



Interim report for the three month
ended 31 March 2008





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ended 31 March 2008

[ATLANTIA SpA](#)

Issued capital: €571,711,557.00, fully paid-up

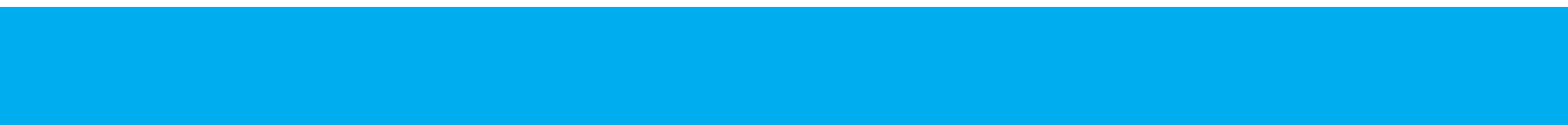
Tax code, VAT number and Rome Companies' Register no. 03731380261

REA no. 1023691

Registered office in Rome, Via Antonio Nibby, 20

Contents

1. Introduction	5
Corporate bodies	7
Group structure	8
Group financial highlights	9
Shareholder structure	10
Atlantia share price performance	11
2. Report on operations	13
Consolidated financial review	15
Operating review for Italian motorway subsidiaries	38
Traffic	38
Toll charges	39
Network expansion and modernisation	42
Network operations	43
Advanced traffic and communication services	45
Infoblu	45
Towerco	45
International activities	46
Stalexport Autostrady	46
Costanera Norte	46
Electronic Transaction Consultants (ETC)	47
Other information	48
IGLI	48
Transfer of investments to Autostrade per l'Italia	48
Staff	50
Significant events and risk factors	52
Outlook	62



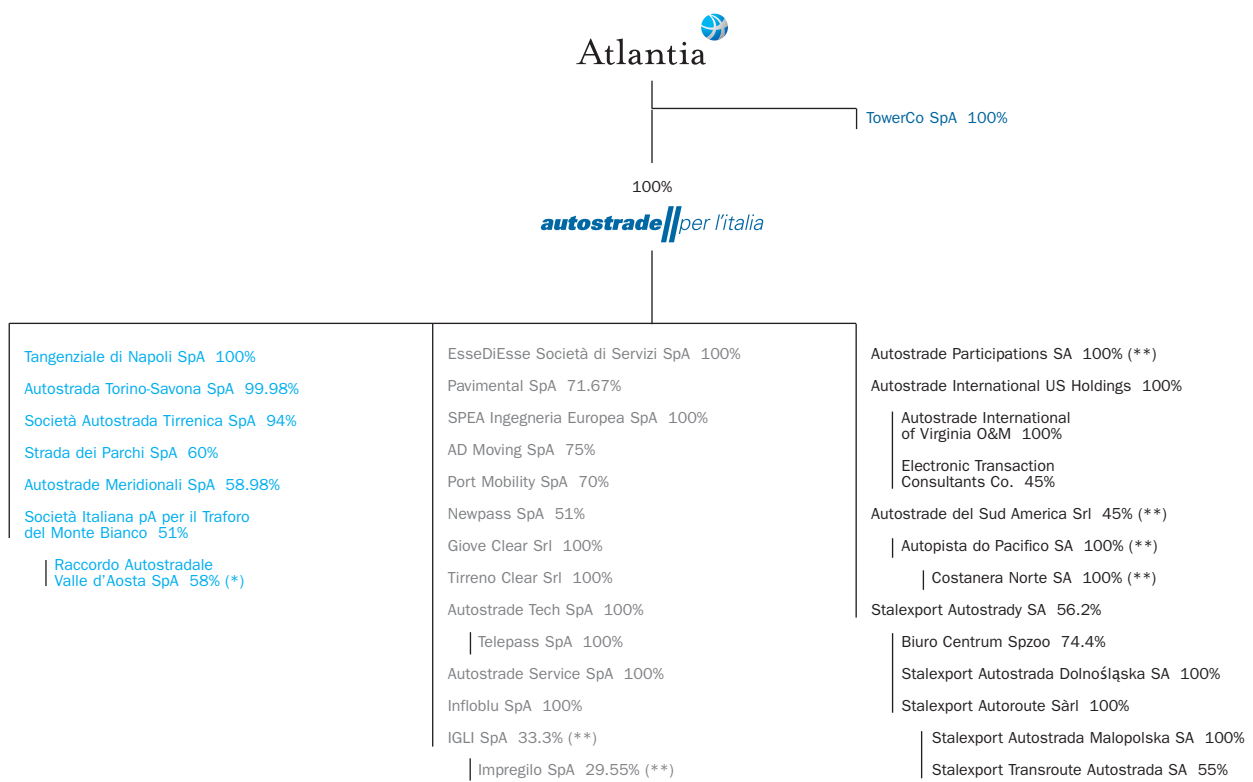
I. Introduction

Corporate bodies

Board of Directors for the three-year period 2006-2008	Chairman CEO Directors	Gian Maria GROS-PIETRO Giovanni CASTELLUCCI Salvador ALEMANY MAS Gilberto BENETTON Alberto BOMBASSEI (independent) Amerigo BORRINI (1) Roberto CERA Alberto CLÒ (independent) Claudio COMINELLI (2) Sergio DE SIMOI (3) Piero DI SALVO (independent) Antonio FASSONE Guido FERRARINI (independent) Francesco Paolo MATTIOLI (2) (independent) Gianni MION Giuseppe PIAGGIO Luisa TORCHIA Andrea GRILLO
Executive Committee	Chairman Directors	Gian Maria GROS-PIETRO Alberto BOMBASSEI (independent) Giovanni CASTELLUCCI Gianni MION Giuseppe PIAGGIO
Internal Control and Corporate Governance Committee	Chairman Members	Giuseppe PIAGGIO Piero DI SALVO (independent) Guido FERRARINI (independent)
Human Resources Committee	Chairman Members	Alberto BOMBASSEI (independent) Amerigo BORRINI (1) Alberto CLÒ (independent) Gianni MION Giuseppe PIAGGIO
Supervisory Board	Chairman Members	Renato GRANATA Simone BONTEMPO Pietro FRATTA
Board of statutory auditors elected for three-year period 2006-2008	Chairman Auditors	Marco SPADACINI Tommaso DI TANNO Raffaello LUPI Angelo MIGLIETTA Alessandro TROTTER
	Alternate Auditors	Giuseppe Maria CIPOLLA Giandomenico GENTA
Independent Auditors for the period 2006-2011	KPMG S.p.A.	

(1) Resigned with effect 23 April 2008.
(2) Co-opted 9 May 2008.
(3) Resigned with effect 29 April 2008.

Group structure



Italian motorway activities

Service companies

International development

Structure at 31 March 2008

(*) Percentage of ordinary voting shares.
(**) Unconsolidated companies.

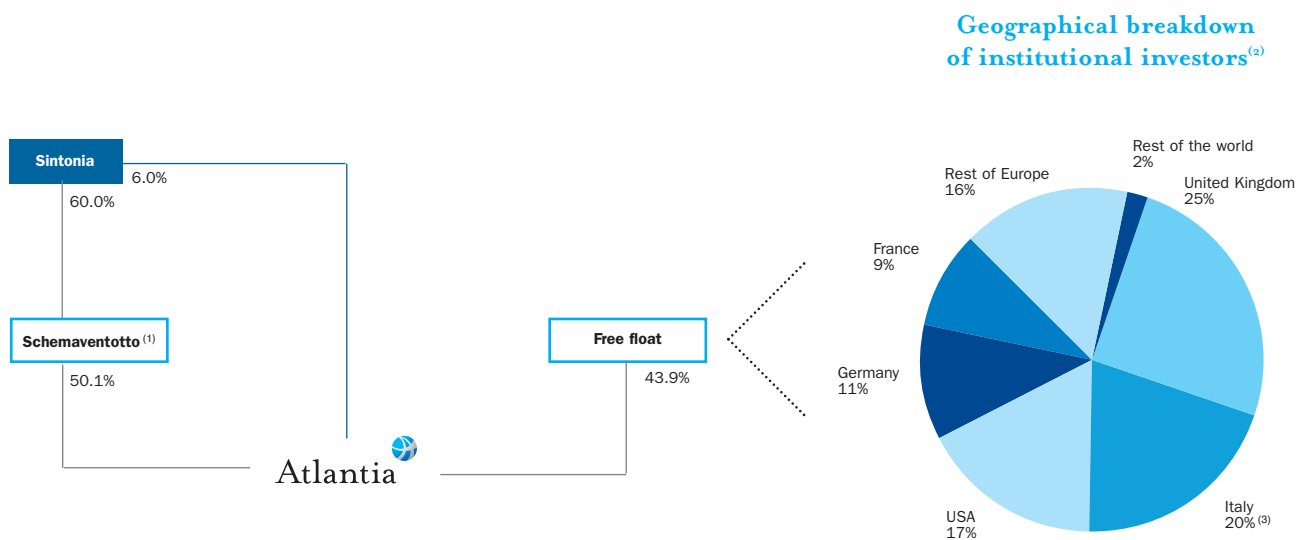
Group financial highlights

(€m)	1Q 2008	1Q 2007
Revenue	794	720
Net toll revenues	659	609
Other operating income	135	111
Gross operating profit (EBITDA)	493	444
<i>EBITDA margin</i>	62.1%	61.6%
Operating profit (EBIT)	384	354
<i>EBIT margin</i>	48.4%	49.1%
Profit/(Loss) from continuing operations	163	132
<i>Profit margin from continuing operations</i>	20.5%	18.4%
Profit for the period (including minority interest)	163	132
Profit for the period attributable to equity holders of the parent	164	135
Operating cash flow ^(*)	310	257
Capital expenditure	221	270

(€m)	31.03.2008	31.12.2007
Equity	4,123	4,010
Net debt	9,151	9,241

^(*) Operating cash flow is calculated as profit + amortisation/depreciation + provisions +/- (loss)/profit from discontinued operations/assets held for sale +/- share of (loss)/profit of companies accounted for using the equity method +/- impairments/revaluations of financial assets + share of deferred tax assets on the transfer of assets.

Shareholder structure



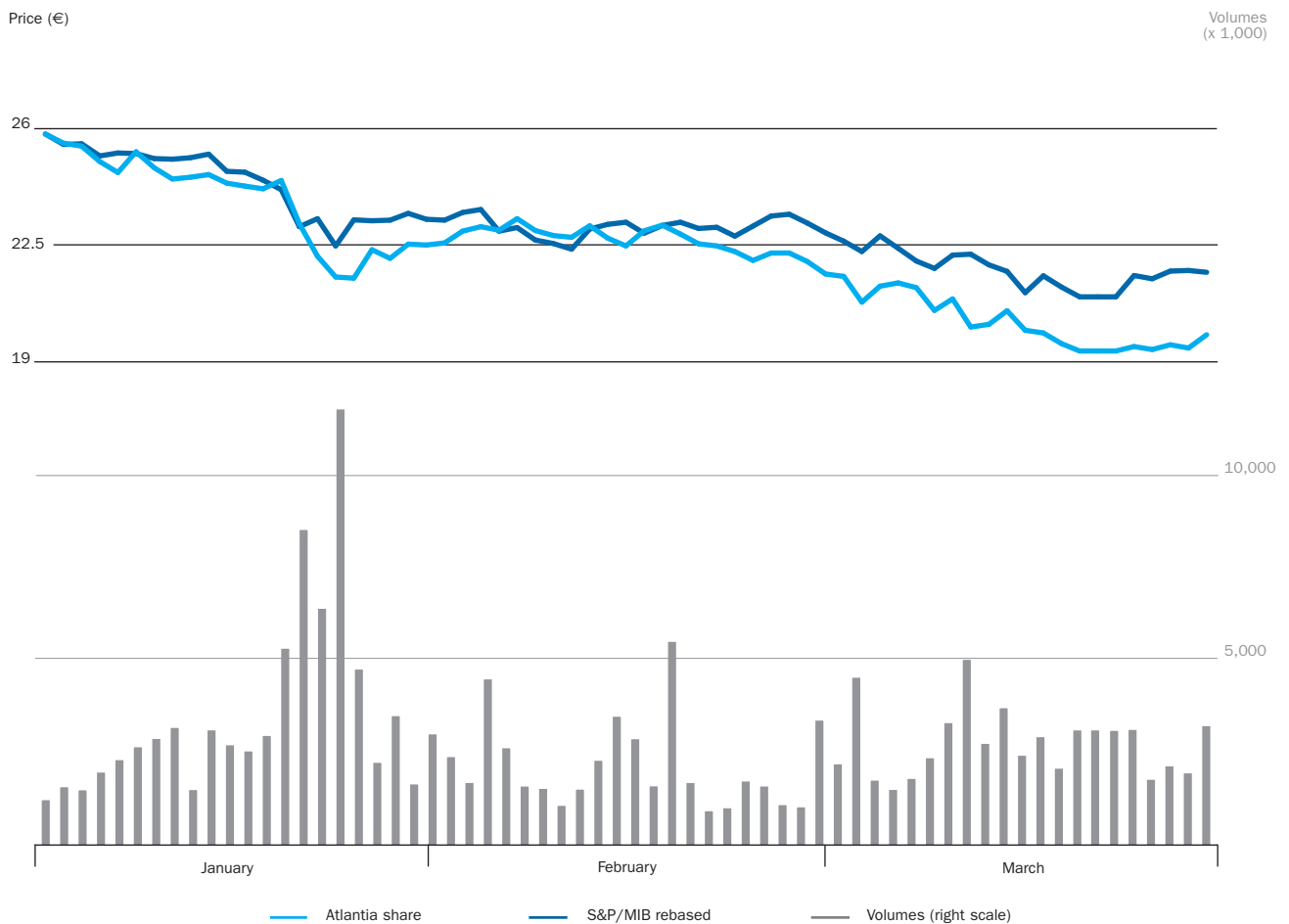
(1) Schemaventotto SpA's shareholders at 31 March 2008 are Sintonia SA (60%), Abertis (13.33%), Fondazione CRT (13.33%), Assicurazioni Generali (6.67%) and UniCredit (6.67%). On 28 April 2008 Fondazione CRT exited from Schemaventotto in compliance with the provisions of the shareholder agreement. Following its exit from Schemaventotto, Fondazione CRT holds 6.68% of Atlantia, whilst Schemaventotto's interest in Atlantia has been reduced to 43.42% and Schemaventotto's shareholder structure is as follows: Sintonia SA 69.23%, Acesa Italia Srl (a wholly owned subsidiary of Abertis Infraestructuras SA) 15.39%, UniCredit Corporate Banking SpA 7.69% and Assicurazioni Generali SpA 7.69%.

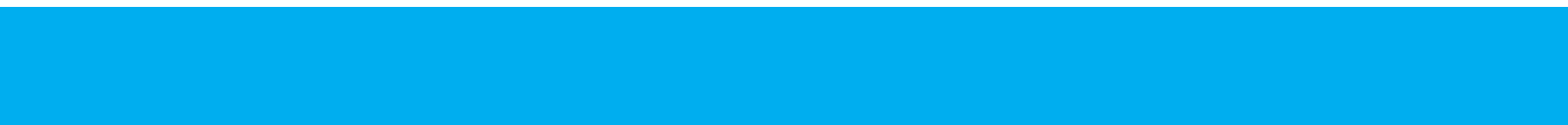
(2) Source: Thomson Financial, data at 31 December 2007.

(3) Includes retail investors.

Atlantia share price performance

SHARE INFORMATION	
Number of shares	571,711,557
Type of share	Ordinary
Final dividend per share for 2007 - May 2008 (€)	0.37
Interim dividend per share for 2007 - November 2007 (€)	0.31
Total dividend for 2007 (€)	0.68
Price at 31 March 2008 (€)	19.15
Low (20 March 2008, €)	18.60
High (2 January 2008, €)	25.62
Capitalisation at 31 March 2008 (€b)	10.9
Average daily trading volume (million)	2.8





2. Report on operations

2. Report on operations

Consolidated financial review

Introduction

The Atlantia Group's quarterly report for the three month ended 30 March 2007 has been prepared on the basis of the provisions of art. 154-ter, "Financial reporting", of the Consolidated Finance Act introduced by Legislative Decree 195/2007, in implementation of EU Directive 2004/109/EC (the so-called Transparency Directive) regarding periodic reporting, and in compliance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission.

This interim report for the three month ended 31 March 2008 is unaudited.

The accounting standards and policies on which this document is based are consistent with those applied in the financial statements as at and for the year ended 31 December 2007 and there has been no change in the basis of consolidation subsequent to that date.

However, it should be noted that, compared with the first quarter of 2007, the basis of consolidation has been enlarged following the line-by-line consolidation of the Polish group, Stalexport Autostrady (the "Stalexport group"), following the acquisition of the related controlling interest from 30 June 2007, and of the Texas-based US company Electronic Transaction Consultants ("ETC"), which the Atlantia Group acquired in late 2007.

As a result, unlike those for the first quarter of 2007, the reclassified consolidated income statement and the cash flow statement for the first quarter of 2008 include the contributions of these new companies, without, however, materially affecting the comparability of amounts for the two periods.

In order to facilitate analysis of the quarterly accounts, however, the contributions of the Stalexport group and ETC to each material item in the schedules presented, and to the income statement items described, have been indicated.

The following financial review provides detailed analysis of the reclassified income statement, changes in equity, income and expense for the period, changes in consolidated net debt and the consolidated cash flow statement for the period. All figures are compared to the corresponding period of the previous year. The consolidated balance sheet and the analyses of consolidated net debt and working capital are compa-

red with the corresponding amounts at 31 December 2007.

Consolidated results of operations

Total revenue for the first quarter of 2008 amounts to €793.6 million, marking an increase of €73.3 million (10.2%) on the same period of 2007 (€720.3 million). The contributions of the Stalexport group and ETC to consolidated total revenue for the first quarter of 2008 amount to €15.9 million. On a like-for-like basis of consolidation, total revenue is thus up €57.4 million (8.0%).

Net toll revenues of €659.3 million are up €50.6 million (8.3%) on the same period of 2007 (€608.7 million). The Stalexport group's contribution to toll revenues for the first quarter of 2008 amounts to €9.2 million. On a like-for-like basis of consolidation, net toll revenues have thus increased by €41.4 million (up 6.8%), due to both increased traffic using the Group's motorway network (up 3.4%) compared with the first quarter of 2007, and to toll charge increases applied from 1 January 2008, amounting to 3.61% for Autostrade per l'Italia, the Group's most important concessionaire.

With reference to the increase in traffic, it should be noted that, compared with the same period of 2007, traffic figures for the first quarter benefited from the early Easter break (April in 2007) and the fact that the first quarter was one day longer in 2008, a leap year.

The above toll charge increase applied by Autostrade per l'Italia includes a portion equal to 0.99% recognised with regard to works envisaged in the IV Addendum (so-called X investments). The related income does not contribute to annual revenue until the works under construction have entered service; until that date, this revenue component is deferred and treated as long-term deferred income, in that it relates to future financial years and will be recognised subsequent to the commissioning of works that are still under construction. For the first quarter of 2008, the overall value recognised for X investments, less the amount recognised in the income statement for works that have already entered service, totals €4.5 million.

Contract revenue of €21.6 million is up €17.9 million (486.8%) on the first quarter of 2007 (€3.7 million). ETC's contribution to contract revenue for the first quarter of 2008 amounts to €2.2 million. On

a like-for-like basis of consolidation, contract revenue has, in any event, increased €15.7 million (426.4%), entirely reflecting the increased volume of work carried out by Pavimental for external customers. This work regards the upgrading and restructuring of a number of runways at Fiumicino and Cagliari Elmas airports.

Other operating income of €112.7 million is up €4.7 million (4.4%) on the first quarter of 2007 (€108.0 million), due almost entirely to the contributions of the Stalexport group and ETC (totalling €4.5 million). This item regards:

- a) income from service areas of €45.7 million, which are up €1.8 million (4.1%) on the same period of 2007. In particular, royalties for the period are 3.7% more than in the same period of 2007, primarily as a result of the opening of new facilities at services areas on Autostrade per l'Italia's network and increases in royalties designed to keep pace with inflation;
- b) Telepass (€17.9 million) and Viacard (€5.7 million) fees, which are up €2.1 million (9.5%) on the first three month of 2007, reflecting increases in the average numbers of Telepass Family devices (up 409,000) and Telepass Business devices (up 142,000) in use and income deriving from the "Telepass Premium" service;
- c) other sales and service revenues of €43.4 million are up €0.8 million (1.9%) compared with the first three month of 2007, reflecting consolidation of the Stalexport group and ETC (in total €4.4 million), partially offset by reduced revenues from sales of toll collection equipment and systems. This item also includes concession fees, especially from the rental of multi-operator towers to mobile operators, revenues from global service provision and advertising, and reimbursements and damages received.

Net operating costs of €300.5 million are up €23.8 million (8.6%) on the first quarter of 2007 (€276.7 million). The Stalexport group and ETC contributed a total of €12.0 million to net operating costs for the first quarter of 2008. On a like-for-like basis of consolidation, net operating costs have thus increased by €11.8 million (up 4.3%). This essentially reflects the following:

- a) a rise in the cost of materials and external services, after deducting capitalised expenses, of €12.8 million (up 9.3%), including €5.0 million attributable to the above change in the basis of consolidation. The rise in these costs, which amount to €150.4 million, essentially reflects the

increased volume of work carried out by Pavimental for external customers during the period. Maintenance activities are in line with the figure for the first quarter of 2007 (up €1.0 million), reflecting increased expenses incurred as a result of harsher weather conditions during the winter of 2008, offset by reduced pavement laying, as the planned laying of extra-thick draining pavement nears completion;

- b) an increase of €1.1 million (15.4%) in "Other operating costs and gains/(losses)", amounting to €8.4 million for the first quarter of 2008. This item includes charges for grants and donations, indirect taxes and other taxation, the payment of damages and fines, the balance of gains and losses on the sale of operating assets and non-recurring charges for contingent liabilities, which are primarily responsible for the increase over the period;
- c) an increase in staff costs, after deducting capitalised expenses, of €9.9 million (up 7.5%). The rise essentially reflects the increase in the average workforce resulting from consolidation of the Stalexport group and ETC, which account for €6.9 million of staff costs. In addition, staff costs are up due to a €2.1 million reduction in capitalised costs, following the entry into service of works for which the related staff costs were capitalised, to the impact of the union agreement of September 2007, which requires the Group to provide medical insurance to Autostrade per l'Italia employees, and to the estimated impact on the period of renewal of the labour contract that expired at the end of 2007.

"Gross operating profit" (EBITDA) of €493.2 million is thus up €49.5 million (11.2%) on the first quarter of 2007 (€443.7 million), representing an EBITDA margin of 62.1%, compared with the 61.6% of the same period of 2007. The Stalexport group and ETC contributed a total of €3.9 million to gross operating profit for the first quarter of 2008. On a like-for-like basis of consolidation, the increase in gross operating profit is €45.6 million (up 10.3%), resulting in a margin of 62.9%.

"Operating profit" (EBIT) of €384.0 million is up €30.2 million (8.5%) on the first quarter of 2007 (€353.8 million), representing an EBIT margin of 48.4% (49.1% in the same period of 2007). After excluding the above changes in the basis of consolidation, which had a negative impact of €1.6 million on the operating result, the improvement is €31.8 million (up 9.0%) and the EBIT margin 49.6%. In addition to the above factors, the operating result reflects the impact of:

- a) a €13.9 million (17.0%) increase in depreciation, primarily due to the entry into service of new motorway assets during the last twelve month;
- b) an increase in provisions for the repair and replacement of assets to be relinquished, amounting to €3.7 million, less uses, a €0.6 million rise in provisions for liabilities and charges and increased impairments of assets, which are up €1.1 million.

“Profit from continuing operations” amounts to €162.8 million, marking an increase of €30.4 million (up 23.0%) on the first quarter of 2007 (€132.4 million). After excluding the above changes in the basis of consolidation, which had a negative impact of €1.5 million, profit from continuing operations is up €31.9 million (24.1%).

Net financial expenses of €122.3 million are €3.4 million (2.9%) up on the same period of 2007, essentially due to an increase in average debt in the period.

Capitalised financial expenses, amounting to €8.9 million, are up €1.6 million (21.8%) on the first quarter of 2007, reflecting the state of progress of works on the Group’s network.

The Group’s share of the profit/(loss) of associates and joint ventures records a net loss of €5.3 million, marking an increase of €3.2 million (149.9%) on the same period of 2007.

Income tax expense for the period amounts to €102.5 million, representing a reduction of €5.3 million (down 4.9%) on the first quarter of 2007, despite the increase in pre-tax profit of €25.2 million.

The reduction in the tax rate for the period essentially reflects reduced nominal rates for IRES and IRAP (down 5.85% overall from 37.25% to 31.40%), as provided for in the 2008 Finance Act.

Profit for the period is thus €162.8 million, marking an improvement of €30.4 million (23.0%) on the first quarter of 2007 (€132.4 million). This consists of profit attributable to equity holders of the parent of €164.2 million (up 22.0% on the figure for the first quarter of 2007, totalling €134.5 million) and a loss attributable to minority interest of €1.4 million (down 34.2% on the loss of €2.2 million recorded in the same period of 2007). After excluding the above changes in the basis of consolidation deriving from the first-time consolidation of the Stalexport group and ETC, profit attributable to equity holders of the parent is €165.0 million (up 22.6% on the first quarter of 2007) and the loss attributable to minority interest is €0.7 million (down 68.2% on the same period of 2007).

2. Report on operations

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (€000)						
	THREE MONTH ENDED 31 MAR		INCREASE/(DECREASE)		% OF REVENUE	
	2008	2007		%	Q1 2008	Q1 2007
Net toll revenues	659,269	608,634	50,635	8.3	83.1	84.5
Contract revenue	21,634	3,687	17,947	486.8	2.7	0.5
Other operating income	112,738	107,994	4,744	4.4	14.2	15.0
Total revenue	793,641	720,315	73,326	10.2	100	100.0
Net cost of materials and external services	-150,417	-137,647	-12,770	9.3	-19.0	-19.1
Other operating costs and gains/(losses)	-8,398	-7,276	-1,122	15.4	-1.1	-1.0
Staff costs	-149,825	-141,992	-7,833	5.5	-18.9	-19.7
Capitalised staff costs	8,168	10,260	-2,092	-20.4	1.0	1.4
Total net operating costs	-300,472	-276,655	-23,817	8.6	-37.9	-38.4
Gross operating profit (EBITDA)	493,169	443,660	49,509	11.2	62.1	61.6
Amortisation, depreciation, impairment losses and reversals of impairment losses	-95,462	-81,594	-13,868	17.0	-12.0	-11.3
Provisions and other adjustments	-13,703	-8,219	-5,484	66.7	-1.7	-1.1
Operating profit (EBIT)	384,004	353,847	30,157	8.5	48.4	49.1
Financial income/(expenses)	-122,329	-118,932	-3,397	2.9	-15.4	-16.5
Capitalised financial expenses	8,876	7,288	1,588	21.8	1.1	1.0
Share of profit/(loss) of companies accounted for using the equity method	-5,258	2,104	-3,154	149.9	-0.7	-0.3
Profit/(loss) before tax from continuing operations	265,293	240,099	25,194	10.5	33.4	33.3
Income tax expense	-102,469	-107,722	5,253	-4.9	-12.9	-15.0
Profit/(loss) from continuing operations	162,824	132,377	30,447	23.0	20.5	18.4
Profit/(loss) from discontinued operations/assets held for sale	-57	-	-57	-	-	-
Profit for the period	162,767	132,377	30,390	23.0	20.5	18.4
(Profit)/loss attributable to minority interest	1,424	2,164	-740	-34.2	0.2	-0.3
Profit/(loss) for the period attributable to equity holders of the parent	164,191	134,541	29,650	22.0	20.7	18.7
(€)						
	THREE MONTH ENDED 31 MAR		INCREASE/			
	2008	2007	(DECREASE)			
Basic earnings per share	0.29	0.24	0.05			
from:						
continuing operations	0.29	0.24	0.05			
discontinued operations/assets held for sale	0.00	0.00	0.00			
Diluted earnings per share	0.29	0.24	0.05			
from:						
continuing operations	0.29	0.24	0.05			
discontinued operations/assets held for sale	0.00	0.00	0.00			

Consolidated balance sheet

At 31 March 2008 "Non-current assets" of €15,829.7 million are down €8.0 million on the figure for 31 December 2007 (€15,837.7 million).

Property, plant and equipment, amounting to €8,649.5 million (€8,556.4 million at the end of 2007), primarily includes assets to be relinquished of €8,476.3 million. The increase of €93.1 million is essentially due to the combination of investments in upgrading and expansion of the motorway network, totalling €221.1 million, depreciation of €89.1 million and grants related to assets of €36.7 million.

Intangible assets, amounting to €4,599.4 million, are in line with the figure of €4,600.2 million at 31 December 2007. This item primarily consists of goodwill (€4,382.9 million) recognised at 31 December 2003, following acquisition of the majority shareholding in the former Autostrade - Concessioni e Costruzioni Autostrade SpA. This goodwill is tested annually for impairment.

At 31 March 2008 "Investments", totalling €205.9 million (€189.9 million at 31 December 2007), essentially regard investments in associates and joint ventures and other minor interests, primarily in: IGLI (€88.3 million), Autostrade del Sud America (€42.1 million), Autostrada del Brennero (€43.0 million) and Autovie Venete (€18.7 million). The increase over the period, amounting to €16.0 million, is primarily due to the payment of €18.0 million as a contribution for future capital increases by IGLI SpA, with the purpose of enabling this company to execute a Total Return Equity Swap agreement involving shares in Impregilo SpA.

Other non-current financial assets of €635.8 million (€748.1 million at 31 December 2007), primarily include term bank deposits in connection with government grants (Laws 662/1996 and 345/1997), totalling €597.2 million, the increase in the fair value of the Group's derivative financial instruments, totalling €13.5 million, and other medium/long-term financial assets of €25.1 million, primarily consisting of medium/long-term receivables due from ANAS as well as from staff. The reduction of €112.3 million compared with the end of 2007 is due to a decrease in the non-current portion of term bank deposits (down €79.0 million), following reclassification to current assets of the portion expected to be released in the next 12 month, and to a reduction in financial assets relating to the above derivative financial instruments (down €33.3 million) as a result of interest rate movements.

Deferred tax assets, after deducting offsettable deferred tax liabilities, amount to €1,733.7 million (€1,737.0 million at 31 December 2007) and include:

- a) €1,383.4 million of the remaining balance of deferred tax assets that had been recognised on the reversal of an intercompany gain arising in 2003 as a result of the transfer of motorway assets to Autostrade per l'Italia;
- b) €210.4 million of deferred tax assets relating to provisions that will be deductible in future years.

Other non-current assets of €5.4 million (€6.1 million at 31 December 2007) include the tax asset deriving from the advance payment of taxes on post-employment benefits.

At 31 March 2008 "Current assets" of €1,361.6 million are up €62.0 million on the figure for 31 December 2007 (€1,299.6 million).

Trading assets (€836.3 million) consist of trade receivables, inventories and contract work in progress and are €26.4 million up on 31 December 2007. This essentially reflects an increase in contract work in progress, above all in relation to Pavimental, and a rise in receivables due from road users in the form of deferred toll payments, due to seasonal factors. These increases were only partially offset by a reduction in amounts due from service area concessionaires, reflecting the fact that bills were issued in advance at the beginning of the year.

Cash and cash equivalents, totalling €139.0 million, is up €48.1 million on 31 December 2007.

Other current financial assets (€216.4 million) have increased €48.6 million compared with the end of 2007, primarily due to reclassification to current assets of a portion of term deposits in connection with Government grants.

Current tax assets of €67.0 million, essentially relating to net tax credits deriving from current income tax for 2007, are up €1.6 million on 31 December 2007 (€65.3 million).

Other current assets, amounting to €102.9 million (€165.7 million at 31 December 2007) primarily consist of amounts due from insurance companies for reimbursement of damages caused to the network by road users, amounts due from motorway companies that operate interconnecting networks and tax credits unrelated to income taxes. The reduction of €62.7 million on the figure for 31 December 2007 reflects the Stalexport group's collection of €38.1 million deriving from the sale of its steel trading division at the end of 2007, and Traforo del Monte Bianco's collection of €24.1 million in reimbursements and damages accounted for at the end of 2007 as a result of the settlement of litigation relating to the tunnel fire of 1999.

"Equity" attributable to equity holders of the parent and minority interest totals €4,123.2 million

(€4,010.3 million at 31 December 2007).

“Equity attributable to equity holders of the parent” amounts to €3,748.1 million, marking an increase of €116.3 million on the figure for 31 December 2007 (€3,631.8 million). This reflects profit for the period of €164.2 million, partially offset by a €47.7 million decrease in equity reserves due to the direct recognition in equity of gains and losses primarily derived from the application of IAS 32 and IAS 39 to the measurement, net of the related tax, at par value of derivative financial instruments qualifying as interest rate and foreign exchange hedges.

“Equity attributable to minority interest” amounts to €375.1 million, having decreased by €3.4 million compared with 31 December 2007 (€378.5 million). This essentially reflects dividends approved during the period by a number of Group companies and to be paid to their minority shareholders.

“Non-current liabilities”, totalling €10,427.6 million, are down €79.1 million on the figure for 31 December 2007 (€10,506.7 million).

Non-current provisions amount to €1,089.1 million (€1,082.6 million at 31 December 2007).

They consist of:

- a) “provisions for repair and replacement of assets to be relinquished” of €905.3 million, which are up €11.4 million on the end of 2007;
- b) “provisions for employee benefits” of €156.2 million (€160.5 million at 31 December 2007), consisting essentially of post-employment benefits;
- c) the non-current portion of other provisions, amounting to €27.6 million, which are in line with the figure for 31 December 2007.

Non-current financial liabilities, amounting to €9,243.1 million, are down €86.7 million on the figure for 31 December 2007 (€9,329.8 million). This essentially reflects reclassification to current financial liabilities of loan repayments falling due in the first three month of 2009, partially offset by the amortisation of borrowing costs accounted for as a reduction in the loans and by an increase in financial liabilities consisting of the fair value of derivatives qualifying as hedges due to interest rate movements. The composition of non-current financial liabilities is described below in the section on consolidated net debt.

Deferred tax liabilities of €13.7 million are down €2.7 million on 31 December 2007 (€16.4 million).

Other non-current liabilities of €81.7 million are up €3.7 million on 31 December 2007. These refer to

the portions of tolls collected by Autostrade per l'Italia and Autostrade Meridionali due to toll charge increases accounted for as long-term deferred income, represented by revenue accruing in future years and grants related to assets.

"Current liabilities" of €2,640.5 million are up €20.2 million compared with 31 December 2007 (€2,620.3 million).

Current provisions, amounting to €204.3 million (€205.5 million at 31 December 2007), consist of the current portions of "provisions for repair and replacement of assets to be relinquished" (€109.7 million), "provisions for employee benefits" (€18.3 million) and other provisions of €76.3 million (essentially relating to provisions for litigation and disputes).

Trading liabilities of €605.1 million (€683.8 million at 31 December 2007) primarily consist of trade payables arising from increased investment and maintenance activities.

Current financial liabilities of €899.1 million (€918.4 million at 31 December 2007) essentially reflect the use of short-term lines of credit, totalling €313.5 million, and the portion of medium/long-term borrowings falling due within 12 month, amounting to €577.7 million (including €35.1 million to be repaid directly by ANAS using the funds allocated by Law 662/1996 and Law 345/1997, and accrued expenses on borrowings of €264.0 million). The composition of current financial liabilities, and the related changes with respect to the end of the previous year, are described below in the section on consolidated net debt.

Current tax liabilities amount to €121.8 million, marking an increase of €82.4 million on 31 December 2007 (€39.4 million). This essentially reflects provisions for income taxes for the period.

Other current liabilities of €810.2 million have risen €37.0 million compared with 31 December 2007 (€773.2 million), essentially due to amounts payable to companies that operate interconnecting networks and tolls in the process of settlement (totalling €533.7 million at 31 March 2008). The item also includes non-income tax liabilities, amounts due to staff and social security contributions payable, amounts due for the expropriation of land connected to investment activities, and guarantee deposits from users who pay by direct debit.

ANALYSIS OF CONSOLIDATED BALANCE SHEET (€000)			
ASSETS	31 MAR 2008	31 DEC 2007	INCREASE/(DECREASE)
NON-CURRENT ASSETS			
Property, plant and equipment	8,649,513	8,556,412	93,101
Intangible assets	4,599,445	4,600,208	-763
Investments	205,948	189,958	15,990
Other financial assets	635,772	748,090	-112,318
Deferred tax assets	1,733,667	1,736,983	-3,316
Other assets	5,401	6,107	-706
Total non-current assets	15,829,746	15,837,758	-8,012
CURRENT ASSETS			
Trading assets	836,311	809,910	26,401
Cash and cash equivalents	138,999	90,900	48,099
Other financial assets	216,351	167,780	48,571
Current tax assets	66,973	65,335	1,638
Other assets	102,944	165,656	-62,712
Total current assets	1,361,578	1,299,581	61,997
TOTAL ASSETS	17,191,324	17,137,339	53,985
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the parent	3,748,070	3,631,803	116,267
Equity attributable to minority interest	375,111	378,494	-3,383
TOTAL EQUITY	4,123,181	4,010,297	112,884
NON-CURRENT LIABILITIES			
Provisions	1,089,085	1,082,599	6,486
Financial liabilities	9,243,144	9,329,823	-86,679
Deferred tax liabilities	13,734	16,372	-2,638
Other liabilities	81,667	77,942	3,725
Total non-current liabilities	10,427,630	10,506,736	-79,106
CURRENT LIABILITIES			
Provisions	204,300	205,495	-1,195
Trading liabilities	605,133	683,799	-78,666
Financial liabilities	899,055	918,438	-19,383
Current tax liabilities	121,776	39,381	82,395
Other liabilities	810,249	773,193	37,056
Total current liabilities	2,640,513	2,620,306	20,207
TOTAL LIABILITIES	13,068,143	13,127,042	-58,899
TOTAL EQUITY AND LIABILITIES	17,191,324	17,137,339	53,985

2. Report on operations

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (€000)									
	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							MINORITY INTEREST	TOTAL EQUITY
	ISSUED CAPITAL	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RESERVE FOR INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	OTHER RESERVES AND RETAINED EARNINGS	PROFIT/(LOSS) FOR THE PERIOD	TOTAL		
Balance at 31 Dec 2006	571,712	97,325	-58	-2,650	2,392,826	515,274	3,574,429	288,112	3,862,541
Profits/(Losses) recognised directly in equity	-	8,677	-21	-438	-	-	8,218	-	8,218
Profit/(Loss) for the period	-	-	-	-	-	134,541	134,541	-2,164	132,377
Total consolidated recognised income and expense for the period	-	8,677	-21	-438	-	134,541	142,759	-2,164	140,595
Shareholder transactions and other movements									
Retained earnings for previous year	-	-	-	-	515,274	-515,274	-	-	-
Change in basis of consolidation, capital contributions from minority interest and other movements	-	-	-	-	-8	-	-8	2,713	2,705
Balance at 31 Mar 2007	571,712	106,002	-79	-3,088	2,908,092	134,541	3,717,180	288,661	4,005,841
Balance at 31 Dec 2007	571,712	163,953	5,319	-3,533	2,690,892	203,460	3,631,803	378,494	4,010,297
Profits/(Losses) recognised directly in equity	-	-49,469	567	1,126	-	-	-47,776	1,105	-46,671
Profit/(Loss) for the period	-	-	-	-	-	164,191	164,191	-1,424	162,767
Total consolidated recognised income and expense for the period	-	-49,469	567	1,126	-	164,191	116,415	-319	116,096
Shareholder transactions and other movements									
Dividend approved	-	-	-	-	-	-	-	-2,540	-2,540
Retained earnings for previous year	-	-	-	-	203,460	-203,460	-	-	-
Change in basis of consolidation, capital contributions from minority interest and other movements	-	-	-	-	-148	-	-148	-524	-672
Balance at 31 Mar 2008	571,712	114,484	5,886	-2,407	2,894,204	164,191	3,748,070	375,111	4,123,181

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (€000)	THREE MONTH ENDED 31 MAR	
	2008	2007
Fair value gains/(losses) on cash flow hedges recognised directly in the cash flow hedge reserve (IAS 39)	-49,469	8,677
Gains/(Losses) recognised directly in currency translation reserve due to financial statements in a functional currency other than euro	1,672	-21
Gains/(Losses) recognised directly in currency translation reserve due to measurement using the equity method of investments in associates in a functional currency other than euro	1,126	-438
Net income/(expense) recognised directly in equity	-46,671	8,218
Profit for the period	162,767	132,377
Total consolidated recognised income and expense for the period	116,096	140,595
Of which attributable to equity holders of the Parent	116,415	142,759
Of which attributable to minority interest	-319	-2,164

The Group's net debt at 31 March 2008 amounts to €9,151.1 million, representing a reduction of €90.4 million with respect to 31 December 2007 (€9,241.5 million), despite the negative impact of marking to market derivatives held by the Parent Company, which increased financial liabilities by €68.2 million.

After excluding this item, the €158.6 million reduction in net debt is primarily due to the performance of working capital during the first quarter, in line with the typical seasonal trend for the period.

"Non-current net debt", amounting to €8,607.4 million (€8,581.7 million at 31 December 2007), consists of:

- a) non-current financial liabilities of €9,243.1 million (€9,329.8 million at 31 December 2007), which include:
 1. four bond issues by the Parent Company, totalling €6,233.8 million;
 2. medium/long-term borrowings of €2,733.2 million. This item, which is down €126.5 million on 31 December 2007, consists of:
 - a) a "Term Loan Facility" of €780.4 million obtained by the Parent Company;
 - b) European Investment Bank (EIB) loans to Group companies, totalling €572.6 million;
 - c) a loan to Strada dei Parchi from ANAS, amounting to €672.6 million;
 - d) bank loans to be directly repaid by ANAS (Laws 662/1996 and 345/1997) and the financial liability payable to ANAS for mortgage loan repayments made in relation to works envisaged in the Agreement and not yet completed, totalling €668.7 million;
 - e) loans granted by the Central Guarantee Fund, totalling €56.9 million;
 - f) other medium/long-term borrowings of €22.0 million;
 3. the non-current financial liability of €161.1 million consisting of the fair value of a derivative qualifying as an interest rate and foreign exchange hedge;

4. other financial liabilities totalling 115.1 million, consisting of deferred financial income (€57.2 million), that primarily relate to grants for interest maturing in future years, recognised following adoption of IAS 39 in relation to the above non-interest bearing loans from the Central Guarantee Fund, and the Stalexport group's debt of €57.9 million;
- b) non-current financial assets totalling €635.8 million, including long-term bank deposits of €597.2 million consisting of government grants (Laws 662/1996 and 345/1997) to be drawn on in accordance with the stage of completion of the relevant works, the fair value of assets non-current financial assets relating to certain derivative financial instruments qualifying as interest rate hedges, totalling €13.5 million, and other financial assets amounting to €25.1 million.

At 31 March 2008 "Current net debt" amounts to €543.7 million (€659.8 million at 31 December 2007) and consists of:

- a) current financial liabilities of €899.1 million, which include the current portion of medium/long-term borrowings falling due within 12 month of €577.7 million (including accrued financial expenses of €264.0 million), drawings on short-term lines of credit (€313.5 million), amounts predominantly payable to the subsidiary, Sitech (in liquidation) relating to the current account held with the Parent Company (€5.4 million), and other current financial liabilities (€2.3 million). Current financial liabilities have decreased by €19.4 million, essentially due to reduced use of short-term lines of credit (down €97.2 million), partly offset by a €75.8 million increase in the current portion of medium/long-term borrowings;
- b) current financial assets of €355.4 million (€258.6 million at 31 December 2007), which include cash and cash equivalents of €139.0 million and other current financial assets, totalling €216.4 million. The latter regard:
 1. short-term bank deposits falling due within 12 month, amounting to €152.6 million, attributable to Autostrade per l'Italia (€151.6 million) and Telepass SpA (€1.0 million);
 2. loans and receivables of €29.5 million;
 3. the current portion of medium/long-term financial assets (including the related interest income accrued at the end of the period and not yet collected), totalling €34.3 million.

The remaining weighted average term to maturity of the Group's debt is approximately 8 years. The ave-

average term to maturity of debt subject to interest rate and foreign exchange hedges is around 6 years. 95% of the Group's interest bearing debt, which includes interest rate and foreign exchange hedges, is fixed rate.

The Group's average cost of debt in the first quarter of 2008 was approximately 5.1%.

The Group's net debt, as defined in the CESR Recommendation of 10 February 2005 (which does not require the deduction of non-current financial assets from debt), amounts to €9,786.8 million at 31 March 2008, marking a reduction of €202.7 million on the figure of €9,989.6 million at 31 December 2007.

2. Report on operations

ANALYSIS OF CONSOLIDATED NET DEBT			
(€000)	31 MAR 2008	31 DEC 2007	INCREASE/(DECREASE)
NON-CURRENT NET DEBT			
Non-current financial liabilities	9,243,144	9,329,823	-86,679
Bond issues	6,233,751	6,282,453	-48,702
Medium/long-term borrowings	2,733,199	2,859,659	-126,460
Derivative financial instruments	161,095	72,588	88,507
Other financial liabilities	115,099	115,123	-24
Other non-current financial assets	-635,772	-748,090	112,318
Long-term bank deposits	-597,151	-676,174	79,023
Derivative financial instruments	-13,499	-46,870	33,371
Other financial assets	-25,122	-25,046	-76
NON-CURRENT NET DEBT	8,607,372	8,581,733	25,639
CURRENT NET DEBT			
Current financial liabilities	899,055	918,438	-19,383
Bank overdrafts	210,409	310,744	-100,335
Short-term borrowings	103,162	100,000	3,162
Current portion of medium/long-term borrowings	577,748	501,929	75,819
Bank account balances payable to unconsolidated investee companies	5,389	5,393	-4
Other financial liabilities	2,347	372	1,975
Cash and cash equivalents	-138,999	-90,900	-48,099
Cash	-84,849	-71,975	-12,874
Cash equivalents	-54,150	-18,925	-35,225
Other current financial assets	-216,351	-167,780	-48,571
Current portion of medium/long-term financial assets	-34,245	-25,522	-8,723
Short-term bank deposits	-152,643	-124,069	-28,574
Other financial assets	-29,463	-18,189	-11,274
CURRENT NET DEBT	543,705	659,758	-116,053
NET DEBT	9,151,077	9,241,491	-90,414

Consolidated working capital at 31 March 2008 is a negative €735.2 million (negative €661.0 million at 31 December 2007), and is the net balance of current assets of €1,006.2 million (€1,040.9 million at 31 December 2007) less current liabilities totalling €1,741.5 million (€1,701.9 million at 31 December 2007).

The decrease in working capital compared to 31 December 2007 is €74.3 million. The main movements during the period are as follows:

- a) a €12.4 million increase in trade receivables, due primarily to the combined effect of a rise in receivables due from road users in the form of deferred toll payments, due to seasonal factors, and collection of the annual fee from service area sub-concessionaires;
- b) the decrease in other current assets of €62.7 million, reflecting the Stalexport group's collection of €38.1 million deriving from the sale of its steel trading division at the end of 2007, and Traforo del Monte Bianco's collection of €24.1 million in reimbursements and damages accounted for at the end of 2007, as a result of the settlement of litigation relating to the tunnel fire of 1999;
- c) the increase in current tax liabilities of €80.8 million, essentially due to provisions for income taxes for the period;
- d) the €37.1 million increase in other current liabilities, primarily due to the increase in payables to other companies operating interconnecting networks and tolls in the process of settlement;
- e) the increase of €78.7 million in trading liabilities, due primarily to the seasonal nature of investments.

2. Report on operations

ANALYSIS OF CONSOLIDATED WORKING CAPITAL			
(€000)	31 MAR 2008	31 DEC 2007	INCREASE/(DECREASE)
Trading assets	836,311	809,910	26,401
Inventories	57,292	54,152	3,140
Contract work in progress	20,445	9,609	10,836
Trade receivables	758,574	746,149	12,425
Current tax assets	66,973	65,335	1,638
Withholding tax paid	22,816	21,171	1,645
Consolidated tax scheme tax receivables	44,157	44,164	-7
Total current assets	102,944	165,656	-62,712
Total assets in working capital	1,006,228	1,040,901	-34,673
Current provisions	-204,300	-205,495	1,195
Trading liabilities	-605,133	-683,799	78,666
Contract work in progress	-598	-430	-168
Trade payables	-604,535	-683,369	78,834
Current tax liabilities	-121,776	-39,381	-82,395
Other current liabilities	-810,249	-773,193	-37,056
Total liabilities in working capital	-1,741,458	-1,701,868	-39,590
WORKING CAPITAL	-735,230	-660,967	-74,263

Consolidated cash flow

The statement of changes in consolidated net debt and the cash flow statement are shown below. These statements analyse the effect of cash flows generated and/or used during the period on the Group's net debt and net cash and cash equivalents.

Net debt decreased by €90.4 million during the first quarter of 2008, compared with a reduction of €121.8 million in the same period of 2007.

Cash generated from operating activities amounted to €364.0 million (€399.4 million in 2007). Despite benefiting from an improved profit from continuing operations and an increased contribution from non-financial assets and liabilities, compared with the first quarter of 2007 cash inflows were hit by the movement in working capital, which generated cash of €74.5 million in the first quarter of 2007, whilst using cash totalling €71.5 million in the same period of 2008. Above all, the increase in cash generated by other non-financial assets and liabilities during the first quarter of 2008 benefited primarily from a reduction in current non-financial assets. This reflects both the Stalexport group's collection of the price received from the sale of its steel trading division at the end of 2007, and Traforo del Monte Bianco's collection of reimbursements and damages accounted for at the end of 2007, as a result of the settlement of litigation relating to the tunnel fire of 1999. The deterioration in working capital for the first quarter of 2008 resulted from an increase in trade receivables represented by deferred toll receipts, reflecting growing penetration of Telepass, and a decline in trading liabilities as a result of reduced capital expenditure during the period compared with the same period of 2007.

Cash used for investments in non-financial assets was €203.4 million (€288.9 million in the first quarter of 2007). This primarily relates to investments in property, plant and equipment of €221.1 million (€270.0 million in the same period of 2007), partially offset by government grants of €36.7 million (€32.0 million in the first quarter of 2007). Net cash used for investments amounted to €20.4 (€48.9 million in the same period of 2007).

Net equity cash outflows were €2.0 million (€1.7 million in the first quarter of 2007).

The overall impact of the above cash flows was to reduce net debt by €158.6 million, compared to a decrease of €108.8 million in the first quarter of 2007.

2. Report on operations

In addition, net debt was affected by the change in the fair value of hedging derivatives, which in the first quarter of 2008 contributed to an increase in debt of €68.2 million. This contrasts with a reduction in debt of €12.9 million in the same period of 2007.

STATEMENT OF CHANGES IN CONSOLIDATED NET DEBT (€000)	THREE MONTH ENDED 31 MAR	
	2008	2007
Profit for the period	162,767	132,377
Amortisation and depreciation	95,462	81,594
Impairment losses/(Reversal of impairment losses) of non-current financial assets and investments accounted for at cost or fair value	-759	-
Share of (profit)/loss of associates and joint ventures accounted for using the equity method	5,257	2,104
(Gain)/Loss on sale of and adjustments to non-current assets (*)	-3,456	-141
Net change in deferred tax (assets)/liabilities	19,442	30,402
Net movement in non-current provisions	6,487	1,499
Movement in working capital	-71,463	74,502
Net movement in other non-financial assets and liabilities	150,300	77,052
Net cash generated from/(used in) operating activities (A)	364,037	399,389
Purchases of property, plant and equipment	-221,138	-269,958
Purchases of intangible assets	-4,545	-3,669
Acquisition of investments, net of unpaid called-up share capital	-20,414	-48,933
Government grants related to assets	36,697	32,017
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments and movements in other non-current assets	6,036	1,646
Net cash generated from/(used in) investing activities (B)	-203,364	-288,897
Dividends paid	-703	-117
Net change in currency translation reserve and other reserves and debt-related translation differences	-1,904	-1,540
Movements in equity and reserves attributable to minority interest	581	-
Net equity cash inflows/(outflows) (C)	-2,026	-1,657
Increase/(decrease) in cash and cash equivalents (A+B+C)	158,647	108,835
Change in the fair value of hedging derivatives (D)	-68,233	12,949
Decrease/(increase) in net debt for the period (A+B+C+D)	90,414	121,784
Net debt at the beginning of the period	-9,241,491	-8,945,505
Net debt at the end of the period	-9,151,077	-8,823,721

(*) Including investments measured at cost or fair value

2. Report on operations

CONSOLIDATED CASH FLOW STATEMENT (€000)	THREE MONTH ENDED 31 MAR	
	2008	2007
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the period	162,767	132,377
Adjusted by:		
Amortisation and depreciation	95,462	81,594
Impairment losses/(Reversal of impairment losses) of non-current financial assets and investments accounted for at cost or fair value	-759	-
Share of (profit)/loss of associates and joint ventures accounted for using the equity method	5,257	2,104
(Gain)/Loss on sale of and adjustments to non-current assets (*)	-3,456	-141
Net change in deferred tax (assets)/liabilities	19,442	30,402
Net movement in non-current provisions	6,487	1,499
Movement in working capital, after reclassifications from non-current assets/liabilities	74,262	107,460
Net movement in other non-current non-financial liabilities and other movements	4,575	44,094
Net cash generated from/(used in) operating activities (A)	364,037	399,389
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Purchases of property, plant and equipment	-221,138	-269,958
Purchases of intangible assets	-4,545	-3,669
Purchases of investments, net of unpaid called-up issued capital	-20,414	-48,933
Purchase of new consolidated investments, including acquired net cash	-	636
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	5,330	1,167
Movement in other non-current assets	706	479
Movement in current and non-current financial assets not held for trading purposes	30,515	-67,612
Government grants related to assets	36,697	32,017
Net cash generated from/(used in) investing activities (B)	-172,849	-355,873
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends paid	-703	-117
Net change in currency translation reserve and other reserves	420	-63
Net change in issued capital and reserves attributable to minority interest	581	-
Increase in medium/long-term borrowings (excluding finance lease liabilities)	28	-
Increase in finance lease liabilities	26	-
Repayments of medium/long-term borrowings (excluding finance lease liabilities)	-56,299	-44,402
Payment of finance lease liabilities	-140	-
Net change in other current and non-current financial liabilities	13,823	101,999
Net cash generated from/(used in) financing activities (C)	-42,264	57,417
Net effect of foreign exchange rate movements on net cash and cash equivalents [d]	-487	-13
Increase/(decrease) in cash and cash equivalents (A+B+C+D)	148,437	100,920
Net cash and cash equivalents at beginning of period	-225,236	-185,694
Net cash and cash equivalents at end of period	-76,799	-84,774

(*) Including investments measured at cost or fair value

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT (€000)	THREE MONTH ENDED 31 MAR	
	2008	2007
Income tax paid	1,205	-
Interest income and other financial income collected	12,233	3,126
Interest expense and other financial expenses paid	89,098	35,582
Foreign exchange gains collected	70	1
Foreign exchange losses incurred	65	7

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS (€000)	THREE MONTH ENDED 31 MAR	
	2008	2007
Net cash and cash equivalents at beginning of period	-225,236	-185,694
Cash and cash equivalents	90,901	76,672
Bank overdrafts repayable on demand	-310,744	-256,967
Bank account balances payable to unconsolidated investee companies	-5,393	-5,399
Net cash and cash equivalents at end of period	-76,799	-84,774
Cash and cash equivalents	138,999	96,141
Bank overdrafts repayable on demand	-210,409	-175,545
Bank account balances payable to unconsolidated investee companies	-5,389	-5,370

Operating review for Italian motorway subsidiaries

Traffic

The total number of kilometres travelled on the networks managed by the Group's Italian motorway concessionaires during the first quarter of 2008 amounted to 12,461.6 million: 9,404.4 million by light vehicles (75.5% of the total) and 3,057.2 million by heavy vehicles (24.5% of the total).

The increase in traffic, with respect to the same period of 2007, was 3.4%, with light vehicles registering a notable 4.7% increase, compared with a modest fall of 0.4% recorded by heavy vehicles.

The quarterly figure benefited from the early Easter break (April in 2007), resulting in an increase in light traffic and a reduction in heavy vehicles using the motorway network, and the fact that the first quarter was one day longer in 2008, a leap year.

The traffic indicators that were not affected by the fact that 2008 is a leap year or by extension of the network clearly show lower increases in traffic volumes compared with those recorded in vehicle-kilometres (up 2.15%).

Traffic growth was recorded throughout the Group's network, with the exception of the arterial roads serving the Naples metropolitan area (the A3 Naples-Salerno, down 0.2%, and Naples Ring Road, down 1.9%). There was a significant increase in demand in Val d'Aosta, with RAV recording an increase of 29.5%, following completion of the related orbital motorway and the resulting extension of the network. Traforo del Monte Bianco, on the other hand, recorded growth of 19.7%, partly due to that fact that access to the tunnel on the French side was halted between 3 and 10 March 2007.

TRAFFIC ON THE NETWORK OPERATED UNDER CONCESSION IN ITALY DURING THE FIRST QUARTER OF 2008					
MOTORWAY	VEHICLES x KM (MILLIONS) ^(a)				ATVD 2008 ^(b)
	LIGHT VEHICLES	HEAVY VEHICLES	TOTAL VEHICLES	% INC./ (DEC.) ON 2007	
AUTOSTRADE PER L'ITALIA	8,181.0	2,861.7	11,042.7	3.5	42,510
Autostrada Torino-Savona	163.0	42.7	205.7	2.5	17,268
Autostrade Meridionali	332.1	37.5	369.6	-0.2	78,732
Tangenziale di Napoli	238.0	21.5	259.5	-1.9	141,171
Trafo del Monte Bianco	1.6	0.9	2.6	19.7	4,866
Società Autostrada Tirrenica	31.4	9.7	41.1	2.2	12,323
Raccordo Autostradale Valle d'Aosta	19.8	7.1	26.9	29.5	9,136
Strada dei Parchi	437.5	76.0	513.5	6.1	20,509
TOTAL SUBSIDIARIES	1,223.4	195.4	1,418.9	2.6	28,412
TOTAL	9,404.4	3,057.2	12,461.6	3.4	40,191

(a) Provisional data

(b) ATVD - Average theoretical vehicles per day equal to number of kilometres travelled/journey length/number of days in the year

Toll charges

On 29 December 2007, ANAS forwarded to motorway concessionaires the Decrees of the Minister of Infrastructure acting in concert with the Minister of the Economy and Finance of 28 December 2007, having regard to annual tariff adjustments to be applied on the roads managed by Autostrade per l'Italia and the other subsidiaries.

TARIFF INCREASES EFFECTIVE 1 JANUARY 2008 (IN %)	
MOTORWAY CONCESSIONAIRE	TARIFF INCREASE
Autostrade per l'Italia	3.61%
Raccordo Autostradale Valle d'Aosta	0.58%
Autostrada Torino-Savona	2.46%
Società Autostrada Tirrenica	0.00%
Strada dei Parchi	0.00%
Tangenziale di Napoli	0.00%
Autostrade Meridionali	0.00%

Autostrade per l'Italia was granted the tariff increase requested (3.61% as calculated by the tariff adjustment formula contained in the 1997 Agreement and the IV Addendum), excluding make-up of the

suspended portion of the 2007 toll increase.

As in 2007, the Raccordo Autostradale Valle d'Aosta was granted the full increase it had requested.

The increase for 2008 approved for Autostrada Torino-Savona included a make-up for the tariff increase that was not authorised for 2007.

Interministerial decrees suspended the toll increases requested by Autostrade Meridionali, Tangenziale di Napoli, Società Autostrada Tirrenica and Strada dei Parchi "due to continuing breach" of the terms of all four companies' concessions, after ANAS contested their failure to carry out the volume of maintenance envisaged in the related financial plans. In the case of Strada dei Parchi and Autostrade Meridionali alone, toll increases were also suspended due to a lack of provisions in the 2006 financial statements to take account of the financial benefits deriving from investments that have not been made.

Trafo del Monte Bianco has been authorised to revise its tolls from 1 July 2008 indexed to inflation calculated as the average rate of inflation in 2007 in Italy and France.

Network expansion and modernisation

During the first quarter of 2008 the Group's Italian motorway concessionaires invested a total of €216.4 million, marking a reduction of €50.6 million (18.9%) on the figure for the same period of 2007.

The higher volume of investments recorded in the first quarter of 2007 was primarily due to the fact that the fourth lane between Milan and Bergamo and the "dynamic third lane" of the Bologna Ring Road were completed ahead of schedule during the previous year.

Of the works included in Autostrade per l'Italia's Agreement of 1997, at 31 March 2008 approximately 80% of the works have been authorised and are being carried out or the related contracts being awarded, whilst over 39% of the works have been completed.

The dynamic third lane for the 13.7 km Bologna Ring Road entered service on 12 January 2008 (after work was completed at the end of 2007).

Work on the *Variante di Valico* (66.6 km) and the Florence North-Florence South section of motorway (21.9 km) is continuing.

The Environmental Impact Assessment (EIA) for Barberino-Florence North section, begun in 2004, was

only completed on 19 November 2007, following issue of the relevant decree by the Ministry of the Environment and the Ministry of Culture in response to Autostrade per l'Italia's decision to take legal action before the Lazio Regional Administrative Court for default. A number of requirements contained in the EIA decree can only be complied with once the Tuscany Regional Authority has given detailed indications.

To this end, Autostrade per l'Italia has already solicited a response from the Regional Authority and a number of meetings have been held in order to clearly define the additional requirements set out in the EIA decree.

The first session of the Services Conference was held on 3 April 2008 and the observations and opinions of all the interested authorities were gathered.

However, until the Tuscany Regional Authority has given detailed indications, it is not possible to complete the Final Design or close the related Services Conference.

The EIA for the Florence South-Incisa section, embarked on in 2005, has yet to be completed, however. The Ministry of the Environment has sent Autostrade per l'Italia a request for further clarification and additions, including extension of the design to include the Incisa toll station, representing an additional 2 km compared with the design submitted for approval. Autostrade per l'Italia has therefore notified the Ministry of the Environment and the Ministry of Culture of its intention to appeal the above requests. Autostrade per l'Italia has responded to the remaining requests by submitting the additions to the Ministry of the Environment. In January 2008 the Lazio Regional Administrative Court suspended application of the contested measure, ordering the Ministry of the Environment to re-examine its decision in the light of the evidence presented on appeal. On 28 March 2008 the Ministry of the Environment announced that the request for additional material had already been met in part by the documentation previously produced by Autostrade per l'Italia, whilst the remaining additions were to be considered no longer required.

The Regional Administrative Court hearing to examine the merits of the appeal was held on 3 April 2008. However, given that the Ministry of the Environment had indicated that its EIA opinion was close to being issued, the hearing was adjourned to a later date whilst awaiting issue of the above EIA opinion, provided that the Regional Authority issues its opinion in the meantime.

With regard to the state of completion of the works envisaged under Autostrade per l'Italia's IV Addendum, at 31 March 2008 approximately 55% of the works have been authorised, around 16% have

been contracted out and around 12% have been completed.

On 18 February 2008 work on the second stage of construction of the access roads serving the Rho-Pero Exhibition Centre was completed. The Exhibition Centre Viaduct was opened on 20 March 2008 (whilst one of the two carriageways had already been opened on 30 October 2007).

The final session of the Services Conference regarding the Lainate-Como section of the A9 (23.2 km) was held on 20 April 2007, with no agreement reached between central government and the regional authority. A decision to be taken by government ministers is awaited.

With regard to the widening to three lanes of the A14 between Rimini North and Pedaso (171.3 km), work on Lot 6A (37.0 km) is continuing, the final designs for Lots 2, 3 and 4 and the executive design for Lot 6B (71.5 km) are in the process of being approved by ANAS, whilst the contract for Lot 5 (17.2 km) is being awarded. Central government and the regional authority are currently reaching agreement regarding works not pertaining to the motorway for Lot 1 (29.0 km). In addition, with reference to Lot 7 (16.6 km), on 22 November 2007 Autostrade per l'Italia broke off the tender process for Lot 7A (5.2 km) whilst awaiting final approval of Lot 7B (11.4 km), for which the Services Conference came to a negative conclusion. Following the transfer of the relevant documents from the Chairman of the Services Conference to the Cabinet Office, a Presidential Decree was published on 12 February 2008 and a Decree, announcing agreement between central government and the regional authority, was issued by the Ministry of Infrastructure on 10 March 2008. The preparation of designs for the Porto San Elpidio-Pedaso section is now under way.

With regard to the section of the A1 linking Fiano with Rome's Orbital Motorway (18.7 km), on 7 March 2008 ANAS approved the final design for the Fiano-Settebagni section, excluding the Castelnuovo di Porto interchange, which will be included in the executive design currently being prepared.

On 15 February 2008 Autostrade per l'Italia submitted a new Preliminary Design (without the Environmental Impact Study) for the Genoa Bypass to ANAS. The new design covers the Gronda di Ponente section, upgrading of the A7/A12 road system and the San Benigno interchange and is based on the configurations agreed with the relevant local authorities. However, no solution to the issue of how to dispose of the over 10 million cubic metres of materials resulting from excavation of the tunnels has been drawn up. Possible solutions are currently being examined by a committee of experts set up by the Ministry of Infrastructure.

Autostrade per l'Italia is continuing with the works required by the Tunnel safety Plan contained in the IV Addendum: based on the approved designs, the upgrading of 161 tunnels has been completed, whilst work on a further 53 is underway.

With regard to investment in new works by Autostrade per l'Italia's subsidiaries (Raccordo Autostradale Valle d'Aosta, Strada dei Parchi and Autostrade Meridionali), at 31 March 2008 approximately 100% of the works have been authorised, around 78% of the works are being carried out or the related contracts are being awarded, and over 62% have been completed.

Network operations

Safety, maintenance and traffic management

The first quarter of 2008 witnessed a further improvement in safety levels, with the accident rate down from the 37.05 of the first three month of 2007 to 31.81 for the same period of 2008. The death rate also declined further to 0.37, compared with the 0.55 of the first quarter of 2007.

Routine and extraordinary maintenance was carried out by the Group's concessionaires in line with their commitment to delivering continuous improvements in service standards. Thanks to completion of the pavement laying programme, draining pavement now covers 79.1% of Autostrade per l'Italia's network (compared with 68.6% at the end of the first quarter of 2007). Rollout of the new system for measuring the average speeds of vehicles using a particular stretch of motorway ("Tutor") continues. One year on from its installation on a number of motorway sections accidents are down 17.6%, with the number of deaths falling 50.0%. At 31 March 2008 Tutor has been installed along 1,262 km of motorway. By the end of 2008 the system will cover a further 900 km.

1,170 hours of snowfall were recorded in the first quarter of 2008, marking an increase of 55% on the 754 hours of the same period of 2007. The network remained open at all times, in part thanks to implementation of the agreement to temporarily ban heavy vehicles during snow storms, which was signed in January 2006 with AISCAT, ANAS, the Highway Police, the relevant ministries and road hauliers' associations. The agreement means that inconvenience to road users can be minimised.

Toll collection and payment systems

In the first quarter of 2008 the number of transactions handled by automated toll-collection systems on the network managed by Autostrade per l'Italia and its subsidiaries rose 3.4% compared with the same period of 2007, reaching 73.3% of the total number of transactions (71.9% in the first quarter of 2007). Payments using Telepass accounted for 55.0% of total transactions, compared with 53.5% in the first quarter of 2007.

At 31 March 2008 the number of Telepass devices in use on the Italian motorway network has reached around 6.0 million.

This positive result was partly achieved thanks to the impact of the new Telepass Premium service, which combines Telepass functions with a package of services and benefits. At 31 March 2008 the service has already signed up more than 700,000 subscribers.

Service areas and advertising

The Group received royalties of €45.6 million on the revenues generated by the retail activities of sub-concessionaires in the first quarter of 2008, marking a 3.6% increase in royalties compared with the same period of 2007.

On Autostrade per l'Italia's network, at 31 March 2008 approximately 71.3% of the works envisaged in the €800 million upgrading programme, agreed by Autostrade per l'Italia and sub-concessionaires and covering the entire service area network, are either in progress or have been completed. Work being carried out by Autostrade per l'Italia and sub-concessionaires has been completed at 96 service areas, whilst expansion and renovation work is in progress at a further 83 service areas.

The process of awarding 181 service concessions, either expiring in 2008 and 2009 or for newly built service areas, is in progress. Of these, 88 are food service concessions (79 to be awarded by Autostrade per l'Italia, 4 by Tangenziale di Napoli and 5 by Strada dei Parchi) and 93 for fuel services (82 Autostrade per l'Italia, 4 Tangenziale di Napoli, 5 Strada dei Parchi and 2 Società Autostrada Tirrenica).

In the first quarter of 2008, the subsidiary AD Moving SpA earned revenues of €4.1 million (up €0.6 million on the same period of 2007) from the management and marketing of advertising space along the motorway network and at other locations.

Advanced traffic and communication services

Infoblu

Infoblu is the Group company that provides motorway information services to telecommunications and media companies.

After the initial success of the TMC.IT service, launched during 2007 under a technology partnership with the Bavarian car manufacturer, BMW, and thanks to commercial agreements with TomTom and MioTech, during the first quarter of 2008 the company concluded an agreement with Garmin, meaning that the company now serves all the main providers. The first group of Garmin products offering the TMC.IT traffic information services are to be launched in 2008.

In order to expand its information content, during early 2008 Infoblu concluded a number of important commercial agreements with Autostrada del Brennero, Milano Serravalle, S.U.S. Servizi Utenza Stradale (the information centre operated by Autovie Venete, Padova-Venezia, Brescia-Padova and Centro Padane) and OCTO Telematica, the latter regarding analysis of so-called floating car data. The company earned revenues of €0.3 million during the first quarter of 2008.

Towerco

TowerCo, which has been operating since 2003, was set up to add value to the Group's motorway infrastructure and roadside property, subsequently extending its activities to include land owned by other parties (ANAS, municipal authorities and other road management companies). This involves the construction and management of sites designed to host antennae and equipment used by commercial operators (mobile communications companies and TV and radio broadcasters) and public services (police, Isoradio or traffic monitoring systems), providing a range of operating and maintenance services.

At the end of March 2008 a total of 223 sites have been built (with 54 providing GSM/UMTS coverage in motorway tunnels), 28 sites are under construction or are nearing the start of construction, and 75 further sites are being designed or are at the authorisation stage. The average number of operators per site is 1.7.

The company earned revenues of €3.8 million during the first quarter of 2008 (up 6.0% on the same period of 2007).

International activities

Stalexport Autostrady

Stalexport Autostrady, a Polish-registered company quoted on the Warsaw Stock Exchange and a subsidiary of Autostrade per l'Italia via its 56.24% interest, holds the motorway concession for the 61-kilometre long A4 Krakow-Katowice motorway via its wholly owned subsidiary, Stalexport Autostrada Malopolska.

During the first three month of 2008, the section of motorway managed by the concessionaire, Stalexport Autostrada Malopolska, registered an average daily traffic volume of 27,589 vehicles (including both light and heavy components), representing a total of approximately 152 million kilometres travelled. This is up 3.13% on the same period of 2007.

During the first quarter of 2008 the Stalexport group recorded revenues of €10.6 million and EBITDA of €6.5 million. The figures for the first quarter of 2007 are not comparable as consolidation of the subsidiary's income statement was effective from 1 July 2007.

Costanera Norte

During the first three month of 2008 traffic using the 43 km of motorway operated under concession by Costanera Norte in the city of Santiago (Chile) grew 5.52%. In January 2008 the company applied the toll charge increase of 11.20% provided for under the concession agreement (the increase is equal to the factorial product of 100% of consumer price inflation of 7.44% plus 3.5%).

During the first quarter of 2008 Costanera Norte recorded revenues of €14.7 million, marking an increase of 7.3% on the same period of 2007 (€13.7 million). Gross operating profit (EBITDA) was €13.0 million, representing growth of 6.1% compared with the first three month of 2007 (€12.3 million).

Measurement of the investment in Autostrade del Sud America (which, via its Chilean sub-holding, Autopista Do Pacifico, has full ownership of Costanera Norte SA) using the equity method has resulted in

recognition in the consolidated income statement for the three month ended 31 March 2008 of a charge of €1.9 million. This results from the foreign currency translation of the company's financial statements in Chilean pesos and, above all, the non-recognition for the purposes of IFRS of the accounting revaluation deriving from the application of inflation accounting to assets). Measurement using the equity method has also resulted in a gain of €2.1 million (due to exchange rate movements during the period) recognised directly in equity. These two factors have led to a net increase of €0.2 million in the carrying amount of the investment.

Electronic Transaction Consultants (ETC)

Electronic Transaction Consultants, a US-registered company, is the leading US provider of systems integration, hardware and software maintenance, customer services and consultancy in the field of free flow electronic toll collection systems.

Via its subsidiary, Autostrade International US Holdings, the Atlantia Group holds a 45% stake in the company, which, as a result of a call option on a further 16% of the company's shares, is consolidated in the Group's accounts.

During the first quarter of 2008 Electronic Transaction Consultants recorded revenues of €5.3 million and negative EBITDA of €2.6 million. The performance reflects the postponement of certain business development initiatives and reduced profits on the company's existing order book. The figures for the first quarter of 2007 are not comparable as consolidation of the subsidiary's income statement was effective from 1 January 2008.

Other information

IGLI

On 15 January 2008 IGLI, a company 33% owned by Autostrade per l'Italia, entered into an equity swap agreement regarding a further 2.989% of the shares of Impregilo SpA, a listed company of which IGLI already owns 29.548%.

IGLI has the option to execute the agreement, either in part or in full, at any time within 11 months.

On expiry of the agreement, or at the date of early termination, settlement may take place via a cash settlement or, at IGLI's discretion, via physical delivery, with the resulting transfer of ownership of the shares covered by the agreement. The agreed price to be paid is €4.159 per Impregilo share.

As part of the transaction, shareholders have paid in a total €54.5 million as contributions for future increases in IGLI's capital, with Autostrade per l'Italia's share amounting to €18.0 million.

On 12 March 2008 IGLI's shareholders renewed their shareholder agreement, due to expire on 12 June 2008, for a further year on the same terms and conditions.

Transfer of investments to Autostrade per l'Italia

The restructuring of the roles of Atlantia and Autostrade per l'Italia within the Group primarily involves a strengthening of the latter's role as an operating parent company involved in the management of infrastructure under concession. As a result, in application of the resolution approved by the boards of directors of the two companies in May 2007, the Extraordinary General Meeting of Autostrade per l'Italia's shareholders, held on 18 January 2008, approved the transfer of the following investments from Atlantia to Autostrade per l'Italia:

- Stalexport Autostrady SA (a 56.2% controlling interest), a Polish-registered company that holds the concession for the 61-km long Krakow-Katowice motorway;
- Infoblu SpA (a wholly owned subsidiary), which provides traffic information services;
- Autostrade Participations SA (a 99.9% controlling interest), a Luxembourg-registered company that holds 25% of Autostrade International US Holdings Inc., the remaining 75% of which is owned by Autostrade per l'Italia;

- Autostrade del Sud America Srl (a 45% interest), which is the indirect parent of Costanera Norte, the holder of the concession for the 42-km long motorway of the same name in Santiago del Chile.

These transfers were carried out on the basis of the carrying amounts recognised in Atlantia SpA's financial statements.

Staff

At 31 March 2008 the Group employed 9,501 staff on permanent contracts and 448 temporary staff. This marks increases of 491 (5.4%) in the permanent workforce and of 184 (69.7%) in temporary staff since 31 March 2007.

The rise reflects the change in the basis of consolidation, primarily resulting from the inclusion of Electronic Transaction Consultants Co. and the Stalexport group after 31 March 2007.

At 31 March 2008 these companies contributed a total of 497 permanent and 199 temporary staff to the overall workforce.

On a like-for-like basis, compared with 31 March 2007, the workforce has seen a reduction of 6 (0.1%) in the number of permanent staff and of 15 (5.7%) in temporary employees.

In the same way, the Group's average workforce has risen from 8,991 in the first quarter of 2007 to 9,637 in the same period of 2008 (up 7.2%). The overall increase of 646 primarily reflects the first-time consolidation of the Stalexport group (293 staff) and Electronic Transaction Consultants Co. (373) during 2007. Excluding these two companies, the Group's average workforce has fallen by 20.

PERMANENT STAFF (UNITS)				
POSITION	31 MAR 2008	31 MAR 2007	INCREASE/(DECREASE) ABSOLUTE	%
Senior managers	178	162	16	9.9
Middle managers	691	663	28	4.2
Administrative staff	3,517	3,111	406	13.1
Manual workers	1,711	1,614	97	6.0
Toll collectors	3,404	3,460	(56)	(1.6)
Total	9,501	9,010	491	5.4

TEMPORARY STAFF (UNITS)				
POSITION	31 MAR 2008	31 MAR 2007	INCREASE/(DECREASE) ABSOLUTE	%
Senior managers	1	1	0	0.0
Middle managers	2	0	2	n.a.
Administrative staff	281	227	54	23.8
Manual workers	67	24	43	179.2
Toll collectors	97	12	85	708.3
Total	448	264	184	69.7

AVERAGE WORKFORCE (UNITS)				
POSITION	Q1 2008	Q1 2007	INCREASE/(DECREASE) ABSOLUTE	%
Senior managers	177	162	15	9.3
Middle managers	683	658	25	3.8
Administrative staff	3,683	3,231	452	14.0
Manual workers	1,724	1,613	111	6.9
Toll collectors	3,370	3,327	43	1.3
Total	9,637	8,991	646	7.2

Significant events and risk factors

Single concession agreement between Autostrade per l'Italia and ANAS and regulatory developments

On 12 October 2007, Autostrade per l'Italia SpA and ANAS SpA signed the draft single concession agreement by which the parties agreed to implement the provisions of Law 286/2006.

Briefly, the draft single concession agreement signed by Autostrade per l'Italia SpA envisages:

- for toll rate increases
 - maintenance of a price-cap formula for setting the minimum annual rate of increase of tolls linked to 70% of the effective rate of inflation recorded by ISTAT over the previous 12 month between 1 July and 30 June;
 - backdated application of the new formula to 1 January 2007 less any increases already applied with effect from this date based on the existing formula.
- for investments
 - confirmation of the investment commitments envisaged by the Agreement of 1997 and the IV Addendum of 2002;
 - definition of the areas for investment already provided for by the Agreement of 1997 through new specific network upgrading projects, amounting to a total of approximately €2 billion;
 - a commitment to prepare the preliminary design for the upgrade of certain sections of the network under concession, covering a total of 300 km and involving expenditure of approximately €5 billion. Following approval of the final design, the new works will be subject to economic regulation on the basis of CIPE Directive 39/2007 (a return in line with nominal pre-tax WACC);
 - a commitment to complete the National Noise Abatement Plan at a cost of €700 million, in addition to the amount already envisaged in the Agreement of 1997;
 - further toll increases, designed to take account of additional investment compared with the commitments made in the original Agreement of 1997, determined solely on the basis of the state of progress of the related works.

The agreement also contains other commitments and guarantees entailing:

- a set of contractually agreed sanctions and penalties in the event of failure to comply with the obligations in the agreement;
- the settlement of cases of contractual default that might lead to the lapse, revocation, withdrawal and termination of the concession, with the explicit recognition of compensatory damages to be determined on the basis of market practices;
- in the event of amendments to legislation, regulations or tax laws having a specific impact on the sector, any resulting differences will form an additional component in determining toll charges;
- introduction of an obligation on the part of the concessionaire to meet certain capital requirements, measured according to the Debt Service Coverage Ratio (DSCR). The minimum ratio to be complied with in each financial year is 1.2;
- a commitment to have available lines of credit or liquid resources earmarked to finance investment equivalent to the total delays accumulated with respect to the terms of the Agreement;
- an commitment to credit any financial benefits deriving from new investments to a special equity reserve in the event of a delay in the execution of those investments;
- definition of the scope of application and the criteria for the concession provider to authorise any changes in the concession entity and any extraordinary transaction involving the concessionaire's issued capital;
- control over the concessionaire, pursuant to art. 2359 of the Italian Civil Code, must be exercised by an entity that meets the following requirements:
 - equity of at least €10 million for each percentage point of the investment held;
 - its registered office in a country not included in the blacklist of tax havens;
 - a commitment to keep the concessionaire's registered office in Italy and provide the necessary resources in order to meet the obligations envisaged in the Agreement;
 - corporate officers consisting of directors and statutory auditors that meet the professional, independence and integrity requirements for companies listed on regulated markets in the country in which the concessionaire's registered office is located.

Once the single concession agreement comes into effect, Autostrade per l'Italia SpA and ANAS SpA will waive all pending litigation in any way related to concession relations.

Until approval, the parties are required to suspend all legal action having regard to pending court cases

and to petition the Court to adjourn hearings for a period of six months from the date of signing the agreement. This term has been extended for a further three months until 12 July 2008, under a private deed signed by ANAS and Autostrade per l'Italia on 7 April 2008.

The authorisation procedure, laid down by Law 286/2006, requires the Interministerial Economic Planning Committee (CIPE) to approve the text of the concession agreement (subject to receipt of a technical opinion from NARS, the consultative committee that advises the CIPE on matters relating to the guidelines for public services), the Parliamentary Committees concerned to provide their opinion, the agreement to be executed and an inter-ministerial decree approving the agreement to be issued by the Ministry of Infrastructure and the Ministry of the Economy and Finance. Finally, the decree must be filed with the Italian Court of Auditors, after which the concession agreement is fully effective.

Also on 12 October 2007, the President of the Council of Ministers, Romano Prodi, forwarded the single concession agreement signed by ANAS SpA and Autostrade per l'Italia SpA to Commissioner McCreevy and confirmed that its provisions guaranteed certainty with respect to tolls. In the same letter, the Italian Government gave an commitment to hasten the conclusion of the approval of the relevant concession.

Notwithstanding the forwarding of the concession agreement by the Minister of Infrastructure to the CIPE with a request for its examination to be included in the Agenda - pursuant to paragraph 84 of article 2 of Legislative Decree 262/2006 - NARS issued an adverse opinion on the concession agreement on 26 November 2007. Very briefly, whilst NARS recognised the existence of "*a large volume and many layers of legislation regarding the motorway sector*", its adverse opinion on the concession was essentially based on the fact that the annual toll rate adjustment formula contained therein (70% of the real inflation rate throughout the concession term) did not comply with the price cap established by CIPE Resolution 319 of 20 December 1996.

At the pre CIPE meeting of 27 November 2007, the Minister of Infrastructure removed approval of the ANAS - Autostrade per l'Italia concession agreement from the Agenda for the CIPE meeting of 30 November 2007.

In effect, as explained in Autostrade per l'Italia's letter of 15 January 2008, by which Autostrade per l'Italia formalised its comments and opinions regarding the positions of NARS, ANAS and Autostrade per l'Italia, it is not possible to base the single concession agreement on CIPE Resolution 319/96. The principles on which Resolution 319/96 is based have long since been overtaken due to subsequent legal

and regulatory instruments and/or requirements, in addition to agreements that have been concluded in the meantime: (i) clause in the Autostrade - ANAS concession agreement of 4 August 1997, granting the right to the differential between real and targeted inflation that was also confirmed by the Council of State in its opinion issued in 2002; (ii) introduction by the IV Addendum of 2002 of specific toll increases to remunerate new investments; (iii) new requirements of Legislative Decree 262/2006, as subsequently amended, as well as CIPE Directive 39/2007.

As a result of the above, the concession agreement negotiated and signed by ANAS and Autostrade per l'Italia, under the supervision of the Ministry of Infrastructure, contains certain elements of a recognitive nature, while others are commitments and still others are innovative. The terms of the concession agreement with respect to tolls are based:

- entirely on CIPE 39/2007 for future investments;
- on the IV Addendum mechanisms that have already been applied with respect to the investments required therein;
- on the base toll rates and the original investment plan contained in the Agreement of 1997, established on the general principles of CIPE Resolution 65/1996 (relating to guidelines for the payment of public services) and, to the extent desirable and feasible, with respect to modifications already introduced by CIPE Resolution 319/1996.

In the meantime, on 28 November 2007, the European Commission - Internal Market Directorate - notified the Italian Government that it is satisfied that the Single Concession Agreement can be signed by ANAS and Autostrade per l'Italia, and that it hopes that the wording of Law 286/2006 can be amended to eliminate the possibility of a subsequent unilateral modification of existing contracts when financial plans are revised. In a letter to the Italian Government sent on 19 December 2007, Commissioner McCreevy also made his own comments relating to the amendment of Law 286/2006 and the entry into force of the agreement already signed. The Commissioner concluded the letter by writing that the infringement proceedings would only be dismissed following compliance with these requirements.

On 12 March 2008 the Internal Market Directorate General wrote to the Italian government, reiterating the need to rapidly comply with the two conditions that the European Commission wishes to see satisfied before it closes the infringement procedure.

Single concession agreements between subsidiaries and ANAS

In 2007, ANAS sent single concession agreements to all subsidiaries (with the exception of Società per il Traforo del Monte Bianco) in order to commence the process required by Legislative Decree 262/2006, as subsequently amended.

The subsidiaries have contested the letter (with some filing appeals before the Lazio Regional Administrative Court). The resulting appeals are currently pending before the Lazio Regional Administrative Court, given that a date has yet to be set for a hearing into the merits.

In particular, whilst claiming that the conditions precedent for the commencement of drafting a single concession, as established in article 2, paragraph 82 of Legislative Decree 262/2006 and subsequent amendments, do not exist, all the above subsidiaries have demonstrated, through letters and in meetings with the concession provider, their availability to jointly explore their interest in preparing a single concession agreement between the parties.

Criteria for the authorisation of changes to motorway concessionaires

Following publication in the Official Gazette of the text of the Directive issued by the Ministry of Infrastructure on 30 July 2007, in agreement with the Minister of the Economy and Finance, setting out the *"Criteria for the authorisation of changes to motorway concessionaires as a result of mergers within the EU"*, the Official Gazette of 3 March 2008 published the text of a Directive issued by the Ministry of Infrastructure on 29 February 2007 in agreement with the Minister of the Economy and Finance. The Directive sets out the *"Measures taken with consequent to the Interministerial Directive of 30 July 2007 regarding the criteria for the authorisation of changes to motorway concessionaires as a result of mergers within the EU"*. Atlantia and Autostrade per l'Italia have appealed to the Lazio Regional Administrative Court for an injunction annulling the legislation as illegal.

The European Commission has still, moreover, to make a final decision regarding the alleged violation of art. 21 of the EU Merger Regulation in relation to the measures taken to block the planned merger of Autostrade SpA and Abertis in 2006. Were the Commission's preliminary findings confirmed, the Commission could find the Italian government to have been in breach of article 21. Although the Italian government would have the right of appeal before the European Court, this decision would be binding

and would have an impact on national legislation, forcing the government and the courts to ensure compliance, and not to apply contrasting national laws and regulations.

The appeal filed by Atlantia and Autostrade per l'Italia with the Council of State, requesting that the judgment handed down by the Lazio Regional Administrative Court on 25 January 2007 be quashed, is still pending. In this judgment, the court of first instance recognised ANAS's power to authorise the merger between Autostrade SpA and Abertis.

ANAS's writ of summons against Autostrade and Autostrade per l'Italia

ANAS has brought a writ of summons against Autostrade and Autostrade per l'Italia before the Civil Court of Rome, which subsequently issued a subpoena to on 9 December 2006, after ANAS had petitioned the court to rule on a breach of commitments given by Autostrade and Autostrade per l'Italia and to order the companies to promptly carry out works in accordance with the projections in the financial plan. In accordance with the contents of a private agreement between ANAS and Autostrade per l'Italia SpA, which was signed on 7 April 2008, the Court, at the request of the parties, has adjourned the related hearing until 15 July 2008.

ANAS's requests of 16 March 2007 regarding provisions in the financial statements

In a letter dated 14 February 2008, ANAS, again requested the motorway subsidiaries, Autostrade Torino-Savona, Autostrade Meridionali, Tangenziale di Napoli, Strada dei Parchi and SAT, to "*make appropriate provisions corresponding to the accrued financial benefits deriving from delays in carrying out planned investments*" in their financial statements for 2007.

The concessionaires controlled by Autostrade per l'Italia that are affected by the provision filed appeal against the above measures before Lazio Regional Administrative Court on 11 April 2008, as was done in previous years.

Similar petitions to the Lazio Regional Administrative Court by Autostrade per l'Italia and other motorway subsidiaries (except for Traforo del Monte Bianco) to annul ANAS's letters of 19 July 2006 and 16

March 2007 are still pending. These letters contained requests for provisions to be made for the financial benefits deriving from delays in carrying out investments in 2006 and 2007.

Tariff increases for 2008

In its letter of 28 December 2007, ANAS forwarded a copy of a decree of the same date by the Ministry of Infrastructure, in agreement with the Ministry of the Economy and Finance, approving a tariff adjustment for 2008 of 3.61%, as requested by Autostrade per l'Italia. The approval was granted despite the suspension of the tariff increases for 2007, which were the subject of a pending appeal to the Lazio Regional Administrative Court.

The adjustment was approved on the condition that Autostrade per l'Italia made provisions for the financial benefits deriving from the delays in carrying out investments for all years prior to 31 December 2006.

On 30 November 2007, Autostrade per l'Italia SpA voluntarily applied the clauses of the single concession agreement signed with ANAS SpA on 12 October 2007 to appropriate and restrict the use of €197 million to an "extraordinary undistributable reserve for delayed investments" included in "equity, reserves and undistributed income". The amount of the reserve was determined with reference to the estimated state of completion of works at 31 December 2007.

On 10 January 2008, Autostrade per l'Italia duly notified the above-mentioned Ministries and ANAS, which had already been notified on 7 December 2007. In a letter dated 14 February 2008, ANAS communicated that the decision of the general meeting of 30 November 2007 was consistent with the commitments given by Autostrade per l'Italia in the single concession agreement signed on 12 October 2007.

Società Autostrada Tirrenica SpA, Strada dei Parchi SpA, Tangenziale di Napoli SpA and Autostrade Meridionali SpA did not receive permission to apply the contractual tariff increases requested due to claims of breach by ANAS in June 2007 (which have been appealed by the various companies who are the subject of the claims). In particular, the alleged breach committed by Autostrade Meridionali and Strada dei Parchi regards the failure to make provisions for the financial benefits deriving from the delays in carrying out investments in their financial statements for 2006, whilst ANAS claims that these two com-

panies and Tangenziale di Napoli and Società Autostrade Tirrenica carried out less maintenance work than programmed in the financial plan. These companies filed appeal before the Lazio Regional Administrative Court on 26 February 2008, requesting annulment of the decrees dated 28 December 2007 regarding tariffs.

petitions to the Lazio Regional Administrative Court by Autostrade per l'Italia and other motorway subsidiaries affected by the measures adopted by ANAS with regard to reductions to tariff increases for 2007 are still pending.

Appeals before Lazio Regional Administrative Court against the Ministry of the Environment and the Ministry of Culture

Autostrade per l'Italia has been forced to make a new appeal to the Lazio Regional Administrative Court with respect to the Florence South-Incisa section of the motorway for the suspension of an order of 26 September 2007 by the Ministry of the Environment that, in connection with EIA procedures, among other things requested the extension of designs to the Incisa toll station or two kilometres more than planned.

On 20 December 2007, there was a hearing at the Lazio Regional Administrative Court regarding suspension of the measure appealed by Autostrade per l'Italia. The hearing on the suspension was adjourned to 24 January 2008 on the motion of the Advocate General, and the subsequent hearing to examine the merits of the appeal was also scheduled for 3 April 2008.

On 24 January 2008 the Lazio Regional Administrative Court - with Order 614/2008 - upheld the appeal and suspended application of the measure contested by Autostrade per l'Italia. Whilst awaiting the hearing to examine the merits of the appeal, which is to be held on 3 April 2008, the Court has ordered the Ministry of the Environment to re-examine its decision in the light of the evidence presented on appeal.

On 28 March 2008 the Ministry of the Environment - in note DSA-2008-0008644 - announced that the request for additional material (forming the subject of the above appeal) had already been met in part by the documentation previously produced by Autostrade per l'Italia, whilst the remaining additions were to be considered no longer required. Moreover, in the meantime the Ministry of the Environment called

a meeting for 31 March 2008, which was attended by Autostrade per l'Italia and at which the Ministry stated that it would shortly issue its EIA opinion, though this would be subject to certain requirements. The Regional Administrative Court hearing to examine the merits of the appeal was held on 3 April 2008. However, given that the above situation, the hearing was adjourned to a later date whilst awaiting issue of the above EIA opinion.

Other ongoing litigation

Autostrade per l'Italia is the defendant in two actions, which are still pending, brought before Lazio Regional Administrative Court regarding toll charges. The actions, which have been brought by Codacons and other consumers' associations, aim to challenge the toll increases introduced in 1999 and 2003. On 20 February 2008, there was a hearing of the appeal filed with the Lazio Regional Administrative Court by WWF Italia in 1999. This action, which has been brought against the Cabinet Office, the Ministry of Public Works, the Treasury Ministry, ANAS and Autostrade, aims to obtain an injunction blocking implementation of the agreement between ANAS and Autostrade, dated 4 August 1997. The WWF is primarily challenging the method by which Autostrade's concession was renewed from 2018 to 2038 without a public tender. Lazio Regional Administrative Court sentence 2519 of 21 March 2008 quashed the appeal, declaring it inadmissible as the WWF had no right of appeal. In substance, the Court found that, in this particular case, *"there is no indication that the agreement under appeal has damaged environmental interests"*.

Another case is pending that was brought by Autostrade per l'Italia before the Lazio Regional Administrative Court for the annulment of ANAS's letter of 12 June 2006 in which ANAS ruled that all motorway concessionaires are to be subject to *"the regulations governing the award of contracts to carry out public services, works and supplies and, therefore, to the same restrictions applied to contracting authorities in the strict sense of the term"*. Similar appeals have been filed by all the Group's concessionaires (with the exception of Raccordo Autostradale Valle d'Aosta).

In December 2007 the Italian Antitrust Authority notified Autostrade per l'Italia of an increase in the scope of its investigation into the provision of emergency breakdown services, which had been instituted the preceding September with respect to Strada dei Parchi, Società Autostrada Tirrenica and ANAS for

alleged abuse of their dominant position, and into ACI Global and Europ Assistance for restrictive practices. A series of meetings is currently being held with the Antitrust Authority to assess possible commitments to redress the alleged infractions.

Finally, Autostrade per l'Italia is the defendant in a number of legal actions regarding expropriations, tenders and claims for damages deriving from motorway activities.

Outlook

In view of developments regarding toll charges, the performance of related businesses and the line-by-line consolidation over the whole year of the companies acquired during 2007, we expect to see an improvement in the operating performance for 2008. It should be noted that traffic figures for the first quarter benefited from the early Easter break (April in 2007) and the fact that the first quarter was one day longer in 2008, a leap year.

Taking account of the current situation regarding approval of the draft single concession agreement provided for by Law 286/2006, and also in view of the requests of the European Commission's Internal Market and Services Directorate General and the resulting regulatory changes deriving from the infringement procedure launched on 14 November 2006, it is not currently possible to forecast how long the above approval process will take.

Declaration by the manager responsible for financial reporting pursuant to section 2 of art. 154 bis of legislative decree 58/1998

The manager responsible for financial reporting, Giancarlo Guenzi, declares, pursuant to section 2 of article 154 bis of the Consolidated Finance Act, that the accounting information contained in this report is consistent with the underlying accounting documents, books and records.

Legal information and contacts

Registered office

Via Antonio Nibby 20 - 00161 Rome

Tel. +39 06 44172699

Fax +39 06 44172696

www.atlantia.it

Legal information

Issued capital: €571,711,557.00, fully paid-up.

Tax code, VAT number and Rome Companies' Register no. 03731380261

REA no. 1023691

Investor Relations

e-mail: investor.relations@atlantia.it

Media Relations

e-mail: media.relations@atlantia.it

www.atlantia.it