, which, at the end of each year, is subject to impairment testing in order to verify the appropriateness of the estimates.
An intangible asset is only recognised under the following conditions:
(a) CDP can control the future economic benefits generated by the asset;
(b) it is probable that the expected future economic benefits that are attributable to the asset will flow to the company;
(c) the cost of the asset can be measured reliably.
Intangible assets are therefore derecognised when sold or when future economic benefits are no longer expected.
CDP's intangible assets essentially consist of software.

Costs incurred for the purchase and development of software by third parties are amortised, usually on a straight-line basis, over the residual useful lives of the assets, which is no greater than 5 years.
Costs incurred for software development before the year in which the project is completed are capitalised when the development/implementation of the project is likely to be successful and the utility of the product extends over more than one year. In this case, the costs are amortised over a period of no more than 5 years. In the year in which the software is completed, the costs incurred and not yet amortised are imputed to the asset and the cost is amortised over five years.
Intangible assets under development and advances include advances or costs incurred for intangible assets that have not yet been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, amortisation is suspended.

11– CURRENT AND DEFERRED TAXATION

Income tax (IRES) and the regional tax on business activities (IRAP) are recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year under applicable tax law. In particular, account has been taken of the changes introduced with Law 244 of 24 December 2007 (the 2008 Finance Act) – although the issue of the implementing and coordinating regulations envisaged under Article 1, paragraph 60, of that law have not yet been issued – and with Decree Law 112 of 25 June 2008, which introduced further changes in the calculation of IRES and IRAP. These changes take effect as from the tax period under way as of 25 June 2008, the date the decree came into force.

Deferred taxation - calculated on the basis of the tax rates set out in the applicable tax regulations - regards the recognition of the effects of possible differences, including timing differences, between the valuation of accounting items under tax regulations (which are used to determine taxable income) and that under statutory reporting regulations (which seek to quantify the result for the year).

More specifically, "taxable timing differences" between statutory and tax values are those that will give rise to taxable amounts in future tax periods, while "deductible timing differences" are those that will give rise to deductible amounts in the future.

Deferred tax liabilities – which are correlated with the amount of income that will become taxable in future years – are recognised in the tax provision without offsetting against deferred tax assets, which are recognised in the balance sheet under "Tax assets".
If the deferred tax items regard developments that directly affect shareholders' equity, they are recognised in shareholders' equity.

12 - PROVISIONS

"Provisions" (item 120) are recognised solely under following conditions:

(a) there is a present (legal or constructive) obligation resulting from a past event;
(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
(c) a reliable estimate can be made of the amount of the obligation.

When the financial impact of the time factor is significant and the dates of payment of the obligation can be estimated reliably, the provision is measured as the present value (discounted at market rates as of the balance sheet date) of the charges that are expected to be incurred in order to settle the obligation.

CDP has no "provisions for retirement and similar obligations", while "other provisions" includes the provisions for liabilities and contingencies established in observance of international accounting standards, with the exception of writedowns due to the impairment of guarantees issued and credit derivatives treated as such in accordance with IAS 39, which, where applicable, are recognised under "other liabilities". In particular, CDP's provision for contingencies only includes estimates related to pending litigation, which includes allocations for revocatory actions and suits filed by third parties (including employees and former employees).

The provisions are only used when the charges for which they were originally established are incurred. When the outlay to fulfil the obligation is no longer deemed to be probable, the provision is reversed through the income statement.

13– DEBT AND SECURITIES ISSUED

"Amounts due to banks" (item 10) and "Amounts due to customers" (item 20) include all forms of interbank and customer funding. In particular, these items include all debt of any kind (deposits, current accounts, loans) other than financial liabilities held for trading (item 40), financial liabilities at fair value through profit or loss (item 50), and debt securities under item 30 ("Securities issued"). This includes operating payables. In particular, CDP includes in these items the amounts still to be disbursed for loans being repaid (see the description of CDP Separate Account loans under section 2.4 above).

Securities issued, both listed and unlisted, are measured at amortised cost. The item is reported net of repurchased securities. It also includes securities which, as of the balance

sheet date, have matured but have not yet been redeemed. It does not include the portion of the company's own debt securities issued but not yet placed with third parties.
These are initially measured at fair value including the costs incurred to issue the securities, which normally coincides with the issue price. Subsequent measurement is at amortised cost using the effective interest rate method. The payables are eliminated when they mature or are extinguished.
Securities issued include the postal savings bonds issued by CDP. These bonds are zero-coupon securities (where the interest accrued is paid when the principal is redeemed) with a step-up interest structure (the interest rate increases as the period for which the bond is held increases) and with principal and interest redeemed in a single payment upon maturity, although the bonds may be redeemed at any time prior to the bond's contractual maturity, with principal and interest paid in accordance with the period for which the bond was held.
For financial instruments such as postal savings bonds, IAS 39 calls for the adoption of the amortised cost method and states that the effective interest rate to be used in calculating amortised cost must be equal to the internal rate of return of the estimated (not contractual) cash flows throughout the expected (and not contractual) life of the instrument. Given the aforementioned option of early redemption, the expected life of postal savings bonds is, on average, less than their contractual life. CDP has therefore developed a statistical model for forecasting early redemption of savings bonds based on a time series of redemptions, which is used to price the new issues. The forecasting model used at the time of the bond issue is also used to determine the initial estimated amortisation plan for each series of savings bonds. Based on these estimated flows, the effective interest rate and the amortised cost to be recognised in the balance sheet are then calculated. Differences between the actual early redemptions and these estimates result in an adjustment to the remaining amortisation schedule. In such cases, the IFRSs state that the amortised cost of the instrument being measured is to be equal to the present value of the new estimated future cash flows using the unchanging effective interest rate calculated upon issuing each series of savings bonds as the discount rate. It is also necessary to recognise distribution commissions paid to Poste Italiane S.p.A. as transaction costs. These fees are therefore considered along with the other cash flows for the savings bonds for the purpose of determining the effective interest rate and are no longer amortised at a constant annual rate.

14 - FINANCIAL LIABILITIES HELD FOR TRADING

This item includes all forms of financial liabilities (debt securities, loans, etc.) designated as being held for trading purposes. It does not include the portion of the company's own debt securities issued but not yet placed with third parties.

The financial liabilities are initially recognised at fair value, which generally equals the amount received net of transactions costs or revenues. In cases in which the amount paid differs from the fair value, the financial asset is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is effected at the subscription date for derivative contracts and at the settlement date for debt and equity securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the settlement date.
Financial liabilities held for trading also include derivative contracts embedded in other financial instruments or contracts and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, recognising them separately after separating the embedded derivative from the main contract, which is then treated in accordance with the accounting rules for its own category. This is not done in cases in which the compound instrument containing the derivative is measured at fair value through profit or loss.
Subsequent measurement is at fair value. If the fair value of a financial liability becomes positive, it is recognised as a financial asset held for trading.
Financial liabilities held for trading are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards connected with ownership to a third party. . Conversely, when a prevalent share of the risks and rewards associated with the financial liability are retained, the liability remains on the balance sheet even if official title has been transferred.
The gains and losses on sale or redemption and unrealised gains and losses resulting from the fair value measurement of the trading portfolio are reported under “Net gain (loss) on trading activities” (item 80). The income components are recognised following the results of the measurement of the financial liability held for trading.

16– FOREIGN CURRENCY TRANSACTIONS

Transactions in a foreign currency are initially recognised in euros by translating the amount in the foreign currency into euros at the exchange rate in prevailing on the date of the transaction.
Assets and liabilities denominated in foreign currencies or indexed to foreign currencies, as well as financial assets with funding denominated in or indexed to foreign currencies, are translated at the spot exchange rates prevailing at the end of the period.
Costs and revenues in foreign currencies are recognised at the spot exchange rate prevailing at the time of the transactions.
The effects of this measurement are recognised in the income statement in the period in which they emerge.

Positive and negative foreign exchange differences related to financial assets and liabilities denominated in a foreign currency, other than those that are recognised at fair value or those that are subject to fair value or cash flow hedging and their related hedging instruments, are recognised under “Net gain (loss) on trading activities” (item 80).

17 - OTHER INFORMATION

CASH AND CASH EQUIVALENTS (ITEM 10 OF ASSETS)

Liquid assets are recognised at fair value.

Liquidity is composed of cash on hand at the company and the balances on the current accounts held with the Central State Treasury.

The balance is increased for accrued interest that has not yet been settled on these current accounts. Interest accrues semi-annually at a floating rate determined (pursuant to the decree of the Minister for the Economy and Finance of 5 December 2003) on the basis of the gross yield on 6-month Treasury bills and the monthly level of the Rendistato index.

STAFF SEVERANCE PAY

This provision covers the entire entitlement accrued by employees at the end of the financial year, in conformity with the provisions of law (Article 2120 of the Civil Code) and applicable employment contracts. In accordance with IAS 19, the staff severance pay scheme (TFR) is considered a defined-benefit plan and, therefore, is recognised as the present value of the accumulating obligation (both the present value of the expected future payments related to benefits accrued during the current year and the present value of future payments resulting from amounts accrued in previous years).

It should also be noted that the balance of provisions for staff severance pay is minor given that CDP employees maintained their participation the INPDAP pension scheme after the transformation; therefore, contributions are paid to that institution. As such, the amount shown for TFR is related solely to newly hired employees (under the INPS pension scheme) for amounts accrued until 2006, given that the amounts accrued subsequently were not applied to this fund, but to the supplemental pension fund in accordance with the applicable legislation.

Therefore, the effects of the application of IAS 19 are not significant.

INTEREST INCOME AND EXPENSE

Interest income and expense is recognised in the income statement for all instruments based on amortised cost using the effective interest method.

Interest also includes the net positive or negative balance of the differences and margins related to financial derivative contracts.

COMMISSIONS

Commissions are recognised in the income statement on an accruals basis. This excludes commissions considered when calculating amortised cost for the purpose of determining the effective interest rate, which are recognised under interest.

DIVIDENDS

Dividends are recognised as income in the period in which they are approved for distribution.

INFORMATION ON THE BALANCE SHEET

ASSETS

SECTION 1 – CASH AND CASH EQUIVALENTS – ITEM 10

The liquid assets of CDP S.p.A. are mainly held the treasury current accounts it has at the Bank of Italy:

- the interest-bearing account no. 29814 denominated "*Cassa DP SPA-gestione separata*" holds all liquid balances associated with the operations conducted by CDP in its activities under the Separate Account. At the end of the first half of 2008 the balance on the account was about €95,344 million.
- the non-interest-bearing current account no. 29815 denominated "*CDP SPA-pagamenti*" is used to deposit funds in respect of payment instructions issued by CDP to extinguish liabilities with the provincial state treasury sections of the Bank of Italy. At the end of the first half of 2008 the balance on the account was about €25 million.

As envisaged by Article 6.1 of the MEF decree of 5 December 2003, the Ministry for the Economy and Finance pays semi-annual interest on account no. 29814 the interest-bearing treasury account at a floating rate equal to the simple arithmetic mean between the gross yield on 6-month Treasury bonds and the monthly level of the Rendistato index.

Interest accrued and not yet paid on account no. 29814 amounted to about €1,988 million.

FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

(thousands of euros)

FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

	30/06/2008		31/12/2007	
	Listed	Unlisted	Listed	Unlisted
A On-balance-sheet assets				
1. Debt securities				
1.1 Structured securities				
1.2 Other debt securities				
2. Equity securities				
3. Units in collective investment undertakings				
4. Loans				
4.1 repurchase agreements				
4.2 other				
5. Impaired assets				
6. Assets assigned but not derecognized				
Total (A)				
B Derivatives				
1. Financial derivatives:		361,717		353,727
1.1 trading		361,717		353,727
1.2 associated with fair value option				
1.3 other				
2. Credit derivatives				
2.1 trading				
2.2 associated with fair value option				
2.3 other				
Total (B)		**361,717**		**353,727**
Total (A+B)		**361,717**		**353,727**

The financial derivatives set out in the table regard options purchased to hedge the embedded option component of indexed bonds. This option component was separated from the host instrument (indexed bonds) and was classified among financial liabilities held for trading.

(thousands of euros)

FINANCIAL ASSETS HELD FOR TRADING: DERIVATIVES

	Interest rates	Foreign currencies and gold	Equity securities	Loans	Other	30/06/2008	31/12/2007
A) Listed							
1. Financial derivatives:							
• with exchange of principal							
- options purchased							
- other derivatives							
• without exchange of principal							
- options purchased							
- other derivatives							
2. Credit derivatives:							
• with exchange of principal							
• without exchange of principal							
Total (A)							
B) Unlisted							
1. Financial derivatives:			361,717			361,717	353,727
• with exchange of principal							
- options purchased							
- other derivatives							
• without exchange of principal							
- options purchased			361,717			361,717	353,727
- other derivatives							
2. Credit derivatives:							
• with exchange of principal							
• without exchange of principal							
Total B			**361,717**			**361,717**	**353,727**
Total (A+B)			**361,717**			**361,717**	**353,727**

FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

(thousands of euros)

FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY TYPE

	30/06/2008		31/12/2007	
	Listed	Unlisted	Listed	Unlisted
1. Debt securities	201,321	10,208	201,853	10,175
1.1 Structured securities				
1.2 Other debt securities	201,321	10,208	201,853	10,175
2. Equity securities	13,276,477	9,716	15,132,166	9,716
2.1 Recognised at fair value	13,276,477		15,132,166	
2.2 Recognised at cost		9,716		9,716
3. Units in collective investment undertakings		2,211		1,328
4. Loans				
5. Impaired assets				
6. Assets assigned but not derecognized				
Total	**13,477,798**	**22,135**	**15,334,019**	**21,219**

The significant decrease in the item is due to the fair value measurement of the investment in ENI S.p.A. and ENEL S.p.A.

FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

During the period, CDP acquired inflation-linked treasury bonds with a nominal value of €200 million in response to the increasing exposure of the balance sheet to inflation due to the issue of postal savings bonds indexed to inflation.

LOANS TO BANKS – ITEM 60

(thousands of euros)

LOANS TO BANKS: COMPOSITION BY TYPE

	30/06/2008	31/12/2007
A. Claims on central banks	**3,606,338**	**3,057,031**
1. Fixed-term deposits		
2. Reserve requirement	3,606,338	3,057,031
3. Repurchase agreements		
4. Other		
B. Loans to banks	**885,709**	**827,681**
1. Current accounts and free deposits	283,170	228,995
2. Fixed-term deposits	141,462	129,355
3. Other financing	461,077	469,331
3.1 repurchase agreements		
3.2 finance leases		
3.3 other	461,077	469,331
4. Debt securities		
4.1 structured		
4.2 other debt securities		
5. Impaired assets		
6. Assets assigned but not derecognized		
Total (book value)	**4,492,047**	**3,884,712**

The increase is largely attributable to the balance on the management account for the reserve requirement.

LOANS TO CUSTOMERS – ITEM 70

Loans to customers regard lending operations under the Separate Account and Ordinary Account of CDP and include bonds issued by municipal and regional governments. The following table provides a breakdown of the positions by technical form.

(thousands of euros)

LOANS TO CUSTOMERS: COMPOSITION BY TYPE

	30/06/2008	31/12/2007
1. Current accounts	59	36
2. Repurchase agreements		
3. Loans	78,584,626	76,880,021
4. Credit cards, personal loans and loans repaid by automatic deductions from wages		
5. Finance leases		
6. Factoring		
7. Other	85	805,970
8. Debt securities	615,925	557,670
8.1 structured		
8.2 other debt securities	615,925	557,670
9. Impaired assets	26,253	110,222
10. Assets assigned but not derecognized		
Total (book value)	**79,226,948**	**78,353,919**

Loans also include €17,100.5 million, highlighted in the balance sheet, pledged as collateral for covered bonds issued by CDP.

Total writedowns of loans amount to €51.5 million. On the basis of the quality of the borrowers, the guarantees securing the loans and the regular payment of instalments, as well as the experience of the CDP in this area, it was not considered necessary to carry out a collective writedown of the loan portfolio.

(thousands of euros)

ON-BALANCE-SHEET EXPOSURES TO CUSTOMERS: CHANGES IN GROSS IMPAIRED POSITIONS EXPOSED TO COUNTRY RISK

	Bad debts	Substandard loans	Restructured positions	Past due positions	Country risk
A. Opening gross exposure	**29,169**	**35,845**	**-**	**46,502**	**-**
- of which: exposures assigned but not derecognized					
B. Increases	**135**	**595**	**-**	**3,272**	**-**
B.1 from performing positions				157	
B.2 transfers from other categories of impaired positions				1,717	
B.3 other increases	135	595		1.398	
C. Decreases	**(838)**	**(3,394)**	**-**	**(33,566)**	**-**
C.1 to performing positions				(33,521)	
C.2 writeoffs	(120)	(10)			
C.3 collections	(718)	(1,667)		(45)	
C.4 assignments					
C.5 transfers to other categories of impaired positions		(1,717)			
C.6 other decreases					
D. Closing gross exposure	**28,466**	**33,046**	**-**	**16,208**	**-**
- of which: exposures assigned but not derecognized					

(thousands of euros)

ON-BALANCE-SHEET EXPOSURES: CHANGES IN TOTAL ADJUSTMENTS

	Bad debts	Substandard loans	Restructured positions	Past due positions	Country risk
A. Total opening adjustments	**26,402**	**24,144**	**-**	**-**	**-**
- of which: exposures assigned but not derecognized					
B. Increases	**135**	**908**	**-**	**-**	**-**
B.1 writedowns	135	908			
B.2 transfers from other categories of impaired positions					
B.3 other increases					
C. Decreases	**(111)**	**(10)**	**-**	**-**	**-**
C.1 writebacks from valuations					
C. 2 writebacks from collection					
C.3 writeoffs	(111)	(10)			
C.4 transfers to other categories of impaired positions					
C.5 other decreases					
D. Total closing adjustments	**26,426**	**25,042**	**-**	**-**	**-**
- of which: exposures assigned but not derecognized					

HEDGING DERIVATIVES – ITEM 80

(thousands of euros)

HEDGING DERIVATIVES: COMPOSITION BY TYPE OF CONTRACT AND UNDERLYING

	Interest rates	Foreign currencies and gold	Equity securities	Loans	Other	Total
A) Listed						
1. Financial derivatives						
• with exchange of principal						
- purchased options						
- other derivatives						
• without exchange of principal						
- purchased options						
- other derivatives						
2. Credit derivatives						
• with exchange of principal						
• without exchange of principal						
Total A						
B) Unlisted						
1. Financial derivatives	**1,115,676**					**1,115,676**
• with exchange of principal						
- purchased options						
- other derivatives						
• without exchange of principal	1,115,676					**1,115,676**
- purchased options						
- other derivatives	1,115,676					**1,115,676**
2. Credit derivatives						
• with exchange of principal						
• without exchange of principal						
Total B	**1,115,676**					**1,115,676**
Total (A+B) 30/06/2008	**1,115,676**					**1,115,676**
Total (A+B) 31/12/2007	**828,581**					**828,581**

EQUITY INVESTMENTS – ITEM 100

EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE: INFORMATION ON INVESTMENTS

	Registered office	% holding	% of votes
A. Wholly-owned subsidiaries			
1. Terna S.p.A.	Rome	29.99%	29.99%
B. Joint ventures			
C. Companies under significant influence			
1. Poste italiane S.p.A.	Rome	35.00%	35.00%
2. ST Holding N.V.	Amsterdam	30.00%	30.00%
3. Galaxy S.àr.l.	Luxembourg	40.00%	40.00%
4. Europrogetti & Finanza S.p.A.	Rome	31.80%	31.80%
5. Tunnel di Genova	Genoa	33.33%	33.33%

PROPERTY, PLANT AND EQUIPMENT – ITEM 110

Property, plant and equipment includes all of the movable and immovable property of Cassa Depositi e Prestiti, net of depreciation, and at year-end break down as follows:

(thousands of euros)

PROPERTY, PLANT AND EQUIPMENT: COMPOSITION OF ASSETS RECOGNIZED AT COST

	30/06/2008	31/12/2007
A. Operating assets		
1.1 owned	**207,524**	**208,205**
a) land	117,406	117,406
b) buildings	73,329	74,237
c) movables	3,661	3,093
d) electrical plant	5,359	5,396
e) other	7,769	8,073
1.2 acquired under finance leases		
a) land		
b) buildings		
c) movables		
d) electrical plant		
Total A	**207,524**	**208,205**
B. Investment property		
2.1 owned		
a) land		
b) buildings		
2.2 acquired under finance leases		
a) land		
b) buildings		
Total B	**-**	**-**
Total (A+B)	**207,524**	**208,205**

SECTION 12 – INTANGIBLE ASSETS – ITEM 120

Intangible assets break down as follows:

(thousands of euros)

INTANGIBLE ASSETS: COMPOSITION BY CATEGORY

	30/06/2008		31/12/2007	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill				
A.2 Other intangible assets	**6,862**		**5,469**	
A.2.1 Assets carried at cost	6,862		5,469	
a) internally-generated intangible assets				
b) other assets	6,862		5,469	
A.2.2 Assets recognised at fair value:				
a) internally-generated intangible assets				
b) other assets				
Total	**6,862**		**5,469**	

With regard to the disclosures required under international accounting standards, it should be noted that:

a) intangible assets were not revalued;

b) no intangible assets acquired by way of government grants are held (IAS 38, paragraph 122, letter c);

c) no intangible assets are pledged as security for liabilities (IAS 38, paragraph 122, letter d);

d) there are no contractual commitments for the purchase of intangible assets (IAS 38, paragraph 122, letter e);

e) no intangible assets are the object of leasing transactions.

TAX ASSETS AND LIABILITIES – ITEM 130 OF ASSETS AND ITEM 80 OF LIABILITIES

Deferred tax assets: composition and changes

Deferred tax assets at 30 June 2008, equal to €325.55 million, arise in respect of temporary differences, which will become deductible in subsequent periods, that mainly regard provisions for future liabilities and charges, unpaid remuneration of directors, statutory depreciation and amortisation charges exceeding those reported for tax purposes, entertainment expenses and the fair value measurement of hedges of debt securities issued by CDP and amounts due to banks, performed in application of international accounting standards.

The decrease of €0.65 million with respect to 31 December 2007 is essentially attributable to the effect of the reduction in the item "Due to banks" (the assets were recognised at FTA), and provisions, as well as the increase in temporary differences associated with the fair value writedowns of the debt securities portfolio and units of the PPP Italia investment fund, which are recognised under assets as AFS financial assets.

Deferred tax liabilities: composition and changes

Deferred tax liabilities, equal to €613.15 million, arise in respect of temporary differences, which will become taxable in subsequent periods, regarding the fair value measurement of assets in the AFS portfolio, debt securities issued by CDP that have been hedged and derivatives used to hedge cash flows in respect of financial liabilities and the loan-loss provision recognised on an off-ledger basis in a specific section of the income tax return.

The total decrease of €25.26 million with respect to 31 December 2007 is attributable in the amount of €25.51 million to the reduction in the fair value of the investments in Eni and Enel, carried as AFS financial assets, net of the increase in respect of cash flow hedging derivatives and dividends recognised but not collected at the balance sheet date.

LIABILITIES

DUE TO BANKS – ITEM 10

(thousands of euros)

DUE TO BANKS: COMPOSITION BY TYPE

	30/06/2008	31/12/2007
1. Due to central banks	**25,308**	**318,341**
2. Due to banks	**1,377,591**	**944,802**
2.1 Current accounts and demand deposits	1,037	4,002
2.2 Fixed-term deposits	889,415	410,275
2.3 Borrowings	471,312	515,002
2.3.1 finance leases		
2.3.2 other	471,312	515,002
2.4 Liabilities in respect of commitments to repurchase own equity instruments		
2.5 Liabilities in respect of assets assigned but not derecognized		
2.5.1 repurchase agreements		
2.5.2 other		
2.6 Other payables	15,827	15,523
Total	**1,402,899**	**1,263,143**

Amounts due to other banks include the debt in respect of financial contracts with deferred settlement and cash collateral securing the credit risk on derivatives.

Other borrowings regard loans from the EIB and amounts to be transferred to banks in the loan monetization operation.

DUE TO CUSTOMERS – ITEM 20

(thousands of euros)

DUE TO CUSTOMERS: COMPOSITION BY TYPE

	30/06/2008	31/12/2007
1. Current accounts and demand deposits	77,789,734	76,282,114
2. Fixed-term deposits		
3. Third-party funds under administration		
4. Borrowings		
4.1 finance leases		
4.2 other		
5. Liabilities in respect of commitments to repurchase own equity instruments		
6. Liabilities in respect of assets assigned but not derecognized		
6.1 repurchase agreements		
6.2 other		
7. Other payables	11,970,150	11,334,969
Total	**89,759,884**	**87,617,083**

"Current accounts and demand deposits" regard the value at 30 June 2008 of postal passbooks issued by CDP.

Other payables mainly regard amounts to be disbursed on loans granted.

SECURITIES ISSUED – ITEM 30

(thousands of euros)

SECURITIES ISSUED: COMPOSITION BY TYPE

	30/06/2008	31/12/2007
A. Listed	**7,770,156**	**7,900,926**
1. bonds	7,770,156	7,900,926
1.1 structured		
1.2 other	7,770,156	7,900,926
2. other		
2.1 structured		
2.2 other		
B. Unlisted	**87,382,877**	**82,253,654**
1. bonds	1,533,583	1,291,538
1.1 structured		
1.2 other	1,533,583	1,291,538
2. other	85,849,294	80,962,116
2.1 structured	5,676,218	4,504,760
2.2 other	80,173,076	76,457,356
Total	**95,153,033**	**90,154,580**

The item includes covered bonds, bonds issued under the Euro Medium Term Notes programme and postal savings bonds.

Other structured securities report indexed postal savings bonds and the Premia bonds, for which the embedded derivative has been separated from the host contract.

FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 40

(thousands of euros)

FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

	30/06/2008				31/12/2007			
	NV	FV		FV *	NV	FV		FV *
		L	UL			L	UL	
A. On-balance-sheet liabilities								
1. Due to banks								
2. Due to customers								
3. Debt securities								
3.1 Bonds								
3.1.1 structured								
3.1.2 other bonds								
3.2 Other securities								
3.2.1 structured								
3.2.2 other								
Total A								
B. Derivatives								
1. Financial derivatives		351,963					362,441	
1.1 trading								
1.2 associated with fair value option								
1.3 other		351,963					362,441	
2. Credit derivatives								
2.1 trading								
2.2 associated with fair value option								
2.3 other								
Total B		**351,963**					**362,441**	
Total (A+B)		**351,963**					**362,441**	

Key
FV = fair value
FV* = fair value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date .
NV = nominal or notional value
L = listed
UL = unlisted

The item includes the embedded option component of indexed bonds that was separated from the host contract.

(thousands of euros)

FINANCIAL LIABILITIES HELD FOR TRADING: DERIVATIVES

	Interest rates	Foreign currencies and gold	Equity securities	Loans	Other	30/06/2008	31/12/2007
A) Listed							
1. Financial derivatives							
• with exchange of principal							
- options written							
- other derivatives							
• without exchange of principal							
- options written							
- other derivatives							
2. Credit derivatives							
• with exchange of principal							
• without exchange of principal							
Total A							
B) Unlisted							
1. Financial derivatives			**351,963**			351,963	**362,441**
• with exchange of principal							
- options written							
- other derivatives							
• without exchange of principal			351,963			351,963	362,441
- options written			351,963			351,963	362,441
- other derivatives							
2. Credit derivatives							
• with exchange of principal							
• without exchange of principal							
Total B			**351,963**			**351,963**	**362,441**
Total (A+B)			**351,963**			**351,963**	**362,441**

HEDGING DERIVATIVES – ITEM 60

(thousands of eruors)

HEDGING DERIVATIVES: COMPOSITION BY TYPE OF CONTRACT AND UNDERLYINGS

	Interest rates	Foreign currencies and gold	Equity securities	Loans	Other	Total
A) Listed						
1. Financial derivatives						
• with exchange of principal						
- options written						
- other derivatives						
• without exchange of principal						
- options written						
- other derivatives						
2. Credit derivatives						
• with exchange of principal						
• without exchange of principal						
Total A						
B) Unlisted						
1. Financial derivatives	**1,098,099**	**796**				**1,098,895**
• with exchange of principal		796				796
- options written						
- other derivatives		796				796
• without exchange of principal	1,098,099					1,098,099
- options written						
- other derivatives	1,098,099					1,098,099
2. Credit derivatives						
• with exchange of principal						
• without exchange of principal						
Total B	**1,098,099**	**796**				**1,098,895**
Total (A+B) 30/06/2008	**1,098,099**	**796**				**1,098,895**
Total (A+B) 31/12/2007	**895,008**	**1,251**				**896,259**

At the end of the period, the only open cash flow hedge regarded the issue of a fixed-rate covered bond in yen, which was hedged with a cross currency swap to counter the

uncertainty concerning cash flows due to possible exchange rate variations. The hedge converts the original exposure into a fixed rate in euros.
The cash flow hedge reserve at 30 June 2008 amounted to €2,370 million.

PROVISIONS – ITEM 120

The increase in provisions of about €3.4 million is attributable to the contingent liabilities arising during the period.

SHAREHOLDERS' EQUITY – ITEMS 130, 150, 160, 170, 180, 190 AND 200

(thousands of euros)

SHAREHOLDERS' EQUITY: COMPOSITION

	30/06/2008	31/12/2007
1. Share capital	3,500,000	3,500,000
2. Share premium reserve		
3. Reserves	3,664,760	2,746,235
4. (Treasury shares)		
5. Valuation reserves	4,905,745	6,736,284
6. Equity instruments		
7. Net income (loss) for the period	805,147	1,373,525
Total	**12,875,652**	**14,356,044**

The decrease in valuation reserves is essentially attributable to the measurement of the investments in ENI S.p.A. and ENEL S.p.A. at end-period prices.
The increase in "Reserves" is a consequence of the allocation of net income at 31 December 2007, which in the first half of 2008 saw the allocation of about €850 million to reserves and the payment of a dividend of €318.5 million on ordinary shares and €136.5 million on preference shares.

The share capital of €3,500,000,000 is fully paid up and is composed of 245,000,000 ordinary shares and 105,000,000 preference shares with a par value of €10 each.

The company does not hold treasury shares.

Under the Articles of association, the preference shares have the following main characteristics:

- the preference shareholders is entitled to a preferred dividend equal to the rate of inflation increase by 3 percentage points on the par value of the shares;
- in the event of no or partial payment of the preferred dividend, the entitlement to the dividend shall accumulate in subsequent years;
- until 31 December 2009, if the preferred dividend is not distributed, the preference shareholders, at any time until 31 December 2009, may withdraw, receiving in

settlement an amount equal to the value of the fraction of share capital represented by the preference shares plus any positive or negative difference between the preferred dividend accrued and that actually received;

- preference shares shall be automatically converted into ordinary shares as from 1 January 2010, on the basis of a conversion ratio determined by the Board of Directors. Holders of preference shares who do not intend to avail themselves of the automatic conversion shall have the right to withdraw from the company, receiving in settlement an amount equal to the value of the fraction of share capital represented by the preference shares plus any positive or negative difference between the preferred dividend accrued and that actually received; the withdrawal option must be exercised between 1 October 2009 and 15 December 2009.

The value of share capital represented by the preference shares is recognised, together with that of the ordinary shares, under item “180. Share capital”.

From an accounting standpoint, it was felt appropriate to treat the preference shares as ordinary shares under the terms of the agreement formalised between ACRI, the association of banking foundations and savings banks (signed in the name and on behalf of the foundations who are shareholders of the company), and the Ministry for the Economy and Finance on 4 April 2007, with which the foundations, the holders of the preference shares, and the MEF expressed their joint intention to convert the shares by the end of 2007, before the time limit specified in the articles of association.

However, the conversion process was delayed due to contingent circumstances regarding the possibility of restructuring the company. In March 2008, the MEF and the foundations (acting through ACRI) both confirmed their intention to convert the shares, setting a time limit of 31 December 2008 to complete the procedure.

The treatment of the preference shares as a component of shareholders’ equity, rather than as a financial instrument composed of a financial liability and an equity instrument, is in accordance with the intentions of the shareholders, which underscored the equity nature of the shares, in line with the provisions of the company’s articles of association, where the preference shares are included in share capital.

The intention of the shareholders to proceed with early conversion in accordance with the above timetable is an essential element supporting to accounting treatment that has been adopted. If the conversion is not carried out by the deadline specified above, the component of the preference shares that is not ascribable to an equity instrument will be reclassified as a financial liability.

INFORMATION ON THE INCOME STATEMENT

INTEREST – ITEMS 10 AND 20

(thousands of euros)

INTEREST INCOME AND SIMILAR REVENUES: COMPOSITION

	Performing financial assets		Impaired financial assets	Other assets	1st half 2008	1st half 2007
	Debt securities	Loans				
1 Financial assets held for trading						
2 Financial assets available for sale	4,781				**4,781**	**4,197**
3 Financial assets held to maturity	1,335				**1,335**	**-**
4 Loans to banks		8,917		72,727	**81,644**	**63,850**
5 Loans to customers	12,005	1,895,316	2,611		**1,909,932**	**1,889,237**
6 Financial assets recognised at fair value						
7 Hedging derivatives						
8 Financial assets assigned but not derecognized						
9 Other assets				1,987,598	**1,987,598**	**1,468,022**
Total	**18,121**	**1,904,233**	**2,611**	**2,060,325**	**3,985,290**	**3,425,306**

The item reports the remuneration of the activities of CDP with regard to:

- loans to customers: interest income on loans to customers, equal to about €1,907 million, represents the revenues on CDP lending activities;

- debt securities: interest income on debt securities, equal to about €18 million, mainly regards interest accrued on municipal and regional bonds subscribed by CDP;

- other interest income: this is primarily composed of interest income on treasury account no. 29814, equal to about €1,988 million.

(thousands of euros)

INTEREST EXPENSE AND SIMILAR CHARGES: COMPOSITION

	Debt	Securities	Other liabilities	1st half 2008	1st half 2007
1 Due to banks	18,162			**18,162**	**7,954**
2 Due to customers	1,084,413			**1,084,413**	**805,455**
3 Securities issued		1,665,780		**1,665,780**	**1,512,892**
4 Financial liabilities held for trading					
5 Financial liabilities at fair value					
6 Financial liabilities in respect of assets assigned but not derecognized					
7 Other liabilities					
8 Hedging derivatives			47,655	**47,655**	**69,502**
Total	**1,102,575**	**1,665,780**	**47,655**	**2,816,010**	**2,395,803**

Interest expense on amounts due to customers mainly regards interest on passbook savings accounts, totalling about €818 million, an increase of 44% on the first half of 2007, and interest on loans being repaid but not yet disbursed by CDP, equal to about €266 million.

Interest on debt securities regarded bond issues for about €166 million and postal savings bonds for about €1,500 million.

The negative differences on hedges amounted to about €48 million.

COMMISSIONS - ITEMS 40 AND 50

During the period, CDP earned commission income on lending operations amounting to about €1 million and commission income of about €1.5 million relating to the agreement signed with the Ministry for the Economy and Finance in respect of assets and liabilities transferred to the MEF pursuant to Article 3 of the ministerial decree of 5 December 2003.

Commission expense mainly regards the charge for the period, equal to about €404 million, of the remuneration paid to Poste Italiane S.p.A. for managing and placing postal funding products.

DIVIDENDS AND SIMILAR REVENUES - ITEM 70

Dividends regard the accrued share attributable to CDP S.p.A. from its equity investments in Istituto per il Credito Sportivo (about €2.4 million), ENI S.p.A. (about €280 million), ENEL S.p.A. (about €182 million), Poste Italiane (about €86 million), Terna (€57 million), STH (about €21 million) and SINLOC (about €65 thousand).

NET GAIN (LOSS) ON HEDGING ACTIVITIES - ITEM 90

This item showed a net loss of about €3.4 million at 30 June 2008, an improvement of about €68 million compared with the first half of 2007. The result at 30 June 2007 was attributable to a revision of the method used to estimate redemptions of postal savings bonds in 2007.

GENERAL AND ADMINISTRATIVE EXPENSES – ITEM 150

Staff costs came to about €15.9 million, broadly in line with the year-earlier period.
Other administrative expenses totalled some €12.7 million, a decrease of 3% on the first half of 2007.

GAINS (LOSSES) ON EQUITY INVESTMENTS – ITEM 210

The writedown of €266 million regards the investment in STMicroelectronics Holding N.V. following the decline in the price of STMicroeletronics shares, which are the only asset of the company.

SEGMENT INFORMATION

A. PRIMARY BASIS OF REPORTING

CDP S.p.A. is subject to a system of organizational and accounting separation under Article 5.8 of Decree Law 269 of 30 September 2003, ratified with amendments by Law 326 of 24 November 2003.

In order to create an accounting separation system, the organisational structure of the company was therefore divided into three operating units called, respectively, Separate Account, Ordinary Account and Joint Services, within which CDP's existing organisational units have been re-grouped.

Separate Account

The role of the Separate Account is to pursue the mission of general economic interest entrusted to CDP by law.

The bylaws of CDP, in accordance with law, allocate the following activities to the Separate Account:

- financing in any form, including the acquisition of trade receivables, for the state, regional governments, local authorities, public bodies and public-law entities using repayable funds raised from postal savings bonds and passbook savings accounts that benefit from state guarantees and are distributed through Poste Italiane S.p.A. or its subsidiaries, and funds raised from the issue of securities, borrowing and other financial operations with state guarantees;
- the acquisition of equity investments transferred or contributed to CDP by one or more decrees of the Minister for the Economy and Finance pursuant to Article 5.3(b) of Decree Law 269, the management of which complies with the criteria provided for in the decree of the Minister for the Economy and Finance referred to in Article 5.11(d) of Decree Law 269;
- the management, where assigned by the Minister for the Economy and Finance, of the functions, assets and liabilities of CDP, prior to its transformation, transferred to the MEF pursuant to Article 5.3(a) of Decree Law 269, as well as the management of any other public function and activities of general interest assigned by act of law, administrative regulations or contract;

- the provision of assistance and consulting to the parties listed in the first point.

As regards the organisational structure of CDP, divisions falling under the Separate Account include the Public Investments division, the Development Policies & Management Support division, the Postal Savings section of the Finance division, as well as the Parliamentary Supervisory Committee.

Ordinary Account

All CDP's other business activities that are not specifically attributed to the Separate Account are carried out by the Ordinary Account. Therefore, the Ordinary Account represents the range of activities carried out by CDP that are not assigned under statute to the Separate Account.

Specifically, CDP's Bylaws include among the activities designed to achieve its mission that are not assigned to the Separate Account:

- financing in any form, including the acquisition of trade payables, of works, plant, networks, and other resources intended for the delivery of public services and for reclamation projects using funds raised through the issue of securities, borrowing and other financial operations, without state guarantees and excluding demand funding and with funding exclusively from institutional investors. For this purpose, CDP may issue securities of any kind and may obtain financing from shareholders or third parties. CDP also obtains funding using grants provided in any form by the state, public or private entities or international bodies and any other of its own resources and financial revenues compatible with its mission;
- providing consulting services and conducting studies, research and analysis of economic and financial matters.

From an organisational standpoint, the activities of the Infrastructure and Strategic Projects division are included in the Ordinary Account.

Joint Services

Joint Services include the support departments, the corporate bodies and bodies provided for in the Bylaws (except for the Parliamentary Supervisory Committee, which regards the Separate Account), the offices of the Chairman and the Deputy Chairman, Corporate and the Finance division. The latter acts as an internal counterparty for all the other divisions and thus provides support for all CDP's activities.

For more information on CDP's system of accounting separation, please refer to the interim report on operations.

A.1 Distribution by sector: income statement

(thousands of euros)

	Separate Account	Ordinary Account	Joint Services	Eliminations	Total CDP
Interest income and similar revenues	3,946,836	39,707	-	-1,254	**3,985,290**
- of which in respect of internal transactions	*759*	*494*	-	*-1,254*	
Interest expense and similar charges	-2,779,362	-37,902	0	1,254	**-2,816,010**
- of which in respect of internal transactions	*-494*	*-759*	-	*1,254*	
Net interest income	1,167,474	1,805	0	-	**1,169,279**
Net commissions	-402,876	1,026	-36	-	**-401,887**
Dividends and similar revenues	628,637	-	-	-	**628,637**
Net gain (loss) on trading activities	-3,946	-	-	-	**-3,946**
Net gain (loss) on hedging activities	-3,397	-16	-	-	**-3,414**
Gains (losses) on disposal or repurchase of loans	2,588	12	-	-	**2,600**
Gross income	1,388,480	2,827	-36	-	**1,391,270**
Net impairment adjustments of loans	-1,051	-	-	-	**-1,051**
Administrative expenses	-6,323	-1,091	-21,109	-	**-28,523**
Other operating income (costs)	37	1	351	-	**389**
OPERATING INCOME	1,381,143	1,737	-20,795	-	**1,362,085**

A.2 Distribution by segment: balance sheet

(thousands of euros)

	Separate Account	Ordinary Account	Joint Services	Total CDP
Loans to customers	77,819,632	1,407,308	8	79,226,948
Due to customers	89,759,838	47	-	89,759,884
Securities issued	93,619,450	1,533,583	-	95,153,033
Cash and cash equivalents and net interbank position *	100,391,662	62,423	-8,444	100,445,641

* Equal to the algebraic sum of the balance-sheet items Cash and cash equivalents, Loans to banks and Due to banks

TRANSACTIONS WITH RELATED PARTIES

1. Information on the compensation of directors and management

(thousands of euros)

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

	1st half 2008
a) Directors	380
b) Statutory auditors	54
Total	**434**

(thousands of euros)

REMUNERATION OF RELATED PARTIES (1)

	1st half 2008
(a) short-term benefits	2,207
(b) post-employment benefits	36
(c) other long-term benefits	-
(d) severance benefits	116
(e) share-based payments	-
Total	**2,359**

(1) Includes gross compensation and related social security contributions of directors and senior management

(thousands of euros)

REMUNERATION PAID TO DIRECTORS AND STATUTORY AUDITORS

Name	Position	Period in office	End of term (*)	Compensation and bonuses
Board of Directors				
Alfonso Iozzo	Chairman	01/01/08-30/06/08	2009	100
Franco Bassanini	Deputy Chairman	01/01/08-30/06/08	2009	55
Vittorio Grilli	Director	01/01/08-30/06/08	2009	(**)
Nunzio Guglielmino	Director	01/01/08-30/06/08	2009	18
Luisa Torchia	Director	01/01/08-30/06/08	2009	21
Renato Cambursano	Director	01/01/08-30/06/08	2009	12
Francesco Giovannucci	Director	01/01/08-30/06/08	2009	18
Gianfranco Imperatori	Director	01/01/08-30/06/08	2009	21
Gianfranco Viesti	Director	01/01/08-30/06/08	2009	18
Supplementary members for administration of Separate Account (Art. 5.8, Decree Law 269/2003)				
Edoardo Grisolia	Director (1)	01/01/08-30/06/08	2009	(**)
Maria Cannata	Director (2)	01/01/08-30/06/08	2009	(**)
Isaia Sales	Director (3)	01/01/08-30/06/08	2009	18
Francesco Scalia	Director (3)	01/01/08-30/06/08	2009	21
Giuseppe Pericu	Director (3)	01/01/08-30/06/08	2009	18
Board of Auditors				
Alberto Sabatini	Chairman	01/01/08-30/06/08	2009	14
Mario Basili	Auditor	01/01/08-30/06/08	2009	(**)
Fabio Alberto Roversi Monaco	Auditor	01/01/08-30/06/08	2009	10
Antonello Arru	Auditor	01/01/08-30/06/08	2009	10
Biagio Mazzotta	Auditor	01/01/08-30/06/08	2009	(**)
Francesco Bilotti	Alternate	01/01/08-30/06/08	2009	-
Gerhard Brandstätter	Alternate	01/01/08-30/06/08	2009	-

(*) *Date of Shareholders' Meeting called to approve financial statements for the year*

(**) *The remuneration is paid to the Ministry for the Economy and Finance*

(1) Delegate of State Accountant General

(2) Delegate of Director General of the Treasury

(3) Appointed with MEF decree on 25 May 2007

2. Information on transactions with related parties

With the exception of transactions with Poste Italiane S.p.A., which places postal savings products on behalf of CDP, in the first half of 2008 CDP did not carry out any atypical or unusual transactions with related parties whose size could have an impact on the assets and liabilities or performance of the company. All transactions with related parties were carried out on an arm's length basis and form part of CDP's ordinary operations.

At 30 June 2008 CDP had the following transactions with the parent and associates, while it had no transactions with its subsidiary, Terna S.p.A.

Transactions with the Ministry for the Economy and Finance

The main transactions conducted with the Ministry for the Economy and Finance regarded the treasury service performed by the MEF and lending transactions.

Specifically, CDP's liquidity is deposited on the interest-bearing account no. 29814 at the Central State Treasury and earns interest, as envisaged by Article 6.1 of the decree of the Minister for the Economy and Finance of 5 December 2003, at a floating 6-month rate equal to the simple arithmetic average of the gross yield on 6-month treasury bills and the level of the monthly Rendistato index.

As regards receivables in respect of loans, it should be noted that more than 40% of CDP's portfolio is repaid by the state.

CDP also manages loans and postal savings products owned by the MEF, for which it receives a fee established in a specific contract.

Outstanding transactions and the related financial effects at period-end were as follows:

(thousands of euros)

Transactions with Ministry for the Economy and Financ	**30/06/2008**
Current account balances	97,356,479
Loans to customers	32,652,328
Other assets	7,248
Due to customers	4,482,094
Other liabilities	55
Interest income	2,821,892
Commission income for services rendered	1,500
Interest expense	(105,565)

Transactions with subsidiaries

At the end of the first half of 2008, CDP had no outstanding transactions with Terna.

Transactions with associates

Transactions with associates are entirely accounted for by relations with Poste Italiane S.p.A., including both the placement and management service for postal savings products and loans granted by CDP.

The service provided by Poste Italiane is remunerated with an annual commission set in a specific agreement between the parties.

Outstanding transactions and the related financial effects at period-end were as follows:

(thousands of euros)

Transactions with associates	**30/06/2008**
Loans to customers	1,014,351
Other assets	24,023
Due to customers	90,234
Other liabilities	667,570
Interest income	19,373
Commission expense for services received	(667,570)
of which: subject to amortisation	*(263,184)*

ANNEXES

ANNEX 1

LIST OF EQUITY INVESTMENTS

ANNEX 2

ACCOUNTS AT 30 JUNE 2008 OF THE SEGREGATED TAV ASSETS

Annex 1

(thousands of euros)

LIST OF EQUITY INVESTMENTS

	Registered office	% holding	Book value
A. Listed companies			
1. Eni S.p.A.	Rome	9.99%	9,486,834
2. Enel S.p.A.	Rome	10.14%	3,789,643
3. Terna S.p.A.	Rome	29.99%	1,315,200
B. Unlisted companies			
1. Poste italiane S.p.A.	Rome	35.00%	2,518,744
2. ST Holding N.V.	Amsterdam	30.00%	683,201
3. Galaxy S.àr.l.	Luxembourg	40.00%	22,928
4. Sinloc S.p.A.	Padova	11.85%	5,507
5. F2i SGR S.p.A.	Milan	14.29%	2,143
6. Europrogetti & Finanza S.p.A.	Rome	31.80%	2,125
7. Istituto per il Credito Sportivo	Rome	21.62%	2,066
8. Tunnel di Genova S.p.A.	Genoa	33.33%	-

Annex 2

FINANCIAL POSITION AT 30 JUNE 2008 OF THE SEGREGATED TAV ASSETS

This Annex describes the financial position at 30 June 2008 of the segregated asset account established by the Board of Directors of Infrastrutture S.p.A. with the resolution of 23 December 2003, pursuant to Article 8 of Decree Law 63 of 15 April 2002. These segregated assets were formed for the purpose of financing investments relating to high-speed/high-capacity rail infrastructure pursuant to Article 75 of Law 289 of 27 December 2002. Decree Law 63/2002 had stated that Infrastrutture S.p.A. could use its own assets and legal relations to satisfy the rights of holders of its own securities and those of other lenders.

Article 1, paragraph 79 of Law 266 of 23 December 2005 provided for the merger of Infrastrutture S.p.A. into CDP with effect from 1 January 2006, involving the assumption by CDP of all assets and legal rights and relationships, including court proceedings, and liabilities relating to the acquired company. CDP was therefore required, maintaining continuity with Infrastrutture S.p.A., to undertake the activities relating to the financing of high-speed/high-capacity rail infrastructure through the corresponding segregated assets, in accordance with the procedures set forth in Article 75 of Law 289/2002. In line with previous Infrastrutture S.p.A. financial statements, the segregated assets are not directly reported in the company’s financial statements. CDP keeps separate books and accounting records for the segregated assets.

INTRODUCTION

Paragraphs 966, 967, 968 and 969 of the 2007 Finance Act, which entered into force with the publication of the law on 27 December 2006, repealed Article 75 of Law 289 of 27 December 2002, paragraph 1 last sentence, paragraph 2 last sentence, and paragraph 4, and specified the criteria and procedures for the liquidation of the TAV segregated assets and the assumption of the corresponding charges by the state.

In enacting the above provisions, the Ministry for the Economy and Finance issued a decree which at Article 1, paragraph 2, states that, with effect on the date of the ministerial decree (27 December 2006), the liabilities in respect of the bond, loans and hedge swaps shall be charged directly to the state budget. Article 2 of the same decree also establishes the liquidation of the segregated assets in accordance with the procedures set forth in Article 2447-novies of the Civil Code, following which the separate asset account shall be terminated together with the use restriction on receivables and revenues and guarantees and all other associated legal relationships.

The state has therefore taken direct responsibility for charges in respect of the segregated assets, thereby superseding both the state guarantee as provided for by paragraph 81, Article 1 of the 2006 Finance Act and the mechanism for supplementary payments by the state provided for by Article 75 of Law 289/2002, which was intended to make up for any shortfall in proceeds deriving from the economic exploitation of the financed work. For these reasons, in this report on the financial position at 30 June 2008, CDP shows the state as the obligor in respect of the entire exposure relating to the segregated assets.

At the same time, CDP has undertaken the actions specified in the 2007 Finance Act, as well as in the decree of the Minister for the Economy and Finance of 27 December 2006 intended to release the amounts in question. In any event the use restriction on the receivables and revenues referred to in paragraph 4 of Article 75 of Law 289/2002 may only be removed after agreement of the creditors has been secured, as indicated in the ministerial decree.

STATUS OF THE OPERATION AT 30 JUNE 2008

The following table shows a summary of the segregated assets and debt:

euros

CODE		AT 30 June 2008	AT 31 December 2007
A.	**SEGREGATED ASSETS**	**12,950,000,000**	**12,950,000,000**
A1	Receivables	12,950,000,000	12,950,000,000
B.	**INVESTMENT OF LIQUIDITY GENERATED BY MANAGEMENT OF RECEIVABLES**	**8,902,445**	**8,757,371**
B3	Other:		
B3 1	Balances with state central treasury	8,136,774	7,973,537
B3 2	Balances on Bank of New York current accts	765,671	783,834
B3 3	Other receivables	0	0
	TOTAL ASSETS	**12,958,902,445**	**12,958,757,371**
C.	**SECURITIES ISSUED**	**9,450,000,000**	**9,450,000,000**
C1	Limited recourse securities	9,450,000,000	9,450,000,000
D.	**FINANCING RECEIVED**	**3,500,000,000**	**3,500,000,000**
D1	Financing received	3,500,000,000	3,500,000,000
E.	**OTHER LIABILITIES**	**8.902.445**	**8.757.371**
E1	Payables for negative carry	0	0
E2	Payables for interest on current and treasury accounts	7,929,187	7,753,582
E3	Payables for accrued interest - coupon	0	0
E4	Payables for invoices to be received	12,440	207,302
E5	Other payables	960,818	796,487
	TOTAL LIABILITIES	**12,958,902,445**	**12,958,757,371**

ACCOUNTING POLICIES USED IN DRAWING UP THE SUMMARY TABLE

Only a balance sheet has been prepared, without applying accrual basis accounting (and therefore without recording accrued income or expense) and as a result the income statement is not represented. The latter would not be representative since the structure of the TAV segregated assets requires posting an operating result of zero, in view of the fact that cost and revenue items must offset each other through debits and/or credits of the entities involved in the operation.

All values and items shown are based on the accounting records and the corporate information system. The following section summarises the measurement criteria adopted.

Cash and cash equivalents

These are recognised at nominal value.

Receivables and other assets

This item is posted at estimated realisable value, which corresponds to nominal value.

Accruals and deferrals/ premiums and discounts

In accordance with the decision not to recognise costs and revenues on an accrual basis, but rather on a cash basis, the table does not include accruals and deferrals for the 2007 financial year, with accruals and deferrals/premiums and discounts being eliminated from the assets and liabilities on the balance sheet.

Payables and other liabilities

These are recognised at nominal value.

Recognition of costs and revenues

Costs and revenues are not reported because as from 2007 receipt and payment of income and charges in respect of loans and derivatives contracts were managed directly by the Ministry for the Economy and Finance, in accordance with the provisions of the 2007 Finance Act.

QUALITATIVE INFORMATION

Description of the operation and developments

Pursuant to Article 75 of Law 289 of 27 December 2002, Infrastrutture S.p.A., and therefore the surviving entity CDP S.p.A., "primarily finances, including through the formation of segregated assets, investments for the construction of rail infrastructure for the high-speed/high-capacity system, partly with a view to reducing the share charged to the state. The resources necessary for the financing shall be raised on the banking and capital markets, in accordance with the criteria of transparency and economy. In order to maintain the financial equilibrium of the debt held by Infrastrutture S.p.A., the state shall be responsible for paying the balance of debt servicing costs that cannot be met solely using forecast cash flows for the period of economic exploitation of the high-speed/high-capacity system".

In implementation of these provisions, Infrastrutture S.p.A. had entered into a series of interrelated contracts that constitute a framework for additional agreements governing each loan and the corresponding funding. In particular, the following agreements were entered into: (i) on 23 December 2003 the Credit Facility Agreement was signed with RFI Rete Ferroviaria Italiana S.p.A. and TAV Treno Alta Velocità S.p.A. (the debtors); (ii) on 29 January 2004 the offering circular for the securities issue programme and the assumption of loans for a maximum of €25,000,000,000, known as "Euro 25,000,000,000 ISPA High Speed Railway Funding Note Programme" (the "Issue Programme"); (iii) also on 29 January 2004, the Dealer Agreement, Intercreditor Agreement, Intercompany Agreement, Cash Allocation Management and Payment Agreement and the Transfer Agreement.

On the basis of these contracts, the company could grant a series of loans to the debtors for a total of €25 billion with a maximum maturity coinciding with the end of the concession for the management of the rail infrastructure (which currently expires in 2060), except, where necessary, the granting of a grace period to the debtors of not more than one year. The loans were disbursed on the basis of the debtors' financial requirements and the periods necessary for the construction of the rail infrastructure (which is currently due to be completed in 2009).

The payment of the interest accrued on each loan and the repayment of the corresponding principal should take place, prior to the liquidation of the segregated assets, using (i) the revenues from the economic exploitation of the rail infrastructure, once operational, and (ii) the supplementary payments from the state referred to under Article 75. In particular, the amount paid by the state until 2006 was determined each year in advance and was equal to the difference between the total liabilities maturing the following year and forecast revenues for that year. The amount of the supplementary payments (as adapted in accordance with forecast flows) was periodically determined the year prior to that in which the loan instalment came due. This was so that the state could make appropriate provision in the budget to transfer the funds to the debtors necessary to meet commitments in respect of the company.

The funds that were periodically necessary to grant loans to the debtors were raised on the capital market through the issue of securities or through interbank loans in accordance with the Issue Programme. Each series of securities and each interbank loan benefited from the asset segregation referred to in Article 8 of Decree Law 63/2002 and in particular the receivables and revenues of the company generated in respect of each loan granted to the debtors within the framework of the Credit Facility Agreement.

The loans (known as PLT – Project Loan Tranches) granted and disbursed at 30 June 2008 are as follows:

PLT	Funding	Agreement date	Total amount (euros)	Disbursed at 31/12/2007 (euros)	Expiry refinancing
1	Series 1	05/02/2004	1.000.000.000	1.000.000.000	09/09/2013
2	Series 2	05/02/2004	750.000.000	750.000.000	09/09/2018
3	Series 3	05/02/2004	3.250.000.000	3.250.000.000	09/09/2023
4	Series 4	05/07/2004	1.000.000.000	1.000.000.000	09/09/2033
5	EIB Funding Loan	29/09/2004	1.000.000.000	1.000.000.000	09/09/2023
6	Series 4-2	11/11/2004	500.000.000	500.000.000	09/09/2033
7,8,9	Series 5	03/03/2005	850.000.000	850.000.000	09/09/2044
10	OPI Floating Loan	03/03/2005	500.000.000	500.000.000	09/09/2020
11	Series 4-3	18/04/2005	700.000.000	700.000.000	09/09/2033
12	Series 6	22/04/2005	1.000.000.000	1.000.000.000	09/09/2044
13	Series 7	29/06/2005	100.000.000	100.000.000	09/09/2034
14	Series 8	29/06/2005	300.000.000	300.000.000	09/09/2034
15	MT Funding Loan	10/08/2005	2.000.000.000	2.000.000.000	09/09/2007
			12.950.000.000	**12.950.000.000**	

Parties involved

In addition to the Italian state, which took on the debt originally contracted by TAV and RFI following the decree of the Minister for the Economy and Finance of 27 December 2006, and to CDP S.p.A., which acted on one hand as lender in respect of the Italian state and on the other as the issuer of securities and borrower under interbank loans, the main parties involved in the operation are as follows:

Project Facility Manager	Cassa Depositi e Prestiti S.p.A
Principal Paying Agent	JPMorgan Chase Bank, Milan
Luxembourg Paying agent	JPMorgan Chase Bank, Luxembourg
Transaction Account Bank	JPMorgan Chase Bank, Milan
Programme Calculation Agent	JPMorgan Chase Bank, London
Noteholders' representative	JPMorgan Corporate Trustees Services Ltd
Collection Account Bank	State Treasury Department
Listing Agent	JPMorgan Chase Bank, Luxembourg

A number of reports are periodically drawn up in support of the operation, of which the most important is the Investors Report produced in the 10 business days following each specified payment date. It is available upon request at JP Morgan Chase Bank, London.

Characteristics of the debt

Interest and principal on the securities issued and the loans contracted within the framework of the Programme are paid exclusively within the limits of the amounts collected in respect of the receivables from the debtors and in the order of priority for payments indicated in the Programme rules. These receivables form a single segregated portfolio securing the specifically indicated lenders and all noteholders of securities issued as part of the Programme, independently of the date they were entered into or issued.

The securities issued to date are as follows:

Series	Isin code	Description	Rate	Issue date	Final maturity	First coupon	Issue price	Redemption
1	IT0003621445	ISPA / 4.50 20140731 S1 HSRFN	4.500%	06-feb-04	31-lug-14	31-lug-04	99.387	at maturity
2	IT0003621452	ISPA / 2.25 TV 20190731 S2 HSRFN	inflation	06-feb-04	31-lug-19	31-lug-04	97.368	at maturity
3	IT0003621460	ISPA / 5.125 20240731 S3 HSRFN	5.125%	06-feb-04	31-lug-24	31-lug-04	98.934	at maturity
4	IT0003685093	ISPA / 5,20% 20340731 S4 HSRFN	5.200%	06-lug-04	31-lug-34	31-lug-05	99.466	at maturity
4-2	IT0003746341	ISPA / 5.20% 20340731 S4-2 HSRFN	5.200%	12-nov-04	31-lug-34	31-lug-06	104.952	at maturity
4-3	IT0003746341	ISPA / 5.20% 20340731 S4-3 HSRFN	5.200%	19-apr-05	31-lug-34	31-lug-06	113.334	at maturity
5	IT0003805295	ISPA / TV 20450731 S5 HSRFN	EU 12M	04-mar-05	31-lug-45	31-lug-06	100	amortising
6	IT0003838031	ISPA / TV5.20% 20450731 S6 HSRFN	EU 12M	25-apr-05	31-lug-45	31-lug-06	100	amortising
7	IT0003874523	ISPA / TV 20350731 S7 HSRFN	CMS10A	30-giu-05	31-lug-35	31-lug-06	100	at maturity
8	IT0003877310	ISPA / TV 20350731 S4-2 HSRFN	CMS10A	30-giu-05	31-lug-35	31-lug-06	100	at maturity

ISPA SERIES 5		
	Date	Principal repayment
1	31 / 07 / 2031	56,667,000.00
2	31 / 07 / 2032	56,667,000.00
3	31 / 07 / 2033	56,666,000.00
4	31 / 07 / 2034	56,667,000.00
5	31 / 07 / 2035	56,667,000.00
6	31 / 07 / 2036	56,666,000.00
7	31 / 07 / 2037	56,667,000.00
8	31 / 07 / 2038	56,667,000.00
9	31 / 07 / 2039	56,666,000.00
10	31 / 07 / 2040	56,667,000.00
11	31 / 07 / 2041	56,667,000.00
12	31 / 07 / 2042	56,666,000.00
13	31 / 07 / 2043	56,667,000.00
14	31 / 07 / 2044	56,667,000.00
15	31 / 07 / 2045	56,666,000.00
		850,000,000.00

ISPA SERIES 6		
	Date	Principal repayment
1	31 / 07 / 2031	66,667,000.00
2	31 / 07 / 2032	66,667,000.00
3	31 / 07 / 2033	66,666,000.00
4	31 / 07 / 2034	66,667,000.00
5	31 / 07 / 2035	66,667,000.00
6	31 / 07 / 2036	66,666,000.00
7	31 / 07 / 2037	66,667,000.00
8	31 / 07 / 2038	66,667,000.00
9	31 / 07 / 2039	66,666,000.00
10	31 / 07 / 2040	66,667,000.00
11	31 / 07 / 2041	66,667,000.00
12	31 / 07 / 2042	66,666,000.00
13	31 / 07 / 2043	66,667,000.00
14	31 / 07 / 2044	66,667,000.00
15	31 / 07 / 2045	66,666,000.00
		1,000,000,000.00

The securities are listed on the Luxembourg Stock Exchange.
All the main rating agencies were asked to issue a credit assessment for the securities issued within the Programme.

The ratings currently assigned are as follows:

Agency	Rating
Fitch Ratings Limited	AA-
Moody s Investors Service	Aa
Standard & Poor s Ratings Services	A+

In addition to the above securities, at 30 June 2008 debt included the following interbank loans granted within the scope of the Issue Programme:

Counterparty	Description	Rate	Agreement date	Final maturity	Nominal value (euros)
European Investment Bank	EIB Funding Loan	4,773%	29-set-04	31-lug-24	1.000.000.000
OPI Bank	OPI Funding Loan	Euribor 12m	03-mar-05	31-lug-35	500.000.000
Sogen	Sogen MT Funding Loan	Euribor 6m	10-ago-05	31-lug-08	2.000.000.000
				Total	**3.500.000.000**

OPI LOAN		
	Date	**Principal repayment**
1	31/07/2021	33,333,334.00
2	31/07/2022	33,333,333.00
3	31/07/2023	33,333,333.00
4	31/07/2024	33,333,334.00
5	31/07/2025	33,333,333.00
6	31/07/2026	33,333,333.00
7	31/07/2027	33,333,334.00
8	31/07/2028	33,333,333.00
9	31/07/2029	33,333,333.00
10	31/07/2030	33,333,334.00
11	31/07/2031	33,333,333.00
12	31/07/2032	33,333,333.00
13	31/07/2033	33,333,334.00
14	31/07/2034	33,333,333.00
15	31/07/2035	33,333,333.00
		500,000,000.00

Ancillary financial transactions

All funds raised as part of the Issue Programme that have not yet been invested in financing the infrastructure works are deposited in an account held with the Central State Treasury, which serves as a collection account.

Within the company's accounting records the Treasury account is divided into a series of sub-accounts, in accordance with the terms of the contractual documents governing the operation. The Programme also makes use of two accounts held with JPMorgan Chase Bank Milan: the Payment Account, which is used to process funds raised and any related repayments, and the Expenses Account for payments of expenses associated with the Programme.

In addition, during 2004-2005 Infrastrutture S.p.A. had carried out transactions to hedge interest rate risk in order to fix the refinancing rates for the securities issued. The following table shows the characteristics of the open interest rate swap contracts at 30 June 2008:

Counterparty	Nominal (euros)	Agreement date	Start interest accrual	Final maturity	Fixed rate to pay	Rate to receive	Connected loan
UBS Limited	500.000.000	27-apr-04	09-set-13	31-lug-24	5,7550%	Not set	ISPA SERIES 1
Morgan Stanley & Co.	500.000.000	28-apr-04	09-set-13	31-lug-24	5,7670%	Not set	ISPA SERIES 1
Morgan Stanley & Co.	350.000.000	03-mar-05	04-mar-05	31-lug-45	5,0240%	2,7050%	ISPA SERIES 5
UBS Limited	250.000.000	03-mar-05	04-mar-05	31-lug-20	4,8000%	2,7050%	ISPA SERIES 5
Morgan Stanley & Co.	250.000.000	03-mar-05	31-lug-20	31-lug-45	5,0900%	Not set	ISPA SERIES 5
Morgan Stanley & Co.	250.000.000	03-mar-05	04-mar-05	31-lug-45	5,0240%	2,7050%	ISPA SERIES 5
Jp Morgan Chase Bank	500.000.000	03-mar-05	04-mar-05	31-lug-35	4,8825%	2,6500%	Loan OPI
Morgan Stanley & Co.	1.000.000.000	24-apr-05	25-apr-05	31-lug-26	5,4800%	2,5325%	ISPA SERIES 6
Depfa Bank	1.000.000.000	24-apr-05	31-lug-26	31-lug-45	4,8375%	Not set	ISPA SERIES 6
Lehman Brothers	300.000.000	29-giu-05	30-giu-05	31-lug-35	4,0720%	3,5000%	ISPA SERIES 7
Lehman Brothers	100.000.000	29-giu-05	30-giu-05	31-lug-35	4,1470%	3,5000%	ISPA SERIES 8
HEDGING SWAP	**5.000.000.000**						

Quantitative information

Changes in receivables

In the first half of 2008, there were no changes in the portfolio of receivables

Developments in past due positions

At 30 June 2008, the segregated assets do not include any past due positions.

Status of the guarantees and credit lines

The overall operation was supported by the guarantee mechanism established by Article 75 of Law 289/2002. All of the original exposures in respect of TAV were also guaranteed by RFI and in any event have been taken on by the Italian state pursuant to the provisions of the ministerial decree of 27 December 2006.

At present the Programme does not have a credit line.

Breakdown by residual maturity

The maturity date for all loans granted to date is 2061, which may be extended for a year, in accordance with a flexible repayment plan that will be drawn up on the basis of the project's requirements. The debt contracted has a shorter term and must therefore be refinanced. According to the terms and conditions of the operation refinancing shall take place by 9 September of the year prior to expiry. The following table shows the breakdown of the contracted debt by residual maturity:

Date	Nominal value (euros)
31/07/2008	2,000,000,000
31/07/2014	1,000,000,000
31/07/2019	750,000,000
31/07/2021	33,333,334
31/07/2022	33,333,333
31/07/2023	33,333,333
31/07/2024	4,283,333,334
31/07/2025	33,333,333
31/07/2026	33,333,333
31/07/2027	33,333,334
31/07/2028	33,333,333
31/07/2029	33,333,333
31/07/2030	33,333,334
31/07/2031	33,333,333
31/07/2032	33,333,333
31/07/2033	33,333,334
31/07/2034	2,233,333,333
31/07/2035	433,333,333
31/07/2045	1,850,000,000
Total	**12,950,000,000**

Breakdown by debtor

At 30 June 2008 the receivable in respect of the loans granted is due from the Italian state, which as a result of the provisions discussed above is the obligor for the entire position relating to the segregated assets.