

Atlantia 

Annual Report 2011





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Contents

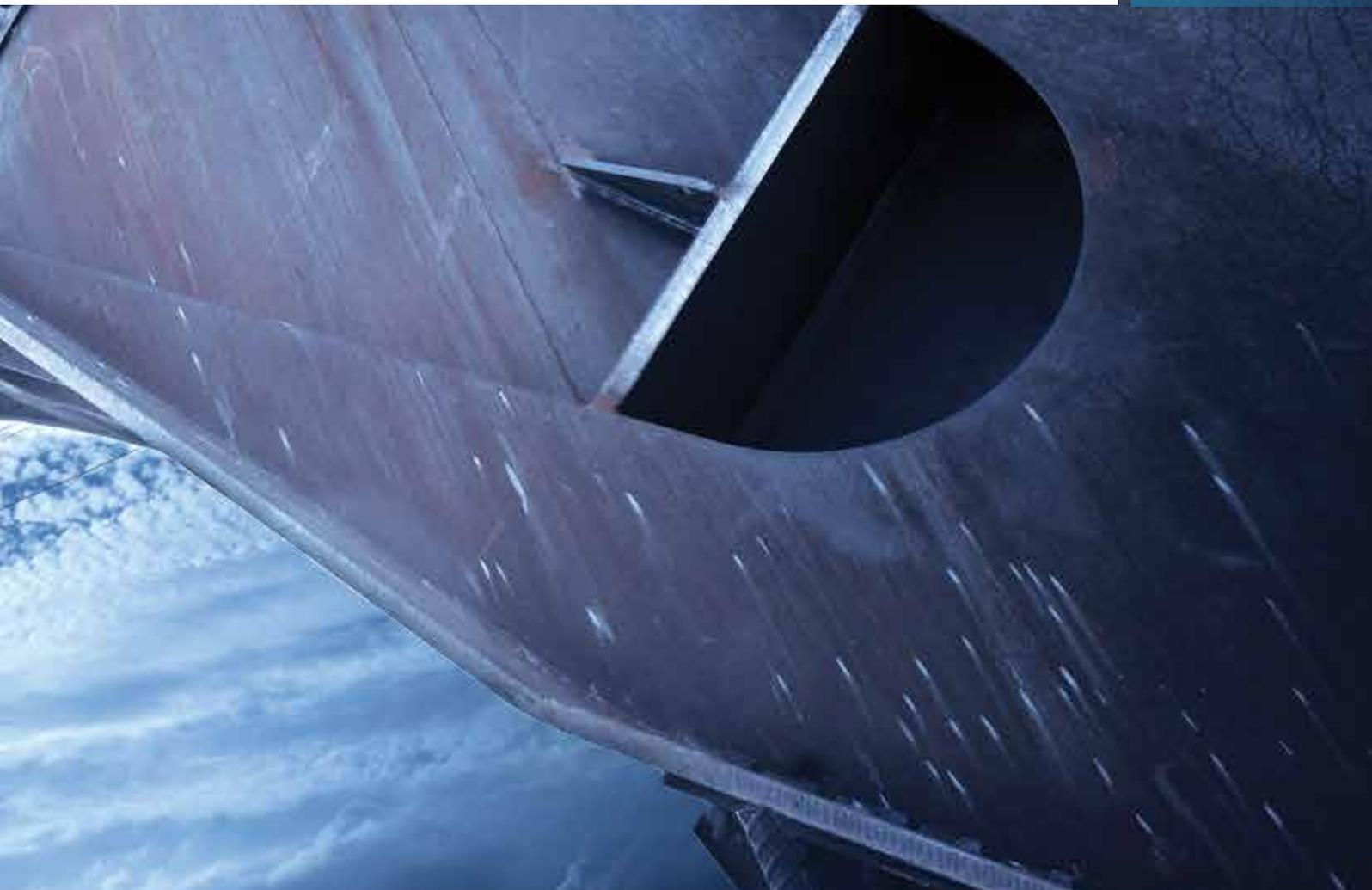
1. Introduction	5
Highlights	6
Consolidated financial highlights.....	12
The Group's principal social and environmental indicators	13
Ownership structure	14
Key market data for Atlantia	15
Group structure	16
Statement to shareholders	17
Corporate bodies	19
2. Report on operations	21
Consolidated financial review	23
Financial review for Atlantia SpA.....	45
Key performance indicators for the main Group companies	58
Operating review of the Group's operators.....	60
Operating review of the other main subsidiaries.....	82
Operating review of the Group's main investee companies.....	86
Workforce	90
Innovation, research and development.....	100
Corporate Governance	102
Sustainability.....	104
Related party transactions	113
Other information	116
Events after 31 December 2011	117
Outlook and risks or uncertainties	120
Proposed resolutions for the Annual General Meeting of Atlantia SpA's shareholders.....	121
3. Atlantia Group's consolidated financial statements and notes	123
4. Atlantia SpA's separate financial statements and notes	219
5. Reports	277
6. Key performance indicators for subsidiaries, associates and joint ventures	295
7. Shareholders' resolutions	301





Introduction

I



OUR AIM:
TO USE INNOVATION AND
TECHNOLOGY TO PROVIDE
SAFER AND MORE SUSTAINABLE
TRANSPORT

5,000 km of toll motorways
in Italy, Brazil, Chile, India and Poland

More than **5** million customers a day

Turnover of **€4** billion, EBITDA of **€2.4** billion
and annual capital expenditure of **€1.6** billion

Market capitalisation of **€8** billion

Europe's biggest investor, with over **€21** billion
currently being invested

World **number one** in free-flow tolling

Leader in motorway design and
development, safety and energy saving
technologies

A member of the
Dow Jones Sustainability World Index

MISSION

DEVELOPMENT

SERVICE

INNOVATION

STABILITY

SUSTAINABILITY

KEY FACTS

- The biggest private investor in the sector in the world
- Leader in countries with the highest growth potential

- World leader in advanced motorway safety and traffic flow solutions

- World number one for electronic tolling systems and traffic information services

- Strong self-financing capacity
- Best ratings in the industry

- Leader in energy saving and environmental protection systems

A history of growth and innovation

2003

UK

Opening of the M6 Toll, the UK's first ever toll motorway

1995

USA

Construction of the Dulles Greenway in Virginia, the first ever privately-owned toll motorway in the USA

1963

Eurobonds

First Eurobond issue in the history of the capital markets

1958/64

Autostrada del Sole

Construction and opening of the 800 km long Autostrada del Sole motorway (AI Milan-Naples)

1924/25

First motorway

World's first ever toll motorway between Milan and Varese opens, and is later transferred to the Group in 1962

TELEPASS

1990

Telepass

The world's first free-flow tolling system





2011

France

The Group is chosen to provide a satellite-based tolling system for heavy vehicles on France's 15,000 km publicly owned road network

2005

Tutor

The world's first system for monitoring average speeds

2007

Patented method of tunnel widening

The world's first system of excavation without interrupting traffic flow (AI Nazzano Tunnel)



2004

Austria

The world's first free-flow tolling system on over 2,000 km of motorway network



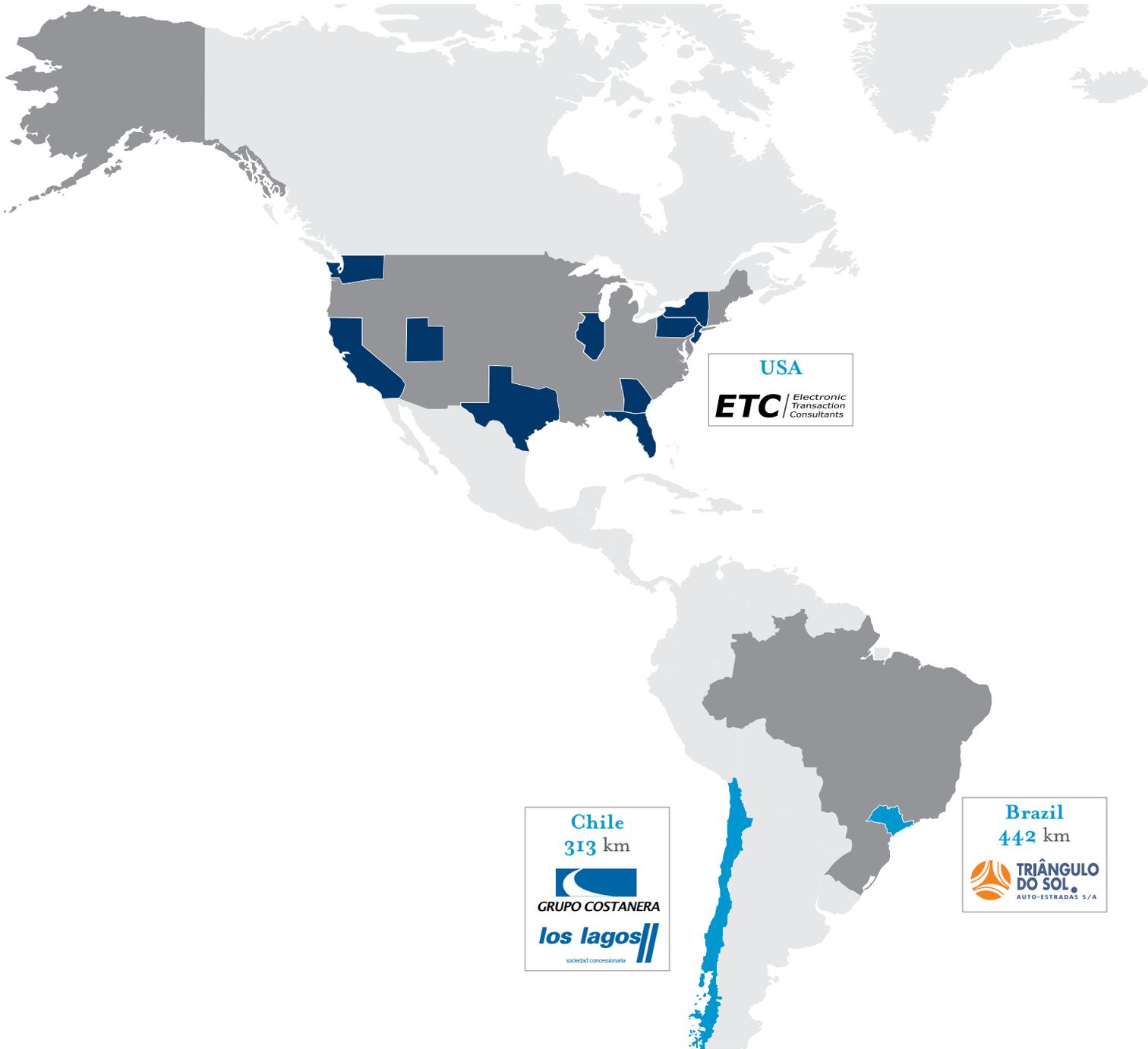
2010

World's biggest tunnelling machine

Start-up of mechanised excavation of tunnels on the Variante di Valico stretch of motorway (AI Milan-Naples) using the world's biggest tunnelling machine (15.6 m in diameter)



Global presence



2005 - Chile

Acquisition of Costanera Norte (43 km)

2006 - Poland

Acquisition of Stalexport, the operator of the Katowice-Krakow motorway (61 km)

2007 - USA

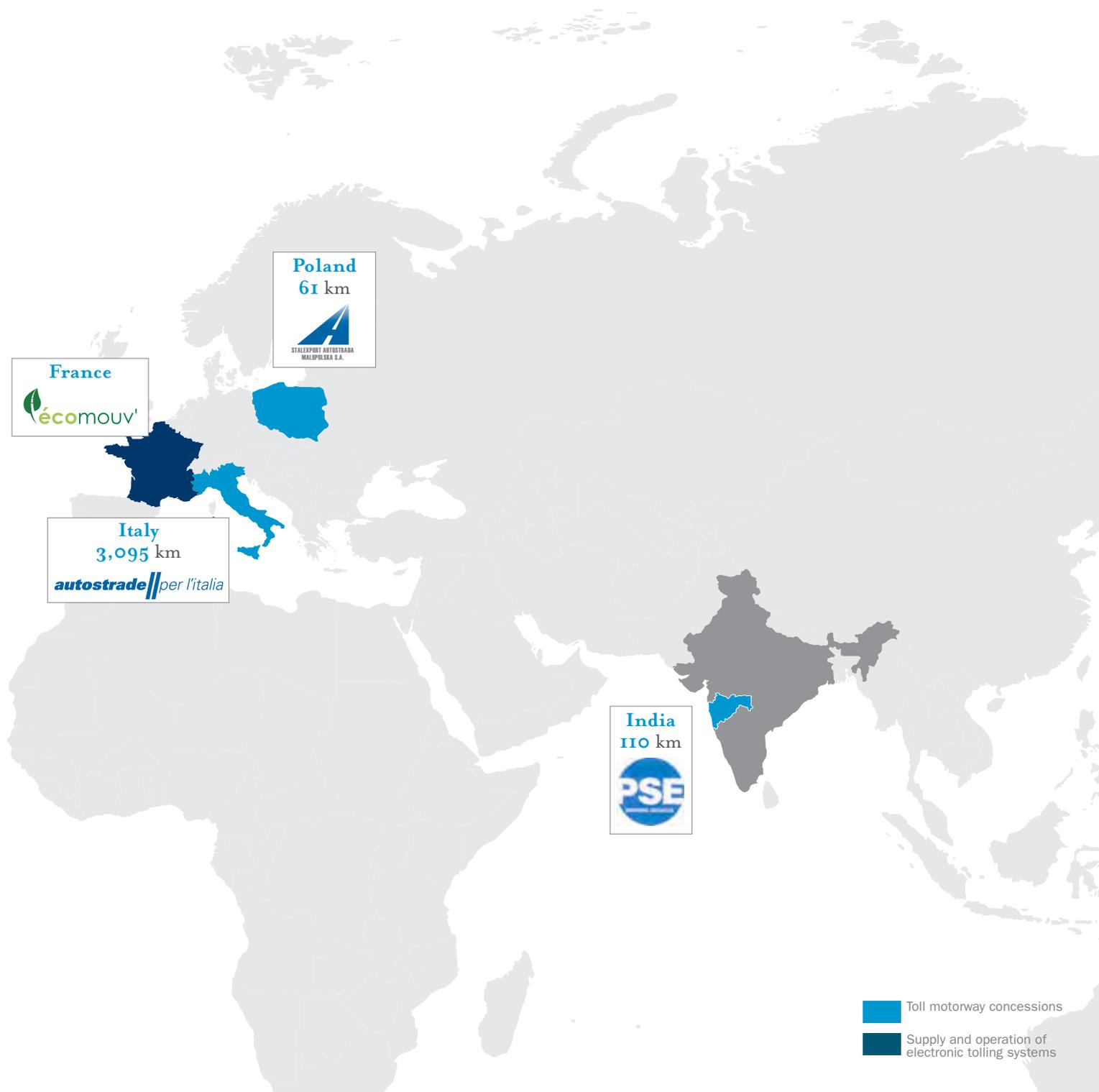
Acquisition of Electronic Transaction Consultants

2009 - Chile

Acquisition of Los lagos (135 km)

2009 - India

Award of the concession, in partnership with the Tata group, to operate the 110-km motorway linking Pune and Solapur



2009/II - Chile

Acquisition of Vespucio Sur, Red Vial Litoral Central and Nororiente (135 km in total)

2009/II - Brazil

Acquisition of Triangulo do Sol (442 km)

2011 - France

Award of the contract to provide a satellite-based tolling system

2012 - Brazil

Joint venture with the Bertin group to create one of the country's leading operator with a network of over 1,500 km

Consolidated financial highlights

(€m)	2011 ⁽¹⁾	2010 ⁽²⁾
Revenue	3,976	3,722
Toll revenue	3,341	3,094
Other operating income	635	628
Gross operating profit (EBITDA)	2,385	2,269
<i>EBITDA margin</i>	<i>60.0%</i>	<i>61.0%</i>
Operating profit (EBIT)	1,776	1,753
<i>EBIT margin</i>	<i>44.7%</i>	<i>47.1%</i>
Profit/(loss) from continuing operations	714	699
<i>Profit margin from continuing operations</i>	<i>18.0%</i>	<i>18.8%</i>
Profit for the year (including non-controlling interests)	840	701
Profit for the year attributable to owners of the parent	830	683
Operating cash flow ⁽³⁾	1,692	1,428
Capital expenditure	1,619	1,525
Equity (attributable to owners of the parent and non-controlling interests)	3,961	3,587
Net debt	8,970	9,657

(1) The figures for 2011 benefit from the contribution from the Brazilian motorway operator, Triângulo do Sol Auto-Estradas, consolidated from 1 July 2011, following the acquisition of a further 20% stake during the third quarter of 2011, in addition to the 50% interest already held. A further 10% of the company was acquired during the fourth quarter of 2011, giving the Atlantia Group an 80% interest in the Brazilian operator at the end of 2011.

(2) In view of the fact that consolidation of the contributions of Società Autostrada Tirrenica and Strada dei Parchi (both until the date of deconsolidation) to the income statement for 2011 have been accounted for in accordance with IFRS 5, thus recognising the contributions to profit for the period in "Profit/(Loss) from discontinued operations", the two companies' contributions to the comparative consolidated income statement for 2010 have also been reclassified. Income statement amounts for 2010, other than profit for the year, are therefore different from those published in the annual report for the year ended 31 December 2010, due to the reclassifications carried out.

(3) Operating cash flow is calculated as profit + amortisation/depreciation +/- provisions/releases of provisions + financial expenses from discounting of provisions +/- impairments/reversals of impairments of assets +/- share of profit/(loss) of investments accounted for using equity method +/- (losses)/gains on sale of assets +/- other non-cash items +/- portion of net deferred tax assets/liabilities recognised in the income statement.

The Group's principal social and environmental indicators

	2011	2010
Fatal accident rate (deaths per 100 million km travelled) ⁽¹⁾	0.29	0.33
% of the network surfaced with draining pavement ⁽²⁾	80.5%	76.1%
% of the network covered by the Safety Tutor system ⁽²⁾	39.0%	37.0%
Total hours lost due to congestion (Total Delay) (m) ⁽¹⁾	4.6	5.4
Customer satisfaction index ⁽¹⁾	6.93	6.92
Total workforce (at year end) ⁽³⁾	10,767	9,984
% of workforce who are women ⁽³⁾	21.0%	18.0%
Horizontal mobility (movements from one position to another of the same category) ⁽⁴⁾	1,284	599
Vertical mobility (promotions) ⁽⁴⁾	285	268
CO ₂ saved (in tonnes) through use of renewable sources and energy efficiency initiatives ⁽¹⁾	10,058	8,796
Energy consumption (MWh _{eq}) ⁽⁴⁾	467,998	498,025
Percentage of total waste recycled ⁽⁴⁾	64.0%	58.0%
Km of noise barriers along the network ⁽²⁾	264	214

(1) Figure for Autostrade per l'Italia SpA alone.

(2) Figure for Autostrade per l'Italia SpA and direct and indirect subsidiaries in Italy.

(3) Figure for the Atlantia Group.

(4) Figure for Autostrade per l'Italia SpA and direct and indirect subsidiaries.

Ownership structure



(1) Percentage ownership on a fully diluted basis, taking into account that Sintonia's issued capital is fully paid-up.

(2) As at 31 December 2011.

(3) Excludes treasury shares held by Atlantia SpA.

(4) Source: CONSOB, Thomson Reuters (as at 31 December 2011).

(5) Includes retail investors.

Key market data for Atlantia

	2011	2010		2011	2010
Issued capital (at 31 December) (€)	630,311,992	600,297,135 ⁽¹⁾	Dividend yield ⁽²⁾	6.0%	4.9%
Number of shares	630,311,992	600,297,135 ⁽¹⁾	Year-end price (€)	12.37	15.27
Market capitalisation (€m) ⁽²⁾	7,797	9,167	High (€)	16.10	18.10
Earnings per share (€)	1.34	1.11 ⁽¹⁾	Low (€)	9.37	13.68
Operating cash flow per share (€)	2.74	2.31 ⁽¹⁾	Share price/Earnings per share (P/E) ⁽²⁾	9.2	13.8
Dividend per share (€)	0.746	0.746	Share price/Cash flow per share ⁽²⁾	4.5	6.6
Interim	0.355	0.355	Market to book value ⁽²⁾	2.0	2.6
Final	0.391	0.391	Atlantia as % of FTSE Italia All Share index ⁽²⁾	2.39%	2.29%
Payout ratio (%)	27%	32%	Atlantia as % of FTSE/MIB index ⁽²⁾	2.21%	1.69%

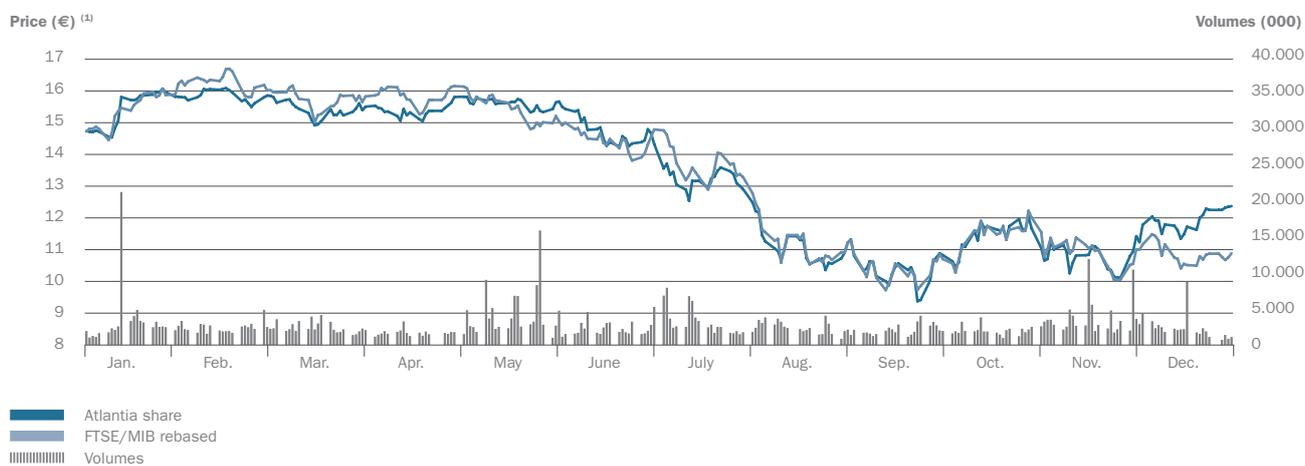
Group's ratings	2011	2010
Standard&Poor's	BBB+ (negative outlook) ⁽³⁾	A- (negative outlook)
Moody's	A3 (stable outlook)	A3 (stable outlook)
Fitch Ratings	A- (stable outlook)	A- (stable outlook)

(1) The bonus issue approved by the shareholders at their Extraordinary General Meeting of 20 April 2011 was completed on 6 June 2011 via the issue of one new share for every 20 held. Compared with the information previously provided in the annual report for the year ended 31 December 2010, per share data for 2010 has thus been adjusted to take account of the bonus issue.

(2) The figures have been calculated on the basis of the year-end price.

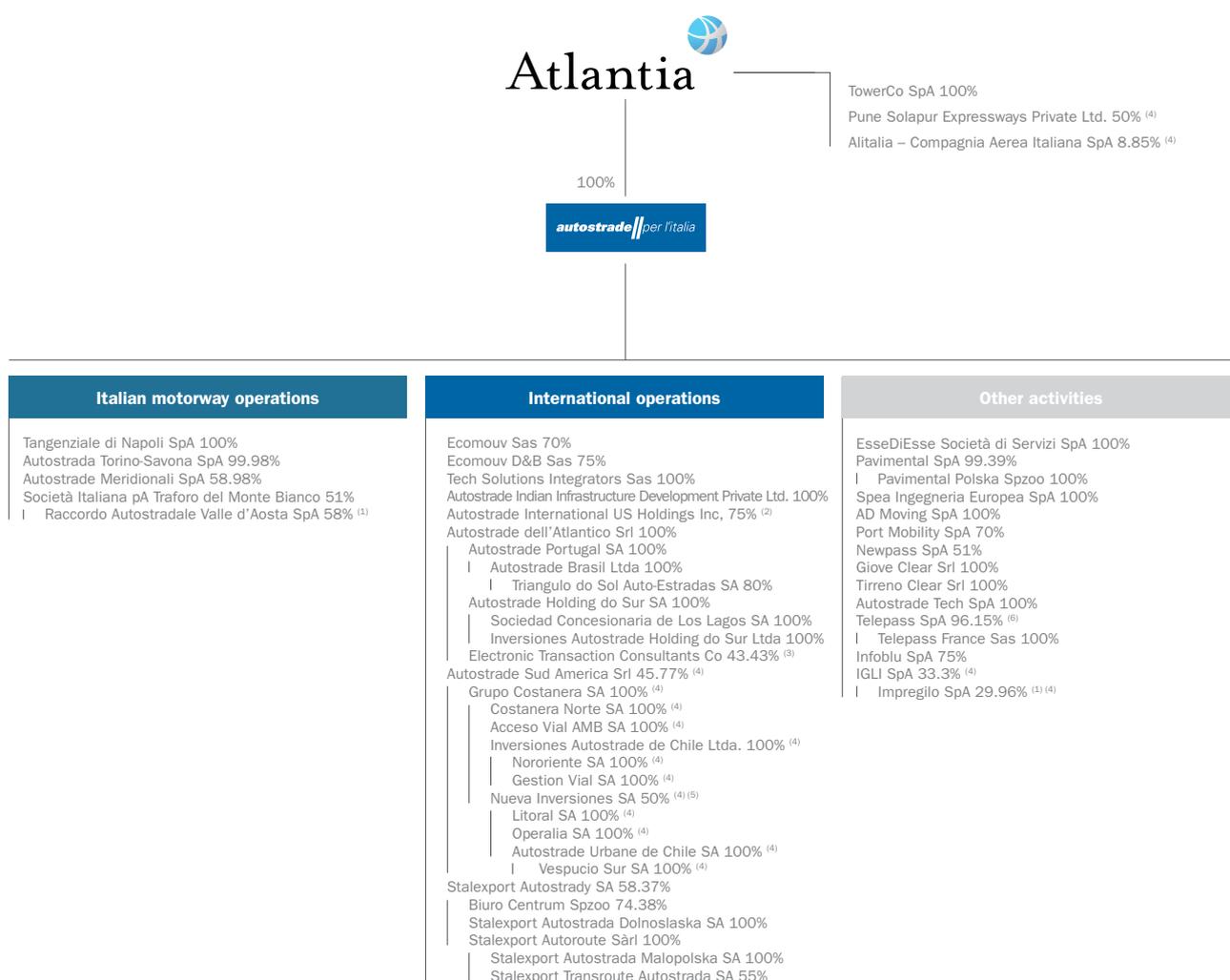
(3) The rating was downgraded by Standard&Poor's from A- to BBB+ on 23 February 2012.

Atlantia share — 2011



(1) Prices per share adjusted to take account of bonus issue carried out on 6 June 2011.

Group structure



(1) The percentage refers to ordinary shares representing the issued capital.

(2) The remaining 25% is held by Autostrade dell'Atlantico Srl.

(3) The 19.38% is held by Autostrade International US Holdings Inc.

(4) Unconsolidated company.

(5) The remaining 50% is held by Inversiones Holding do Sur Ltda.

(6) The remaining 3.85% is held by Autostrade Tech SpA.

Statement to shareholders

Shareholders,

The world economy held up fairly well in 2011, with global growth picking up, despite performances varying from area to area.

In contrast, countries committed to rapidly reducing debt, a need made all the more pressing by increased concerns over sovereign debt in Europe's periphery, saw a return to recession.

In 2011 Italy was one of the countries most exposed to rising interest rates and the sovereign debt crisis.

Despite the difficult environment, our low level of debt compared with our industry peers and the steps taken to maintain a high degree of financial flexibility enabled the Group to both speed up its planned investment in upgrading the Italian motorway network, and expand its international presence (including a number of transactions completed in early 2012).

Capital expenditure in Italy amounted to approximately €1.6 billion in 2011 (up 6.2% on 2010) as part of an overall plan to invest a total of over €21 billion, with investment worth €7 billion already completed. The plan will see us complete the upgrade of almost 900 km of network, serving approximately 45% of the traffic handled by Autostrade per l'Italia, by 2022.

Overseas, the Group was chosen to partner the French government in designing and implementing a satellite-based tolling system for heavy vehicles on more than 15,000 km of road network.

The project (worth a total of almost €3 billion), confirms our ability to combine outstanding solutions and services, which has already seen us successfully launch the world's first free-flow tolling system for 2,000 km of Austrian motorway in 2004.

Around the end of 2011 and start of 2012 the Group also strengthened its presence in high-growth countries.

In Brazil Atlantia and the Bertin group have agreed to create a joint venture, to be controlled by Atlantia, that will operate more than 1,500 km of motorway under concession concentrated in the São Paulo area.

In Chile Atlantia has acquired control of almost 100 km of urban motorway serving the city of Santiago, adding to approximately 200 km of extra-urban motorway already operated.

Our penetration of the two markets, which in Chile began in 2006 and in Brazil in 2008, has been achieved at a reasonably low cost compared with the potential returns, and without impacting on the Group's debt and financial ratios. We believe that the recent overseas transactions will, over the next three years, see our overseas businesses increase their contribution to the Group's EBITDA to almost 30%.

Our success is the result of a long-standing business strategy based on combining and extending the Group's diversified expertise and maintaining strong and flexible finances.

Our ambition and goal is to be the best possible private partner for the public sector in the development of infrastructure networks in the countries in which we are present, naturally starting with Italy, which will continue to account for the greatest part of our investment over the coming years. We are confident that this approach will enable us to create sustainable value for all our stakeholders, whilst contributing to the economic and social development of the countries in which we operate, above all Italy.

Fabio Cerchiai
Chairman

Giovanni Castellucci
Chief Executive Officer

Corporate bodies

Board of Directors in office for the period 2010-2012	Chairman	Fabio Cerchiai
	Chief Executive Officer Directors	Giovanni Castellucci Gilberto Benetton Alessandro Bertani Alberto Bombassei (<i>independent</i>) Stefano Cao Roberto Cera Alberto Clò (<i>independent</i>) Antonio Fassone Carlo Malinconico ⁽⁴⁾ (<i>independent</i>) Giuliano Mari (<i>independent</i>) Gianni Mion Monica Mondardini ⁽⁵⁾ (<i>independent</i>) Giuseppe Piaggio Antonino Turicchi (<i>independent</i>) Paolo Zannoni Andrea Grillo
Internal Control and Corporate Governance Committee	Secretary	
	Chairman Members	Giuseppe Piaggio Giuliano Mari (<i>independent</i>) Antonino Turicchi (<i>independent</i>)
Committee of Independent Directors with responsibility for Related Party Transactions	Chairman	Giuliano Mari (<i>independent</i>)
	Members	Alberto Bombassei ⁽¹⁾ (<i>independent</i>) Alberto Clò ⁽²⁾ (<i>independent</i>) Carlo Malinconico ⁽⁴⁾ (<i>independent</i>) Monica Mondardini ⁽⁶⁾ (<i>independent</i>)
Human Resources and Remuneration Committee	Chairman	Carlo Malinconico ^{(2) (3) (4)} (<i>independent</i>)
	Members	Alberto Bombassei ⁽¹⁾ (<i>independent</i>) Stefano Cao Alberto Clò ⁽⁷⁾ (<i>independent</i>) Monica Mondardini ⁽⁶⁾ (<i>independent</i>) Giuseppe Piaggio Paolo Zannoni
Board of Statutory Auditors for three-year period 2009-2011	Chairman	Marco Spadacini
	Standing Auditors	Tommaso Di Tanno Raffaello Lupi Angelo Miglietta Alessandro Trotter
Independent Auditors for the period 2006-2011	Alternates	Giuseppe Maria Cipolla Giandomenico Genta
	KPMG SpA	

(1) Alberto Bombassei resigned from his position with effect from 9 June 2011.

(2) Alberto Clò and Carlo Malinconico were elected by the Board of Directors' meeting of 9 June 2011.

(3) Carlo Malinconico was appointed Chairman of the Human Resources Committee on 5 October 2011.

(4) Carlo Malinconico resigned with effect from 30 November 2011.

(5) Monica Mondardini was co-opted on to the Board of Directors on 20 January 2012.

(6) Monica Mondardini was appointed by the Board of Directors on 20 January 2012.

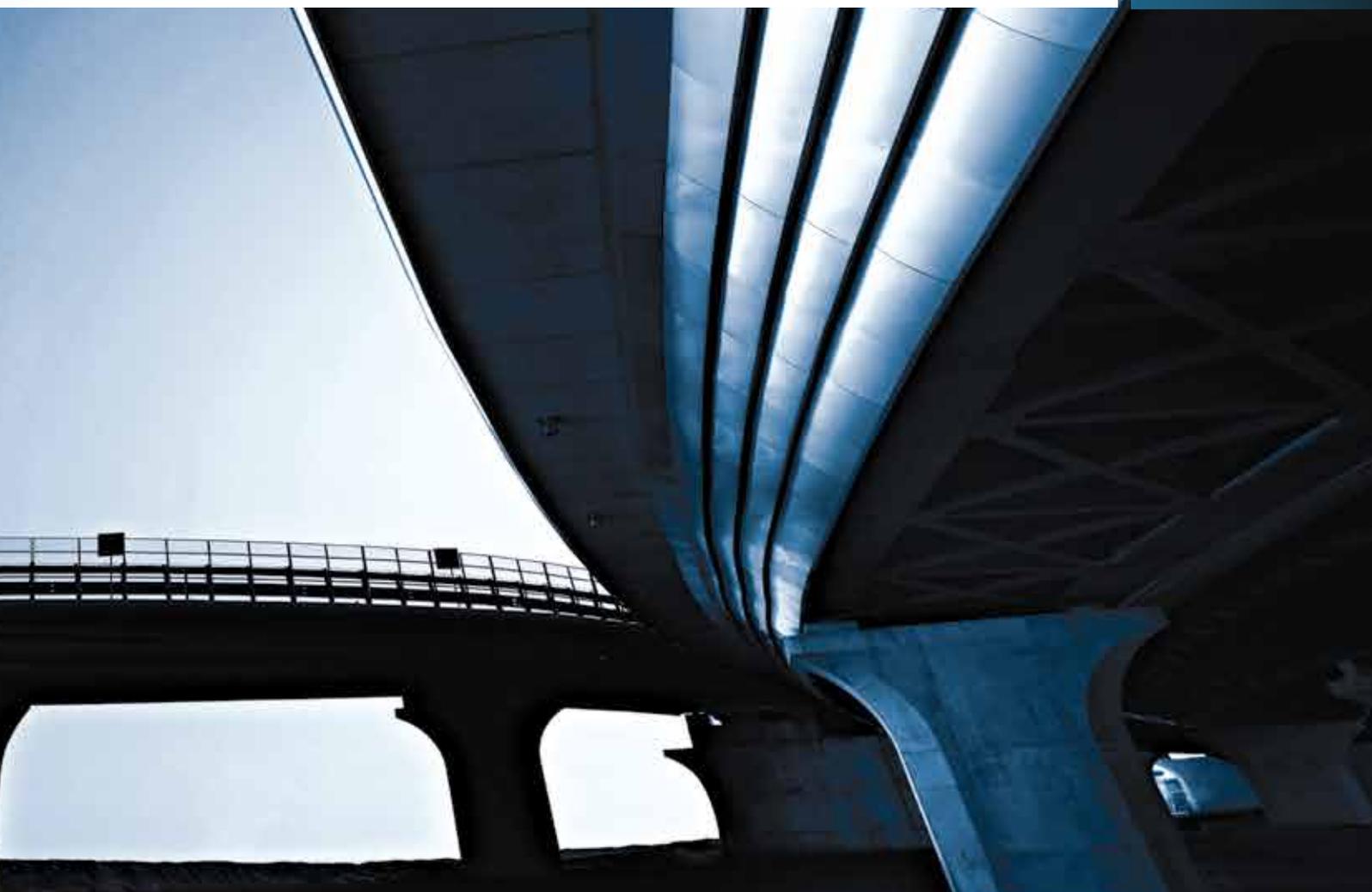
(7) Alberto Clò was appointed Chairman of the Human Resources Committee on 2 March 2012.





Report on operations

2



Consolidated financial review

Introduction

The financial review contained in this section includes and analyses the reclassified consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the statement of changes in net debt for the year ended 31 December 2011, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified statement of financial position as at 31 December 2011, compared with comparative amounts as at 31 December 2010, and the reconciliation of Atlantia's equity and profit for the year with the corresponding consolidated figures.

The accounting standards applied during preparation of this document are unchanged with respect to those adopted for the consolidated financial statements as at and for the year ended 31 December 2010.

It should be noted, however, that the financial statements as at and for the year ended 31 December 2011 reflect the impact on taxation of the Ministerial Decree of 8 June 2011 (issued pursuant to article 2, paragraph 28 of Law 10/2011) and of the response, received on 9 June 2011, to the request for a ruling submitted to the Italian tax authorities by Autostrade per l'Italia in 2010. Both have clarified the tax treatment of the new amounts accounted for in the financial statements as at and for the year ended 31 December 2009, substantially confirming the deductibility of the various components of the financial statements specifically recognised in application of IFRIC 12. Law Decree 98 of 6 July 2011, containing urgent measures to promote financial stability (converted into law, with amendments, by Law III of 15 July 2011), has, among other things, modified the deductible percentage of "Provisions for maintenance, repair and replacement obligations", which has been reduced from 5% to 1% of the historical cost of assets to be handed over, with immediate effect from the 2011 tax year.

The basis of consolidation as at 31 December 2011 has changed with respect to the basis used in preparing the consolidated financial statements as at and for the year ended 31 December 2010, due to the following:

- a) consolidation of the Brazilian motorway operator, Triangolo do Sol Auto-Estradas, from 1 July 2011, following the acquisition of a further 20% stake in the company during the third quarter of 2011 (the Group already held a 50% interest). During the fourth quarter of 2011 the Group acquired a further 10% of the company, with the Atlantia Group now owning 80% of the Brazilian operator at the end of 2011;
- b) deconsolidation of Strada dei Parchi, following completion of the sale of the Atlantia Group's 58% stake in the second quarter of 2011;
- c) deconsolidation of Autostrada Tirrenica from 31 December 2011, following completion, in the fourth quarter of 2011, of the sale of the Group's 69.1% interest in the company. As at 31 December 2011 the remaining stake in Autostrada Tirrenica is 24.98%.

As required by IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the contributions of Strada dei Parchi and Autostrada Tirrenica to the consolidated income statement for 2011 (up to the date of deconsolidation), and to the income statement for 2010, are accounted for in “Profit/(Loss) from discontinued operations”, rather than included in each component of the consolidated income statement for continuing operations. Autostrada Tirrenica’s contribution to the results for 2010 has been reclassified with respect to the income statement published in the Group’s annual report for the year ended 31 December 2010.

The Group did not enter into material transactions, either with third or related parties, of a non-recurring, atypical or unusual nature during 2011.

The reclassified consolidated financial statements have not been independently audited and there are certain differences with respect to classification, compared with the statutory consolidated financial statements presented in the section “Consolidated financial statements”. Above all:

- a) the “Reclassified consolidated income statement” includes “Gross operating profit (EBITDA)”, which is not reported in the income statement in the consolidated financial statements. This profit margin is calculated by taking the figure for total revenue and deducting all operating costs, with the exception of amortisation, depreciation, impairment losses on assets and reversals of impairment losses, provisions and other adjustments. In addition, revenue reported in the reclassified income statement differs from revenue reported in the income statement, as construction service revenue, recognised on the basis of the capitalised service costs, personnel expenses and financial expenses incurred in providing the construction services, are presented in the reclassified statement as a reduction of the respective components of operating costs and financial expenses. As a result, “Operating profit (EBIT)” in the two statements, resulting from the deduction from EBITDA of the above components, differs in terms of the component regarding capitalised financial expenses relating to construction services, which is included in revenue in the income statement in the consolidated financial statements and in financial income and expenses in the reclassified income statement. Finally, the two income statements also differ in that the reclassified consolidated income statement is more condensed;
- b) the “Reclassified consolidated statement of financial position” adopts a different classification of assets and liabilities compared with the statement of financial position in the consolidated financial statements, showing working capital (as the balance of current non-financial assets and liabilities), net invested capital (as the balance of non-current non-financial assets and the sum of negative working capital and non-current non-financial liabilities), and, as sources of funds, equity and net debt (representing the balance of all financial liabilities and assets). In addition, the reclassified consolidated statement of financial

position is a more condensed version than the statement of financial position in the consolidated financial statements, as it excludes the sub-items below each main entry and shows assets and liabilities related to discontinued operations in the various sections of the reclassified statement based on their nature (financial or non-financial);

- c) "Consolidated net debt" reported in the reclassified consolidated statement of financial position takes account of non-current financial assets, unlike the "Analysis of consolidated net debt" in the notes to the consolidated financial statements that is prepared as required by the Committee of European Securities Regulators (CESR) recommendation of 10 February 2005, which does not permit non-current financial assets to be deducted from debt;
- d) the "Statement of changes in consolidated net debt" differs from the statement of cash flows in the consolidated financial statements insofar as it presents the impact of cash flows generated or used during the year on consolidated net debt, as defined above, rather than on net cash and cash equivalents. The main differences between the two statements regard:
 - 1) cash flows from/(used in) operating activities, which in the statement of changes in consolidated net debt include, in the change in working capital presented in the statement of cash flows, the change in operating capital, consisting of trade-related items directly linked to the ordinary activities of the business concerned;
 - 2) cash generated from/(used in) investing activities, which in the "Statement of changes in consolidated net debt" does not include changes in current and non-current financial assets. Moreover, the statement shows investments in newly consolidated companies and proceeds from the sale of previously consolidated companies after deducting the net debt on the books of these companies, whilst in the statement of cash flows in the consolidated financial statements these figures are reported less any net cash on the books of the newly consolidated or recently sold companies;
 - 3) net equity cash inflows/(outflows) reported in the "Statement of changes in consolidated net debt" differ from cash generated from/(used in) financing activities in the statement of cash flows in the consolidated financial statements, as the former do not include changes in current and non-current financial liabilities. Moreover, the dividends reported are those approved during the reporting period, whilst the statement of cash flows reports dividends paid in the reporting period;
 - 4) changes to the fair value of hedging instruments recognised in the statement of comprehensive income are reported in the "Statement of changes in consolidated net debt", whilst they are not reported in the statement of cash flows in the consolidated financial statements, as they have no impact on net cash.

Consolidated results of operations

“Total revenue” for 2011 amounts to €3,976.3 million, marking an increase of €254.7 million (6.8%) on 2010 (€3,721.6 million).

In order to aid the reader’s understanding of certain changes in the operating results, it should be noted that operating costs include the addition to the concession fee payable to ANAS by the Italian operators, whilst toll revenue includes the matching increase in tolls, without having any impact on the operators’ results ⁽¹⁾.

The total amount for the above toll increases for 2011 is €381.3 million, compared with the €226.7 million of 2010.

After stripping out the contribution to revenue from Triangulo do Sol, following its consolidation from 1 July 2011, and the above toll increases matching the additional concession fee payable to ANAS, total revenue is up €28.5 million (0.8%) and toll revenue up €23.4 million (0.8%).

“Toll revenue” of €3,341.5 million is up €247.3 million (8.0%) on 2010 (€3,094.2 million), primarily reflecting the combined effect of the following:

- a) the toll increases (up €154.6 million on 2010, representing 5.0% of total toll revenue), in connection with the matching increase in the concession fee;
- b) the application of annual toll increases by the Group’s Italian operators from 1 January 2011 (a 1.92% increase for Autostrade per l’Italia), boosting toll revenue by an estimated €50.7 million;
- c) the decline in traffic on the network operated by the Group’s Italian operators (down 1.3%), resulting in an estimated overall reduction in toll revenue of €34.6 million;
- d) consolidation, from 1 July 2011, of the Brazilian operator, Triangulo do Sol, which reports toll revenue of €69.3 million.

(1) The additional concession fees payable to ANAS, pursuant to Laws 102/2009 and 122/2010, calculated on the basis of the number of kilometres travelled, amounted to 3 thousandths of a euro per kilometre for toll classes A and B and 9 thousandths of a euro per kilometre for classes 3, 4 and 5 for the first six months of 2010, whilst the additional amounts for the second half of 2010, following the increases introduced from 1 July 2010, were 4 thousandths of a euro per kilometre for toll classes A and B and 12 thousandths of a euro per kilometre for classes 3, 4 and 5. Following the further increases introduced from 1 January 2011 (Law 122/2010), the additional amounts for 2011 amount to 6 thousandths of a euro per kilometre for toll classes A and B and 18 thousandths of a euro per kilometre for classes 3, 4 and 5.

Reclassified consolidated income statement

(€m)			Increase/Decrease		% of revenue	
	2011	2010	Total	%	2011	2010
Toll revenue	3,341.5	3,094.2	247.3	8.0	84.0	83.2
Contract revenue	51.3	60.8	-9.5	-15.6	1.3	1.6
Other operating income	583.5	566.6	16.9	3.0	14.7	15.2
Total revenue	3,976.3	3,721.6	254.7	6.8	100.0	100.0
Cost of materials and external services ⁽¹⁾	-568.6	-579.3	10.7	-1.8	-14.3	-15.5
Concession fees	-465.6	-307.9	-157.7	51.2	-11.7	-8.3
Personnel expense	-644.4	-632.7	-11.7	1.8	-16.2	-17.0
Capitalised staff costs	87.6	67.1	20.5	30.6	2.2	1.8
Total net operating costs	-1,591.0	-1,452.8	-138.2	9.5	-40.0	-39.0
Gross operating profit (EBITDA)	2,385.3	2,268.8	116.5	5.1	60.0	61.0
Amortisation, depreciation, impairment losses and reversals of impairment losses	-547.6	-467.4	-80.2	17.2	-13.8	-12.6
Provisions and other adjustments	-61.5	-48.6	-12.9	26.5	-1.5	-1.3
Operating profit (EBIT)	1,776.2	1,752.8	23.4	1.3	44.7	47.1
Financial income/(expenses)	-507.5	-495.0	-12.5	2.5	-12.7	-13.3
Financial expenses from discounting of provisions for construction services required by contract and other provisions	-178.8	-175.8	-3.0	1.7	-4.5	-4.7
Capitalised financial expenses	16.1	14.6	1.5	10.3	0.4	0.4
Share of profit/(loss) of associates and joint ventures accounted for using the equity method	21.4	-2.1	23.5	-	0.5	-0.1
Profit/(Loss) before tax from continuing operations	1,127.4	1,094.5	32.9	3.0	28.4	29.4
Income tax (expense)/benefit	-413.5	-395.5	-18.0	4.6	-10.4	-10.6
Profit/(Loss) from continuing operations	713.9	699.0	14.9	2.1	18.0	18.8
Profit/(Loss) from discontinued operations	125.9	2.0	123.9	-	3.1	0.1
Profit/(Loss) for the year	839.8	701.0	138.8	19.8	21.1	18.9
(Profit)/Loss attributable to non-controlling interests	-9.5	-18.1	8.6	-47.5	-0.2	-0.5
Profit/(Loss) for the year attributable to owners of the parent	830.3	682.9	147.4	21.6	20.9	18.4

(1) After deducting the margin recognised on construction services provided by the Group's own technical units.

	2011	2010	Increase/Decrease
Basic earnings per share attributable to the owners of the parent (€)	1.34	1.11	0.23
<i>of which:</i>			
continuing operations	1.14	1.10	0.04
discontinued operations	0.20	0.01	0.19
Diluted earnings per share attributable to the owners of the parent (€)	1.34	1.11	0.23
<i>of which:</i>			
continuing operations	1.14	1.10	0.04
discontinued operations	0.20	0.01	0.19
Operating cash flow (€m)	1,692.0	1,428.1	263.9
<i>of which:</i>			
continuing operations	1,678.2	1,399.0	279.2
discontinued operations	13.8	29.1	-15.3
Operating cash flow per share (€)	2.74	2.31	0.43
<i>of which:</i>			
continuing operations	2.72	2.26	0.46
discontinued operations	0.02	0.05	-0.03

“Contract revenue” of €51.3 million in 2011 is down €9.5 million on 2010 (€60.8 million), essentially reflecting a reduction in work carried out by Pavimental and Spea for external customers.

Other operating income of €583.5 million is up €16.9 million (3.0%) on 2010 (€566.6 million), essentially due to:

- a) an increase in revenue from service areas (up €2.7 million), reflecting annual contractual increases in service area royalties applied from 1 January 2011;
- b) increased income from payment systems (up €4.2 million), resulting from growth in the number of Telepass subscribers (approximately 380 thousand new devices in circulation and around 239 thousand new subscribers to the Premium option);
- c) a rise in other income (up €12.1 million), essentially attributable to Autostrade per l'Italia and Autostrade Tech (deriving from the sale of technology to external customers and in-house production of electricity);
- d) other income deriving from the consolidation of Triangolo do Sol (€2.3 million in the second half of 2011);
- e) a reduction in non-recurring income generated by the handover, free of charge, of buildings by sub-operators in 2010 (down €4.4 million).

Total “net operating costs” of €1,591.0 million are up €138.2 million (9.5%) on 2010 (€1,452.8 million). After stripping out Triangolo do Sol’s contribution to operating costs and the impact of the above increase in the concession fee, net operating costs are down €36.2 million (down 3.0%).

The “Cost of materials and external services” amounts to €568.6 million. This marks a reduction of €10.7 million on the previous year (€579.3 million), primarily due to the following:

- a) a reduction of €15.8 million in like-for-like maintenance costs, partly thanks to an €18.6 million reduction in the costs incurred for winter operations, as a result of the reduced amount of snowfall in early 2011;
- b) other efficiency improvements, partly linked to the greater volume of major works carried out by Pavimental and Spea;
- c) the costs contributed by Triangolo do Sol, consolidated from 1 July 2011, totalling €14.0 million.

“Concession fees”, totalling €465.6 million, are up €157.7 million compared with 2010 (€307.9 million), essentially due to the above increase in the concession fees payable by Italian operators.

“Personnel expense”, before deducting capitalised expenses, of €644.4 million is up €11.7 million (1.8%) on 2010 (€632.7 million). This reflects:

- a) an increase of 618 in the average workforce (up 6.4%), primarily reflecting an increase in personnel at Spea and Pavimental hired to carry out construction work for the Group, personnel hired to work on new contracts acquired by Electronic Transaction Consultants (up 244 on average), and the staff contributed by Triangulo do Sol (an average of 178, calculated on a full-year basis) and Los Lagos, following the decision to bring maintenance in-house (up 42 on average); after stripping out the above changes, the Group’s average workforce is down 49;
- b) a decrease in the average unit cost (down 4.6%), primarily due to the impact of long-term management incentive plans; after stripping out this component, the average unit cost is down 1.7%.

“Capitalised personnel expense” is up from €87.6 million to €67.1 million (up €20.5 million), primarily due to the above increase in infrastructure construction work carried out for the Group by Spea and Pavimental.

“Gross operating profit” (EBITDA) of €2,385.3 million is up €116.5 million (up 5.1%) on 2010 (€2,268.8 million).

On a like-for-like basis, after stripping out the contribution from Triangulo do Sol, gross operating profit is up €64.7 million (up 2.9%).

“Operating profit” (EBIT) of €1,776.2 million is up €23.4 million (up 1.3%) on 2010 (€1,752.8 million).

The improvement in operating profit is in line with the increase in gross operating profit, partially offset by increased depreciation, amortisation, impairment losses and reversals of impairment losses, totalling €80.2 million (including €20.1 million attributable to amortisation and depreciation charged by Triangulo do Sol), and by a rise in provisions and adjustments (up €12.9 million), primarily referring to provisions for the repair and replacement of assets to be handed over at the end of concession terms.

An impairment loss of €13.3 million on goodwill accounted for in 2007 following the acquisition of a controlling interest in Electronic Transaction Consultants was recognised in 2011, whilst the figure for 2010 benefitted from the partial reversal of a previously recognised impairment loss on the concession rights held by Raccordo Autostradale Valle d’Aosta, resulting in a write-back of €16.1 million.

“Financial expenses”, after deducting financial income, total €507.5 million and are up €12.5 million (2.5%) on the previous year (€495.0 million). The increase primarily reflects:

- a) a rise in net interest payable on debt (up €11.3 million), essentially linked to the increase in average debt following the assumption of new short- and medium/long-term borrowings;
- b) an increase in interest receivable from banks, essentially linked to higher returns on the investment of liquidity, essentially by Autostrade per l’Italia (up €13.8 million);
- c) recognition of non-recurring financial items, with a total negative effect for an amount by €8.6 million, including an impairment loss of €59.0 million in respect of the carrying amount of the investment in Alitalia, based on the Group’s share of the company’s equity, given that there was insufficient information on which to base a reliable measurement of fair value in view of the ongoing losses reported by the company; income of €36.5 million deriving from the fair value measurement of the interest already held (amounting to 50%) in Triangolo do Sol, following the acquisition of control of the company from 1 July 2011; the positive effect (€13.9 million) of fair value measurement of the remaining stake in Autostrada Tirrenica, following the sale of the Group’s majority interest;
- d) an increase in net financial expenses (up €5.3 million) deriving from the consolidation of Triangolo do Sol from the second half of 2011.

“Financial expenses from discounting of provisions for construction services required by contract and other provisions” amount to €178.8 million, whilst “Capitalised financial expenses” amount to €16.1 million. Both are substantially in line with 2010.

The “Share of the profit/(loss) of associates and joint ventures accounted for using the equity method” has resulted in a profit of €21.4 million, compared with a loss of €2.1 million in 2010. The improvement of €23.5 million essentially reflects the lower impairment loss recognised on the investment in IGLI (€0.9 million in 2011 and €24.2 million in 2010, including €15.2 million recognised at the time on the basis of a comparison between the market value of Impregilo’s shares and the relevant carrying amount). The figure for 2011 also includes the Group’s share of the profits reported by the Autostrade Sud America group (€18.9 million, compared with €17.3 million in 2010), and Triangolo do Sol until its consolidation (1 July 2011), totalling €5.6 million (€3.2 million in 2010).

“Income tax expense” for 2011 amounts to €413.5 million and is up €18.0 million (4.6%) on 2010 (€395.5 million). This is substantially in line with the improvement in “Profit before tax from continuing operations”, taking into account the impact of investments, which have a marginal effect on taxation.

“Profit from continuing operations” amounts to €713.9 million, marking an increase of €14.9 million (2.1%) on 2010 (€699.0 million).

In addition to the profits reported by Strada dei Parchi and Autostrada Tirrenica until the date of their deconsolidation, profit from discontinued operations, amounting to €125.9 million in 2011 (€2.0 million in 2010), includes the after-tax gains on the sale of Strada dei Parchi (€96.7 million, including the fair value measurement of the remaining 2% interest covered by a call/put option agreed with Toto Costruzioni Generali) and Autostrada Tirrenica (€37.9 million). At the date of deconsolidation, Strada dei Parchi contributed negative equity to the consolidated statement of financial position, as calculated in compliance with the international accounting standards adopted by the Atlantia Group. This item also includes the effect of the impairment loss on the investment in the Portuguese company, Lusoponte, amounting to €20.2 million, after the related taxation. This was recognised after the fair value measurement of the investment, taking account of the macroeconomic and financial situation in Portugal and deterioration in a number of the operator's performance indicators.

"Profit for the year", totalling €839.8 million, is up €138.8 million (19.8%) on the figure for 2010 (€701.0 million). "Profit for the year attributable to owners of the parent" (€830.3 million) is up €147.4 million (21.6%) on the figure for 2010 (€682.9 million), whilst the profit attributable to non-controlling interests amounts to €9.5 million (a profit of €18.1 million for 2010). On a like-for-like basis, after stripping out the contribution from Triangulo do Sol and the impact of impairment losses and non-recurring gains and income, profit attributable to owners of the parent is €719.0 million, marking an improvement of €30.9 million (4.5%).

"Operating cash flow", as defined in the section "Consolidated financial highlights", to which reference should be made, amounts to €1,692.0 million, up €263.9 million (18.5%) on 2010. This essentially reflects the impact of recognition of the deductibility of the carrying amounts recorded by Autostrade per l'Italia in application of IFRIC 12, reflecting the response of the tax authorities to the company's request for a ruling on the matter and the provisions of the Ministerial Decree of 8 June 2011. Operating cash flow was primarily used to fund the Group's capital expenditure.

Consolidated statement of comprehensive income

(€m)	2011	2010
Profit for the year (A)	839.8	701.0
Fair value gains/(losses) on cash flow hedges	-17.0	50.0
Gains/(losses) from actuarial valuations of provisions for employee benefits	-2.2	5.5
Gains/(losses) from translation of transactions in functional currencies other than the euro	-38.4	21.3
Gains/(losses) from translation of transactions in functional currencies other than the euro concluded by associates and joint ventures accounted for using the equity method	-12.2	42.7
Other fair value gains/(losses)	-0.6	-0.1
Other comprehensive income for the year, after related taxation	-70.4	119.4
Reclassifications of components of comprehensive income to profit/(loss) for the year		
Fair value gains on cash flow hedges reclassified to profit/(loss) for the year	0.6	-
Total other comprehensive income for the year, after related taxation and reclassifications to profit/(loss) for the year (B)	-69.8	119.4
Comprehensive income for the year (A + B)	770.0	820.4
<i>Of which attributable to owners of the parent</i>	<i>774.3</i>	<i>800.1</i>
<i>Of which attributable to non-controlling interests</i>	<i>-4.3</i>	<i>20.3</i>

The consolidated statement of comprehensive income reports comprehensive income for the year of €770.0 million (€820.4 million in 2010).

The loss, after the related taxation, of €69.8 million resulting from other components of comprehensive income (net income of €119.4 million in 2010), essentially reflects the following components:

- a) a fair value loss on the measurement of cash flow hedges of €17.0 million (a gain of €50.0 million for 2010), essentially reflecting interest rate trends in the two comparative periods;
- b) a loss on the translation of the financial statements of subsidiaries, totalling €38.4 million (a gain of €21.3 million for 2010), primarily reflecting the decline in value of the Chilean peso and the Brazilian real versus the euro at the end of the year, compared with a strengthening of the two currencies in 2010;
- c) a loss of €12.2 million resulting from the measurement of associates and joint ventures using the equity method, essentially due to the above decline in value of the Chilean peso versus the euro, which has had a negative impact on the carrying amount of the investment in Autostrade Sud America (a gain of €42.7 million for 2010 due to a strengthening of the Chilean peso at that time).

Consolidated financial position

As at 31 December 2011 “Non-current non-financial assets” of €19,681.1 million are up €738.3 million on the figure for 31 December 2010 (€18,942.8 million).

“Property, plant and equipment”, amounting to €230.1 million, has not undergone significant changes during the year.

“Intangible assets” total €17,238.5 million (€16,187.6 million as at 31 December 2010). In addition to the goodwill (€4,382.9 million) recognised as at 31 December 2003, following acquisition of the majority shareholding in the former Autostrade - Concessioni e Costruzioni Autostrade SpA, these assets include the Group’s concession rights, amounting to €12,810.1 million (€11,752.0 million as at 31 December 2010). These rights refer to concession rights accruing from construction services for which no additional economic benefits are received, totalling €9,288.7 million (€9,257.3 million as at 31 December 2010) and construction services for which additional economic benefits are received, totalling €2,913.1 million (€2,216.9 million as at 31 December 2010).

The increase in intangible assets, amounting to €1,050.9 million, is essentially due to the following:

- a) investment in construction services for which additional economic benefits are received (up €904.0 million);
- b) adjustment of the present value on completion of investment in construction services for which no additional benefits are received (up €380.3 million);
- c) recognition of the concession rights of the newly consolidated company, Triangolo do Sol (up €516.2 million), primarily reflecting the fair value of the assets acquired, identified using the acquisition method;
- d) amortisation for the year, totalling €482.3 million;
- e) the removal of Autostrada Tirrenica’s intangible assets, totalling €176.1 million, following this company’s deconsolidation.

Reclassified consolidated statement of financial position

(€m)	31.12.2011	31.12.2010	Increase/Decrease
NON-CURRENT NON-FINANCIAL ASSETS			
Property, plant and equipment	230.1	216.4	13.7
Intangible assets	17,238.5	16,187.6	1,050.9
Investments	318.7	431.5	-112.8
Deferred tax assets less deferred tax liabilities eligible for offset	1,891.4	2,101.8	-210.4
Other assets	2.4	5.5	-3.1
Total non-current non-financial assets (A)	19,681.1	18,942.8	738.3
WORKING CAPITAL			
Trading assets	1,018.2	973.2	45.0
Current tax assets	28.6	29.7	-1.1
Other current assets	89.3	74.7	14.6
Non-financial assets held for sale and related to discontinued operations	308.3	1,082.5	-774.2
Current portion of provisions for construction services required by contract	-551.6	-386.7	-164.9
Current provisions	-171.6	-224.8	53.2
Trading liabilities	-1,490.5	-1,307.4	-183.1
Current tax liabilities	-117.0	-17.3	-99.7
Other current liabilities	-493.7	-473.9	-19.8
Non-financial liabilities related to discontinued operations	-0.3	-113.8	113.5
Total working capital (B)	-1,380.3	-363.8	-1,016.5
Invested capital less current liabilities (C = A + B)	18,300.8	18,579.0	-278.2
NON-CURRENT NON-FINANCIAL LIABILITIES			
Non-current portion of provisions for construction services required by contract	-4,135.0	-4,315.0	180.0
Non-current provisions	-1,030.8	-942.0	-88.8
Deferred tax liabilities not eligible for offset	-138.1	-33.7	-104.4
Other non-current liabilities	-66.2	-44.1	-22.1
Total non-current non-financial liabilities (D)	-5,370.1	-5,334.8	-35.3
NET INVESTED CAPITAL (E = C + D)	12,930.7	13,244.2	-313.5

(€m)	31.12.2011	31.12.2010	Increase/Decrease
EQUITY			
Equity attributable to owners of the parent	3,510.0	3,183.4	326.6
Equity attributable to non-controlling interests	450.5	403.5	47.0
Total equity (F)	3,960.5	3,586.9	373.6
NET DEBT			
Non-current net debt			
Non-current financial liabilities	10,347.2	10,066.9	280.3
Bond issues	7,507.1	7,466.6	40.5
Medium/long-term borrowings	2,590.0	2,323.3	266.7
Derivative liabilities	250.1	253.6	-3.5
Other financial liabilities	-	23.4	-23.4
Other non-current financial assets	-1,200.3	-935.4	-264.9
Non-current financial assets deriving from concession rights	-452.3	-373.7	-78.6
Non-current financial assets deriving from government grants	-238.7	-201.5	-37.2
Term deposits convertible after 12 months	-290.3	-285.9	-4.4
Derivative assets	-27.7	-40.2	12.5
Other financial assets	-191.3	-34.1	-157.2
Non-current net debt (G)	9,146.9	9,131.5	15.4
Current net debt			
Current financial liabilities	666.8	3,520.2	-2,853.4
Bank overdrafts	10.2	19.9	-9.7
Short-term borrowings	161.2	6.6	154.6
Current portion of medium/long-term borrowings	449.6	2,533.8	-2,084.2
Intercompany current account payables due to unconsolidated Group companies	41.4	0.9	40.5
Other financial liabilities	4.4	0.2	4.2
Bank overdrafts related to discontinued operations	-	8.0	-8.0
Financial liabilities related to discontinued operations	-	950.8	-950.8
Cash and cash equivalents	-619.9	-2,548.7	1,928.8
Cash in hand and at bank and post offices	-338.1	-207.1	-131.0
Cash equivalents	-281.7	-2,326.1	2,044.4
Cash and cash equivalents related to discontinued operations	-0.1	-15.5	15.4
Other current financial assets	-223.6	-445.7	222.1
Current portion of medium/long-term financial assets	-32.8	-22.0	-10.8
Current financial assets deriving from concessions	-7.3	-8.9	1.6
Current financial assets deriving from government grants	-51.0	-189.4	138.4
Term deposits convertible within 12 months	-76.6	-180.9	104.3
Other financial assets	-54.2	-34.7	-19.5
Financial assets held for sale or related to discontinued operations	-1.7	-9.8	8.1
Current net debt (H)	-176.7	525.8	-702.5
Net debt (I = G + H)	8,970.2	9,657.3	-687.1
NET DEBT AND EQUITY (L = F + I)	12,930.7	13,244.2	-313.5

As at 31 December 2011 "Investments", totalling €318.7 million (€431.5 million as at 31 December 2010), are down €112.8 million, resulting from the following:

- a) consolidation on a line-by-line basis, from 1 July 2011, of Triangolo do Sol, following the above-mentioned acquisition of control (as at 31 December 2010 the Group held a 50% interest, accounted for at a carrying amount of €116.5 million);
- b) the impairment loss of €59.0 million on the investment in Alitalia - Compagnia Aerea Italiana;
- c) recognition of the fair value, totalling €24.5 million, of the remaining investment (equal to 24.98%) in Autostrada Tirrenica, following the sale of the Group's controlling interest, and the increase in the value of the investment in the Autostrade Sud America group, amounting to €7.6 million, based on measurement using the equity method (including a gain of €18.9 million recognised in the income statement and a loss of €11.3 million recognised in other comprehensive income);
- d) further injections of capital into IGLI (€15.0 million), Tangenziali Esterne di Milano (€9.6 million) and the Indian operator, Pune-Solapur (€7.8 million).

"Deferred tax assets", after offsetting against deferred tax liabilities, amount to €1,891.4 million (€2,101.8 million as at 31 December 2010), marking a reduction of €210.4 million. This primarily reflects the release of deferred tax assets linked primarily to the positive impact of recognition of the tax deductibility of the carrying amounts recorded by Autostrade per l'Italia in application of IFRIC 12, in addition to the release of deferred tax assets recognised on the intercompany gain arising in 2003 as a result of the transfer of motorway assets to Autostrade per l'Italia, totalling €105.8 million.

Consolidated working capital reports a negative balance of €1,380.3 million as at 31 December 2011, compared with the negative balance of €363.8 million as at 31 December 2010.

The change basically reflects the deconsolidation of Strada dei Parchi, whose assets and liabilities were recognised in discontinued operations as at 31 December 2010, following completion of the sale of this investment. This was partially offset by an increase in non-financial assets held for sale as a result of the investment in Nueva Inversiones (accounted for as at 31 December 2011 at a carrying amount of €290.2 million).

After stripping out the above, working capital is down €355.8 million, primarily due to:

- a) an increase of €183.1 million in trading liabilities, reflecting an increase in amounts payable to suppliers (up €155.5 million), linked to increased investment, the start-up of work on the Eco-Taxi project in France (up €24.4 million) and an increase in amounts payable to the operators of interconnecting motorways (up 43.6 million), reflecting the contractually agreed timing of the settlement of amounts due to and from other motorway operators;

- b) a rise in the current portion of provisions for construction services required by contract (up €164.9 million), reflecting the forecast volume of construction services for which no additional economic benefits are received;
- c) an increase of €98.6 million in net current tax liabilities, essentially due to a reduction in prepayments during the year, as these are based on the amount of tax effectively paid on income for 2010, which reflected the above impact of the financial statement components recognised by Autostrade per l'Italia in application of IFRIC 12;
- d) an increase of €45.0 million in trading assets, reflecting a rise in trade receivables (up €31.2 million, primarily at the subsidiaries, Pavimental and Autostrade Tech) and an increase in inventories and work in progress assets (up €13.8 million), primarily reflecting the change in stocks held by Tech Solutions Integrators, following the start-up of work on the satellite-based tolling system for heavy vehicles in France (the Eco-Tax project);
- e) a reduction of €53.2 million in current provisions, primarily reflecting expiry of the incentive plan for the Group's management for the period 2008-2010.

The figure for "Non-current non-financial liabilities", totalling €5,370.1 million, is substantially in line with the amount for 31 December 2010 (€5,334.8 million).

As a result, "Net invested capital", totalling €12,930.7 million as at 31 December 2011, is down €313.5 million on the figure for 31 December 2010 (€13,244.2 million).

"Equity attributable to owners of the parent and non-controlling interests" totals €3,960.5 million (€3,586.9 million as at 31 December 2010). "Equity attributable to owners of the parent", totalling €3,510.0 million, is up €326.6 million, essentially reflecting:

- a) profit for the year (€830.3 million);
- b) payment of the final dividend for 2010 (€230.0 million) and of the interim dividend for 2011 (€219.3 million);
- c) the negative balance of other comprehensive income, totalling €56.0 million, and primarily including the fair value loss on the measurement of cash flow hedges (€12.3 million, after taxation), losses resulting from the measurement of associates and joint ventures using the equity method (€12.2 million), and a loss on the translation of the financial statements of subsidiaries that use a different functional currency other than the euro (€29.3 million).

“Equity attributable to non-controlling interests”, totalling €450.5 million, is up €47.0 million on the figure for 31 December 2010 (€403.5 million), essentially due to consolidation of Triangolo do Sol.

The Group’s net debt as at 31 December 2011 amounts to €8,970.2 million, marking a reduction of €687.1 million compared with 31 December 2010 (€9,657.3 million), essentially due to the deconsolidation of Strada dei Parchi and Autostrada Tirrenica, following the sale of the Group’s controlling interests in these companies.

“Non-current net debt” of €9,146.9 million is substantially in line with 31 December 2010 (€9,131.5 million).

Nonetheless, the following changes took place in 2011:

- a) the drawdown of a tranche of the floating rate loan granted to Autostrade per l’Italia by Cassa Depositi e Prestiti (a par value of €350.0 million), the signature by Los Lagos of a new medium/long-term loan agreement (a face value of €88.6 million), and the assumption of debt of €54.2 million following the consolidation of Triangolo do Sol;
- b) an increase in financial assets, reflecting the balance of the loan granted to Autostrada Tirrenica (€110.0 million) and an increase in concession rights recognised as financial assets (€78.6 million), essentially linked to investment in motorway infrastructure by Autostrade Meridionali and investment in concession rights by Ecomouv, following the start-up of work on the satellite-based tolling system for heavy vehicles in France.

As at 31 December 2011 current net funds amount to €176.7 million (net debt of €525.8 million as at 31 December 2010). The change of €702.5 million essentially reflects the derecognition of Strada dei Parchi’s net debt following the sale of this company (€935.2 million, already recognised as at 31 December 2010 in liabilities related to discontinued operations), partially offset by the short-term loan obtained by Holding do Sur (with a face value of €163.9 million) to fund the acquisition of a 50% interest in Nueva Inversiones.

Finally, Atlantia redeemed bonds totalling €2,000 million on 9 June 2011, using a part of the existing cash as at 31 December 2010.

The Group’s ordinary operating and financing activities expose it to market risks, primarily regarding interest rate and currency risks linked to the financial assets acquired and the financial liabilities assumed, in addition to liquidity and credit risks.

The Group's financial risk management strategy is consistent with the objectives set by Atlantia's Board of Directors. The strategy aims to both manage and control such risks, wherever possible mitigating interest rate and currency risks and minimising borrowing costs, whilst taking account of the interests of stakeholders, as defined in the Group's Financial Policy.

The components of the Group's derivatives portfolio as at 31 December 2011 are classified, in application of IAS 39, as cash flow hedges.

Based on the positive outcome of tests of effectiveness of cash flow hedges as at 31 December 2011, changes in fair value have been recognised in full in comprehensive income, with no recognition of any ineffective portion in profit or loss.

In September 2011 the Group entered into new Interest Rate Swaps, classified as cash flow hedges in application of IAS 39, to hedge interest rate risk on the €500.0 million medium/long-term floating rate loan from Cassa Depositi e Prestiti, using EIB funding, which has a residual weighted average term to maturity of approximately 13 years. This transaction has converted the overall exposure to a fixed rate of approximately 3.99%.

Additionally, in October 2011, following the award of the contract for the Eco-Taxi project in France, Ecomouv entered into Forward Starting Interest Rate Swaps classified, in application of IAS 39, as cash flow hedges. This was done to hedge the interest rate risk on project financing obtained but yet to be used as at 31 December 2011.

The residual weighted average term to maturity of the Group's interest bearing debt is approximately 7 years as at 31 December 2011.

95% of the Group's debt is fixed rate.

14% of the Group's medium/long-term debt is denominated in currencies other than the euro. Taking account of foreign exchange hedges and the proportion of debt denominated in the local currency of the country in which the relevant Group company operates (around 5%), the Group is not exposed to currency risk on translation into euros.

The average cost of the Group's medium/long-term borrowings in 2011 was approximately 4.9%.

As at 31 December 2011 the Group has cash reserves of €4,359 million, consisting of:

- a) €620 million in cash and/or investments maturing within 120 days;
- b) €367 million in term deposits allocated primarily to finance the execution of specific construction services;
- c) €3,372 in undrawn committed lines of credit. In particular, the Group has obtained the following lines of credit:
 - 1) €500 million relating to the portion (unused as at 31 December 2011 and used in January 2012) of the loan agreement signed in November 2008 with the European Investment Bank and totalling €1 billion (to be drawn down until November 2012 and maturing in September 2036);

- 2) €300 million of the loan obtained from the European Investment Bank in December 2010 (to be drawn down until December 2014 and maturing in September 2036);
- 3) €1,000 million of the loan granted by Cassa Depositi e Prestiti and Sace (to be drawn down until September 2014 and maturing in December 2024);
- 4) €1,000 million available under a committed Revolving Credit Facility with Mediocredito acting as Agent Bank (to be drawn down by May 2015 and maturing in June 2015);

Statement of changes in consolidated equity

(€m)	Equity attributable to owners of the parent		
	Issued capital	Financial instruments fair value reserve	Reserve for translation differences on transactions in functional currencies other than the euro
Balance as at 31 December 2009	571.7	3.1	-3.3
Comprehensive income for the year	-	50.3	19.0
Owner transactions and other changes			
Final dividend approved	-	-	-
Retained earnings for previous year	-	-	-
Bonus issue	28.6	-	-
Interim dividend	-	-	-
Other minor changes	-	-	-
Balance as at 31 December 2010	600.3	53.4	15.7
Comprehensive income for the year	-	-12.3	-29.3
Owner transactions and other changes			
Final dividend approved	-	-	-
Retained earnings for previous year	-	-	-
Bonus issue	30.0	-	-
Interim dividend	-	-	-
Changes in the basis of consolidation, capital contributions, reclassifications and other changes	-	-	23.0
Balance as at 31 December 2011	630.3	41.1	9.4

- 5) €572 million in the form of a Project Loan to finance the Eco-Tax project being carried out by Ecomouv (to be drawn down primarily by October 2013 and maturing in December 2024).

The Group's net debt, as defined in accordance with the CESR recommendation of 10 February 2005 (which does not permit the deduction of non-current financial assets from debt), amounts to €10,170.5 million as at 31 December 2011, compared with net debt of €10,592.7 million as at 31 December 2010.

	Equity attributable to owners of the parent				Total	Equity attributable non-controlling interests	Total equity attributable to owners of the parent and non-controlling interests
	Reserve for companies accounted for using the equity method	Other reserves and retained earnings	Treasury shares	Profit/(Loss) for the year			
	11.2	2,080.1	-215.6	363.6	2,810.8	386.4	3,197.2
	42.7	5.2	-	682.9	800.1	20.3	820.4
	-	-	-	-219.1	-219.1	-2.6	-221.7
	-	144.5	-	-144.5	-	-	-
	-	-28.6	-	-	-	-	-
	-	-	-	-208.8	-208.8	-0.3	-209.1
	-	0.4	-	-	0.4	-0.3	0.1
	53.9	2,201.6	-215.6	474.1	3,183.4	403.5	3,586.9
	-12.2	-2.2	-	830.3	774.3	-4.3	770.0
	-	-	-	-230.0	-230.0	-10.7	-240.7
	-	244.1	-	-244.1	-	-	-
	-	-30.0	-	-	-	-	-
	-	-	-	-219.3	-219.3	-0.3	-219.6
	-21.1	-0.3	-	-	1.6	62.3	63.9
	20.6	2,413.2	-215.6	611.0	3,510.0	450.5	3,960.5

Reconciliation of equity as at 31 December 2011 and profit for 2011 of the parent company and the corresponding consolidated amounts

(€m)	Equity as at 31.12.2011	Profit for 2011
Amounts in financial statements of Atlantia SpA	6,483.3	484.5
Recognition in consolidated financial statements of equity and profit/(loss) for the year of investments less non-controlling interests	4,489.9	912.5
Elimination of carrying amount of consolidated investments	-7,869.2	-
Elimination of impairment losses on consolidated investments less reversals of impairment losses	72.0	14.8
Elimination of intercompany dividends	-	-646.3
Elimination of after-tax intercompany profits	-4,186.8	-
Recognition of goodwill less non-controlling interests	4,381.0	-
Measurement of investments using the equity method/at fair value less dividends received	131.6	14.0
Other consolidation adjustments	8.2	50.8
Consolidated carrying amounts (attributable to owners of the parent)	3,510.0	830.3
Consolidated carrying amounts (attributable to non-controlling interests)	450.5	9.5
Carrying amounts in consolidated financial statements	3,960.5	839.8

Consolidated cash flow

Net debt decreased by €687.1 million in 2011, compared with a reduction of €97.2 million in 2010.

Operating activities generated cash flows of €1,915.5 million in 2011 (€1,640.8 million in 2010). Cash flow from operating activities are up €274.7 million on 2010, reflecting the positive impact of recognition of the deductibility of the carrying amounts recorded by Autostrade per l'Italia in application of IFRIC 12 (operating cash flow up €263.9 million) and the improvement in profit from continuing operations for 2011.

Cash flows in investing activities related to non-financial assets amounts to €713.4 million, compared with an outflow of €1,199.4 million in 2010.

Cash used in 2011 essentially reflects investment in motorway infrastructure, after the related government grants and the increase in takeover rights and other financial assets resulting from capital expenditure (€1,372.5 million), the cost of acquiring interests in consolidated investments (€144.3 million), regarding the acquisition of a further stake in Triangolo do Sol and including debt resulting from consolidation of

the company, and the cost of acquiring interests in unconsolidated investments (€323.4 million), primarily referring to the purchase of 50% of Nueva Inversiones by Inversiones Autostrade Holding do Sur. These outflows are, however, partially offset by the gains realised on the sale of Strada dei Parchi, Società Autostrada Tirrenica and Autostrade Servizi al Territorio, and by the resulting deconsolidation of these companies' net debt (with an overall impact on consolidated debt of €1,212.3 million).

The outflow in 2010, which did not benefit from gains on the sale of consolidated companies, was primarily due to investment in motorway infrastructure, after the related government grants and an increase in takeover rights and other financial assets resulting from capital expenditure. Such investment was, in any event, lower than in 2011.

The cash outflow resulting from changes in equity amounts to €494.5 million in 2011 (€416.4 million in 2010), essentially due to the dividends approved by Atlantia and other Group companies and payable to non-controlling shareholders.

The overall impact of the above cash flows was to reduce net debt by €707.6 million in 2011 (€25.0 million in 2010).

In addition, in 2011 net debt was increased by changes in the fair value of cash flow hedges recognised in comprehensive income (amounting to €20.5 million), whilst a reduction of €72.2 million was recorded in 2010.

Statement of changes in consolidated net debt

(€m)	2011	2010
Profit for the year	839.8	701.0
Amortisation and depreciation	534.9	505.8
Provisions	57.5	49.2
Financial expenses from discounting of provisions for construction services required by contract and other provisions	179.1	177.0
Impairments/(Reversal of impairment losses) on non-current financial assets and investments accounted for at cost or fair value	8.6	-
Share of (profit)/loss of associates and joint ventures accounted for using the equity method	-21.4	2.1
Impairment losses/(Reversal of impairment losses) and adjustments of other non-current assets	80.8	-28.5
(Gain)/Loss on sale of non-current assets	-132.6	0.4
Net change in deferred tax (assets)/liabilities	196.5	8.9
Other non-cash costs (income)	-6.6	-12.5
Change in working capital	152.3	168.9
Other changes in non-financial assets and liabilities	26.6	68.5
Net cash from operating activities (A)	1,915.5	1,640.8
Investment in motorway infrastructure	-1,524.8	-1,443.4
Government grants related to motorway infrastructure	69.6	222.0
Increase in financial assets deriving from takeover rights and other financial rights (related to investment in motorway infrastructure)	82.7	68.7
Purchases of property, plant and equipment	-63.6	-56.9
Purchases of intangible assets	-30.2	-24.4
Purchase of investments, net of unpaid called-up issued capital	-323.4	-6.2
Dividends received from investee companies accounted for using the equity method	2.6	10.1
Purchase of new consolidated investments, net of cash acquired	-144.3	-
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	2.7	28.6
Proceeds from sale of consolidated investments, after net debt transferred	1,212.3	-
Change in other non-current assets	3.0	2.1
Net cash used in investing activities (B)	-713.4	-1,199.4
Dividends declared by Group companies	-460.3	-430.8
Net change in currency translation reserve and other reserves and ebt-related translation differences	-32.5	11.9
Net change in issued capital and reserves attributable to non-controlling interests	-1.7	2.5
Net equity cash outflows (C)	-494.5	-416.4
Increase/(Decrease) in cash and cash equivalents (A + B + C)	707.6	25.0
Change in the fair value of hedging derivatives recognised in comprehensive income (D)	-20.5	72.2
Decrease/(Increase) in net debt for the year (A + B + C + D)	687.1	97.2
Net debt at beginning of year	-9,657.3	-9,754.5
Net debt at end of year	-8,970.2	-9,657.3

Financial review for Atlantia SpA

Introduction

The financial review for Atlantia SpA includes and analyses the Parent's reclassified income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011, in which amounts are compared with those of the previous year. The review also includes and analyses the reclassified statement of financial position as at 31 December 2011, compared with comparative amounts as at 31 December 2010.

These separate financial statements have been prepared under the international financial reporting standards (IFRS) issued by the International Accounting Standards Board, endorsed by the European Commission, and in force at 31 December 2011. The accounting standards and policies used in preparing this document are unchanged with respect to those applied in the financial statements as at and for the year ended 31 December 2010.

The reclassified financial statements have not been independently audited and there are certain differences compared with the statutory financial statements presented in the section "Financial statements". Above all:

- a) the "Reclassified separate income statement" includes "Gross operating profit (EBITDA)", which is not reported in the separate income statement. This profit margin is calculated by taking the figure for operating income and deducting all operating costs, with the exception of amortisation, depreciation, impairment losses on assets and reversals of impairment losses, provisions and other adjustments. Deducting these costs from gross operating profit gives the "Operating profit (EBIT)" as reported in the separate income statement. There are no differences between the intermediate components of the two income statements below operating profit, apart from the fact that the "Reclassified income statement" is more condensed;
- b) the "Reclassified statement of financial position" adopts a different classification of assets and liabilities compared with the separate statement of financial position, showing working capital (as the balance of current non-financial assets and liabilities), net invested capital (as the balance of non-current non-financial assets and the sum of negative working capital and non-current non-financial liabilities), and, as sources of funds, equity and net debt (representing the balance of all financial liabilities and assets). In addition, the reclassified statement of financial position is a more condensed version than the separate statement of financial position, as it excludes the sub-items below each main entry. "Net debt" reported in the reclassified statement of financial position takes account of non-current financial assets, unlike the "Analysis of net funds/(debt)" in the notes to the financial statements that is prepared as required by the Committee of European Securities Regulators (CESR) recommendation of 10 February 2005, which does not permit the inclusion of non-current financial assets.

The following key events occurred during the year:

- a) at their Extraordinary General Meeting held on 20 April 2011, the Shareholders approved a bonus issue with a value of €30,014,857, to be implemented via the issue of 30,014,857 new ordinary shares with a par value of €1 each, reducing the extraordinary reserve by a matching amount;
- b) on 9 June 2011 Atlantia's Board of Directors announced the redemption in full of non convertible bonds with a par value of €2 billion issued on 9 June 2004 as part of the Company's €10 billion Medium Term Note Programme;
- c) on 14 October 2011 the Board of Directors, based on the performance of Atlantia SpA and the Group during the first half of 2011, decided to pay an interim dividend of €0.355 per share outstanding at the ex dividend date of 21 November 2011, with payment on 24 November 2011 of a total amount of €219.3 million. The Board of Directors of Autostrade per l'Italia also decided to pay an interim dividend of €0.483 per share in November 2011 (€0.46 was paid in 2010), amounting to a total of €300.4 million.

Results of operations

Reclassified income statement of Atlantia SpA

(€m)	2011	2010	Increase/Decrease
Operating income	0.9	0.8	0.1
Total revenue	0.9	0.8	0.1
Cost of materials and external services	-9.3	-7.6	-1.7
Personnel expense	-1.8	-3.6	1.8
Total net operating costs	-11.1	-11.2	0.1
Gross operating loss (EBITDA)	-10.2	-10.4	0.2
Amortisation, depreciation, impairment losses and reversals of impairment losses	-0.4	-0.4	-
Operating loss (EBIT)	-10.6	-10.8	0.2
Financial income/(expenses)	561.4	527.2	34.2
Impairment losses on investments	-59.0	-	-59.0
Profit before tax from continuing operations	491.8	516.4	-24.6
Income tax (expense)/benefit	-7.3	-6.5	-0.8
Profit from continuing operations	484.5	509.9	-25.4
Profit/(loss) from discontinued operations/assets held for sale	-	-	-
Profit for the year	484.5	509.9	-25.4

(€)	2011	2010	Increase/Decrease
Basic earnings per share	0.78	0.83	-0.05
<i>of which:</i>			
continuing operations	0.78	0.83	-0.05
Diluted earnings per share	0.78	0.83	-0.05
<i>of which:</i>			
continuing operations	0.78	0.83	-0.05

“Operating income” in 2011 was €0.9 million, in line with the figure for 2010 (€0.8 million) and primarily consisting of rental income from subsidiaries.

The “Cost of materials and external services” totals €9.3 million, marking an increase of €1.7 million on 2010 (€7.6 million). This primarily reflects a rise in the cost of professional services and consultants’ fees (up €1.3 million), linked mainly to financial services.

“Personnel expense” of €1.8 million is down €1.8 million on the figure for 2010 (€3.6 million), primarily

reflecting expiry of the incentive plan for the Group's management for the period 2008-2010 and the resulting recognition, in 2011, of the surplus provisions made in previous years.

The "Gross operating loss" (negative EBITDA) amounts to €10.2 million (down €10.4 million in 2010), whilst the "Operating loss" (negative EBIT) amounts to €10.6 million (down €10.8 million in 2010), after depreciation and amortisation, impairment losses and reversals of impairment losses totalling €0.4 million.

Net "Financial income" of €561.4 million is up €34.2 million on 2010 (€527.2 million), primarily reflecting an increase in dividends received from subsidiaries (up €33.5 million), above all Autostrade per l'Italia SpA.

Impairment losses on investments, totalling €59.0 million, regard the impairment of the carrying amount of the investment in Alitalia - Compagnia Aerea Italiana, applied in view of the losses reported by the airline and of the negative impact of the economic downturn on certain key aspects of its operating environment.

"Income tax expense" of €7.3 million is up €0.8 million on 2010 (€6.5 million), reflecting the increase in taxable income, taking account of the marginal impact on taxation of the increase in dividends received in 2011 and excluding the above non-taxable impairment loss on the investment in Alitalia - Compagnia aerea Italiana.

"Profit for the year", totalling €484.5 million, is thus down €25.4 million on 2010 (€509.9 million).

Statement of comprehensive income of Atlantia SpA

(€m)	2011	2010
Profit for the year (A)	484.5	509.9
Fair value gains/(losses) on cash flow hedges	33.8	33.0
Actuarial gains/(losses) (IAS 19)	–	0.1
Other comprehensive income for the year, after related taxation (B)	33.8	33.1
Comprehensive income for the year (A + B)	518.3	543.0

The statement of comprehensive income reports comprehensive income of €518.3 million (€543.0 million in 2010) which, as in 2010, has benefitted from fair value gains on cash flow hedges, after the related taxation (€33.8 million).

Financial position

“Non-current non-financial assets” of €6,047.4 million are down €50.0 million on the figure for 31 December 2010 (€6,097.4 million).

These assets consist almost entirely of “Investments” amounting to €6,039.7 million. The reduction of €49.8 million compared with 2010 (€6,089.5 million) essentially reflects the above impairment loss on the investment in Alitalia - Compagnia Aerea Italiana (down €59.0 million), partially offset by capital injected into Pune Solapur Expressways Private Limited (€7.8 million).

“Working capital” of €2.0 million is up €1.0 million on the figure for 31 December 2010 (€1.0 million), partly due to the reduction in current provisions of €1.6 million, following expiry of the incentive plan for management for the period 2008-2010.

“Non-current non-financial liabilities” amount to €44.7 million (€26.6 million as at 31 December 2010) and almost entirely regard deferred tax liabilities (after offsetting against deferred tax assets), which are recognised primarily as a result of fair value gains on cash flow hedges.

“Net invested capital” of €6,004.7 million is down €67.1 million on the figure for 31 December 2010 (€6,071.8 million).

Reclassified statement of financial position of Atlantia SpA

(€m)	31.12.2011	31.12.2010	Increase/(Decrease)
Non-current non-financial assets			
Property, plant and equipment	7.5	7.7	-0.2
Intangible assets	0.2	0.2	-
Investments	6,039.7	6,089.5	-49.8
Total non-current non-financial assets (A)	6,047.4	6,097.4	-50.0
Working capital			
Trading assets	1.0	2.3	-1.3
Current tax assets	114.1	19.3	94.8
Other current assets	2.3	2.2	0.1
Current provisions	-	-1.6	1.6
Trading liabilities	-4.2	-4.2	-
Current tax liabilities	-108.8	-14.3	-94.5
Other current liabilities	-2.4	-2.7	0.3
Total working capital (B)	2.0	1.0	1.0
Invested capital less current liabilities (C = A + B)	6,049.4	6,098.4	-49.0
Non-current non-financial liabilities			
Provisions	-0.3	-0.3	-
Deferred tax liabilities	-44.4	-26.3	-18.1
Total non-current non-financial liabilities (D)	-44.7	-26.6	-18.1
NET INVESTED CAPITAL (E = C + D)	6,004.7	6,071.8	-67.1
EQUITY (F)	6,483.3	6,413.0	70.3
NET DEBT			
Non-current net debt			
Non-current financial liabilities	7,739.9	7,737.6	2.3
Derivative liabilities	188.1	218.0	-29.9
Bond issues	7,551.8	7,519.6	32.2
Other non-current financial assets	-7,914.8	-7,869.5	-45.3
Derivative assets	-219.3	-164.7	-54.6
Other financial assets	-7,695.5	-7,704.8	9.3
Non-current net debt (G)	-174.9	-131.9	-43.0
Current net debt			
Current financial liabilities	228.3	2,258.9	-2,030.6
Current portion of medium/long-term borrowings	228.2	2,258.8	-2,030.6
Other financial liabilities	0.1	0.1	-
Cash and cash equivalents	-293.1	-197.6	-95.5
Other current financial assets	-238.9	-2,270.6	2,031.7
Current portion of medium/long-term financial assets	-235.4	-2,267.3	2,031.9
Other financial assets	-3.5	-3.3	-0.2
Current net debt (H)	-303.7	-209.3	-94.4
Net debt (I = G + H)	-478.6	-341.2	-137.4
NET DEBT AND EQUITY (L = F + I)	6,004.7	6,071.8	-67.1

“Equity” totals €6,483.3 million (€6,413.0 million as at 31 December 2010) and is up €70.3 million compared with the end of 2010. This reflects:

- a) profit for the year of €518.3 million;
- b) payment of the final dividend for 2010, amounting to €230.0 million (€0.391 per share), and of the interim dividend for 2011, totalling €219.3 million (€0.355 euro per share);
- c) provisions for share-based incentive plans for the Group’s management (€1.3 million).

As noted in the introduction, in execution of the resolution passed by the shareholders at their Extraordinary General Meeting of 20 April 2011, the Company carried out a bonus issue with a value of €30,014,857 via the release of a corresponding amount from the extraordinary reserve. In execution of the resolution, the shares resulting from the bonus issue were allotted to shareholders on the basis of one new share for every twenty held. The number of treasury shares held by the Company has thus increased by 602,522. As at 31 December 2011 the Company’s fully subscribed and paid-up issued capital thus consists of 630,311,992 ordinary shares with a par value of €1.00 each (including 12,652,968 treasury shares with a carrying amount of €215.6 million), resulting in a total of €630,311,992.

As at 31 December 2011 Atlantia reports “Net funds” of €478.6 million (€341.2 million as at 31 December 2010), comprising a non-current portion of €174.9 million (€131.9 million as at 31 December 2010) and a current portion of €303.7 million (€209.3 million as at 31 December 2010).

Non-current net funds increased €43.0 million during the year as a result of the fair value gain on hedging derivatives, primarily reflecting falling interest rates, partially offset by the payment of differentials during the year.

Current net funds of €303.7 million as at 31 December 2011 (€209.3 million as at 31 December 2010) are up €94.4 million, reflecting a rise in the balance of the intercompany account held with the subsidiary Autostrade per l’Italia (up €95.6 million). This is essentially due to the increase in dividends collected from investee companies compared with those paid to shareholders in 2011.

As noted in the introduction, bonds with a par value of €2,000 million were redeemed on 9 June 2011 and the corresponding loan to the subsidiary Autostrade per l’Italia was collected. Both these items were classified as financial as at 31 December 2010. The related derivatives hedging these financial assets and liabilities were also wound up.

The Company's ordinary operating and financial activities expose it to market risks, primarily regarding interest rate and currency risks linked to the financial assets acquired and the financial liabilities assumed. Atlantia's financial risk management strategy is consistent with the business goals set by the Company's Board of Directors in the various strategic plans that have been approved over time. The strategy aims to both manage and control such risks, wherever possible mitigating interest rate and currency risks and minimising borrowing costs, as defined in the Hedging Policy approved by the Board of Directors.

The medium/long-term loans provided to the subsidiary, Autostrade per l'Italia, are granted on the same terms as the Company's borrowings in the market, plus a margin to take account of operating costs, including those incurred for hedges using derivative financial instruments entered into to mitigate the exposure to cash flow risk of the underlying instruments as a result of interest rate movements. Based on the positive outcome of tests of effectiveness, these derivatives are classified as cash flow hedges. As a result, any change in the cash flows generated by the underlying transaction is offset by a matching change in the cash flows deriving from the derivative instrument.

The fair value of these instruments is based on expected cash flows that are discounted at rates derived from the market yield curve at the measurement date. Amounts in currencies, other than the euro, are translated at closing exchange rates provided by the European Central Bank. All hedging derivatives fall within the category of financial instruments measured at fair value.

The residual average term to maturity of the Company's debt is approximately 7 years. 100% of the Company's debt is fixed rate.

12% of the Company's medium/long-term debt is denominated in currencies other than the euro. Taking account of foreign exchange hedges, the percentage of foreign currency debt exposed to currency risk on translation into euros is zero.

The average cost of medium/long-term borrowings in 2011 was approximately 5%.

Statement of changes in equity of Atlantia SpA

(€m)	Issued capital		Reserves and retained earnings			
	Share premium reserve	Legal reserve	Extraordinary reserve	Reserve for purchase of treasury shares	Reserve for negative goodwill	
Balance at 31 December 2009	571.7	0.2	261.4	4,707.5	215.6	449.0
Total comprehensive income	-	-	-	-	-	-
Owner transactions and other changes						
Profit for previous year taken to extraordinary reserve	-	-	-	65.0	-	-
Final dividend approved	-	-	-	-	-	-
Bonus issue	28.6	-	-	-28.6	-	-
Interim dividend	-	-	-	-	-	-
Share-based incentive plans	-	-	-	-	-	-
Balance at 31 December 2010	600.3	0.2	261.4	4,743.9	215.6	449.0
Total comprehensive income	-	-	-	-	-	-
Owner transactions and other changes						
Profit for previous year taken to extraordinary reserve	-	-	-	71.0	-	-
Final dividend approved	-	-	-	-	-	-
Bonus issue	30.0	-	-	-30.0	-	-
Interim dividend	-	-	-	-	-	-
Share-based incentive plans	-	-	-	-	-	-
Balance at 31 December 2011	630.3	0.2	261.4	4,784.9	215.6	449.0

	Cash flow hedge reserve	Reserves and retained earnings Reserve for actuarial gains and losses on post-employment benefits	Other reserves	Retained earnings	Treasury shares	Profit for the year	Total equity
	21.7	-0.4	0.2	2.3	-215.6	284.0	6,297.6
	33.0	0.1	-	-	-	509.9	543.0
	-	-	-	-	-	-65.0	-
	-	-	-	-	-	-219.1	-219.1
	-	-	-	-	-	-	-
	-	-	-	-	-	-208.8	-208.8
	-	-	0.3	-	-	-	0.3
	54.7	-0.3	0.5	2.3	-215.6	301.0	6,413.0
	33.8	-	-	-	-	484.5	518.3
	-	-	-	-	-	-71.0	-
	-	-	-	-	-	-230.0	-230.0
	-	-	-	-	-	-	-
	-	-	-	-	-	-219.3	-219.3
	-	-	1.3	-	-	-	1.3
	88.5	-0.3	1.8	2.3	-215.6	265.2	6,483.3

Cash flow

Cash and cash equivalents increased by €95.5 million in 2011, compared with the increase of €73.4 million reported in 2010.

“Cash flows from operating activities” amounts to €543.5 million, marking an increase of €28.1 million compared with the figure for 2010 (€515.4 million). This primarily reflects the increase in dividends received from subsidiaries, partially offset by the differing contributions of working capital in the two comparative periods.

“Cash flow from investing activities”, totalling €1,991.4 million, reflects repayment of the loan to Autostrade per l'Italia with a face value of €2,000 million, which replicated, at intercompany level, the bond issue maturing on 9 June 2011. The Company also injected further capital into Pune Solapur Expressways Private Limited, totalling €7.8 million. The outflow of €1,571.2 million in 2010 primarily related to the disbursement of two new intercompany loans with face values of €1,000 million and €500 million to the subsidiary Autostrade per l'Italia.

“Cash flows used in financing activities” totals €2,439.4 million and essentially reflects redemption of bonds with a par value of €2,000 million and the payment of dividends during the year (€449.3 million). The inflow of €1,129.2 million in 2010, in contrast, consisted of bond issues with par values of €1,000 million and €500 million, after the related transaction costs, partly offset by dividends paid during the year (€427.9 million).

Statement of cash flows of Atlantia SpA

(€m)	2011	2010
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the year	484.5	509.9
Adjusted by:		
Depreciation and amortisation	0.4	0.4
Provisions	–	1.3
Impairment losses/(Reversal of impairment losses) on non-current financial assets, including investments accounted for at cost or fair value	59.0	–
Impairment losses/(Reversal of impairment losses) on non-current assets	–0.2	–
Net change in deferred tax (assets)/liabilities	0.6	–0.2
Other non-cash items	0.1	–
Change in working capital and other changes	–0.9	4.0
Net cash generated from/(used in) operating activities (A)	543.5	515.4
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of property, plant and equipment	–0.2	–
Purchases of investments, net of unpaid called-up issued capital	–7.8	–5.4
Change in current and non-current financial assets not held for trading purposes	1,999.4	–1,565.7
Net cash generated from/(used in) investing activities (B)	1,991.4	–1,571.1
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends paid	–449.3	–427.9
Bond issues	–	1,484.5
Redemption of bonds	–2,000.0	–
Net change in other current and non-current financial liabilities	9.9	72.5
Net cash generated from/(used in) financing activities (C)	–2,439.4	1,129.1
Increase/(Decrease) in cash and cash equivalents (A + B + C)	95.5	73.4
Net cash and cash equivalents at beginning of year	197.6	124.2
Net cash and cash equivalents at end of year	293.1	197.6
Additional information on the statement of cash flows		
Income tax paid	7.6	275.4
Tax rebates from tax consolidation arrangement	–	–271.1
Interest income and other financial income collected	514.0	569.9
Interest expense and other financial expenses paid	516.5	568.8
Dividends received	554.2	520.8
Foreign exchange gains collected	0.2	0.6
Foreign exchange losses incurred	–0.6	–0.6

Key performance indicators for the main Group companies^(*)

	Revenue			
	2011	2010	Total	Increase/(Decrease) %
Italian motorway operators				
Autostrade per l'Italia	3,329.0	3,145.9	183.1	5.8%
Società Italiana per il Traforo del Monte Bianco	57.3	54.0	3.3	6.1%
Raccordo Autostradale Valle d'Aosta	14.9	13.8	1.1	8.0%
Autostrada Torino-Savona	74.4	71.7	2.7	3.8%
Tangenziale di Napoli	70.5	68.1	2.4	3.5%
Autostrade Meridionali	91.2	89.6	1.6	1.8%
Foreign subsidiaries				
Group Autostrade International US Holdings	42.5	39.5	3.0	7.6%
Group Stalexport Autostrady	44.8	43.3	1.5	3.5%
Sociedad Concesionaria de Los Lagos	15.2	13.1	2.1	16.0%
Triangulo do Sol	71.6	n.s.		
Other service companies				
Pavimental	655.7	467.1	188.6	40.4%
Spea Ingegneria Europea	147.5	149.9	-2.4	-1.6%
EsseDiEsse Società di Servizi	28.9	29.9	-1.0	-3.3%
Infoblu	5.2	5.6	-0.4	-7.1%
TowerCo	19.0	18.7	0.3	1.6%
AD Moving	13.0	15.7	-2.7	-17.2%
Port Mobility	7.4	7.2	0.2	2.8%
Telepass	130.8	124.5	6.3	5.1%
Autostrade Tech	56.8	41.5	15.3	36.9%

(*) Figures calculated under IFRS and, in particular, in compliance with the standards and policies adopted by Atlantia, and extracted from specific reporting packages prepared by each subsidiary for the purpose of preparing the Atlantia Group's consolidated financial statements.

Key performance indicators for the main Group companies

		EBITDA				Net funds/(debt)			
				Increase/(Decrease)				Increase/(Decrease)	
2011	2010	Total	%	2011	2010	Total	%		
2,002.3	1,952.1	50.2	2.6%	-9,249.9	-9,052.5	-197.4	2.2%		
38.3	34.9	3.4	9.7%	61.0	26.4	34.6	131.1%		
0.0	2.2	-2.2	-100.0%	66.7	67.5	-0.8	-1.2%		
30.4	30.7	-0.3	-1.0%	10.9	19.2	-8.3	-43.2%		
20.1	21.2	-1.1	-5.2%	-60.0	-53.2	-6.8	12.8%		
36.7	41.8	-5.1	-12.2%	157.6	163.6	-6.0	-3.7%		
2.1	1.9	0.2	10.5%	-2.1	-7.6	5.5	-72.4%		
32.0	29.8	2.2	7.4%	-12.2	-22.1	9.9	-44.8%		
8.0	5.4	2.6	48.1%	177.8	178.2	-0.4	-0.2%		
51.8	n.s.			20.8	n.s.				
20.0	15.0	5.0	33.3%	-83.1	-162.8	79.7	-49.0%		
54.5	50.2	4.3	8.6%	17.2	19.9	-2.7	-13.6%		
2.7	4.4	-1.7	-38.6%	11.3	13.6	-2.3	-16.9%		
1.1	0.9	0.2	22.2%	1.8	2.9	-1.1	-37.9%		
11.2	11.1	0.1	0.9%	7.9	7.6	0.3	3.9%		
0.0	0.5	-0.5	n.s.	-1.7	-1.9	0.2	-10.5%		
0.4	0.8	-0.4	-50.0%	-2.2	-0.4	-1.8	450.0%		
72.4	65.2	7.2	11.0%	-181.8	-195.3	13.5	-6.9%		
12.0	12.3	-0.3	-2.4%	2.0	7.5	-5.5	-73.3%		

Operating review of the Group's operators

Traffic

Italian operators

The number of kilometres travelled on the network operated by Autostrade per l'Italia and the Group's other Italian motorway operators in 2011 (excluding Società Autostrada Tirrenica, after the sale of 69.1% of the company was completed on 28 November 2011) totals 51,709 million: 45,276.9 million by vehicles with 2 axles (cars and vans, representing 87.6% of the total) and 6,432.2 million by vehicles with 3 or more axles (12.4% of the total).

Traffic was 1.3% down compared to 2010, with vehicles with 2 axles down 1.3% and those with 3 or more axles down 1.8%.

Traffic trends reflect the impact of the ongoing weakness of the Italian economy, with almost the entire network registering declines.

Traffic using Autostrade per l'Italia's network was down 1.2% ("2 axles" down 1.2% and "3 or more axles" down 1.8%).

Traffic trends reported by the Group's other operators show growth at the Mont Blanc Tunnel (up 3.0%) and at Raccordo Autostradale Valle d'Aosta (up 0.3%).

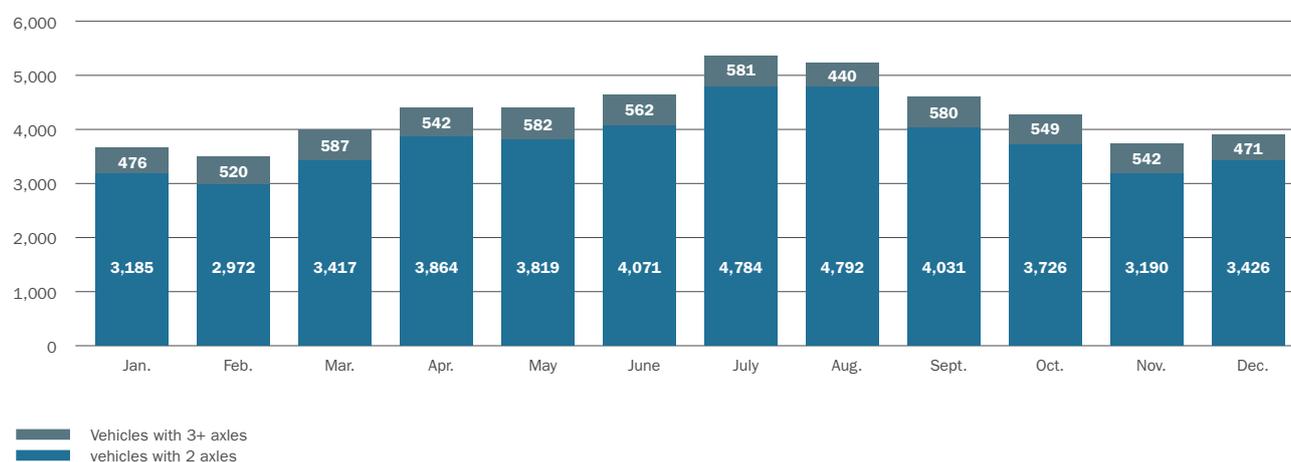
Traffic using the Turin-Savona motorway is practically unchanged with respect to 2010 (down 0.4%), whilst the motorway operators serving the city of Naples (Autostrade Meridionali and Tangenziale di Napoli) both registered falls of 3.7%.

Traffic on the network operated under concession in Italy during 2011

Motorway	Vehicles x km (millions)			% increase/ (decrease) on 2010	ATVD (*) 2011
	Vehicles with 2 axles	Vehicles with 3 or more axles	Total vehicles		
A1 Milan-Naples	15,599	2,706	18,305	-1.4	62,414
A4 Milan-Brescia	3,404	449	3,853	1.2	112,893
A7 Serravalle-Genoa	563	76	639	0.1	34,994
A8/A9 Milan-Lakes	2,251	146	2,397	-1.0	84,525
A8/26 branch	474	30	504	-0.5	57,594
A10 Genoa-Savona	837	88	925	-0.8	55,646
A11 Florence-Coast	1,484	110	1,594	-0.8	53,448
A12 Genoa-Sestri	854	59	913	-0.6	51,393
A12 Rome-Civitavecchia	672	46	718	-2.0	30,074
A13 Bologna-Padua	1,774	301	2,075	-0.8	44,662
A14 Bologna-Taranto	8,928	1,521	10,449	-2.4	36,636
A16 Naples-Canosa	1,305	134	1,439	-4.7	22,887
A23 Udine-Tarvisio	475	111	586	-1.4	15,881
A26 Genoa Voltri-Gravellona Toce	1,858	277	2,135	-0.5	23,876
A27 Venice-Belluno	659	51	710	6.6	23,673
A30 Caserta-Salerno	755	103	858	-0.6	42,525
Mestre Interchange	37	5	42	0.6	-
Total Autostrade per l'Italia	41,929	6,213	48,142	-1.2	46,205
Turin-Savona	889	80	969	-0.4	20,264
Naples-Pompeii-Salerno	1,450	32	1,482	-3.7	78,721
Naples Ring Road	906	82	988	-3.7	133,983
Mont Blanc Tunnel	8	3	11	3.0	5,247
Valle d'Aosta Motorway link road	96	21	117	0.3	9,882
Group total	45,278	6,431	51,709	-1.3	45,767

(*) ATVD – Average theoretical vehicles per day, equal to number of kilometres travelled/journey length/number of days in the year.

Monthly traffic trends on the network operated under concession in Italy in 2011 (millions of vehicles x km)



Overseas operators

In contrast, the performances of the Group's overseas operators were very positive, vindicating the Group's strategy of investing in countries with strong economies and high growth.

The Polish operator, Stalexport Autostrada Malopolska, recorded a 2.0% increase in traffic during 2011, compared with 2010. Light vehicles are up 5.9%, whilst heavy vehicles are down 11.3%, reflecting the combined impact of the adoption of direct tolling and abolition of the shadow tolling system.

In 2011, the Chilean operator, Los Lagos, registered a 9.3% increase in traffic using its network compared with 2010.

In 2011 the Brazilian operator, Triangulo do Sol, registered growth of 5.6% in terms of kilometres travelled, compared with 2010.

Traffic growth also remained strong on the networks operated by the Costanera group's subsidiaries and investee companies in Chile (Costanera Norte, Vespucio Sur, Litoral Central, Nororiente and AMB).

Traffic on the overseas network operated under concession in 2011

	Traffic (millions of km travelled)			Traffic (thousands of journeys)		
	2010	2011	Increase/ (Decrease)	2010	2011	Increase/ (Decrease)
Consolidated foreign operations						
Stalexport	668	682	2.0%	21,915	22,360	2.0%
Los Lagos	421	467	10.9%	11,130	12,170	9.3%
Triangulo do Sol	1,239	1,308	5.6%	18,041	19,079	5.8%
Overseas investee companies						
Autostrade Sud America						
– Costanera Norte	839	883	5.3%	188,158	196,946	4.7%
– Vespucio Sur (*)	607	666	9.6%	198,852	217,543	9.4%
– Litoral Central	68	75	9.3%	2,707	2,970	9.7%
– Nororient	39	49	25.8%	3,610	4,140	14.7%
– AMB	16	18	13.4%	6,839	7,756	13.4%
Total	3,897	4,148	6.5%	451,252	482,964	7.0%

(*) Figures refer to total journeys and not only those charged for.

Tolls

Italian operators

The following annual toll increases for 2011 were introduced by Autostrade per l'Italia and the Group's Italian motorway operators from 1 January 2011.

Toll increases from 1 January 2011 (excluding increases pursuant to Law 122/2010)

Italian motorway operator	Toll increase
Autostrade per l'Italia	1.92%
Raccordo Autostradale Valle d'Aosta	14.15%
Autostrada Torino-Savona	0.63%
Tangenziale di Napoli	3.80%
Autostrade Meridionali	-6.56% (*)
Società Italiana Traforo del Monte Bianco	4.96%

(*) As a result of rounding, the impact on the final tolls paid by road users is limited to classes B and 5.

Autostrade per l'Italia

In accordance with the existing Single Concession Arrangement signed with ANAS on 12 October 2007, the toll increase applied by Autostrade per l'Italia for 2011 was 1.92%. This was calculated on the basis of two components:

- 0.63%, equivalent to 70% of the inflation rate in the period from 1 July 2009 to 30 June 2010;
- 1.29%, relating to the X investments component of the tariff formula, designed to cover the additional capital expenditure inserted into the IV Addendum of 2002.

The inflation-linked component (up 0.63%) was calculated on the basis of consumer price inflation for the Italian population as a whole, as calculated by ISTAT (the NIC index), for the period between 1 July 2009 and 30 June 2010, equal to 0.90%, compared with the period from 1 July 2008 to 30 June 2009.

The toll component relating to capital expenditure inserted into the IV Addendum (up 1.29%) is based on the state of progress of work on the individual projects, as reported in the statement of financial position as at 30 September 2010.

Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli, Autostrade Meridionali

The subsidiaries, Raccordo Autostradale Valle d'Aosta, Tangenziale di Napoli and Autostrade Meridionali, whose single concession arrangements, involving the rebalancing of their respective financial plans to realign the return on their regulatory assets, were signed with ANAS in 2009 and became effective in 2010, have for the first time applied the new formula for calculating their toll increases. The various factors taken into account include the target inflation rate, the rebalancing component and the return on investment, in addition to quality.

The increases granted from 1 January 2011 represented the sum of the increases granted in compliance with the new arrangements for the years 2010 and 2011, after deducting the increase already applied from 1 January 2010 on the basis of the arrangements in force at that time.

Autostrada Torino-Savona

The toll increase for Autostrada Torino-Savona was 0.63%, which was granted on the basis of the single concession arrangement signed in 2009 and that came into effect in 2010. This increase is equal to 70% of the inflation rate in the period from 1 July 2009 to 30 June 2010.

Società Italiana Traforo del Monte Bianco

Società Italiana Traforo del Monte Bianco, which operates under a different concession regime based on bilateral agreements between Italy and France, applied a total increase of 4.96% from 1 January 2011, in accordance with the resolution approved by the Intergovernmental Committee for the Mont Blanc Tunnel on 22 October 2010. This increase is based on the combination of two elements:

- 1.46% representing the average inflation rate in France and Italy for the period from 1 September 2009 to 31 August 2010;
- 3.50% in accordance with the agreement between the Italian and French governments dated 24 February 2009, with use of the proceeds still to be decided on by the two governments.

Art. 15.c.4 of Law Decree 78 of 31 May 2010, converted into Law 122/2010, introduced increases to the concession fee payable by motorway operators to ANAS from 1 January 2011. The increases amounted to 2 thousandths of a euro per kilometre for toll classes A and B and 6 thousandths of a euro per kilometre for classes 3, 4 and 5, which were in addition to the increases already applied at 31 December 2010. The total increase is therefore now 6 thousandths of a euro per kilometre for classes A and B and 18 thousandths for classes 3, 4 and 5.

At the same time, motorway tolls were increased by a corresponding amount, thereby matching the increases in the concession fee introduced by the above legislation.

Overseas operators

Stalexport Autostrada Malopolska

Within the limits provided for in its concession arrangement, Stalexport Autostrada Malopolska introduced the following changes to its tolls from 1 July 2011:

- the shadow toll for heavy vehicles weighing more than 12 tonnes was abolished, to be replaced by a direct tolling system;
- the toll paid by heavy vehicles weighing less than 12 tonnes was increased by 11.1%.

The overall effect of the toll increases on toll revenue was 13.4% (after the increase in VAT from 22% to 23% from 1 January 2011). The toll increases introduced by the Polish operator were within the limits provided for in its concession arrangement.

Sociedad Concesionaria de Los Lagos

Under the terms of its concession arrangement, the tolls applied by Chilean operator, Los Lagos, did not change from 1 January 2011, reflecting the combined effect of:

- the inflation-linked increase of 2.5% (calculated between 1 December 2009 and 30 November 2010);
- the failure to qualify for the increase relating to the "safety factor", which in 2010 was 3.5%;
- the rounding off of tariffs to the nearest 100 pesos (up 1.0%).

Triangulo do Sol

From 1 July 2011 the tolls charged by the Brazilian operator, Triangulo do Sol, were raised by 9.76%, in accordance with the terms of the company's concession arrangement, which link toll increases to the General Market Price Index.

Capital expenditure

Autostrade per l'Italia and the other Italian motorway operators are in the process of implementing a programme of investment in major infrastructure projects worth over €13 billion. The purpose of these investments is to increase the capacity of the existing motorway network on the country's principal arteries, in order to improve road safety and service quality.

In addition to the above programme, Autostrade per l'Italia's new Single Concession Arrangement, which was signed on 12 October 2007 and came into effect from 8 June 2008, also envisages further investment totalling €7 billion, via:

- extensions to projects already included in the Agreement of 1997, involving new specific network upgrades worth approximately €2 billion;
- a commitment to develop preliminary designs for the upgrade of certain sections of motorway operated under concession, totalling around 330 km, at a cost of approximately €5 billion.

Works envisaged by the investment programmes of the Group's other motorway operators, and included in their respective financial plans, have the same purpose as those being carried out by Autostrade per l'Italia, involving the expansion of existing roads. Of these projects, the widening and modernisation of the Naples-Pompeii-Salerno motorway (Autostrade Meridionali) is of particular significance.

Upgrade and modernisation of the network operated under concession in Italy

In 2011 Autostrade per l'Italia and the Group's other motorway operators invested a total of €1,618.6 million (including Autostrada Tirrenica and Strada dei Parchi, which were sold in 2011), marking an increase of €93.9 million (up 6.2%) compared with 2010.

Capital expenditure by the Atlantia Group

(€m)	2011	2010	% Increase/(Decrease)
Autostrade per l'Italia - projects in Agreement of 1997	401.5	618.8	-35.1%
Autostrade per l'Italia - projects in IV Addendum of 2002	711.3	365.3	94.7%
Investment in major works by other subsidiaries	43.5	115.7	-62.4%
Other investment in the network and capitalised costs (staff, maintenance and other)	368.5	343.6	7.2%
Total investment in motorway assets	1,524.8	1,443.4	5.6%
Investment in intangible assets	30.2	24.4	23.8%
Investment in property, plant and equipment	63.6	56.9	11.8%
Total capital expenditure	1,618.6	1,524.7	6.2%
<i>including:</i>			
Capital expenditure by Società Autostrada Tirrenica (sold in 2011)	49.1	36.8	33.4%
Capital expenditure by Strada dei Parchi (sold in 2011)	-	62.9	-
Total investment in continuing operations	1,569.5	1,425.0	10.1%

Investment relating to Autostrade per l'Italia's Agreement of 1997 is down €217.3 million on 2010, primarily following completion of excavation of the Base Tunnel and of the tunnels for Lot 12 of the *Variante di Valico* and for Lots 4-5-6 and 7-8 on the Florence North-Florence South section of motorway.

These reductions were not offset by work being carried out on the Barberino-Florence North section, which began in January 2011, and investment in the Florence South-Incisa section, the design for which was only partially approved by the Services Conference of 31 May 2011 and submitted to ANAS for approval.

Upgrade and modernisation of the network operated under concession in Italy



— Autostrade per l'Italia and subsidiaries network
— ANAS and Other concessionaires
- - - Works under evaluation

	Total km completed	Km completed	(€/bn) total ⁽¹⁾	(€/bn) completed
Autostrade per l'Italia				
— Financial Plan 1997	237	155	6.5	4.2
◆ IV Addendum 2002	266	126	5.6	2.0
○ Single Arrangement 2007 ⁽²⁾	326	—	5.0	—
○ Other projects	—	—	2.0	0.1
Total	829	281	19.1	6.3
Subsidiaries⁽³⁾				
— Construction of Valle d'Aosta Link Road	12	12	0.4	0.4
◆ Construction of third lane by SAM	20	16	0.6	0.4
Total	32	28	1.0	0.8
Group total	861	309		

(1) Total cost of carrying out the works, as assessed as at 31 December 2011, including the base bid price (net of bid or agreed reductions), available funds, recognised reserves and early completion bonuses. The value of works under the Arrangement of 1997 are net of an amount included in "Other investment".

(2) The Single Arrangement signed by Autostrade per l'Italia on 12 October 2007 provides for the further upgrades of the network, totalling around 330 km, at a cost of approximately €5 billion, in addition to new specific projects worth approximately €2 billion.

(3) In 2011 the operators, Strada dei Parchi SpA and Società Autostrada Tirrenica pA, were deconsolidated.

Investment envisaged under the IV Addendum of 2002 is up €346 million on 2010, primarily due to increased work on the A14 between Rimini North and Porto Sant'Elpidio, on the A1 between Fiano and Settebagni and on the A9 Lainate-Como section, partly as a result of contractual agreements with the Group's subsidiary, Pavimental, designed to speed up construction work.

The authorisation process for investment projects

Motorway investment projects are subject to a complex authorisation process involving various relevant ministries and entities, in addition to ANAS. The authorisations, primarily having regard to environmental and urban planning requirements, are dependent on numerous entities with decision-making powers. There are, however, significant difficulties in obtaining all necessary permits and the application processes are long and drawn out.

Even when projects have been given approval and agreement has been reached with local communities, relations with the construction companies awarded contracts can prove difficult, in part due to the selection criteria imposed by current regulations, which, in the event of a public tender, require contracts to be awarded on a lowest cost basis. This requirement, which focuses exclusively on the cost of the work, often ignores the technical ability and quality of contractors.

Only recently, with enactment of Law Decree 207 of 30 December 2008, converted with amendments into Law 14 of 27 February 2009, have new regulations been introduced for motorway operators, who are now permitted to award contracts to subsidiaries or associates, such as Pavimental, for a portion of the network upgrade works to be carried out.

Over the last two years Autostrade per l'Italia and the Group's other motorway operators have awarded Pavimental contracts worth over €1 billion.

Despite the well-documented difficulties regarding administrative and executive authorisation, Autostrade per l'Italia has succeeded in progressively speeding up the pace of investment since 2008. Overall, this has enabled the subsidiary to complete 90% of the annual investment envisaged in the Single Concession Arrangement of 2007 during the four-year period 2008-2011.

Stage of completion of works being carried out by Autostrade per l'Italia and the Group's other Italian motorway operators

The following tables show major works to be carried out as part of the upgrade of the network operated under concession, based on the commitments given in the respective concession arrangements.

The estimated value of each project includes the overall cost (before any government grants) of the works, as assessed at the end of December 2011.

The final cost of the works is subject to change based on the effective future stage of completion of the works. In spite of the Group's determination to push ahead with design work and organisation of the projects, the above complications and problems relating to approvals may well continue to delay completion of works, with the following implications:

- the impossibility of making a reasonable estimate of the date of completion and entry into service of the various works, especially those where the related contracts have yet to be awarded;
- potential cost overruns due to disputes and eventual changes to designs.

In 2009 Autostrade per l'Italia's Board of Directors set up a body known as the "Committee responsible for the Completion of Projects", with the role of monitoring:

- the performance of infrastructure investment plans in terms of state of progress of the works, the related costs and compliance with the commitments given by the company and its subsidiaries in the relevant concession arrangements;
- the process of selecting contractors to carry out the works;
- the organisational and procedural aspects of carrying out the works;
- the state of contract reserves;
- the status of the most important legal disputes.

The Committee met 8 times in 2011 in order to monitor the performance of infrastructure investment programmes and the state of progress of the works, the selection of contractors by tender, the organisational and procedural aspects of carrying out the works, the state of contract reserves and the charges incurred in revising contract terms and conditions.

Planned upgrades and modernisation of the network operated under concession

Project	Status as at 31.12.2011	Km covered by project (km)	Value of project (€m)	Stage of completion as at 31.12.2011 (€m)	Km opened to traffic as at 31.12.2011 (km)
Autostrade per l'Italia: Arrangement of 1997					
A8 3 rd and 4 th lanes Milan-Gallarate	Completed	28.7	65	65	28.7
A1 4 th lane Modena-Bologna	Completed ⁽¹⁾	31.6	178	142	31.6
A14 3 rd lane Bologna Ring Road	Completed	13.7	59	59 ⁽²⁾	13.7
A1 3 rd lane Casalecchio-Sasso Marconi	Completed	4.1	82	82	4.1
A1 Variante di Valico	Work in progress/completed ⁽³⁾	62.5	3,642	2,855	19.4
A1 3 rd lane Barberino-Incisa	⁽⁴⁾	58.5	2,247	746	15.2
A1 3 rd lane Orte-Rome North	Completed	37.8	191	190	37.8
Other projects	Work in progress/completed ⁽⁵⁾	–	28	15	n.a.
Total projects under Arrangement of 1997		236.9	6,492	4,155	150.5
Projects included in IV Addendum of 2002 ⁽⁶⁾					
A9 3 rd lane Lainate-Como Grandate	Work in progress/completed ⁽⁶⁾	23.2	429	200	4.5
A8 Access for New Milan Exhibition Centre	Completed	3.8	86	86	3.8
A4 4 th lane Milan East-Bergamo	Completed	33.6	505	499	33.6
A7/A10/A12 Genoa Bypass ^(d)	Environmental Impact Assessment in progress	34.8	1,800	37	0.0
A14 3 rd lane Rimini North-Porto Sant'Elpidio	Work in progress/completed ⁽⁷⁾	154.7	2,427	915	64.4
A1 3 rd lane Fiano R.-Settebagni and Castelnuovo di Porto junction	Completed ⁽⁸⁾	15.9	141	133	15.9
Other projects	⁽⁹⁾	–	247	171	n.a.
Total projects under IV Addendum of 2002		266.0	5,636	2,041	122
Subsidiaries					
A5 RAV AO-Mont Blanc Tunnel (A5) Morgex-Entrèves	Completed	12.4	430	415	12.4
A3 Autostrade Meridionali NA-Pompeii-SA (A3) Naples-Pompeii ⁽⁶⁾	Work in progress/completed	20.0	553	441	15.0
Total projects of subsidiaries		32.4	982.6	855.9	27.4
Total investment in major works		535.3	13,111	7,052	300.1

(a) Total cost of carrying out the works, as assessed at 31 December 2011, including the base bid price (net of bid or agreed reductions), available funds, recognised reserves and early completion bonuses. The value of works under the Arrangement of 1997 are net of an amount included in "Other investment".

(b) Excludes capitalised costs (financial expenses and personnel expenses).

(c) Final approval given in 2004.

(d) A Memorandum of Understanding, giving the go-ahead for the start-up of work, was signed by all the local authorities on 8 February 2010, with the sole exception of Liguria Regional Authority. An initial estimate, based on the preliminary design, indicates that the total cost will be €3.1 billion. Liguria Regional Authority signed the memorandum on 13 April 2011 thanks to the agreement reached regarding the preliminary design for the Val Fontanabuona tunnel, a work not included in the Single Arrangement signed by ANAS and Autostrade per l'Italia in 2007.

(e) Planned widening on SAM's network regards 24.5 km, including 4.5 km already open to traffic over duration of Arrangement of 1972-1992.

(1) Includes construction of the Modena Ring Road, which forms part of the works requested by local authorities and is awaiting approval from the Services Conference. This cannot be closed until a new Arrangement has been agreed by ANAS and the authorities concerned.

(2) Total investments of €247 million, of which €59 million in the Major Works Plan of 1997 and €188 million in "Other investment".

(3) 19.4 km is open to traffic between Sasso Marconi and La Quercia. On 30 March 2011 work on Lot 12 (4.5 km between Badia Nuova and Barberino), was completed and will be opened to traffic to coincide with completion of work on the Base Tunnel and Lot 13. Work is in progress on the remaining section of motorway.

(4) Work on Lot 0 on the Barberino-Florence North section is in progress. The final designs for the remaining lots are being readied for submission or are under approval by ANAS. Section A of the Florence North-Florence South section is open to traffic, and on 1 August 2011 13.5 km of the southbound carriageway between Florence Scandicci and Florence South was opened to traffic. Work is in progress on sections B and C. The final design for Lot 1 of the Florence South-Incisa section is under approval by ANAS, whilst the Environmental Impact Assessment for Lot 2 is in progress.

(5) Work on widening the bridge over the Voltorno, the Rio Tufano viaduct and the Marano viaduct has been completed. Construction of the Lodi junction and re-routing of the Lodi Vecchio section has been completed (TAV Agreement).

(6) The Lainate Interchange was opened to traffic on 26 July 2011, whilst approximately 2 km of third lane on the northbound carriageway between the Fino Mornasco Junction and the Grandate Barrier was opened on 17 November 2011, adding to the 1.2 km opened in time for the summer holiday season in 2011. The slip roads for the Lomazzo South Junction were opened to traffic on 30 November 2011, whilst 2.5 km of northbound carriageway and approximately 2 km of southbound carriageway were opened on 16 December 2011, adding to the 1.2 km already opened at the end of July. The new Origgio-Uboldo Junction was also opened on 16 December 2011.

(7) 10.4 km of the new third lane between Cattolica and Pesaro (Lot 2) was opened to traffic on 20 December 2011. The new Senigallia Station on Lot 3 between Fano and Senigallia was opened to traffic on 21 April 2011 and on 21 July 2011 the entire northbound carriageway was opened in time for the summer holiday season, followed by the opening of the southbound carriageway on 19 December 2011. The new Porto San Elpidio Junction included in Lot 6A was opened to traffic on 29 July 2011. Work is about to begin on Lot 5 between Ancona North and Ancona South, whilst work is in progress on the remaining lots.

(8) The new Castelnuovo di Porto Junction was opened to traffic on 31 July 2010, whilst the entire newly widened three-lane section was opened on 1 August 2011.

(9) The Tunnel Safety Plan is in progress. Work on the Villamarzana, Ferentino and Guidonia junctions has been completed. Work on the Rubicone Junction is in progress, whilst the tender process for the Padua Industrial Park Junction and the Maddaloni Junction is underway.

2. Report on operations

Investment in major works by Autostrade per l'Italia - 1997 Agreement

Of the works included in Autostrade per l'Italia SpA's Agreement of 1997, as at 31 December 2011 over 95% of the works have been authorised, more than 78% have been contracted out, and 64% have been completed.

Autostrade per l'Italia: Arrangement of 1997

	Km covered by project (km)	Value of project ^(a) (€m)	Km open to traffic as at 31.12.2011 (km)	Stage of completion as at 31.12.2011 ^(b) (€m)	Status as at 31.12.2011
A1 3rd lane Casalecchio-Sasso Marconi	4.1	82	4.1	82	Completed
A1 Variante di Valico	62.5	3,642	19.4	2,855	
Sasso Marconi-La Quercia	19.4	571	19.4	560	Completed
La Quercia-Badia Nuova (Lots: 5A, 5B, 6-7, 8)	21.3	1,149		712	Work in progress ⁽¹⁾
Badia Nuova-Barberino (Lots: Base Tunnel, 12 and Barberino Junction, 13)	21.8	1,622	–	1,419	Work in progress/completed ⁽²⁾
Landscaping	–	300		164	Work in progress
A1 3rd lane Barberino-Incisa	58.5	2,247	15.2	746	
Barberino-Florence North	17.5	916		50 ⁽³⁾	
Florence North-Florence South	21.9	798	15.2	667	Work in progress/completed ⁽⁴⁾
Florence South-Incisa	19.1	503		11 ⁽⁵⁾	
Access roads	–	30		18	
A14 3rd lane Bologna Ring Road	13.7	59 ⁽⁶⁾	13.7	59	Completed
A1 4th lane Modena-Bologna	31.6	178	31.6	142	Completed ⁽⁷⁾
A1 3rd lane Orte-Rome North	37.8	191	37.8	190	Completed
A8 3rd and 4th lanes Milan-Gallarate	28.7	65	28.7	65	Completed
Other projects	–	28	n.a.	15	Completed ⁽⁸⁾
Total projects under Arrangement of 1997	236.9	6,492	150.5	4,154	

(a) Total cost of carrying out the works, as assessed at 31 December 2011, including the base bid price (net of bid or agreed reductions), available funds, recognised reserves and early completion bonuses. The value of works under the Arrangement of 1997 are net of an amount included in "Other investment".

(b) Excludes capitalised costs.

(1) Based on information from the Emilia Romagna Regional Authority on 22 June 2010, Autostrade per l'Italia decided to proceed with construction of the Badia Nuova Junction alone. On 18 February 2011 Autostrade per l'Italia's Board of Directors approved the addition of the project in the tender for the Base Tunnel in order to speed up construction and enable the re-routed 21.8 km section between the new Barberino Junction and the Badia Nuova Junction to open to traffic by 2012.

(2) Work on Lot 12, 4.5 km between Badia Nuova and Barberino was completed on 30 March 2011. This section will be opened to traffic to coincide with completion of the Base Tunnel and Lot 13.

(3) Lot 0 is in progress, the final design for Lot 1 is under approval by ANAS, and work on the final design for Lot 2 is in progress.

(4) Lots 0-2-3 (Section A) of 6.2 km and Lot 1 (2.2 km) are open to traffic. 13.5 km of southbound carriageway between Florence Scandicci and Florence South was opened to traffic on 1 August 2011, whilst work is in progress on the northbound carriageway.

(5) The final design for Lot 1 is under approval by ANAS, and the Environment Impact Assessment is in progress for Lot 2.

(6) Total investments of €247 million, of which €59 million in the Major Works Plan of 1997 and €188 million in "Other investment".

(7) Except for construction of the Modena Ring Road, which forms part of the works requested by local authorities and is awaiting approval by the Services Conference.

(8) Work on widening the bridge over the Volturno, the Rio Tufano viaduct and the Marano viaduct has been completed. Construction of the Lodi Junction and re-routing of the Lodi Vecchio section has been completed (TAV Agreement).

The 1997 Agreement originally envisaged expenditure of €3,556 million for the above works.

The updated Financial Plan of 2002, which was included in the IV Addendum, entailed revisions to construction schedules and to the estimated total cost of the works, which was increased to €4,500 million, reflecting accumulated delays in obtaining approvals. It was, moreover, ruled that the delays were not the fault of Autostrade per l'Italia, and that the financial benefits arising from the delays in carrying out the works were, in any case, less than the increase in costs to be borne by the company.

The increase in costs above the levels originally set out in the Financial Plan annexed to the Agreement of 1997, are primarily the result of the above delays in the authorisation process, which have led to price increases, and of subsequently issued regulations. Cost increases were also caused by works requested by local authorities involved in the approval and authorisation process. It is not envisaged that Autostrade per l'Italia will be able to claw back past and future cost overruns through increases in tolls.

When, moreover, construction schedules were revised and agreed during the drafting of the IV Addendum in mid-2002, the authorisation process for many sections had not yet been completed (for Casalecchio-Sasso Marconi, lots 5, 6, 7, 8, 13 and 14 of the Variante di Valico, Barberino-Florence North, Lots 4, 5 and 6 of the Florence North-Florence South section, Florence South-Incisa and the Bologna Ring Road) and it was not possible to estimate when this might occur.

From 2002 to date, all the authorisation procedures have been completed for the upgrade of the AI between Bologna and Florence, even though much later than forecast in 2002, with the exception of Lot 2 (7.5 km) of the Florence South-Incisa section, for which it has not been possible to finalise the agreement between central government and the regional authority, and for which modifications to the earlier design were required. The new design is currently undergoing an Environmental Impact Assessment.

The delays in obtaining approvals between 2002 and 2011 have resulted in a reduction in investment compared with the estimates contained in the plan drawn up in 2002 and the IV Addendum. As at 31 December 2011 these delays are estimated to amount to approximately €300 million. The accrued financial benefits deriving from the delays, calculated year by year, amount to an after tax figure of approximately €446 million, including €401 million that Autostrade per l'Italia has taken to an undistributable equity reserve, as required by the terms and conditions of the Single Concession Arrangement. The residual €45 million will be the subject of a proposal to be submitted to shareholders at the next Annual General Meeting, which will be asked to approve an increase of the same amount in the above reserve, as required by the company's contractual obligations.

At the end of 2011 the final cost of the works (based on contracts in progress and final and executive designs awaiting authorisation) amounts to €6.5 billion. Of this, works with a value of approximately €4.2 billion have been completed, a figure that is higher than the original estimate in the Agreement of 1997. Compared with the initial estimate of €3.5 billion, on the basis of which the company was privatised, the additional expense to be borne by the operator amounts to €3.0 billion.

Investment in major works by Autostrade per l'Italia - IV Addendum 2002

Investment envisaged in the IV Addendum is designed to upgrade the network close to a number of major conurbations (Milan, Genoa, and Rome) and along the Adriatic coast. The authorisation process for works covered by the IV Addendum, signed by Autostrade per l'Italia in December 2002, was completed and became effective in June 2004, following a letter from ANAS announcing that the interministerial decree approving the Addendum had been registered with the Italian Court of Auditors. Work on the designs relating to the investment programme envisaged by the IV Addendum could thus only start from this date, after a delay of 21 months with respect to the original programme.

As at 31 December 2011 over 67% of the works have been authorised, more than 66% have been contracted out and over 36% have been completed.

The investments included in the IV Addendum are associated with specific toll increases linked to validation of the individual works and based on the stage of completion.

Projects included in IV Addendum of 2002 (*)

	Km covered by project (km)	Value of project ^(a) (€m)	Km open to traffic as at 31.12.2011 (km)	Stage of completion as at 31.12.2011 ^(b) (€m)	Status as at 31.12.2011
A1 3rd lane Fiano R.-Settebagni and Castelnuovo di Porto Junction	15.9	141	15.9	133	
A4 4th lane Milan East-Bergamo	33.6	505	33.6	499	Completed
A9 3rd lane Lainate-Como Grandate	23.2	429	4.5	200	Work in progress/completed ⁽¹⁾
A14 3rd lane Rimini North-Porto Sant'Elpidio:	154.7	2,427	64.4	915	
Rimini North-Cattolica – Lot 1A	1.2	81			Work in progress
Rimini North-Cattolica – Lot 1B	27.8	421			Work in progress
Cattolica-Fano – Lot 2	28.3	548	10.4		Work in progress/completed ⁽²⁾
Fano-Senigallia – Lot 3	21.0	353	21.0		Completed ⁽³⁾
Senigallia-Ancona North and Marina di Monte Marciano Junction – Lot 4	18.9	373			Work in progress
Ancona North-Ancona South – Lot 5	17.2	353			Tender process in progress (integrated tender)
Ancona South-Porto Sant'Elpidio – Lot 6A	37.0	140	33.0		Completed
Ancona South-Porto Sant'Elpidio and Porto Sant'Elpidio Junction – Lot 6B	3.3	152			Work in progress/completed ⁽⁴⁾
Porto Sant'Elpidio-Pedaso – Lots 7A-7B		6			Project no longer envisaged in the Single Concession Agreement of 2007 (16.6 km)
A8 Access for New Milan Exhibition Centre	3.8	86	3.8	86	Completed
A7/A10 Genoa Bypass ^(c)	34.8	1,800	–	37	Environmental Impact Assessment in progress
Other projects	–	247	n.a.	171 ⁽⁵⁾	
Total projects under IV Addendum of 2002	266.0	5,636	122.2	2,041	

(*) Final approval given in 2004.

(a) Total cost of carrying out the works, as assessed at 31 December 2011, including the base bid price (net of bid or agreed reductions), available funds, recognised reserves and early completion bonuses.

(b) Excludes capitalised costs (financial expenses and personnel expenses).

(c) A Memorandum of Understanding, giving the go-ahead for the start-up of work, was signed by all the local authorities on 8 February 2010, with the sole exception of Liguria Regional Authority. An initial estimate, based on the preliminary design, indicates that the total cost will be €3.1 billion. Liguria Regional Authority signed the memorandum on 13 April 2011 thanks to the agreement reached regarding the preliminary design for the Val Fontanabuona tunnel, a work not included in the Single Arrangement signed by ANAS and Autostrade per l'Italia in 2007.

(1) The Lainate Interchange was opened to traffic on 26 July 2011, whilst approximately 2 km of third lane on the northbound carriageway between the Fino Mornasco Junction and the Grandate Barrier was opened on 17 November 2011, adding to the 1.2 km opened in time for the summer holiday season in 2011. The slip roads for the Lomazzo South Junction were opened to traffic on 30 November 2011, whilst 2.5 km of northbound carriageway and approximately 2 km of southbound carriageway were opened on 16 December 2011, adding to the 1.2 km already opened at the end of July. The new Origgio-Uboldo Junction was also opened on 16 December 2011.

(2) 10.4 km of the new third lane between Cattolica and Pesaro was opened to traffic on 20 December 2011.

(3) The new Senigallia Station on Lot 3 between Fano and Senigallia was opened to traffic on 21 April 2011 and on 21 July 2011 the entire northbound carriageway was opened in time for the summer holiday season, followed by the opening of the southbound carriageway on 19 December 2011.

(4) The new Porto Sant'Elpidio Junction included in Lot 6A was opened to traffic on 29 July 2011.

(5) The Tunnel Safety Plan is in progress. Work on the Villamarzana, Ferentino and Guidonia junctions has been completed. Work on the Rubicone Junction is in progress, whilst the tender process for the Padua Industrial Park Junction and the Maddaloni Junction is underway.

Planned investment in major works by the Group's other motorway operators

With regard to investments in new works by Autostrade per l'Italia's subsidiaries (Raccordo Autostradale Valle d'Aosta and Autostrade Meridionali), as at 31 December 2011 100% of the works have been authorised, 100% of the works are being carried out or the related contracts are being awarded, and 87% have been completed.

Subsidiaries

		Km covered by project (km)	Value of project ^(a) (€m)	Km open to traffic (km)	Stage of completion as at 31.12.2011 ^(b) (€m)	Status as at 31.12.2011
A5	RAV AO-Mont Blanc Tunnel (A5) Morgex-Entrèves	12.4	430	12.4	415	Completed
A3	Autostrade Meridionali NA-Pompeii-SA (A3) Naples-Pompeii ^(c)	20.0	553	15.0	441	Work in progress/completed
Total subsidiaries		32.4	983	27.4	856	

(a) Total cost of carrying out the works, as assessed at 31 December 2011, including the base bid price (net of bid or agreed reductions), available funds, recognised reserves and early completion bonuses.

(b) Excludes capitalised costs (financial expenses and personnel expenses).

(c) Planned widening on SAM's network regards 24.5 km, including 4.5 km already open to traffic over duration of Arrangement of 1972-1992.

Contract reserves quantified by contractors

As at 31 December 2011 operators have recognised contract reserves quantified by contractors amounting to €1,030 million, including €546 million regarding works envisaged in Autostrade per l'Italia's Agreement of 1997, the additional cost of which cannot be clawed back via tolls.

New motorway initiatives by investee companies

Autostrade per l'Italia is participating in a number of projects relating to expansion of the Italian motorway network.

Società Infrastrutture Toscane SpA

Società Infrastrutture Toscane is the project company, established on 28 June 2006, that took over the regional concession to carry out the construction and management of the 10 km toll motorway link between Prato and Signa, under a project financing initiative, from the previous temporary consortium. Società Infrastrutture Toscane SpA ("SIT") is 46% owned by Autostrade per l'Italia and 0.6% owned by Spea.

On 17 July 2006 Società Infrastrutture Toscane signed a Concession Arrangement with Tuscany Regional Authority. The Final Design and the Environmental Impact Assessment were completed and forwarded to the authorities for their opinions as required by law. The approval process started on 10 October 2007.

On 21 November 2011 the regional council decided that it would be too expensive to fulfil the concession arrangement between Tuscany Regional Authority and SIT, and this passed a resolution terminating the arrangement. On 21 December 2011 the Regional Authority issued a decree terminating the concession as too costly and putting off calculation of the costs referred to in article 24-bis of the concession arrangement.

SIT filed a challenge to this resolution before Lazio Regional Administrative Court on 19 January 2012, requesting an injunction cancelling the resolution.

Tangenziali Esterne di Milano SpA

On 27 March 2009 the project company, Tangenziale Esterna SpA (TE SpA), and Concessioni Autostradali Lombarde SpA (CAL) signed a draft agreement covering the design, construction and operation of Milan's new outer ring road, planned to be a total of approximately 33 km in length. TE SpA is 57% owned by Tangenziali Esterne di Milano SpA, in which Autostrade per l'Italia holds a 27.4% interest.

On 7 February 2011 TE SpA published the final design.

Tangenziali Esterne di Milano SpA plans to raise further capital, partly in order to subscribe new shares to be issued by the investee company, TE SpA, or in any event to provide the project company with financing for the activities related to the final design and the start-up of construction.

Given that the capital raising has yet to be completed, if the shares not taken up by Autostrade per l'Italia are fully subscribed, the interest in TEM SpA will decrease from 27.4% to 25.7%.

On 3 August 2011 the *CIPE* (the Interministerial Economic Planning Committee) approved the final design, together with the draft Addendum to the Single Concession Arrangement between CAL SpA and TE SpA, including the new Financial Plan. The *CIPE* resolution of 3 August 2011, imposing additional requirements with regard to both the final design and the Addendum, was registered with the Italian Court of Auditors on 24 February 2012.

On 12 December 2011 the company signed the Addendum to the Single Concession Arrangement and the related annexes (PEF, schedule, etc.), and is currently finalising the engagement of a syndicate of banks led by BIIS (Banca Intesa) to structure its senior debt. As a result of the requirements imposed by the *CIPE*, the company will have to once again sign the Addendum with the Grantor (CAL). In order to be effective, the Addendum must then be approved by Interministerial Decree and registered with the Italian Court of Auditors.

Significant regulatory aspects

Snow events in December 2010

On 21 April 2011 ANAS sent Autostrade per l'Italia four notices of violation regarding the snow events of December 2010 on the AI Milan-Naples near Florence, the AII Florence-Pisa North and on the AI4 between Pescara and Vasto and between Loreto and Senigallia. Autostrade per l'Italia submitted its representations on 10 June 2011. On completing the subsequent investigations, ANAS:

- a) decided, on 11 November 2011, to close the inspection processes regarding the snow events on the AI4 between Loreto and Senigallia and on the AII Florence-Pisa North;
- b) decided, on 22 November 2011, to apply the fines provided for in the Single Concession Arrangement for the snow events on the AI and on the AI4 between Pescara and Vasto.

The fines amount to €483,871.32 for the AI and €96,032.00 for the AI4 between Pescara and Vasto. The fines imposed on the operator were calculated on the basis of the Single Concession Arrangement.

With regard to the snow events on the AI Milan-Naples on 17 December 2010, the Antitrust Authority has also launched an investigation into the correctness of both the procedures implemented by Autostrade per l'Italia in providing information to motorway users about actual driving conditions on the motorways it operates, and the procedures by which the company manages emergency events that have a significant impact on road conditions.

Having completed its investigation, on 25 July 2011 the Antitrust Authority notified Autostrade per l'Italia that it did not accept the company's commitments, ruling that the company's conduct on the occasion of the specific event in question constitutes an unfair commercial practice under the Consumer Code, warning the company to desist from repeating the practice in the future, and imposing an administrative fine of €350,000.

On 7 November 2011 Autostrade per l'Italia filed a challenge to the Authority's ruling before Lazio Regional Administrative Court, requesting cancellation of the above ruling.

The snow events of December 2010 have also given rise to a class action suit before the Civil Court of Rome by a number of consumers' associations (Codici, Unione Nazionale Consumatori, Movimento Difesa del Cittadino and ACU - Associazione Consumatori Utenti) pursuant to art. 140-bis of the consumer code. The action is currently in progress.

The Highways Agency and the Office of Transport Regulation

Law Decree 98/2011, converted into Law 111/2011, set up the Highways Agency within the Ministry of Infrastructure and Transport, which is responsible for the Agency's policy setting, supervision and control, to be carried out, in respect of financial aspects, in coordination with the Ministry of the Economy and Finance.

The Agency will take over the role of grantor for existing highway concessions from ANAS, exercising every aspect of the role previously assigned to IVCA, the Motorway Concession Inspectorate.

Art. 11 of Law Decree 216/2011 (the so-called *Milleproroghe*, or "Thousand postponements", legislation), subsequently established that, until the process of drawing up the Highways Agency's statute has been completed, and in any event not after 31 March 2012 (extended to 31 July 2012 by Law 216 of 24 February 2012, converting Law Decree 261/2012), the functions and tasks transferred to the Agency pursuant to art. 36 of Law Decree 98/2011, are to continue to be carried out by the relevant government bodies, IVCA (the Motorway Concession Inspectorate) and other units within ANAS.

At the same time, Law Decree 201/2011 (the so-called *Salva-Italia*, or "Save Italy", legislation), converted, with amendments, into Law 214/2011, has set up the Office of Transport Regulation to oversee conditions of access and prices for rail, airport and port infrastructure and the related urban transport links to stations, airports and ports.

This legislation was subsequently amended by art. 36 of Law Decree 1/2012 (the so-called *Liberalizzazioni*, or "Deregulation", legislation⁽²⁾), extending the scope of the new regulator's responsibilities to include the motorway sector.

Council of State sentence regarding award of the concession to Pedemontana Veneta

Following the Council of State sentence that upheld the appeal brought by the permanent consortium led by SIS ScpA, and the ensuing decision by Veneto Regional Authority to award the concession to the aforementioned SIS ScpA, the temporary consortium that includes Pedemontana Veneta SpA (in which Autostrade per l'Italia holds a direct 28% interest) appealed the above Council of State sentence before Lazio Regional Administrative Court on 16 December 2009, requesting the exclusion of SIS ScpA from the tender process for failing to meet the necessary requirements for participation in the tender.

(2) Law Decree 1/2012 (in the process of being converted into law) contains, among other things, a range of provisions impacting on motorway concessions, including (i) art. 51, which, from 1 January 2015, has raised the minimum percentage of works to be contracted out to third-party contractors by the providers of construction services under concession, pursuant to art. 253, paragraph 25 of the Public Contracts Code, from 40% to 50%; and (ii) art. 17, which has introduced a new regime for the holders of fuel service licences, who may now offer other goods and services for sale at their service stations.

At the hearing on the merits scheduled for 8 June 2011, Lazio Regional Administrative Court turned down the appeal and, on 30 July 2011, an appeal was lodged with the Council of State, requesting reversal and cancellation of the above Lazio Regional Administrative Court sentence.

Other ongoing litigation

With regard to tolls, Autostrade per l'Italia is the defendant in a number of actions, which are still pending, brought before Lazio Regional Administrative Court. The actions, which have been brought by Codacons and other consumers' associations, aim to challenge the toll increases introduced in 2003.

A similar action requesting an injunction reversing the toll increases applied from 1 January 1999 was thrown out by Lazio Regional Administrative Court on 9 November 2011.

The Antitrust Authority's appeal to the Council of State requesting annulment of Lazio Regional Administrative Court sentences 4994/09 and 5005/09 is still pending. These sentences at first instance partly upheld the appeals brought by ACI Global SpA and Europ Assistance Vai SpA requesting annulment of Antitrust Authority ruling 19021 of 23 October 2008 regarding emergency breakdown services. Autostrade per l'Italia is a party to the appeals.

In relation to unfair competition issues, on 28 July 2011 TAI Srl (a supplier of information systems and IT experts to Autostrade Tech SpA) notified Autostrade Tech and Autostrade per l'Italia that it had filed a claim for damages, alleging unfair competition, the theft of TAI's technical know-how by Autostrade Tech and abuse of the defendants' dominant position in the form of practices designed to restrict competition. A hearing to discuss the claim has been scheduled for 6 November 2012.

The hearing on the merits of Varese Provincial Authority's suit before Lombardy Regional Administrative Court was held on 26 May 2011. The Authority is seeking cancellation, and an immediate injunction halting application, of Autostrade per l'Italia's letter dated 28 September 2010, in which the operator informed the Authority that it was not possible to satisfy its request to eliminate the toll on the Varese-Gallarate section of motorway, in addition to all arrangements governing tolls on the above motorway section. Lazio Regional Administrative Court sentence 2015/2011 turned down the Authority's appeal and ordered Varese Provincial Authority to pay the legal costs.

On 21 March 2011 Autostrade per l'Italia — together with Genoa Provincial Authority, the Municipality of Genoa, the Ministry of Infrastructure and Transport, Genoa Port Authority and ANAS — were notified of legal action brought before Liguria Regional Administrative Court by several hundred members of the public

requesting an injunction annulling the Memorandum of Understanding signed on 8 February 2010, relating to construction of the "Genoa Interchange" (the so-called *Gronda di Ponente*). A date for the related hearing has yet to be set.

The sentence handed down by the Court of Appeal of Rome on 26 May 2011 partially upheld the main appeal filed by Atlantia SpA and Autostrade per l'Italia SpA against Astaldi and others, declaring inadmissible the claims relating to the works involved in construction of the link road between the junction for Genoa Airport and the SS Aurelia, the "C. Colombo" airport, the SS 35 flyover and the road running alongside the Torrente Polcevera, a river. The court thus reduced Autostrade per l'Italia's original debt to approximately €44 million, of which Autostrade per l'Italia has already paid €30 million. Above all, the judgement regarded certain reserve claims. Atlantia and Autostrade per l'Italia have appealed this sentence before the Court of Cassation. Astaldi has filed a cross-appeal.

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

At the present time, the outcomes of the above litigation proceedings are not expected to result in significant charges to be incurred by Group companies, in addition to the amounts already provided as at 31 December 2011 and reported in the consolidated financial statements.

Operating review of the other main subsidiaries

Pavimental

The company operates as a motorway maintenance provider and carries out major infrastructure works for the Group.

Compared with 2010, revenue of €655.7 million is up €188.6 million (40.4%). This is primarily due to the increased volume of infrastructure construction work carried out for Autostrade per l'Italia and of other works carried out for Group companies, such as maintenance, roadside barriers, the elimination of noise pollution and junctions.

EBITDA is €20.0 million for 2011, compared with EBITDA of €15 million for 2010.

During the year Autostrade per l'Italia acquired shares in Pavimental from a number of minority shareholders for €8.1 million, and subsequently subscribed newly issued shares with a value of €34.3 million.

Spea Ingegneria Europea

The company supplies engineering services, primarily to the Group. It offers design, project management and monitoring services for upgrade and extraordinary maintenance of the motorway network.

Revenue of €147.5 million for 2011 is down 1.6% (–€2.4 million) on the previous year. The reduction is primarily due to the reduced volume of design work for infrastructure projects, above all in relation to the final design for the Genoa Interchange on behalf of Autostrade per l'Italia and completion of the A12 Livorno-Civitavecchia for Autostrada Tirrenica, in addition to reduced design and project management services for maintenance work (–€13.0 million), offset by an increase in project management (+€7.1 million), above all for sections of the A14 Rimini-Pedaso.

97.5% of the company's revenue in 2011 was earned on services provided to the Group.

EBITDA is €54.5 million for 2011, up €4.3 million on the previous year, primarily due to reduced use of external consultants (–€11.0 million), partially offset by an increase in personnel expense, reflecting an increase in the average unit cost (+€4.4 million) and an increase of 64 in the average workforce.

Telepass

The company is responsible for operating motorway tolling systems providing an alternative to cash payments: Telepass devices and the Viacard direct debit card).

In 2011 the number of Telepass devices in circulation exceeded 7.8 million (up approximately 380,000 on 31 December 2010), with the number of subscribers of the Premium option totalling 1.5 million (up

approximately 239,000 on 31 December 2010). Revenue of €130.8 million in 2011 was primarily generated by Viacard subscription fees of €21.9 million (in line with the previous year), Telepass fees of €86.6 million (up €2.5 million on 2010) and payments for Telepass Premium services of €10.4 million (up €1.6 million on 2010).

Telepass fees were impacted by discounts, totalling €1.5 million, applied to Telepass Family customers to take account of the increased amount of VAT payable for motorway use prior to the date on which the increase in rate from 20% to 21% came into force on 17 September 2011, in compliance with Law 148 of 14 September 2011.

The company's EBITDA for 2011, amounting to €72.4 million, compares with EBITDA of €65.2 million for 2010, marking an increase of 11%.

Autostrade Tech

Formed as a result of the spin-off of the Group's technology unit in January 2010, Autostrade Tech supplies and operates road tolling, charging, control and monitoring systems for urban areas, car parks and interports in Italy and around the world.

Revenue of €56.8 million in 2011 is up €15.3 million (36.9%) on 2010, reflecting the supply of polling equipment to the company, Brescia-Padova (the Valdastico toll station), the supply of onboard units to Telepass and the start-up of sub-contracting activities for Autostrade per l'Italia linked to the contract for the Eco-Tax Poids Lourds project awarded to the subsidiary, Ecomouv.

EBITDA of €12.0 million for 2011 is down 2.4% on 2010. The reduction reflects the increase in overheads resulting from the tender process for the Eco-Tax Poids Lourds project in France, as well as increased personnel expense due to a rise in the average workforce.

TowerCo

TowerCo is responsible for the construction and management of fully equipped sites located around the motorway network managed under concession and on land owned by other parties (ANAS, municipal authorities and other motorway operators). These sites 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).

As at 31 December 2011 a total of 281 sites have been built (with 77 providing GSM/UMTS coverage in motorway tunnels), 2 sites are under construction, and a further 21 sites are being designed or are at the

authorisation stage. The company reports revenue of €18.9 million for 2011 (€18.7 million in 2010), with EBITDA of €11.2 million slightly up on the same period of 2010 (€11.1 million), reflecting an increase in revenue generated from the lease of sites for WiFi and WiMax services.

Electronic Transaction Consultants

Electronic Transaction Consultants (ETC) is the leading US provider of systems integration, hardware and software maintenance, customer services and consultancy in the field of free-flow electronic tolling systems.

Via its subsidiaries, Autostrade International US Holdings and Autostrade dell'Atlantico Srl, Autostrade per l'Italia has increased its stake in the company to 62.81% following the issue of new shares reserved for the subsidiaries on 22 December 2011.

ETC generated revenue of €41.1 million in 2011, marking an increase of 11.4% compared with 2010 (€36.9 million).

EBITDA of €1.3 million for 2011 is down €1.1 million on 2010, primarily due to increases in personnel expense and other overheads.

On 24 May 2011 ETC was selected by the Port Authority of New York and New Jersey (PANY) to supply and operate a free-flow tolling system for a number of major highways linking the State of New York with the State of New Jersey. The contract, which was signed on 29 July 2011, is worth a total of approximately US\$82 million (€57 million).

Ecomouv

On 20 October Autostrade per l'Italia, via the wholly owned project company, Ecomouv Sas, signed a partnership agreement with the French Ministry of Ecology, Sustainable Development and Transport (MEDDTL) for the implementation and operation of a satellite-based tolling system for heavy vehicles weighing over 3.5 tonnes on approximately 15,000 km of the country's road network (the so-called *Eco-Taxe Poids Lourds* project).

The signature follows award of the contract at the end of a tender process organised by the MEDDTL, which closed last January, but was then extended by several months as a result of the appeal brought by the competing consortium, ALVIA (led by the French motorway operators, SANEF). The appeal was rejected by the French Council of State on 24 June of last year.

The contract envisages total investment of approximately €650 million, 80% financed by a syndicate of banks that are backing the project, and total revenue of €2.8 billion over the 13 years and 3 months of the concession term. There will be an initial 21-month design and construction phase, followed by operation and maintenance of the tax collection system for 11 and a half years.

On 26 October 2011 new shares in Ecomouv were issued to the French partners involved in the project. After the resulting capital increase, Autostrade per l'Italia owns 70% of Ecomouv, whilst the remaining 30% is held by the following partners: Thalés (11%), SNCF (10%), SFR (6%) and Steria (3%).

Ecomouv Sas, which is based in Paris, currently directly employs 16 full-time staff, whilst another 200 people are involved in developing the system. Under the partnership agreement, the project will be expected to meet a number of interim deadlines to be checked by the Ministry and the technical experts nominated by the banks providing the financing.

Operating review of the Group's main investee companies

Autostrade Sud America and Nueva Inversiones

The Group, via its investee companies, Autostrade Sud America (in which it holds a 45.7% interest) and Nueva Inversiones (of which it owns 50%), holds the following investments in Chilean motorway operators:

- Costanera Norte SA, which holds the concession (expiring 2033) for 43 km of road network in the city of Santiago in Chile, and which is a wholly owned indirect subsidiary of Autostrade Sud America;
- Autopista Nororiental SA, the holder of the concession (expiring 2044) for the 21.5 km north-eastern bypass in the city of Santiago, and a wholly owned indirect subsidiary of Autostrade Sud America;
- AMB SA, the holder of the concession (expiring 2048) for the 10 km section of motorway linking Santiago to the city's international airport, and a wholly owned indirect subsidiary of Autostrade Sud America;
- Autopista Vespucio Sur SA, the holder of the concession (expiring 2032) for the 23.5 km southern section of the orbital toll motorway serving the city of Santiago, and (indirectly) 50% owned by Autostrade Sud America and (indirectly) 50% owned by Autostrade per l'Italia;
- Litoral Central SA, the holder of the concession (expiring 2031) for the 79 km toll motorway serving the cities of Algarrobo, Casablanca and Cartagena in Chile, and (indirectly) 50% owned by Autostrade Sud America and (indirectly) 50% owned by Autostrade per l'Italia.

On 30 June 2011 the Atlantia Group subscribed and paid for newly issued shares in Nueva Inversiones, in order to acquire 50% of this special purpose company. This also contributed the financial resources necessary to enable Nueva Inversiones, which already owned 50% of the investee companies, Vespucio Sur and Litoral Central, to acquire, on the Group's behalf, the remaining 50% of Vespucio Sur and Litoral Central, thus taking Atlantia's place in the agreement signed on 18 April 2011 with the seller, Acciona.

On 25 February 2012 Autostrade per l'Italia also reached an agreement with the Sias group and Mediobanca for the acquisition of the remaining 54.2% stake in Autostrade Sud America.

Key performance indicators for the Chilean operators

	Length (km)	Concession expiry	Net revenue (€m)			EBITDA (€m)		
			Actual 2010	Actual 2011	Change	Actual 2010	Actual 2011	Change
Costanera Norte	43	2033	53.8	58.9	9.5%	38.2	43.9	14.9%
Nororienté (*)	22	2044	5.4	3.5	-35.2%	-0.7	0.1	n.s.
Vespucio Sur (**)	24	2032	46.2	60.1	30.1%	31.0	46.3	49.4%
Litoral Central	79	2031	2.2	2.3	0.4%	-0.2	-0.2	n.s.
AMB	10	2048	0.8	0.9	12.5%	-0.5	-0.2	n.s.

(*) Revenue for 2010 is net of compensation for earthquake damage, totalling €3.0 million.

(**) Revenue is net of subsidies from the Ministry of Public Works, amounting to €54.2 million in 2011 and €45.6 million in 2010.

Costanera Norte

In 2011 the operator, Costanera Norte, recorded average daily traffic (including the light and heavy components) of 60,089 vehicles, representing a total of approximately 883.01 million km travelled. This marks an increase of 5.3% on 2010 (average daily traffic during 2010 amounted to 57,091 vehicles, representing a total of around 838.95 million km travelled). From January 2011 the company has introduced the toll increase of 6.1% provided for under the concession arrangement, which is linked to consumer price inflation in 2010 (2.5%), multiplied by a factor of 3.5%.

In 2011 Costanera Norte recorded revenue of €58.9 million, marking an increase of 9.5% (9.0% after adjusting for exchange rate movements) on 2010 (approximately €53.8 million). Gross operating profit (EBITDA) of €43.9 million is up 14.9% (14.5% after adjusting for exchange rate movements) on 2010 (€38.2 million).

Autopista Nororienté

In 2011 the motorway operated by the Chilean operator, Autopista Nororienté, registered an average daily volume of traffic (including the light and heavy components) of 6,224 vehicles, amounting to a total of approximately 49 million kilometres travelled. In the previous year the company registered an average daily volume of traffic (including the light and heavy components) of 4,946 vehicles, amounting to a total of approximately 39 million kilometres travelled.

In 2011 Autopista Nororienté recorded revenue of €3.5 million, an increase of 16.7% (16.9% after adjusting for exchange rate movements) on 2010, when the figure was €3.0 million, excluding compensation for earthquake damage. Gross operating profit (EBITDA) of €0.1 million is an improvement on the loss of €0.7 million recorded in 2010.

AMB

In 2011 the motorway operated by the Chilean operator, AMB, registered an average daily volume of traffic (including the light and heavy components) of 21,250 vehicles, amounting to a total of approximately 17.8 million kilometres travelled. This marks an increase of 13.4% on the previous year (in 2010 the average daily volume of traffic was 18,736, representing a total of approximately 15.7 million kilometres travelled). In 2011 AMB recorded revenue of €0.9 million, an increase of 12.5% (10.7% after adjusting for exchange rate movements) on 2010 (€0.8 million). The company reports a gross operating loss (negative EBITDA) of €0.2 million, an improvement on the loss of €0.5 million for 2010.

Vespucio Sur

In 2011 the motorway operated by the Chilean operator, Vespucio Sur registered an average daily volume of traffic (including the light and heavy components) of 77,634 vehicles, amounting to a total of approximately 666 million kilometres travelled and registering an increase of 9.6% with respect to 2010 (in 2010 an average daily volume of traffic of 70,809 vehicles, amounting to a total of approximately 607 million kilometres travelled). From January 2011 the company has introduced the toll increase of 6.1% provided for under the concession arrangement, which is linked to consumer price inflation in 2010 (up 2.5%), multiplied by a factor of 3.5%.

After stripping out subsidies from the Ministry of Public Works to cover costs incurred in 2010 for construction services provided under the concession arrangement, Vespucio Sur recorded revenue of €54.2 million in 2011, an increase of 18.9% (18.4% after adjusting for exchange rate movements) on 2010 (€45.6 million).

Gross operating profit (EBITDA) of €46.3 million is up 49.4% (48.5% after adjusting for exchange rate movements) on the figure for 2010 (€31 million).

Litoral Central

In 2011 the motorway operated by the Chilean operator, Litoral Central registered an average daily volume of traffic (including the light and heavy components) of 2,536 vehicles, amounting to a total of approximately 75 million kilometres travelled and registering an increase of 9.3% with respect to 2010 (in 2010 an average daily volume of traffic of 2,321 vehicles, amounting to a total of approximately 68 million kilometres travelled).

Litoral Central recorded revenue of €2.25 million in 2011, an increase of 0.4% (0.1% after adjusting for exchange rate movements) on 2010 (€2.24 million). The gross operating loss (negative EBITDA) of €0.2 million is in line with the result for 2010.

Pune Solapur Expressways Private Limited

On 17 February 2009 Atlantia, in consortium (50-50) with TRIL Roads Private Limited, a Tata group company, was awarded a 21-year concession for the 110 km Pune-Solapur section of motorway in the Indian state of Maharashtra.

Work on construction and on widening the motorway from two to four lanes is underway, having been divided into two lots for which contracts were awarded separately to the local companies, Oriental and IJM. The stage of completion as at 31 December 2011 totals €110.1 million (€55.4 million as at 31 December 2010). Under the Concession Arrangement, construction work is to last 30 months from 14 November 2009. The necessary expropriation of land by the Grantor is behind schedule, especially for the lot contracted to IJM, due to disputes regarding construction of the existing road (dating back to 1994) and to a number of requests for changes to the route from local residents. The Grantor has so far made 83% of the land available (of which 53% consists of existing carriageway); the deadline for the handover of all the land was 14 February 2010. The operator is thus putting pressure on the Grantor to speed up the process.

IGLI

Measurement of the investment in IGLI SpA (the holding company in which Autostrade per l'Italia, Argo Finanziaria and the Fondiaria - SAI group each hold 33.3% interests, and which owns 29.96% of Impregilo, the biggest Italian construction group listed on the Milan Stock Exchange) as at 31 December 2011 has resulted in a reduction in the carrying amount of €1.4 million, including a loss of €0.6 million recognised in other comprehensive income and a loss of €0.8 million recognised in the income statement. The impairment reflects the fall in the value (stock market price) of the Impregilo shares held by IGLI compared with their carrying amount.

On 25 February 2012 Autostrade per l'Italia reached an agreement with Argo Finanziaria for the sale of its entire 33% stake in IGLI, for an amount of €87.6 million.

Alitalia

In view of the ongoing losses incurred and the company's position in the market in which it operates, the Directors deemed that there was insufficient information on which to base a reliable measurement of the company's fair value in alternative to the Group's proportional share of its equity. As a result, at the end of the year it was decided to recognise an impairment loss of €59 million on the carrying amount of the investment.

Workforce

As at 31 December 2011 the Group (excluding the workforce employed by Autostrada Tirrenica) employs 10,143 staff on permanent contracts and 624 temporary staff, resulting in a total workforce of 10,767. This is 783 (7.8%) up on the 9,984 of 31 December 2010. In detail, the number of permanent staff is up 687 and the number of temporary staff up 96. It should be noted that Triangolo do Sol was consolidated in the Group's accounts from 1 July 2011, adding a total of 357 permanent staff, whilst Ecomouv, the company set up on 1 March 2011 to manage the Eco-Tax project, has been consolidated since 1 September 2011, adding 16 permanent staff.

On a like-for-like basis of consolidation, the increase in permanent staff compared with 31 December 2010 primarily reflects trends at the following Group companies:

- Electronic Transaction Consultants (up 147), following contract wins in the states of Georgia, Florida and Texas;
- Pavimental (up 60), primarily linked to an increase in major works commissioned by Autostrade per l'Italia; Giove Clear (up 86), reflecting the decision to extend the insourcing of cleaning and maintenance services at service areas on Autostrade per l'Italia's network;
- Spea (up 25), following the conversion of temporary into permanent contracts;
- Stalexport (up 17), due to the recruitment of additional toll collectors (up 10), reflecting the opening of new lanes on the A4 and the increase in the levels of service requested by the General Directorate for National Roads and Motorways, in addition to the increase in administrative staff as a result of implementation of the investment plan;
- Autostrade Tech (up 9), primarily as a result of participation in the Eco-Tax project;
- Italian operators (down 43), following a reduction in toll collectors (down 71), partly offset, above all at Autostrade per l'Italia, by selective additions to staff employed by a number of technical units at headquarters (up 28).

The number of temporary staff is also up 96, primarily reflecting increases at:

- Giove Clear (up 98), reflecting the decision to extend the insourcing of cleaning and maintenance services at service areas on Autostrade per l'Italia's network;
- Pavimental (up 22), primarily linked to the decision to hire temporary workers to carry out additional surfacing work, initially expected to be subcontracted;
- Autostrade Tech (up 13), as a result of participation in the Eco-Tax project;
- Spea (down 25), following the conversion of temporary into permanent contracts;
- Tirreno Clear (down 11), following the decision to shrink the business.

The average workforce, after excluding staff employed by Autostrada Tirrenica and including temporary staff, is up from 9,632 in 2010 to 10,250 in 2011, an increase of 618 (6.4%). It should be noted that Triangulo do Sol was consolidated in the Group's accounts from 1 July 2011, adding a total of 178 staff on average. On a like-for-like basis of consolidation with respect to 31 December 2010, the main changes in the average workforce are primarily linked to the following:

- Spea (up 64 on average), reflecting the impact of staff recruited in 2010;
- Pavimental (up 139 on average), reflecting the above increase in the workforce;
- Electronic Transaction Consultants (up 244 on average), following increases in permanent staff (up 94) and temporary staff (up 150) after the acquisition of contracts in Georgia, Florida and Texas;
- Los Lagos (up 42 on average), reflecting the insourcing of Operation & Maintenance activities;
- Pavimental Polska (down 49 on average), primarily following closure of the Warsaw office.

Net personnel expense of €556.8 million are down €8.8 million (1.6%) on the €565.6 million of 2010. Capitalised personnel expense is up from €67.1 million in 2010 to €87.6 million in 2011, an increase of €20.5 million (up 30.5%). This primarily reflects growth at Pavimental, Spea and the overseas company, Electronic Transaction Consultants Co.

Personnel expense, before deducting capitalised expenses, amount to €644.4 million, marking an increase of €11.7 million (1.8%) on 2010 (€632.7 million). This is due to:

- an increase of 618 in the average workforce (up 6.4%), as already explained;
- a decrease in the average unit cost (down 4.6%), primarily due to the different impact of long-term management incentive plans in the two comparative periods; after stripping out these components, the average unit cost is down 1.7%. This is primarily due to the first-time consolidation of Triangulo do Sol and recruitment at Electronic Transaction Consultants Co. and Los Lagos, companies whose unit costs are lower than the Group average. These reductions were partly offset by the impact of contract renewals at the Group's motorway operators and construction companies.

Permanent staff (*)

Position	31.12.2011	31.12.2010	Increase/(Decrease)	
			Absolute	%
Senior managers	189	174	15	8.6
Middle managers	694	662	32	4.8
Administrative staff	4,231	3,810	421	11.0
Manual workers	1,911	1,791	120	6.7
Toll collectors	3,118	3,019	99	3.3
Total	10,143	9,456	687	7.3

Temporary staff (*)

Position	31.12.2011	31.12.2010	Increase/(Decrease)	
			Absolute	%
Senior managers	-	-	-	-
Middle managers	1	-	1	n.a.
Administrative staff	220	227	-7	-3.1
Manual workers	190	73	117	160.3
Toll collectors	213	228	-15	-6.6
Total	624	528	96	18.2

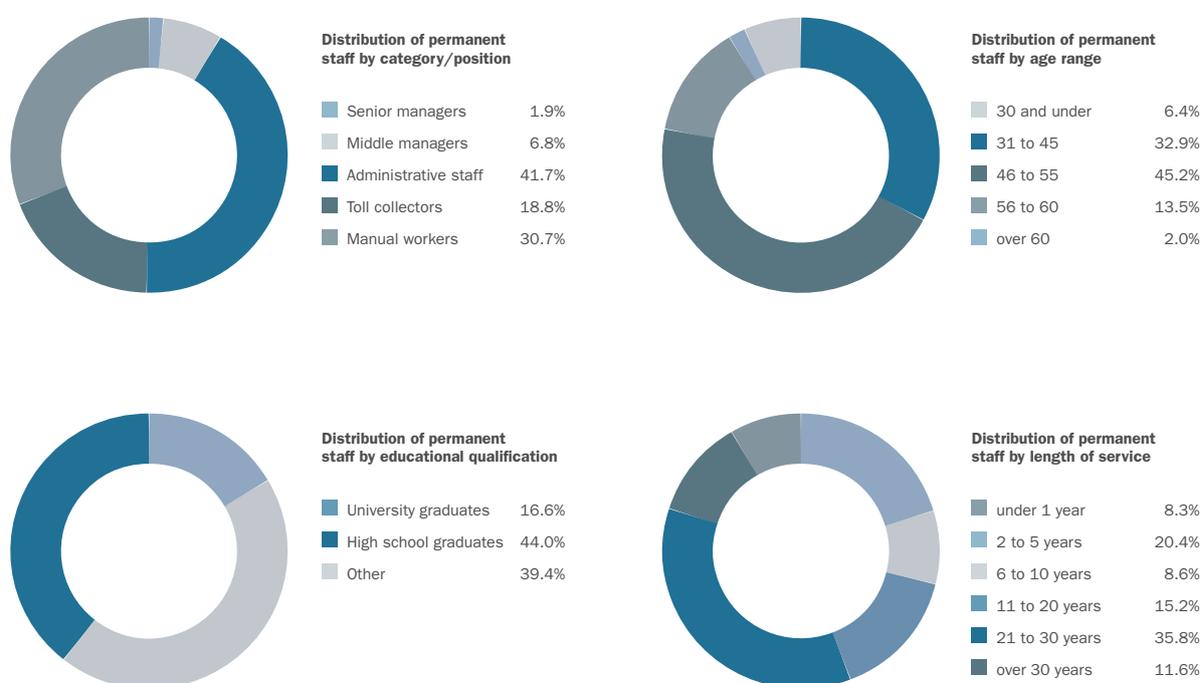
Average workforce (*) (**)

Position	2011	2010	Increase/(Decrease)	
			Absolute	%
Senior managers	184	176	8	4.5
Middle managers	670	668	2	0.3
Administrative staff	4,457	3,937	520	13.2
Manual workers	1,897	1,809	88	4.9
Toll collectors	3,042	3,042	-	-
Total	10,250	9,632	618	6.4

(*) The figures do not include the workforce of Strada dei Parchi and Società Autostrada Tirrenica, which were sold in 2011.

(**) Includes temporary staff.

Distribution of the Group's workforce



Staff development and training

The Group has an ongoing commitment to developing and improving the prospects of its human resources, with the aim of:

- developing specialist expertise and professional skills in order to achieve high-quality performances within the deadlines set;
- making individuals aware of the need to improve their performance;
- putting in place systems and tools capable of identifying and training the staff most capable of meeting the new challenges facing the business.

To more effectively direct investment in the development of talented people and the offer of structured career paths, the Group identifies and monitors high-potential staff using Performance Management systems designed to assess performance and potential, MBO schemes that aim to encourage individuals to contribute

to the achievement of the Group's objectives, interviews and meetings forming an integral part of human resources management.

Development programmes involved a total of 250 people at various levels in the organisation (middle managers, professionals and young graduates) in 2011 (up 56% on 2010).

The Performance Management scheme involved a total of 1,300 people, including middle managers, professionals and young graduates, in 2011.

A new succession planning process — based on a Road Map — was also launched, with the aim of identifying the people capable of taking up key roles in the organisation over the short, medium and long term. This will enable the Group to have continually updated information on which staff are going to be ready to step into the above roles and over what time scale.

The Skills Balance Sheet initiative at the Rome office came to an end, having involved around 80 people with the aim of assess skills, work experience, knowledge, capabilities, behavioural characteristics and individual's "ambitions". The process saw participants each receive 54 hours of consultation in the form of one-on-one interviews, questionnaires and group sessions. The information gathered regarding skills gaps was then used to design specific 8-day training courses for each participant, which will be run during 2012.

The following figures provide an overview of the Group's training initiatives:

- 79,000 hours of training (excluding safety training);
- expenditure of €2 million, in addition to the in-house personnel employed directly in running the courses;
- 6,217 staff involved.

The main training initiatives organised by Group companies in 2011 were:

- the creation and review of the Training Catalogue, with the aim of meeting the training needs of staff;
- language courses, designed to boost knowledge of foreign languages through a flexible approach based on both individual and group courses;
- The Mirror Project, launched in 2011, with the aim of measuring the degree of engagement and identification with the Group's business culture, and identify what motivates people and influences their attitudes.

The “Autostrade per la Conoscenza” (“Autostrade for Knowledge”) programme was launched in 2011 for students at Italy’s leading universities: the polytechnics in Turin, Milan and Bari; the engineering faculties at the universities of Bologna, Florence, Rome (“La Sapienza” and “Tor Vergata”) and Naples (“Federico II”); and students on business administration courses at the Bocconi and Luiss Guido Carli universities. The programme involves:

- undergraduate scholarships, providing privileged access to new graduates for employment within the Group;
- sponsorship for post-graduate masters courses, with the aim of identifying high-potential graduates to be employed in the construction and operation of infrastructure and in project management;
- the creation of Centres of Excellence, with the goal of building ongoing relationships with universities and research centres with an independent capacity to carry out research and attract talented people, by offering funding for individual projects and grants for researchers working within the partner institutes.

The Company launched a programme in 2011 that will see it provide more than 100 scholarships.

Remuneration system

On 11 March 2011 the Board of Directors, on the recommendation of the Human Resources and Remuneration Committee and also, pursuant to art. 2389 of the Italian Civil Code, with the agreement of the Board of Statutory Auditors, approved the terms and conditions of three share-based incentive plans reserved for employees and/or directors with key roles in the Company and its subsidiaries, to be selected, in the Board of Directors’ sole judgement, from among key management personnel within the Company and its subsidiaries.

At their Annual General Meeting, held on 20 April 2011, the shareholders voted to implement the incentive plans, to be called the 2011 Share Option Plan, the 2011 Share Grant Plan and the MBO Share Grant Plan. The plans comply with the related European Commission recommendations.

On 13 May 2011 the Board of Directors, on the recommendation of the Human Resources and Remuneration Committee and also, pursuant to art. 2389 of the Italian Civil Code, with the agreement of the Board of Statutory Auditors, selected the beneficiaries for the first award cycle (8 Directors and managers for the 2011 Share Option Plan, 37 for the 2011 Share Grant Plan and 9 for the MBO Share Grant Plan).

The 2011 Share Option Plan entails the award of options free of charge in three annual award cycles (2011, 2012 and 2013). The options grant beneficiaries the right to purchase the Company’s ordinary treasury shares, in accordance with the Plan terms and conditions described in the Information Memorandum, prepared pursuant to art. 84-bis, paragraph 1 of the Regulations for Issuers and available for inspection on the Company’s website at www.atlantia.it.

The 2011 Share Grant Plan entails the award of units free of charge in three annual award cycles (2011, 2012 and 2013). Each unit grants beneficiaries the right to receive, free of charge, 1 of the Company's ordinary treasury shares, in accordance with the Plan terms and conditions described in the Information Memorandum, prepared pursuant to art. 84-bis, paragraph 1 of the Regulations for Issuers and available for inspection on the Company's website at www.atlantia.it.

The 2011 MBO Share Grant Plan, serving as part payment of the annual bonus for the achievement of objectives assigned to each beneficiary under the MBO plan adopted by the Group, entails the annual grant of units free of charge. Each unit grants beneficiaries the right to receive, free of charge, 1 of the Company's ordinary treasury shares, in accordance with the Plan terms and conditions described in the Information Memorandum, prepared pursuant to art. 84-bis, paragraph 1 of the Regulations for Issuers and available for inspection on the Company's website at www.atlantia.it.

The above Plans are in addition to the 2009 Share Option Plan approved by the Annual General Meeting of Atlantia's shareholders on 23 April 2009. The beneficiaries of this Plan were 11 managers and Directors. The Plan terms and conditions entail the award of a certain number of options, each of which granting the right to receive 1 of the Company's ordinary treasury shares.

At their Annual General Meeting of 20 April 2011, the shareholders approved alterations to the Plan, designed to ensure that there is no change in the substantial and financial terms of the Plan as a result of the bonus issue approved by the shareholders at their Annual General Meeting of 14 April 2010 and of any future bonus issues. The shareholders also approved the award of a second tranche of options to the Company's Chairman, Fabio Cerchiai, under the Plan, following on from the first award.

On 13 May 2011 Atlantia's Board of Directors implemented the above shareholder resolutions.

At their Annual General Meeting of 20 April 2011, held in extraordinary session, the shareholders also approved a bonus issue, pursuant to art. 2442 of the Italian Civil Code, with a value of €30,014,857.00 via the issue of 30,014,857 new ordinary shares, ranking equally in all respects with the outstanding ordinary shares. On 14 October 2011 Atlantia's Board of Directors made specific non-discretionary changes of a purely mathematical nature, with the aim of reinstating the conditions applicable prior to the bonus issue and ensuring that the transaction would not have any effect on the beneficiaries of the 2009 Share Option, 2011 Share Option and 2011 Share Grant plans.

On 16 December 2011 the Company's Board of Directors voted to grant Mr Lo Presti, who had resigned from his post as Joint Head of Business Development at Autostrade per l'Italia, the possibility to maintain his right

to exercise — at the same conditions as the other beneficiaries — the options awarded under the 2009 Share Option Plan, those awarded as part of the first tranche of the 2011 Share Option Plan and the first tranche of the units awarded under the 2011 Share Grant Plan.

Following approval of Atlantia's financial statements as at and for the year ended 31 December 2010, the bonuses to be paid to the Group's qualifying Directors, senior managers and middle managers in return for the achieving the targets set out in the Three-year Incentive Plan for the period 2008-2010 were calculated. Payment of the bonuses marked the termination of the Plan.

The MBO incentive scheme, offering beneficiaries an annual cash bonus based on the objectives assigned and achieved during the previous year, involved 158 senior managers and 502 middle managers and administrative staff with roles of responsibility in 2011.

Following changes to the regulations governing remuneration at listed companies, on 11 November 2011 the Board of Directors approved amendments to Atlantia's Corporate Governance Code and on 16 December 2011 approved Atlantia's Remuneration Policy, which also applies to its direct and indirect subsidiaries.

Organisational model

A total of 166 internal procedures were either issued or updated in 2011 in response to the regulatory or organisational changes introduced. These regarded: health and safety at work, with the adoption of guidelines in keeping with the control standards introduced by Legislative Decree 81 of 9 April 2008 on health and safety at work; the Company's corporate governance process, to bring it into line with the organisational, management and control models revised during 2011; the procurement process as it regards the award of construction contracts, in order to comply with changes in the related legislation (the entry into force of the requirements introduced by the Tender Regulations contained in Presidential Decree 207/2010 and by Law 136/2010 regarding the traceability of financial transactions).

Industrial relations

Based on the results achieved in 2010, an agreement was reached with the unions on 22 March 2011 regarding the productivity bonuses to be paid to the employees of Atlantia, Autostrade per l'Italia, SDS, TowerCo, Telepass, AD Moving, Autostrade Service and Autostrade Tech.

The National Collective Labour Contract applicable to all Italian companies and consortia that operate motorways and tunnels was renewed on 4 August 2011, having expired on 31 December 2009.

Health and safety

Design and implementation of the Health and Safety at Work Management System complying with OHSAS 18001:2007 standards is being designed and implemented at all Group companies. Internal audits were also conducted.

Certification of the Health and Safety at Work Management System for all Autostrade per l'Italia's activities and places of work was completed in the first quarter.

The "Site Safety Team" initiative was launched to carry out operational controls at motorway construction sites. Experts carried out over 40 site inspections to check that external contractors working on the network are in compliance with the regulations in force.

Health and Safety at Work training continued, with over 1,000 people from various categories taking part, including fire-fighters and emergency crews, managers, heads of department, those in charge of Prevention and Protection, and Health and Safety personnel and representatives.

The update of risk assessments, injury analysis, health surveillance for exposed workers and the distribution of Individual Protection Devices all continued during the year. With regard to contracts for the supply of goods and services, further assessments of the risk of interference from activities carried out simultaneously at the same workplace were drawn up for new contracts, whilst the revision of approximately 150 existing risk assessments is nearing completion.

As provided for in the Group's Health and Safety Monitoring Plans, climate surveys were carried out to check that places of work meet the related requirements: microclimate measurements, lighting, noise and vibrations, the sampling of air pollutants and the presence of radon gas. Annual inspections were carried out with medical staff and evacuation drills were conducted at all places of work.

During 2011 Autostrade per l'Italia also launched its "Safety Academy - Autostrade per l'Italia" project, an initiative that aims to develop the awareness of safety issues within the contractors, sub-contractors and suppliers of goods and services that work on the network. Participating firms have free access to workshops and advice on training initiatives and on how to obtain financing, and free courses for safety trainers.

Autostrade per l'Italia is taking part in the technical working group set up by the Ministry of Labour and Social Policy to "identify procedures for revising, integrating and installing road works signs on roads where vehicular traffic is present". The Group, in collaboration with INAIL, also developed an information system

for use by the “Learning by mistakes” programme, which analyses injuries and near misses. Both initiatives were, among other things, discussed by meetings of the Consultative Occupational Health and Safety at Work Committee, made up of representatives of the unions and Autostrade per l’Italia, who met several times during the year.

Finally, the HSE- Health, Safety, Environment section of the intranet remains available to all staff, who can access information on the Company’s regulations and procedures relating to health, safety and the environment and a constantly updated database of changes in legislation.

Innovation, research and development

The Group's research and development activities aim to offer innovative, technologically advanced solutions designed to:

- boost service quality, in terms of safety and traffic flow, by improving the network through its upgrade, modernisation, maintenance and monitoring;
- improve management of the network and the efficiency of transport through the development of dedicated information systems;
- minimise the impact of motorway operations right from the start of the design process, by managing the infrastructure in a sustainable manner in accordance with European and national objectives.

Research and development activities, some of which are long-term in nature, are undertaken by the relevant departments within Autostrade per l'Italia, using the company's own research laboratories in partnership with other Group companies, in collaboration with research centres and universities and, on occasion, in conjunction with other companies.

The following projects entered the application phase during 2011:

- new DSRC (Dedicated Short Range Communication) on board units using state-of-the-art components capable of reducing the cost and extending the life of the units: new modules have been developed for the French market;
- equipment for monitoring vehicles accessing and passing through open or enclosed spaces that are not motorways, such as ports and interports: five Italian interports have been equipped (Bologna, Piacenza, Parma, Piacenza and Verona);
- SMS-based systems for accessing town centres: in operation in the city of Florence;
- application of the Telepass system at car park entry points: Linate, Malpensa and Fiumicino airports;
- bridge and viaduct monitoring systems: assessment of the exposure of network infrastructure to earthquake damage.

The most important research projects in progress regard:

- a free-flow multilane tolling system based on the Telepass onboard unit and the automated scanning of registration plates;
- the development of an information system for monitoring traffic and accidents to improve traffic management and the planning of road works;
- a new satellite-based polling system;
- a platform for the multichannel diffusion of georeferenced information linked to infomobility and infotainment;

- the reduction of fire risk in tunnels.

The Group also takes part in initiatives in collaboration with other Italian and EU bodies and associations. These projects relate to the establishment of transport-related regulations, such as safety, the implementation of intelligent transport and automated tolling systems or the provision of input for the preparation of European and national research, development and innovation programmes.

Group companies' total expenditure on innovation, research and development in 2010 amounts to €12.7 million, which is up on the previous year's €8.4 million.

This sum represents the total amount spent by the Group on research and development in Italy, including operating costs and investment in staff and the related expenses, including the cost of personnel partially employed in such activities.

Corporate Governance

Atlantia SpA's Corporate Governance system is based on a collection of rules that are in line with regulatory guidelines and best market practices.

This system is based on Atlantia SpA's Corporate Governance Code, which has been drawn up in accordance with the principles and criteria contained in the Corporate Governance Code published by Borsa Italiana in March 2006 and in the new version of art. 7, revised in March 2010.

In accordance with the current Articles of Association, management of the Company is assigned exclusively to the Board of Directors, whilst supervisory functions are the responsibility of the Board of Statutory Auditors and responsibility for auditing the Group's accounts is assigned to the Independent Auditor selected by General Meeting of shareholders.

Based on the provisions of art. 30 of the Articles of Association, the Chairman and Chief Executive Officer represent the Company.

Segregation of the roles of Chairman and Chief Executive Officer means that it is not necessary to appoint a Lead Independent Director.

Based on the provisions of the Company's Corporate Governance Code, the Board of Directors has established the following board committees: the Human Resources and Remuneration Committee and the Internal Control and Corporate Governance Committee.

In implementation of the provisions of Legislative Decree 231/2001, Atlantia has adopted the Organisational, Management and Control Model and has set up a Supervisory Board.

Lastly, in compliance with the CONSOB requirements contained in the Regulations for Related Party Transactions (Resolution 17221 of 12 March 2010, as subsequently amended), on 21 October 2010 Atlantia set up a Committee of Independent Directors with responsibility for Related Party Transactions — consisting of three independent Directors — and, on 11 November 2010, approved the new Procedure for Related Party Transactions, which came into effect from 1 January 2011.

In addition to the above Procedure, Atlantia has, among others, adopted the Procedure for Market Announcements, the Procedure for relations with the Independent Auditors, the Procedure for Reporting to the Board of Statutory Auditors and the Code of Conduct for internal dealing.

The Company's Governance system is completed by the regulations contained in the Articles of Association and in the General Meeting Regulations.

Sintonia SA, via Schemaventotto SpA, is the shareholder that directly and indirectly holds a relative majority of the issued capital of Atlantia SpA. Sintonia SA, in part through Schemaventotto SpA, is therefore deemed to hold sufficient voting rights to exercise dominant influence at the ordinary general meetings of Atlantia SpA's shareholders, pursuant to art. 2359 of the Italian Civil Code, as referred to by art. 2497-*sexies* of the Code. The fact that Atlantia is deemed not be subject to management and coordination by the parent, Sintonia SA, was confirmed in a specific joint declaration sent to Atlantia SpA on 12 March 2009 by Sintonia SA and Schemaventotto SpA.

Given that there have not been any further announcements or changes in circumstances, the basis for considering Atlantia as not subject to management and coordination by its parents, Sintonia SA and Schemaventotto SpA, is deemed to be unchanged.

Autostrade per l'Italia, which is a wholly owned subsidiary of Atlantia, is instead subject to management and coordination by Atlantia. Moreover, following the Group's reorganisation in 2007, Atlantia has transferred responsibility for management and coordination of the motorway operators and industrial companies controlled by its subsidiary to Autostrade per l'Italia itself.

The full text of the "Annual report on Corporate Governance and the Ownership Structure", prepared in accordance with indications from Assonime and Emittenti Titoli and the indications contained in the format for corporate governance reports published by Borsa Italiana (II Edition of February 2010), is available in the "Corporate Governance" section of the Company's website at www.atlantia.it.

Sustainability

Atlantia's growing commitment to progressively and continually improving its sustainability performance, and boosting the efficiency of its operations and processes, was again rewarded in 2012 with reconfirmation of the Group's membership of the prestigious Dow Jones Sustainability World Index, which ranks the world's best companies on the basis of economic, environmental and social criteria. Atlantia ranked as one of the best performers in the transport and infrastructure sector, with maximum points scores for customer relationship management, its codes of conduct and the fight against corruption and staff development.

The Company has also been included once again in the Dow Jones Sustainability Europe Index, which ranks the performances of Europe's leading companies. The Group's continued membership of the Dow Jones Sustainability Index, with year-on-year improvements in its ranking, is reward for its commitment to making significant progress in terms of safety, transparency and respect for the environment, and achieving ongoing and progressive improvements in its performance in line with its stakeholders' expectations.

Economic responsibility

The Group believes that the creation of value for the various categories of stakeholder is the most important goal in terms of economic responsibility. Distribution of the value generated among stakeholders is measured in terms of Distributable Integrated Added Value (DIAV), which is calculated by subtracting operating costs and other expenses from the gross value of production, which includes toll revenue, the portion attributable to ANAS and other operating income.

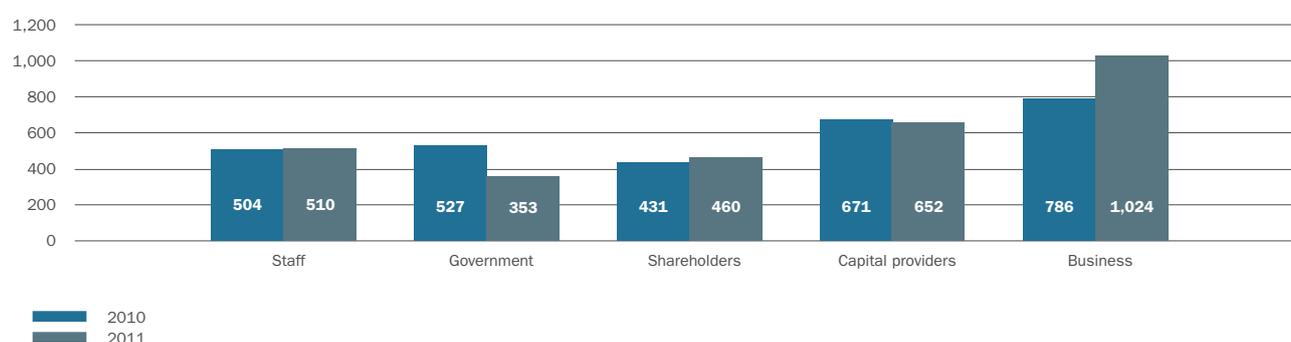
Statement of DIAV

(€m)	2010	2011	% increase/(decrease) 2011/ 2010
Toll revenue	2,868	2,960	3%
Portion attributable to third-party entities	227	381	68%
Other operating income	627	635	1%
Gross value of production	3,722	3,976	7%
Operating costs	-876	-1,024	17%
Integrated added value	2,846	2,952	4%
Adjustments	73	46	-37%
Distributable integrated added value	2,919	2,998	3%

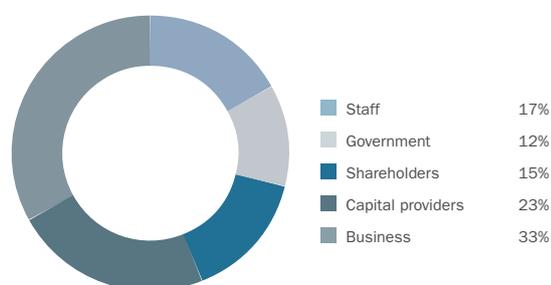
The DIAV of €2,998 million generated in 2011 is up 3% on the figure for 2010. This was distributed to the Group's stakeholders as follows:

- the largest portion, 33% of the total, amounting to €989 million, was kept by the Group and used to finance its operations;
- €686 million (23% of the total) was paid to capital providers as interest on borrowings, after deducting financial income;
- 15% of DIAV was paid to shareholders in the form of dividends of approximately €460 million;
- approximately €353 million (12% of the total) was transferred to the government in the form of direct and indirect taxation and social security contributions. The government as stakeholder also received approximately €85 million in 2011 in concession and sub-concession fees and €381 million in additional concession fees paid from toll revenue following the new legislation introduced by Law Decree 78/2009, making a total of €466 million. The reduction of approximately €200 million compared with 2010 (alongside the corresponding increase in the Group's share) is primarily due to the impact on taxation of the Ministerial Decree of 8 June 2011, confirming the tax deductibility of the new amounts in Autostrade per l'Italia's financial statements for the year ended 31 December 2009, which were specifically recognised in application of IFRIC 12;
- staff accounted for 17% (€510 million) in salaries, wages, post-employment benefits, provisions for incentives and other costs.

Distribution of DIAV 2010-2011 (€m)



Distribution of DIAV 2011 (%)



Social responsibility

Social responsibility is an integral part of the Group's strategy, leading the Group to focus on how its activities affect all members of society and engage in dialogue with stakeholders with an interest in and involved in the Group's activities.

Workforce

All Group companies operate in Italy and overseas in full compliance with the rights established by law and in labour contracts, and without any discrimination on the basis of gender, race, nationality or religion.

Atlantia has adopted a Code of Ethics at Group level. This document, setting out the essential core values underpinning the Group's corporate culture, was also adopted independently by the Company's Italian and overseas subsidiaries. Every member of the workforce is required to be informed of and comply with the principles in the Code.

With the aim of improving quality of life for its staff, the Group has adopted a series of initiatives over the years: flexi-time working to help those who commute to work, health insurance and pension schemes, sustainable transport services, new work-life balance initiatives and other projects designed to boost the welfare of the Company's workforce. More than €0.7 million was spent on such initiatives in 2011, which primarily regarded health prevention campaigns, summer camps for the children of employees, and the provision of free advice on legal, tax and pension-related matters.

Customers

Atlantia is committed to achieving ongoing improvements in service quality for motorway users, continually raising safety standards and improving traffic flow, assistance and access to the network. This is done through the upgrade, modernisation and maintenance of the motorway network; initiatives at construction sites designed to improve safety at the workplace; information and prevention campaigns aimed at promoting safer driving behaviours.

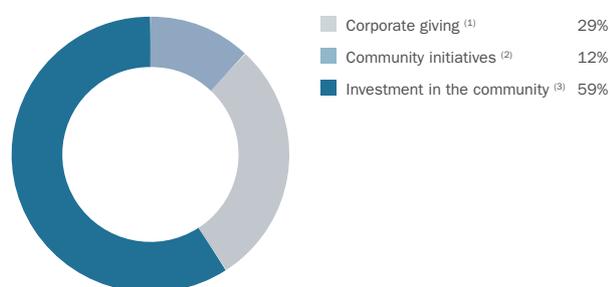
The global accident rate continued to decline in 2011, decreasing to 33.7 from the 36.10 of the previous year, whilst the fatal accident rate was also down, declining from 0.33 in 2010 to 0.28 in 2011 (the number of deaths per 100 million kilometres travelled). The Total Delay indicator (the number of hours spent in traffic queues) reversed the trend recorded in 2010, falling by 15.6% to 4.56 million hours in 2011.

Government and the community

At government level in Italy, the Group's main counterparties are ministries, ANAS, parliamentary committees, regulatory and supervisory bodies and, more in general, national and local politicians. Relations with international institutions are also of great importance, as they establish the principles, overall objectives and strategies on which EU transport policy is based, as well as issuing specific directives regarding issues directly and indirectly linked to the motorway business.

Community relations are one of the main tools available to the Group in implementing the sustainability policies linked to its business: in operating the motorway network in keeping with the characteristics of the surrounding area and in carrying out works that enhance the environment, even when not directly connected to the impact of the motorway network. The Group's humanitarian, scientific, cultural, sporting and social initiatives also play an important role, whether implemented independently or in collaboration with national and international entities and bodies. Over time such initiatives have become more than a simple question of corporate giving, having increasingly taken the form of projects designed to culturally enrich the people and communities involved and spread the adoption of sustainable behaviours. The Group spent around €4.8 million on this type of initiative in 2011.

Community expenditure 2011



(1) Sponsorship of events and promotion of the brand and corporate identity.

(2) Funding for social responsibility projects, charity, donations and contributions to foundations.

(3) Information campaigns.

Suppliers

The Group's main supplies are businesses that provide goods and services and those involved in the construction of new infrastructure and maintenance of the existing network. The process of selecting, assessing and monitoring suppliers of goods and services in the highest risk categories starts with a pre-qualification phase, in which the financial, technical and organisational aspects of each supplier are assessed prior to their inclusion in the Register of Suppliers. All the Group's suppliers must commit to complying with the Group's Code of Ethics on their own behalf and on behalf of any authorised sub-contractors, consultants and employees. In addition, all the contracts entered into include specific clauses requiring the supplier to meet a series of social obligations relating, for example, to health and safety at work and protection of the environment, such as the methods used for disposing of waste and scrap.

Companies included in the Register, and who have received orders, are as a rule monitored during the supply process via a Vendor Rating system and quality controls on delivery (binding if the purchased goods are to be accepted and utilised).

Environmental responsibility

In 2011 the Group remained committed to the series of initiatives previously launched in accordance with Italian and European Community objectives regarding energy and the environment. These aim to boost production of renewable energy and improve the energy efficiency of its buildings and the infrastructure it manages. Autostrade per l'Italia has completed work on 31 roof-mounted photovoltaic plants, providing a total

installed capacity of IMW, in line with the target for 2011. In addition, on 20 December 2011 Autostrade per l'Italia and the Ministry of the Environment signed a voluntary agreement that will involve development of a method for measuring the company's carbon footprint. The so-called "carbon footprint" project is the first of its kind in Italy to involve a motorway operator.

Use of resources

Optimising the use of the materials employed is a constant concern in managing the Group's activities. One of the essential materials used to ensure that motorways are safe and kept open during the winter months is de-icing salt (sodium chloride and calcium chloride) to prevent ice forming on roads. In 2011 the Group's motorway operators used a total of 108,362 tonnes of de-icing salt during the winter, marking a reduction of around 50% on the previous year.

The following table summarises use of the principal resources employed in the Group's operations.

Use of resources	2009	2010	2011
De-icing salt (tonnes)	187,348	216,449	108,362
Water (m ³)	588,292	549,240	601,021
Consumption of conglomerate (tonnes)	948,705	858,003	947,623
Recycled spoil (millions of m ³)	2.7	3.5	5.7

The Group's energy consumption depends on the organisation's needs and the amount of energy used in providing the motorway service: the lighting of tunnels, toll stations, junctions and service areas, power for plant and equipment, fuel for service vehicles. In 2011 the Group consumed a total of 467,998 MWh, including electricity, natural gas, LPG, diesel, petrol and fuel oil used to power the equipment that produces conglomerate for road surfaces.

Energy consumption by source	2009 (MWh)	2010 (MWh)	2011 (MWh) ^(*)	% Increase/(Decrease) 2010/2011
Diesel	148,812	147,425	142,448	-3%
LPG	12,089	14,540	12,215	-16%
Natural gas	33,380	28,578	31,723	11%
Petrol	6,558	3,053	4,845	59%
Electricity	246,300	249,994	224,196	-10%
Fuel oil	58,705	53,986	52,140	-3%
Ethanol	-	450	431	-4%
Total	505,844	498,026	467,998	-6%

(*) The figure for 2011 does not include Energy consumed by Autostrada Tirrenica.

Climate change and emissions

The Group's climate change action plan primarily envisages the following:

- the production of electricity from renewable sources;
- improvements to the energy efficiency of buildings and tunnels;
- actions designed to improve traffic flow and safety;
- the management of green space adjacent to motorways.

In 2011 Autostrade per l'Italia's CO₂ emissions totalled 180,694 tonnes, down 7% on 2010. This was primarily due to reduced electricity consumption as a result of energy saving initiatives, the use of energy produced in-house from renewable sources and reduced emissions from the heating systems in buildings.

The Group offsets its CO₂ emissions through a number of initiatives.

In addition to completing the process of connecting the photovoltaic plants installed in the previous year to the grid, in 2011 Autostrade per l'Italia proceeded to install new photovoltaic plants for its head offices and on the roofs of other buildings located primarily around the central and southern part of the network.

Overall, by the end of 2011 Autostrade per l'Italia's photovoltaic plant installation plan had achieved the following results:

- installed photovoltaic capacity: over 8 MW;
- 130 plants installed (99 in operation and 31 being connected to the national grid at the end of 2011);
- estimated energy production once fully operational: approximately 9,680 MWh a year (approximately 6,200 MWh produced by the end of 2011);

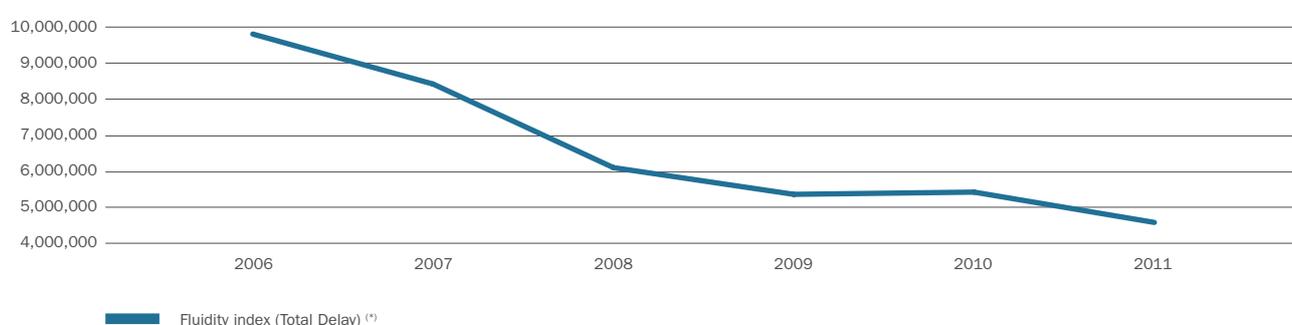
- estimated CO₂ saved once fully operational: approximately 5,100 tonnes a year (3,300 tonnes by the end of 2011).

	CO ₂ emissions in 2010 (tonnes)	CO ₂ emissions in 2011 (tonnes)
Direct emissions from the vehicle fleet	23,323	24,685
Direct emissions from heating systems	13,833	11,602
Direct emissions from road works	24,296	25,359
Indirect emissions from electricity consumption	132,747	119,048
Total	194,199	180,694

As part of its energy saving programme, the Group proceeded with the replacement of traditional high pressure sodium lamps used in permanent motorway tunnel lighting systems with LED lamps, installing them in both existing and recently designed systems. A total of 11,724 lamps were installed in 2011. The programme for 2012 envisages the completion of existing tunnels with the installation of a further 5,780 lamps, resulting in an estimated energy saving of 11,560 MWh a year.

Investment in improving levels of service and safety standards have, over the years, resulted in reducing delays to traffic due to congestion. The projects have included improved planning of road works and quicker removal of accident-damaged vehicles, better response to weather events, the adoption of accident-prevention measures (e.g. Safety Tutor), boosting the capacity of the infrastructure to handle changes in traffic volumes, and improvements to traffic information. This has also helped to bring about a notable reduction in emissions of CO₂ and of other air pollutants caused by motorway traffic.

Total Delay: 2006-2011



(*) Hours lost due to traffic congestion.

CO ₂ emissions (based on total delay fluidity index – tons)	2009	2010	2011
Emissions due to congestions	22,306	22,931	19,355
Difference vs. previous year (*)	-4,341	+625	-3,576

(*) Calculation method can be looked at on www.autostrade.it/sostenibilita/methodology.

The estimated emissions saved as a result of the installation and upgrade of the automated tolling system, Telepass, at toll stations along the motorway operated by Autostrade per l'Italia total 25,318 tonnes of CO₂ in 2011, up 1% on 2010.

Green space (hedges separating carriageways, motorway embankments and greenery at toll stations, service areas and parking areas), covering as much as 29% of the total land occupied by the Group's Italian motorway network, also absorbs approximately 3,080 tonnes of CO₂ a year.

Since 2009 Autostrade per l'Italia has experimented with the re-vegetation of uncontaminated spoil produced by tunnel excavation, which can be used to construct embankments, as fill material and in landscaping. This involves the planting of herbaceous C₄ perennials which, using a different method for trapping CO₂, are more efficient at photosynthesis, continuing to photosynthesise at high speed even when short of water, and are more resistant to high temperatures. The experiment is currently taking place at 5 sites.

Related party transactions

In implementation of the provisions of art. 2391-bis of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as subsequently amended, on 11 November 2010 Atlantia's Board of Directors — with the prior approval of the Independent Directors on the Related Party Transactions Committee — approved the new Procedure for Related Party Transactions entered into directly by the Company and/or through subsidiaries. This Procedure sets out the criteria to be used in identifying related parties and the related reporting requirements.

The procedure underwent a periodic review in 2011 with the aim of making any necessary changes and/or additions. As a result of the review, on 16 December 2011 the Board of Directors, acting in agreement with the opinion of the Independent Directors on the Related Party Transactions Committee, deemed it not necessary to make any changes to the procedure.

The principal transactions entered into by the Group and Atlantia SpA with related parties, as identified in accordance with the criteria defined in the above Procedure, are described below. Related party transactions are conducted on an arm's length basis.

In 2011 the Atlantia Group also accounted for fees, committee attendance fees, salaries, non-monetary benefits, bonuses and other incentives, totalling €4.5 million (including €0.6 million relating to the fair value of share-based payments), paid to Atlantia's Directors and key management personnel, including amounts paid for holding positions in subsidiaries and associates.

Details of remuneration paid during the year to members of Atlantia's corporate bodies and its key management personnel are provided in the "Remuneration Report 2011", published on the Company's website at www.atlantia.it and prepared pursuant to art. 123-ter of Legislative Decree 58/1998 (the CFA), as subsequently amended.

Related party transactions do not include transactions of an atypical or unusual nature. The Atlantia Group did not engage in material transactions with its direct or indirect parents during 2011.

The Atlantia Group's transactions with Schemaventotto

Transactions with the parent, Schemaventotto, regard the amount of €11.5 million due to the Group in the form of an IRES refund, resulting from the tax consolidation arrangement in which certain Group companies participated until 1 January 2008.

The Atlantia Group's transactions with other related parties

For the purposes of the above CONSOB Resolution, which applies the requirements of IAS 24, the Autogrill group, which is under the common control of Edizione Srl, is treated as a related party. With regard to relations between the Atlantia Group's motorway operators and the Autogrill group, it should be noted that, as at 31 December 2011, Autogrill holds 134 food service concessions for service areas along the Group's motorway network.

In 2011 the Group earned revenue of approximately €74.5 million on transactions with Autogrill, including €65.2 million in royalties deriving from management of service areas. This recurring income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders.

Details of the impact of related party transactions on the results of operations and the financial position are provided in the table in note 10.4 to the consolidated financial statements.

Atlantia SpA's related party transactions

The Company primarily engages in transactions with the subsidiary, Autostrade per l'Italia, over which it exercises management and coordination.

As at 31 December 2011 the Company has granted medium/long-term loans with a total face value of €7,649.2 million to Autostrade per l'Italia on the same terms as those applied to Atlantia's bank borrowings, increased by a spread that takes account of the cost of managing the loans. The reduction compared with the figure as at 31 December 2010 (€9,649.2 million) is due to the subsidiary's repayment of a medium/long-term loan with a face value of €2,000.0 million, which replicated, at intercompany level, the bonds redeemed by the Company on 9 June 2011.

A portion of these loans is hedged against interest rate risk through the use of specific derivative financial instruments that have also been entered into with Autostrade per l'Italia. Fair value gains on these hedges total €191.6 million as at 31 December 2011.

The Company also has an intercompany current account with Autostrade per l'Italia, which provides centralised treasury services for the Group. The account has a credit balance of €292.3 million as at 31 December 2011.

Finally, as a result of the tax consolidation arrangement headed by Atlantia, the statement of financial position as at 31 December 2011 includes current tax assets due from Group companies of €110.7 million, and current tax liabilities payable to Group companies of €3.2 million.

Details of the impact of related party transactions on the results of operations and the financial position are provided in the table in note 7.2 to the separate financial statements.

Other information

As at 31 December 2011 Atlantia holds 12,652,968 treasury shares (post bonus issue dated 6 June 2011), representing approximately 2.0% of its issued capital. No treasury shares have been purchased or sold during 2011.

Atlantia SpA does not own, either directly or indirectly through trust companies or proxies, shares or units issued by parent companies. No transactions were carried out during the year involving shares or units issued by parent companies.

Atlantia does not operate branch offices.

With reference to CONSOB Ruling 2423 of 1993, regarding criminal proceedings or judicial investigations, the Group is not involved in proceedings, other than those described in the section "Significant regulatory aspects" in this report on operations, that may result in charges or potential liabilities with an impact on the consolidated financial statements.

Finally, in accordance with the Data Protection Act (Legislative Decree 196/2003, annex B, point 26), the Company declares that it has updated its Security Planning Document for 2011.

Events after 31 December 2011

Joint venture with the Bertin group in Brazil

On 30 January 2012 Atlantia reached an agreement, via Autostrade do Brasil, a wholly owned subsidiary, with the Bertin group (via its subsidiary, CIBE) for the creation of a joint venture, to which the two partners intend to contribute their respective investments in Brazilian toll motorway operators.

The transaction will see the Atlantia Group contribute 100% of Triangulo do Sol Sol (interests in the company was increased on 31 January 2012 by remaining 20% acquisition from minority shareholder, at the same condition applied on 2011 transactions), which holds the concession for 442 km of motorway in the state of São Paulo in Brazil. At the same time the Bertin group will contribute, to the same company, 100% of Colinas (the holder of the concession for a total of 307 km of motorway in the state of São Paulo, expiring in 2028) and of Nascentes das Gerais (the holder of the concession for a total of 372 km of motorway in the state of Minas Gerais, expiring in 2032).

Following the contributions, the Atlantia Group and the Bertin group will each own 50% of the new company, whose Chief Executive Officer, in accordance with the partnership agreements, will be appointed by Atlantia, which will thus consolidate on a line-by-line basis together with the operators contributed to the same joint venture.

The new entity will operate 1,538 km of motorway under concession in Brazil, with the option to add a further 105 km of orbital motorway serving the city of São Paulo.

Bond issue and Tender Offer

On 2 February 2012 Atlantia launched the issue of 7-year bonds worth €1.0 billion, guaranteed by Autostrade per l'Italia. The bond issue forms part of the Company's €10 billion Medium-term Note Programme launched on 7 May 2004 and subsequently updated, which has resulted in the issue of bonds worth €7.65 billion.

The bonds, which pay a fixed annual coupon of 4.50%, have a re-offer price of €99.011. The effective yield to maturity is 4.669%, corresponding to a yield that is 275 basis points above the reference mid-swap rate.

The financial resources raised as a result of the issue will in part be used for corresponding intercompany loans, designed to meet the funding requirements of Autostrade per l'Italia in connection with the investment plan envisaged in its concession agreement, and in part to buy back a portion of the bonds maturing in 2014.

To coincide with the bond issue, on 2 February 2012 Atlantia announced the launch of a Tender Offer for the partial buyback of bonds issued by the Company maturing on 9 June 2014 and having a par value of €2.75 billion. At the end of the offer period, on 9 February 2012, the Company had received acceptances for bonds with a total par value of €0.5 billion. This transaction saw Atlantia use a part of the cash available to pay down debt ahead of its maturity date in 2014.

Standard & Poor's resolves Atlantia's placement on credit watch negative

Following its downgrade of the Republic of Italy on 13 January of this year, Standard & Poor's resolved its placement of Atlantia on credit watch with negative implications, downgrading the Company's rating from "A-" to "BBB+" and maintaining a negative outlook. The agency explained that the downgrade primarily reflects the increased country risk to which the Company, which operates mainly in the Italian market, is exposed.

Agreements for the acquisition of 54.2% of Autostrade Sud America, the sale of 33% of IGLI and the grant of a call option on Autostrada Torino-Savona

On 25 February 2012 Autostrade per l'Italia signed the following agreements:

- a) an agreement with Argo Finanziaria SpA for the sale of its entire 33% interest in IGLI SpA, the entity that owns 29.96% of Impregilo SpA, at a price of €87.6 million. This transaction completed on 8 March 2012;
- b) two separate agreements with SIAS SpA by which:
 - 1) SIAS will, subject to fulfilment of certain conditions precedent (i.e. clearance from the relevant authorities and the agreement of creditor banks), transfer its entire 45.765% interest in Autostrade Sud America Srl ("ASA") to Autostrade per l'Italia at a price of €565.2 million. The shares are to be transferred by 30 June 2012;
 - 2) Autostrade per l'Italia will grant SIAS a call option on its entire 99.98% interest in Autostrada Torino-Savona SpA. The option is to be exercised no later than 30 September 2012. The option price is €223.0 million. Should the option be exercised, the shares are to be transferred by 15 November 2012, subject to receipt of the necessary approvals (i.e. clearance from the relevant authorities and the agreement of creditor banks);

- c) an agreement with Mediobanca SpA for the acquisition of an 8.47% stake in ASA at a price of €104.6 million and on the same terms and conditions agreed with SIAS. The transfer of the shares will take place, subject to fulfilment of certain conditions precedent (i.e. antitrust clearance, the agreement of creditor banks and execution of the sale of the interest in ASA sold by SIAS to Autostrade), by 30 June 2012.

The Atlantia Group intends to seek out other partners interested in acquiring stakes in Grupo Costanera, totalling up to 49% of the company, on substantially similar terms and conditions.

Outlook and risks or uncertainties

Against a less than favorable macroeconomic backdrop in Italy, we expect the Group's consolidated operating results to remain substantially in line with the previous year. There is, however, potential for the current year's results to be significantly affected by traffic trends in Italy which, in addition to the extremely adverse weather conditions experienced in February, will depend on the level of consumer spending, fuel prices and industrial output.

Proposed resolutions for the Annual General Meeting of Atlantia SpA's shareholders

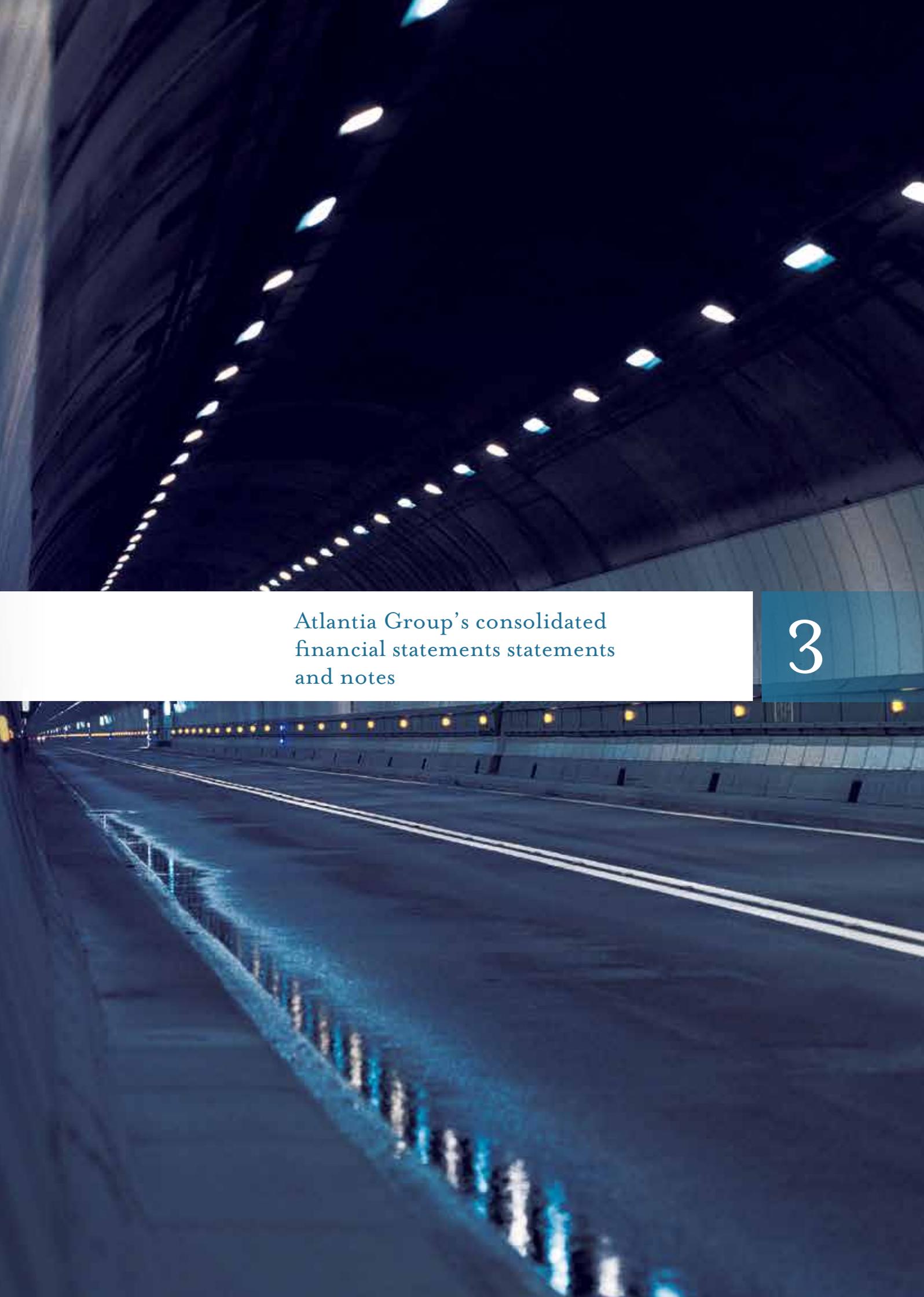
Dear Shareholders,

In conclusion, we invite you:

- to discuss and approve the Board of Directors' report on operations and the financial statements as at and for the year ended 31 December 2011, which report profit of €484,447,316;
- to appropriate the remaining €265,178,362 in profit for the year, after payment of the interim dividend of €219,268,954 in 2011, to:
 1. pay a final dividend of €0.391 per share for 2011, payable to holders of each of the shares with a par value €1.00 outstanding at the ex dividend date, excluding treasury shares held in portfolio at that date. The total value of the final dividend, based on the number of shares outstanding (617,659,024) and of treasury shares in portfolio (12,652,968), is estimated at €241,504,678;
 2. take the remaining profit for the year, after payment of the final dividend, to the extraordinary reserve. This amount, based on the number of shares outstanding at the ex dividend date, is estimated at €23,673,684;
- to establish the dividend payment date as 24 May 2012 and the ex dividend date as 21 May 2012.

For the Board of Directors
The Chairman





Atlantia Group's consolidated
financial statements statements
and notes

3

Consolidated financial statements

Consolidated statement of financial position

ASSETS (€000)	Note	31.12.2011	31.12.2010
NON-CURRENT ASSETS			
Property, plant and equipment	7.1	230,084	216,432
Property, plant and equipment		228,892	215,272
Property, plant and equipment held under finance leases		174	240
Investment property		1,018	920
Intangible assets	7.2	17,238,446	16,187,581
Intangible assets deriving from concession rights		12,810,107	11,751,981
Goodwill and other intangible assets with indefinite lives		4,387,723	4,401,445
Other intangible assets		40,616	34,155
Investments	7.3	318,748	431,547
Investments accounted for at cost or fair value		46,011	104,450
Investments accounted for using the equity method		272,735	327,097
Other non-current financial assets	7.4	1,200,274	935,422
Non-current financial assets deriving from concession rights		452,334	373,719
Non-current financial assets deriving from government grants		238,657	201,538
Term deposits convertible after 12 months		290,334	285,930
Derivative assets		27,678	40,209
Other non-current financial assets		191,271	34,026
<i>of which due from related parties</i>		110,000	–
Deferred tax assets less deferred tax liabilities eligible for offsetting	7.5	1,891,394	2,101,817
Other non-current assets	7.6	2,412	5,472
TOTAL NON-CURRENT ASSETS		20,881,356	19,878,271
CURRENT ASSETS			
Trading assets	7.7	1,018,167	973,176
Inventories		57,607	45,197
Contract work in progress		37,865	36,457
<i>of which due from related parties</i>		10,161	–
Trade receivables		922,695	891,522
<i>of which due from related parties</i>		41,473	41,228
Cash and cash equivalents	7.8	619,900	2,533,250
Cash		338,140	207,078
Cash equivalents		281,760	2,326,172
Other current financial assets	7.4	221,909	435,819
Current portion of medium/long-term financial assets		32,784	21,988
Current financial assets deriving from concessions		7,340	8,853
Current financial assets deriving from government grants		51,023	189,436
Term deposits convertible within 12 months		76,580	180,947
Other current financial assets		54,182	34,595
Current tax assets	7.9	28,581	29,715
<i>of which due from related parties</i>		11,474	11,461
Other current assets	7.10	89,335	74,667
Non-current assets held for sale and related to discontinued operations	7.11	310,050	1,107,734
TOTAL CURRENT ASSETS		2,287,942	5,154,361
TOTAL ASSETS		23,169,298	25,032,632

EQUITY AND LIABILITIES (€000)	Note	31.12.2011	31.12.2010
EQUITY			
Equity attributable to owners of the parent		3,509,962	3,183,391
Issued capital		630,312	600,297
Reserves and retained earnings		2,484,251	2,324,613
Treasury shares		-215,644	-215,644
Profit for the year after payment of interim dividend		611,043	474,125
Equity attributable to non-controlling interests		450,545	403,510
Issued capital and reserves		441,322	385,706
Profit for the year after payment of interim dividend		9,223	17,804
TOTAL EQUITY	7.12	3,960,507	3,586,901
NON-CURRENT LIABILITIES			
Non-current portion of provisions for construction services required by contract	7.13	4,134,960	4,315,051
Non-current provisions	7.14	1,030,769	941,982
Provisions for employee benefits		130,978	130,604
Provisions for repair and replacement obligations		867,850	790,281
Other provisions		31,941	21,097
Non-current financial liabilities	7.15	10,347,201	10,066,909
Bond issues		7,507,101	7,466,600
Medium/long-term borrowings		2,590,031	2,323,273
Derivative liabilities		250,069	253,599
Other non-current financial liabilities		-	23,437
Deferred tax liabilities not eligible for offsetting	7.5	138,146	33,666
Other non-current liabilities	7.16	66,180	44,151
TOTAL NON-CURRENT LIABILITIES		15,717,256	15,401,759
CURRENT LIABILITIES			
Current portion of provisions for construction services required by contract	7.13	551,606	386,660
Current provisions	7.14	171,554	224,778
Provisions for employee benefits		11,728	46,615
Provisions for repair and replacement obligations		114,674	121,341
Other provisions		45,152	56,822
Trading liabilities	7.17	1,490,460	1,307,429
Contract work in progress		1,086	-
Trade payables		1,489,374	1,307,429
Current financial liabilities	7.15	666,799	2,561,332
Bank overdrafts		10,157	19,857
Short-term borrowings		161,239	6,574
Current portion of medium/long-term financial liabilities		449,588	2,533,779
Intercompany current account payables due to unconsolidated Group companies		41,436	881
<i>of which due to related parties</i>		<i>41,436</i>	<i>881</i>
Other current financial liabilities		4,379	241
Current tax liabilities	7.9	116,995	17,278
Other current liabilities	7.18	493,833	473,862
Liabilities related to discontinued operations	7.11	288	1,072,633
TOTAL CURRENT LIABILITIES		3,491,535	6,043,972
TOTAL LIABILITIES		19,208,791	21,445,731
TOTAL EQUITY AND LIABILITIES		23,169,298	25,032,632

Consolidated income statement

(€000)	Note	2011	2010
REVENUE			
Toll revenue	8.1	3,341,477	3,094,164
Revenue from construction services	8.2	965,110	745,807
Contract revenue	8.3	51,349	60,807
Other operating income	8.4	583,508	562,204
<i>of which from related parties</i>		74,480	77,676
TOTAL REVENUE		4,941,444	4,462,982
COSTS			
Raw and consumable materials	8.5	-370,354	-324,812
Purchases of materials		-379,550	-313,901
Change in inventories of raw and consumable materials and goods		9,196	-10,911
Service costs	8.6	-1,485,593	-1,417,870
Gain/(loss) on sale of property, plant and equipment		-104	-79
Personnel expense	8.7	-641,018	-631,949
Other operating costs	8.8	-610,817	-447,710
Concession fees		-465,620	-307,928
Lease expense		-18,220	-19,341
Change in provisions for repair and maintenance obligations		-37,942	-28,013
Other provisions		-18,922	-9,700
Other operating costs		-70,113	-82,728
Use of provisions for construction services required by contract	8.9	511,066	605,191
Amortisation and depreciation		-534,378	-481,035
Depreciation of property, plant and equipment	7.1	-52,623	-49,952
Amortisation of intangible assets deriving from concession rights	7.2	-457,124	-408,050
Amortisation of other intangible assets	7.2	-24,631	-23,033
(Impairment losses)/Reversals of impairment losses	8.10	-17,944	2,748
(Impairment losses)/Reversals of impairment losses on intangible assets		-13,321	13,630
(Impairment losses)/Reversals of impairment losses on other non-financial assets		-4,623	-10,882
TOTAL COSTS		-3,149,142	-2,695,516
OPERATING PROFIT		1,792,302	1,767,466

(€000)	Note	2011	2010
Financial income	8.11	175,969	188,254
Financial income		173,867	185,811
Dividends received from investee companies		2,102	2,443
Financial expenses	8.11	-862,691	-864,529
Financial expenses from discounting of provisions for construction services required by contract and other provisions		-178,796	-175,819
Other financial expenses after government grants		-683,895	-688,710
Foreign exchange gains/(losses)	8.11	426	5,378
FINANCIAL INCOME/(EXPENSES)		-686,296	-670,897
Share of (profit)/loss of associates and joint ventures accounted for using the equity method	8.12	21,442	-2,080
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		1,127,448	1,094,489
Income tax (expense)/benefit	8.13	-413,496	-395,525
Current tax expense		-374,047	-383,655
Differences on current tax expense for previous years		165,627	-3,645
Deferred tax income and expense		-205,076	-8,225
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		713,952	698,964
Profit/(loss) from discontinued operations	8.14	125,899	2,058
PROFIT FOR THE YEAR		839,851	701,022
<i>of which:</i>			
Profit attributable to owners of the parent		830,312	682,952
Profit attributable to non-controlling interests		9,539	18,070

(€)		2011	2010
Basic earnings per share	8.15	1.34	1.11
<i>of which:</i>			
continuing operations		1.14	1.10
discontinued operations		0.20	0.01
Diluted earnings per share attributable to the owners of the parent	8.15	1.34	1.11
<i>of which:</i>			
continuing operations		1.14	1.10
discontinued operations		0.20	0.01

Consolidated statement of comprehensive income

(€000)	Note	2011	2010
Profit for the year (A)		839,851	701,022
Fair value gains/(losses) on cash flow hedges		-16,967	50,003
Gains/(losses) from actuarial valuations of provisions for employee benefits		-2,221	5,540
Gains/(losses) from translation of transactions in functional currencies other than the euro		-38,359	21,258
Gains/(losses) from translation of transactions in functional currencies other than the euro concluded by investee companies accounted for using the equity method		-12,205	42,721
Other fair value gains/(losses)		-648	-97
Other comprehensive income for the year, after related taxation		-70,400	119,425
Reclassifications of components of comprehensive income in profit/(loss) for the year			
Fair value gains on cash flow hedges reclassified to profit/(loss) for the year		596	-
Total other comprehensive income for the year, after related taxation and reclassifications to profit/(loss) for the year (B)	7.12	-69,804	119,425
<i>of which: discontinued operations</i>		<i>976</i>	<i>458</i>
Comprehensive income for the year (A + B)		770,047	820,447
<i>Of which attributable to owners of the parent</i>		<i>774,247</i>	<i>800,120</i>
<i>Of which attributable to non-controlling interests</i>		<i>-4,200</i>	<i>20,327</i>

Statement of changes in consolidated equity

(€000)	Equity attributable to owners of the parent		
	Issued capital	Financial instruments fair value reserve	Reserve for translation differences on transactions in functional currencies other than the euro
Balance as at 31 December 2009	571,712	3,083	-3,283
Comprehensive income for the year	-	50,274	19,021
Owner transactions and other changes			
Final dividend approved	-	-	-
Retained earnings for previous year	-	-	-
Bonus issue	28,585	-	-
Interim dividend	-	-	-
Changes in the basis of consolidation, capital contributions and other changes	-	-	44
Balance as at 31 December 2010	600,297	53,357	15,782
Comprehensive income for the year	-	-12,333	-29,299
Owner transactions and other changes			
Final dividend approved	-	-	-
Retained earnings for previous year	-	-	-
Bonus issue	30,015	-	-
Interim dividend	-	-	-
Changes in the basis of consolidation, capital contributions, reclassifications and other changes	-	-35	23,044
Balance as at 31 December 2011	630,312	40,989	9,527

	Reserve for companies accounted for using the equity method	Equity attributable to owners of the parent			Total	Equity attributable to non-controlling interests	Total equity attributable to owners of the parent and non-controlling interests
		Other reserves and retained earnings	Treasury shares	Profit/(Loss) for the year			
	11,256	2,080,035	-215,644	363,656	2,810,815	386,395	3,197,210
	42,721	5,152	-	682,952	800,120	20,327	820,447
	-	-	-	-219,054	-219,054	-2,633	-221,687
	-	144,602	-	-144,602	-	-	-
	-	-28,585	-	-	-	-	-
	-	-	-	-208,827	-208,827	-266	-209,093
	-	293	-	-	337	-313	24
	53,977	2,201,497	-215,644	474,125	3,183,391	403,510	3,586,901
	-12,205	-2,228	-	830,312	774,247	-4,200	770,047
	-	-	-	-230,004	-230,004	-10,702	-240,706
	-	244,121	-	-244,121	-	-	-
	-	-30,015	-	-	-	-	-
	-	-	-	-219,269	-219,269	-316	-219,585
	-21,076	-336	-	-	1,597	62,253	63,850
	20,696	2,413,039	-215,644	611,043	3,509,962	450,545	3,960,507

Consolidated statement of cash flows

(€000)	Note	2011	2010
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Profit for the year		839,851	701,022
Adjusted by:			
Amortisation and depreciation	7.1–7.2	534,928	505,845
Provisions		57,516	49,188
Financial expenses from discounting of provisions for construction services required by contract and other provisions		179,119	177,000
Impairment losses/(Reversal of impairment losses) on non-current financial assets and investments accounted for at cost or fair value		8,604	–
Share of (profit)/loss of associates and joint ventures accounted for using the equity method	8.12	–21,442	2,080
Impairment losses/(Reversal of impairment losses) and adjustments of other non-current assets		80,763	–28,502
(Gain)/Loss on sale of non-current assets		–132,560	398
Net change in deferred tax (assets)/liabilities		196,507	8,895
Other non-cash costs (income)		–6,585	–12,498
Change in working capital and other changes		178,808	237,417
Net cash generated from/(used in) operating activities (A)	9.1	1,915,509	1,640,845
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Investment in motorway infrastructure	7.2	–1,524,848	–1,443,370
Government grants related to motorway infrastructure		69,629	222,027
Increase in financial assets deriving from takeover rights (related to investment in motorway infrastructure)	7.2	82,676	68,712
Purchases of property, plant and equipment	7.1	–63,617	–56,904
Purchases of intangible assets	7.2	–30,248	–24,400
Purchase of investments, net of unpaid called-up issued capital		–323,379	–6,194
Purchase of new consolidated investments, net of cash acquired		–87,978	–
Dividends received from investee companies accounted for using the equity method		2,622	10,080
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments		2,715	28,522
Proceeds from sales of consolidated investments, net of cash and cash equivalents transferred		85,525	–
Net change in other non-current assets		3,019	2,036
Net change in current and non-current financial assets not held for trading purposes		–74,752	–145,824
Net cash generated from/(used in) investing activities (B)	9.1	–1,858,636	–1,345,315
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Dividends paid		–460,280	–430,751
Net change in the currency translation reserve and other reserves		–25,220	17,414
New shareholder loans	7.15	15,311	–
Net change in issued capital and reserves attributable to non-controlling interests		–1,741	2,450
Bond issues		–	1,484,571
Increase in medium/long-term borrowings (excluding finance lease liabilities)		442,989	94,093
Increase in finance lease liabilities		–	170
Redemption of bonds	7.15	–2,000,000	–
Repayments of medium/long-term borrowings (excluding finance lease liabilities)	7.15	–218,080	–245,484
Payment of finance lease liabilities	7.15	–905	–351
Net change in other current and non-current financial liabilities		246,719	121,137
Net cash generated from/(used in) financing activities (C)	9.1	–2,001,207	1,043,249
Net effect of foreign exchange rate movements on net cash and cash equivalents (D)		–7,251	1,340
Increase/(Decrease) in cash and cash equivalents (A + B + C + D)	9.1	–1,951,585	1,340,123
Net cash and cash equivalents at beginning of year		2,519,950	1,179,827
Net cash and cash equivalents at end of year		568,365	2,519,950

Additional information on the statement of cash flows

	Note	2011	2010
Income taxes paid		116,390	383,729
Interest income and other financial income collected		63,732	130,052
Interest expense and other financial expenses paid		656,228	596,952
Dividends received	8.1	2,102	2,443
Foreign exchange gains collected		448	745
Foreign exchange losses incurred		3,699	681

Reconciliation of net cash and cash equivalents

	Note	2011	2010
Net cash and cash equivalents at beginning of year		2,519,950	1,179,827
Cash and cash equivalents	7.8	2,533,250	1,222,270
Bank overdrafts repayable on demand	7.15	-19,857	-40,990
Intercompany current account payables due to unconsolidated Group companies	7.15	-881	-1,453
Cash and cash equivalents related to discontinued operations		15,494	-
Bank overdrafts related to discontinued operations		-8,056	-
Net cash and cash equivalents at end of year		568,365	2,519,950
Cash and cash equivalents	7.8	619,900	2,533,250
Bank overdrafts repayable on demand	7.15	-10,157	-19,857
Intercompany current account payables due to unconsolidated Group companies	7.15	-41,436	-881
Cash and cash equivalents related to discontinued operations		58	15,494
Bank overdrafts related to discontinued operations		-	-8,056

Notes to the Atlantia Group's consolidated financial statements

1. Introduction

The Atlantia Group's core business is the operation of motorways under concessions granted by the relevant authorities. Under the related concession arrangements, the Group's operators are responsible for the construction, management, improvement and upkeep of motorway infrastructure in Italy and abroad. Further information on the Group's concession arrangements is provided in note 4.

The Parent, Atlantia SpA, listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA, is a pure holding company. It is responsible for developing growth and financial strategies in the infrastructure sector, but does not have a direct operational role. The Company's registered office is in Rome, at Via Nibby, 20. The Company does not have branch offices. The duration of the Company is currently until 31 December 2050.

At the date of preparation of these financial statements, the shareholder that, via Schemaventotto SpA, directly and indirectly holds a relative majority of the issued capital of Atlantia is Sintonia SA. Sintonia SA, which is in turn a subsidiary of Edizione Srl, does not exercise management and coordination of Atlantia.

The schedule of Group investments annexed to these notes also satisfies the disclosure requirements of art. 126 of CONSOB Regulation 11971/1999 relating to investments of more than 10% of the issued capital of unlisted companies.

The consolidated financial statements were approved by the Board of Directors of Atlantia at its meeting of 9 March 2012.

2. Basis of presentation

The consolidated financial statements as at and for the year ended 31 December 2011 are based on the assumption that the Parent and consolidated companies are going concerns. They have been prepared in compliance with articles 2 and 3 of Legislative Decree 38/2005 and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission, as in force at that date. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the reporting period. For the sake of simplicity, all the above standards and interpretations are hereinafter referred to as "IFRS".

Moreover, reference was made to the measures introduced by the CONSOB, in application of paragraph 3 of article 9 of Legislative Decree 38/2005.

The consolidated financial statements consist of the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and these notes, in application of IAS

1 "Presentation of financial statements" and, in general, the historic cost convention with the exception of those items that are required by IFRS to be recognised at fair value as explained in the notes to the relevant items. The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities, whilst the income statement is classified by nature of expense. The statement of cash flows has been prepared in application of the indirect method.

IFRS have been applied in accordance with the indications provided in the "Framework for the Preparation and Presentation of Financial Statements", and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis in the normal course of business. In this regard, it should be noted that no material non-recurring, irregular or unusual transactions were entered into during the year, either with third or related parties.

All amounts are shown in thousands of euros, unless otherwise stated. The euro is the Group's functional and presentation currency.

Each component of the financial statements is compared with the corresponding amount for the comparative reporting period. These comparative amounts have not been restated and/or reclassified, with respect to the 31 December 2010 financial statements, with the exception of those referred to in note 5, which describes the reclassification of Autostrada Tirrenica's contribution to the income statement in accordance with IFRS 5.

3. Accounting policies

A description follows of the more important accounting standards and policies employed by the Group for its consolidated financial statements for the year ended 31 December 2011. These standards and policies are the same as those used for the previous year's consolidated financial statements as no new standards, interpretations, or amendments to existing standards became effective in 2011 having a material effect on the Atlantia Group's consolidated financial statements.

Consolidation

Companies are consolidated according to the following criteria and procedures:

- a) use of the line-by-line method, entailing the reporting of non-controlling interests in equity and profit or loss and the recognition of all assets, liabilities, costs and revenue regardless of percentage ownership;
- b) elimination of intercompany items on capital and current account, including the reversal of unrealised profits and losses on transactions between Group companies and recognition of the consequent deferred taxation; reversal of intercompany dividends to the relevant opening equity reserves;
- c) netting of the carrying amount of investments in consolidated companies against the corresponding amount of equity with any resultant positive and/or negative differences being debited/credited to the relevant balance sheet accounts (assets, liabilities and equity) as determined on the acquisition date of each investment and adjusted for subsequent variations. Increases in non-controlling interests in existing subsidiaries are accounted for as changes in equity with the difference between the cost of such increase and the amount of the increase being recognised directly in equity;
- d) translation of the reporting packages of consolidated companies with functional currencies other than the euro applying the closing rate of exchange to assets, liabilities, including goodwill and consolidation adjustments whereas the average exchange rates were used for income statement items and changes in equity to the extent that they approximated the exchange rate on the date of the transactions. All resultant exchange differences are

recognised directly in comprehensive income and reclassified to the income statement on the disposal of the investment.

Property, plant and equipment

Property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items and financial expenses incurred during construction of the asset. Assets acquired through business combinations prior to 1 January 2004 (the IFRS transition date) are stated at previous amounts, as determined under Italian GAAP for those business combinations and representing deemed cost.

The cost of assets with finite useful lives is systematically depreciated on a straight-line basis applying rates that represent the expected useful life of the asset. Each component of an asset with a cost that is significant in relation to the total cost of the item, and that has a different useful life, is accounted for separately. Land, even if undeveloped or annexed to residential and industrial buildings, is not depreciated as it has an indefinite useful life.

Investment property, which is held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods and services, is recognised at cost measured in the same manner as property, plant and equipment. The relevant fair value of such assets, if known, has also been disclosed.

Bands of annual rates of depreciation used in 2011 are shown in the table below by asset class.

Property, plant and equipment	Rate of depreciation
Buildings	2.5%–25%
Plant and machinery	7.7%–25%
Industrial and trading machinery	6.7%–40%
Other assets	10%–40%

Assets acquired under finance leases are initially accounted for as property, plant and equipment, and the underlying liability recorded in the statement of financial position, at an amount equal to the relevant fair value or, if lower, the present value of the minimum payments due under the contract. Lease payments are apportioned between the interest element, which is charged to the income statement as incurred, and the capital element, which is deducted from the financial liability.

Property, plant and equipment is tested for impairment, as described below in the relevant note, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Property, plant and equipment is derecognised on disposal or if the facts and circumstances giving rise to the future expected benefits cease to exist. Any gains or losses (determined as the difference between disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in the income statement for the year in which the asset is sold.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and from which future economic benefits are expected to flow, and purchased goodwill. Identifiable intangible assets are those purchased assets that, unlike goodwill, can be separately distinguished. This condition is normally met when: (i) the intangible asset arises from a legal or contractual right, or (ii) the asset is separable, meaning that it may be sold, transferred, licensed or exchanged, either individually or as an integral part of other assets. The asset is controlled by the entity if the entity has the ability to obtain future economic benefits from the asset and can limit access to it by others.

Internally developed assets are recognised as assets to the extent that: (i) the cost of the asset can be measured reliably; (ii) the entity has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the entity is able to demonstrate that the asset is capable of generating future economic benefits.

Intangible assets, other than concession rights, are recognised at cost determined in the same manner as the cost of property, plant and equipment.

The cost of concession rights, on the other hand, may include one or more of the following:

- a) the fair value of construction services and/or improvements carried out on behalf of the Grantor (measured as described in the note on "Construction contracts and services in progress") less finance-related amounts being (i) the amount funded by grants, (ii) any amounts repayable by replacement operators on termination of a concession (so-called "takeover rights"), and/or (iii) any minimum toll revenue guaranteed by the Grantor. Cost, as determined in this manner, is recovered by payments received from road users. In particular:
 - 1) rights received as consideration for specific obligations to provide construction services for road widening and improvement for which the operator does not receive additional economic benefits. These rights are initially recognised at the present fair value of the construction services to be provided in the future (excluding any financial expenses that may be incurred during the concession term), less any grants, with a contra entry of an equal amount in "provisions for construction services required by contract", in addition to the impact of amortisation, the initial value of the rights changes over time as a result of periodic reassessment of the present fair value of the part of the services still to be rendered at the end of the reporting period;
 - 2) rights received as consideration for construction services rendered for which the operator receives additional economic benefits in the form of specific toll increases and/or extensions of the infrastructure expected to result in significant increases in the number of users;
 - 3) rights to infrastructure of constructed and financed by service area concession holders which will revert free of charge to the Company;
- b) rights provided by third parties, if costs have been incurred to acquire concessions from the Grantor or from third parties (the latter relating to the acquisition of companies that hold a concession).

Amortisation of intangible assets with finite useful lives begins when the asset is ready for use and is based on remaining economic benefits to be obtained in relation to their residual useful lives. Concession rights, on the other hand, are amortised over the concession term in a pattern that reflects the benefits projected to accrue to the Group. Amortisation rates are, consequently, determined taking, among other things, any significant changes in traffic volumes during the concession term into account. Amortisation is charged from the date on which economic benefits begin to accrue.

The bands of annual rates of amortisation used in 2011 are shown in the table below by asset class.

Intangible assets	Rate of amortisation
Concession rights	From the accounting period in which they begin to generate economic benefits for the Group, based on the residual concession term and/or traffic forecasts (between 2.5% and 50% for assets amortised from 2011)
Development costs	16.7%–33.3%
Industrial patents and intellectual property rights	5%–33.3%
Licences and similar rights	14.3%–33.3%

Intangible assets are tested for impairment, as described below in the note on impairments and reversals, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on the disposal of intangible assets are determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset and then recognised in profit or loss on disposal.

Goodwill

Acquisitions are accounted for using the acquisition method. For this purpose, identifiable assets and liabilities acquired through business combinations are measured at their fair value at the acquisition date. The cost of an acquisition is measured as the fair value, at the date of exchange, of the assets acquired, liabilities assumed and any equity instruments issued by the Group in exchange for control.

Goodwill is initially measured as the positive difference between acquisition cost plus the fair value at the acquisition date of any existing non-controlling interests in the acquiree plus third party non-controlling interests in the acquiree (at fair value or proportionally to the current net asset value of the acquiree) and the current value of the assets acquired and liabilities assumed.

The goodwill, as measured on the date of acquisition, is allocated to each of the cash generating units or groups of cash generating units which are expected to benefit from the synergies of the business combination.

A negative difference between the cost of the acquisition, as increased by the above components, and the Group's share in the fair value of the assets acquired and liabilities assumed is accounted for as income in the income statement for the year of acquisition.

Goodwill on acquisitions of non-controlling interests is included in the carrying amount of the relevant investments.

After initial recognition, goodwill is no longer amortised and is carried at cost less any accumulated impairment losses, determined as described in the note on impairment testing.

On acquiring control, further acquisitions of the interests of non-controlling interests, or sales of interests to non-controlling shareholders that do not result in a loss of control, are accounted for as equity transactions. This means that any differences between the change in equity attributable to non-controlling interests and the cash and cash equivalents exchanged are recognised directly as changes in equity attributable to owners of the parent.

For the purposes of the transition to IFRS and preparation of the opening financial statements (at 1 January 2004) under the IFRS adopted by the Parent, IFRS 3 - Business Combinations was not applied retrospectively to acquisitions prior to 1 January 2004. As a result, the carrying amount of goodwill on these acquisitions is that determined under Italian GAAP, which is the net carrying amount at the IFRS transition date, subject, however, to impairment testing and the recognition of any impairment losses.

Investments

Investments in unconsolidated subsidiaries and other companies, which qualify as available-for-sale financial instruments as defined by IAS 39, are initially accounted for at cost at the settlement date, in that this represents fair value, plus any directly attributable transaction costs.

After initial recognition, these investments are measured at fair value, to the extent reliably determinable, through the statement of comprehensive income and hence in a specific equity reserve. On realisation or recognition of an impairment loss, the accumulated gains and losses in that reserve are taken to the income statement.

Impairment losses, identified as described below in the note on "Impairment of assets", are reversed to other comprehensive income in the event the circumstances giving rise to the impairment cease to exist.

When fair value cannot be reliably determined, investments, classified as available-for-sale, are measured at cost less any impairment losses. In this case impairment losses may not be reversed.

Investments in associates and joint ventures are accounted for using the equity method, and the Group's share of post-acquisition profits or losses is recognised in the income statement for the accounting period to which they relate, with the exception of the effects deriving from other changes in the equity of the investee, when the Group's share is recognised directly in comprehensive income attributable to owners of the parent.

Provisions are made to cover any losses of an associate or joint venture exceeding the carrying amount of the investment, to the extent that the shareholder is required to comply with actual or constructive obligations to cover such losses.

Available-for-sale investments, or those in the process of being sold, are recognised at the lower of their carrying amount and fair value, less any costs to sell.

Construction contracts and services in progress

Construction contracts are accounted for on the basis of the contract revenue and costs that can be reliably estimated with reference to the stage of completion of the contract, in accordance with the percentage of completion method, as determined by a survey of the works carried out. Contract revenue is allocated to the individual reporting periods in proportion to the stage of contract completion. Any positive or negative difference between contract revenue and any

advance payments received is recognised in assets or liabilities, taking account of any impairment losses, in order to reflect the risks linked to the inability to recover the value of work performed on behalf of customers.

In addition to contract payments, contract revenue includes changes in contract work, price reviews and claims to the extent that they can be measured reliably.

Expected losses are fully recognised immediately regardless of the stage of contract completion.

Profit or loss on construction services provided to the Grantor relating to Group company concessions are also recognised on a percentage of completion basis. Construction and/or upgrade service revenue, representing the consideration for services provided, is measured at fair value, calculated on the basis of the total costs, which primarily consist of the costs of materials and external services, relevant employee benefits and financial expenses (the latter only in the case of construction and/or upgrade services for which the operator receives additional economic benefits) plus any arm's length profits realised on Group construction. The contraentry of construction service revenue are represented by rights deriving from concessions, which are a component of financial assets, or rights deriving from concessions under intangible assets, as explained in the relevant note.

Inventories

Inventories are measured at the lower of purchase or conversion costs and net realisable value obtained on their sale in the ordinary course of business. The cost of purchase is to be determined using the weighted average cost method.

Receivables and payables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less allowances for impairment. The amount of the allowances is based on the present value of expected future cash flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees received, and the expected costs of recovering the amounts due. Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.

Payables are initially recognised at cost, which corresponds to the fair value of the liability, less any directly attributable transaction costs. After initial recognition, payables are recognised at amortised cost, using the original effective interest method.

Trade receivables and payables, which are subject to normal commercial terms and conditions, are not discounted to present value.

Cash and cash equivalents

Cash and cash equivalents are recognised at face value. They include highly liquid demand deposits or very short-term instruments of excellent quality, which are subject to an insignificant risk of changes in value.

Derivative financial instruments

All derivative financial instruments are recognised at fair value at the end of the reporting period.

As required by IAS 39, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high and ranges between 80% and 125%.

Changes in the fair value of derivatives that are designated and qualify as asset or liability cash flow hedges are recognised in the statement of comprehensive income, net of any deferred taxation. The gain or loss relating to the ineffective portion is recognised in profit or loss.

The changes in the fair value of instruments hedging the changes in the fair value of assets and liabilities are recognised in profit or loss for the year. Analogously, the hedged assets and liabilities are restated at fair value through profit or loss.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised in profit or loss.

Other financial assets and liabilities

Financial assets that the Group companies intend and are able to hold to maturity, in accordance with IAS 39, and financial liabilities are recognised at the fair value of the purchase consideration at the settlement date, with assets being increased and liabilities being reduced by transaction costs directly attributable to the purchase of the asset or issuance of a financial liability. After initial recognition, financial assets and financial liabilities are measured at amortised cost using the original effective interest method.

Financial assets and liabilities are derecognised when, following their sale or settlement, the Group is no longer involved in their management and has transferred all risks and rewards of ownership.

Financial assets held for trading are recognised and measured at fair value through profit or loss. Other categories of financial assets classified as available-for-sale financial instruments are recognised and measured at fair value through comprehensive income and, consequently, in a specific equity reserve. The financial instruments in these categories have, to date, never been reclassified.

Fair value hierarchy of financial instruments

IFRS 7 – Financial Instruments: Disclosures, requires that financial instruments at fair value be classified with reference to a hierarchy of levels, based on the significance of the input used to determine fair value.

The standard distinguishes the following levels of financial instruments at fair value:

- a) Level 1 – prices quoted on an active market;
- b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- c) Level 3 – inputs for assets or liabilities that are not based on observable market data.

No transfers between the various levels of the fair value hierarchy have ever taken place.

The Group does not hold financial instruments classifiable in Level 3.

Provisions, including provisions for construction services required by contract

Provisions are made when: (i) the Group has a present (actual or constructive) obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the related amount can be reliably estimated.

Provisions are measured on the basis of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the discount to present value is material, provisions are determined by discounting future expected cash flows to their present value at a rate that reflects the current market view of the time value of money. Subsequent to the computation of present value, the increase in provisions over time is recognised as a financial expense.

In accordance with the contract obligations reflected in the financial plans annexed to currently valid concession arrangements, "Provisions for the repair and replacement obligations" reflect provisions made at the end of the reporting

period for the cost of future maintenance obligations designed to ensure the required functionality and safety of motorway infrastructure. These provisions are calculated on the basis of the usage and wear and tear of motorways, taking into account, if material, the time value of money.

Provisions for construction services required by contract relates to specific contractual obligations having regard to motorway expansion and upgrading for which the Group receives no economic benefit. Since the performance of such obligations is treated as part of the consideration for the concession, an amount equal to the present fair value of future construction services, excluding financial costs, is initially recognised. The contraentry is concession rights for works without additional benefits. The present value of the residual liability for future construction services is periodically reassessed and changes to the measurement of the liabilities (such as, for example, changes to the estimated cash outflows necessary to discharge the obligation, a change in the discount rate or a change in the construction period) are recognised as an increase or reduction in the corresponding intangible asset.

Employee benefits

Short-term employee benefits, provided during the period of employment, are accounted for at the accrued liability at the end of the reporting period.

Liabilities deriving from other medium/long-term employee benefits are recognised in the vesting period, less any plan assets and advance payments made. They are determined on the basis of actuarial assumptions and, if material, recognised on an accruals basis in line with the period of service necessary to obtain the benefit.

Post-employment benefits in the form of defined benefit plans are recognised at the amount accrued at the end of the reporting period.

Post-employment benefits in the form of defined benefit plans (for Italian companies, primarily post-employment benefits accrued to 31 December 2006 or, where applicable, until the date the employee joins a supplementary pension fund) are recognised in the vesting period, less any plan assets and advance payments made. Such defined benefit plans primarily regard the obligation as determined on the basis of actuarial assumptions and recognised on an accruals basis in line with the period of service necessary to obtain the benefit. The obligation is calculated by independent actuaries. Any resulting actuarial gain and loss is recognised in full in other comprehensive income in the period to which they relate, net of any deferred taxation.

Non-current assets held for sale, or assets and liabilities included in disposal groups and/or related to discontinued operations

Where the carrying amount of non-current assets held for sale or of assets and liabilities included in disposal groups and/or related to discontinued operations is to be recovered primarily through sale rather than through continued use, these items are presented separately in the statement of financial position.

Immediately prior to being classified as held for sale, the above assets and liabilities are recognised under the specific IFRS applicable to each asset and liability, and subsequently accounted for at the lower of the carrying amount and estimated fair value. Any impairment losses are recognised immediately in the income statement.

Disposal groups or discontinuing operations are recognised in profit or loss as discontinued operations provided the following conditions are met:

- a) they represent a major line of business or geographical area of operation;
- b) they are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation;
- c) they are subsidiaries acquired exclusively with a view to resale.

After tax, gains and losses thereon are recognised in as one amount in profit or loss with comparatives.

Revenue

Revenue is recognised when the fair value can be reliably measured and it is probable that the economic benefits associated with the transactions will flow to the Group. Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

- a) toll revenue is accrued with reference to traffic volumes. Due partially to the fact that the Group's network interconnects with other networks, and that it is, consequently, necessary to allocate revenue among the various operators, a portion of toll revenue, relating to the last part of the accounting period, is determined on the basis of reasonable estimates;
- b) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;
- c) the provision of services is prorated to percentage of completion of work based on the same criteria as used for construction contracts. When the amount of the revenue cannot be reliably determined, revenue is recognised only to the extent that expenses are considered to be recoverable;
- d) rental income or royalties, on an accruals basis, are based on the agreed terms and conditions of the contract;
- e) interest income (and interest expense) is accrued with reference to the amount of the financial asset or liability, in accordance with the effective interest method;
- f) dividend income is recognised when the right to receive payment is established.

Government grants

Government grants are accounted for at fair value when: (i) the related amount can be reliably determined and there is reasonable certainty that (ii) they will be received and that (iii) the conditions attaching to them will be satisfied.

Grants related to income are accounted for in the income statement for the accounting period in which they accrue, in line with the corresponding costs.

Grants received for investments in motorways are accounted for as construction service revenue, as explained in the note on "Construction contracts and services work in progress".

Grants related to assets received to fund development projects and activities are accounted for in liabilities, and are subsequently recognised as operating income, in line with depreciation of the assets to which they refer.

Any grants received to fund investments in property, plant and equipment are accounted for as a reduction in the cost of the asset to which they refer and result in a reduction in depreciation.

Income taxes

Income taxes are recognised on the basis of a realistic estimate of tax expense to be paid, in compliance with the regulations in force, as applicable to each Group company, and taking account of any applicable exemptions.

Income tax payables are reported under current tax liabilities in the statement of financial position less any advance payments of taxes. Any overpayments of IRAP are recognised as current tax assets.

Deferred tax assets and liabilities are taxes expected to be recovered or paid on temporary differences between the carrying amounts of assets and liabilities as in the Company's books, computed by applying the criteria described in note 3, and the corresponding tax bases, as follows:

- a) deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised;
- b) deferred tax liabilities are always recognised.

The Parent, Atlantia SpA has again opted to establish a tax consolidation arrangement for 2011, in which certain subsidiaries participate.

Share-based payments

The cost of services provided by employees and/or directors and remunerated in the form of share options and/or grants is based on the fair value of the rights at the grant date. Fair value is computed using actuarial assumptions and with reference to all characteristics, at the grant date, of the rights (term, any consideration, conditions of exercise, etc.) and the plan's underlying securities. The obligation is determined by independent actuaries. The cost is recognised in the income statement, with a contraentry in equity, over the vesting period, based on a best estimate of the number of options that will vest.

The cost of any services provided by employees and/or directors and remunerated through share-based payments, but settled in cash, is measured at the fair value of the liability recorded in the "Provisions for employee benefits". Fair value is remeasured at the end of the each reporting period until such time as the liability is settled, with any changes recognised in the income statement.

Impairment of assets and reversals (impairment testing)

At the end of the reporting period, the Group tests property, plant and equipment, intangible assets, financial assets and investments for impairment.

If there are indications that these assets have been impaired, the recoverable amounts of such assets are estimated in order to verify and eventually measure the amount of the impairment loss. Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives and those which are not yet available for use are tested for impairment at least annually, or more frequently, if an event has occurred or there has been a change in circumstances that could cause an impairment.

If it is not possible to estimate the recoverable amounts of assets individually, the recoverable amount of the cash-generating unit to which a particular asset belongs is estimated.

This entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash flow is discounted using a pre-tax rate that reflects current market assessments of the cost of capital which embodies the time value of money and the risks specific to the business.

Impairment losses are recognised in profit or loss in a variety of classifications depending on the nature of the impaired asset. Losses are reversed if the circumstances that resulted in the loss no longer exist, provided that the reversal does not exceed the cumulative impairment losses previously recognised, unless the impairment loss relates to goodwill and investments measured at cost, where the related fair value cannot be reliably determined.

Estimates and judgements

Preparation of financial statements in compliance with IFRS involves the use of estimates and judgements, which are reflected in the measurement of the carrying amounts of assets and liabilities and in the disclosures provided in the notes to the financial statements, including contingent assets and liabilities at the end of the reporting period. These estimates are especially important in determining amortisation and depreciation, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, and deferred tax assets and liabilities.

The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the financial statements.

Translation of foreign currency items

The reporting package of each consolidated company is prepared using the functional currency of the economy in which the company operates. Transactions in currencies other than the functional currency are recognised by application of the exchange rate at the transaction date. Assets and liabilities denominated in currencies other than the functional currency are, subsequently, remeasured by application of the exchange rate at the end of the reporting period. Any exchange differences on remeasurement are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical cost are translated using the exchange rate at the date of initial recognition.

Translation of the liabilities, assets, goodwill and consolidation adjustments shown in the reporting packages of consolidated companies with functional currencies other than the euro is carried out at the closing rate of exchange, whereas the average rate of exchange is used for income statement items to the extent that they approximate the transaction date rate. All resultant exchange differences are recognised directly in statement of comprehensive income and reclassified to the income statement on the disposal of the investment.

Earnings per share

Basic earnings per share are computed by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the accounting period.

Diluted earnings per share are computed by taking into account, for both profit attributable to owners of the parent and the above weighted average, the effects deriving from the subscription/conversion of all potential shares that may be issued as a result of the exercise of any outstanding share options.

New accounting standards and interpretations, or revisions and modifications of existing standards, that have either yet to come into effect or yet to be endorsed by the European Union

There were no new accounting standards or interpretations, or amendments and interpretations to existing standards, in 2011 that had a significant effect on the consolidated financial statements.

As required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", this section describes new accounting standards and interpretations, and revisions of existing standards and interpretations that are already applicable, but that have either yet to come into effect or yet to be endorsed by the European Union (EU), and that may in the future be applied in the Group's consolidated financial statements.

IFRS 9 – Financial Instruments

The IASB issued the first part of IFRS 9 on 12 November 2009 that only revised requirements for the classification and measurement of financial assets currently regulated by IAS 39. When completed, IFRS 9 will fully replace IAS 39. The IASB subsequently released a revised version of IFRS 9 on 28 October 2010 containing requirements for the classification and measurement of financial liabilities. Other changes were made to the published version on 16 December 2011.

IFRS 9 requires that financial assets now only be classified into two categories. There are, furthermore, two alternate methods of measurement: amortised cost and fair value.

Classifications should be made with reference to the business model for managing the financial asset and the characteristics of its contractual cash flows.

Initial recognition and subsequent measurement at amortised cost are subject to both of the following conditions:

- a) the asset is held in conjunction with a business model whose objective is to hold assets in order to collect contractual cash flows; and,

- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either one of the above two conditions is not satisfied, the financial asset is required to be initially recognised and subsequently measured at fair value.

All financial assets in the form of shares are to be measured at fair value. Unlike IAS 39, the revised standard does not admit exception to the general rule. As a result, it is not possible to measure unlisted shares, for which fair value cannot be reliably determined, at cost.

A financial asset meeting the conditions to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value through profit or loss, to the extent that this accounting treatment would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

In addition, the new standard provides that an entity may, with respect to investments in equity instruments, which consequently may not be carried and measured at amortised cost unless such instruments are shares that are not held for trading but rather for strategic reasons, make an irrevocable election on initial recognition to present changes in the fair value in the statement of comprehensive income.

The new IFRS 9, on the other hand, has confirmed the provisions of IAS 39 for financial liabilities including the relative valuation at amortised cost or fair value through profit or loss in specific circumstances.

The requirements of IAS 39 which have been changed are:

- a) the reporting of changes in fair value in connection with the credit risk of liabilities which IFRS 9 requires to be recognised only through profit or loss for certain types of financial liabilities;
- b) the elimination of the option to measure, at amortised cost, financial liabilities consisting of derivative financial instruments entailing the delivery of unlisted equity instruments. The consequence of the change is that all derivative financial instruments must now be recognised at fair value.

IFRS 9 is currently being examined by the EU in conjunction with their overall assessment of the revision and replacement of IAS 39.

IFRS 10 – Consolidated Financial Statements, IAS 27 – Separate Financial Statements and IFRS 12 – Disclosure of Interests in Other Entities

The IASB issued the new IFRS 10 on 12 May 2011 on the conclusion of the project to redefine the concept of control in order to overcome different manners of applying the concept. Whereas the old IAS 27 - Consolidated and Separate Financial Statements defined the control of an entity as the power to determine its financial and operating policies and to obtain the relevant benefits, SIC 12 - Consolidation: Special Purpose Entities interpreted the requirements of IAS 27 placing greater emphasis on risks and benefits.

The new IFRS 10, which was issued at the same time as the new IAS 27 - Separate Financial Statements, replaces certain of the provisions of the old IAS 27 and SIC 12 with a new definition of control and confirms the methods to be used for the preparation of IFRS compliant consolidated financial statements without revising the provisions of the old IAS 27.

IFRS 10 provides that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The concept of control is, consequently, based on three factors: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

Pursuant to IFRS 10, this concept of control must be applied in all of the following circumstances:

- a) when voting or similar rights give an investor power, including situations where the investor holds less than a majority of voting rights and in circumstances involving potential voting rights;

- b) when an investee is organised in such a manner that voting rights are not determinant in deciding who controls the investee, such as when any voting rights relate to administrative tasks only with more strategic activities being directed through contract;
- c) agency relationships;
- d) when the investor has control of specific activities of an investee.

Finally, disclosure requirements are contained in the new IFRS 12 Disclosure of Interests in Other Entities (issued together with the other new standards) rather than IFRS 10. IFRS 12, in fact, contains a series of disclosure requirements pertaining to investments in subsidiaries and associates as well as other joint arrangements (cf. IFRS 11 below).

The new IAS 27 - Separate Financial Statements is only applicable to the accounting treatment and disclosure requirements for investments in subsidiaries and the requirements for entities to present separate (non-consolidated) financial statements. The new standards also introduced revisions to certain parts of the old IAS 27.

Application of the new standards IFRS 10, IFRS 12 and IAS 27 is mandatory for accounting periods beginning on or after 1 January 2013. The standards are currently being revised by the EU for endorsement for use in Member States.

IFRS 11 – Joint Arrangements

The new IFRS 11 was issued on 12 May 2011 together with IFRS 10, IFRS 12 and IAS 27 on the conclusion of a revision of IAS 31 - Interests in Joint Ventures commenced in 2005 and including the new concept of control established by IFRS 10.

The new standard replaces IAS 31 and SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers.

IFRS 11 requires that a party to a joint arrangement determines the nature of the agreement in which that party is involved by evaluation of its rights and obligations arising thereunder. A joint arrangement is an arrangement by which two or more parties have joint control, which, in turn, is defined by the standard as a contractually agreed sharing of control of an arrangement. Such arrangements only exist when decisions about activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

IFRS 11 requires that joint arrangements be classified as one of two types:

- a) joint operations - joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement;
- b) joint ventures - joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, such as, for example, companies with a separate legal form.

In determining the type of arrangement in which it is involved, an entity must assess its rights and obligations arising under the arrangement taking into consideration its structure and legal form, the contractual terms and conditions agreed by the parties and, if applicable, any other facts and circumstances.

The accounting treatment required by IFRS 11 for joint operations is the prorated recognition of assets, liabilities, costs and revenue arising under the arrangement to be measured in accordance with the standards relating to such assets, liabilities, costs and revenue. The accounting treatment required by the new standard for joint ventures, on the other hand, is based on the equity method established by IAS 28 with, however, the option to adopt proportional consolidation permitted under IAS 31 having been eliminated. Since the Atlantia Group has always used the equity method to account for such investments, no effect, in this regard, of the new standard is expected.

Application of IFRS 11 is mandatory for accounting periods beginning on or after 1 January 2013 with earlier adoption permitted. The standard is currently being examined by the EU authorities for endorsement.

IFRS 13 – Fair Value Measurement

IFRS 13, issued on 12 May 2011, explains fair value measurements and the related disclosures and is applicable to all IFRS requiring or permitting fair value measurements or the presentation of information based on fair value.

Application of the new standard, which emphasises the use, where possible, of market sources, is mandatory for accounting periods beginning on or after 1 January 2013, has not yet been endorsed by the EU.

IAS 1 – Presentation of Comprehensive Income

The IASB published an amendment to IAS 1 on 16 June 2011 to clarify the manner in which comprehensive income must be presented. The amendment does not relate to the items to be included in comprehensive income but only to the presentation of comprehensive income by nature and classified into two categories: (i) those that will be reclassified to profit or loss, and (ii) those that will be reclassified to profit or loss subject to certain conditions required by IFRS.

The amendments to IAS 1 shall be effective for financial years beginning on or after 1 July 2012 (therefore, 2013 for the Atlantia Group) but have not yet been endorsed by the EU.

IAS 12 – Income Taxes

The IASB approved certain amendments to IAS 12 on 20 December 2010 having regard to the recovery of deferred taxes in connection with certain activities abrogating, among other things, SIC 21 - Income Taxes—Recovery of Revalued Non-Depreciable Assets.

The amendments, which abrogate the current general provision of IAS 12 requiring the method of the reversal of deferred taxes through use of an asset or liability rather than sale, introduce the presumption that deferred taxes relating to investment property, property plant and equipment and intangible assets carried at fair value will be fully reversed on sale of the asset unless there is unambiguous proof that such recovery has been through use.

The amendments are applicable to financial years commencing on or after 1 January 2012. The new IAS 12 has not yet, however, been endorsed by the EU.

IAS 19 – Employee Benefits

The IASB approved the amended IAS 19 on 16 June 2011 having regard to the payment of benefits to employees.

Many aspects of the standard are modified by the amendment. The most significant of the changes to IAS 19 are:

- a) immediate recognition of all actuarial gains and losses in the statement of other comprehensive income at the reporting date. As a consequence, the option to defer recognition of such gains and losses in application of the corridor method and the option to recognise them in the income statement is no longer permitted. Since the Atlantia Group's existing accounting policy is to recognise actuarial gains and losses in the statement of other comprehensive income the amendment to the standard is not expected to affect the Group's financial statements;
- b) any past service costs arising from changes to plans must be recognised in the year in which the plan was changed making it no longer possible for such costs to be deferred to future service years;
- c) any benefit entailing a service obligation subsequent to the termination of employment may not be classified as a termination benefit with the consequent reduction in the number of settlements that can be included in this category. Furthermore, an obligation to pay termination benefits may only be recognised to the extent that the entity also recognised the relative restructuring costs or when it is not possible to avoid offering termination benefits. This could result in the recognition of such benefits subsequent to the date required by the original standard.

The amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013 and earlier application is permitted. The amendment has not yet been endorsed by the EU.

IAS 28 – Investments in Associates and Joint Ventures

On 12 May 2011, the IASB issued the new standards IFRS 10, IFRS 11, IFRS 12 and IAS 27 as well as a revision to IAS 28 - Investments in Associates and Joint Ventures to take account of certain amendments introduced by the new standards.

3. Consolidated financial statements

The amended standard replaces the original IAS 28 – Investments in Associates, without, however, making substantial changes. Indeed, the amended standard did not change the concept of significant influence contained in the original IAS 28 but, in line with IFRS 11, made the equity method mandatory for the measurement of investments in joint ventures. The method of applying the equity method remains the same as in the original IAS 28.

Application of the amended IAS 28 is mandatory for accounting periods beginning on or after 1 January 2013 with earlier adoption permitted.

The standard, along with the new standards IFRS 10, IFRS 11, IFRS 12 and IAS 27, is currently being examined by the EU.

IAS 32 and IFRS 7 – Offset of Financial Assets and Financial Liabilities

Amendments to IAS 32 and IFRS 7 were issued by the IASB on 16 December 2011 having regard to the manner of presenting offsetting of financial assets and financial liabilities and the relevant disclosures.

The amendments to IAS 32 provide that the entity presenting financial statements only has a legal right of offsetting previously recognised financial assets and financial liabilities to the extent that such right:

- a) is not conditional on the occurrence or otherwise of a future event;
- b) may be exercised regardless of whether the entity preparing financial statements and other parties involved are going concerns or is in default, insolvency or bankruptcy.

The amended IAS 32 is retroactively mandatory for financial years beginning on or after 1 January 2014 (earlier adoption permitted) whereas the amended IFRS 7 is mandatory for financial years commencing on or after 1 January 2013. Neither of the two standards has been endorsed by the EU.

The effect of the future application of newly issued standards and interpretations as well as all revisions and amendments to existing standards is currently being evaluated by the Atlantia Group with the exception of the amendments to IFRS 11 and IAS 19 which, as explained above, are in line with current Group accounting policies.

4. Concessions

The Atlantia Group's core business is the construction and operation of motorways in Italy and abroad under concessions held by Group companies. Essential information is set out below having regard to concessions held by consolidated Group companies.

Very briefly put, concessions, on the one hand, establish the right for motorway operators to demand tolls from motorway users, which in certain circumstances, may be subject to a minimum guaranteed by the Grantor, revised annually through a toll formula contained in the relevant concession agreement and, on the other hand, the obligation to pay concession fees, perform work permitted under the concession and to maintain and operate motorways. Concessions are not automatically renewed on expiry but are publicly re-tendered in accordance with the laws as may be in effect from time to time. This consequently entails the handover free of charge of all assets in a good state of repair by the operator to the Grantor, unless the concession provides for a payment by a replacement operator of the residual carrying amount of assets to be handed over.

There was a reduction in the number of consolidated Italian companies holding concessions in 2011, following the sale of controlling interests in the former subsidiaries, Strada dei Parchi and Autostrada Tirrenica, as explained in detail in note 6.

The subsidiary, Port Mobility, furthermore, holds a concession granted by Civitavecchia Port Authority until 26 May 2035. Under that concession, the company is responsible for carrying out mobility studies, building, managing and maintaining roads and car parks, and for transport services within the port.

There was an increase in the number of the Group's international subsidiaries through the acquisition, in 2011, of a controlling interest in the Brazilian operator, Triangulo do Sol Auto-Estradas, as explained in detail in note 6.1.

Triangulo do Sol is the holder of a concession, expiring in 2021, for the operation of a toll motorway consisting of three sections over a total of 442 km on flat land in the northwest of the state of São Paulo.

It is an open toll motorway with manual and electronic (Semparar) tolling systems. The tolls, collected for travel across each of seven areas vary according to vehicle type and the number of axles, and are adjusted annually exactly in line with consumer price inflation.

Finally, the newly incorporated subsidiary, Ecomouv, entered into an agreement on 20 October 2011 with the French Ministry of Ecology (“MEDDTL”) for the implementation and operation of a satellite-based system for the collection of an Eco-Tax from heavy vehicles, from the second half of 2013, along approximately 15,000 km of French roads.

The agreement provides for a 21-month construction period commencing on the date the contract is signed, followed by operation of the system for 11.5 years.

In consideration of the capital expenditure required to construct the system and for the operation and maintenance of the system over the concession term, the MEDDTL will pay Ecomouv a total predetermined fee of €2.8 billion. The lump-sum fixed fee and the fixed unit price, which make up the total fee, have been established in the concession contract and guarantee that the amounts will not vary with traffic volumes. The agreement, furthermore, provides for a system of KPI bonuses and penalties up to predetermined maxima.

The following table lists the Group’s motorway operators consolidated on a line-by-line basis, indicating the related sections as at 31 December 2011, as well as the expiry dates of concessions currently in effect.

Operator	Section of motorway	Kilometres in service	Expiry
Autostrade per l’Italia	A1 Milan–Naples	803.5	
	A4 Milan–Brescia	93.5	
	A7 Genoa–Serravalle	50.0	
	A8/9 Milan–lakes	77.7	
	A8/A26 link road	24.0	
	A10 Genoa–Savona	45.5	
	A11 Florence–Pisa North	81.7	
	A12 Genoa–Sestri Levante	48.7	
	A12 Rome–Civitavecchia	65.4	
	A13 Bologna–Padua	127.3	
	A14 Bologna–Taranto	781.4	
	A16 Naples–Canosa	172.3	
	A23 Udine–Tarvisio	101.2	
	A26 Genoa–Gravellona Toce	244.9	
A27 Mestre–Belluno	82.2		
A30 Caserta–Salerno	55.3		
		2,854.6	31 December 2038
Autostrade Meridionali	A3 Naples–Salerno	51.6	31 December 2012
Tangenziale di Napoli	Naples ring road	20.2	31 December 2037
Raccordo Autostradale Valle d’Aosta	A5 Aosta–Mont Blanc	32.3	31 December 2032
Autostrada Torino–Savona	A6 Turin–Savona	130.9	31 December 2038
Società Italiana per azioni per il Traforo del Monte Bianco	Mont Blanc Tunnel	5.8	31 December 2050
Triangulo do Sol	SP 310 Rodovia Washington Luis	442.0	18 July 2021
	SP326 Rodovia Brigadeiro Faria Lima		
	SP333 Rodovia Carlos Tonani, Nemesio		
	Cadetti and Laurentino Mascari, Brazil		
Sociedad Concesionaria de Los Lagos	Rio Bueno–Puerto Montt, Chile	135.0	20 September 2023
Stalexport Autostrada Malopolska	A4 Krakow–Katowice, Poland	61.0	15 March 2027

3. Consolidated financial statements

Turning to existing concessions, the Group's Italian operators are in the process of implementing a programme of investment in major infrastructure projects worth approximately €13.6 billion. Works with a value of around €7.2 billion have already been completed and are included in the statement of financial position as at 31 December 2011. The investment programme, which forms part of operators' financial plans, essentially regards the upgrade of existing motorways.

The concessions awarded to the Group's overseas operators do not envisaged capital expenditure commitments of significant amounts.

5. Basis and scope of consolidation

In addition to the Parent, Atlantia, the scope of consolidation includes Atlantia's direct and indirect subsidiaries, which are consolidated on a line-by-line basis. The relevant information is provided in Annex I.

Companies are consolidated when Atlantia SpA exercises control as a result of its direct or indirect ownership of a majority of the voting power of the relevant entities, or because it is able to exercise dominant influence given its power to govern the entity's financial and operating policies and obtain the related benefits, regardless of its percentage interest in the entity. Certain smaller entities are not consolidated when their consolidation would be irrelevant, from a quantitative and qualitative point of view, to a true and fair representation of the Group's financial position, results of operation and cash flows, as a result of their operational insignificance (for example, dormant companies or companies whose liquidation is close to completion).

All entities over which control is exercised are consolidated from the date on which the Group gains control. Entities are deconsolidated from the date on which the Group ceases to control the entity.

For the purposes of preparing the consolidated financial statements, all consolidated companies have prepared a special "reporting package", based on the IFRS adopted by the Group.

The exchange rates used for the translation of financial statements denominated in functional currencies other than the euro, as shown below, are those published by the Bank of Italy:

Currency	2011		2010	
	31 December	Average exchange rate for year	31 December	Average exchange rate for year
Euro/US Dollar	1.294	1.392	1.336	1.326
Euro/Polish Zloty	4.458	4.121	3.975	3.995
Euro/Chilean Peso	671.997	672.540	625.275	675.346
Euro/Brazilian Real ⁽¹⁾	2.416	2.327	2.218	2.331
Euro/Indian Rupee	68.713	64.886	59.759	60.588

(1) The average exchange rate for the second half of 2011 (2.364) was used in translating the income statement items of Triangulo do Sol, which was consolidated from 1 July 2011, whereas the opening balances of assets and liabilities on first-time consolidation were translated at the rate of exchange on 1 July 2011 (2.261).

The scope of consolidation as at 31 December 2011 has changed since 31 December 2010 due to corporate actions entailing the deconsolidation of Strada dei Parchi SpA (classified as a discontinued operation in 2010), Società Autostrada Tirrenica pA and Autostrade Service - Servizi al Territorio SpA, as a result of the disposal of controlling interests in those companies. The basis of consolidation also changed as a result of the inclusion of:

- a) Triangulo do Sol Auto-Estradas SA from the second half of 2011, as described in note 6, which was previously 50% owned, following acquisition of a controlling interest (80% as at 31 December 2011);
- b) the following new companies, incorporated in 2011:
 - 1) Ecomouv Sas, a 70%-owned French-registered company that will sign the contract with France's Ministry of Ecology, Sustainable Development, Transport and Public Housing (the MEDDTL) relating to implementation and operation of a satellite-based system for collecting taxes on heavy vehicles using a part of the country's road network, as described in note 4;
 - 2) Ecomouv D&B Sas, a 75%-owned French-registered company that will be contracted by Ecomouv Sas to implement the above tax collection system;
 - 3) TSI Sas, a wholly owned French-registered company that will supply some of the goods and services to Ecomouv D&B for the implementation of the tax collection system;

- 4) Telepass France Sas, a wholly owned French-registered company that will offer motorway tolling services on a competitive basis, in addition to the tax collection systems referred to in point a) above;
- 5) Inversiones Autostrade Holding do Sur Ltda, a wholly owned Chilean-registered holding company, which in June 2011 acquired (via the purchase of newly issued shares inclusive of a share premium), 50% of Nueva Inversiones SA, as described below in note 6.

Finally the liquidation of Autostrade International of Virginia O&M Inc. was completed in 2011 and Autostrade Participations SA was merged into Autostrade dell'Atlantico Srl, both of which are wholly owned subsidiaries. Annex I shows details of the Group's investments as at 31 December 2011.

As required by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the contribution of Autostrada Tirrenica to the consolidated income statement for 2011 (up to the date of deconsolidation), and to the income statement for 2010, are accounted for in "Profit/(Loss) from discontinued operations", rather than included in each component of the consolidated income statement for continuing operations. Autostrada Tirrenica's contribution to the results for 2010 has been reclassified with respect to the income statement published in the Group's annual report for the year ended 31 December 2010.

6. Acquisitions and corporate actions in 2011

6.1 Acquisition of control of Triangulo do Sol

The Group acquired a controlling interest in Triangulo do Sol Auto-Estradas SA in the second half of 2011, in accordance with the agreement with Leão & Leão of 11 June 2010 and following clearance from the relevant authorities. The Group had, until that date, a 50% indirect interest through the wholly owned intermediate holding company, Autostrade Concessões e Participações Brasil Ltda.

Control was acquired through three separate purchases in rapid succession, each for 10% of the company's share capital, for a total of 210 million Brazilian reais (approximately €90 million).

The acquisition method pursuant to IFRS 3 was used to account for the acquisition for the purposes of these consolidated financial statements. This entailed:

- a) redetermination of the fair value of the shares already held (50% shareholding previously accounted for using the equity method) estimated to be 350 million reais (€154.8 million), thus recognising a gain of 84.8 million reais (€36.5 million) as Financial income/(expenses), net, for 2011 as explained in note 8.11;
- b) provisional estimation for these consolidated financial statements, as permitted by IFRS 3, of the fair value of the assets acquired and liabilities assumed. This entailed holding the carrying amounts of the assets and liabilities, previously recognised in the company's financial statements, constant with the fair value of the company's concession being estimated at 867 million reais (€383.1 million).

3. Consolidated financial statements

The table below shows the carrying amounts of the assets acquired and liabilities assumed (translated at the euro/Brazilian real exchange rate of 1 July 2011, consolidation date of the Brazilian company), in addition to provisional fair values identified.

(€m)	Carrying amount	Fair value adjustments and allocation of transaction costs	Provisional fair value
Net assets acquired			
Intangible assets	133.1	383.1	516.2
Non-current financial assets	0.3		0.3
Other non-current assets	7.4		7.4
Cash and cash equivalents	14.2		14.2
Other current financial assets	22.2		22.2
Trading and other current assets	12.9		12.9
Non-current financial liabilities	-54.2		-54.2
Deferred tax assets/(liabilities)	3.5	-130.3	-126.8
Other non-current liabilities	-40.5		-40.5
Current financial liabilities	-24.6		-24.6
Trading and other current liabilities	-17.6		-17.6
Total net assets acquired	56.7	252.8	309.5
Equity attributable to non-controlling interests			-61.9
Goodwill/(Gains on acquisition)			-
Carrying amount of the 50% interest previously held in the acquiree			-118.3
Gain from remeasurement of the fair value of the 50% interest previously held in the acquiree			-36.5
Cost of acquisition			92.8
Cash and cash equivalents acquired			-14.2
Net effective cash disbursements for the acquisition			78.6

6.2 Disposal of consolidated investments

Strada dei Parchi

On 30 May 2011 the Group completed the sale of its 60% stake in Strada dei Parchi to Toto Costruzioni Generali SpA, following fulfilment of the conditions precedent to which the sales agreement was subject. The shares in Strada dei Parchi, which holds the concession to operate the A24 motorway linking Rome with L'Acquila and Teramo and the A25 Torano-Pescara motorway, are being sold for a total price of approximately €89 million.

As a result, a 58% interest in Strada dei Parchi was transferred to Toto for a consideration of approximately €86 million. Under the Agreement, the remaining 2% stake in Strada dei Parchi held by Autostrade per l'Italia is subject to a call/put option exercisable at a price of €3 million. Exercise of the option and execution of the second closing are subject to the completion of certain works required by the Single Concession Arrangement.

The following table shows the assets and liabilities of Strada dei Parchi at the date of deconsolidation eliminated from the consolidated financial statements.

ASSETS (€000)		LIABILITIES (€000)	
Non-current assets		Non-current liabilities	
Property, plant and equipment	5,146	Non-current provisions	16,310
Intangible assets	953,104	Non-current financial liabilities	907,551
Investments	5	Deferred tax liabilities	12,564
Non-current financial assets	8,216	Other non-current liabilities	-
Deferred tax assets	66,373		
Other non-current assets	-		
Total non-current assets	1,032,844	Total non-current liabilities	936,425
Current assets		Current liabilities	
Trading assets	36,136	Current provisions	20,208
Cash and cash equivalents	27,743	Trading liabilities	83,051
Other current financial assets	56	Current financial liabilities	63,637
Current tax assets	3,163	Current tax liabilities	3,571
Other current assets	611	Other current liabilities	7,997
Total current assets	67,709	Total current liabilities	178,464
TOTAL ASSETS	1,100,553	TOTAL LIABILITIES	1,114,889

Autostrada Tirrenica

On satisfaction of the conditions precedent, the agreement for the sale of 69.1% of Autostrada Tirrenica, which is to build and operate the A12 Livorno-Civitavecchia motorway, became effective on 28 November 2011. The sale had been agreed with a group of investors on 13 May 2011 for total consideration of €68.0 million.

The Atlantia Group continues to have a residual 24.98% interest in Autostrada Tirrenica after the sale. The investment is recognised in these consolidated financial statements at fair value in accordance with IAS 27. The remeasurement of fair value resulted in a gain of approximately €13.9 million recognised as "Financial income/(expenses)", as explained in note 8.II.

The following table shows the assets and liabilities of Autostrada Tirrenica at the date of deconsolidation eliminated from the consolidated financial statements.

ASSETS (€000)		LIABILITIES (€000)	
Non-current assets		Non-current liabilities	
Property, plant and equipment	523	Non-current provisions	5,023
Intangible assets	176,085	Non-current financial liabilities	167,479
Investments	51	Deferred tax liabilities	659
Non-current financial assets	6,367	Other non-current liabilities	-
Deferred tax assets	1,490		
Other non-current assets	41		
Total non-current assets	184,557	Total non-current liabilities	173,161
Current assets		Current liabilities	
Trading assets	6,716	Current provisions	1,736
Cash and cash equivalents	41,869	Trading liabilities	12,784
Other current financial assets	-	Current financial liabilities	2,510
Other current assets	1,870	Current tax liabilities	1,219
Current tax assets	110	Other current liabilities	1,731
Total current assets	50,565	Total current liabilities	19,980
TOTAL ASSETS	235,122	TOTAL LIABILITIES	193,141

The effect of the sale on consolidated income has been recognised in “Profit/(Loss) from discontinued operations”, as described in detail in note 8.14, together with the Group’s share of this company’s profit/(loss) for the period to the date of the sale.

Autostrade Service-Servizi al Territorio

The 100% interest in Autostrade Service-Servizi al Territorio was also sold in 2011 without, however, having a material effect on the Group’s financial position, results of operation or cash flows.

6.3 Acquisition of a 50% interest in Vespucio Sur, Litoral Central and Operalia

On 18 April 2011 Atlantia reached an agreement with the Acciona group for the acquisition, via a Chilean special purpose company part-owned by the Group, of 50% of Sociedad Concesionaria Autopista Vespucio Sur SA (Vespucio Sur), Sociedad Concesionaria Litoral Central SA (Litoral Central) and Sociedad de Operacion y Logistica Infraestructura SA (Operalia). The Group is to pay a total of 9.27 million Unidad de Fomento for the above stakes, equal to approximately €290 million at the closing exchange rate as at 30 June 2011.

The remaining 50% of the three companies was already indirectly owned by Autopista do Pacifico SA, a subsidiary of Autostrade Sud America Srl, a company jointly controlled by the Group as at 31 December 2011 via an interest of approximately 45.77%.

Subsequently, on 1 June 2011 Atlantia, Autostrade Sud America and Autopista do Pacifico agreed that on completion of its listing on the Santiago Stock Exchange (for which admittance has already been applied for), Autopista do Pacifico SA would have total control of Vespucio Sur, Litoral Central and Operalia, with the aim of achieving operating and financial synergies among Autopista do Pacifico’s subsidiaries. To this end, the latter company established a new company, to be initially a wholly owned subsidiary, named Nueva Inversiones SA, to which it transferred the 50% interests in Vespucio Sur, Litoral Central and Operalia already indirectly owned by Autopista do Pacifico. Finally, on 30 June 2011 the Atlantia Group, acting through a newly established wholly owned subsidiary, Inversiones Autostrade Holding do Sur Ltda, acquired a fresh issue of shares (inclusive of a share premium) in Nueva Inversiones, acquiring 50% of this special purpose company, thus contributing the financial resources necessary to enable it to acquire the remaining 50% of the companies included in the above agreement with the Acciona group for the same price of 9.27 million Unidad de Fomento.

The Atlantia Group has given a binding commitment to sell, and Autopista do Pacifico has given a binding commitment to acquire, the Group's 50% stake in Nueva Inversiones, at a price equal to the costs incurred in acquiring the investment (essentially consisting of the cost of the above fresh shares inclusive of the share premium). This commitment is subject to the condition precedent that Autopista do Pacifico's shares are successfully listed on the Santiago Stock Exchange (by 31 May 2012).

Given the above, the investment in Nueva Inversiones has been accounted for in the financial statements as at and for the year ended 31 December 2011 in non-current assets held for sale, as described in note 7.II.

Furthermore, an agreement was entered into subsequent to 31 December 2011 with the other two shareholders for the acquisition of the remaining 54.2% of Autostrade Sud America, as explained in detail in note 10.6.

7. Notes to the consolidated statement of financial position

The following notes provide information on items in the consolidated statement of financial position as at 31 December 2011. Comparative amounts as at 31 December 2010 are shown in brackets.

The effect on consolidated figures of the change in the basis of consolidation resulting from the acquisitions and corporate actions described in note 6, which, in 2011, were the addition of Triangulo do Sol and the deconsolidation of Autostrada Tirrenica and Autostrade Service-Servizi al Territorio, are shown in the analyses of the relevant statement of financial position accounts.

7.I Property, plant and equipment / €230,084 thousand (€216,432 thousand)

Property, plant and equipment increased €13,652 thousand in 2011 primarily due to the net effect of new capital expenditure of €63,617 thousand which was in part offset by depreciation of €52,632 thousand.

Investment property of €1,018 thousand refers to land and buildings not used in operations and is stated at cost.

The total fair value of these assets is estimated to be €4.7 million, based on independent appraisals and information on property markets relevant to these types of investment property.

There were no significant changes during the year in the expected useful lives of these assets.

Property, plant and equipment as at 31 December 2011 is free of mortgages, liens or other secured interests of a material amount restricting use.

3. Consolidated financial statements

The following table show changes in property, plant and equipment during the year, including opening and closing balances.

(€000)	Original cost	31.12.2010 Accumulated depreciation	Carrying amount	Changes during the year		
				Additions due to purchases and capitalisations ⁽¹⁾	Cost Assets entering service	Disposals
Property, plant and equipment						
Land	8,972	–	8,972	100	–	–
Buildings	88,936	–33,983	54,953	849	574	–168
Plant and machinery	117,271	–70,653	46,618	9,142	1,690	–6,068
Industrial and business equipment	137,344	–88,733	48,611	18,500	2,560	–5,942
Other assets	176,571	–126,318	50,253	28,066	540	–4,669
Property, plant and equipment under construction and advances	5,964	–99	5,865	6,960	–5,364	–27
Total	535,058	–319,786	215,272	63,617	–	–16,874
Property, plant and equipment held under finance leases						
Plant and machinery held under finance leases	14,110	–14,102	8	–	–	–14,096
Equipment held under finance leases	212	–40	172	–	–	–
Other assets held under finance leases	97	–37	60	–	–	–7
Total	14,419	–14,179	240	–	–	–14,103
Investment property						
Land	38	–	38	–	–	–
Buildings	2,976	–2,094	882	–	–	–
Total	3,014	–2,094	920	–	–	–
TOTAL PROPERTY, PLANT AND EQUIPMENT	552,491	–336,059	216,432	63,617	–	–30,977

(1) Includes Società Autostrada Tirrenica's contribution, reclassified in the income statement in "Profit/(Loss) from discontinued operations", in accordance with IFRS 5.

Changes during the year											
Currency translation differences	Reclassifications and other adjustments	Additions ⁽¹⁾	Accumulated depreciation			Change in basis of consolidation		Original cost	31.12.2011		Carrying amount
			Disposals	Currency translation differences	Reclassifications and other adjustments	Addition Carrying amount	Disposal Carrying amount		Accumulated depreciation		
-	-	-	-	-	-	-	-	9,072	-	9,072	
-630	-281	-3,744	133	203	335	380	-	89,930	-37,326	52,604	
-660	-	-11,174	4,107	422	-	2,910	-	130,321	-83,334	46,987	
-1,898	-2,895	-18,833	5,236	1,188	2,803	3,758	-485	156,526	-103,923	52,603	
155	-75	-18,739	4,636	-103	43	360	-52	201,708	-141,293	60,415	
-15	-307	-	-	-	99	-	-	7,211	-	7,211	
-3,048	-3,558	-52,490	14,112	1,710	3,280	7,408	-537	594,768	-365,876	228,892	
-	-14	-	14,096	-	6	-	-	-	-	-	
-30	88	-43	-	9	-22	-	-	270	-96	174	
-3	-87	-	7	1	29	-	-	-	-	-	
-33	-13	-43	14,103	10	13	-	-	270	-96	174	
-	-	-	-	-	-	-	-	38	-	38	
-570	3,328	-99	-	459	-3,020	-	-	5,734	-4,754	980	
-570	3,328	-99	-	459	-3,020	-	-	5,772	-4,754	1,018	
-3,651	-243	-52,632	28,215	2,179	273	7,408	-537	600,810	-370,726	230,084	

7.2 Intangible assets / €17,238,446 thousand (€16,187,581 thousand)

Intangible assets recorded a net increase of approximately €1,050,865 thousand in 2011, due to the net effect of the following changes:

- a) a €903,996 thousand increase in concession rights for work with additional economic benefits including the value of works completed during the year by Autostrade Meridionali for which there are handover rights the carrying amount of which (€41,822 thousand) was reclassified to financial assets;
- b) a €380,281 thousand increase in concession rights with no additional economic benefits, with a corresponding increase in provisions for construction services required by contract, as a result of the revised estimate of the present value of the construction services to be provided in future;
- c) recognition of the concession rights, totalling €516,136 thousand, of the newly consolidated Triangolo do Sol. This is the provisional amount of the fair value of the concession held by the company, as explained in note 6.1;
- d) amortisation of €482,296 thousand;
- e) a €176,109 thousand decrease in net intangible assets, almost entirely due to deconsolidation of Autostrada Tirrenica;
- f) a €65,029 thousand decrease in net intangible assets as a result of translation differences caused by the depreciation of the Brazilian real and Polish zloty against the euro.

There were no changes in the expected useful lives of intangible assets during the year.

In 2011, the Group constructed motorway infrastructure totalling €1,524,848 thousand (€1,443,370 thousand in 2010). Operating and financial costs in connection with those assets were recognised in the income statement by nature in accordance with IFRIC 12, as was the fair value of construction services rendered which was determined as explained in note 3.

The following analysis shows the various components of investment in motorway infrastructure effected through construction services as reported in this year's financial statements:

(€000)	Note	2011	2010	Increase/(Decrease)
Increase in rights acquired		-	38,817	-38,817
Use of provisions for construction services required by contract for which no additional economic benefits are received	7.13-8.9	511,066	605,191	-94,125
Increase in intangible assets accruing from construction services for which additional economic benefits are received	7.2-8.2	903,996	582,167	321,829
Increase in financial assets deriving from construction services	7.4-8.2	40,854	-	40,854
Revenue from government grants for construction services for which no additional economic benefits are received	7.13-8.2	68,932	217,195	-148,263
Total Investments in motorway infrastructure		1,524,848	1,443,370	81,478

Research and development expenditure of approximately €1.6 million was recognised in the income statement for 2011. These activities are carried out in order to improve infrastructure, the services offered, safety levels and environmental protection.

The carrying amount of intangible assets as at 31 December 2011 is shown after impairments recognised in previous years:

- a) €15,884 thousand relating to concession rights acquired from Stalexport Autostrada Malopolska before deferred taxes of €3,018 thousand;
- b) €193,843 thousand relating to concession rights deriving from construction services for which additional economic benefits are received, primarily relating to Raccordo Autostradale Valle d'Aosta, before deferred taxes of €60,867 thousand.

The impairments were a result of the tests required by IAS 36, and are based on estimated future cash flows through to the end of the respective concession terms.

The carrying amount of goodwill is €4,382,977 thousand (€4,396,851 as at 31 December 2010) of €4,387,723 thousand balance on "Goodwill and other intangible assets with indefinite lives". Goodwill is not systematically amortised but is tested for impairment each year.

€4,382,941 thousand of goodwill as at 31 December 2010 relates to the acquisition of a majority interest in the former Autostrade - Concessioni e Costruzioni Autostrade SpA in 2003. The value of this goodwill has been determined under Italian GAAP and is consistent with the net carrying amount as at 1 January 2004, the IFRS transition date. It has been allocated entirely to the CGU represented by the operator, Autostrade per l'Italia.

As a result of the tests conducted in 2011, an impairment of €13,321 thousand was recognised on goodwill originally arising in 2007 from the acquisition of a controlling interest in Electronic Transaction Consultants.

The recoverability of goodwill, concession rights belonging to Group operators, and other intangible assets with indefinite lives (the ETC trademark carried at €4,714 thousand as at 31 December 2011) was tested in the manner described below for CGUs showing evidence of impairment, any other CGU to which goodwill was allocated, and other intangible assets with indefinite lives:

- a) as previously explained, each operator is a separate CGU since the cash flows generated by the motorways operated under concession arrangements are largely independent of cash flows generated by other assets. Subsidiaries that are not motorway operators are also treated as separate CGU;
- b) impairment tests for motorway concession operators are performed to confirm the recoverability of the assets of each CGU (net of any impairments recognised in previous years) by estimating value in use.

Value in use was estimated with reference to long-term plans approved by the relevant Boards of Directors derived from the business and financial plans annexed to concession arrangements signed with the Grantor which contain traffic, investment, cost and revenue projections for the full term of the concession period. The projected after tax cash flows of Italian motorway concession operators were discounted to present value at 6.13% which is their after tax weighted average cost of capital (5.60% in 2010), whereas projected cash flows of Raccordo Autostradale Valle d'Aosta and the Polish company Stalexport Autostrada Malopolska were discounted at the after tax WACC of those companies, respectively 7.29% and 9.00%. After tax cash flows and discount rates are used because the results are substantially the same as pre-tax computations;

- c) the impairment test conducted for ETC was carried out with reference to its fair value because of its difficult market environment and the reorganisation currently in progress. Fair value was determined by applying a multiple of EBITDA to the company's budget as agreed with an investment bank that was interested in taking up shares in ETC. As explained above, the test indicated that goodwill of €13,321 thousand, allocated to the CGU on acquisition of the company, should be written off, whereas there was no indication of a need to recognise an impairment loss on Othe CGU's other assets.

3. Consolidated financial statements

The following table shows intangible assets at the beginning and end of the year and changes during the year in the different categories of intangible asset.

(€000)	31.12.2010				Changes during the year					
	Cost	Accumulated impairments	Accumulated amortisation	Carrying amount	Increases due to work completed ⁽¹⁾	Additions: purchases and capitalisations	Additions: free of charge	Additions/Reductions due to update of concession plans	Disposals	Currency translation differences
Intangible assets deriving from concession rights										
Intangible assets - Acquired concession rights	277,669	-17,814	-58,059	201,796	-	-	-	-	-	-47,533
Intangible assets - Concession rights deriving from construction services for which no additional economic benefits are received	11,401,139	-	-2,143,804	9,257,335	-	-	-	380,281	-	-20,678
Intangible assets - Concession rights deriving from construction services for which additional economic benefits are received	3,182,334	-196,200	-769,268	2,216,866	903,996	-	-	-	-	-21,376
Intangible assets - Concession rights deriving from construction services provided by sub-operators	88,249	-	-12,265	75,984	-	-	36	-	-	-
Total	14,949,391	-214,014	-2,983,396	11,751,981	903,996	-	36	380,281	-	-89,587
Goodwill and other intangible assets with indefinite lives										
Goodwill	4,396,914	-63	-	4,396,851	-	-	-	-	-	456
Trademarks	4,594	-	-	4,594	-	-	-	-	-	147
Total	4,401,508	-63	-	4,401,445	-	-	-	-	-	603
Other intangible assets										
Development costs	125,510	-	-111,256	14,254	-	12,306	-	-	-	16
Industrial patents and intellectual property rights	49,852	-1,281	-41,660	6,911	-	10,144	-	-	-197	255
Concessions and licences	5,345	-	-3,435	1,910	-	84	-	-	-182	-33
Other	4,386	-	-1,089	3,297	-	5	-	-	-	111
Intangible assets under development and advances	9,064	-1,281	-	7,783	-	7,709	-	-	-	689
Total	194,157	-2,562	-157,440	34,155	-	30,248	-	-	-379	1,038
TOTAL INTANGIBLE ASSETS	19,545,056	-216,639	-3,140,836	16,187,581	903,996	30,248	36	380,281	-379	-87,946

(1) Includes Autostrada Tirrenica's contribution, reclassified in the income statement in "Profit/(Loss) from discontinued operations", in accordance with IFRS 5.

Cost	Changes during the year							Change in basis of consolidation		31.12.2011			Carrying amount	
	Reclassifications and other adjustments	Additions	Impairments Currency translation differences	Reclassifications and other adjustments	Additions ⁽¹⁾	Disposals	Accumulated amortisation Currency translation differences	Reclassifications and other adjustments	Addition Carrying amount	Disposal Carrying amount	Cost	Accumulated impairments		Accumulated amortisation
-	-	1,930	-	-23,709	-	7,005	-241	396,077	-	-	646,152	-15,884	-94,943	535,325
-594	-	-	-	-331,939	-	4,315	-	-	-	-	11,760,148	-	-2,471,428	9,288,720
-42,584	-	-	-	-99,310	-	10,948	234	120,059	-175,757	-	4,087,251	-194,748	-979,427	2,913,076
-	-	-	-	-2,707	-	-	1	-	-328	-	87,928	-	-14,942	72,986
-43,178	-	1,930	-	-457,665	-	22,268	-6	516,136	-176,085	-	16,581,479	-210,632	-3,560,740	12,810,107
-	-13,321	-1,009	-	-	-	-	-	-	-	-	4,397,370	-14,393	-	4,382,977
-	-	-	-	-	-	-	-	5	-	-	4,746	-	-	4,746
-	-13,321	-1,009	-	-	-	-	-	5	-	-	4,402,116	-14,393	-	4,387,723
1,903	-	-	-	-17,161	-	-210	-5	-	-	-	139,735	-	-128,632	11,103
-3,687	-	-	1,277	-6,761	197	-29	3,038	106	-24	-	57,318	-4	-46,084	11,230
-527	-2	-	-	-274	182	13	311	-	-	-	4,687	-2	-3,203	1,482
344	-	-	-	-435	-	-46	-218	-	-	-	4,846	-	-1,788	3,058
-3,719	-	-	1,281	-	-	-	-	-	-	-	13,743	-	-	13,743
-5,686	-2	-	2,558	-24,631	379	-272	3,126	106	-24	-	220,329	-6	-179,707	40,616
-48,864	-13,323	921	2,558	-482,296	379	21,996	3,120	516,247	-176,109	-	21,203,924	-225,031	-3,740,447	17,238,446

7.3 Investments / €318,746 thousand (€431,547 thousand)

There was a net reduction of €112,801 thousand during the year, as a result of the following:

- derecognition of the investment in Triangolo do Sol after its line-by-line consolidation as of 1 July 2011, following the acquisition of a controlling interest in the company, as explained in note 6. The Group previously held a 50% interest in the company as at 31 December 2010, which was accounted for using the equity method; the carrying amount was €116,534 thousand at that time;
- a €59,000 impairment loss on the investment in Alitalia - Compagnia Aerea Italiana, as explained in detail below;
- recognition of the fair value of the 24.98% interest in Autostrada Tirrenica, amounting to €24,483 thousand and remaining after the sale of the controlling interest, and a €7,608 thousand increase in the carrying amount of the investment in Autostrade Sud America based on measurement using the equity method (resulting in a gain of €18,869 thousand in the income statement and a loss of €11,261 thousand in the statement of other comprehensive income);
- injection of an additional €15,000 thousand of equity into IGLI, €9,600 thousand into Tangenziali Esterne di Milano and €7,780 thousand into the Indian operator, Pune-Solapur.

As explained in note 6 in connection with the business combination that resulted in obtaining a controlling interest in Triangolo do Sol and its consequent consolidation from 1 July 2011, an investment of €90,264 thousand (acquisition of an additional 30% of the company's share capital) and a gain of €36,463 thousand, included in financial income as explained in note 8.II, on the revaluation at fair value of the existing 50% interest were recognised in 2011.

An impairment loss of €59,000 thousand was recognised on the investment in Alitalia - Compagnia Aerea Italiana as a result of ongoing losses at the company, based on the Group's share of the company's equity, given that there was insufficient information on which to base a reliable measurement of fair value.

(€000)	Changes during the year				
	31.12.2010 Opening balance	Capital contributions (redemptions) and (disposals)	Reversal of impairment losses (Impairments)		
			Reversals of impairments (Impairments) of investments accounted for at cost or fair value through profit or loss	Through comprehensive income	Through the income statement
Investments accounted for at cost or fair value	104,450	621	-59,000	-	-
Investments accounted for using the equity method	327,097	32,705	-	-12,205	21,442
Total	431,547	33,326	-59,000	-12,205	21,442

The process of accounting for investments using the equity method was based on the latest available approved financial statements of associates and joint ventures, supplemented by certain estimates, based on available information, if the financial statements as at and for the year ended 31 December 2011 were not available and, where necessary, adjusted to be consistent with Group accounting policies.

With specific reference to the investment in IGLI SpA, measurement of the related value was based on the statement of financial position and income statement of the Impregilo group as at and for the three months ended 30 September 2011, given that the consolidated financial statements as at and for the year ended 31 December 2011 were not available. Furthermore, due to evidence of further impairment, the impairment tests were revised by estimating fair value using stock market prices of the investment since estimates of value in use were not reliable. The outcome was an additional impairment loss of €1,448 thousand reflected in the income statement for the year of €851 thousand and the statement of comprehensive income for €597 thousand.

With regard to developments in 2011 in relation to the civil and criminal litigation involving Impregilo, previously described in Atlantia's consolidated financial statements for past years, on 12 May 2011 Impregilo announced that the Naples Court of Review had turned down a further attempt on appeal by the Naples District Attorney to seize assets from an Impregilo company with a value of €245 million. An earlier attempt was turned down by the Court at first instance.

Reporting on the above litigation in the Impregilo group's interim report for the three months ended 30 September 2011, the directors announced that the group continues to report both the impairment losses recognised in previous years and provisions made at that date in response to the ongoing legal proceedings.

The table on the next page shows carrying amounts at the beginning and end of the period, grouped by category, and changes in investments during the year.

	Changes during the year					31.12.2011 Closing balance
	Through equity	Business combinations		Translation and other differences	Additions to and eliminations from the basis of consolidation	
		Acquisition of controlling interests	Acquisition at fair value through business combination			
	-	-	-	-10	-50	46,011
	991	90,264	50,396	-5,097	-232,858	272,735
	991	90,264	50,396	-5,107	-232,908	318,746

3. Consolidated financial statements

The following table shows an analysis of the Group's principal investments, including the Group's percentage interest and the relevant carrying amount, net of unpaid, called-up issued capital, and the original cost, accumulated impairment losses and reversals.

(€000)	31.12.2011				31.12.2010			
	% interest	Original cost	Reversal of impairment losses (Impairments)	Closing balance	% interest	Original cost	Reversal of impairment losses (Impairments)	Closing balance
Investments accounted for at cost or fair value								
Alitalia – Compagnia Aerea Italiana SpA	8.85%	100,000	-59,000	41,000	8.85%	100,000	-	100,000
Firenze Parcheggi SpA	5.36%	2,582	-	2,582	5.36%	2,582	-	2,582
Tangenziale Esterna SpA	1.25%	1,250	-	1,250	1.25%	625	-	625
Uirnet SpA	1.62%	426	-	426	1.62%	426	-	426
Emittente Titoli SpA	6.02%	277	-	277	6.02%	277	-	277
Veneto Strade SpA	5.00%	259	-	259	5.00%	259	-	259
Sundry minor investments		7,606	-7,389	217		8,378	-8,097	281
				46,011				104,450
Investments accounted for using the equity method								
Autostrade Sud America Srl	45.77%	89,350	81,295	170,645	45.77%	89,350	73,687	163,037
IGLI SpA	33.33%	110,957	-84,326	26,631	33.33%	95,957	-82,878	13,079
Società Autostrada Tirrenica	24.98%	6,411	18,072	24,483	-	-	-	-
Tangenziali Esterne di Milano SpA ⁽¹⁾	27.43%	20,057	-291	19,766	32.00%	10,457	1,168	9,509
Pune Solapur Expressways Private Limited	50.00%	16,385	1,879	18,264	50.00%	8,605	556	9,161
Società Infrastrutture Toscane SpA	46.60%	6,990	-892	6,098	46.60%	6,613	-268	6,345
Bologna & Fiera Parking SpA	32.50%	5,363	-1,978	3,385	32.50%	5,038	-707	4,444
Arcea Lazio SpA	34.00%	1,430	374	1,804	34.00%	420	1,499	1,919
GEIE del Traforo Del Monte Bianco	50.00%	1,000	-	1,000	50.00%	1,000	-	1,000
Triangulo do Sol Auto-Estradas SA	80.00%	-	-	-	50.00%	101,638	14,896	116,534
Sundry minor investments		1,044	-385	659	-	4,111	-2,042	2,069
Total				272,735				327,097
Total				318,746				431,547

(1) On 20 December 2010 in their extraordinary General Meeting, the shareholders of Tangenziali Esterne di Milano SpA approved a rights issue, with the newly issued shares to be offered to existing shareholders in proportion to their existing interests. Autostrade per l'Italia's percentage interest has become diluted since 2010, as the company only took up some of its rights, whilst other shareholders took up all of theirs. As subsequently approved in the company's shareholders Meeting, it is possible that the unexercised rights will be taken up by new investors by 30 March 2012, thus resulting in a further dilution of Autostrade per l'Italia's investment.

Annex I contains a list of all the Group's investments as at 31 December 2011.

7.4 Other financial assets

(non-current) / €1,200,274 thousand (€935,422 thousand)

(current) / €221,909 thousand (€435,819 thousand)

The following analysis shows the composition of other financial assets at the beginning and end of the year, together with the current and non-current portions.

(€000)	Note	31.12.2011			31.12.2010		
		Total financial assets	Current portion	Non-current portion	Total financial assets	Current portion	Non-current portion
Financial assets deriving from concession rights	(1)	459,674	7,340	452,334	382,572	8,853	373,719
Financial assets deriving from government grants related to construction services	(1)	289,680	51,023	238,657	390,974	189,436	201,538
Convertible term deposits	(2)	366,914	76,580	290,334	466,877	180,947	285,930
Loans to associates	(1)	110,000	–	110,000	–	–	–
Derivative assets	(3)	49,022	21,344	27,678	62,073	21,864	40,209
Other loans and receivables	(1)	41,721	11,200	30,521	6,207	27	6,180
Loans and receivables due from ANAS	(1)	15,638	–	15,638	10,008	–	10,008
Staff loans	(1)	10,694	134	10,560	10,306	97	10,209
Non-current prepayments	(1)	24,658	106	24,552	7,629	–	7,629
Other medium/long-term financial assets		251,733	32,784	218,949	96,223	21,988	74,235
Loans and receivables due from ANAS	(1)	34,791	34,791	–	–	–	–
Other loans and receivables	(1)	17,732	17,732	–	27,203	27,203	–
Other financial assets	(1)	1,659	1,659	–	7,392	7,392	–
Other current financial assets		54,182	54,182	–	34,595	34,595	–
Total		1,422,183	221,909	1,200,274	1,371,241	435,819	935,422

(1) These assets have been classified as "loans and receivables" under IAS 39.

(2) These assets have been classified as "available-for-sale" financial instruments and in level 2 of the fair value hierarchy.

(3) These derivative financial instruments have been classified as hedges under level 2 of the fair value hierarchy.

Financial assets deriving from concession rights regard:

- takeover rights of €346,209 thousand as at 31 December 2011 of the subsidiary Autostrade Meridionali payable by a replacement operator on takeover of the concession on its expiry;
- the present value of the guaranteed minimum payment to be made by the Grantor under the concession arrangement signed by the Chilean subsidiary, Sociedad Concesionaria de Los Lagos (€72,611 thousand as at 31 December 2011);
- Ecomouv's investments in financial assets deriving from concession rights of €40,854 thousand as at 31 December 2011, in connection with the construction of a satellite-based tolling system for heavy vehicles in France.

The change during the year of €77,102 thousand was primarily in connection with investments in motorways by Autostrade Meridionali and the commencement of the Eco-Tax project in France.

Financial assets deriving from government grants to finance infrastructure works, include receivables relating to amounts payable by grantors or public entities and decreased €101,294 thousand. This is due to receipts during the year, which were partially offset by grants for completed works.

Convertible term deposits primarily relate to loans disbursed by Intesa Sanpaolo and Crediop as a condition precedent for the grants financing the new constructions required by Laws 662/1996, 345/1997 and 135/1997. These deposits decreased by €99,963 thousand, essentially due to amounts collected during the year.

3. Consolidated financial statements

Other medium/long-term financial assets increased by €155,510 thousand, essentially as a result of the following:

- a) a medium/long-term loan with a face value of €110,000 thousand granted to Autostrada Tirrenica (an associate as at 31 December 2011) by Autostrade per l'Italia and repayable in June 2013;
- b) recognition of a medium/long-term loan to Toto Costruzioni Generali in connection with the Group's disposal of a 58% interest in Strada dei Parchi (€26,559 thousand);
- c) an increase in non-current prepayments primarily in connection with structuring fees for loans which have been arranged for Ecomouv (€17,029 thousand) in relation to the Eco-Tax project, but not yet drawn;
- d) a €13,051 thousand decrease in derivative assets essentially as a result of a decrease in the positive fair value of the foreign exchange hedge for a 20,000 million yen bond issue in consequence of a movement in the yield curve used to value outstanding contracts as at 31 December 2011. The decrease was partially offset by an appreciation of the yen against the euro which was also recognised as an increase in hedged liabilities. Further details of derivatives subscribed to by the Group for hedging purposes at the end of the reporting period are contained in note 9.3 "Financial risk management".

Other financial assets primarily relate to loans to ANAS (€34,791 thousand) in line with the progressive release of grants in accordance with the above mentioned law and to investments of liquidity by the Stalexport Autostrady Group (€12,194 thousand), in connection with assets under the management of a first ranking financial institution.

There are no indications of impairment of any financial assets recognised in the financial statements.

7.5 Deferred tax assets and liabilities

Deferred tax assets net of deferred tax liabilities eligible

for offsetting / €1,891,394 thousand (€2,101,817 thousand)

Deferred tax liabilities not eligible for offsetting / €138,146 thousand (€33,666 thousand)

The following tables show the amount of deferred tax assets and liabilities both eligible and ineligible for offsetting, in addition to changes in the deferred taxes in 2011 with respect to temporary timing differences between consolidated carrying amounts and the corresponding tax bases.

(€000)	31.12.2011	31.12.2010
Deferred tax assets	1,996,607	2,206,874
Deferred tax liabilities eligible for offsetting	-105,213	-105,057
Deferred tax assets less deferred tax liabilities eligible for offsetting	1,891,394	2,101,817
Deferred tax liabilities not eligible for offsetting	138,146	33,666

As shown in the analysis below, the balance as at 31 December 2011 primarily consisted of deferred taxes relating to Autostrade per l'Italia with reference to the alignment of the wholly amount calculated as a result of applying IFRIC 12. The balance also reflects the effect of the full tax recognition, during the 2011, of the financial statements as explained in note 7.9.

The balance on the account also includes deferred tax assets in connection with the reversal of intercompany gains that arose in 2003, following the contribution of the portfolio of motorways to Autostrade per l'Italia, in addition to deferred tax assets relating to disallowed provisions predominantly having regard to repair and replacement obligations. The balance includes deferred tax liabilities relating to the fair value measurement of assets and liabilities in connection with business combinations, mainly concerning the consolidation of Triangolo do Sol.

(€000)	31.12.2010	Changes during the year							31.12.2011
		Reclassifications	Provisions ⁽¹⁾	Releases ⁽¹⁾	Deferred tax assets/liabilities on gains and losses recognised in equity	Changes in prior year estimates	Translation and other differences	Change in scope of consolidation	
Deferred tax assets on:									
Deductible intercompany goodwill	1,093,725	-	-	-105,800	-	-	-	-	987,925
Effects deriving from application of IFRIC 12 by Autostrade per l'Italia	686,140	-	5,107	-24,409	-	-86,668	-	-	580,170
Provisions	237,997	-24,346	108,542	-35,228	-	-75,963	-1,217	-951	208,834
Impairment losses on and depreciation/amortisation of non-current assets	87,177	-32,906	792	-2,890	-	-1,297	-1,229	14,121	63,768
Measurement of cash flow hedges	34,633	-	-	-	5,872	-	-39	-	40,466
Other temporary differences	67,204	59,191	23,427	-19,683	68	873	-6,543	-9,093	115,444
Deferred tax assets	2,206,876	1,939	137,868	-188,010	5,940	-163,055	-9,028	4,077	1,996,607
Deferred tax liabilities on:									
Differences between carrying amounts and fair values of assets and liabilities acquired through business combinations	-18,468	6,880	-	4,865	-	-	9,668	-130,265	-127,320
Gain on recognition of financial assets	-40,538	101	-	6,014	-	-	2,816	-	-31,607
Measurement of cash flow hedges	-9,702	-	-	-	-3,419	-	-	-	-13,121
Accelerated depreciation	-45,174	29,229	-26	522	-	-	2,078	-	-13,371
Other temporary differences	-24,841	-38,149	-9,259	6,024	250	-110	9,581	-1,436	-57,940
Deferred tax liabilities	-138,723	-1,939	-9,285	17,425	-3,169	-110	24,143	-131,701	-243,359
Total	2,068,153	-	128,583	-170,585	2,771	-163,165	15,115	-127,624	1,753,248

(1) Includes Autostrada Tirrenica's contribution, reclassified in the income statement in "Profit/(Loss) from discontinued operations", in accordance with IFRS 5.

The most important changes during the year were:

- a decrease in deferred tax assets due to a change in estimated prior period tax charges, primarily by Autostrade per l'Italia (€164,304 thousand in total), in connection with the recognition of the assessment during 2011 to taxes of Autostrade per l'Italia financial statement in application of IFRIC 12;
- deferred taxation of €130,265 thousand on the provisional allocation of gains arising on the acquisition of the controlling interest in Triangolo do Sol;
- the release of deferred tax assets relating to the deductible portion of goodwill recognised by Autostrade per l'Italia on the above contribution of 2003, amounting to €105,800 thousand;
- net provisions for deferred tax assets on the non-deductible portion of provisions, primarily referring to provisions for the repair and replacement of assets operated under concession, totalling €108,542 thousand, the increase in which was a consequence of the application of Law III of 15 July 2011, as explained in note 7.9.

7.6 Other non-current assets / €2,412 thousand (€5,472 thousand)

This item essentially consists of amounts due from the tax authorities, representing withholding tax paid on provisions for post-employment benefits and which are down as a result of amounts recovered on the benefits paid during the year.

7.7 Trading assets / €1,018,167 thousand (€973,176 thousand)

Trading assets include inventories (€57,607 thousand), which in turn are made up of stocks and spare parts used in the maintenance or assembly of plant, contract work in progress (€37,865 thousand) and trade receivables. The following tables show the composition of trade receivables at the end of the year, and the related aging schedule.

(€000)	Amounts due from customers	Other trade receivables	31.12.2011 Prepayments for construction services	Other trading assets	Total	Amounts due from customers	Other trade receivables	31.12.2010 Prepayments for construction services	Other trading assets	Total
Direct debit road users and similar: outstanding bills	433,860					402,894				
Receivable from sundry customers and retentions	143,579					175,320				
Service area operators	138,841					147,064				
Road users for unpaid tolls	46,914					48,657				
Gross trade receivables	763,194	183,062	26,774	32,152	1,005,182	773,935	150,239	42,707	13,289	980,170
Allowance for impairment	72,333	10,154	-	-	82,487	76,269	12,379	-	-	88,648
Net trade receivables	690,861	172,908	26,774	32,152	922,695	697,666	137,860	42,707	13,289	891,522

(€000)	Total receivables at 31.12.2011	Total not yet due and payable	More than 90 days overdue	Between 90 and 365 days overdue	More than one year overdue
Due from customers and other trade receivables	946,256	769,767	29,735	29,175	117,579

Receivables due from customers, after the allowance for impairment, are in line with the figure as at and for 31 December 2010, whilst there was an increase in other trade receivables of €35,048 thousand, primarily at the subsidiaries, Pavimental and Autostrade Tech.

Overdue receivables regard uncollected and unpaid tolls, in addition to royalties due from service area operators and sales of other goods and services, such as authorisations to cross motorways, the sale of services and proprietary assets and the lease of property. The relevant allowance is adequate and has been determined with reference to experience gained with specific customers and historical data regarding losses on receivables, taking guarantee deposits and other collateral given by customers into account. Changes during the year in the allowance for impairment debts are shown below:

(€000)	31.12.2010	Additions	Uses	Reclassifications and other changes	31.12.2011
Allowance for impairment	88,648	6,897	11,830	-1,228	82,487

The carrying amount of trade receivables approximates to fair value.

Advance payments for investment in motorway infrastructure are down €15,933 thousand due to progress in carrying out the works for which the advances were paid.

Sundry trading assets are up €18,863 thousand, primarily due to high advance payments to suppliers principally as a result of the commencement of work on the Eco-Tax system.

7.8 Cash and cash equivalents / €619,900 thousand (€2,533,250 thousand)

Cash and cash equivalents include cash and investments with terms to maturity of no more than 120 days. The balance has decreased €1,913,350 thousand since 31 December 2010 mainly as a result of a bond redemption (€2,000 thousand), the repayment of medium/long-term loans (€218,985 thousand) and dividend payments (€460,280 thousand). These were partially offset by cash drawn under new loan facilities during the year and cash flows from operating activities, less cash required for capital expenditure.

7.9 Current tax assets and liabilities

Current tax assets / €28,581 thousand (€29,715 thousand)

Current tax liabilities / €116,995 thousand (€17,278 thousand)

The balances of current tax assets and liabilities at the end of 2011 include the impact on taxation of the Ministerial Decree of 8 June 2011 (promulgated in accordance with article 2, paragraph 28 of Law 10/2011), and of the response, received on 9 June 2011, to the request for a ruling submitted to the Italian tax authorities by Autostrade per l'Italia in 2010.

Both have clarified the tax treatment of the new amounts accounted for in the financial statements as at and for the year ended 31 December 2009, confirming the deductibility of the various components of the financial statements specifically recognised in application of IFRIC 12. Law Decree 98 of 6 July 2011, containing urgent measures to promote financial stability (converted into law, with amendments, by Law III of 15 July 2011), has, among other things, modified the deductible percentage of "provisions for maintenance, repair and replacement obligations", which has been reduced from 5% to 1% of the historical cost of assets to be handed over, with immediate effect from the 2011 tax year.

The resultant tax credit relating to prior years, and deriving from confirmation of the fully tax-deductible nature of the new categories, classifications and timing differences resulting from adoption of IFRIC 12, was offset against the current tax liability for 2011.

Current tax assets and liabilities at the beginning and end of the period are detailed below.

(€000)	Assets		Liabilities	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
IRES	11,951	12,054	106,162	9,408
IRAP	4,225	6,074	1,217	3,989
Other income taxes	12,405	11,587	9,616	3,881
Total	28,581	29,715	116,995	17,278

The increase in the net current tax liability as at 31 December 2011 was primarily due to the fact that, as a result of the taxes actually paid on income in 2010, which reflected the tax effects of the amounts recognised by Autostrade per l'Italia in accordance with IFRIC 12, prepayments of tax in 2011 were significantly reduced.

The above changes in tax legislation will have a deferred effect on taxes, as explained in note 7.5.

The Parent Company, Atlantia SpA, has again operated a tax consolidation arrangement for 2011, in which certain subsidiaries participate.

7.10 Other current assets / €89,335 thousand (€74,667 thousand)

This item consists of receivables and other current assets that are not eligible for classification as trading or financial. The composition of this item is shown below.

(€000)	31.12.2011	31.12.2010
Receivables due from end users and insurance companies as compensation for damages	35,320	30,817
Tax credits other than for income tax	28,750	21,026
Receivable from public entities	4,557	4,623
Other current assets	52,347	49,502
	120,974	105,968
Allowance for impairment	-31,639	-31,301
Total	89,335	74,667

The balance increased primarily as a result of higher VAT credits, brought about by the commencement of the Eco-Tax project.

7.11 Non-current assets held for sale and related to discontinued operations / €310,050 thousand (€1,107,734 thousand) Liabilities related to discontinued operations / €288 thousand (€1,072,633 thousand)

As at 31 December 2011 these assets primarily include:

- a) the 50% interest in Nueva Inversiones, amounting to €290,241 thousand. The company was incorporated in 2011, as explained in note 6.3 above;
- b) a non-controlling interest in Lusoponte, amounting to €13,185 thousand, in addition to loans and receivables payable by Lusoponte of €1,643 thousand. An impairment loss of €26,667 thousand was recognised in 2011. This was recognised after the fair value measurement of the investment, taking account of the macroeconomic and financial situation in Portugal and deterioration in a number of the operator's performance indicators;
- c) an investment in Pedemontana Veneta (€1,516 thousand) as a result of its disposal which started in 2011 and the 2% investment in Strada dei Parchi (€3,125 thousand), for which, in accordance with the related contract, the counterparty holds a call/put option.

As a result of the disposal of Strada dei Parchi (see note 6.2), its assets of €1,066,239 thousand and liabilities of €1,072,633 thousand as at 31 December 2010 were deconsolidated.

7.12 Equity / €3,960,507 thousand (€3,586,901 thousand)

Atlantia's issued capital is fully subscribed and paid-in and consists of 630,311,992 ordinary shares with a par value of €1 each, amounting to €630,311,992.

At their Extraordinary General Meeting, Atlantia's shareholders on 20 April 2011 approved a bonus issue with a value of €30,014,857 through capitalisation of the same amount from extraordinary reserves. Following execution of the resolution on 6 June 2011, 1 new share was issued to shareholders for every 20 held. This resulted in an increase in treasury shares of 602,522, with the total number of treasury shares held rising from 12,050,446 to 12,652,968. These shares were carried at €215,644 thousand.

Equity attributable to owners of the parent, totalling €3,509,962 thousand, has increased by €326,571 thousand compared with 31 December 2010. The principal changes during the year regard:

- a) comprehensive income for the year (€774,247 thousand), reflecting profit for the year (€830,312 thousand) and the recognition of other comprehensive income (totally negative for €56,065 thousand), primarily due to the change in the cash flow hedge reserve (€12,333 thousand), a translation loss on financial statements denominated in functional currencies other than the euro (€29,299 thousand) and the losses resulting from the measurement of associates and joint ventures using the equity method (€12,205 thousand);
- b) payment of the final dividend for 2010 (€230,004 thousand or €0.391 per share) and the interim dividend for 2011 (€219,269 thousand or €0.355 per share).

Equity attributable to non-controlling interests of €450,545 thousand has increased by €47,035 thousand compared with 31 December 2010 (€403,510 thousand). This essentially reflects consolidation of Triangulo do Sol, which had an impact on non-controlling interests (€61,882 thousand), partially offset by the comprehensive expense for the year attributable to non-controlling interests (€4,200 thousand), and dividends approved (€10,702 thousand).

Atlantia manages its capital with a view to creating value for shareholders, ensuring the Group can function as a going concern, safeguarding the interests of stakeholders, and providing efficient access to external sources of financing

to adequately support the growth of the Group's businesses and fulfil the commitments given in the concession arrangements.

Other comprehensive income

The section "Consolidated financial statements" includes the "Statement of comprehensive income", which includes other comprehensive income, after the related taxation.

The following table shows the gross amounts of these other components and the related taxation.

(€000)	2011			2010		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Fair value gains/(losses) on cash flow hedges	-19,799	2,832	-16,967	72,306	-22,303	50,003
Gains/(losses) from actuarial valuations of provisions for employee benefits	-2,538	317	-2,221	5,922	-382	5,540
Gains/(losses) from translation of transactions in functional currencies other than the euro	-38,359	-	-38,359	21,258	-	21,258
Gains/(losses) from translation of transactions in functional currencies other than the euro concluded by investee companies accounted for using the equity method	-12,205	-	-12,205	42,721	-	42,721
Other fair value gains/(losses)	-648	-	-648	-97	-	-97
Other comprehensive income for the year	-73,549	3,149	-70,400	142,110	-22,685	119,425
Reclassifications of components of comprehensive income to profit/(loss)						
Fair value gains on cash flow hedges reclassified to profit/(loss) for the year	822	-226	596	-	-	-
Total other comprehensive income for the year, after related taxation and reclassifications to profit/(loss) for the year	-72,727	2,923	-69,804	142,110	-22,685	119,425

Disclosures regarding share-based payments

Since 2009 the Group has put in place a number of share incentive plans, designed to incentivise and foster the loyalty of directors and/or employees of the Atlantia Group who hold key positions and responsibilities within the Company and Group companies, and linked to the achievement of pre-established corporate objectives. The plans aim to promote and disseminate a value creation culture in all strategic and operational decision-making processes, drive the Group's growth and boost management efficiency.

At their Annual General Meeting held on 20 April 2011, the shareholders voted to implement three new incentive plans previously approved by Atlantia's Board of Directors on 11 March 2011. These are in addition to the existing share option plan approved by the shareholders at their Annual General Meeting shareholders held on 23 April 2009.

3. Consolidated financial statements

The following table shows the main aspects of existing incentive plans as at 31 December 2011, including the options and units awarded to directors and employees of the Group and changes during 2011. The table also shows the fair value of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and the following parameters. The amounts have been adjusted for the amendments to the plans originally approved by the shareholders and required to ensure plan benefits remained substantially unchanged despite the dilution caused by the bonus issues approved by shareholders on 14 April 2010 and 20 April 2011, as described below.

	Number of options/units awarded	Expiration of vesting period	Expiration exercise/ conversion period	Exercise price (€) (**)	Fair value of each option or unit at grant date (€)	Expected expiration at grant date (years)	Risk-free interest rate used	Expected volatility (based on historic)	Expected dividends at grant date
2009 SHARE OPTION PLAN									
Options outstanding at 1 January 2011									
- 8 May 2009 award	534,614	23 April 2013	30 April 2014	11.76	1.66	5.0	2.52%	26.5%	3.44%
- 16 July 2009 award	174,987	23 April 2013	30 April 2014	12.70	1.32	4.8	2.41%	25.8%	3.09%
- 15 July 2010 award	140,399	23 April 2013	30 April 2014	14.36	1.42	3.8	1.62%	26.7%	3.67%
	850,000								
Options awarded in 2011									
- 13 May 2011 award	26,729	23 April 2013	30 April 2014	11.76	(*)	(*)	(*)	(*)	(*)
	8,749	23 April 2013	30 April 2014	12.70	(*)	(*)	(*)	(*)	(*)
	76,476	23 April 2013	30 April 2014	14.36	1.60	3.0	2.45%	26.3%	4.09%
- 14 October 2011 award	28,069	23 April 2013	30 April 2014	11.76	(*)	(*)	(*)	(*)	(*)
	9,187	23 April 2013	30 April 2014	12.70	(*)	(*)	(*)	(*)	(*)
	10,844	23 April 2013	30 April 2014	14.36	(*)	(*)	(*)	(*)	(*)
Options outstanding at 31 December 2011	1,010,054								
2011 SHARE OPTION PLAN									
Options awarded in 2011									
- 13 May 2011 award	279,860	13 May 2014	13 May 2017	15.52	3.48	6.0	2.60%	25.2%	4.09%
- 14 October 2011 award	13,991	13 May 2014	13 May 2017	15.52	(*)	(*)	(*)	(*)	(*)
Options outstanding at 31 December 2011	293,851								
2011 SHARE GRANT PLAN									
Units granted in 2011									
- 13 May 2011 grant	192,376	13 May 2014	13 May 2015 and 13 May 2016	n.a.	12.90	4.0-5.0	2.45%	26.3%	4.09%
- 14 October 2011 grant	9,618	13 May 2014	13 May 2015 and 13 May 2016	n.a.	(*)	(*)	(*)	(*)	(*)
Units outstanding at 31 December 2011	201,994								
2011 MBO SHARE GRANT PLAN									
Units granted in 2011									
- 13 May 2011 grant (**)	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Units outstanding at 31 December 2011	n.a.								

(*) Options awarded as a result of Atlantia's bonus issues and which, therefore, do not represent the award of new benefits.

(**) In view of the nature of the specific incentive plan, it is not at the moment possible to quantify the number of units granted or the related deadlines, n/a: not applicable

The main features of the plans are given below incorporating the modifications introduced in 2011. Detailed information on the plans is contained in an Information Memorandum published on the Group's website at www.atlantia.it and prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as subsequently amended.

In general, the options and units awarded under any of the existing plans may not form part of inter vivos transfers by beneficiaries, and may not be subject to restrictions or be part of any disposition for any reason. The options and units cease to be exercisable or convertible on the unilateral termination of employment or in the event of dismissal for cause of the beneficiary prior to expiration of the vesting period.

2009 Share Option Plan

The 2008 Share Option Plan, approved by the shareholders at their Annual General Meeting of 23 April 2009, envisages the grant of options to buy up to 850,000 of the Company's ordinary shares, each of which gives the right to purchase 1 of Atlantia's ordinary shares held in treasury, at that date at a price equal to the normal value of the shares at the date on which Atlantia's Board of Directors selects the beneficiary and establishes the number of options to be granted.

At their Annual General Meeting of 20 April 2011, the shareholders approved the alterations to the Plan proposed by the Board of Directors at their meeting of 11 March 2011, designed to ensure that there is no change in the substantial and financial terms of the Plan, given the dilution caused by the bonus issue approved by the shareholders at their Annual General Meeting of 14 April 2010 and carried out on 7 June 2010. In addition, the shareholders voted to amend the Plan terms and conditions in order to grant the Board of Directors full authority, independently and without the need for further approval by a general meeting of the Company's shareholders, to make the changes necessary, in the event of any further extraordinary corporate actions by the Company, to ensure that the conditions of the Plan remain unchanged, provided that the Directors follow accepted market practices for similar transactions. Finally, the shareholders voted to authorise the Board of Directors to grant 76,476 Plan options to the Company's Chairman, Fabio Cerchiai, subject to the same conditions applied to the options granted by the Board of Directors on 15 July 2010.

At the Board of Directors' meeting held on 13 May 2011, the Directors voted to exercise in full the authority granted to them by the shareholders and, on 14 October 2011, pursuant to and for the purposes of the Plan terms and conditions, approved the further alterations to the Plan made necessary following the bonus issue approved by the shareholders at their Annual General Meeting of 20 April 2011 and carried out on 9 June 2011. As a result of these alterations, the options effectively awarded correspond to a maximum of 1,010,054 ordinary shares.

In execution of the rights granted, beneficiaries can purchase Atlantia shares at their exercise price. The options will vest only if, at the end of the vesting period, the final value (the market value of each share, by convention calculated on the basis of the average official price of Atlantia's ordinary shares at the end of each trading day in the period from 23 January 2013 to 23 April 2013, plus any dividends paid from the grant date to the end of the vesting period) is equal to or greater than €13.606. Should the final value be less than €13.606, beneficiaries will definitively lose their right to exercise the options granted, unless otherwise decided by the Board of Directors. Should the final value be equal to or greater than €13.606, the number of vested options will be equal to a percentage of the options granted, based on the final value, as shown in the following table.

Final value (€)	Percentage of options granted that have vested
13.606	20%
14.512	27%
15.419	35%
16.327	42%
17.233	49%
18.141	56%
19.048	64%
19.954	71%
20.862	78%
21.769	85%
22.676	93%
23.583	100%

Over 23.583

A percentage calculated on the basis of the following formula:

$$\frac{[(23.583 - \text{Exercise Price}) / (\text{Final Value} - \text{Exercise Price})] \times 100}{1}$$

The terms and conditions of the SOP expressly state that any capital gains realised as a result of the exercise of vested options may under no circumstances exceed twice (three in the case of the Chairman, the previous Chairman and the Chief Executive Officer) the beneficiary's gross annual fixed salary as at 1 January 2009.

2011 Share Option Plan

As approved by the shareholders at their Annual General Meeting of 20 April 2011, the Plan entails the award of up to 1,300,000 options free of charge in three annual award cycles (2011, 2012 and 2013). Each option will grant beneficiaries the right to purchase 1 of the Atlantia SpA's ordinary shares held in treasury, with settlement involving either physical delivery or, at the beneficiary's option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA, after deduction of the full exercise price. The exercise price is equivalent to the average of the official prices of Atlantia's ordinary shares in the month prior to the date on which Atlantia's Board of Directors announces the beneficiary and the number of options to be awarded.

The options granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date of award of the options to beneficiaries by the Board of Directors), the Company's cumulative FFO (total operating cash flow of the Group for each of the three financial years preceding expiration of the vesting period, adjusted for a number of specific items) is higher than a pre-established target, unless otherwise decided by the Board of Directors, which has the authority to assign beneficiaries further targets. Vested options may be exercised, in part, from the first day following expiration of the vesting period and, in part, from the end of the first year following expiration of the vesting period and, in any event, in the three years following expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to maintain a minimum holding). The number of exercisable options will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and the exercise price, plus any dividends paid, so as to cap the realisable gain.

On 13 May 2011 Atlantia's Board of Directors, within the scope of the first annual award cycle (2011), approved the award of 279,860 options to certain of the Group's directors and employees. These options vest between 14 May 2011 and 13 May 2014 and are exercisable in the period between 14 May 2014 and 13 May 2017 at an exercise price per share of €16.2914.

Subsequently, on 14 October 2011, the Board of Directors of Atlantia, in execution of the authority conferred on them by the shareholders, pursuant to and for the purposes of the Plan terms and conditions, made the alterations required to ensure that there is no change in the substantial and financial terms of the Plan, given the dilution caused by the bonus issue approved by the shareholders at their Annual General Meeting of 20 April 2011. The changes were essentially: (i) adjustment of the exercise price of the options awarded at the Board of Directors' meeting of 13 May 2011 to €15.516, and (ii) the award of one new option for every twenty already awarded at the adjusted exercise price in point (i).

2011 Share Grant Plan

The Plan approved by the shareholders at their Annual General Meeting of 20 April 2011 entails the grant of up to 700,000 units free of charge in three annual award cycles (2011, 2012 and 2013). Each unit will grant beneficiaries the right to receive 1 of the Atlantia SpA's ordinary shares held in treasury, with settlement involving either physical delivery or, at the beneficiary's option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA.

The units granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date the units are granted to beneficiaries by the Board of Directors), the Company's cumulative FFO (total operating cash flow of the Group for each of the three financial years preceding expiration of the vesting period, adjusted for a number of specific items) is higher than a pre-established target, unless otherwise decided by the Board of Directors. Vested units may be converted into shares, in part, after one year from the date of expiration of the vesting period and, in part, after two years from the date of expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to maintain a minimum holding). The number of convertible units will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares so as to cap the realisable gain.

Certain shares resulting from conversion of the units are subject to a lock-up until expiration of the terms set out in the Plan terms and conditions, unless authorised in writing by the Board of Directors.

On 13 May 2011 Atlantia's Board of Directors, within the scope of the first annual award cycle (2011), approved the grant of 192,376 units to certain of the Group's directors and employees. These units vest between 14 May 2011 and 13 May 2014 and are convertible, in accordance with the above terms and conditions, on 13 May 2015 and 13 May 2016.

Subsequently, on 14 October 2011, the Board of Directors of Atlantia, in execution of the authority conferred on them by the shareholders, pursuant to and for the purposes of the Plan terms and conditions, made the alterations required to ensure that there is no change in the substantial and financial terms of the Plan, given the dilution caused by the bonus issue approved by the shareholders at their Annual General Meeting of 20 April 2011. The changes were essentially: (i) adjustment of the initial value of the shares awarded at the Board of Directors' meeting of 13 May 2011 to €15.516, and (ii) the award of one new option for every twenty already awarded at the adjusted value in point (i).

2011 MBO Share Grant Plan

As approved by the shareholders at their Annual General Meeting of 20 April 2011, the 2011 MBO Share Grant Plan, serving as part payment of the annual bonus for the achievement of objectives assigned to each beneficiary under the Management by Objectives (MBO) plan adopted by the Group, entails the grant of up to 300,000 units free of charge annually for three years (2012, 2013 and 2014). Each unit will grant beneficiaries the right to receive 1 of the Atlantia S.p.A.'s ordinary shares held in treasury.

The units granted (the number of which is based on the unit price of the Company's shares at the time achievement of the assigned objectives is confirmed, and on the size of the bonus effectively awarded) will vest in accordance with the Plan terms and conditions, on achievement of the objectives assigned annually to each beneficiary, and on expiration of the vesting period (three years from the date of payment of the annual bonus to beneficiaries, following confirmation that the objectives assigned have been achieved). Vested units will be converted into shares on expiration of the vesting period, on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares, plus any dividends paid, so as to cap the realisable gain.

On 13 May 2011 the Company's Board of Directors selected the directors and employees of the Group to which the benefits deriving from the Plan are to be assigned. However, given the above need to confirm achievement of the objectives assigned to each beneficiary prior to any grant, it is not at the moment possible to quantify the number of units to be granted as a result of the above resolution, or the fair value of each of the benefits. As, however, certain of these benefits have already vested since the grant date, the fair value of options awarded was estimated for the purposes of these financial statements in order to accrue the amounts relating to this year.

The weighted average price of Atlantia's ordinary shares in 2011 (adjusted to take account of Atlantia's bonus issue with effect from 6 June 2011) was €13.51 per share, with the figure for the period 13 May-31 December 2011 amounting to €12.42 per share. As at 13 May 2011 (the date the new options and units were awarded, as described above) the value of Atlantia's ordinary shares was €15.62 per share, whilst as at 31 December 2011 the value was €12.37 per share.

As a result of implementation of the above plans, as at 31 December 2011 the Group has recognised, in accordance with the requirements of IFRS 2, an increase in equity reserves of €1,352 thousand, based on the accrued fair value of the options and units awarded at that date, with a contra entry in the income statement in personnel expense.

7.13 Provisions for construction services required by contract

(non-current) / €4,134,960 thousand (€4,315,051 thousand)

(current) / €551,606 thousand (€386,660 thousand)

The following table shows provisions for construction services required by contract at the beginning and end of the year and changes during the year, showing the non-current and current portions.

3. Consolidated financial statements

These provisions represent the present value of motorway infrastructure construction and/or upgrade services that certain of the Group's operators, particularly Autostrade per l'Italia, are required to provide and for which no additional economic benefits are received, in terms of specific toll increases and/or significant increases in traffic.

The €15,145 thousand decrease of the combined current and non-current portions of the provisions was essentially due to the releases during the year for investments completed in 2011 for which no additional benefits were received (€511,066 thousand, net of grants), and the decrease relating to translation differences (€15,639 thousand). These changes were partially offset by an increase due to the revision of the present value of future construction services (€380,281 thousand), with a corresponding increase in concession rights, and an increase in financial provisions (€131,279 thousand), recognised in 2011 as the contraentry to the income statement charge resulting from the change in present value.

(€000)	31.12.2010			Changes during the year					31.12.2011		
	Balance	Non-current	Current	Financial provisions	Additions/Reductions due to update of concession plans	Reductions for completed works	Reversal for grants accrued on completed works	Currency translation differences	Balance	Non-current	Current
Provisions for construction services required by contract											
Provisions construction services required by contract-Upgrade of Florence-Bologna section	2,079,828	1,757,220	322,608	46,595	266,064	-404,869	68,932	-	2,056,550	1,671,436	385,114
Provisions construction services required by contract-Third and fourth lanes	21,175	19,804	1,371	379	16	-565	-	-	21,005	19,409	1,596
Provisions construction services required by contract-Other construction services	2,600,708	2,538,027	62,681	84,305	114,201	-174,564	-	-15,639	2,609,011	2,444,115	164,896
	4,701,711	4,315,051	386,660	131,279	380,281	-579,998	68,932	-15,639	4,686,566	4,134,960	551,606

7.14 Provisions

(non-current) / €1,030,769 thousand (€941,982 thousand)

(current) / €171,554 thousand (€224,778 thousand)

The following table shows provisions at the beginning and end of the year and changes in 2011, showing the non-current and current portions.

Provisions for employee benefits

(non-current) / €130,978 thousand (€130,604 thousand)

(current) / €11,728 thousand (€46,615 thousand)

As at 31 December 2011 this item essentially consists of provisions for post-employment benefits.

The €34,513 thousand decrease was almost entirely due to a reduction in the provision for long-term incentive plans for personnel, as a result of the release of €30,822 thousand at the end of the three-year Group management incentive plan for the period 2008-2010 and the payment of incentives in the first half of 2011.

Combined current and non-current portions of the provisions for post-employment benefits are down €2,231 thousand, essentially due to the use of provisions to pay benefits and advances, totalling €10,603 thousand, partially offset by operating and financial provisions, totalling €7,618 thousand.

The principal actuarial assumptions applied in estimating provisions for post-employment benefits as at 31 December 2011 are shown below:

financial assumptions:

- annual discount rate	4.25%
- annual inflation rate	2.0%
- annual rate of increase in post-employment benefits	3.00%
- annual rate of increase in real salaries	0.65%
- annual turnover rate	2.0%-5.0%
- annual rate of advances paid	2.0%-3.5%

demographic assumptions:

- mortality	Government General Accounting Office projections
- disability	INPS tables by age and sex
- retirement age	Mandatory state pension retirement age

Provisions for repair and replacement obligations

(non-current) / €867,850 thousand (€790,281 thousand)

(current) / €114,674 thousand (€121,341 thousand)

This item regards the present value of provisions for the repair and replacement of assets operated under concession, in accordance with commitments given by the Group's operators in their arrangements with the related grantors.

The provisions increased €70,902 thousand being the difference between provisioning of €482,048 thousand and releases of €403,654 thousand during the year for repairs and replacements.

Other provisions

(non-current) / €31,941 thousand (€21,097 thousand)

(current) / €45,152 thousand (€56,822 thousand)

These provisions essentially regard liabilities expected to be incurred in connection with pending litigation and disputes, including those with maintenance contractors regarding contract reserves.

The total is in line with 31 December 2010, as provisions were almost fully offset by uses during the year.

Group companies are party to a number of disputes with the tax authorities. The related amounts are not significant.

3. Consolidated financial statements

(€000)	31.12.2010			Changes during the year		
	Balance	Non-current	Current	Operating provisions ⁽¹⁾	Financial provisions ⁽¹⁾	Actuarial gains/(losses) deferred to equity
Provisions for employee benefits						
Post-employment benefits	143,766	128,005	15,761	1,136	6,482	2,538
Other employee benefits	33,205	2,382	30,823	220	–	–
Pensions and similar obligations	248	217	31	–60	–	–
	177,219	130,604	46,615	1,296	6,482	2,538
Provisions for repair and replacement obligations						
	911,622	790,281	121,341	440,690	41,358	–
Other provisions						
Provisions for impairments exceeding carrying amounts of investments	3,567	–	3,567	11	–	–
Provisions for disputes, liabilities and sundry charges	74,352	21,097	53,255	18,922	–	–
	77,919	21,097	56,822	18,933	–	–
TOTAL PROVISIONS	1,166,760	941,982	224,778	460,919	47,840	2,538

(1) Includes Autostrada Tirrenica's contribution, reclassified in the income statement in "Profit/(Loss) from discontinued operations", in accordance with IFRS 5.

	Reductions due to post-employment benefits paid and advances	Reductions due to reversal of exercise provisions	Changes during the year				Currency translation differences	Elimination from basis of consolidation	31.12.2011	
			Operating uses ⁽⁴⁾	Financial uses	Reclassifications and other changes	Balance			Non-current	Current
	-10,603	-	-	-	-1,019	-8	-757	141,535	130,350	11,185
	-	-1,482	-30,822	-	-	-111	-	1,010	486	524
	-	-	-	-	-5	-22	-	161	142	19
	-10,603	-1,482	-30,822		-1,024	-141	-757	142,706	130,978	11,728
	-	-	-403,403	-251	-2	-1,488	-6,002	982,524	867,850	114,674
	-	-	-15	-	-	-	-	3,563	-	3,563
	-	-382	-22,100	-	2,864	-126	-	73,530	31,941	41,589
	-	-382	-22,115	-	2,864	-126	-	77,093	31,941	45,152
	-10,603	-1,864	-456,340	-251	1,838	-1,755	-6,759	1,202,323	1,030,769	171,554

3. Consolidated financial statements

7.15 Financial liabilities

(non-current) / €10,347,201 thousand (€10,066,909 thousand)

(current) / €666,799 thousand (€2,561,332 thousand)

The following two tables provide an analysis of financial liabilities:

- the first compares carrying amounts as at 31 December 2011 and 31 December 2010 by term to maturity (current and non-current portions); and
- the second compares the aggregate carrying amount (current and non-current portions) of medium/long-term financial liabilities with relevant par and fair values summarising the principal terms and conditions of each financial liability.

The fair value of bond issues was measured on the basis of closing market prices, whilst the fair value of other financial liabilities was measured by discounting expected future cash flows using the year-end yield curve.

(€000)	31.12.2010		
	Total	Current portion	Non-current portion
MEDIUM/LONG-TERM FINANCIAL LIABILITIES			
Bond issues			
Bond 2004-2011	1,996,056	1,996,056	–
Bond 2004-2014	2,706,363	–	2,706,363
Bond 2004-2022 (Gbp)	568,940	–	568,940
Bond 2004-2024	973,244	–	973,244
Bond 2009-2016	1,549,877	–	1,549,877
Bond 2009-2038 (Jpy)	183,444	–	183,444
Bond 2010-2017	990,510	–	990,510
Bond 2010-2025	494,222	–	494,222
Bond issues	9,462,656	1,996,056	7,466,600
Medium/long-term borrowings			
Term Loan Facility	709,580	76,830	632,750
EIB	950,631	50,176	900,455
Cassa Depositi e Prestiti	143,912	–	143,912
Other banks	233,080	12,299	220,781
Total borrowings linked to grants	381,202	40,634	340,568
Bank borrowings	2,418,405	179,939	2,238,466
ANAS	32,611	32,611	–
Central Guarantee Fund	56,479	19,953	36,526
Other borrowings	52,101	3,820	48,281
Other borrowings	141,191	56,384	84,807
Medium/long-term borrowings	2,559,596	236,323	2,323,273
Derivative liabilities	279,593	25,994	253,599
Other financial liabilities	47,676	24,239	23,437
Accrued expenses on medium/long-term financial liabilities	251,167	251,167	–
MEDIUM/LONG-TERM FINANCIAL LIABILITIES	12,600,688	2,533,779	10,066,909
SHORT-TERM FINANCIAL LIABILITIES			
Bank overdrafts	19,857	19,857	–
Short-term borrowings	6,574	6,574	–
Intercompany current account payables due to unconsolidated Group companies	881	881	–
Other current financial liabilities	241	241	–
SHORT-TERM FINANCIAL LIABILITIES	27,553	27,553	–
FINANCIAL LIABILITIES	12,628,241	2,561,332	10,066,909

Total	31.12.2011		Term to maturity	
	Current portion	Non-current portion	13 to 60 months	after 60 months
-	-	-	-	-
2,718,247	-	2,718,247	2,718,247	-
587,526	-	587,526	-	587,526
974,575	-	974,575	-	974,575
1,541,479	-	1,541,479	1,541,479	-
198,979	-	198,979	-	198,979
991,787	-	991,787	-	991,787
494,508	-	494,508	-	494,508
7,507,101	-	7,507,101	4,259,726	3,247,375
632,731	77,185	555,546	555,546	-
900,455	31,109	869,346	196,501	672,845
493,612	-	493,612	67,568	426,044
361,814	44,144	317,670	146,000	171,670
340,562	42,679	297,883	248,564	49,319
2,729,174	195,117	2,534,057	1,214,179	1,319,878
-	-	-	-	-
-	-	-	-	-
58,986	3,012	55,974	651	55,323
58,986	3,012	55,974	651	55,323
2,788,160	198,129	2,590,031	1,214,830	1,375,201
252,065	1,996	250,069	30,669	219,400
20	20	-	-	-
249,443	249,443	-	-	-
10,796,789	449,588	10,347,201	5,505,225	4,841,976
10,157	10,157	-	-	-
161,239	161,239	-	-	-
41,436	41,436	-	-	-
4,379	4,379	-	-	-
217,211	217,211	-	-	-
11,014,000	666,799	10,347,201	5,505,225	4,841,976

3. Consolidated financial statements

(€000)	Par value 31.12.2010 ⁽⁴⁾	Carrying amount 31.12.2010 ⁽⁴⁾	Fair value 31.12.2010
Bond issues			
Bond 2004-2011	2,000,000	1,996,056	1,998,800
Bond 2004-2014	2,750,000	2,706,363	2,883,100
Bond 2004-2022 (Gbp)	750,000	568,940	615,801
Bond 2004-2024	1,000,000	973,244	1,106,700
Bond 2009-2016	1,500,000	1,549,877	1,609,650
Bond 2009-2038 (Jpy)	149,176	183,444	238,185
Bond 2010-2017	1,000,000	990,510	946,330
Bond 2010-2025	500,000	494,222	458,580
Bond issues	9,649,176	9,462,656	9,857,146
Medium/long-term borrowings			
Term Loan Facility	720,000	709,580	727,591
EIB	950,631	950,631	1,054,627
Cassa Depositi e Prestiti	150,000	143,912	170,979
Other banks	238,404	233,080	233,080
Total borrowings linked to grants	381,202	381,202	381,202
Bank borrowings	2,440,237	2,418,405	2,567,479
Other borrowings			
ANAS	32,611	32,611	32,611
Central Guarantee Fund	104,155	56,479	56,479
Other borrowings	52,101	52,101	52,101
Other borrowings	188,867	141,191	141,191
Medium/long-term borrowings	2,629,104	2,559,596	2,708,670
Derivative liabilities		279,593	279,593
Other financial liabilities		47,676	
Accrued expenses on medium/long-term financial liabilities		251,167	
TOTAL MEDIUM/LONG-TERM FINANCIAL LIABILITIES		12,600,688	

(1) The value of medium/long-term financial liabilities shown in the table includes both the non-current and current portions.

(2) As at 31 December 2011 interest rate and foreign exchange hedges with a notional amount of €2,092 million were in place that are classified as cash flow hedges in accordance with IAS 39.

(3) The par value is calculated on the basis of the exchange rate fixed at the time of execution of the hedges, which are Cross Currency Swaps.

(4) These financial instruments are classified as financial liabilities measured at amortised cost in accordance with IAS 39.

(5) Loans repayable and with final maturities ranging between 2021 and 2033.

(6) Loans repayable and with final maturities ranging between 2014 and 2021.

(7) Loans repayable directly to ANAS and with final maturities between 2016 and 2017.

(8) The change in the Group's exposure to ANAS is linked to the progressive release of the grants provided for by Laws 662/96, 135/97 and 345/97; as at 31 December 2011 the Group reports a receivable of €50,429 thousand, as described in note 7.4.

(9) Loans from the Central Guarantee Fund amount to zero as at 31 December 2011, following reclassification of the loan to Autostrada Tirrenica with a par value of €36,852 thousand to liabilities on deconsolidation and repayment by Tangenziale di Napoli of borrowings of €19,627 thousand.

(10) These financial instruments are classified as hedging derivatives and in level 2 of the fair value hierarchy.

	Par value 31.12.2011 ⁽⁴⁾	Carrying amount 31.12.2011 ⁽⁴⁾	Fair value 31.12.2011	Reference interest rate	Effective interest rate	Note	Spread	Maturity
	–	–	–					
	2,750,000	2,718,247	2,799,280	5.00%	5.52%			09.06.2014
	750,000	587,526	1,046,320	5.99%	6.47%	(2)(3)		09.06.2022
	1,000,000	974,575	1,550,160	5.88%	6.17%			09.06.2024
	1,500,000	1,541,479	594,712	5.63%	4.90%			06.05.2016
	149,176	198,979	260,943	5.30%	5.48%	(2)(3)		10.12.2038
	1,000,000	991,787	934,402	3.38%	3.54%			18.09.2017
	500,000	494,508	433,872	4.38%	4.48%			16.09.2025
	7,649,176	7,507,101	7,619,689			(4)		
	640,000	632,731	645,526	6-month Euribor	2.49%	(2)	0.33%	30.06.2015
	900,455	900,455	1,069,555			(5)		
	500,000	493,612	571,446	6-month Euribor	3.04%		1.24%	19.12.2034
	368,214	361,814	361,814			(2)(6)		
	340,562	340,562	340,562	Non-interest bearing		(7)		
	2,749,231	2,729,174	2,988,903			(4)		
	–	–	–	Non-interest bearing		(8)		
	–	–	–	Non-interest bearing		(9)		
	58,986	58,986	58,986					
	58,986	58,986	58,986					
	2,808,217	2,788,160	3,047,889					
		252,065	252,065			(10)		
		20						
		249,443						
		10,796,789						

3. Consolidated financial statements

The following table shows the par value of medium/long-term financial liabilities by currency as at 31 December 2011 and 31 December 2010, not including accrued borrowing costs at those dates, and changes during 2011.

(€000)	Par value as at 31.12.2010	Par value as at 31.12.2011
Euro	11,088,601	9,146,491
Gbp	750,000	750,000
Jpy	149,176	149,176
Pln	140,944	112,127
Cip	147,758	226,040
Brl	–	73,064
Usd	1,801	495
Total	12,278,280	10,457,393

(€000)	Par value as at 31.12.2010	New borrowings	Repayments	Currency translation differences	Decrease in liability to ANAS ⁽¹⁾	Other changes	Change in scope of consolidation		Par value as at 31.12.2011
							Addition	Elimination	
Bond issues	9,649,176	–	-2,000,000	–	–	–	–	–	7,649,176
Bank borrowings	2,440,237	445,896	-170,098	-16,631	-40,640	5,277	85,190	–	2,749,231
Other borrowings	188,867	15,311	-48,887	-3,195	-32,611	-536	–	-59,963	58,986
Total	12,278,280	461,207	-2,218,985	-19,826	-73,251	4,741	85,190	-59,963	10,457,393

(1) The decrease in the amount owing to ANAS is primarily due to the receipt of grants from ANAS in accordance with Laws 662/1996, 345/1997 and 135/1997, with the decrease partially offset by the repayment of loans linked to grants by the Grantor in accordance with the above legislation.

The Group uses derivative financial instruments to hedge the risks associated with certain financial liabilities, including interest rate swaps (IRS) and Cross Currency Swaps (CCS), which are classified as cash flow hedges pursuant to IAS 39. The market value of the above hedging instruments as at 31 December 2011 is recognised in “Derivative liabilities” and “Derivative assets”.

More detailed information on financial risks and the manner in which they are managed, in addition to details of outstanding financial instruments, is contained in note 9.3 “Financial risk management”.

Bond issues

(non-current) / €7,507,101 thousand (€7,466,600 thousand)

(current) / (€-1,996,056 thousand)

This item refers to bonds issued by the Parent as part of its €10 billion Medium Term Note (MTN) Programme. The non-current portion has increased €40,501 thousand, principally because of changes in foreign currency (sterling and yen) bond issues due to the appreciation of the relevant currencies, which also resulted in a change in the value of hedges. The reduction in the current portion reflects the redemption, on 9 June 2011, of bonds with a par value of €2,000 million.

Medium/long-term borrowings

(non-current) / €2,590,031 thousand (€2,323,273 thousand)

(current) / €198,129 thousand (€236,323 thousand)

The non-current portion increased €266,758 thousand primarily as a result of the following:

- the arrangement of new facilities and the drawdown of a new €350,000 thousand tranche of 2011 Cassa Depositi e Prestiti floating rate loan maturing in 2034 to Autostrade per l'Italia and loans of €88,562 thousand taken in 2011 by the Chilean operator, Los Lagos;
- the first time consolidation of Triangulo do Sol's non-current debt of €54,871 thousand;
- the reclassification to current liabilities of €185,532 thousand in borrowings repayable in the next twelve months;

- d) deconsolidation of €36,526 thousand in a non-interest bearing loan from the Fondo Centrale di Garanzia to Autostrada Tirrenica, on the disposal of the controlling interest in this company;
- e) a €24,027 thousand decrease in foreign currency financial liabilities due to exchange rate movements.

The current portion has decreased €38,194 thousand, principally because of net repayments of the current portion of medium/long-term borrowings during the year and the change in the amount due to ANAS, as a result of the receipt of grant payments under Laws 662/96, 135/97 and 345/97. This was partially offset by the above-mentioned reclassifications to the current portion of medium/long-term borrowings and the consolidation of Triangolo do Sol's long-term debt.

The Term Loan Facility agreement (€632,731 thousand as at 31 December 2011) imposes certain covenants with which Autostrade per l'Italia must comply over the term of the facility and which have never been breached.

The covenants are in the form of minimum ratios: cash flow from operations (CFO)/net financial expenses and cash flow from operations (CFO)/net debt and equity. The method of selecting the variables to compute the ratio is specified in detail in the loan agreement.

Derivative liabilities

(non-current) / €250,069 thousand (€253,599 thousand)

(current) / €1,996 thousand (€25,994 thousand)

The non-current portion represents fair value losses on outstanding derivatives as at 31 December 2011, classified as cash flow hedges or fair value hedges depending on the hedged risk, as required by IAS 39.

Cash flow hedges include a Cross Currency Interest Rate Swap (CCIRS) entered into by Atlantia to hedge exposure to currency and interest rate risk associated with the medium/long-term bond issue with a par value of GBP500,000, the fair value of which (€188,034 thousand) reflects the impact of the movement in the euro/sterling exchange rate, amounting to €151,415 thousand, thereby offsetting the movement in the underlying liability, and Interest Rate Swaps (€64,031 thousand) entered into by certain Group companies, hedging interest rate risk on existing and highly probable future non-current financial liabilities (indexed at market rates).

The current portion decreased €23,998 thousand primarily due to the unwinding of cash flow hedges of the above bond issue with a par value of €2,000 million, which was redeemed on 9 June 2011.

Further details of derivative financial instruments entered into by the Group for hedging purposes are contained in note 9.3 "Financial risk management".

Other medium/long-term financial liabilities

(non-current) / (€-23,437 thousand)

(current) / €20 thousand (€24,239 thousand)

Other medium/long-term financial liabilities have decreased €47,656 thousand as a result of the reduction of non-current deferred financial income. This is in connection with interest rate subsidies for future years for non-interest bearing borrowings by Tangenziale di Napoli and Autostrada Tirrenica from the Fondo Centrale di Garanzia. The decreases were due, respectively, to the repayment of the liability in 2011 and deconsolidation of the company as a result of disposal of the Group's interest.

Short-term financial liabilities / €466,654 thousand (€278,720 thousand)

The €187,934 thousand increase in short-term financial liabilities is primarily due to a new international promissory note facility of €163,873 thousand for Autostrade Holding do Sur, with the purpose of funding the acquisition, via the issue of new shares, of a 50% interest in Nueva Inversiones, as explained in note 6.3, and

3. Consolidated financial statements

a €41,436 thousand increase in the balances on Autostrade per l'Italia's intercompany accounts with the now unconsolidated Autostrada Tirrenica.

7.16 Other non-current liabilities / €66,180 thousand (€44,151 thousand)

The €22,029 thousand increase was essentially due to the first-time consolidation of Triangolo do Sol's other non-current liabilities of €40,488 thousand, which was partially offset by the reclassification to the current portion of deferred income as a result of increased receipts in connection with the "X" variable collected in previous years by Autostrade Meridionali, since the deferred income will be released in 2012 on the expiry of the relevant concession.

7.17 Trading liabilities / €1,490,460 thousand (€1,307,429 thousand)

The €183,031 thousand increase in trading liabilities was principally due to the €155,498 increase in trade payables caused by investment in the network, above all the third lane of the AI4 and expenditure on the Variante di Valico, and the commencement of work on the French Eco-Tax project. There was also a €43,594 thousand increase in amounts payable to the operators of interconnecting motorways as a result of the increase in payment terms agreed with those operators.

(€000)	31.12.2011	31.12.2010
Trade payables	902,200	746,702
Payable to operators of interconnecting motorways	489,631	446,037
Tolls in the process of settlement	94,060	110,367
Liabilities related to contract work in progress	1,086	-
Deferred income, accrued expenses and other trading liabilities	3,483	4,323
Total	1,490,460	1,307,429

7.18 Other current liabilities / €493,833 thousand (€473,862 thousand)

An analysis of the carrying amount is shown below.

(€000)	31.12.2011	31.12.2010
Amounts payable to ANAS and the Ministry of the Economy and Finance	151,369	152,793
Payable to expropriated companies	57,585	63,167
Guarantee deposits by users who pay by direct debit	56,607	55,460
Payables to personnel	44,963	51,625
Social security contributions payable	41,001	39,819
Taxation other than income taxes	26,336	18,110
Other current liabilities	115,972	92,888
Total	493,833	473,862

The increase during the year was primarily attributable to the current portion of deferred income that resulted from increased receipts from Autostrade Meridionali's "X" variable, as explained above in note 7.16.

8. Notes to the consolidated income statement

This section analyses the main income statement items. Amounts for 2010 are shown in brackets.

As required by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the contributions of Strada dei Parchi and Autostrada Tirrenica to the consolidated income statement for 2011 (up to the date of deconsolidation), and to

the income statement for 2010, are accounted for in "Profit/(Loss) from discontinued operations", rather than included in each component of the consolidated income statement for continuing operations.

8.1 Toll revenue / €3,341,477 thousand (€3,094,164 thousand)

There was an overall increase in toll revenue of €247,313 thousand, or 8.0%, compared with 2010, primarily because of:

- toll increases to be passed on to ANAS (up €154,610 thousand on 2010 and accounting for a 5.0% increase in toll revenue) in connection with the matching increases in concession fees introduced on 1 July 2010 and 1 January 2011;
- application of annual toll increases by the Group's Italian operators from 1 January 2011 (including a 1.92% increase for Autostrade per l'Italia);
- a 1.3% decline in traffic volumes on the networks of Italian operators;
- the consolidation from 1 July 2011 of the Brazilian operator Triangulo do Sol, whose toll revenue amounts to €69,332 thousand.

The portion of toll revenue relating to the latter part of the year is calculated on the basis of reasonable estimates, partly due to the interconnected nature of the network and the need to allocate revenue among the various operators.

8.2 Revenue from construction services / €965,110 thousand (€745,807 thousand)

An analysis of this revenue is shown below.

(€000)	2011	2010	Increase/(Decrease)
Construction service revenue – services for which additional economic benefits are received ⁽¹⁾	855,288	524,168	331,120
Revenue from investment in financial assets deriving from concession rights	40,854	–	40,854
Construction service revenue – government grants for services for which additional economic benefits are not received	68,932	217,195	-148,263
Revenue from services provided by sub-operators	36	4,444	-4,408
Total	965,110	745,807	219,303

⁽¹⁾ Excludes Società Autostrada Tirrenica's construction services revenue of €48,708 thousand for 2011 and €36,752 for 2010, both accounted for in "Profit/(Loss) from discontinued operations", as explained in note 8.14, and the increase in intangible assets deriving from the completion of construction services (see note 7.2).

This revenue arose in connection with construction services performed during the year and was greater than 2010 due to the increased volume of investment in works for which the Group receives additional economic benefits. In line with the accounting model adopted pursuant to IFRIC 12, this revenue, which represents the consideration for services rendered, is recognised at fair value based on total costs incurred, represented by operating costs and financial expenses. Moreover, in 2011 the Group carried out additional construction services for which no additional benefits are received, amounting to €511,066 thousand, for which the Group made use of a portion of the specifically allocated "Provisions for construction services required by contract". This is accounted for as a reduction in operating costs for the period, as explained in note 8.9.

Details of investment in motorway infrastructure for the year are provided in note 7.2, above.

8.3 Contract revenue / €51,349 thousand (€60,807 thousand)

Contract revenue is determined on the basis of the stage of completion of contracts and includes the change in work in progress. Contract revenue for the year was less than 2010 due to a reduction in work carried out by Pavimental and Spea for external customers.

8.4 Other operating income / €583,508 thousand (€562,204 thousand)

An analysis of other operating income is provided below:

(€000)	2011	2010	Increase/(Decrease)
Revenue from service areas	252,018	249,327	2,691
Revenue from Telepass and Viacard fees	116,565	112,352	4,213
Maintenance revenue	30,434	30,165	269
Revenue on the sale of technology devices and services	23,499	15,728	7,771
Advertising revenue	9,559	12,610	-3,051
Other recurring operating income	141,187	134,946	6,241
Other non-recurring operating income	10,246	7,076	3,170
Total	583,508	562,204	21,304

Other operating income increased by €21,304 thousand, or 3.8%, principally as a result of:

- increased income from payment systems (up €4.2 million), resulting from growth in the number of Telepass subscribers (approximately 380 thousand new devices in circulation and around 239 thousand new subscribers to the Premium option);
- an increase in revenue from service areas, reflecting annual contractual increases in service area royalties applied from 1 January 2011;
- a rise in other income, essentially attributable to Autostrade per l'Italia and Autostrade Tech (deriving from the sale of technology to external customers and in-house production of electricity).

8.5 Raw and consumable materials / -€370,354 thousand (-€324,812 thousand)

This item, which consists of purchases of materials and the change in inventories of raw and consumable materials, increased in 2011 as a result of a rise in construction services carried out by Group companies.

8.6 Service costs / -€1,485,593 thousand (-€1,417,870 thousand)

An analysis of service costs is provided below:

(€000)	2011	2010	Increase/(Decrease)
Construction and similar	-1,077,196	-1,077,211	15
Professional services	-139,888	-90,034	-49,854
Transport and similar	-64,032	-77,357	13,325
Utilities	-48,319	-42,789	-5,530
Insurance	-20,780	-19,228	-1,552
Statutory Auditors' fee	-1,387	-1,338	-49
Other services	-137,857	-109,913	-27,944
Gross service costs	-1,489,459	-1,417,870	-71,589
Capitalised service costs for activities not related to concession assets	3,866	-	3,866
Total	-1,485,593	-1,417,870	-67,723

The net increase in service costs is largely a result of increased building, transport and professional services, primarily in connection with motorway construction and maintenance services, in addition to the increase in construction over the previous year.

As noted above, in line with the accounting model adopted pursuant to IFRIC 12, revenue from construction services is recognised on the basis of the cost of external services, personnel expense and financial expenses (the latter being incurred

in relation to investment in construction services for which additional economic benefits are received under the relevant concession arrangements). Provisions for construction services required by contract are also used on the basis of the above costs incurred in the provision of construction services for which no additional benefits are received.

8.7 Personnel expense / –€641,018 thousand (–€631,949 thousand)

An analysis of personnel expense is shown below.

(€000)	2011	2010	Increase/(Decrease)
Wages and salaries	–457,079	–434,872	–22,207
Social security contributions	–133,981	–128,276	–5,705
Post-employment benefits (including payments to supplementary pension funds or to INPS)	–24,976	–24,043	–933
Directors' fees	–5,683	–6,292	609
Other personnel expense	–22,633	–39,173	16,540
Gross personnel expense	–644,352	–632,656	–11,696
Capitalised personnel expense for activities not related to concession assets	3,334	707	2,627
Total	–641,018	–631,949	–9,069

Personnel expense, before deducting capitalised expenses, is up €11,696 thousand, or 1.8%, on 2010. The increase is due to:

- an increase of 618 in the average workforce (up 6.4%), primarily reflecting an increase in staff at Spea and Pavimental hired to carry out construction work for the Group, personnel hired to work on new contracts acquired by Electronic Transaction Consultants (up 244 on average), and the staff contributed by Triangulo do Sol (an average of 178, calculated on a full-year basis) and Los Lagos, following the decision to bring maintenance in-house (up 42 on average); after stripping out the above changes, the Group's average workforce is down 49;
- a decrease in the average unit cost (down 4.6%), primarily due to the impact of long-term management incentive plans; after stripping out this component, the average unit cost is down 1.7%.

The following table shows the average number of permanent and temporary employees by category:

Average workforce	2011	2010	Increase/(Decrease)
Senior managers	184	176	8
Middle managers and administrative staff	5,127	4,605	522
Toll collectors	3,042	3,042	–
Manual workers	1,897	1,809	88
Total	10,250	9,632	618

Personnel expense for 2011 includes €1,352 thousand, recognised in a contra entry in equity, corresponding to the fair value of share options vesting in 2011 under the long-term incentive plans more fully described in note 7.12.

8.8 Other operating costs / –€610,817 thousand (–€447,710 thousand)

An analysis of other operating costs is shown below:

(€000)	2011	2010	Increase/(Decrease)
Concession fees	–465,620	–307,928	–157,692
Change in provisions for the repair and replacement of assets under concession	–37,942	–28,013	–9,929
Grants and donations	–32,569	–40,212	7,643
Lease expense	–18,220	–19,341	1,121
Direct and indirect taxes	–10,276	–11,475	1,199
Provisions	–18,922	–9,700	–9,222
Other recurring operating costs	–17,824	–21,482	3,658
Other non-recurring operating costs	–9,444	–9,559	115
Total	–610,817	–447,710	–163,107

The €163,107 thousand increase in other operating costs is primarily linked to an increase in the concession fees paid by the Group's Italian operators. This is essentially due to the increases in concession fees introduced on 1 July 2010 and 1 January 2011, and increased provisions for the repair and replacement of assets to be handed over at the end of the concession term, and certain other provisions.

8.9 Use of provisions for construction services required by contract / €511,066 thousand (€605,191 thousand)

The use relates to the completion, in 2011, of construction services required by contract with no additional economic benefits, less accrued grants (recognised in revenue from construction services, as explained in note 8.2). Such use is an indirect adjustment to construction costs classified by nature and incurred by the Group operators subject to such contractual obligations.

Further information on construction services and capital expenditure in 2011 is provided in notes 7.2 and 8.2.

8.10 (Impairment losses)/Reversals of impairment losses / –€17,944 thousand (€2,748 thousand)

€13,321 thousand of the impairment losses for 2011 relates to goodwill arising on the acquisition of a controlling interest in Electronic Transaction Consultants in 2007. The 2010 figure, on the other hand, includes the partial reversal of impairment losses on concession rights in connection with Raccordo Autostradale Valle d'Aosta, amounting to €16,106 thousand, partly offset by prior year impairment losses on trade receivables, some of which had become uncollectible.

(€000)	2011	2010	Increase/(Decrease)
(Impairment losses)/Reversal of property, plant and equipment and intangible assets			
Impairment losses of other non-current assets and intangible assets	–13,323	–2,555	–10,768
Reversal of other non-current assets and intangible assets	2	16,185	–16,183
(Impairment losses)/Reversal of other financial assets	–13,321	13,630	–26,951
Impairment of other financial assets	–7,160	–10,882	3,722
Reversal of other financial assets	2,537	–	2,537
	–4,623	–10,882	6,259
Total	–17,944	2,748	–20,692

8.II Financial income/(expenses) / –€686,296 thousand (–€670,897 thousand)

Financial income / €175,969 thousand (€188,254 thousand)

Financial expenses / –€862,691 thousand (–€864,529 thousand)

Foreign exchange gains/(losses) / €426 thousand (€5,378 thousand)

An analysis of financial income and expenses is shown below.

(€000)	2011	2010	Increase/(Decrease)
Gains on remeasurement of investments at fair value	50,396	–	50,396
Interest and fees on bank and post office deposits	46,380	25,337	21,043
Income from transactions in derivative financial instruments	41,261	134,005	–92,744
Income from discounting to present value	14,877	19,495	–4,618
Other financial income	20,953	6,974	13,981
Financial income	173,867	185,811	–11,942
Dividends received from investee companies	2,102	2,443	–341
Financial income	175,969	188,254	–12,283
Expenses from discounting of provisions for construction services required by contract and other provisions	–178,796	–175,819	–2,977
Interest on bonds	–409,604	–386,340	–23,264
Losses on derivative financial instruments	–100,422	–146,931	46,509
Interest on medium/long-term borrowings	–89,444	–79,459	–9,985
Impairment losses on investments measured at cost or fair value	–59,024	–	–59,024
Interest and fees on bank and post office deposits	–1,017	–1,048	31
Other financial expenses	–24,384	–74,932	50,548
Other financial expenses	–683,895	–688,710	4,815
Net financial expenses	–862,691	–864,529	1,838
Foreign exchange gains	39,340	58,505	–19,165
Foreign exchange losses	–38,914	–53,127	14,213
Foreign exchange gains/(losses)	426	5,378	–4,952
Total	–686,296	–670,897	–15,399

The €15,399 thousand increase in net financial expenses was principally a result of:

- a rise in net interest payable on debt (up €11,350 thousand), essentially linked to the increase in average debt following the assumption of new short- and medium/long-term borrowings;
- recognition of non-recurring financial expenses of €8,604 thousand, consisting of a €59,000 impairment loss on the carrying amount of the investment in Alitalia - Compagnia Aerea Italiana, as explained in note 7.3; a €36,463 thousand gain deriving from the fair value measurement of the interest already held (amounting to 50%) in Triangolo do Sol, following the acquisition of control of the company from 1 July 2011; a €13,933 thousand gain on the fair value measurement of the remaining stake in Autostrada Tirrenica, following its deconsolidation;
- an increase in net financial expenses (up €5,323 thousand) deriving from the consolidation of Triangolo do Sol from the second half of 2011;
- a €13,761 thousand increase in interest income earned from financial institutions due to higher yields on investments of surplus cash balances by Autostrade per l'Italia in 2011.

8.12 Share of profit/(loss) of associates and joint ventures accounted for using the equity method / €21,442 thousand (–€2,080 thousand)

The share of the profit/(loss) of associates and joint ventures accounted for using the equity method has resulted in a profit of €21,442 thousand, compared with the loss of €2,080 thousand in 2010. The improvement over 2010, primarily reflects the net of:

- a reduction in the impairment loss on the investment in IGLI (€851 thousand in 2011, compared with €24,235 thousand in 2010, €15,170 thousand of which represented the difference between the market value and carrying amount of Impregilo shares);
- the recognition in 2011 of the Group's share of the profits reported by Autostrade Sud America, amounting to €18,869 thousand (€17,282 thousand in 2010) and Triangolo do Sol prior to its consolidation on 1 July 2011, amounting to €5,563 thousand (€3,166 thousand in 2010).

8.13 Income tax (expense)/benefit / –€413,496 thousand (–€395,525 thousand)

As described in note 7.9, to which reference should be made, tax expense for the year reflects the impact of the Ministerial Decree of 8 June 2011, of the response, received on 9 June 2011, to the request for a ruling submitted to the Italian tax authorities by Autostrade per l'Italia in 2010 and, lastly, of Law III of 15 July 2011, containing urgent measures to promote financial stability.

A comparison of the tax charges for the two years is shown below:

(€000)	2011	2010	Increase/(Decrease)
IRES	–271,730	–283,459	11,729
IRAP	–90,145	–100,654	10,509
Other income taxes	–16,711	–2,621	–14,090
Current tax benefit of tax loss carry-forwards	4,539	3,079	1,460
Current tax expense	–374,047	–383,655	9,608
Recovery of previous years' income taxes	167,489	1,952	165,537
Previous years' income taxes	–1,862	–5,597	3,735
Differences on current tax expense for previous years	165,627	–3,645	169,272
Provisions	136,993	128,783	8,210
Releases	–187,440	–150,748	–36,692
Changes in prior year estimates	–163,055	8,083	–171,138
Deferred tax income	–213,502	–13,882	–199,620
Provisions	–8,809	–9,048	239
Releases	17,345	6,078	11,267
Changes in prior year estimates	–110	8,627	–8,737
Deferred tax expense	8,426	5,657	2,769
Total	–413,496	–395,525	–17,971

Current taxes for 2011 were determined, as explained, with reference to new tax legislation introduced in the year, if applicable.

The recovery of prior years' income taxes primarily related to Autostrade per l'Italia assessments actually paid on 2010 income as a result of the changes in legislation. The savings were almost entirely offset by the changes in estimated deferred tax assets and liabilities accounted by the same company pursuant to IFRIC 12.

The following table shows a reconciliation of the theoretical rate of IRES with the effective charge.

(€000)	2011			2010		
	Taxable income	Amount	Tax Effective tax rate	Taxable income	Amount	Tax Effective tax rate
Profit from continuing operations	1,127,448			1,094,489		
Statutory income tax expense/(credit)		310,048	27.50%		300,984	27.50%
Temporary differences deductible in future years	348,209	95,757	8.49%	335,180	92,174	8.42%
Temporary differences taxable in future years	-7,212	-1,983	-0.18%	-8,593	-2,363	-0.22%
Reversal of temporary differences arising in previous years	-505,960	-139,138	-12.34%	-427,739	-117,628	-10.75%
Permanent differences	9,116	2,507	0.22%	26,226	7,212	0.66%
Taxable income for purposes of IRES	971,601			1,019,563		
Current IRES charge for the year (after deduction of tax losses)		267,191	23.70%		280,380	25.62%
Current IRAP charge for the year		90,145	8.00%		100,654	9.20%
Other income tax expense for the year payable by non-Italian companies		16,711	1.48%		2,621	0.24%
Current tax expense for the year		374,047	33.18%		383,655	35.05%

8.14 Profit/(Loss) from discontinued operations / €125,899 thousand (€2,058 thousand)

(€000)	2011	2010	Increase/(Decrease)
Strada dei Parchi	96,689	-	96,689
Autostrada Tirrenica	37,925	-	37,925
After-tax gain on disposal	134,614	-	134,614
Operating income	117,993	239,492	-121,499
Operating costs	-83,008	-179,353	96,345
Financial income	583	379	204
Financial expenses	-16,648	-51,684	35,036
Tax expense	-7,452	-6,153	-1,299
Net contribution to IFRS profit from discontinued operations (Strada dei Parchi)	11,468	2,681	8,787
Other net profit/(loss) from discontinued operations	-20,183	-	-20,183
Profit/(loss) from discontinued operations	125,899	2,681	123,218

The profit generated by discontinued operations in 2011 was primarily due to gains recognised on the sale of the controlling interests in Strada dei Parchi and Autostrada Tirrenica.

The gain on the disposal of shares in Strada dei Parchi includes the fair value measurement of the remaining 2% interest in the company covered by a call/put option agreed with Toto Costruzioni Generali. At the date of deconsolidation, Strada dei Parchi contributed negative equity to the consolidated statement of financial position, as calculated in compliance with the international accounting standards adopted by the Atlantia Group.

The gain arising on the recognition at fair value of the remaining 24.98% interest in Autostrada Tirrenica on its deconsolidation was, on the other hand, classified as "Financial income/(expenses)", as explained in note 8.II.

The results of discontinued operations for Autostrada Tirrenica and Strada dei Parchi were better than 2010 leading up to their deconsolidation, due to the cessation of depreciation from the second quarter of 2011 and the third quarter of 2010, respectively, as required by IFRS 5.

3. Consolidated financial statements

Finally, other charges in connection with discontinued operations in 2011 related to the €20,183 thousand, after-tax impairment loss on the interest in the Portuguese Lusoponte, following an estimation of the fair value of this investment, as explained in note 7.11.

8.15 Earnings per share

The following table shows the calculation of basic and diluted earnings per share with comparative amounts. As required by IAS 33, the weighted average number of outstanding shares used for 2010 and the computation of diluted earnings was recomputed to take account of Atlantia's bonus issue in April 2011, as described in note 7.12 above. The weighted average of diluted shares in 2011 was determined with reference to existing share based payment plans as at 31 December 2011, taking the fair value of continuing employment services and average share prices into account.

	2011	2010
Number of shares outstanding	630,311,992	630,311,992
Weighted average of treasury shares in portfolio	-12,652,968	-12,652,968
Weighted average of shares outstanding for the calculation of basic earnings per share	617,659,024	617,659,024
Weighted average diluted shares held under share based payment plans	88,448	106,804
Weighted average of all shares outstanding for the calculation of diluted earnings per share	617,747,472	617,765,828
Profit for the year attributable to owners of the parent (€000)	830,312	682,952
Basic earnings per share (€)	1.34	1.11
Diluted earnings per share	1.34	1.11
Profit from continuing operations attributable to owners of the parent (€000)	705,352	678,887
Basic earnings per share from continuing operations (€)	1.14	1.10
Diluted earnings per share from continuing operations (€)	1.14	1.10
Profit from discontinued operations attributable to owners of the parent (€000)	124,960	4,065
Basic earnings/(losses) per share from discontinued operations (€)	0.20	0.01
Diluted earnings/(losses) per share from discontinued operations (€)	0.20	0.01

9. Other financial information

9.1 Notes to the consolidated statement of cash flows

Consolidated cash flows in 2011, compared with 2010, are analysed below and shown in the statement of cash flows included in the "Consolidated financial statements".

There was a cash outflow of €1,951.6 million in 2011, compared with a net cash outflow of €1,340.1 million in 2010.

Operating activities generated cash flows of €1,915.5 million in 2011, €274.7 million more than 2010 (€1,640.8 million). The increase in cash flows from operating activities was determined by the favourable effect of the tax treatment of Autostrade per l'Italia in accordance with IFRIC 12, as well as the improved result from continuing operations in 2011.

Cash flows used in investing activities amounted to €1,858.6 million, up €513.3 million on 2010 (€1,345.3 million). This essentially reflects:

- investment in motorway infrastructure, less the related government grants and the increase in financial assets deriving from takeover rights and other rights deriving from construction services (€1,372.5 million);
- the acquisition of consolidated investments (€88 million), relating primarily to the consideration paid for the additional interest in Triangulo do Sol, less net cash resulting from consolidation;

- c) the acquisition of unconsolidated investments (€323.4 million), relating primarily to Inversiones Autostrade Holding do Sur's subscription of 50% of the issued capital of Nueva Inversiones;
- d) proceeds on the disposal of the investments in Strada dei Parchi, Società Autostrada Tirrenica and Autostrade Service - Servizi al Territorio which, in addition to the cash flow effect, also resulted in deconsolidation of the relevant cash balances, with an overall impact on cash flows of €85.5 million.

Comparison of the two years also shows €71.1 million less in cash used in current and non-current financing activities, due to the increased release of term deposits relating to prior year investments, as well as for a higher amount of grants received in 2011, partially offset by the increase in loans and receivables due from Autostrada Tirrenica on its deconsolidation. The net cash used in financing activities in 2011 amounts to €2,001.2 million, essentially in connection with the bond redemption of 9 June 2011. Financing activities generated cash inflows of €1,043.2 million in 2010, on the other hand, primarily as a result of a bond issue in September 2010.

The aggregate net cash flows of Autostrada Tirrenica and Strada dei Parchi are shown below as required by IFRS 5. They were also included in the statement of cash flows under cash from or used in operating, investing and financing activities.

(€000)	2011	2010
Net cash generated from/(used in) operating activities	21,401	70,720
Net cash generated from/(used in) investing activities	-56,136	-93,997
Net cash generated from/(used in) financing activities	104,700	54,144

The following table shows the effect on cash balances as at 31 December 2011 of the disposal of the 58% interest in Strada dei Parchi and the 69.1% interest in Società Autostrada Tirrenica.

(€000)	Strada dei Parchi	Società Autostrada Tirrenica
Proceeds from disposal of controlling interests	86,007	67,979
Receivables deriving from sale as at 31 December 2011	-26,559	-
Net cash and cash equivalents transferred	-27,743	-41,869
Net cash inflow as at 31 December 2011	31,705	26,110

3. Consolidated financial statements

9.2 Notes to the analysis of consolidated net debt

The following statement shows the Group's net debt broken down into its principal components, as already described in the notes to financial components of the statement of financial position, and amounts due to and from related parties, as required by CONSOB Communication DEM/6064313 of 28 July 2006.

(€m)	31.12.2011	31.12.2010
Non-current financial liabilities	10,347.2	10,066.9
Bond issues	7,507.1	7,466.6
Medium/long-term borrowings	2,590.0	2,323.3
Derivative liabilities	250.1	253.6
Other financial liabilities	–	23.4
Current financial liabilities	666.8	3,520.2
Bank overdrafts	10.2	19.9
Short-term borrowings	161.2	6.6
Current portion of medium/long-term borrowings	449.6	2,533.8
Intercompany current account payables due to unconsolidated Group companies	41.4	0.9
<i>of which due to related parties</i>	<i>41.4</i>	<i>0.9</i>
Other financial liabilities	4.4	0.2
Bank overdrafts related to discontinued operations	–	8.0
Financial liabilities related to discontinued operations	–	950.8
Total financial liabilities	11,014.0	13,587.1
Cash and cash equivalents	-619.9	-2,548.7
Cash	-338.1	-207.1
Cash equivalents	-281.7	-2,326.1
Cash and cash equivalents	-0.1	-15.5
Other current financial assets	-223.6	-445.7
Current portion of medium/long-term financial assets	-32.8	-22.0
Current financial assets deriving from concessions	-7.3	-8.9
Current financial assets deriving from government grants	-51.0	-189.4
Term deposits convertible within 12 months	-76.6	-180.9
Other financial assets	-54.2	-34.7
Financial assets held for sale and related to discontinued operations	-1.7	-9.8
Total current financial assets	-843.5	-2,994.4
(Net funds)/Net debt in accordance with CESR recommendation of 10 Feb 2005	10,170.5	10,592.7
Non-current financial assets	-1,200.3	-935.4
Non-current financial assets deriving from concession rights	-452.3	-373.7
Non-current financial assets deriving from government grants	-238.7	-201.5
Term deposits convertible after 12 months	-290.3	-285.9
Derivative assets	-27.7	-40.2
Other financial assets	-191.3	-34.1
<i>of which due from related parties</i>	<i>-110.0</i>	<i>–</i>
Net debt	8,970.2	9,657.3

9.3 Financial risk management

The Atlantia Group's financial risk management objectives and policies

In the normal course of business, the Atlantia Group is exposed to:

- a) market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund the Group's operating activities and repayment of the liabilities assumed;
- c) credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Atlantia Group's financial risk management strategy is derived from and consistent with the business goals set by the Atlantia Board of Directors that are contained in the various strategic plans approved by the Board. The strategy aims to both manage and control such risks.

Market risk

The adopted strategy for each type of risk aims, wherever possible, to eliminate interest rate and currency risks and minimise borrowing costs, whilst taking account of stakeholders' interests, as defined in the Financial Policy as approved by Atlantia's Board of Directors.

Management of these risks is based on prudence and best market practice.

The main objectives set out in this policy are as follows:

- a) to protect the scenario forming the basis of the strategic plan from the effect of exposure to currency and interest rate risks, identifying the best combination of fixed and floating rates;
- b) to pursue a potential reduction of the Group's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

The Group's derivative hedging instruments as at 31 December 2011 are classified as cash flow hedges in accordance with IAS 39.

The fair value of derivative financial instruments is based on expected discounted cash flows, using the market yield curve at the measurement date. Amounts in foreign currencies other than the euro are translated at closing exchange rates communicated by the European Central Bank.

The residual average term to maturity of the Group's debt as at 31 December 2011 was approximately 7 years.

The average cost of medium/long-term borrowings for 2011 was approximately 4.9%.

Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

a) Interest rate risk

Interest rate risk is linked to uncertainty regarding the performance of interest rates, and takes two forms:

- a) cash flow risk: linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce floating rate debt, the Group has entered into interest rate swaps (IRS), classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Tests have shown that the hedges for the year were fully effective. Changes in fair value are recognised in the statement of comprehensive income, with no recognition of any ineffective portion in the income statement. Interest income or expense deriving from the hedged instruments is recognised simultaneously in the income statement. Autostrade per l'Italia arranged a new interest rate swap in September 2011 classified as a cash flow hedge as defined by IAS 39. The purpose of the swap is to cover interest rate risk on floating rate medium to long-term borrowings totalling €500

3. Consolidated financial statements

million provided by the Cassa Depositi e Prestiti which was in turn funded by the EIB with a weighted average term to maturity of approximately 13 years. The swap transformed the overall debt exposure to Cassa Depositi e Prestiti to a fixed rate of 3.99%.

Ecomouv also entered into a forward starting interest rate swap in October 2011 following its award of a contract for the Eco-Tax project in France. The swap is classified as a cash flow hedge as defined by IAS 39 and hedges the interest rate risk of loan facilities obtained to finance the project but which had not been drawn as at 31 December 2011;

- b) fair value risk: the risk of losses deriving from an unexpected change in the value of fixed rate financial assets and liabilities following an unfavourable shift in the market yield curve. There were no hedges on the books as at 31 December 2011 that could be classified as fair value hedges in accordance with IAS 39.

As a result of cash flow hedges, 95% of interest bearing debt is fixed rate.

b) Currency risk

Currency risk can result in the following types of exposure:

- a) economic exposure incurred through purchases and sales denominated in currencies other than the company's functional currency;

Type (€000)	Purpose of hedge	Currency	Contract term
Cash flow hedges			
Cross Currency Swap	Currency fluctuations	Eur	2004–2022
Interest Rate Swap	Interest rate	Eur	2004–2011
Interest Rate Swap	Interest rate	Eur	2004–2015
Interest Rate Swap	Interest rate	Eur	2011–2034
Forward Starting Interest Rate Swap	Interest rate	Eur	2012–2024
Interest Rate Swap	Interest rate	Eur	2008–2020
Total fair value losses on cash flow hedges			
Cross Currency Swap	Currency fluctuations	Eur	2009–2038
Total fair value gains on cash flow hedges			
Total hedging derivatives			
Derivatives not accounted for as hedges			
EUR Put / USD Call option	Currency fluctuations	Eur	2007–2011
Total fair value gains on derivatives not accounted for as hedges			
Derivatives not accounted for as hedges			
Total			

- b) translation exposure through equity investments in subsidiaries and associates whose financial statements are denominated in a currency other than the euro;
- c) transaction exposure incurred by making deposits or obtaining loans in currencies other than the currency in which financial statements are denominated.

The Group's prime objective of currency risk is to minimise transaction exposure through the assumption of liabilities in currencies other than the euro. Cross currency swaps (CCIRS) with notional amounts and maturities matching those of the underlying financial liabilities were entered into specifically to eliminate the currency risk to which the sterling and yen denominated bonds are exposed. These swaps also qualify as cash flow hedges and tests have shown that they are fully effective.

14% of Group debt is denominated in currencies other than the euro. Taking account of foreign exchange hedges and the proportion of debt denominated in the local currency of the country in which the relevant Group company operates (around 5%), the Group is not exposed to currency risk on translation into euros.

The translation risk associated with investments in companies whose financial statements are denominated in currencies other than the euro is not hedged.

The following table summarises outstanding derivative financial instruments as at 31 December 2011 (compared with 31 December 2010) and shows the corresponding market value and the hedged financial liability.

31.12.2011		31.12.2010		Description	Hedged financial liability	
Fair value ⁽¹⁾	Notional amount	Fair value ⁽¹⁾	Notional amount		Par value	Term
-188,034	750,000	-217,990	750,000	Bond 2004–2022 (Gbp)	750,000	2004–2022
- ⁽⁴⁾	-	-25,994 ⁽²⁾	2,000,000			
-32,665 ⁽⁵⁾	640,000	-34,511	720,000	Term Loan Facility	640,000	2004–2015
-13,057	500,000	-	-	Cassa Depositi e Prestiti	500,000	2011–2034
-16,266 ⁽⁶⁾	11,601	-	-	Project financings	-	2012–2024
-2,043	41,188	-1,098	47,799	50% Project Loan Agreement (Pln)	41,188	2008–2020
-252,065	1,942,789	-279,593	3,517,799			
27,678	149,176	40,209	149,176	Bond 2009–2038 (Jpy)	149,176	2009–2038
27,678	149,176	40,209	149,176			
-224,387	2,091,965	-239,384	3,666,975			
- ⁽⁷⁾	-	1,194 ⁽³⁾	16,315			
-	-	1,194	16,315			
-	-	1,194	16,315			
-224,387	2,091,965	-238,190	3,683,290			

(1) The fair value of hedging derivatives excludes accruals at the end of the reporting period.

(2) This amount is included in the current portion of medium/long-term financial liabilities.

(3) This amount is included in the current portion of derivative under medium/long-term financial assets.

(4) This derivative instrument was unwound at the time of redemption, in June 2011, of the €2,000 million bond issue (2004-2011).

(5) This amount includes €1,996 thousand classified in the current portion of medium/long-term financial liabilities

(6) Fair value relates to cash flows hedges in connection with highly probable interest payments for certain project financings arranged for Ecomouv, totalling €518 million, with repayments increasing over the construction period before falling off over the term of the operation and maintenance contract.

(7) The derivative, relating to the forward purchase of currency to meet the eventual need for US\$21,800 thousand linked to the possible exercise of a call option on an additional 16% interest in ETC, was not exercised on expiry.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Group is exposed would have had on the income statement and on equity during the year.

The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the reporting period, assuming, in terms of the impact on the income statement, a 0.10% (10 bps) shift in the market yield curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on equity, the 10 bps shift in the curve was assumed to have occurred at the measurement date. The following outcomes resulted from the analysis carried out:

- a) in terms of interest rate risk, an unexpected and unfavourable 0.10% shift in market interest rates would have resulted in a negative impact on the income statement, totalling €1,346 thousand, and on the statement of comprehensive income, totalling €9,411 thousand, before the related taxation;
- b) in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have resulted in a negative impact on the income statement, for €6,331 thousand, and in the comprehensive income statement, for €23,456 thousand, as a result, respectively, of change in Group's overseas companies net results, and of the change in the translation reserve change.

Liquidity risk

Liquidity risk relates to the risk that cash resources may be insufficient to fund the payment of liabilities as they fall due. The Atlantia Group believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of committed and uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

As at 31 December 2011 the Group has cash reserves of €4,359 million, consisting of:

- a) €620 million in cash and/or investments with terms to maturity of no more than 120 days;
- b) €367 million primarily in term deposits allocated to finance the execution of specific construction services;
- c) €3,372 million in undrawn committed lines of credit, details of which are shown in the following table.

Details of drawn and undrawn committed lines of credit are shown below:

Borrower (€m)	Facility	Drawdown period	Final maturity	31.12.2011		
				Available	Drawn	Undrawn lines
Autostrade per l'Italia	Committed Revolving Credit Facility	May 2015	June 2015	1,000	–	1,000
Autostrade per l'Italia	Medium/long-term committed EIB line - Tranche A	30.11.2012	31.12.2036	1,000	500	500
Autostrade per l'Italia	Medium/long-term committed EIB line - Tranche B	31.12.2014	31.12.2036	300	–	300
Autostrade per l'Italia	Medium/long-term committed CDB/EIB line	01.08.2013	19.12.2034	500	500	–
Autostrade per l'Italia	Medium/long-term committed CDB/SACE line	23.09.2014	23.12.2024	1,000	–	1,000
Ecomouv	Project financing	20.10.2013	01.12.2024	582	10	572
Total				4,382	1,010	3,372

The following tables show the distribution of loan maturities outstanding as at 31 December 2011 and 31 December 2010.

(€000)	Carrying amount	Total contractual flows	31.12.2011			
			Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities ⁽¹⁾						
Bond issues						
Bond 2004–2014	-2,718,247	-3,162,500	-137,500	-137,500	-2,887,500	-
Bond 2004–2022 (Gbp)	-587,526	-1,010,116	-37,412	-37,412	-112,235	-823,058
Bond 2004–2024	-974,575	-1,763,750	-58,750	-58,750	-176,250	-1,470,000
Bond 2009–2016	-1,541,479	-1,921,875	-84,375	-84,375	-1,753,125	-
Bond 2009–2038 (Jpy)	-198,979	-346,727	-5,449	-5,449	-16,347	-319,481
Bond 2010–2017	-991,787	-1,202,500	-33,750	-33,750	-101,250	-1,033,750
Bond 2010–2025	-494,508	-806,250	-21,875	-21,875	-65,625	-696,875
Total bond issues (A)	-7,507,101	-10,213,718	-379,111	-379,111	-5,112,332	-4,343,164
Bank borrowings						
Term Loan Facility	-632,731	-671,456	-92,517	-170,445	-408,495	-
EIB	-900,455	-1,307,134	-71,264	-78,884	-259,510	-897,477
Cassa Depositi e Prestiti	-493,612	-688,469	-14,907	-14,432	-110,615	-548,516
Other banks	-361,814	-517,242	-72,232	-65,694	-164,602	-214,714
Total borrowings linked to grants	-340,562	-340,562	-42,680	-57,735	-190,829	-49,318
Total bank borrowings	-2,729,174	-3,524,863	-293,599	-387,188	-1,134,051	-1,710,025
Total other borrowings	-58,986	-63,668	-4,258	-3,418	-1,895	-54,098
Total medium/long-term borrowings (B)	-2,788,160	-3,588,531	-297,857	-390,606	-1,135,945	-1,764,123
Total non-derivative financial liabilities (C = A + B)	-10,295,261	-13,802,249	-676,967	-769,717	-6,248,278	-6,107,287
Derivatives ^{(2) (3)}						
Interest rate swaps ⁽⁴⁾	-64,031	-101,355	-20,099	-17,701	-25,123	-38,432
Cross currency swaps	-160,356	-260,516	-11,077	-10,600	-32,240	-206,599
Total	-224,387	-361,871	-31,176	-28,301	-57,363	-245,031

(1) Future cash flows relating to floating rate loans have been calculated on the basis of the latest established rate and held constant to final maturity.

(2) Expected contractual cash flows relate to hedged financial liabilities outstanding as at 31 December 2011.

(3) Expected cash flows are calculated on the basis of exchange rates established at the measurement date.

(4) Future cash flows deriving from interest rate swap (IRS) differentials are calculated on the basis of the latest established rate and held constant to maturity of the contract.

3. Consolidated financial statements

(€000)	31.12.2010					
	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities ⁽¹⁾						
Bond issues						
Bond 2004–2011	-1,996,056	-2,014,954	-2,014,954	-	-	-
Bond 2004–2014	-2,706,363	-3,300,000	-137,500	-137,500	-3,025,000	-
Bond 2004–2022 (Gbp)	-568,940	-1,016,555	-36,306	-36,306	-108,917	-835,028
Bond 2004–2024	-973,244	-1,822,500	-58,750	-58,750	-176,250	-1,528,750
Bond 2009–2016	-1,549,877	-2,006,250	-84,375	-84,375	-253,125	-1,584,375
Bond 2009–2038 (Jpy)	-183,444	-324,786	-5,025	-5,025	-15,076	-299,659
Bond 2010–2017	-990,510	-1,236,250	-33,750	-33,750	-101,250	-1,067,500
Bond 2010–2025	-494,222	-828,125	-21,875	-21,875	-65,625	-718,750
Total bond issues (A)	-9,462,656	-12,549,421	-2,392,535	-377,581	-3,745,243	-6,034,062
Bank borrowings						
Term Loan Facility	-709,580	-756,253	-91,161	-89,976	-575,116	-
EIB	-950,631	-1,399,494	-92,360	-71,264	-251,890	-983,980
Cassa Depositi e Prestiti	-143,912	-204,874	-3,768	-3,973	-25,437	-171,696
Other banks	-233,080	-171,357	-17,480	-20,041	-55,067	-78,769
Total borrowings linked to grants	-381,202	-381,202	-40,640	-42,680	-181,872	-116,010
Total bank borrowings	-2,418,405	-2,913,181	-245,409	-227,935	-1,089,382	-1,350,455
Other borrowings						
ANAS	-32,611	-32,611	-32,611	-	-	-
Central Guarantee Fund	-56,479	-104,155	-44,192	-2,484	-8,234	-49,244
Other borrowings	-52,101	-69,093	-3,860	-3,694	-5,459	-56,080
Total other borrowings	-141,191	-205,858	-80,663	-6,178	-13,693	-105,324
Total medium/long-term borrowings (B)	-2,559,596	-3,119,039	-326,072	-234,113	-1,103,074	-1,455,780
Total non-derivative financial liabilities (C = A + B)	-12,022,252	-15,668,460	-2,718,607	-611,694	-4,848,317	-7,489,842
Derivatives ^{(2) (3)}						
Interest rate swaps ⁽⁴⁾	-61,603	-91,824	-50,544	-15,617	-23,751	-1,912
Cross currency swaps	-177,781	-329,648	-12,299	-12,607	-36,514	-268,228
Total	-239,384	-421,472	-62,843	-28,224	-60,265	-270,140

(1) Future cash flows relating to floating rate loans have been calculated on the basis of the latest established rate and held constant to final maturity.

(2) Includes derivative instruments hedging the interest rate and currency risks associated with bond issues and loans outstanding as at 31 December 2010.

(3) Expected cash flows are calculated on the basis of exchange rates established at the measurement date.

(4) Future cash flows deriving from interest rate swap (IRS) differentials are calculated on the basis of the latest established rate and held constant to maturity of the contract.

The amounts in the above tables include interest payments and exclude the impact of any offset agreements.

The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available.

The distribution for transactions with repayment schedules is based on the date on which each instalment falls due.

The following table shows the time distribution of expected cash flows from cash flow hedges, and the financial years in which they will be recognised in the income statement.

(€000)	Carrying amount	Expected cash flows ⁽¹⁾	31.12.2011				31.12.2010					
			Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years	Carrying amount	Expected cash flows ⁽¹⁾	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swaps												
Derivative liabilities	-64,031	-65,575	24,155	-71,604	-31,361	13,235	-61,603	-65,633	-46,673	-12,843	-6,078	-39
Cross currency swaps												
Derivative assets	27,678	27,562	-2,471	-2,473	-6,675	39,181	40,209	40,026	-2,996	-2,830	-7,412	53,264
Derivative liabilities	-188,034	-192,615	-8,419	-7,798	-23,025	-153,373	-217,990	-223,194	-9,217	-9,413	-25,877	-178,687
Total cash flow hedges	-224,387						-239,384					
Accrued expenses on cash flow hedges	-27,585						-30,087					
Accrued income on cash flow hedges	21,344						20,670					
Total cash flow hedge derivative assets/liabilities	-230,628	-230,628	13,265	-81,875	-61,061	-100,957	-248,801	-248,801	-58,886	-25,086	-39,367	-125,462
(€000)												
	Expected cash flows ⁽¹⁾	31.12.2011				31.12.2010						
		Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years	Expected cash flows ⁽¹⁾	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years		
Interest rate swaps												
Losses on cash flow hedges	-64,031	25,772	-75,797	-28,329	14,323	-61,603	-42,756	-12,767	-6,040	-40		
Cross currency swaps												
Income on cash flow hedges	1,078,187	41,981	41,871	121,998	872,337	960,657	40,555	40,242	114,403	765,457		
Losses on cash flow hedges	-1,238,543	-52,599	-52,149	-151,225	-982,570	-1,138,438	-52,773	-52,116	-147,510	-886,039		
Total income (losses) on cash flow hedges	-224,387	15,154	-86,075	-57,556	-95,910	-239,384	-54,974	-24,641	-39,147	-120,622		

(1) Expected cash flows from swap differentials are calculated on the basis of the market yield curve at the measurement date.

Credit risk

The Group manages credit risk essentially through recourse to counterparties with high credit ratings and does not report significant credit risk concentrations in accordance with the Financial Policy.

Credit risk deriving from outstanding derivative financial instruments can also be considered marginal in that the counterparties involved are major financial institutions.

Allowances for impairment on individually material items are established when there is objective evidence that the Group will not be able to collect all or any of the amount due. The amount of the allowances takes account of estimated future cash flows and the date of collection, any future recovery costs and expenses, and the value of any security and guarantee deposits received from customers. General provisions, based on the available historical and statistical data, are established for items for which specific provisions have not been made.

10. Other information

10.1 Analysis by geographical segment

The following table shows an analysis of the Group's revenue and non-current assets by geographical segment.

(€000)	Revenue		Non-current assets (*)	
	2011	2010	31.12.2011	31.12.2010
Italy	4,719,862	4,365,109	17,042,251	16,367,231
International	221,582	97,873	782,950	473,801
	4,941,444	4,462,982	17,825,201	16,841,032

(*) Non-current assets do not include financial instruments, deferred tax assets, post-employment benefits or insurance contracts.

"International" primarily relates to the contributions of companies operating in Poland (the Stalexport Autostrady group), the United States (Autostrade International US Holdings and Electronic Transaction Consultants), the Chilean operator, Los Lagos, and the Brazilian Triangulo do Sol (the latter consolidated from 1 July 2011).

International operations, which do not make a significant contribution to the Group's consolidated financial statements, either in absolute or percentage terms, are not shown in greater detail since the breakdown by individual country is not of significance.

An impairment loss was recognised in 2011 on goodwill which arose in 2007 on the acquisition of the controlling interest in Electronic Transaction Consultants. Details are provided in note 7.2.

10.2 Guarantees

The Group has guarantees in issue as at 31 December 2011, including certain guarantees issued by Atlantia in favour of financial institutions on behalf of:

- the Chilean holding company, Autopista do Pacifico, and its subsidiary Autostrade Sud America, in connection with loans provided to these two companies for the acquisition of Costanera Norte, amounting to €176,424 thousand;
- Strada dei Parchi, hedging the risk of movements in the interest rates affecting the value of cash flow hedges. The amount of the guarantee, based on the fair value of the hedges, has been capped at €40,000 thousand as at 31 December 2011. Toto Costruzioni Generali is under an obligation to assume Atlantia's guarantee obligations, as a result of its acquisition of the controlling interest in Strada dei Parchi, within 36 months from the date of the issuance of the guarantee, which was 27 November 2010, and has issued its counter indemnity for the amount of its obligation subject, however, to the above cap.

In addition, as at 31 December 2011 the shares held in foreign subsidiaries Stalexport Autostrada Malopolska SA, Los Lagos, Triangulo do Sol SA, and the shares of investees Pune Solapur Expressways and Lusoponte SA and Bologna & Fiera Parking have been pledged to collateralise loans granted to certain Group companies and to back up commitments made to certain grantors.

10.3 Reserves

Group companies' reserves as at 31 December 2011 amounted to €1,030 million.

Any amount paid will be recognised as an increase in the cost of intangible concession rights and subsequently amortised.

In the case of other reserves not related to investing activities (contract work and maintenance), any future charges are covered by provisions for disputes.

10.4 Related party transactions

In implementation of the provisions of art. 2391-*bis* of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as subsequently amended, on 11 November 2010 Atlantia's Board of Directors — with the prior approval of the Independent Directors on the Related Party Transactions Committee — approved the new Procedure for Related Party Transactions entered into directly by the Company and/or through subsidiaries. This Procedure sets out the criteria to be used in identifying related parties and the related reporting requirements.

The procedure underwent a periodic review in 2011 with the aim of making any necessary changes and/or additions. As a result of the review, on 16 December 2011 the Board of Directors, acting in agreement with the opinion of the Independent Directors on the Related Party Transactions Committee, deemed it not necessary to make any changes to the procedure.

The principal transactions entered into by the Group and Atlantia SpA with related parties, as identified in accordance with the criteria defined in the above Procedure, are described below. Related party transactions are conducted on an arm's length basis.

In 2011 the Atlantia Group also accounted for fees, committee attendance fees, salaries, non-monetary benefits, bonuses and other incentives, totalling €4.5 million (including €0.6 million relating to the fair value of share-based payments), paid to Atlantia's Directors and key management personnel, including amounts paid for holding positions in subsidiaries and associates.

Details of remuneration paid during the year to members of Atlantia's corporate bodies and its key management personnel are provided in the "Remuneration Report 2011", published on the Company's website at www.atlantia.it and prepared pursuant to art. 123-*ter* of Legislative Decree 58/1998 (the CFA), as subsequently amended.

Related party transactions do not include transactions of an atypical or unusual nature. The Atlantia Group did not engage in material transactions with its direct or indirect parents during 2011.

The Atlantia Group's transactions with Schemaventotto

Transactions with the parent, Schemaventotto, regard the amount of €11.5 million due to the Group in the form of an IRES refund, resulting from the tax consolidation arrangement in which certain Group companies participated until 1 January 2008.

The Atlantia Group's transactions with other related parties

For the purposes of the above CONSOB Resolution, which applies the requirements of IAS 24, the Autogrill group, which is under the common control of Edizione Srl, is treated as a related party. With regard to relations between the Atlantia Group's motorway operators and the Autogrill group, it should be noted that, as at 31 December 2011, Autogrill holds 134 food service concessions for service areas along the Group's motorway network.

In 2011 the Group earned revenue of approximately €74.5 million on transactions with Autogrill, including €65.2 million in royalties deriving from management of service areas. This recurring income is generated by contracts entered into over various years, of which a large part was awarded as a result of transparent and non-discriminatory competitive tenders.

3. Consolidated financial statements

The following tables show amounts in the income statement and statement of financial position generated by related party transactions, broken down by nature of the transaction (financial or otherwise).

Trading and other non-financial transactions with principal related parties

Name (€m)	31.12.2011		2011		31.12.2010		2010	
	Assets	Liabilities	Income	Expenses	Assets	Liabilities	Income	Expenses
Parents								
Schemaventotto	11.5	-	-	-	11.5	-	-	-
Total parents	11.5	-	-	-	11.5	-	-	-
Associates								
Bologna and Fiera Parking	1.1	-	-	-	1.1	0.1	0.1	-
Infrastrutture Toscana	-	-	-	-	0.1	-	-	-
Autostrada Tirrenica	13.0	-	-	-	-	-	-	-
Tangenziali esterne di Milano	-	-	-	-	-	-	0.1	-
Total associates	14.1	-	-	-	1.2	0.1	0.2	-
Joint ventures								
Triangolo do Sol Auto-Estradas	-	-	-	-	2.6	-	3.7	-
Total joint ventures	-	-	-	-	2.6	-	3.7	-
Affiliates								
Autogrill	37.5	2.4	74.5	3.3	38.3	1.0	73.8	2.9
Benetton Group	-	0.3	-	2.4	-	-	-	0.1
Total affiliates	37.5	2.7	74.5	5.7	38.3	1.0	73.8	3.0
Total	63.1	2.7	74.5	5.7	53.6	1.1	77.7	3.0

Financial transactions with principal related parties

Name (€m)	31.12.2011		2011		31.12.2010		2010	
	Assets	Liabilities	Income	Expenses	Assets	Liabilities	Income	Expenses
Associates								
Società Autostrada Tirrenica	110.0	41.2	-	-	-	-	-	-
Infrastrutture Toscana	-	0.2	-	-	-	0.9	-	-
Total associates	110.0	41.4	-	-	-	0.9	-	-
Affiliates								
Autogrill	-	-	1.4	-	-	-	1.4	-
Total affiliates	-	-	1.4	-	-	-	1.4	-
Total	110.0	41.4	1.4	-	-	0.9	1.4	-

10.5 Significant regulatory aspects

Snow events in December 2010

On 21 April 2011 ANAS sent Autostrade per l'Italia four notices of violation regarding the snow events of December 2010 on the AI Milan-Naples near Florence, the A11 Florence-Pisa North and on the A14 between Pescara and Vasto and between Loreto and Senigallia. Autostrade per l'Italia submitted its representations on 10 June 2011. On completing the subsequent investigations, ANAS:

- decided, on 11 November 2011, to close the inspection processes regarding the snow events on the A14 between Loreto and Senigallia and on the A11 Florence-Pisa North;
- decided, on 22 November 2011, to apply the fines provided for in the Single Concession Arrangement for the snow events on the AI and on the A14 between Pescara and Vasto.

The fines amount to €483,871 for the AI and €96,032 for the AI4 between Pescara and Vasto. The fines imposed on the operator were calculated on the basis of the Single Concession Arrangement.

With regard to the snow events on the AI Milan-Naples on 17 December 2010, the Antitrust Authority has also launched an investigation into the correctness of both the procedures implemented by Autostrade per l'Italia in providing information to motorway users about actual driving conditions on the motorways it operates, and the procedures by which the company manages emergency events that have a significant impact on road conditions.

Having completed its investigation, on 25 July 2011 the Antitrust Authority notified Autostrade per l'Italia that it did not accept the company's commitments, ruling that the company's conduct on the occasion of the specific event in question constitutes an unfair commercial practice under the Consumer Code, warning the company to desist from repeating the practice in the future, and imposing an administrative fine of €350,000.

On 7 November 2011 Autostrade per l'Italia filed a challenge to the Authority's ruling before Lazio Regional Administrative Court, requesting cancellation of the above ruling.

The snow events of December 2010 have also given rise to a class action suit before the Civil Court of Rome by a number of consumers' associations (Codici, Unione Nazionale Consumatori, Movimento Difesa del Cittadino and ACU -Associazione Consumatori Utenti) pursuant to art. 140-bis of the consumer code. The action is currently in progress.

The Highways Agency and the Office of Transport Regulation

Law Decree 98/2011, converted into Law III/2011, set up the Highways Agency within the Ministry of Infrastructure and Transport, which is responsible for the Agency's policy setting, supervision and control, to be carried out, in respect of financial aspects, in coordination with the Ministry of the Economy and Finance.

The Agency will take over the role of grantor for existing highway concessions from ANAS, exercising every aspect of the role previously assigned to IVCA, the Motorway Concession Inspectorate.

Art. II of Law Decree 216/2011 (the so-called *Milleproroghe*, or "Thousand postponements", legislation), subsequently established that, until the process of drawing up the Highways Agency's statute has been completed, and in any event not after 31 March 2012 (extended to 31 July 2012 by Law 216 of 24 February 2012, converting Law Decree 261/2012), the functions and tasks transferred to the Agency pursuant to article 36 of Law Decree 98/2011, are to continue to be carried out by the relevant government bodies, IVCA (the Motorway Concession Inspectorate) and other units within ANAS.

At the same time, Law Decree 201/2011 (the so-called *Salva-Italia*, or "Save Italy", legislation), converted, with amendments, into Law 214/2011, has set up the Office of Transport Regulation to oversee conditions of access and prices for rail, airport and port infrastructure and the related urban transport links to stations, airports and ports.

This legislation was subsequently amended by art. 36 of Law Decree 1/2012 (the so-called *Liberalizzazioni*, or "Deregulation", legislation⁽¹⁾), extending the scope of the new regulator's responsibilities to include the motorway sector.

Council of State sentence regarding award of the concession to Pedemontana Veneta

Following the Council of State sentence that upheld the appeal brought by the permanent consortium led by SIS ScpA, and the ensuing decision by Veneto Regional Authority to award the concession to the afore-mentioned SIS ScpA, the temporary consortium that includes Pedemontana Veneta SpA (in which Autostrade per l'Italia holds a direct 28% interest) appealed the above Council of State sentence before Lazio Regional Administrative Court on 16 December 2009, requesting the exclusion of SIS ScpA from the tender process for failing to meet the necessary requirements for participation in the tender.

At the hearing on the merits scheduled for 8 June 2011, Lazio Regional Administrative Court turned down the appeal and, on 30 July 2011, an appeal was lodged with the Council of State, requesting reversal and cancellation of the above Lazio Regional Administrative Court sentence.

(1) Law Decree 1/2012 (in the process of being converted into law) contains, among other things, a range of provisions impacting on motorway concessions, including (i) art. 51, which, from 1 January 2015, has raised the minimum percentage of works to be contracted out to third-party contractors by the providers of construction services under concession, pursuant to art. 253, paragraph 25 of the Public Contracts Code, from 40% to 50%; and (ii) art. 17, which has introduced a new regime for the holders of fuel service licences, who may now offer other goods and services for sale at their service stations.

Other ongoing litigation

With regard to tolls, Autostrade per l'Italia is the defendant in a number of actions, which are still pending, brought before Lazio Regional Administrative Court. The actions, which have been brought by Codacons and other consumers' associations, aim to challenge the toll increases introduced in 2003.

A similar action requesting an injunction reversing the toll increases applied from 1 January 1999 was thrown out by Lazio Regional Administrative Court on 9 November 2011.

The Antitrust Authority's appeal to the Council of State requesting annulment of Lazio Regional Administrative Court sentences 4994/09 and 5005/09 is still pending. These sentences at first instance partly upheld the appeals brought by Aci Global SpA and Europ Assistance VAI SpA requesting annulment of Antitrust Authority ruling 19021 of 23 October 2008 regarding emergency breakdown services. Autostrade per l'Italia is a party to the appeals.

In relation to unfair competition issues, on 28 July 2011 TAI Srl (a supplier of information systems and IT experts to Autostrade Tech SpA) notified Autostrade Tech and Autostrade per l'Italia that it had filed a claim for damages, alleging unfair competition, the theft of TAI's technical know-how by Autostrade Tech and abuse of the defendants' dominant position in the form of practices designed to restrict competition. A hearing to discuss the claim has been scheduled for 6 November 2012.

The hearing on the merits of Varese Provincial Authority's suit before Lombardy Regional Administrative Court was held on 26 May 2011. The Authority is seeking cancellation, and an immediate injunction halting application, of Autostrade per l'Italia's letter dated 28 September 2010, in which the operator informed the Authority that it was not possible to satisfy its request to eliminate the toll on the Varese-Gallarate section of motorway, in addition to all arrangements governing tolls on the above motorway section. Lazio Regional Administrative Court sentence 2015/2011 turned down the Authority's appeal and ordered Varese Provincial Authority to pay the legal costs.

On 21 March 2011 Autostrade per l'Italia — together with Genoa Provincial Authority, the Municipality of Genoa, the Ministry of Infrastructure and Transport, Genoa Port Authority and ANAS — were notified of legal action brought before Liguria Regional Administrative Court by several hundred members of the public requesting an injunction annulling the Memorandum of Understanding signed on 8 February 2010, relating to construction of the "Genoa Interchange" (the so-called *Gronda di Ponente*). A date for the related hearing has yet to be set.

The sentence handed down by the Court of Appeal of Rome on 26 May 2011 partially upheld the main appeal filed by Atlantia SpA and Autostrade per l'Italia SpA against Astaldi and others, declaring the claims to be inadmissible and reducing Autostrade per l'Italia's original debt to approximately €44 million, of which Autostrade per l'Italia has already paid €30 million. Atlantia and Autostrade per l'Italia have appealed this sentence before the Court of Cassation. Astaldi has filed a cross-appeal.

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.

At the present time, the outcomes of the above litigation proceedings are not expected to result in significant charges to be incurred by Group companies, in addition to the amounts already provided as at 31 December 2011 and reported in the consolidated financial statements.

10.6 Events after 31 December 2011

Joint venture with the Bertin group in Brazil

On 30 January 2012 Atlantia reached an agreement, via Autostrade do Brasil, a wholly owned subsidiary, with the Bertin group (via its subsidiary, CIBE) for the creation of a joint venture, to which the two partners intend to contribute their respective investments in Brazilian toll motorway operators.

The transaction will see the Atlantia Group contribute 100% of Triangulo do Sol, which holds the concession for 442 km of motorway in the state of São Paulo in Brazil. At the same time the Bertin group will contribute, to the same company, 100% of Colinas (the holder of the concession for a total of 307 km of motorway in the state of Sao Paulo, expiring in 2028) and of Nascentes das Gerais (the holder of the concession for a total of 372 km of motorway in the state of Minas Gerais, expiring in 2032).

Following the contributions, the Atlantia Group and the Bertin group will each own 50% of the new company, whose Chief Executive Officer, in accordance with the partnership agreements, will be appointed by Atlantia, which will thus consolidate on a line-by-line basis together with the operators contributed to the same joint venture.

The new entity will operate 1,538 km of motorway under concession in Brazil, with the option to add a further 105 km of orbital motorway serving the city of São Paulo.

Bond issue and Tender Offer

On 2 February 2012 Atlantia launched the issue of 7-year bonds worth €1.0 billion, guaranteed by Autostrade per l'Italia. The bond issue forms part of the Company's €10 billion Medium-term Note Programme launched on 7 May 2004 and subsequently updated, which has resulted in the issue of bonds worth €7.65 billion.

The bonds, which pay a fixed annual coupon of 4.50%, have a re-offer price of €99.011. The effective yield to maturity is 4.669%, corresponding to a yield that is 275 basis points above the reference mid-swap rate.

The financial resources raised as a result of the issue will in part be used for corresponding intercompany loans, designed to meet the funding requirements of Autostrade per l'Italia in connection with the investment plan envisaged in its concession agreement, and in part to buy back a portion of the bonds maturing in 2014.

To coincide with the bond issue, on 2 February 2012 Atlantia announced the launch of a Tender Offer for the partial buyback of bonds issued by the Company maturing on 9 June 2014 and having a par value of €2.75 billion. At the end of the offer period, on 9 February 2012, the Company had received acceptances for bonds with a total par value of €0.5 billion. This transaction saw Atlantia use a part of the cash available to pay down debt ahead of its maturity date in 2014.

Standard & Poor's resolves Atlantia's placement on credit watch negative

Following its downgrade of the Republic of Italy on 13 January of this year, Standard & Poor's resolved its placement of Atlantia on credit watch with negative implications, downgrading the Company's rating from "A-" to "BBB+" and maintaining a negative outlook. The agency explained that the downgrade primarily reflects the increased country risk to which the Company, which operates mainly in the Italian market, is exposed.

Agreements for the acquisition of 54.2% of Autostrade Sud America, the sale of 33% of IGLI and the grant of a call option on Autostrada Torino-Savona

On 25 February 2012 Autostrade per l'Italia signed the following agreements:

- a) an agreement with Argo Finanziaria SpA for the sale of its entire 33% interest in IGLI SpA, the company that owns 29.96% of Impregilo SpA, at a price of €87.6 million. This transaction completed on 8 March 2012;
- b) two separate agreements with SIAS SpA by which:
 - i) SIAS will, subject to fulfilment of certain conditions precedent (i.e. clearance from the relevant authorities and the agreement of creditor banks), transfer its entire 45.765% interest in Autostrade Sud America Srl ("ASA") to Autostrade per l'Italia at a price of €565.2 million. The shares are to be transferred by 30 June 2012;
 - ii) Autostrade per l'Italia will grant SIAS a call option on its entire 99.98% interest in Autostrada Torino-Savona SpA. The option is to be exercised no later than 30 September 2012. The option price is €223.0 million. Should the option be exercised, the shares are to be transferred by 15 November 2012, subject to receipt of the necessary approvals (i.e. clearance from the relevant authorities and the agreement of creditor banks);
- c) an agreement with Mediobanca SpA for the acquisition of an 8.47% stake in ASA at a price of €104.6 million and on the same terms and conditions agreed with SIAS. The transfer of the shares will take place, subject to fulfilment of certain conditions precedent (i.e. antitrust clearance, the agreement of creditor banks and execution of the sale of the interest in ASA sold by SIAS to Autostrade), by 30 June 2012.

Annex I

The Atlantia Group's scope of consolidation and investments
as at 31 december 2011

Name	Registered office	Business	Currency
PARENT			
Atlantia SpA	Rome	Holding company	Euro
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS			
AD Moving SpA	Rome	Advertising services	Euro
Autostrade Concessões e Participações Brasil Limitada	São Paulo, Brazil	Holding company	Real
Autostrade dell'Atlantico Srl	Rome	Holding company	Euro
Autostrade Holding do Sur SA	Santiago, Chile	Holding company	Peso
Autostrade Indian Infrastructure Development Private Limited	Mumbai, Maharashtra, India		Rupee
Autostrade International US Holdings Inc	Delaware, USA	Holding company	Usd
Autostrada Mazowsze SA	Katowice, Poland	Motorway services	Zloty
Autostrade Meridionali SpA	Naples	Motorway operation and construction	Euro
Autostrade per l'Italia SpA	Rome	Motorway operation and construction	Euro
Autostrade Portugal – Concessões de Infraestruturas SA	Sintra, Portugal	Holding company	Euro
Autostrade Tech SpA	Rome	Information systems and equipment for the control and automation of traffic and road safety	Euro
Autostrada Torino–Savona SpA	Turin	Motorway operation and construction	Euro
Biuro Centrum Spzoo	Katowice, Poland	Administrative services	Zloty
Ecomouv' Sas	Paris, France	Financing/design/construction/operation of equipment required for Eco-Tax	Euro
Ecomouv' D&B Sas	Paris, France	Design/construction/distribution of equipment required for Eco-Tax	Euro
Electronic Transaction Consultants Co	Richardson, Texas, USA	Automated toll collection services	Usd
EsseDIEsse Società di Servizi SpA	Rome	General administrative services	Euro
Giove Clear Srl	Rome	Cleaning services	Euro
Infoblu SpA	Rome	Traffic information	Euro
Inversiones Autostrade Holding do Sur Ltda	Santiago, Chile	Holding company	Peso

(1) Company listed on Borsa Italiana SpA's Expandi market.

(2) Reclassified to "Assets/Disposal Groups held for sale" as a result of the intention of Stalexpot Autostrady's board of directors to sell a percentage of its interest.

Share capital/ consortium fund as at 31.12.2011	Held by	% interest in share capital/ consortium fund	Overall Group interest (%)	Note
630,311,992.00				
1,000,000.00	Autostrade per l'Italia SpA	100%	100.00%	
181,590,863.00	Autostrade Portugal - Concessoes de Infrastructuras SA	100%	100.00%	
1,000,000.00	Autostrade per l'Italia SpA	100%	100%	
51,496,771,000.00	Autostrade dell'Atlantico Srl	99.99%	99.99%	
500,000.00		100%	100%	
	Autostrade per l'Italia SpA	99.99%		
	Spea Ingegneria Europea SpA	0.01%		
4.00		100%	100%	
	Autostrade per l'Italia SpA	75.00%		
	Autostrade dell'Atlantico Srl	25.00%		
20,000,000.00		100%	87.51%	
	Atlantia SpA	70.00%		
	Stalexport Autostrady SA	30.00%		
9,056,250.00	Autostrade per l'Italia SpA	58.98%	58.98%	(1)
622,027,000.00	Atlantia SpA	100%	100%	
30,000,000.00	Autostrade dell'Atlantico Srl	100%	100%	
1,120,000.00	Autostrade per l'Italia SpA	100%	100%	
161,720,000.00	Autostrade per l'Italia SpA	99.98%	99.98%	
80,000.00	Stalexport Autostrady SA	74.38%	43.41%	(2)
30,000,000.00	Autostrade per l'Italia SpA	70.00%	70.00%	
500,000.00	Autostrade per l'Italia SpA	75.00%	75.00%	
16,691.51		62.81%	62.81%	
	Autostrade dell'Atlantico Srl	43.43%		
	Autostrade International US Holdings Inc.	19.38%		
500,000.00	Autostrade per l'Italia SpA	100%	100%	
10,000.00	Autostrade per l'Italia SpA	100%	100%	
5,160,000.00	Autostrade per l'Italia SpA	75%	75%	
195,054,278,000.00	Autostrade Holding do Sur SA	100%	100.00%	

3. Consolidated financial statements

Name	Registered office	Business	Currency
Mizard Srl	Rome	Acquisition, sale and management of investments in information services/radio and television/telecommunications	Euro
Newpass SpA	Verona	Transport control and automated information systems and equipment	Euro
Pavimental SpA	Rome	Motorway and airport construction and maintenance	Euro
Pavimental Polska Spzoo	Warsaw, Poland	Motorway and airport construction and maintenance	Zloty
Port mobility SpA	Civitavecchia, Rome	Port mobility services	Euro
Raccordo Autostradale Valle d'Aosta SpA	Rome	Motorway operation and construction	Euro
Sociedad Concesionaria de Los Lagos SA	Santiago, Chile	Motorway operation and construction	Peso
Società Italiana per Azioni per il Traforo del Monte Bianco	Pré Saint Didier, Aosta	Mont Blanc tunnel concessions and construction	Euro
Spea Ingegneria Europea SpA	Milan	Integrated technical and engineering services	Euro
Stalexport Autostrada Dolnoslaska SA	Katowice, Poland	Motorway services	Zloty
Stalexport Autostrada Malopolska SA	Myslowice, Poland	Motorway operation and construction	Zloty
Stalexport Autoroute Sàrl	Luxembourg	Motorway services	Euro
Stalexport Autostrady SA	Katowice, Poland	Polish holding company	Zloty
Stalexport Transroute Autostrada SA	Myslowice, Poland	Motorway services	Zloty
Tangenziale di Napoli SpA	Naples	Motorway operation and construction	Euro
Tech Solutions Integrators Sas	Paris, France	Construction, installation and maintenance of electronic toll collection systems	Euro
Telepass SpA	Rome	Automated toll collection services	Euro
Telepass France Sas	Paris, France	Electronic toll and Eco-Tax payment systems	Euro
Tirreno Clear Srl	Rome	Cleaning services	Euro
TowerCo SpA	Rome	Tower management services	Euro
Triangulo do Sol Auto-Estradas SA	Matao, SP, Brazil	Road operation and construction	Real

(3) The issued capital is made up of 284,350,000 preference shares. The percentage interest is calculated with reference to all shares in issue, whereas the 58.00% of voting rights is calculated with reference to ordinary voting shares.

(4) Company listed on the Warsaw stock exchange.

Share capital/ consortium fund as at 31.12.2011	Held by	% interest in share capital/ consortium fund	Overall Group interest (%)	Note
10,000.00	Atlantia SpA	100%	100%	
1,747,084.00	Autostrade per l'Italia SpA	51.00%	51.00%	
10,045,468.03	Autostrade per l'Italia SpA	99.39%	99.39%	
3,000,000.00	Pavimental SpA	100%	99.39%	
1,610,000.00	Autostrade per l'Italia SpA	70.00%	70.00%	
343,805,000.00	Società Italiana pA per il Traforo del Monte Bianco	47.97%	24.46%	(3)
37,433,282,600.00		100%	99.99%	
	Autostrade Holding do Sur SA	99.95%		
	Autostrade dell'Atlantico	0.05%		
109,084,800.00	Autostrade per l'Italia SpA	51.00%	51.00%	
5,160,000.00	Autostrade per l'Italia SpA	100%	100%	
10,000,000.00	Stalexport Autostrady SA	100%	58.37%	
66,753,000.00		100%	58.37%	
	Stalexport Autoroute Sàrl	44.27%		
	Stalexport Autostrady SA	55.73%		
56,149,500.00	Stalexport Autostrady SA	100%	58.37%	
185,446,517.25	Autostrade per l'Italia SpA	58.37%	58.37%	(4)
500,000.00	Stalexport Autoroute Sàrl	55.00%	32.10%	
108,077,490.00	Autostrade per l'Italia SpA	100%	100%	
2,000,000.00	Autostrade per l'Italia SpA	100%	100%	
26,000,000.00		100%	100%	
	Autostrade per l'Italia SpA	96.15%		
	Autostrade Tech SpA	3.85%		
5,000,000.00	Telepass SpA	100%	100%	
10,000.00	Autostrade per l'Italia SpA	100%	100%	
20,100,000.00	Atlantia SpA	100%	100%	
61,000,000.00	Autostrade Concessões e Participações Brazil	80%	80%	

3. Consolidated financial statements

Name	Registered office	Business	Currency
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD			
Associates and joint ventures			
Arcea Lazio SpA	Rome	Road and motorway construction and concessions in Lazio	Euro
Autostrade for Russia GmbH	Vienna, Austria	Holding company	Euro
Autostrade Sud America Srl	Milan	Holding company	Euro
Bologna & Fiera Parking SpA	Bologna	Design, construction and management of multi-level public car parks	Euro
GEIE del Traforo del Monte Bianco	Courmayeur, Aosta	Maintenance and operation of Mont Blanc tunnel	Euro
IGLI SpA	Milan	Acquisition, sale and management of investments - construction	Euro
Pune-Solapur Expressways Private Limited	New Delhi, India	Motorway operation and construction	Rupee
Società Autostrada Tirrenica pA	Rome	Motorway operation and construction	Euro
Società Infrastrutture Toscane SpA	Florence	Design, construction and operation of Prato to Signa motorway link	Euro
Tangenziali Esterne di Milano SpA	Milan	Construction and operation of the Milan ring road	Euro
INVESTMENTS ACCOUNTED FOR AT COST OR FAIR VALUE			
Unconsolidated subsidiaries			
Pavimental Est AO	Moscow, Russian Federation	Motorway construction and maintenance	Ruble
Petrostal SA (in liquidation)	Warsaw, Poland	Real estate services	Zloty
Stalexport Wielkopolska Spzoo W Upadsolci	Komorniki, Poland	Steel trading	Zloty
Other minority shareholdings			
Grupo Costanera SA	Santiago, Chile	Holding company	Peso
Alitalia – Compagnia Aerea Italiana SpA	Milan	Airline	Euro
Centro Intermodale Toscano Interporto Amerigo Vespucci SpA	Livorno	Construction and management of an intermodal centre	Euro
Emittenti Titoli SpA	Milan	Borsa SpA shareholder	Euro
Firenze Parcheggi SpA	Florence	Car park management	Euro
Huta Jednosc SA	Siemianowice, Poland	Steel trading	Zloty
Instal Nasielsk Spzoo (in liquidation)	Nasielsk, Poland	Production of steel structures	Pln
Inwest Star SA (in liquidation)	Starachowice, Poland	Steel trading	Zloty
Italmex SpA (in liquidation)	Milan	Trading Agency	Euro
Konsorcjum Autostrada Slask SA	Katowice, Poland	Motorway Operation And Construction	Zloty
Società di progetto Brebemi SpA	Brescia	Concession for the construction and operation of the Brescia-Milan Link	Euro
Tangenziale Esterna SpA	Milan	Design, construction and operation of new Milan orbital motorway	Euro
Uirnet SpA	Rome	Operation of national logistics network	Euro
Walcoznia Rur Jednosc Spzoo	Siemianowice, Poland	Steel trading	Zloty
Veneto Strade SpA	Venice	Construction and maintenance of roads and traffic services	Euro
Zaklady Metalowe Dezamet SA	Nowa Deba, Poland	Steel trading	Zloty

(5) This company is jointly controlled with the other shareholder in accordance with agreements regarding the company's corporate governance.

(6) The disposal of a 69.1% interest in Autostrada Tirrenica was completed in the fourth quarter of 2011, with the remaining interest in this company now 24.98%.

(7) On 20 December 2010 an extraordinary general meeting of the shareholders of Tangenziali Esterne di Milano SpA approved a rights issue, with the newly issued shares to be offered to existing shareholders in proportion to their existing interests.

Autostrade per l'Italia's percentage interest has become diluted since 2010, as the company only took up some of its rights, whilst other shareholders took up all of theirs.

As subsequently approved by general meetings of the company's shareholders, it is possible that the unexercised rights will be taken up by new investors by 30 March 2012, thus resulting in a further dilution of Autostrade per l'Italia's investment.

Share capital/ consortium fund as at 31.12.2011	Held by	% interest in share capital/ consortium fund	Overall Group interest (%)	Note
1,983,469.00	Autostrade per l'Italia SpA		34.00%	
60,000.00	Atlantia SpA		51.00%	(5)
100,000,000.00	Autostrade per l'Italia SpA		45.77%	
13,000,000.00	Autostrade per l'Italia SpA		32.50%	
2,000,000.00	Società Italiana per Azioni per il Traforo del Monte Bianco		50.00%	
24,120,000.00	Autostrade per l'Italia SpA		33.33%	
100,000,000.00	Atlantia SpA		50.00%	
24,460,800.00	Autostrade per l'Italia SpA		24.98%	(6)
30,000,000.00			46.60%	
	Autostrade per l'Italia SpA	46.00%		
	Spea Ingegneria Europea SpA	0.60%		
51,609,375.00	Autostrade per l'Italia SpA		27.43%	(7)
4,200,000.00	Pavimental SpA		100%	
2,050,500.00	Stalexport Autostrady SA		100%	
8,080,475.00	Stalexport Autostrady SA		97.96%	
221,479,879.580	Autostrade per l'Italia SpA		0.0016%	
668,355,344.00	Atlantia SpA		8.85%	
11,756,695	Società Autostrada Tirrenica pA		0.43%	
4,264,000.00	Atlantia SpA		6.02%	
25,595,157.50	Atlantia SpA		5.36%	
27,200,000.00	Stalexport Autostrady SA		2.40%	
664,797.00	Stalexport Autostrady SA		0.56%	
11,700,000.00	Stalexport Autostrady SA		0.26%	
1,464,000.00	Stalexport Autostrady SA		4.24%	
1,987,300.00	Stalexport Autostrada Dolnoslaska SA		5.43%	
180,000,000.00	Spea Ingegneria Europea SpA		0.10%	
100,000,000.00			1.25%	
	Autostrade per l'Italia SpA	0.25%		
	Pavimental SpA	1.00%		
987,000.00	Autostrade per l'Italia SpA		1.62%	
220,590,000.00	Stalexport Autostrady SA		0.01%	
5,163,200.00	Autostrade per l'Italia SpA		5.00%	
18,789,410.00	Stalexport Autostrady SA		0.27%	

3. Consolidated financial statements

Name	Registered office	Business	Currency
CONSORTIA			
Consorzio Anhanguera Norte	Riberao Preto, Brazil	Construction consortium	Real
Consorzio Autostrade Italiane Energia	Rome	Electricity procurement	Euro
Consorzio Costruttori Teem	Milan	Motorway construction and operation	Euro
Consorzio Fastigi	Civitavecchia, Rome	Studies and research into tunnel safety	Euro
Consorzio Galileo Scarl	Todi, Perugia	Construction of airport aprons	Euro
Consorzio Italtecnasud (in liquidation)	Rome	Control of funds for earthquake in Irpinia	Euro
Consorzio Midra	Florence	Scientific research for device base technologies	Euro
Consorzio Miteco	Peschiera Borromeo, Milan	Execution of services and works assigned by Tangenziale Esterna SpA	Euro
Consorzio Nuova Romea Engineering	Limena, Padua	Motorway design	Euro
Consorzio Pedemontana Engineering	Verona	Design of Pedemontana Veneta motorway	Euro
Consorzio Ramonti Scarl	Tortona, Alessandria	Motorway construction	Euro
Consorzio RFCC (in liquidation)	Tortona, Alessandria	Construction of road network in Morocco	Euro
Consorzio Tangenziale Engineering	Milan	Integrated technical and engineering services - Milan orbital motorway	Euro
Consorzio Trinacria Scarl	Limena, Padua	Construction of airport aprons	Euro
Consorzio 2050	Rome	Motorway design	Euro
Elmas Scarl	Rome	Construction/maintenance airport runways and aprons	Euro
Idroelettrica Scrl	Chatillon, Aosta	Electricity generation	Euro
Lambro Scrl	Milan	Operation and construction on behalf of Teem Construction Consortium	Euro
Quadrante 300	Rome	Repaving of airport aprons	Euro
INVESTMENTS ACCOUNTED FOR IN CURRENT ASSETS			
Dom Maklerski Bdm SA	Bielsko-Biala, Poland	Holding company	Pln
Centrozap SA	Katowice, Poland	Steel trading	Pln
Lusoponte – Concessionaria Para a Travessia do Tejo SA	Montijo, Portugal	Motorway operator	Euro
Nueva Inversiones SA	Santiago, Chile	Motorway operator	Pesos
Pedemontana Veneta SpA	Verona	Pedemontana Veneta motorway construction and operation	Euro
Strada dei Parchi SpA	Rome	Motorway operation and construction	Euro

(8) Consortia operating as at 31 December 2011 apply a charge-back mechanism and are non-profit.

(9) After completion of the sale of the Atlantia Group's 58% interest in the second quarter of 2011, the remaining 2% is accounted for at fair value.

Share capital/ consortium fund as at 31.12.2011	Held by	% interest in share capital/ consortium fund	Overall Group interest (%)	Note
				(8)
	– Autostrade Concessões e Participações Brazil		13.13%	
107,112.35			37.10%	
	Autostrade per l'Italia SpA	29.00%		
	Autostrada Torino-Savona SpA	2.00%		
	Tangenziale di Napoli SpA	2.00%		
	Società Italiana per Azioni per il Traforo del Monte Bianco	1.90%		
	Raccordo Autostradale Valle d'Aosta SpA	1.10%		
	Autostrade Meridionali SpA	0.90%		
10,000.00	Pavimental SpA		1.00%	
40,000.00	Autostrade per l'Italia SpA		12.50%	
10,000.00	Pavimental SpA		40.00%	
51,645.69	Spea Ingegneria Europea SpA		20.00%	
73,988.79	Autostrade Tech SpA		33.33%	
10,000.00	Pavimental SpA		1.30%	
60,000.00	Spea Ingegneria Europea SpA		16.67%	
20,000.00	Spea Ingegneria Europea SpA		23.30%	
10,000.00	Pavimental SpA		49.00%	
510,000.00	Pavimental SpA		30.00%	
20,000.00	Spea Ingegneria Europea SpA		30.00%	
10,000.00	Pavimental SpA		53.00%	
50,000.00	Spea Ingegneria Europea SpA		0.50%	
10,000.00	Pavimental SpA		60.00%	
50,000.00	Raccordo Autostradale Valle d'Aosta SpA		0.10%	
200,000.00	Pavimental SpA		2.78%	
10,000.00	Pavimental SpA		40.00%	
23,543,470.00	Stalexport Autostrady SA		2.45%	
341,695,281.00			2.79%	
	Stalexport Autostrady SA		2.65%	
	Biuro Centrum Spzoo		0.15%	
25,000,000.00	Autostrade Portugal - Concessoes de Infraestructuras SA		17.21%	
324,836,101,955	Inversiones Autostrade Holding do Sur Ltda		50.00%	
6,000,000.00	Autostrade per l'Italia SpA		29.18%	
67,764,700.00	Autostrade per l'Italia SpA		2.00%	(9)

Annex 2

Disclosure pursuant to art.149-*duodecies* of the CONSOB Regulations for Issuers 11971/1999

Parent

Type of service	Service provider	Note	Fees (€000)
Audit	KPMG SpA		82
Attestation	KPMG SpA	(1)	45
Tax advisory	KPMG SpA		-
Other services	KPMG SpA	(2)	149
Total parent			276

Subsidiaries

Type of service	Service provider	Note	Fees (€000)
Audit	KPMG SpA		1,042
Audit	KPMG SpA Network		208
Attestation	KPMG SpA	(1)	35
Attestation	KPMG SpA Network		-
Tax advisory	KPMG SpA		-
Tax advisory	KPMG SpA Network		37
Other services	KPMG SpA	(3)	156
Other services	KPMG SpA Network	(4)	1
Total subsidiaries			1,479
Total Atlantia Group			1,755

(1) Opinion on payment of the interim dividend.

(2) Comfort letters on EMTN programme offering circulars, Signature of Consolidated Tax Return and Form 770, verification of documentation required by public tenders in India in which the Group participated during the year, agreed upon procedures regarding accounting data and information.

(3) Signing of Consolidated Tax Return and Form 770, agreed upon procedures on accounting data and information, review requirements for tenders in which the company participated.

(4) Agreed upon procedures regarding accounting data and information.

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Atlantia SpA's separate
financial statements and notes

4

Atlantia SpA's separate financial statements

Statement of financial position

ASSETS (€000)	Note	31.12.2011	31.12.2010
NON-CURRENT ASSETS			
Property, plant and equipment	4.1	7,488	7,653
Property, plant and equipment		775	644
Investment property		6,713	7,009
Intangible assets	4.2	235	238
Other intangible assets		235	238
Investments	4.3	6,039,677	6,089,467
Other non-current financial assets	4.4	7,914,817	7,869,485
Derivative assets		219,273	164,661
<i>of which due from related parties</i>		191,596	124,452
Other non-current financial assets		7,695,544	7,704,824
<i>of which due from related parties</i>		7,695,447	7,704,790
TOTAL NON-CURRENT ASSETS		13,962,217	13,966,843
CURRENT ASSETS			
Trading assets	4.5	1,039	2,323
Trade receivables		1,039	2,323
<i>of which due from related parties</i>		804	1,585
Cash and cash equivalents	4.6	293,063	197,587
Cash		805	907
Intercompany current account receivables		292,258	196,680
Other financial assets	4.4	238,957	2,270,618
Current portion of medium/long-term financial assets		235,483	2,267,280
<i>of which due from related parties</i>		214,095	2,246,610
Other current financial assets		3,474	3,338
<i>of which due from related parties</i>		3,421	3,282
Current tax assets	4.7	114,093	19,251
<i>of which due from related parties</i>		110,655	14,363
Other current assets	4.8	2,335	2,242
TOTAL CURRENT ASSETS		649,487	2,492,021
TOTAL ASSETS		14,611,704	16,458,864

EQUITY AND LIABILITIES (€000)	Note	31.12.2011	31.12.2010
EQUITY			
Equity		6,483,260	6,412,971
Issued capital		630,312	600,297
Reserves and retained earnings		5,803,414	5,727,248
Treasury shares		-215,644	-215,644
Profit for the year after payment of interim dividend		265,178	301,070
TOTAL EQUITY	4.9	6,483,260	6,412,971
NON-CURRENT LIABILITIES			
Non-current provisions	4.10	288	274
Provisions for employee benefits		288	274
Non-current financial liabilities	4.11	7,739,898	7,737,623
Bond issues		7,551,809	7,519,633
Non-current derivative liabilities		188,034	217,990
Other non-current financial liabilities		55	-
Deferred tax liabilities	4.12	44,436	26,291
TOTAL NON-CURRENT LIABILITIES		7,784,622	7,764,188
CURRENT LIABILITIES			
Current provisions	4.10	-	1,568
Provisions for employee benefits		-	1,568
Trading liabilities	4.13	4,246	4,177
Trade payables		4,246	4,177
<i>of which due to related parties</i>		<i>714</i>	<i>380</i>
Current financial liabilities	4.11	228,323	2,258,937
Bank overdrafts		-	1
Current portion of medium/long-term financial liabilities		228,233	2,258,857
Other current financial liabilities		90	79
Current tax liabilities	4.7	108,818	14,342
<i>of which due to related parties</i>		<i>3,236</i>	<i>6,852</i>
Other current liabilities	4.14	2,435	2,681
TOTAL CURRENT LIABILITIES		343,822	2,281,705
TOTAL LIABILITIES		8,128,444	10,045,893
TOTAL EQUITY AND LIABILITIES		14,611,704	16,458,864

Income statement

(€000)	Note	2011	2010
REVENUE			
Other operating income	5.1	871	841
<i>of which from related parties</i>		703	788
TOTAL REVENUE		871	841
COSTS			
Raw and consumable materials	5.2	-24	-46
Purchase of materials		-24	-46
Service costs	5.3	-7,020	-5,516
Personnel expense	5.4	-1,818	-3,585
Other operating costs	5.5	-2,266	-2,068
Lease expense		-95	-162
Other operating costs		-2,171	-1,906
Depreciation and amortisation		-405	-403
Depreciation of property, plant and equipment	4.1	-107	-105
Depreciation of investment property	4.1	-296	-295
Amortisation of other intangible leases	4.2	-2	-3
TOTAL COSTS		-11,533	-11,618
OPERATING PROFIT/(LOSS)		-10,662	-10,777
Financial income		1,073,766	1,204,297
Financial income		519,518	683,537
<i>of which from related parties</i>		467,906	546,425
Dividends from subsidiaries		554,248	520,760
Financial expenses		-571,113	-677,032
Financial expenses from discounting of provisions		-13	-8
Other financial expenses		-512,096	-677,024
<i>of which to related parties</i>		-29,732	-111,045
Impairment losses on financial assets		-59,004	-
Foreign exchange gains/(losses)		-284	-66
FINANCIAL INCOME/(EXPENSES)	5.6	502,369	527,199
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		491,707	516,422
Income tax (expense)/benefit	5.7	-7,260	-6,524
Current tax expense		-6,647	-7,346
Differences on current tax expense for previous years		-53	508
Deferred tax income and expense		-560	314
PROFIT FROM CONTINUING OPERATIONS		484,447	509,898
Profit/(loss) from discontinued operations/assets held for sale		-	-
PROFIT FOR THE YEAR	5.8	484,447	509,898

(€)	Note	2011	2010
Basic earnings per share	5.8	0.78	0.83
<i>of which:</i>			
from continuing operations		0.78	0.83
from discontinued operations/assets held for sale		–	–
Diluted earnings per share	5.8	0.78	0.83
<i>of which:</i>			
from continuing operations		0.78	0.83
from discontinued operations/assets held for sale		–	–

Statement of comprehensive income

(€000)	Note	2011	2010
Profit for the year (A)		484,447	509,898
Fair value gains/(losses) on cash flow hedges	4.9	33,763	33,038
Actuarial gains/(losses) (IAS 19)	4.9	–	44
Other comprehensive income for the year after related taxation (B)		33,763	33,082
Comprehensive income for the year (A + B)		518,210	542,980

Statement of changes in equity

€000)	Issued capital		Reserves and retained earnings		
		Share premium reserve	Legal reserve	Extraordinary reserve	Reserve for purchase of treasury shares
Balance at 31 December 2009	571,712	154	261,410	4,707,436	215,644
Total comprehensive income	-	-	-	-	-
Owner transactions and other changes					
Profit for previous year taken to extraordinary reserve	-	-	-	64,985	-
Final dividend approved	-	-	-	-	-
Bonus issue	28,585	-	-	-28,585	-
Interim dividend	-	-	-	-	-
Share-based incentive plans	-	-	-	-	-
Balance at 31 December 2010	600,297	154	261,410	4,743,836	215,644
Total comprehensive income	-	-	-	-	-
Owner transactions and other changes					
Profit for previous year taken to extraordinary reserve	-	-	-	71,066	-
Final dividend approved	-	-	-	-	-
Bonus issue	30,015	-	-	-30,015	-
Interim dividend	-	-	-	-	-
Share-based incentive plans	-	-	-	-	-
Balance at 31 December 2011	630,312	154	261,410	4,784,887	215,644

	Reserves and retained earnings				Retained earnings	Treasury shares	Profit for the year	Total equity
	Reserve for negative goodwill	Cash flow hedge reserve	Reserve for actuarial gains and losses on post-employment benefits	Other reserves				
	448,999	21,702	-396	173	2,325	-215,644	284,037	6,297,552
	-	33,038	44	-	-	-	509,898	542,980
	-	-	-	-	-	-	-64,985	-
	-	-	-	-	-	-	-219,052	-219,052
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-208,828	-208,828
	-	-	20	313	-14	-	-	319
	448,999	54,740	-332	486	2,311	-215,644	301,070	6,412,971
	-	33,763	-	-	-	-	484,447	518,210
	-	-	-	-	-	-	-71,066	-
	-	-	-	-	-	-	-230,004	-230,004
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-219,269	-219,269
	-	-	-	1,352	-	-	-	1,352
	448,999	88,503	-332	1,838	2,311	-215,644	265,178	6,483,260

Statement of cash flows

(€000)	Note	2011	2010
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Profit for the year		484,447	509,898
Adjusted by:			
Depreciation and amortisation	4.1. 4.2	406	403
Provisions		1	1,331
Financial expenses from discounting non-current liabilities		13	8
Impairment losses/(Reversal of impairment losses) on non-current financial assets, including investments accounted for at cost or fair value		59,004	–
Impairment losses/(Reversal of impairment losses) on non-current assets		–155	44
Net change in deferred tax (assets)/liabilities		559	–314
Other non-cash items		88	34
Change in working capital and other changes		–921	3,994
Net cash generated from/(used in) operating activities (A)	6.1	543,442	515,398
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Purchases of property, plant and equipment		–238	–20
Purchases of investments, net of unpaid called-up issued capital	4.3	–7,795	–5,381
Change in current and non-current financial assets not held for trading purposes		1,999,424	–1,565,745
<i>of which due from related parties</i>		<i>2,015,725</i>	<i>–1,571,836</i>
Net cash from/(used in) investing activities (B)	6.1	1,991,391	–1,571,146
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Dividends paid		–449,259	–427,874
Bond issues		–	1,484,571
Redemption of bonds		–2,000,000	–
Net change in other current and non-current financial liabilities		9,903	72,394
Net cash from/(used in) financing activities (C)	6.1	–2,439,356	1,129,091
Increase/(decrease) in cash and cash equivalents (A + B + C)		95,477	73,343
Net cash and cash equivalents at beginning of year		197,586	124,243
Net cash and cash equivalents at end of year		293,063	197,586

Additional information on the statement of cash flows

(€000)	Note	2011	2010
Income tax paid		7,567	275,414
Tax rebates from tax consolidation arrangement		–	–271,075
Interest income and other financial income collected		514,019	569,906
Interest expense and other financial expenses paid		–516,514	–568,841
Dividends received	5.6	554,248	520,760
Foreign exchange gains collected		211	554
Foreign exchange losses incurred		–632	–576

Reconciliation of net cash and cash equivalents

(€000)	Note	2011	2010
Net cash and cash equivalents at beginning of year		197,586	124,243
Cash and cash equivalents	4.6	197,587	124,245
Bank overdrafts repayable on demand	4.11	–1	–2
Net cash and cash equivalents at end of year		293,063	197,586
Cash and cash equivalents	4.6	293,063	197,587
Bank overdrafts repayable on demand	4.11	–	–1

Notes to Atlantia SpA's separate financial statements

1. Introduction

Atlantia SpA (also the "Company") was formed in 2003. The Company's registered office is in Rome, at Via Nibby, 20. The Company does not have branch offices.

The Company operates solely as a holding company, and is listed on the screen-based trading system (*Mercato Telematico Azionario*) operated by Borsa Italiana SpA. It is responsible for developing growth and financial strategies in the infrastructure sector, but does not have a direct operational role.

The duration of the Company is currently until 31 December 2050.

As at the date of preparation of these separate financial statements, the shareholder that, via Schemaventotto SpA, directly and indirectly holds a relative majority of the issued capital of Atlantia SpA is Sintonia SA. Sintonia SA, which is in turn a subsidiary of Edizione Srl, does not exercise management and coordination of Atlantia SpA.

These separate financial statements were approved by the Company's Board of Directors at its meeting of 9 March 2012. Due to the fact that the Company has significant controlling interests in other companies, it also prepares Group consolidated financial statements that are presented together with the Company's separate financial statements.

2. Basis of presentation

The separate financial statements as at and for the year ended 31 December 2011 have been prepared on a going concern basis. They have been prepared in compliance with articles 2 and 4 of Legislative Decree 38/2005 and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission, as in force at that date. These standards reflect the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), in addition to previous International Accounting Standards (IAS) and interpretations issued by the Standard Interpretations Committee (SIC) and still in force at the end of the reporting period. For the sake of simplicity, all the above standards and interpretations are hereinafter referred to as "IFRS".

Moreover, reference was made to the measures introduced by the CONSOB, in application of paragraph 3 of article 9 of Legislative Decree 38/2005.

The separate financial statements consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes, in application of IAS 1 "Presentation of financial statements" and, in general, the historic cost convention, with the exception of those items that are required by IFRS to be recognised at fair value, as explained in the notes to the relevant items. The statement of financial position is based on the format that separately discloses current and non-current assets and liabilities. The income statement is classified by nature of expense, whilst the statement of cash flows has been prepared in application of the indirect method.

IFRS have been applied in accordance with the indications provided in the "Framework for the Preparation and Presentation of Financial Statements", and no events have occurred that would require exemptions pursuant to paragraph 19 of IAS 1.

CONSOB Resolution 15519 of 27 July 2006 requires that, in addition to the specific requirements of IAS 1 and other IFRS, financial statements must, where material, include separate sub-items providing (i) disclosure of amounts deriving from related party transactions; and, with regard to the income statement, (ii) separate disclosure of income and expenses deriving from events and transactions that are non-recurring in nature, or transactions or events that do not occur on a frequent basis during the normal course of business. In this regard, it should be noted that no material non-recurring, atypical or unusual transactions were entered into during 2011, either with third or related parties.

Atlantia SpA's separate financial statements and the notes are shown in thousands of euros, unless otherwise indicated. The euro is both the Company's functional currency and its presentation currency. Each item in the financial statements is compared with the corresponding amount for the previous year. These comparative amounts have not been restated and/or reclassified with respect to amounts previously presented in the financial statements as at and for the year ended 31 December 2010, as there have been no events or changes to the accounting standards applied that would require such restatements or reclassifications.

3. Accounting policies

The following most significant accounting policies were used in preparing the separate financial statements as at and for the year ended 31 December 2011. They are consistent with those applied in preparation of the financial statements for the previous year, as no new accounting standards, interpretations or amendments to existing accounting standards, having a material impact on the financial statements, came into effect during 2011.

Property, plant and equipment

Property, plant and equipment are stated at purchase cost. Cost includes expenditure that is directly attributable to the acquisition of the items and financial expenses incurred during construction of the asset. Assets acquired through business combinations prior to 1 January 2004 (the IFRS transition date) are stated at previous amounts, as determined under Italian GAAP for those business combinations and representing deemed cost.

The cost of assets with finite useful lives is systematically depreciated on a straight-line basis applying rates that represent the expected useful life of the asset. Each component of an asset with a cost that is significant in relation to the total cost of the item, and that has a different useful life, is accounted for separately. Land, whether free of constructions or annexed to civil and industrial buildings, is not depreciated as it has an indefinite useful life.

Investment property, which is held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods and services, is recognised at cost measured in the same manner as property, plant and equipment. The relevant fair value of such assets, if known, has also been disclosed.

The annual rates of depreciation used for buildings and other assets (furniture, fittings and electronic office equipment) in 2011 are 3% and from 12%-20%, respectively.

Property, plant and equipment is tested for impairment, as described in the relevant note, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Property, plant and equipment is derecognised following sale or if the facts and circumstances giving rise to the future expected benefits cease to exist. Any gains or losses (determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset) are recognised in the income statement for the year in which the asset is sold.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the entity and from which future economic benefits are expected to flow, and purchased goodwill. Identifiable intangible assets are those purchased assets that, unlike goodwill, can be separately distinguished. This requirement is generally satisfied when: (i) the intangible asset arises from a legal or contractual right, or (ii) the asset is separable, meaning that it may be sold, transferred, licenced or exchanged, either individually or as an integral part of other assets. The asset is controlled by the entity if the entity has the power to obtain future economic benefits from the asset and can limit access to it by others.

Internally developed assets are recognised as assets to the extent that: (i) the cost of the asset can be measured reliably; (ii) the entity has the intention, the available financial resources and the technical expertise to complete the asset and either use or sell it; (iii) the entity is able to demonstrate that the asset is capable of generating future economic benefits.

Intangible assets are recognised at cost, measured in the same manner as property, plant and equipment, provided that the assets can be identified and their cost reliably determined, are under the entity's control and are able to generate future economic benefits.

Amortisation of intangible assets with finite useful lives begins when the asset is ready for use and is based on remaining economic benefits to be obtained in relation to their residual useful lives.

Gains and losses deriving from the disposal of an intangible asset are determined as the difference between the disposal proceeds, less costs to sell, and the carrying amount of the asset and are recognised as income or expense in the income statement at the time of the disposal.

Investments

Investments in subsidiaries, associates and joint ventures are accounted for at cost and include any directly attributable transaction costs.

Investments in other companies, which qualify as available-for-sale financial instruments, as defined by IAS 39, are initially accounted for at cost at the settlement date, in that this represents fair value, including any directly attributable transaction costs. After initial recognition, these investments are measured at fair value, to the extent reliably determinable, through other comprehensive income and hence in a specific equity reserve. On realisation or recognition of an impairment loss, the accumulated gains and losses in that reserve are reclassified to the income statement.

Impairment losses, identified as described below in the note on "Impairment of assets", are reversed to other comprehensive income in the event the circumstances giving rise to the impairment cease to exist.

When fair value cannot be reliably determined, investments classified as available-for-sale financial instruments are measured at cost less any impairment losses. In this case impairment losses may not be reversed.

Provisions are made to cover the risk that the losses of an investee company could exceed the carrying amount of the investment, to the extent that the Company is required to comply with actual or constructive obligations to cover such losses.

Available-for-sale investments, or those in the process of being sold, are recognised at the lower of their carrying amount and fair value, less any costs to sell.

Receivables and payables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less allowances for impairment. The amount of the allowances is based on the present value of expected future cash flows. These cash flows take account of expected collection times, estimated realisable value, any guarantees, and the expected costs of recovering the amounts due. Impairment losses are reversed in future periods if the circumstances that resulted in the loss no longer exist. In this case, the reversal is accounted for in the income

statement and may not in any event exceed the amortised cost of the receivable had no previous impairment losses been recognised.

Payables are initially recognised at cost, which corresponds to the fair value of the liability, less any directly attributable transaction costs. After initial recognition, payables are recognised at amortised cost, using the original effective interest method.

Trade receivables and payables, which are subject to normal commercial terms and conditions, are not discounted to present value.

Cash and cash equivalents

Cash and cash equivalents are recognised at face value. They include highly liquid demand deposits or very short-term instruments of excellent quality, which are subject to an insignificant risk of changes in value.

Derivative financial instruments

All derivative financial instruments are recognised at fair value at the end of the reporting period.

As required by IAS 39, derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the periodically assessed effectiveness of the hedge is high and ranges between 80% and 125%.

Changes in the fair value of derivatives that are designated and qualify as asset or liability cash flow hedges are recognised in the statement of comprehensive income, net of any deferred taxation. The gain or loss relating to the ineffective portion is recognised in profit or loss.

The changes in the fair value of instruments hedging the changes in the fair value of assets and liabilities are recognised in profit or loss for the year. Analogously, the hedged assets and liabilities are restated at fair value through profit or loss.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised in profit or loss.

Other financial assets and liabilities

Financial assets that the Company intends and is able to hold to maturity, in accordance with IAS 39, and financial liabilities are recognised at the fair value of the purchase consideration at the settlement date, with assets being increased and liabilities being reduced by transaction costs directly attributable to the purchase of the asset or issuance of a financial liability. After initial recognition, financial assets and liabilities are measured at amortised cost using the original effective interest method.

Financial assets and liabilities are derecognised when, following their sale or settlement, the Company is no longer involved in their management and has transferred all risks and rewards of ownership.

Financial assets held for trading are accounted for and measured at fair value through the income statement. Other categories of financial assets are classified as available-for-sale financial instruments, which are accounted for and measured at fair value through other comprehensive income and, consequently, in a specific equity reserve. The financial instruments in these categories have, to date, never been reclassified.

Fair value hierarchy of financial instruments

IFRS 7 "Financial Instruments: Disclosures" requires that financial instruments recognised at fair value in the statement of financial position be classified with reference to a hierarchy of levels, based on the source of the inputs used to derive the fair value.

4. Separate financial statements and notes

The standard classifies financial instruments recognised at fair value based on the following levels:

- a) Level 1 — quoted prices in active markets;
- b) Level 2 — inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- c) Level 3 — inputs that are not based on observable market data.

No transfers between the various levels of the fair value hierarchy have ever taken place.

The Company does not hold financial instruments classifiable in Level 3.

Provisions

Provisions are made when: (i) the Company has a present (actual or constructive) obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the related amount has been reliably estimated.

Provisions are measured on the basis of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the discount to present value is material, provisions are determined by discounting future expected cash flows to their present value using a discount rate used that reflects current market assessments of the time value of money. Subsequent to the computation of present value, the increase in provisions over time is recognised as a financial expense.

Employee benefits

Short-term employee benefits, provided during the period of employment, are accounted for at the accrued liability at the end of the reporting period.

Liabilities deriving from other medium/long-term employee benefits are recognised in the vesting period, less any plan assets and advance payments made. They are determined on the basis of actuarial assumptions, if material, and recognised on an accruals basis in line with the period of service necessary to obtain the benefit.

Post-employment benefits in the form of defined contribution plans are recognised at the amount accrued at the end of the reporting period.

Post-employment benefits in the form of defined benefit plans (for Italian companies, primarily post-employment benefits accrued to 31 December 2006 or, where applicable, until the date the employee joins a supplementary pension fund) are recognised in the vesting period, less any plan assets and advance payments made. Such defined benefit plans primarily regard the obligation as determined on the basis of actuarial assumptions and recognised on an accruals basis in line with the period of service necessary to obtain the benefit. The obligation is calculated by independent actuaries.

Any resulting actuarial gain and loss is recognised in full in the statement of other comprehensive income in the period to which they relate, net of any deferred taxation.

Revenue

Revenue is recognised when the fair value can be reliably measured and it is probable that the economic benefits associated with the transactions will flow to the Company. Depending on the type of transaction, revenue is recognised on the basis of the following specific criteria:

- a) to the extent, for sales of goods, that significant risks and rewards of ownership are transferred to the buyer;
- b) the provision of services is prorated to percentage of completion of work based on the same criteria as used for construction contracts. When the amount of the revenue cannot be reliably determined, revenue is recognised only to the extent that expenses are considered to be recoverable;
- c) rental income or royalties, on an accruals basis, based on the agreed terms and conditions of the contract;
- d) interest income (and interest expense) is accrued with reference to the amount of the financial asset or liability, in accordance with the effective interest method;

- e) dividend income is recognised when the right to receive payment is established.

Income taxes

Income taxes are recognised on the basis of a realistic estimate of tax expense to be paid, in compliance with the regulations in force and taking account of any applicable exemptions.

Deferred tax assets and liabilities are taxes expected to be recovered or paid on temporary differences between the carrying amounts of assets and liabilities as in the Company's books, computed by applying the criteria described in note 3, and the corresponding tax bases, as follows:

- a) deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised;
- b) deferred tax liabilities are always recognised.

Atlantia SpA operates a tax consolidation arrangement, on the basis of Legislative Decree 344/2003. In addition to the direct subsidiaries, Autostrade per l'Italia SpA and TowerCo SpA, the following indirect subsidiaries participate in the arrangement: Tangenziale di Napoli SpA, EsseDiEsse Società di Servizi SpA, Autostrada Torino-Savona SpA, Spea Ingegneria Europea SpA, AD Moving SpA, Autostrade Meridionali SpA, Autostrade dell'Atlantico Srl, Pavimental SpA, Port Mobility SpA, Telepass SpA, Infoblu SpA, Autostrade Tech SpA, Newpass SpA and Società Autostrada Tirrenica pA. The latter company withdrew from the tax consolidation arrangement in 2011 following the sale to third parties of the majority interest held by the direct subsidiary, Autostrade per l'Italia SpA.

As a result, these companies' current tax assets and liabilities for IRES, which are included in the consolidation, are reported as current tax assets and liabilities, with recognition of a matching receivable or payable due from or to the subsidiary, in connection with the transfer of funds to be carried out as a result of the tax consolidation.

Relations between the companies are regulated by a specific contract. This contract establishes that participation in the tax consolidation arrangement may not, under any circumstances, result in economic or financial disadvantages for the participating companies compared with the situation that would have arisen had they not participated in the arrangement. Should such disadvantages arise, they are to be offset by a corresponding indemnity to be paid to the participating companies concerned.

Share-based payments

The cost of services provided by employees and/or directors and remunerated in the form of share options and/or grants is based on the fair value of the rights at the grant date. Fair value is computed using actuarial assumptions and with reference to all characteristics, at the grant date, of the rights (term, any consideration, conditions of exercise, etc.) and the plan's underlying securities. The obligation is determined by independent actuaries. The cost is recognised in the income statement, with a contraentry in equity, over the vesting period, based on a best estimate of the number of options that will vest.

Impairment of assets and reversals (impairment testing)

At the end of the reporting period, the Company tests property, plant and equipment, intangible assets, financial assets and investments for impairment.

If there are indications that these assets have been impaired, the recoverable amounts of such assets are estimated in order to verify and eventually measure the amount of the impairment loss. Irrespective of whether there is an indication of impairment, intangible assets with indefinite lives and those which are not yet available for use are tested for impairment at least annually, or more frequently, if an event has occurred or there has been a change in circumstances that could cause an impairment.

If it is not possible to estimate the recoverable amounts of individual assets individually, the recoverable amount of the

cash-generating unit to which a particular asset belongs is estimated.

The subsequent test entails estimating the recoverable amount of the asset (represented by the higher of the asset's fair value less costs to sell and its value in use) and comparing it with the carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. In calculating value in use, expected future pre-tax cash flow is discounted using a pre-tax rate that reflects current market assessments of the cost of capital which embodies the time value of money and the risks specific to the business.

Impairment losses are recognised in the income statement, and classified according to the nature of the impaired asset.

Losses are reversed if the circumstances that resulted in the loss no longer exist, provided that the reversal does not exceed the cumulative impairment losses previously recognised, unless the impairment loss relates to goodwill and investments measured at cost, where the related fair value cannot be reliably determined.

Estimates and judgements

Preparation of financial statements in compliance with IFRS involves the use of estimates and judgements, which are reflected in the measurement of the carrying amounts of assets and liabilities and in the disclosures provided in the notes to the financial statements, including contingent assets and liabilities at the end of the reporting period. These estimates are especially important in determining amortisation and depreciation, impairment testing of assets (including the measurement of receivables), provisions, employee benefits, the fair value of financial assets and liabilities, and deferred tax assets and liabilities.

The amounts subsequently recognised may, therefore, differ from these estimates. Moreover, these estimates and judgements are periodically reviewed and updated, and the resulting effects of each change immediately recognised in the financial statements.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognised by application of the exchange rate at the transaction date. Assets and liabilities denominated in currencies other than the functional currency are, subsequently, remeasured by application of the exchange rate at the end of the reporting period. Any exchange differences on remeasurement are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical cost are translated using the exchange rate at the date of initial recognition.

Earnings per share

Basic earnings per share are computed by dividing profit by the weighted average number of shares outstanding during the accounting period.

Diluted earnings per share are computed by taking into account, for both profit for the period and the above weighted average, the effects deriving from the subscription and/or conversion of all potential shares that may be issued as a result of the exercise of any outstanding share options.

New accounting standards and interpretations, or revisions and modifications of existing standards, that have either yet to come into effect or yet to be endorsed by the European Union

There were no new accounting standards or interpretations, or amendments and interpretations to existing standards, in 2011 that had a significant effect on the financial statements.

As required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", this section describes new

accounting standards and interpretations, and revisions of existing standards and interpretations that are already applicable, but that have either yet to come into effect or yet to be endorsed by the European Union (EU), and that may in the future be applied in the Company's financial statements.

IFRS 9 - Financial Instruments

The IASB issued the first part of IFRS 9 on 12 November 2009 that only revised requirements for the classification and measurement of financial assets currently regulated by IAS 39. When completed, IFRS 9 will fully replace IAS 39. The IASB subsequently released a revised version of IFRS 9 on 28 October 2010 containing requirements for the classification and measurement of financial liabilities. Other changes were made to the published version on 16 December 2011.

IFRS 9 requires that financial assets now only be classified into two categories. There are, furthermore, two alternate methods of measurement: amortised cost and fair value.

Classifications should be made with reference to the business model for managing the financial asset and the characteristics of its contractual cash flows.

Initial recognition and subsequent measurement at amortised cost are subject to both of the following conditions:

- a) the asset is held in conjunction with a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either one of the above two conditions is not satisfied, the financial asset is required to be initially recognised and subsequently measured at fair value.

All financial assets in the form of shares are to be measured at fair value. Unlike IAS 39, the revised standard does not admit exception to the general rule. As a result, it is not possible to measure unlisted shares, for which fair value cannot be reliably determined, at cost.

A financial asset meeting the conditions to be classified and measured at amortised cost may, on initial recognition, be designated as a financial asset at fair value through profit or loss, to the extent that this accounting treatment would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

In addition, the new standard provides that an entity may, with respect to investments in equity instruments, which consequently may not be carried and measured at amortised cost unless such instruments are shares that are not held for trading but rather for strategic reasons, make an irrevocable election on initial recognition to present changes in the fair value in the statement of comprehensive income.

The new IFRS 9, on the other hand, has confirmed the provisions of IAS 39 for financial liabilities including the relative valuation at amortised cost or fair value through profit or loss in specific circumstances.

The requirements of IAS 39 which have been changed are:

- a) the reporting of changes in fair value in connection with the credit risk of liabilities which IFRS 9 requires to be recognised only through comprehensive income for certain types of financial liabilities;
- b) the elimination of the option to measure, at amortised cost, financial liabilities consisting of derivative financial instruments entailing the delivery of unlisted equity instruments. The consequence of the change is that all derivative financial instruments must now be recognised at fair value.

IFRS 9 is currently being examined by the EU in conjunction with their overall assessment of the revision and replacement of IAS 39.

IFRS 10 - Consolidated Financial Statements, IAS 27 - Separate Financial Statements and IFRS 12 - Disclosure of Interests in Other Entities

The IASB issued the new IFRS 10 on 12 May 2011 on the conclusion of the project to redefine the concept of control in order to overcome different manners of applying the concept. Whereas the old IAS 27 – Consolidated and Separate Financial Statements defined the control of an entity as the power to determine its financial and operating policies and to obtain the relevant benefits, SIC 12 – Consolidation: Special Purpose Entities interpreted the requirements of IAS 27 placing greater emphasis on risks and benefits.

The new IFRS 10, which was issued at the same time as the new IAS 27 - Separate Financial Statements, replaces certain of the provisions of the old IAS 27 and SIC 12 with a new definition of control and confirms the methods to be used for the preparation of IFRS compliant consolidated financial statements without revising the provisions of the old IAS 27.

IFRS 10 provides that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The concept of control is, consequently, based on three factors: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

Pursuant to IFRS 10, this concept of control must be applied in all of the following circumstances:

- a) when voting or similar rights give an investor power, including situations where the investor holds less than a majority of voting rights and in circumstances involving potential voting rights;
- b) when an investee is organised in such a manner that voting rights are not determinant in deciding who controls the investee, such as when any voting rights relate to administrative tasks only with more strategic activities being directed through contract;
- c) agency relationships;
- d) when the investor has control of specific activities of an investee.

Finally, disclosure requirements are contained in the new IFRS 12 Disclosure of Interests in Other Entities (issued together with the other new standards) rather than IFRS 10. IFRS 12, in fact, contains a series of disclosure requirements pertaining to investments in subsidiaries and associates as well as other joint arrangements (see IFRS 11 below).

The new IAS 27 - Separate Financial Statements is only applicable to the accounting treatment and disclosure requirements for investments in subsidiaries and the requirements for entities to present separate (non-consolidated) financial statements. The new standards also introduced revisions to certain parts of the old IAS 27.

Application of the new standards IFRS 10, IFRS 12 and IAS 27 is mandatory for accounting periods beginning on or after 1 January 2013. The standards are currently being revised by the EU for endorsement for use in Member States.

IFRS 11 - Joint Arrangements

The new IFRS 11 was issued on 12 May 2011 together with IFRS 10, IFRS 12 and IAS 27 on the conclusion of a revision of IAS 31 - Interests in Joint Ventures commenced in 2005, and including the new concept of control established by IFRS 10.

The new standard replaces IAS 31 and SIC 13 - Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 11 requires that a party to a joint arrangement determines the nature of the agreement in which that party is involved by evaluation of its rights and obligations arising thereunder. A joint arrangement is an arrangement by which two or more parties have joint control, which, in turn, is defined by the standard as a contractually agreed sharing of control of an arrangement. Such arrangements only exist when decisions about activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

IFRS 11 requires that joint arrangements be classified as one of two types:

- a) joint operations - joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement;

- b) joint ventures – joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, such as, for example, companies with a separate legal form.

In determining the type of arrangement in which it is involved, an entity must assess its rights and obligations arising under the arrangement taking into consideration its structure and legal form, the contractual terms and conditions agreed by the parties and, if applicable, any other facts and circumstances.

The accounting treatment required by IFRS 11 for joint operations is the prorated recognition of assets, liabilities, costs and revenue arising under the arrangement to be measured in accordance with the standards relating to such assets, liabilities, costs and revenue. The accounting treatment required by the new standard for joint ventures, on the other hand, is based on the equity method established by IAS 28 with, however, the option to adopt proportional consolidation permitted under IAS 31 having been eliminated. Since the Atlantia Group has always used the equity method to account for such investments, no effect, in this regard, of the new standard is expected.

Application of IFRS 11 is mandatory for accounting periods beginning on or after 1 January 2013 with earlier adoption permitted. The standard is currently being examined by the EU authorities for endorsement.

IFRS 13 - Fair Value Measurement

IFRS 13, issued on 12 May 2011, explains fair value measurements and the related disclosures and is applicable to all IFRS requiring or permitting fair value measurements or the presentation of information based on fair value.

Application of the new standard, which emphasises the use, where possible, of market sources, is mandatory for accounting periods beginning on or after 1 January 2013, has not yet been endorsed by the EU.

IAS 1 – Presentation of Comprehensive Income

The IASB published an amendment to IAS 1 on 16 June 2011 to clarify the manner in which comprehensive income must be presented. The amendment does not relate to the items to be included in comprehensive income but only to the presentation of comprehensive income by nature and classified into two categories: (i) those that will be reclassified to profit or loss, and (ii) those that will be reclassified to profit or loss subject to certain conditions required by IFRS.

The amendments to IAS 1 shall be effective for financial years beginning on or after 1 July 2012 (therefore, 2013 for the Atlantia Group) but have not yet been endorsed by the EU.

IAS 12 - Income Taxes

The IASB approved certain amendments to IAS 12 on 20 December 2010 having regard to the recovery of deferred taxes in connection with certain activities abrogating, among other things, SIC 21 - Income Taxes—Recovery of Revalued Non-Depreciable Assets.

The amendments, which abrogate the current general provision of IAS 12 requiring the method of the reversal of deferred taxes through use of an asset or liability rather than sale, introduce the presumption that deferred taxes relating to investment property, property plant and equipment and intangible assets carried at fair value will be fully reversed on sale of the asset unless there is unambiguous proof that such recovery has been through use.

The amendments are applicable to financial years commencing on or after 1 January 2012. The new IAS 12 has not yet, however, been endorsed by the EU.

IAS 19 - Employee Benefits

The IASB approved the amended IAS 19 on 16 June 2011 having regard to the payment of benefits to employees.

Many aspects of the standard are modified by the amendment. The most significant of the changes to IAS 19 are:

- a) immediate recognition of all actuarial gains and losses in the statement of other comprehensive income at the reporting date. As a consequence, the option to defer recognition of such gains and losses in application of the corridor method and the option to recognise them in the income statement is no longer permitted. Since the Atlantia

4. Separate financial statements and notes

Group's existing accounting policy is to recognise actuarial gains and losses in the statement of other comprehensive income the amendment to the standard is not expected to affect the Group's financial statements;

- b) any past service costs arising from changes to plans must be recognised in the year in which the plan was changed making it no longer possible for such costs to be deferred to future service years;
- c) any benefit entailing a service obligation subsequent to the termination of employment may not be classified as a termination benefit with the consequent reduction in the number of settlements that can be included in this category. Furthermore, an obligation to pay termination benefits may only be recognised to the extent that the entity also recognised the relative restructuring costs or when it is not possible to avoid offering termination benefits. This could result in the recognition of such benefits subsequent to the date required by the original standard.

The amended version of IAS 19 comes into effect for financial years beginning on or after 1 January 2013 and earlier application is permitted. The amendment has not yet been endorsed by the EU.

IAS 28 - Investments in Associates and Joint Ventures

On 12 May 2011, the IASB issued the new standards IFRS 10, IFRS 11, IFRS 12 and IAS 27 as well as a revision to IAS 28 - Investments in Associates and Joint Ventures to take account of certain amendments introduced by the new standards.

The amended standard replaces the original IAS 28 - Investments in Associates, without, however, making substantial changes. Indeed, the amended standard did not change the concept of significant influence contained in the original IAS 28 but, in line with IFRS 11, made the equity method mandatory for the measurement of investments in joint ventures. The method of applying the equity method remains the same as in the original IAS 28.

Application of the amended IAS 28 is mandatory for accounting periods beginning on or after 1 January 2013 with earlier adoption permitted.

The standard, along with the new standards IFRS 10, IFRS 11, IFRS 12 and IAS 27, is currently being examined by the EU.

IAS 32 and IFRS 7 - Offset of Financial Assets and Financial Liabilities

Amendments to IAS 32 and IFRS 7 were issued by the IASB on 16 December 2011 having regard to the manner of presenting offsetting of financial assets and financial liabilities and the relevant disclosures.

The amendments to IAS 32 provide that the entity presenting financial statements only has a legal right of offsetting of previously recognised financial assets and financial liabilities to the extent that such right:

- a) is not conditional on the occurrence or otherwise of a future event;
- b) may be exercised regardless of whether the entity preparing financial statements and other parties involved are going concerns or is in default, insolvency or bankruptcy.

The amended IAS 32 is retroactively mandatory for financial years beginning on or after 1 January 2014 (earlier adoption permitted) whereas the amended IFRS 7 is mandatory for financial years commencing on or after 1 January 2013. Neither of the two standards has been endorsed by the EU.

The effect of the future application of newly issued standards and interpretations as well as all revisions and amendments to existing standards is currently being evaluated by the Atlantia Group with the exception of the amendments to IFRS 11 and IAS 19 which, as explained above, are in line with current Group accounting policies.

4. Notes to the statement of financial position

The following notes provide information on items in the statement of financial position as at 31 December 2011. Comparative amounts as at 31 December 2010 are shown in brackets.

4.1 Property, plant and equipment / €7,488 thousand (€7,653 thousand)

As at 31 December 2011 property, plant and equipment totals €7,488 thousand, representing a decrease of €165 thousand compared with 31 December 2010. The reduction is due to depreciation for the year (€403 thousand), partially offset by expenditure on urban development costs (€238 thousand) incurred during construction of the company crèche near Villa Fassini.

There were no changes in the expected useful lives of these assets during 2011.

Property, plant and equipment as at 31 December 2010 is free of mortgages, liens or other collateral guarantees restricting their use.

The following tables show changes in property, plant and equipment during the year, including amounts at the beginning and end of the year.

(€000)	31.12.2010			Changes during the year		31.12.2011		
	Gross amount	Accumulated depreciation	Carrying amount	Gross amount	Accumulated depreciation	Gross amount	Accumulated depreciation	Carrying amount
				Additions due to purchases and capitalisations	Depreciation additions			
Property, plant and equipment:								
Land	33	-	33	-	-	33	-	33
Buildings	3,017	-2,454	563	-	-91	3,017	-2,545	472
Other assets	107	-59	48	-	-16	107	-75	32
Property, plant and equipment under construction and advances	-	-	-	238	-	238	-	238
Total	3,157	-2,513	644	238	-107	3,395	-2,620	775
Investment property:								
Land	1,130	-	1,130	-	-	1,130	-	1,130
Buildings	9,853	-3,974	5,879	-	-296	9,853	-4,270	5,583
Total	10,983	-3,974	7,009	-	-296	10,983	-4,270	6,713
Total property, plant and equipment	14,140	-6,487	7,653	238	-403	14,378	-6,890	7,488

In addition to the above urban development costs incurred during construction of the company crèche near Villa Fassini (€238 thousand), property, plant and equipment of €775 thousand as at 31 December 2011 (€644 thousand as at 31 December 2010) primarily consist of a portion of the buildings located at Via Nibby (€472 thousand) used as operating headquarters and the surrounding land (€33 thousand).

Investment property consists of buildings owned by the Company, together with the surrounding land, and leased to other Group companies. Villa Fassini and a portion of the building in Via Nibby, both located in Rome, fall into this category. Investment property generated rental income of €683 thousand in 2011.

The fair value of these assets, estimated by independent property appraisers on the basis of the market for properties of this type, is approximately €9.2 million for Villa Fassini and approximately €4.1 million for the building in Via Nibby.

4.2 Intangible assets / €235 thousand (€238 thousand)

(€000)	31.12.2010			Changes for the year		31.12.2011		
	Gross amount	Accumulated amortisation	Carrying amount	Accumulated amortisation	Additions	Gross amount	Accumulated amortisation	Carrying amount
Other intangible assets:								
Building licences	262	-24	238	-3	-	262	-27	235
Total	262	-24	238	-3	-	262	-27	235
Total intangible assets	262	-24	238	-3	-	262	-27	235

4. Separate financial statements and notes

Intangible assets consist solely of building licences for land owned by the Municipality of Florence, which are amortised over the term of the licences.

4.3 Investments / €6,039,677 thousand (€6,089,467 thousand)

The following table shows an analysis of investments as at 31 December 2011, together with the Company's percentage interest and relevant carrying amount:

	Registered office	Issued capital/Consortium fund		Interest (%)	Number of shares	Carrying amount (€000)	
		Number of shares/percentage held	Par value (€)				Capital/Consortium fund (€)
Investments in subsidiaries							
Autostrade per l'Italia SpA	Rome	622,027,000	1.00	622,027,000	100%	622,027,000	5,955,786
TowerCo SpA	Rome	20,100,000	1.00	20,100,000	100%	20,100,000	20,100
Autostrade Mazowsze SA	Katowice, Poland	200,000	100.00 ⁽¹⁾	20,000,000 ⁽¹⁾	70%	140,000	2,732
Mizard Srl	Rome	1	10,000.00	10,000	100%	1	21
Total							5,978,639
Investments in associates and joint ventures							
Autostrade for Russia GmbH	Vienna (Austria)	60,000	1.00	60,000	51%	30,600	791
Pune Solapur Expressways Private Ltd	New Delhi (India)	10,000,000	10.00 ⁽²⁾	100,000,000 ⁽²⁾	50%	5,000,000	16,386
Total							17,177
Investments in other Group companies							
Firenze Parcheggì SpA	Florence	495,550	51.65	25,595,158	5.36%	26,560	2,582
Emittente Titoli SpA	Milan	8,200,000	0.52	4,264,000	6.02%	494,000	277
Alitalia – Compagnia Aerea Italiana SpA	Milan	668,355,344	1.00	668,355,344	8.85%	59,175,680	41,000
Autopista do Pacifico SA	Santiago (Chile)	65,000		146,673,929,470 ⁽³⁾	0.008%	1	2
Total							43,861

(1) Amount in Polish zlotys.

(2) Amount in Indian rupees.

(3) Amount in Chilean pesos.

This item consists of the carrying amounts of investments in subsidiaries, associates, joint ventures and other companies, as determined through application of the accounting policy described in note 3 "Accounting policies".

Investments amount to €6,039,677 million (€6,089,467 million as at 31 December 2010) and include investments in subsidiaries, totalling €5,978,639 thousand, primarily consisting of the investment in Autostrade per l'Italia, investments in associates, totalling €17,177 thousand, and investments in other companies, totalling €43,861 thousand.

The investment in Autostrade per l'Italia has been tested for impairment and the recoverability of the carrying amount, based on its value in use, confirmed. Value in use was determined by using the long-term business plan approved by the Board of Directors, which was based on the updated financial plans annexed to the concession arrangement entered into with the Grantor. These contain projections for traffic, investment, costs and revenues throughout the related concession terms. The company's estimated after-tax cash flows were discounted to present value using a discount rate of 6.1%, which is the Group's (after-tax) WACC (5.6% in 2010). After-tax cash flows and discount rates were used as this produces results that are substantially the same as those deriving from the use of pre-tax figures.

The main changes during 2011 regard:

- a) an impairment loss of €59,000 thousand with respect to the carrying amount of the investment in Alitalia - Compagnia Aerea Italiana, based on the Group's share of the company's equity, given that there was insufficient information on which to base a reliable measurement of fair value in view of the ongoing losses reported by the company;
- b) the injection of further equity into Pune Solapur Expressways Private, totalling €7,780 thousand;
- c) the increase in the carrying amount of Autostrade per l'Italia investment in connection with the provisions (€1,264 thousand) for share-based incentive plans for the management of the same Company and other Group companies.

The following table shows carrying amounts at the beginning and end of the year and changes in investments during the year.

4. Separate financial statements and notes

(€000)	31.12.2010	
	Gross amount	Carrying amount
Investments in subsidiaries		
Autostrade per l'Italia SpA	5,954,522	5,954,522
TowerCo SpA	20,100	20,100
Autostrade Mazowsze SA	2,577	2,577
Mizard Srl	10	10
	5,977,209	5,977,209
Investments in associates and joint ventures		
Autostrade for Russia GmbH	791	791
Pune-Solapur Expressways Private Ltd	8,606	8,606
	9,397	9,397
Investments in other Group companies		
Firenze Parcheggi SpA	2,582	2,582
Emittente Titoli SpA	277	277
Alitalia – Compagnia Aerea Italiana SpA	100,000	100,000
Autopista do Pacifico SA	2	2
	102,861	102,861
Total investments	6,089,467	6,089,467

4.4 Other financial assets

(non-current) / €7,914,817 thousand (€7,869,485 thousand)

(current) / €238,957 thousand (€2,270,618 thousand)

The following table shows the composition of other financial assets as at 31 December 2011:

(€000)	31.12.2011			31.12.2010		
	Total financial assets	Current portion	Non-current portion	Total financial assets	Current portion	Non-current portion
Intercompany loans ⁽¹⁾	7,888,592	193,145	7,695,447	9,900,448	2,195,658	7,704,790
Derivative assets ⁽²⁾	261,538	42,265	219,273	236,283	71,622	164,661
Accrued income on medium/long-term financial assets ⁽¹⁾	128	73	55	–	–	–
Personnel loans ⁽¹⁾	26	–	26	–	–	–
Other receivables ⁽¹⁾	16	–	16	34	–	34
Medium/long-term financial assets	8,150,300	235,483	7,914,817	10,136,765	2,267,280	7,869,485
Other financial assets ⁽¹⁾	3,474	3,474	–	3,338	3,338	–
Other short-term financial assets	3,474	3,474	–	3,338	3,338	–
Total	8,153,774	238,957	7,914,817	10,140,103	2,270,618	7,869,485

(1) These assets are classified as "loans and receivables" in accordance with IAS 39.

(2) These assets are classified as hedging derivatives and in level 2 of the fair value hierarchy.

	New acquisitions and purchases of additional shares	Increases due to share options	Changes during the year			Impairment losses Additions	Gross amount	31.12.2011	
			Cost	Payment of called-up capital	Capital reductions			Currency translation differences	Impairment losses
	-	1,264	-	-	-	-	5,955,786	-	5,955,786
	-	-	-	-	-	-	20,100	-	20,100
	-	-	-	-	155	-	2,732	-	2,732
	15	-	-	4	-	-	21	-	21
	15	1,264	-	4	155	-	5,978,639	-	5,978,639
	-	-	-	-	-	-	791	-	791
	7,603	-	177	-	-	-	16,386	-	16,386
	7,603	-	177	-	-	-	17,177	-	17,177
	-	-	-	-	-	-	2,582	-	2,582
	-	-	-	-	-	-	277	-	277
	-	-	-	-	-	-59,000	100,000	-59,000	41,000
	-	-	-	-	-	-	2	-	2
	-	-	-	-	-	-59,000	102,861	-59,000	43,861
	7,618	1,264	177	4	155	-59,000	6,098,677	-59,000	6,039,677

Medium/long-term financial assets, totalling €8,150,300 thousand, are down €1,986,465 thousand following a reduction in intercompany loans of €2,011,856 thousand. This essentially reflects repayment of the loan to the subsidiary, Autostrade per l'Italia, with a par value of €2,000 million, which replicated, at intercompany level, the bond issue maturing on 9 June 2011, and is partially offset by an increase in fair value gains (up €25,255 thousand) on outstanding derivative financial instruments entered into with Autostrade per l'Italia and a number of banks. This change is primarily linked to the increase in the fair value (up €54,612 thousand) of the non-current portion of derivative financial instruments hedging interest rate risk on medium/long-term loans to the subsidiary Autostrade per l'Italia SpA with a total par value of €750,000 thousand. The change essentially derives from the lower interest rates used for measurement as at 31 December 2011 compared with those used as at 31 December 2010. The above impact was partially offset by a decline in the fair value of the current portion (down €29,357 thousand), primarily as a result of the unwinding of hedging derivatives hedging interest rate risk on the above intercompany loan with a face value of €2,000,000 thousand, which was repaid in 2011.

Details of derivatives held for hedging purposes and the Company's hedging strategy are contained in note 6.3, "Financial risk management".

4. Separate financial statements and notes

Other short-term financial assets of €3,474 thousand principally relate to other short-term loans and receivables due from the subsidiary Autostrade per l'Italia.

The loans granted to Autostrade per l'Italia are on the same terms as those applied to Company's bank borrowings, increased by a spread that takes account of the cost of managing the loans.

The following two tables show financial assets outstanding at year end.

The first presents a comparison of financial assets at 31 December 2011 and 31 December 2010 by maturity (current and non-current portions) and showing intercompany transactions.

The second table compares the aggregate carrying amounts (current and non-current portions) of other financial assets, their face values and fair values at the end of the two years. The second table also summarises the principal conditions applied to each financial asset.

Fair value is determined by discounting expected cash flows to their present value using discount rates taken from the year-end market yield curve.

The Company's financial risks and risk management policies are described in note 6.3, "Financial risk management".

There are no indications of impairment of any financial assets.

(€000)	31.12.2010			31.12.2011			Maturing	
	Total financial assets	Current portion	Non-current portion	Total financial assets	Current portion	Non-current portion	Between 13 and 60 months	After 60 months
Intercompany loans								
Autostrade per l'Italia SpA loan 2004-2011	2,000,000	2,000,000	–	–	–	–	–	–
Autostrade per l'Italia SpA loan 2004-2014	2,750,000	–	2,750,000	2,750,000	–	2,750,000	2,750,000	–
Autostrade per l'Italia SpA loan 2004-2022	750,000	–	750,000	750,000	–	750,000	–	750,000
Autostrade per l'Italia SpA loan 2004-2024	1,000,000	–	1,000,000	1,000,000	–	1,000,000	–	1,000,000
Autostrade per l'Italia SpA loan 2009-2016	1,555,614	–	1,555,614	1,546,271	–	1,546,271	1,546,271	–
Autostrade per l'Italia SpA loan 2009-2038	149,176	–	149,176	149,176	–	149,176	–	149,176
Autostrade per l'Italia SpA loan 2010-2017	1,000,000	–	1,000,000	1,000,000	–	1,000,000	–	1,000,000
Autostrade per l'Italia SpA loan 2010-2025	500,000	–	500,000	500,000	–	500,000	–	500,000
Total intercompany loans	9,704,790	2,000,000	7,704,790	7,695,447	–	7,695,447	4,296,271	3,399,176
Derivative assets	190,655	25,994	164,661	219,273	–	219,273	–	219,273
Other financial assets	3,282	3,282	–	3,421	3,421	–	–	–
Accrued income on medium/long-term financial assets	241,286	241,286	–	235,483	235,483	–	–	–
Total intercompany financial assets	10,140,013	2,270,562	7,869,451	8,153,624	238,904	7,914,720	4,296,271	3,618,449
Other financial assets due from third parties	90	56	34	150	53	97	97	–
Total financial assets	10,140,103	2,270,618	7,869,485	8,153,774	238,957	7,914,817	4,296,368	3,618,449

4. Separate financial statements and notes

(€000)	Face value as at 31.12.2010 ⁽¹⁾	Carrying amount as at 31.12.2010 ⁽²⁾	Fair value as at 31.12.2010
Intercompany loans			
Autostrade per l'Italia SpA loan 2004-2011	2,000,000	2,000,000	2,009,470
Autostrade per l'Italia SpA loan 2004-2014	2,750,000	2,750,000	3,134,189
Autostrade per l'Italia SpA loan 2004-2022	750,000	750,000	836,355
Autostrade per l'Italia SpA loan 2004-2024	1,000,000	1,000,000	1,312,717
Autostrade per l'Italia SpA loan 2009-2016	1,500,000	1,555,614	1,803,318
Autostrade per l'Italia SpA loan 2009-2038	149,176	149,176	203,218
Autostrade per l'Italia SpA loan 2010-2017	1,000,000	1,000,000	1,055,988
Autostrade per l'Italia SpA loan 2010-2025	500,000	500,000	560,930
Total intercompany loans (A)	9,649,176	9,704,790	10,916,185
Derivative assets (B)		190,655	190,655
Other financial assets (C)		3,372	
Accrued income on medium/long-term financial assets (D)		241,286	
Total financial assets (A + B + C + D)		10,140,103	

(1) The value of medium/long-term financial assets shown in the table includes both the non-current and current portions.

(2) As at 31 December 2011 interest rate hedges with a notional amount of €750 million were in place. These are classified as cash flow hedges in accordance with IAS 39.

(3) These financial assets are classified as "loans and receivables" in accordance with IAS 39.

(4) These financial instruments are classified as hedging derivatives and in level 2 of the fair value hierarchy.

The following table shows changes in the face value of intercompany loans during 2011.

(€000)	Face value at 31.12.2010 ⁽¹⁾	Repayments	New loans	Face value at 31.12.2011 ⁽¹⁾
Total intercompany loans	9,649,176	2,000,000	-	7,649,176

(1) The value of medium/long-term financial assets shown in the table includes both the non-current and current portions.

4.5 Trading assets / €1,039 thousand (€2,323 thousand)

This item primarily consists of trade receivables of €1,039 thousand as at 31 December 2011 (€2,323 thousand as at 31 December 2010), and has decreased primarily due to amounts collected during the year.

4.6 Cash and cash equivalents / €293,063 thousand (€197,587 thousand)

As at 31 December 2011 cash amounts to €805 thousand, whilst balances receivable on intercompany current accounts with the subsidiary Autostrade per l'Italia total €292,258 thousand (€196,680 thousand as at 31 December 2010). This is up €95,578 thousand, essentially reflecting the fact that dividends received from the same were higher than those paid to shareholders during 2011.

Face value as at 31.12.2011 ⁽¹⁾	Carrying amount as at 31.12.2011 ⁽¹⁾	Fair value as at 31.12.2011	Reference interest rate	Effective interest rate	Note	Spread	Maturity
-	-	-					
2,750,000	2,750,000	3,097,611	5.37%	5.37%			09.06.2014
750,000	750,000	834,129	6 month-Euribor	2.88%	(2)	1.15%	09.06.2022
1,000,000	1,000,000	1,420,133	6.15%	6.15%			09.06.2024
1,500,000	1,546,271	1,823,299	5.85%	5.04%			06.05.2016
149,176	149,176	235,549	5.47%	5.47%			10.12.2038
1,000,000	1,000,000	1,103,438	3.59%	3.59%			18.09.2017
500,000	500,000	619,902	4.57%	4.57%			16.09.2025
7,649,176	7,695,447	9,134,061			(3)		
	219,273	219,273			(4)		
	3,571						
	235,483						
	8,153,774						

4.7 Current tax assets and liabilities

Current tax assets / €114,093 thousand (€19,251 thousand)

Current tax liabilities / €108,818 thousand (€14,342 thousand)

Current tax assets and liabilities are shown below:

(€000)	Assets		Liabilities	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
IRAP	3,438	4,888	-	-
IRES	-	-	105,582	7,490
IRES from tax consolidation ⁽¹⁾	110,655	14,363	3,236	6,852
Total	114,093	19,251	108,818	14,342

(1) Intercompany tax assets and liabilities.

With effect from 1 January 2010, the subsidiaries Autostrade Tech SpA and Newpass SpA have also joined the tax consolidation arrangement established by the Company on the basis of Legislative Decree 344/2003.

The following Group companies had already been included in the tax consolidation arrangement for the three-year period 2009-2011 from 1 January 2009: Autostrade Meridionali SpA, Tangenziale di Napoli SpA, EsseDiEsse Società di Servizi SpA, TowerCo SpA, Autostrada Torino-Savona SpA, Spea Ingegneria Europea SpA, Infoblù SpA, AD Moving SpA, Autostrade dell'Atlantico Srl, Pavimental SpA, Port Mobility SpA, Telepass SpA and Società Autostrada Tirrenica pA (this latter company withdrew from the tax consolidation arrangement in 2011 following the sale to third parties of the majority interest held by the direct subsidiary Autostrade per l'Italia SpA).

Autostrade per l'Italia SpA, meanwhile, has participated in the tax consolidation arrangement since 2008, with the option of renewal for the three-year period 2011-2013.

The balance includes receivables of €110,655 thousand and payables of €3,236 thousand due from and to the participating companies, and IRES of €105,582 thousand payable to the tax authorities, representing the net amount payable by the companies included in the tax consolidation arrangement. The latter primarily reflects the impact of offsetting

4. Separate financial statements and notes

prepayments calculated in 2011 for the subsidiary Autostrade per l'Italia with the receivable deriving from recognition of the tax deductibility of amounts accounted for in application of IFRIC 12.

4.8 Other current assets / €2,335 thousand (€2,242 thousand)

This item consists of receivables and other current assets that are not eligible for classification as trading or financial. An analysis of the balance at 31 December 2011, which is substantially in line with the figure as at and for 31 December 2010, is shown below:

(€000)	31.12.2011	31.12.2010	Increase/(Decrease)
Social security receivables (INPS)	1,679	1,681	-2
Other current assets	656	561	95
	2,335	2,242	93

4.9 Equity / €6,483,260 thousand (€6,412,971 thousand)

Atlantia's issued capital is fully subscribed and paid-in and consists of 630,311,992 ordinary shares with a par value of €1 each, amounting to €630,312 thousand. The issued capital increased by €30,015 thousand during the year by capitalising a matching amount in the extraordinary reserve, following the bonus issue approved by the shareholders at their Extraordinary General Meeting of 20 April 2011, which assigned shareholders 1 new share for every 20 shares held. The number of treasury shares is thus up 602,522 from 12,050,446 to 12,652,968.

Equity amounts to €6,483,260 thousand as at 31 December 2011 (€6,412,971 thousand as at 31 December 2010), marking an increase of €70,289 thousand on 31 December 2010, primarily due to:

- comprehensive income for the year of €518,210 thousand, consisting of profit for the year (€484,447 thousand) and other comprehensive income (€33,763 thousand), primarily due to the effect of changes in the fair value of cash flow hedges, after the related taxation;
- payment of the final dividend for 2010, totalling €230,004 thousand (€0.391 per share), and of the interim dividend for 2011, totalling €219,269 thousand (€0.355 per share).

Atlantia's aims to manage its capital in order to create value for shareholders, ensure the Company remains a going concern, safeguard the interest of stakeholders, and guarantee efficient access to external sources of funding to adequately support the growth of the Group's businesses.

The table below shows an analysis of issued capital and equity reserves, showing their permitted uses.

Description (€000)	Amount as at 31.12.2011	Permitted uses (A, B, C) ⁽¹⁾	Available portion	Uses during the past three years	
				To cover losses	For other reasons
Issued capital	630,312 ⁽⁴⁾	B			
Reserves					
Share premium reserve	154	A, B, C	154		–
Legal reserve	261,410 ⁽²⁾	A, B	135,348		–
Extraordinary reserve	4,784,887 ⁽³⁾	A, B, C	4,784,887		58,600 ⁽⁵⁾
Reserve for purchase of treasury shares	215,644				
Treasury shares in portfolio	-215,644				
Reserve for negative goodwill	448,999 ⁽⁴⁾	A, B, C	448,999		–
Cash flow hedge reserve	88,503	B			–
Reserve for actuarial gains and losses on post-employment benefits	-332	B			–
Other reserves and retained earnings	4,149	A, B, C	4,149		–
Total reserves	5,587,770				
Total capital and reserves	6,218,082		5,373,537	–	58,600
<i>of which:</i>					
Non-distributable			–		
Distributable			5,373,537		

(*) Key:

- A: capital increases
- B: to cover losses
- C: shareholder distributions

(1) Including €566,687 thousand relating to the capital increase generated by the merger of Autostrade with and into the former NewCo28 SpA in 2003. With reference to art. 172, paragraph 5 of the Consolidated Income Tax Act, this capital increase is restricted to the following reserves that are taxable on distribution:

- revaluation reserve pursuant to Law 72/1982, amounting to €556,960 thousand;
- revaluation reserve pursuant to Law 413/1991, amounting to €6,807 thousand;
- revaluation reserve pursuant to Law 342/2000, amounting to €2,920 thousand.

(2) The available portion is equal to one-fifth of the issued capital, totalling €135,348 thousand.

(3) Including €1,250,000 thousand that may be used to purchase treasury shares, with a corresponding transfer to the reserve for the purchase of treasury shares, as approved by the shareholders at their Annual General Meeting of 20 April 2011.

(4) With reference to art. 172, paragraph 5 of the Consolidated Income Tax Act, the merger surplus generated by the merger described in note (1) is restricted to and accounted for in the following reserves that are taxable on distribution:

- reserve for capital contributions, amounting to €8,113 thousand;
- revaluation reserve pursuant to Law 72/1982, amounting to €368,840 thousand;
- revaluation reserve pursuant to Law 413/1991, amounting to €50,416 thousand;
- revaluation reserve pursuant to Law 342/2000, amounting to €21,630 thousand.

(5) This reserve was used for bonus issues carried out in the first half of 2010 (€28,585 thousand) and in the first half of 2011 (€30,015 thousand).

Other comprehensive income

The section “Financial statements” includes the “Statement of comprehensive income”, which includes other comprehensive income, after the related taxation.

The following table shows gross amounts for other comprehensive income and the related taxation.

(€000)	2011			2010		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Fair value gains/(losses) on cash flow hedges	51,350	-17,587	33,763	48,816	-15,778	33,038
Actuarial gains/(losses)	–	–	–	44	–	44
Other comprehensive income for the year	51,350	-17,587	33,763	48,860	-15,778	33,082

Disclosures regarding share-based payments

Since 2009 the Group has put in place a number of share incentive plans, designed to incentivise and foster the loyalty of directors and/or employees of the Atlantia Group who hold key positions and responsibilities within the Company and Group companies, and linked to the achievement of pre-established corporate objectives. The plans aim to promote and

4. Separate financial statements and notes

disseminate a value creation culture in all strategic and operational decision-making processes, drive the Group's growth and boost management efficiency.

At their Annual General Meeting held on 20 April 2011, the shareholders voted to implement three new incentive plans previously approved by Atlantia's Board of Directors on 11 March 2011. These are in addition to the existing share option plan approved by the shareholders at their Annual General Meeting held on 23 April 2009.

The following table shows the main aspects of existing incentive plans as at 31 December 2011, including the options and units awarded to directors and employees of the Group and changes during 2011. The table also shows the fair value of each option or unit awarded, as determined by a specially appointed expert, using the Monte Carlo model and the following parameters. The amounts have been adjusted for the amendments to the plans originally approved by the shareholders and required to ensure plan benefits remained substantially unchanged despite the dilution caused by the bonus issues approved by shareholders on 14 April 2010 and 20 April 2011, as described below.

	Number of options/units awarded	Expiration of vesting period	Expiration exercise/conversion period	Exercise price (€) (**)	Fair value of each option or unit at grant date (€)	Expected expiration at grant date (years)	Risk-free interest rate used	Expected volatility (based on historic)	Expected dividends at grant date
2009 SHARE OPTION PLAN									
Options outstanding at 1 January 2011									
- 8 May 2009 award	534,614	23 April 2013	30 April 2014	11.76	1.66	5.0	2.52%	26.5%	3.44%
- 16 July 2009 award	174,987	23 April 2013	30 April 2014	12.70	1.32	4.8	2.41%	25.8%	3.09%
- 15 July 2010 award	140,399	23 April 2013	30 April 2014	14.36	1.42	3.8	1.62%	26.7%	3.67%
	850,000								
Options awarded in 2011									
- 13 May 2011 award	26,729	23 April 2013	30 April 2014	11.76	(*)	(*)	(*)	(*)	(*)
	8,749	23 April 2013	30 April 2014	12.70	(*)	(*)	(*)	(*)	(*)
	76,476	23 April 2013	30 April 2014	14.36	1.60	3.0	2.45%	26.3%	4.09%
- 14 October 2011 award	28,069	23 April 2013	30 April 2014	11.76	(*)	(*)	(*)	(*)	(*)
	9,187	23 April 2013	30 April 2014	12.70	(*)	(*)	(*)	(*)	(*)
	10,844	23 April 2013	30 April 2014	14.36	(*)	(*)	(*)	(*)	(*)
Options outstanding at 31 December 2011	1,010,054								
2011 SHARE OPTION PLAN									
Options awarded in 2011									
- 13 May 2011 award	279,860	13 May 2014	13 May 2017	15.52	3.48	6.0	2.60%	25.2%	4.09%
- 14 October 2011 award	13,991	13 May 2014	13 May 2017	15.52	(*)	(*)	(*)	(*)	(*)
Options outstanding at 31 December 2011	293,851								
2011 SHARE GRANT PLAN									
Units granted in 2011									
- 13 May 2011 grant	192,376	13 May 2014	13 May 2015 and 13 May 2016	n.a.	12.90	4.0-5.0	2.45%	26.3%	4.09%
- 14 October 2011 grant	9,618	13 May 2014	13 May 2015 and 13 May 2016	n.a.	12.90	(*)	(*)	(*)	(*)
Units outstanding at 31 December 2011	201,994								
2011 MBO SHARE GRANT PLAN									
Units granted in 2011									
- 13 May 2011 grant (**)	not avail.	not avail.	not avail.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Units outstanding at 31 December 2011	not avail.								

(*) Options awarded as a result of Atlantia's bonus issues and which, therefore, do not represent the award of new benefits.

(**) In view of the nature of the specific incentive plan, it is not at the moment possible to quantify the number of units granted or the related deadlines. n.a.: not applicable.

The main features of the plans are given below incorporating the modifications introduced in 2011. Detailed information on the plans is contained in an Information Memorandum published on the Group's website at www.atlantia.it and prepared pursuant to art. 84-bis of CONSOB Regulation 11971/1999, as subsequently amended.

In general, the options and units awarded under any of the existing plans may not form part of inter vivos transfers by beneficiaries, and may not be subject to restrictions or be part of any disposition for any reason. The options and units cease to be exercisable or convertible on the unilateral termination of employment or in the event of dismissal for cause of the beneficiary prior to expiration of the vesting period.

2009 Share Option Plan

The 2009 Share Option Plan, approved by the shareholders at their Annual General Meeting of 23 April 2009, envisages the grant of options to buy up to 850,000 of the Company's ordinary shares, each of which gives the right to purchase 1 of Atlantia's ordinary shares held in treasury, at that date at a price equal to the normal value of the shares at the date on which Atlantia's Board of Directors selects the beneficiary and establishes the number of options to be granted.

At their Annual General Meeting held on 20 April 2011, the shareholders approved the alterations to the Plan proposed by the Board of Directors at their meeting of 11 March 2011, designed to ensure that there is no change in the substantial and financial terms of the Plan, given the dilution caused by the bonus issue approved by the shareholders at their Annual General Meeting of 14 April 2010 and carried out on 7 June 2010. In addition, the shareholders voted to amend the Plan terms and conditions in order to grant the Board of Directors full authority, independently and without the need for further approval by a general meeting of the Company's shareholders, to make the changes necessary, in the event of any further extraordinary corporate actions by the Company, to ensure that the conditions of the Plan remain unchanged, provided that the Directors follow accepted market practices for similar transactions. Finally, the shareholders voted to authorise the Board of Directors to grant 76,476 Plan options to the Company's Chairman, Fabio Cerchiai, subject to the same conditions applied to the options granted by the Board of Directors on 15 July 2010.

At the Board of Directors' meeting held on 13 May 2011, the Directors voted to exercise in full the authority granted to them by the shareholders and, on 14 October 2011, pursuant to and for the purposes of the Plan terms and conditions, approved the further alterations to the Plan made necessary following the bonus issue approved by the shareholders at their Annual General Meeting of 20 April 2011 and carried out on 9 June 2011. As a result of these alterations, the options effectively awarded correspond to a maximum of 1,010,054 ordinary shares.

In execution of the rights granted, beneficiaries can purchase Atlantia shares at their exercise price. The options will vest only if, at the end of the vesting period, the final value (the market value of each share, by convention calculated on the basis of the average official price of Atlantia's ordinary shares at the end of each trading day in the period from 23 January 2013 to 23 April 2013, plus any dividends paid from the grant date to the end of the vesting period) is equal to or greater than €13.606. Should the final value be less than €13.606, beneficiaries will definitively lose their right to exercise the options granted, unless otherwise decided by the Board of Directors. Should the final value be equal to or greater than €13.606, the number of vested options will be equal to a percentage of the options granted, based on the final value, as shown in the following table.

Final value (€)	Percentage of options granted that have vested
13.606	20%
14.512	27%
15.419	35%
16.327	42%
17.233	49%
18.141	56%
19.048	64%
19.954	71%
20.862	78%
21.769	85%
22.676	93%
23.583	100%

Over 23.583

A percentage calculated on the basis of the following formula:

$$\frac{[(23.583 - \text{Exercise Price}) / (\text{Closing Value} - \text{Exercise Price})] \times 100}{}$$

The terms and conditions of the SOP expressly state that any capital gains realised as a result of the exercise of vested options may under no circumstances exceed twice (three in the case of the Chairman, the previous Chairman and the Chief Executive Officer) the beneficiary's gross annual fixed salary as at 1 January 2009, or at the date of employment or election in the case of beneficiaries selected after the approval date.

2011 Share Option Plan

As approved by the shareholders at their Annual General Meeting of 20 April 2011, the Plan entails the award of up to 1,300,000 options free of charge in three annual award cycles (2011, 2012 and 2013). Each option will grant beneficiaries the right to purchase 1 of the Company's ordinary shares held in treasury, with settlement involving either physical delivery or, at the beneficiary's option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA, after deduction of the full exercise price. The exercise price is equivalent to the average of the official prices of Atlantia's ordinary shares in the month prior to the date on which Atlantia's Board of Directors announces the beneficiary and the number of options to be awarded.

The options granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date of award of the options to beneficiaries by the Board of Directors), the Company's cumulative FFO (total operating cash flow of the Group for each of the three financial years preceding expiration of the vesting period, adjusted for a number of specific items) is higher than a pre-established target, unless otherwise decided by the Board of Directors, which has the authority to assign beneficiaries further targets. Vested options may be exercised, in part, from the first day following expiration of the vesting period and, in part, from the end of the first year following expiration of the vesting period and, in any event, in the three years following expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel to maintain a minimum holding). The number of exercisable options will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and the exercise price, plus any dividends paid, so as to cap the realisable gain.

On 13 May 2011 Atlantia's Board of Directors, within the scope of the first annual award cycle (2011), approved the award of 279,860 options to certain of the Group's directors and employees. These options vest between 14 May 2011 and 13 May 2014 and are exercisable in the period between 14 May 2014 and 13 May 2017 at an exercise price per share of €16.2914.

Subsequently, on 14 October 2011, the Board of Directors of Atlantia, in execution of the authority conferred on them by the shareholders, pursuant to and for the purposes of the Plan terms and conditions, made the alterations required to ensure that there is no change in the substantial and financial terms of the Plan, given the dilution caused by the bonus issue approved by the shareholders at their Annual General Meeting of 20 April 2011. The changes were essentially: (i) adjustment of the exercise price of the options awarded at the Board of Directors' meeting of 13 May 2011 to €15.516, and (ii) the award of one new option for every twenty already awarded at the adjusted exercise price in point (i).

2011 Share Grant Plan

The Plan approved by the shareholders at their Annual General Meeting of 20 April 2011 entails the grant of up to 700,000 units free of charge in three annual award cycles (2011, 2012 and 2013). Each unit will grant beneficiaries the right to receive 1 of the Company's ordinary shares held in treasury, with settlement involving either physical delivery or, at the beneficiary's option, a cash payment equivalent to the proceeds from the sale of the shares on the stock exchange organised and managed by Borsa Italiana SpA.

The units granted will vest in accordance with the Plan terms and conditions and, in particular, only if, on expiration of the vesting period (three years from the date the units are granted to beneficiaries by the Board of Directors), the Company's cumulative FFO (total operating cash flow of the Group for each of the three financial years preceding expiration of the vesting period, adjusted for a number of specific items) is higher than a pre-established target, unless otherwise decided by the Board of Directors. Vested units may be converted into shares, in part, after one year from the date of expiration of the vesting period and, in part, after two years from the date of expiration of the vesting period (subject to the clause in the Plan terms and conditions requiring executive Directors and key management personnel

to maintain a minimum holding). The number of convertible units will be calculated on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares so as to cap the realisable gain.

Certain shares resulting from conversion of the units are subject to a lock-up until expiration of the terms set out in the Plan terms and conditions, unless authorised in writing by the Board of Directors.

On 13 May 2011 Atlantia's Board of Directors, within the scope of the first annual award cycle (2011), approved the grant of 192,376 units to certain of the Group's directors and employees. These units vest between 14 May 2011 and 13 May 2014 and are convertible, in accordance with the above terms and conditions, on 13 May 2015 and 13 May 2016.

Subsequently, on 14 October 2011, the Board of Directors of Atlantia, in execution of the authority conferred on them by the shareholders, pursuant to and for the purposes of the Plan terms and conditions, made the alterations required to ensure that there is no change in the substantial and financial terms of the Plan, given the dilution caused by the bonus issue approved by the shareholders at their Annual General Meeting of 20 April 2011. The changes were essentially: (i) adjustment of the initial value of the shares awarded at the Board of Directors' meeting of 13 May 2011 to €15.516, and (ii) the award of one new option for every twenty already awarded at the adjusted value in point (i).

2011 MBO Share Grant Plan

As approved by the shareholders at their Annual General Meeting of 20 April 2011, the 2011 MBO Share Grant Plan, serving as part payment of the annual bonus for the achievement of objectives assigned to each beneficiary under the Management by Objectives (MBO) plan adopted by the Group, entails the grant of up to 300,000 units free of charge annually for three years (2012, 2013 and 2014). Each unit will grant beneficiaries the right to receive 1 of the Company's ordinary shares held in treasury.

The units granted (the number of which is based on the unit price of the Company's shares at the time achievement of the assigned objectives is confirmed, and on the size of the bonus effectively awarded) will vest in accordance with the Plan terms and conditions, on achievement of the objectives assigned annually to each beneficiary, and on expiration of the vesting period (three years from the date of payment of the annual bonus to beneficiaries, following confirmation that the objectives assigned have been achieved). Vested units will be converted into shares on expiration of the vesting period, on the basis of a mathematical algorithm that takes account, among other things, of the current value and initial value of the shares, plus any dividends paid, so as to cap the realisable gain.

On 13 May 2011 the Company's Board of Directors selected the directors and employees of the Group to which the benefits deriving from the Plan are to be assigned. However, given the above need to confirm achievement of the objectives assigned to each beneficiary prior to any grant, it is not at the moment possible to quantify the number of units to be granted as a result of the above resolution, or the fair value of each of the benefits. As, however, certain of these benefits have already vested since the grant date, the fair value of options awarded was estimated for the purposes of these financial statements in order to accrue the amounts relating to this year.

The weighted average price of Atlantia's ordinary shares in 2011 (adjusted to take account of Atlantia's bonus issue with effect from 6 June 2011) was €13.51 per share, with the figure for the period 13 May-31 December 2011 amounting to €12.42 per share. As at 13 May 2011 (the date the new options and units were awarded, as described above) the value of Atlantia's ordinary shares was €15.62 per share, whilst as at 31 December 2011 the value was €12.37 per share.

As a result of implementation of the above plans, in 2011 the Group recognised, in accordance with the requirements of IFRS 2, an increase in equity reserves of €1,352 thousand, based on the accrued fair value of the options and units awarded at that date. The contra entry for this amount includes €88 thousand in personnel expense, attributable to the benefits awarded to the Company's Directors and employees, and a €1,264 thousand increase in the value of the investment in the subsidiary, Autostrade per l'Italia, representing the benefits awarded to the directors and employees of this company and its subsidiaries.

4.10 Provisions

(non-current) / €288 thousand (€274 thousand)
(current) / – (€1,568 thousand)

As at 31 December 2011 this item refers solely to provisions for employee benefits, consisting of post-employment benefits, totalling €288 thousand, substantially in line with the previous year (€274 thousand).

Provisions for long-term staff incentive plans, totalling €1,568 thousand as at 31 December 2010, were used in full during 2011 following expiry of the plan for the period 2008-2010.

The main actuarial assumptions applied in estimating provisions for post-employment benefits at 31 December 2011 are shown below:

financial assumptions:

• annual discount rate	4.25%
• annual inflation rate	2.0%
• annual rate of increase in post-employment benefits	3.0%
• annual rate of increase in real salaries	0.65%
• annual turnover rate	3.5%
• annual rate of advances paid	3.0%

demographic assumptions:

• mortality	Government General Accounting Office projections
• disability	INPS tables by age and sex
• retirement age	Mandatory state pension retirement age

As at 31 December 2011 there are no further potential material liabilities or commitments for which it is necessary to make provision.

4. II Financial liabilities

(non-current) / €7,739,898 thousand (€7,737,623 thousand)

(current) / €228,323 thousand (€2,258,937 thousand)

The following two tables show financial liabilities outstanding at year end.

The first compares amounts as at 31 December 2011 with those as at 31 December 2010 in terms of maturity (current and non-current portions).

The second table compares the aggregate carrying amount (current and non-current portions) of medium/long-term financial liabilities with the relevant par and fair values. This table also summarises the terms and conditions applied to each financial liability.

The fair value of bond issues was measured on the basis of closing market prices, whilst the fair value of other financial liabilities was measured by discounting expected future cash flows, using the yield curve at the end of the year.

(€000)	31.12.2010			31.12.2011			Term to maturity	
	Total financial liabilities	Current portion	Non-current portion	Total financial liabilities	Current portion	Non-current portion	Between 13 and 60 months	After 60 months
MEDIUM/LONG-TERM FINANCIAL LIABILITIES								
Bond issues								
Bond 2004-2011	1,999,086	1,999,086	-	-	-	-	-	-
Bond 2004-2014	2,730,717	-	2,730,717	2,735,984	-	2,735,984	2,735,984	-
Bond 2004-2022 (Gbp)	580,319	-	580,319	598,050	-	598,050	-	598,050
Bond 2004-2024	990,544	-	990,544	991,022	-	991,022	-	991,022
Bond 2009-2016	1,549,877	-	1,549,877	1,541,479	-	1,541,479	1,541,479	-
Bond 2009-2038 (Jpy)	183,444	-	183,444	198,979	-	198,979	-	198,979
Bond 2010-2017	990,510	-	990,510	991,787	-	991,787	-	991,787
Bond 2010-2025	494,222	-	494,222	494,508	-	494,508	-	494,508
Total bond issues	9,518,719	1,999,086	7,519,633	7,551,809	-	7,551,809	4,277,463	3,274,346
Derivative liabilities	243,984	25,994	217,990	188,034	-	188,034	-	188,034
Accrued expenses on medium/long-term financial liabilities	233,777	233,777	-	228,233	228,233	-	-	-
Other non-current financial liabilities	-	-	-	55	-	55	55	-
TOTAL MEDIUM/LONG-TERM FINANCIAL LIABILITIES	9,996,480	2,258,857	7,737,623	7,968,131	228,233	7,739,898	4,277,518	3,462,380
SHORT-TERM FINANCIAL LIABILITIES								
Bank overdrafts	1	1	-	-	-	-	-	-
Other current financial liabilities	79	79	-	90	90	-	-	-
TOTAL SHORT-TERM FINANCIAL LIABILITIES	80	80	-	90	90	-	-	-
TOTAL FINANCIAL LIABILITIES	9,996,560	2,258,937	7,737,623	7,968,221	228,323	7,739,898	4,277,518	3,462,380

4. Separate financial statements and notes

(€000)	Par value as at 31.12.2010 ⁽¹⁾	Carrying amount as at 31.12.2010 ⁽²⁾	Fair value as at 31.12.2010
Bond issues			
Bond 2004-2011	2,000,000	1,999,086	1,998,800
Bond 2004-2014	2,750,000	2,730,717	2,883,100
Bond 2004-2022 (Gbp)	750,000	580,319	615,801
Bond 2004-2024	1,000,000	990,544	1,106,700
Bond 2009-2016	1,500,000	1,549,877	1,609,650
Bond 2009-2038 (Jpy)	149,176	183,444	238,185
Bond 2010-2017	1,000,000	990,510	946,330
Bond 2010-2025	500,000	494,222	458,580
Total bond issues (A)	9,649,176	9,518,719	9,857,146
Derivative liabilities (B)		243,984	243,984
Accrued expenses on medium/long-term financial liabilities (C)		233,777	
TOTAL MEDIUM/LONG-TERM FINANCIAL LIABILITIES (A + B + C)		9,996,480	

(1) The value of medium/long-term financial liabilities shown in the table includes both the non-current and current portions.

(2) As at 31 December 2011 interest rate and foreign exchange hedges with a notional amount of €899 million were in place that were classified as cash flow hedges in accordance with IAS 39.

(3) The par value in euro was determined using the exchange rate on the date that the cross currency swap was concluded.

(4) These financial instruments are classified as financial liabilities measured at amortised cost in accordance with IAS 39.

(5) These financial instruments are classified as hedging derivatives and in level 2 of the fair value hierarchy.

The following table shows the par value of medium/long-term financial liabilities by currency as at 31 December 2011 and 31 December 2010, not including accrued borrowing costs at those dates. Changes during 2011 regard the redemption in full of the non-convertible bonds with a par value of €2,000,000 thousand issued on 9 June 2004 as part of the Company's Medium Term Note (MTN) Programme.

(€000)	Par value as at 31.12.2010	Par value as at 31.12.2011
Euro	8,750,000	6,750,000
Gbp	750,000	750,000
Jpy	149,176	149,176
Total	9,649,176	7,649,176

Non-current financial liabilities, net of the related borrowing costs, where incurred, essentially include:

- bonds totalling €7,551,809 thousand (€7,519,633 thousand as at 31 December 2010), issued by the Company during 2004, 2009 and 2010 as part of its €10 billion MTN Programme. The non-current portion has increased by €32,176 thousand, essentially due to an increase in the value of foreign currency bond issues (GBP and YEN), resulting from a weakening of the euro versus the two currencies;
- fair value losses on interest rate and exchange rate hedges, amounting to €188,034 thousand (€217,990 thousand as at 31 December 2010), matching the change in the underlying financial liability (the sterling denominated bonds). The reduction of €29,956 thousand compared with 31 December 2010 essentially reflects movements in interest rates and exchange rates at the end of the year.

With reference to current financial liabilities, as previously mentioned, on 9 June 2011 the Company redeemed the bonds with a par value of €2,000,000 thousand issued in 2004. The related cash flow hedges, which recorded fair value losses of €25,994 thousand as at 31 December 2010, were also unwound.

	Par value as at 31.12.2011 ⁽⁴⁾	Carrying amount as at 31.12.2011 ⁽⁴⁾	Fair value as at 31.12.2011	Reference interest rate	Effective interest rate	Note	Maturity
	-	-	-				
	2,750,000	2,735,984	2,799,280	5.00%	5.23%		09.06.2014
	750,000	598,050	1,046,320	5.99%	6.25%	(2), (3)	09.06.2022
	1,000,000	991,022	1,550,160	5.88%	5.98%		09.06.2024
	1,500,000	1,541,479	594,712	5.63%	4.90%		06.05.2016
	149,176	198,979	260,943	5.30%	5.48%	(2), (3)	10.12.2038
	1,000,000	991,787	934,402	3.38%	3.54%		18.09.2017
	500,000	494,508	433,872	4.38%	4.48%		16.09.2025
	7,649,176	7,551,809	7,619,689			(4)	
		188,034	188,034			(5)	
		228,233					
		7,968,076					

4.12 Net deferred tax liabilities / €44,436 thousand (€26,291 thousand)

The following tables show deferred tax liabilities, after offsetting against deferred tax assets, and the related changes in 2011.

(€000)	31.12.2011	31.12.2010
Deferred tax liabilities	-64,188	-49,314
Deferred tax assets	19,752	23,023
Net deferred tax liabilities	-44,436	-26,291

(€000)	31.12.2010	Provisions	Releases	Changes during the year Deferred tax assets/liabilities on gains and losses recognised in statement of comprehensive income	Other changes	31.12.2011
Deferred tax liabilities on:						
Measurement of cash flow hedges	-48,624	-	-	-14,737	-	-63,361
Application of amortised cost	-543	-	-	-	543	-
Other temporary differences	-147	-43	14	-	-651	-827
Deferred tax liabilities	-49,314	-43	14	-14,737	-108	-64,188
Deferred tax assets on:						
Measurement of cash flow hedges	22,483	-	-	-2,850	-	19,633
Provisions	431	15	-431	-	-	15
Other temporary differences	109	103	-108	-	-	104
Deferred tax assets	23,023	118	-539	-2,850	-	19,752
Net deferred tax liabilities	-26,291	75	-525	-17,587	-108	-44,436

The increase of €18,145 thousand in net deferred tax liabilities essentially reflects fair value gains on cash flow hedges.

4.13 Trading liabilities / €4,246 thousand (€4,177 thousand)

Trading liabilities of €4,246 thousand (€4,177 thousand as at 31 December 2010) consist of amounts payable to suppliers (€3,532 thousand), primarily relating to professional services, and trade payables due to Group companies (€714 thousand).

The carrying amount of trade payables approximates to fair value, in that the effect of discounting to present value is not material.

4.14 Other current liabilities / €2,435 thousand (€2,681 thousand)

The composition of this item and details of changes during the year are shown in the following table:

(€000)	31.12.2011	31.12.2010
Taxation other than income taxes	971	861
Payable to personnel	582	848
Social security contributions payable	297	367
Other current liabilities	585	605
Total	2,435	2,681

5. Notes to the income statement

This section describes the composition of and principal changes in items for the two years. Amounts for 2010 are shown in brackets.

5.1 Operating income / €871 thousand (€841 thousand)

Operating income of €871 thousand, which is in line with the previous year, primarily regards rental income from subsidiaries (€683 thousand).

5.2 Raw and consumable materials / -€24 thousand (-€46 thousand)

These costs for the year related essentially to purchases of office materials.

5.3 Service costs / -€7,020 thousand (-€5,516 thousand)

The composition of this item and details of changes during the year are shown in the following table:

(€000)	2011	2010	Increase/(Decrease)
Professional services	-5,397	-4,066	-1,331
Statutory Auditors' fees	-335	-327	-8
Insurance	-187	-121	-66
Transport and similar	-110	-99	-11
Utilities	-87	-52	-35
Maintenance	-60	-54	-6
Other services	-844	-797	-47
Total	-7,020	-5,516	-1,504

The increase of 1,504 thousand compared with 2010 primarily reflects a rise in the cost of professional services and consultants' fees, mainly regarding financial services.

5.4 Personnel expense / -€1,818 thousand (-€3,585 thousand)

The composition of this item and details of changes during the year are shown in the following table:

(€000)	2011	2010	Increase/(Decrease)
Wages and salaries	-2,729	-1,634	-1,095
Social security contributions	-711	-445	-266
Post-employment benefits (including payments to supplementary pension funds and INPS)	-73	-68	-5
Recovery of seconded personnel expense	2,655	1,316	1,339
Use of/(Addition to) provisions for long-term staff incentive plans	411	-1,330	1,741
Directors' fees	-1,224	-1,274	50
Other personnel expense	-147	-150	3
Total	-1,818	-3,585	1,767

Personnel expense of €1,818 thousand primarily consist of Directors' fees and the portion of employee wages and salaries of the same Company not recovered from other Group companies. The reduction is primarily due to expiry of the three-year staff incentive plan for the period 2008-2010 and recognition in 2011 of excess provisions made for this purpose.

The average workforce breaks down as follows by category:

(no.)	2011	2010	Increase/(Decrease)
Senior managers	2	2	-
Middle managers and administrative staff	4	4	-
Total	6	6	-

5.5 Other operating costs / -€2,266 thousand (-€2,068 thousand)

Other operating costs consist of the following items:

(€000)	2011	2010	Increase/(Decrease)
Direct and indirect taxes	-1,789	-1,460	-329
Grants and donations	-138	-148	10
Lease expense	-95	-162	67
Other recurring operating costs	-35	-120	85
Other non-recurring operating costs	-209	-178	-31
Total	-2,266	-2,068	-198

Direct and indirect taxes essentially regard non-deductible VAT (€1,526 thousand), which is essentially responsible for the increase during the year.

4. Separate financial statements and notes

5.6 Financial income/(expenses) / €502,369 thousand (€527,199 thousand)

Financial income / €1,073,766 thousand (€1,204,297 thousand)

Financial expenses / -€571,113 thousand (-€677,032 thousand)

Foreign exchange gains/(losses) / -€284 thousand (-€66 thousand)

Net financial income breaks down as follows:

(€000)	2011	2010	Increase/(Decrease)
Related party financial income:			
Income from financial assets due from Group companies	400,338	368,905	31,433
Income from transactions in derivative financial instruments with Group companies	60,649	103,368	-42,719
Interest and fees received on intercompany current accounts	5,892	3,772	2,120
Income from changes in fair value of financial assets due from Group companies	-	70,251	-70,251
Other financial income received from Group companies	1,027	129	898
Third party financial income:			
Income from transactions in derivative financial instruments	41,232	134,005	-92,773
Other financial income	10,380	3,107	7,273
Financial income	519,518	683,537	-164,019
Dividends received from subsidiaries	554,248	520,760	33,488
Total financial income	1,073,766	1,204,297	-130,531
Financial expenses from discounting of provisions			
	-13	-8	-5
Related party financial expenses:			
Losses on transactions in derivative financial instruments with Group companies	-6,573	-95,187	88,614
Interest and fees paid on intercompany current accounts	-12,789	-12,875	86
Other financial expenses payable to Group companies	-10,370	-2,983	-7,387
Third party financial expenses:			
Interest on bonds	-398,250	-371,602	-26,648
Losses on transactions in derivative financial instruments	-81,933	-123,582	41,649
Losses from changes in fair value of financial liabilities	-	-69,782	69,782
Interest and fees paid on bank and post office deposits	-1,034	-799	-235
Other	-1,147	-214	-933
Other financial expenses	-512,096	-677,024	164,928
Impairment losses on financial assets	-59,004	-	-59,004
Total financial expenses	-571,113	-677,032	105,919
Foreign exchange gains/(losses)			
Unrealised foreign exchange gains/(losses)	137	-44	181
Realised foreign exchange gains/(losses)	-421	-22	-399
Foreign exchange gains/(losses)	-284	-66	-218
Total	502,369	527,199	-24,830

Net financial income of €502,369 thousand and is down €24,830 thousand on the figure for 2010 (€527,199 thousand). The reduction primarily reflects the impairment loss on the investment in Alitalia - Compagnia Aerea Italiana (a loss of €59,000 thousand), partially offset by increased dividends received from subsidiaries (up €33,488 thousand), above all Autostrade per l'Italia. After stripping out these items, net financial income is substantially unchanged.

5.7 Income tax (expense)/benefit / –€7,260 thousand (–€6,524 thousand)

A comparison of the income tax expense and benefit for 2011 and the previous year is shown in the following table:

(€000)	2011	2010	Increase/(Decrease)
IRES	-5,699	-6,486	787
IRAP	-948	-860	-88
Current tax expense	-6,647	-7,346	699
Recovery of previous years' income taxes	14	512	-498
Previous years' income taxes	-67	-4	-63
Differences on current tax expense for previous years	-53	508	-561
Provisions	118	473	-355
Releases	-539	-53	-486
Change in estimates for previous years	-	-3	3
Deferred tax income	-421	417	-838
Provisions	-43	-	-43
Releases	14	12	2
Change in estimates for previous years	-110	-115	5
Deferred tax expense	-139	-103	-36
Total	-7,260	-6,524	-736

Current tax expense was computed with reference to current tax rates, adjusted for taxable and deductible items, primarily consisting of impairment losses on investments, dividends received from subsidiaries and other non-deductible expenses incurred during the year.

With effect from the 2011 tax year, Law Decree 98 of 6 July 2011, converted into Law III of 2011, has raised the IRAP rate for financial companies, including holding companies. In Atlantia's case, the rate has risen from 4.82% to 5.57%.

Income tax expense of €7,260 thousand is up €736 thousand on 2010 (€6,524 thousand), reflecting the increase in taxable income, taking account of the marginal impact on taxation of the increase in dividends received during 2011 and excluding the above non-taxable impairment loss on the investment in Alitalia - Compagnia Aerea Italiana.

The following table shows a reconciliation of the theoretical rates of taxation and the effective charge for IRES for the year.

(€000)	Taxable income	2011		Taxable income	2010	
		Amounts	Effective tax rate		Amounts	Effective tax rate
Profit/(loss) from continuing operations before taxes	-491,707			-516,422		
Theoretical income tax expense/(credit)		-135,219	27.50%	-142,016	27.50%	
Temporary differences deductible in future years	-275	-75	0.02%	-1,764	-485	0.09%
Reversal of temporary differences arising in previous years	1,918	527	-0.11%	192	53	-0.01%
Non-taxable dividends	526,535	144,797	-29.45%	494,722	136,049	-26.34%
Other permanent differences	-57,193	-15,729	3.20%	-313	-87	0.02%
Taxable income for purposes of IRES	-20,722			-23,585		
Current IRES charge for the year		-5,699	1.16%	-6,486	1.26%	
Current IRAP charge for the year		-948	0.19%	-860	0.17%	
Current tax expense for the year		-6,647	1.35%	-7,346	1.42%	

5.8 Earnings per share

Profit for the year, which was generated entirely by continuing operations, amounts to €484,447 thousand, down €25.451 thousand on the figure for 2010 (€509,898 thousand). This essentially reflects the above impairment loss on the investment in Alitalia - Compagnia Aerea Italiana, partially offset by increased dividends received from subsidiaries.

The following table shows the calculation of basic and diluted earnings per share with comparative amounts. As required by IAS 33, the weighted average number of shares outstanding was recomputed to take account of Atlantia's bonus issue during the year, as described in note 4.9 above. An adjustment was also made to the computation of diluted earnings to take account of share-based incentive plans.

	2011	2010
Number of shares outstanding	630,311,992	630,311,992
Weighted average of treasury shares in portfolio	-12,652,968	-12,652,968
Weighted average of shares outstanding for the calculation of basic earnings per share	617,659,024	617,659,024
Weighted average share options held under incentive scheme for the calculation of diluted earnings per share	88,448	106,804
Weighted average of all shares outstanding for the calculation of diluted earnings per share	617,747,472	617,765,828
Profit/(loss) for the year (€000)	484,447	509,898
Basic earnings per share (€)	0.78	0.83
Diluted earnings per share (€)	0.78	0.83
Profit from continuing operations (€000)	484,447	509,898
Basic earnings per share from continuing operations (€)	0.78	0.83
Diluted earnings per share from continuing operations (€)	0.78	0.83

6. Other financial information

6.1 Notes to the separate statement of cash flows

Cash and cash equivalents increased by €95,477 thousand in 2011, compared with the increase of €73,343 thousand reported in 2010.

"Net cash generated from operating activities" amounts to €543,442 thousand, marking an increase of €28,044 thousand compared with the figure for 2010 (€515,398 thousand). This primarily reflects increased dividends received from subsidiaries, partially offset by the differing contributions of working capital in the two comparative periods.

"Net cash generated from investing activities", totalling €1,991,391 thousand, reflects repayment of the loan to Autostrade per l'Italia with a par value of €2,000,000 thousand, which replicated, at intercompany level, the bond issue maturing on 9 June 2011. The Company also injected further capital into Pune Solapur Expressways Private Limited, totalling €7,780 thousand. The outflow of €1,571,146 thousand in 2010 primarily related to the disbursement of two new intercompany loans with face values of €1,000,000 thousand and €500,000 thousand to the subsidiary, Autostrade per l'Italia.

"Net cash used in financing activities" totals €2,439,356 thousand and essentially reflects redemption of bonds with a par value of €2,000,000 thousand and the payment of dividends during the year (€449,259 thousand). The inflow of €1,129,091 thousand in 2010, in contrast, consisted of bond issues with par values of €1,000,000 thousand and €500,000 thousand, after the related transaction costs, partly offset by dividends paid during the year (€427,874 thousand).

6.2 Notes to the analysis of net debt

The following statement shows net debt broken down into its principal components and amounts due to and from related parties, as required by CONSOB Communication DEM/6064293 of 28 July 2006.

(€000)	31.12.2011	31.12.2010	Increase/(Decrease)
Non-current financial liabilities	-7,739,898	-7,737,623	-2,275
Bond issues	-7,551,809	-7,519,633	-32,176
Derivative liabilities	-188,034	-217,990	29,956
Other non-current financial liabilities	-55	-	-55
Current financial liabilities	-228,323	-2,258,937	2,030,614
Bank overdrafts	-	-1	1
Current portion of medium/long-term borrowings	-228,233	-2,258,857	2,030,624
Other financial liabilities	-90	-79	-11
Total financial liabilities	-7,968,221	-9,996,560	2,028,339
Cash and cash equivalents	293,063	197,587	95,476
Cash and bank and post office deposits	805	907	-102
Intercompany current account receivables	292,258	196,680	95,578
<i>of which due from related parties</i>	<i>292,258</i>	<i>196,680</i>	
- Autostrade per l'Italia SpA	292,258	196,680	
Other current financial assets	238,957	2,270,618	-2,031,661
Current portion of medium/long-term financial assets	235,483	2,267,280	-2,031,797
<i>of which due from related parties</i>	<i>214,095</i>	<i>2,246,610</i>	
- Autostrade per l'Italia SpA	214,095	2,246,610	
Other financial assets	3,474	3,338	136
Total current financial assets	532,020	2,468,205	-1,936,185
Net debt in accordance with CESR recommendation of 10.02.2005	-7,436,201	-7,528,355	92,154
Non-current financial assets	7,914,817	7,869,485	45,332
Derivative assets	219,273	164,661	54,612
<i>of which due from related parties</i>	<i>191,595</i>	<i>124,452</i>	
- Autostrade per l'Italia SpA	191,595	124,452	
Other financial assets	7,695,544	7,704,824	-9,280
<i>of which due from related parties</i>	<i>7,695,447</i>	<i>7,704,790</i>	
- Autostrade per l'Italia SpA	7,695,447	7,704,790	
Net funds/(Net debt)	478,616	341,130	137,486

6.3 Financial risk management

Financial risk management objectives and policies

In the normal course of business, the Company is exposed to:

- a) market risk, principally linked to the effect of movements in interest and foreign exchange rates on financial assets acquired and financial liabilities assumed;
- b) liquidity risk, with regard to ensuring the availability of sufficient financial resources to fund operating activities and repayment of the liabilities assumed;
- c) credit risk, linked to both ordinary trading relations and the likelihood of defaults by financial counterparties.

The Company's financial risk management strategy is derived from and consistent with the business goals set by the Board of Directors that are contained in the various strategic plans approved by the Board. The strategy aims to both manage and control such risks.

Market risk

The adopted strategy for each type of risk aims to mitigate interest rate and currency risks and minimise borrowing costs, as defined in the Financial Policy approved by Atlantia's Board of Directors on 16 September 2010.

Management of these risks is based on prudence and best market practice.

The main objectives set out in this policy are as follows:

- a) to protect the scenario forming the basis of the strategic plan from the effect of exposure to interest rate and currency risks, identifying the best combination of fixed and floating rates;
- b) to pursue a potential reduction of the Group's borrowing costs within the risk limits determined by the Board of Directors;
- c) to manage derivative financial instruments taking account of their potential impact on the results of operations and financial position in relation to their classification and presentation.

The Company's derivative hedging instruments as at 31 December 2011 are classified as cash flow hedges in accordance with IAS 39.

The fair value of derivative financial instruments is based on expected discounted cash flows, using the market yield curve at the measurement date. Amounts in foreign currencies other than the euro are translated at closing exchange rates communicated by the European Central Bank.

The residual average term to maturity of the Company's debt is around 7 years.

The average cost of medium/long-term borrowings in 2010 was approximately 5%.

Monitoring is, moreover, intended to assess, on a continuing basis, counterparty creditworthiness and the degree of risk concentration.

Interest rate risk

Interest rate risk is linked to uncertainty regarding the performance of interest rates, and takes two forms:

- a) cash flow risk: this is linked to financial assets and liabilities with cash flows indexed to a market interest rate. In order to reduce floating rate debt, the Company has entered into interest rate swaps (IRS), classified as cash flow hedges. The hedging instruments and the underlying financial liabilities have matching terms to maturity and notional amounts. Tests have shown that the hedges were fully effective during 2010. Changes in fair value are recognised in the statement of other comprehensive income, with no recognition of any ineffective portion in the income statement. Interest income or expense deriving from the hedged instruments is recognised simultaneously in the income statement;
- b) fair value risk: this represents the risk of losses deriving from an unexpected change in the value of a financial asset or liability following an unfavourable shift in the market interest rate curve.

As a result of the cash flow hedges put in place by the Company, all debt as at 31 December 2011 is fixed rate.

Currency risk

Currency risk is mainly incurred through the assumption of financial liabilities denominated in a currency other than the Group's currency of account.

12% of the Company's medium/long-term debt is nominally denominated in currencies other than the euro. Taking account of foreign exchange hedges, the percentage of foreign currency debt exposed to currency risk on translation into euros is zero. Cross currency swaps (CCIRS) with notional amounts and maturities matching those of the underlying financial liabilities were entered into specifically to eliminate the currency risk to which the sterling and yen denominated bonds are exposed. These swaps also qualify as cash flow hedges and tests have shown that they are fully effective.

4. Separate financial statements and notes

The following table summarises outstanding derivative financial instruments at 31 December 2011 (compared with 31 December 2010) and shows the corresponding market value.

Type (€000)	Purpose of hedge	Currency	Contract term
Cash flow hedges			
Cross Currency Swap	Exchange rate fluctuations	Eur	2004–2022
Cross Currency Swap	Exchange rate fluctuations	Eur	2009–2038
Interest Rate Swap	Interest rate fluctuations	Eur	2004–2011
Interest Rate Swap ⁽²⁾	Interest rate fluctuations	Eur	2004–2022
Interest Rate Swap ⁽²⁾	Interest rate fluctuations	Eur	2004–2011
Total cash flow hedges			
Total hedging derivatives			

(1) The fair value of hedging derivatives excludes accruals at the end of the reporting period.

(2) The counterparty in these transactions is Autostrade per l'Italia.

Sensitivity analysis

Sensitivity analysis describes the impact that the interest rate and foreign exchange movements to which the Company is exposed would have had on the income statement and on equity during the year.

The interest rate sensitivity analysis is based on the exposure of derivative and non-derivative financial instruments at the end of the reporting period, assuming, in terms of the impact on the income statement, a 0.10% (10 bps) shift in the interest rate curve at the beginning of the year, whilst, with regard to the impact of changes in fair value on other comprehensive income, the 10 bps shift in the curve was assumed to have occurred at the measurement date. The following outcomes resulted from the analysis carried out:

- a) in terms of interest rate risk, an unexpected and unfavourable 10 bps shift in market interest rates would have resulted in a negative impact on the income statement, totalling €218 thousand, and on comprehensive income, totalling €7,750 thousand, before the related taxation;
- b) in terms of currency risk, an unexpected and unfavourable 10% shift in the exchange rate would have had no impact on the income statement.

Liquidity risk

Liquidity risk relates to the risk that cash resources may be insufficient to fund the payment of liabilities as they fall due. The Company believes that its ability to generate cash, the ample diversification of its sources of funding and the availability of uncommitted lines of credit provides access to sufficient sources of finance to meet its projected financial needs.

31.12.2011		31.12.2010		Hedged financial asset (liability)			
Notional amount	Fair value ⁽⁴⁾	Notional amount	Fair value ⁽⁴⁾	Description	Face value	Term	
750,000	-188,034	750,000	-217,990	Bond 2004-2022 (Gbp)	-750,000	2004-2022	
149,176	27,678	149,176	40,209	Bond 2009-2038 (Jpy)	-149,176	2009-2038	
-	-	2,000,000	-25,994				
750,000	191,596	750,000	124,452	Loan to Autostrade per l'Italia 2004-2022	750,000	2004-2022	
-	-	2,000,000	25,994				
	31,240		-53,329				
	31,240		-53,329				

4. Separate financial statements and notes

The following tables show the time distributions of financial liabilities by term to maturity as at 31 December 2011 and comparable figures as at 31 December 2010.

31.12.2011 (€000)	Financial liabilities					
	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities ⁽¹⁾						
Bond 2004-2014	-2,735,984	-3,162,500	-137,500	-137,500	-2,887,500	-
Bond 2004-2022 (Gbp)	-598,050	-1,010,116	-37,412	-37,412	-112,235	-823,058
Bond 2004-2024	-991,022	-1,763,750	-58,750	-58,750	-176,250	-1,470,000
Bond 2009-2016	-1,541,479	-1,921,875	-84,375	-84,375	-1,753,125	-
Bond 2009-2038 (Jpy)	-198,979	-346,727	-5,449	-5,449	-16,347	-319,481
Bond 2010-2017	-991,787	-1,202,500	-33,750	-33,750	-101,250	-1,033,750
Bond 2010-2025	-494,508	-806,250	-21,875	-21,875	-65,625	-696,875
Total bond issues	-7,551,809	-10,213,718	-379,111	-379,111	-5,112,332	-4,343,164
Net fair value losses on cash flow hedges						
Cross currency swaps ⁽²⁾	-160,356	-260,516	-11,077	-10,600	-32,240	-206,599
Total fair value of derivatives	-160,356	-260,516	-11,077	-10,600	-32,240	-206,599

(1) Future cash flows relating to floating rate bond issues have been calculated on the basis of the latest established rate and held constant to final maturity.

(2) Future cash flows deriving from interest rate swap (IRS) differentials are calculated on the basis of the latest established rate and held constant to the maturity of the contract.

31.12.2010 (€000)	Financial liabilities					
	Carrying amount	Total contractual flows	Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Non-derivative financial liabilities ⁽¹⁾						
Bond 2004-2011	-1,999,086	-2,014,954	-2,014,954	-	-	-
Bond 2004-2014	-2,730,717	-3,300,000	-137,500	-137,500	-3,025,000	-
Bond 2004-2022 (Gbp)	-580,319	-1,016,555	-36,305	-36,305	-108,917	-835,028
Bond 2004-2024	-990,544	-1,822,500	-58,750	-58,750	-176,250	-1,528,750
Bond 2009-2016	-1,549,877	-2,006,250	-84,375	-84,375	-253,125	-1,584,375
Bond 2009-2038 (Jpy)	-183,444	-324,786	-5,025	-5,025	-15,076	-299,660
Bond 2010-2017	-990,510	-1,236,250	-33,750	-33,750	-101,250	-1,067,500
Bond 2010-2025	-494,222	-828,125	-21,875	-21,875	-65,625	-718,750
Total bond issues	-9,518,719	-12,549,420	-2,392,534	-377,580	-3,745,243	-6,034,063
Net fair value losses on cash flow hedges						
Interest rate swaps ⁽²⁾	-25,994	-31,466	-31,466	-	-	-
Cross currency swaps ⁽³⁾	-177,782	-329,648	-12,299	-12,607	-36,514	-268,228
Total fair value of derivatives	-203,776	-361,114	-43,765	-12,607	-36,514	-268,228

(1) Future cash flows relating to floating rate bond issues have been calculated on the basis of the latest established rate and held constant to final maturity.

(2) Future cash flows deriving from interest rate swap (IRS) differentials are calculated on the basis of the latest established rate and held constant to the maturity of the contract.

(3) Future cash flows deriving from cross currency swap (CCS) differentials have been calculated on the basis of the latest established exchange rate at the measurement date.

The amounts in the above tables include interest payments and exclude the impact of any offset agreements.

The time distribution of terms to maturity is based on the residual contract term or on the earliest date on which repayment of the liability may be required, unless a better estimate is available.

The distribution for transactions with amortisation schedules is based on the date on which each instalment falls due.

4. Separate financial statements and notes

The following table shows the time distribution of expected cash flows from cash flow hedges, and the periods in which they will be recognised in the income statement.

(€000)	Carrying amount	Expected cash flows ⁽¹⁾	31.12.2011			
			Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swaps						
Assets	191,596	212,547	22,694	33,924	68,510	87,419
Liabilities	-	-	-	-	-	-
Cross currency swaps						
Assets	27,678	27,562	-2,471	-2,473	-6,675	39,181
Liabilities	-188,034	-192,615	-8,419	-7,798	-23,025	-153,373
Total cash flow hedges	31,240					
Accrued expenses on cash flow hedges	-26,011					
Accrued income on cash flow hedges	42,265					
Total cash flow hedge derivative assets/liabilities	47,494	47,494	11,804	23,653	38,810	-26,773

(€000)	Expected cash flows ⁽¹⁾	31.12.2011			
		Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swaps					
Income on cash flow hedges	191,596	20,976	32,856	64,642	73,122
Losses on cash flow hedges	-	-	-	-	-
Cross currency swaps					
Income on cash flow hedges	1,078,187	41,981	41,871	121,998	872,337
Losses on cash flow hedges	-1,238,543	-52,599	-52,149	-151,225	-982,570
Total income (losses) on cash flow hedges	31,240	10,358	22,578	35,415	-37,111

(1) Expected cash flows from swap differentials are calculated on the basis of the market yield curve at the measurement date.

Credit risk

The Company manages credit risk essentially through recourse to counterparties with high credit ratings and does not report significant credit risk concentrations in accordance with the Financial Policy.

Credit risk deriving from outstanding derivative financial instruments can also be considered marginal in that the counterparties involved are major financial institutions.

Allowances for impairment losses on individually material items are established when there is objective evidence that the Group will not be able to collect all or any of the amount due. The amount of the allowances takes account of estimated future cash flows and the date of collection, any future recovery costs and expenses, and the value of any security and guarantee deposits received from customers. General provisions, based on the available historical and statistical data, are established for items for which specific provisions have not been made.

	Carrying amount	Expected cash flows ⁽¹⁾	31.12.2010			
			Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
	150,447	175,405	56,623	26,623	44,183	47,976
	-25,994	-29,798	-29,798	-	-	-
	40,208	40,026	-2,996	-2,830	-7,412	53,264
	-217,990	-223,193	-9,216	-9,413	-25,877	-178,687
	-53,329					
	-29,859					
	45,628					
	-37,560	-37,560	14,613	14,380	10,894	-77,447

	Expected cash flows ⁽¹⁾	31.12.2010			
		Within 12 months	Between 1 and 2 years	Between 3 and 5 years	After 5 years
	150,446	49,740	24,166	40,279	36,261
	-25,994	-25,994	-	-	-
	960,656	40,554	40,242	114,403	765,457
	-1,138,438	-52,773	-52,116	-147,510	-886,039
	-53,329	11,527	12,292	7,172	-84,320

7. Other information

7.1 Guarantees

As at 31 December 2011 the Company reports the following outstanding personal and collateral guarantees in issue, which include the following material items:

- a) the following guarantees issued on behalf of Autostrade per l'Italia:
 - 1) in favour of the European Investment Bank as security for loans granted to the subsidiary (€1,080,546 thousand, equal to 120% of the underlying liability);
 - 2) in favour of Mediobanca SpA as security for the Term Loan Facility transferred to the subsidiary at the end of 2008 (€768,000 thousand, equal to 120% of the underlying liability);
 - 3) in favour of the tax authorities relating to participation in the "Group VAT" arrangement, totalling €9,158 thousand;
- b) guarantees of €176,424 thousand, which include both the guarantee issued in favour of the Chilean holding company, Autopista do Pacifico (a subsidiary of Autostrade Sud America), guaranteeing the loan obtained by this company to finance the acquisition of the motorway operator, Costanera Norte, and the guarantee issued in favour of Autostrade

- per il Cile, which were transferred to Autostrade Sud America in 2011 following the merger of the two companies;
- c) the guarantee of €163,873 thousand issued in favour of Autostrade Holding do Sur in relation to this company's issue of a promissory note, with the purpose of funding the acquisition, via the issue of new shares, of a 50% interest in Nueva Inversiones, the Chilean company set up by the Atlantia Group to acquire the investments covered by the agreement reached with the Acciona group on 18 April 2011;
 - d) guarantees of €82,868 thousand issued in favour of the indirect subsidiary, Electronic Transaction Consultants Co., guaranteeing its projects in progress;
 - e) the corporate guarantee issued by Atlantia in favour of a number of Strada dei Parchi's creditor banks and on this company's behalf, hedging the risk of movements in the interest rates affecting the value of cash flow hedges. The amount of the guarantee, based on the fair value of the hedges, has been capped at €40,000 thousand as at 31 December 2011. Toto Costruzioni Generali is under an obligation to assume Atlantia's guarantee obligations, as a result of its acquisition of the controlling interest in Strada dei Parchi, within 36 months from the date of the issuance of the guarantee, which was 27 November 2010;
 - f) a portion of the Company's holding of shares in Pune Solapur Expressways Private Ltd pledged to credit institutions.

7.2 Related party transactions

In implementation of the provisions of art. 2391-bis of the Italian Civil Code, the Regulations adopted by the *Commissione Nazionale per le Società e la Borsa* (the CONSOB) in Resolution 17221 of 12 March 2010, as subsequently amended, on 11 November 2010 Atlantia's Board of Directors — with the prior approval of the Independent Directors on the Related Party Transactions Committee — approved the new Procedure for Related Party Transactions entered into directly by the Company and/or through subsidiaries. This Procedure sets out the criteria to be used in identifying related parties and the related reporting requirements.

The procedure underwent a periodic review in 2011 with the aim of making any necessary changes and/or additions. As a result of the review, on 16 December 2011 the Board of Directors, acting in agreement with the opinion of the Independent Directors on the Related Party Transactions Committee, deemed it not necessary to make any changes to the procedure.

The principal transactions entered into by the Company with related parties, as identified in accordance with the criteria defined in the above Procedure, are described below. Related party transactions are conducted on an arm's length basis.

Related party transactions do not include transactions of an atypical or unusual nature. The Atlantia Group did not engage in material transactions with its direct or indirect parents during 2011.

Transactions with subsidiaries

The Company primarily engages in transactions with the subsidiary, Autostrade per l'Italia, over which it exercises management and coordination.

As at 31 December 2011 the Company has granted medium/long-term loans with a total face value of €7,649,176 thousand to Autostrade per l'Italia on the same terms as those applied to Atlantia's bank borrowings, increased by a spread that takes account of the cost of managing the loans. The reduction compared with the figure as at and for 31 December 2010 (€9,649,176 thousand) is due to the subsidiary's repayment of a medium/long-term loan with a face value of €2,000,000 thousand, which replicated, at intercompany level, the bonds redeemed by the Company on 9 June 2011.

A portion of these loans is hedged against interest rate risk through the use of specific derivative financial instruments that have also been entered into with Autostrade per l'Italia. Fair value gains on these hedges total €191,596 thousand as at 31 December 2011.

The Company also has an intercompany current account with Autostrade per l'Italia, which provides centralised treasury services for the Group. The account has a credit balance of €292,258 thousand as at 31 December 2011.

Finally, as a result of the tax consolidation arrangement headed by Atlantia, the statement of financial position as at 31 December 2011 includes current tax assets due from Group companies of €110,655 thousand, and current tax liabilities payable to Group companies of €3,236 thousand.

The following table summarises the impact of related party transactions on the results of operations for 2011 and the financial position as at 31 December 2011.

Trading and other non-financial transactions with principal related parties

Name (€000)	31.12.2011		2011		31.12.2010		2010	
	Assets	Liabilities	Income ⁽¹⁾	Expenses	Assets	Liabilities	Income ⁽¹⁾	Expenses
Subsidiaries								
Autostrade per l'Italia								
- trading	576	439	3,443	1,607	1,097	344	2,403	1,640
- tax	105,587	-	-	-	-	4,752	-	-
Autostrada Torino-Savona								
- tax	2,886	-	-	-	-	375	-	-
Telepass								
- tax	1,205	-	-	-	1,951	-	-	-
Pavimental								
- trading	-	271	527	-	-	-	521	-
- tax	900	-	-	-	174	-	-	-
Newpass								
- tax	-	995	-	-	-	991	-	-
EsseDiEsse Società di Servizi								
- trading	-	-	-	438	-	36	-	428
- tax	-	599	-	-	159	-	-	-
Autostrade Tech								
- tax	-	556	-	-	3,370	-	-	-
Spea Ingegneria Europea								
- tax	-	300	-	-	5,901	-	-	-
Tangenziale di Napoli								
- tax	43	-	-	-	2,221	-	-	-
Total subsidiaries	111,197	3,160	3,970	2,045	14,873	6,498	2,924	2,068
Total	111,197	3,160	3,970	2,045	14,873	6,498	2,924	2,068

(1) Includes reimbursements, accounted for as a reduction of operating costs in the income statement.

Financial transactions with principal related parties

Name (€000)	31.12.2011		2011		31.12.2010		2010	
	Assets	Liabilities	Financial income ⁽¹⁾	Financial expenses	Assets	Liabilities	Financial income ⁽¹⁾	Financial expenses
Subsidiaries								
Autostrade per l'Italia	8,396,570	55	1,016,320	29,732	10,275,727	-	1,062,440	111,045
Autostrade International US Holdings	246	-	695	-	87	-	260	-
TowerCo	-	-	4,944	-	-	-	4,432	-
Total subsidiaries	8,396,816	55	1,021,959	29,732	10,275,814	-	1,067,132	111,045
Total	8,396,816	55	1,021,959	29,732	10,275,814	-	1,067,132	111,045

(1) Financial income includes dividends received from subsidiaries.

Transactions with other related parties

In 2011 Atlantia also accounted for fees, committee attendance fees, salaries, non-monetary benefits, bonuses and other incentives, totalling €1.3 million (including €0.1 million relating to the fair value of share-based payments), paid to Directors.

In addition, in 2011 the Atlantia Group accounted for fees, committee attendance fees, salaries, non-monetary benefits, bonuses and other incentives, totalling €4.5 million (including €0.6 million relating to the fair value of share-based payments), paid to Atlantia's Directors and key management personnel, including amounts paid for holding positions in subsidiaries and associates.

Details of remuneration paid during the year to members of Atlantia's corporate bodies and its key management personnel are provided in the "Remuneration Report 2011", published on the Company's website at www.atlantia.it and prepared pursuant to art. 123-ter of Legislative Decree 58/1998 (the Consolidated Finance Act), as subsequently amended.

7.3 Events after 31 December 2011

Bond issue and Tender Offer

On 2 February 2012 Atlantia launched the issue of 7-year bonds worth €1.0 billion, guaranteed by Autostrade per l'Italia. The bond issue forms part of the Company's €10 billion Medium-term Note Programme launched on 7 May 2004 and subsequently updated, which has resulted in the issue of bonds worth €7.65 billion.

The bonds, which pay a fixed annual coupon of 4.50%, have a re-offer price of €99.011. The effective yield to maturity is 4.669%, corresponding to a yield that is 275 basis points above the reference mid-swap rate.

The financial resources raised as a result of the issue will in part be used for corresponding intercompany loans, designed to meet the funding requirements of Autostrade per l'Italia in connection with the investment plan envisaged in its concession agreement, and in part to buy back a portion of the bonds maturing in 2014.

To coincide with the bond issue, on 2 February 2012 Atlantia announced the launch of a Tender Offer for the partial buyback of bonds issued by the Company maturing on 9 June 2014 and having a par value of €2.75 billion. At the end of the offer period, on 9 February 2012, the Company had received acceptances for bonds with a total par value of €0.5 billion. This transaction saw Atlantia use a part of the cash available to pay down debt ahead of its maturity date in 2014.

Standard & Poor's resolves Atlantia's placement on credit watch negative

Following its downgrade of the Republic of Italy on 13 January of this year, Standard & Poor's resolved its placement of Atlantia on credit watch with negative implications, downgrading the Company's rating from "A-" to "BBB+" and maintaining a negative outlook. The agency explained that the downgrade primarily reflects the increased country risk to which the Company, which operates mainly in the Italian market, is exposed.

Annex I

Disclosures pursuant to art.149-duodecies of the CONSOB Regulations for Issuers 11971/1999

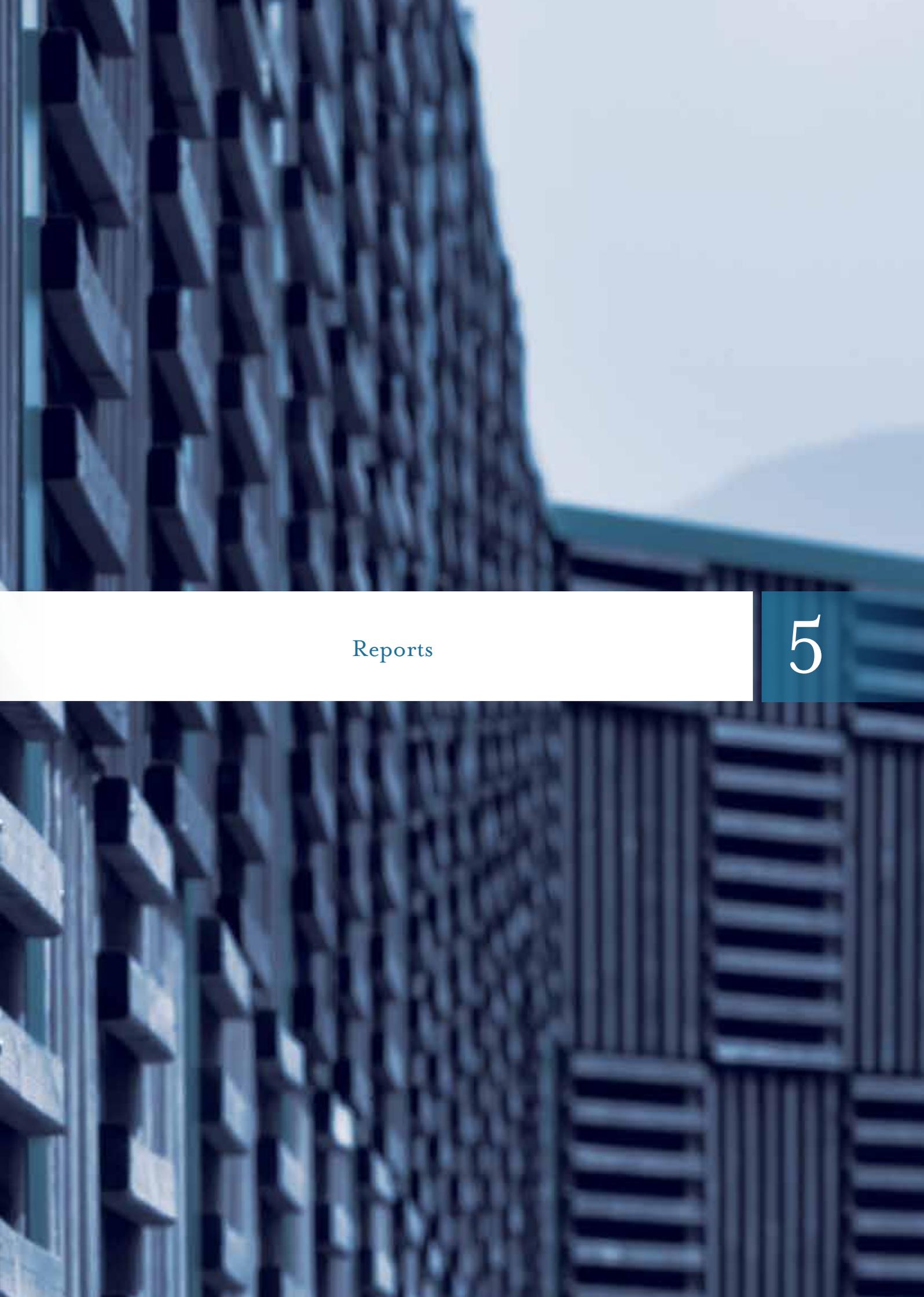
Atlantia SpA

Type of service (€000)	Service provider	Note	Fees
Audit	KPMG SpA		82
Attestation	KPMG SpA	(1)	45
Tax advisory	KPMG SpA		-
Other services	KPMG SpA	(2)	149
Total Atlantia SpA			276

(1) Opinion on payment of the interim dividend.

(2) Comfort letters on EMTN programme offering circulars, Signature of Consolidated Tax Return and Form 770, verification of documentation required by public tenders in India in which the Group participated during the year, agreed upon procedures regarding accounting data and information.





Reports

5

Attestation of the consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as subsequently amended

1. We, the undersigned, Giovanni Castellucci and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Atlantia SpA's financial reporting, having taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective applicationof the administrative and accounting procedures adopted in preparation of the consolidated financial statements during 2011.
2. The administrative and accounting procedures adopted in preparation of the consolidated financial statements as at and for the year ended 31 December 2011 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Atlantia SpA in accordance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level.
3. We also attest that:
 - 3.1 the consolidated financial statements:
 - a) have been prepared in compliance with international accounting standards approved for application in the European Community by EC Regulation 1606/2002, passed by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) present a true and fair view of the financial position and results of operations of the issuer and the consolidated companies;
 - 3.2 the report on operations contains a reliable analysis of operating trends and results, in addition to the state of affairs of the issuer and the consolidated companies, together with a description of the principal risks and uncertainties to which they are exposed.

9 March 2012

Giovanni Castellucci
Chief Executive Officer

Giancarlo Guenzi
Manager responsible
for financial reporting

Attestation of the separate financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, as subsequently amended

1. We, the undersigned, Giovanni Castellucci and Giancarlo Guenzi, as Chief Executive Officer and as the manager responsible for Atlantia SpA's financial reporting, having taken account of the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:
 - the adequacy with regard to the nature of the Company and
 - the effective application
 of the administrative and accounting procedures adopted in preparation of the separate financial statements during 2011.
2. The administrative and accounting procedures adopted in preparation of the separate financial statements as at and for the year ended 31 December 2011 were drawn up, and their adequacy assessed, on the basis of the regulations and methods drawn up by Atlantia SpA in accordance with the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control systems that is generally accepted at international level.
3. We also attest that:
 - 3.1 the separate financial statements:
 - a) have been prepared in compliance with international accounting standards approved for application in the European Community by EC Regulation 1606/2002, passed by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) present a true and fair view of the financial position and results of operations of the issuer;
 - 3.2 the report on operations contains a reliable analysis of operating trends and results, in addition to the state of affairs of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

9 March 2012

Giovanni Castellucci
Chief Executive Officer

Giancarlo Guenzi
Manager responsible
for financial reporting

Report of the Board of Statutory Auditors to the annual general meeting

(Pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 3 of the Italian Civil Code)

To the shareholders of Atlantia SpA

During the financial year ended 31 December 2011, we performed the audit procedures required by law, adopting, *inter alia*, the Standards recommended by the Italian accounting profession.

As required by the rules established by the CONSOB in Ruling 1025564 of 6 April 2001, as amended, and by the provision of art. 19 of Legislative Decree 39 of 27 January 2010, with reference to the internal control and audit committee, whose functions in listed companies are performed by the Board of Statutory Auditors, we report the following:

- we verified compliance with the law and the articles of association;
- we obtained quarterly reports from the Directors, providing adequate information on the Company's activities and on transactions carried out by the Company and its subsidiaries with a major impact on the Company's results of operations, financial position and cash flow, ensuring that the actions decided on and carried out were in compliance with the law and the articles of association, were not subject to any potential conflict of interest or contrary to the resolutions adopted by the General Meeting, and were not clearly imprudent or risky or such as to compromise the value of the Company;
- in accordance with our responsibilities, we obtained information on and checked the adequacy of the Company's organisational structure and on observance of the principles of good governance, by means of direct observation, the gathering of information from the heads of the various departments and through meetings with the independent auditors with a view to exchanging the relevant data and information; in this regard we have no special observations to make;
- we verified, pursuant to art. 149, paragraph 1.c-*bis* of Legislative Decree 58/1998 (the Consolidated Finance Act or "CFA"), the actual procedures used in implementing the corporate governance rules contained in Atlantia's Corporate Governance Code;
- we verified the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to article 114, paragraph 2 of the CFA.

In this regard, it should be noted that the shareholder, Sintonia SA (a subsidiary of Edizione Srl) directly (with an 8.965% interest) and indirectly, through Schemaventotto SpA (which holds 37.063%), holds a relative majority (46.028%) of the issued capital of Atlantia SpA, holding sufficient voting rights to exercise dominant influence at the ordinary general meetings of Atlantia SpA's shareholders, pursuant to art. 2359 of the Italian Civil Code, as referred to by art. 2497-*sexies* of the Code. Nevertheless, as already noted in our report to last year's Annual General Meeting, and as stated in the "Annual report on Corporate Governance and the Ownership Structure", published on Atlantia's website, a specific joint declaration sent to Atlantia on 12 March 2009 by Sintonia SA and Schemaventotto SpA states that the pre-existing circumstances and structure of group relations have not changed. This means that neither Sintonia SA nor Schemaventotto SpA has ever exercised management and coordination of Atlantia or of the Group of which it is the Parent Company. Moreover, the declaration confirmed and left unchanged the information and explanations approved by the Board of Directors of Schemaventotto SpA and communicated to Atlantia in the past, in order to permit the latter, in its role as a holding company, to independently exercise management and coordination of its direct and indirect subsidiaries.

Finally, on 20 March 2009 Atlantia's Board of Directors thus issued an attestation stating that Atlantia is not subject to the management and coordination of either Sintonia SA or Schemaventotto SpA.

Therefore, as stated in the "Annual report on Corporate Governance and the Ownership Structure", given that there have not been any further announcements or changes in the relevant facts, the basis for considering Atlantia as not subject to management and coordination by its parents, Sintonia SA and Schemaventotto SpA, is deemed to be unchanged.

With reference, instead, to relations between Atlantia and its subsidiary, Autostrade per l'Italia, as noted in our report to last year's Annual General Meeting, and as stated in the "Annual report on Corporate Governance and the Ownership Structure", at its meeting of 14 February 2008, Atlantia's Board of Directors acknowledged, based on the evidence, that Autostrade per l'Italia was subject to the management and coordination of Atlantia. In this regard, as noted in our report to last year's Annual General Meeting, and as stated in the "Annual report on Corporate Governance and the Ownership Structure", following the Group's restructuring in 2007, Atlantia as a holding company responsible for investments and portfolio strategies, is capable of supporting growth in the infrastructure and network management sector, but without having any direct operational role, which has been assigned to the subsidiary, Autostrade per l'Italia SpA, as an operating parent company in the motorway sector. At its meeting of 14 December 2007, the Board of Directors, partly as a consequence of the new Corporate Governance Code, assigned Autostrade per l'Italia SpA responsibility for management and coordination of the motorway concessionaires and industrial companies it controls. As a result, Autostrade per l'Italia and its subsidiaries have complied with the requirements of art. 2497-bis of the Italian Civil Code;

- we assessed and verified the adequacy of the internal control system and the effectiveness of internal control and risk management systems.

You will recall that, in order to assess the correct functioning of the internal control system, the Board of Directors makes use of the Internal Control and Corporate Governance Committee, in addition to one or more staff with responsibility for internal controls, who operate with an adequate level of independence and are suitably equipped to carry out their role. These members of staff are the heads of the Internal Audit and Risk Management departments, who report on their activities to the Chairman, Chief Executive Officer, the Internal Control and Corporate Governance Committee and the Board of Statutory Auditors.

In particular, during our periodic meetings with the heads of the Internal Audit and Risk Management departments, the Board of Statutory Auditors was kept fully informed regarding internal auditing activities (with a view to assessing the adequacy and functionality of the internal control system, and compliance with the law and with internal procedures and regulations), and the activities of the Risk Management department, which is responsible for overseeing the management of risk at Group level via correct implementation and development of the COSO Enterprise Risk Management (ERM), a methodological framework that Atlantia adopted 6 years ago to identify, measure, manage and monitor the risks inherent in the Company's current Business Risk Model (compliance, regulatory and operational risks). The Risk Management department also provides the necessary support to departments in reviewing the design of the internal control system and monitoring implementation of the resulting changes.

With reference to the oversight required by art. 19 of Legislative Decree 39/2010, relating to financial reporting, we verified that the administrative and accounting aspects of the internal control system, as they relate to the

attestations to be issued by the Chief Executive Officer and the manager responsible for financial reporting, were revised in 2011.

The process entailed Group-level analyses of significant entities and the related significant processes, through the mapping of activities carried out to verify the existence of controls (at entity and process level) designed to oversee compliance risk in respect of the law and accounting regulations and standards relating to periodic financial reporting. Effective application of the administrative and accounting procedures was verified by the manager responsible for financial reporting, with the assistance of the relevant internal departments (including Risk Management and Internal Audit) and a leading firm of specialist consultants, using a programme designed to monitor the control and governance environment, as well as key controls at process level of the significant entities and processes.

The results of this process were verified by us during our periodic meetings with the manager responsible for financial reporting.

On 9 March 2012 the Chief Executive Officer and the manager responsible for financial reporting issued the attestations of the consolidated and separate financial statements required by art. 81-ter of the CONSOB Regulations of 14 May 1999, as amended and added to.

As stated in the "Annual report on Corporate Governance and the Ownership Structure", published on Atlantia's website, at its meeting of 17 February 2012 the Board of Directors, having taken note of the preparatory analysis carried out by the Internal Control and Corporate Governance Committee regarding the in-depth report provided by the various people responsible for implementing the internal control system (the persons responsible for Internal Control, the Supervisory Board, the Ethics Officer and the manager responsible for financial reporting), deemed the internal control system, taken as a whole, to be adequate, efficacious and to function effectively.

Finally, compliance of the process used in publishing price sensitive information with the Company's procedure for "Market announcements" was also verified;

- in 2011 the Board of Statutory Auditors, assisted by the relevant department of the Company, conducted a specific review of financial risk management;
- we assessed and verified the adequacy of the administrative/accounting system and its ability to correctly represent operating activities, by gathering information from the respective heads of department, examining corporate documents and analysing the results of the work carried out by the independent auditors;
- we held meetings with representatives of the independent auditors, pursuant to art. 150, paragraph 2 of the CFA, and no significant information that should be included in this report has come to light;
- with regard to the provisions of art. 19 of Legislative Decree 39/2010, we oversaw the audit of the annual and consolidated accounts, obtaining detailed information, during meetings with the independent auditors, on the audit plan for 2011, significant aspects of the consolidated financial statements for 2011 and the potential impact of the significant risks highlighted in the financial statements;
- as noted above, we held periodic meetings during the year with the manager responsible for financial reporting and the persons responsible for Internal Control;
- the Chairman of the Board of Statutory Auditors, or another Statutory Auditor delegated to attend, participated in the meetings of the Internal Control and Corporate Governance Committee;
- with regard to the provisions of art. 3 of Legislative Decree 37 of 6 February 2004, which introduced a series of changes to the CFA, including the provision in the second paragraph of art. 151, giving the Parent Company's Board

of Statutory Auditors the opportunity to exchange information with the corresponding bodies within its subsidiaries, we have obtained information from the board of statutory auditors of Autostrade per l'Italia, a subsidiary managed and coordinated by Atlantia, regarding its activities during the year and the steps taken by the board of statutory auditors of Autostrade per l'Italia to monitor the activities of the boards of statutory auditors of the subsidiaries managed and coordinated by Autostrade per l'Italia;

- we verified the absence of atypical and/or unusual transactions, including intercompany or related party transactions;
- we assessed the adequacy of the information provided in the management report on operations, regarding the absence of atypical and/or unusual transactions, including intercompany or related party transactions;
- as stated in the "Annual report on Corporate Governance and the Ownership Structure", published on the Company's website, in compliance with CONSOB Resolution 17221 of 2010, and with the prior approval of the Independent Directors on the Related Party Transactions Committee (established on 21 October 2010), dated 8 November 2010, and the prior approval of the Internal Control and Corporate Governance Committee, dated 10 November 2010, and following the Board of Statutory Auditors' positive assessment of the Procedure's compliance with the Standards contained in the CONSOB Resolution, dated 10 November 2010, on 11 November 2010 Atlantia's Board of Directors approved the new Procedure for Related Party Transactions.

The new procedure, which from 1 January 2011 has replaced the previously adopted standards for conducting Atlantia's related party transactions, defines the scope of application of the rules governing related party transactions (transactions of greater and lesser significance and transactions within the purview of the general meeting), the related cases of exclusion, and the procedures for drawing up and updating the list of related parties.

The Procedure requires the Board of Directors, with the prior agreement of the Related Party Transactions Committee, to assess the need for any changes to the Procedure at least once a year.

On 12 December 2011 Atlantia's Related Party Transactions Committee deemed that it was not necessary at that time to make any changes or additions to Atlantia's existing Procedure for Related Party Transactions.

This opinion was then notified to Atlantia's Board of Directors at the meeting of 16 December 2011;

- we verified that related party or intercompany transactions were of an ordinary or recurring nature, in relation to which we report the following:
 - intercompany transactions, whether of a trading or financial nature, between the Parent Company and its subsidiaries were all conducted on an arm's length basis, according to the terms and conditions of contractual agreements. Such transactions are adequately described in the Annual Report. In particular, the section, "Related party transactions", in the report on operations provides details of transactions between the Group and Atlantia and their related parties. Related party transactions did not include atypical and/or unusual transactions and during 2010 neither the Group nor Atlantia SpA engaged in material transactions with Atlantia's direct or indirect parents;
 - with reference to the Atlantia Group's related party transactions, the section, "Related party transactions", in the report on operations states that in compliance with IAS 24, the Autogrill group, which is under the common control of Edizione Srl, is classified as a related party. Moreover, with regard to relations between the Atlantia Group's motorway operators and the Autogrill group, it should be noted that, as at 31 December 2011, Autogrill holds 134 food service concessions for service areas along the Group's motorway network (including 128 granted by Autostrade per l'Italia SpA, of which 4 operated as part of temporary consortia with other operators). In 2011

the Group earned revenues of approximately €74.5 million (of which €73 million attributable to Autostrade per l'Italia SpA) on transactions with Autogrill, including €65.2 million in royalties deriving from management of service areas (of which €64.9 million attributable to Autostrade per l'Italia). Recurring income is generated by contracts entered into over the years, of which a large part was entered into after transparent and non-discriminatory competitive tenders. With regard to the process of awarding food service concessions, as you have been informed in the Board of Statutory Auditors' reports for previous years, it should be noted that Antitrust Authority Ruling 8009 of 2 March 2000, relating to clearance for the purchase of a controlling interest in Autostrade (now Atlantia) by Edizione Holding, laid down that the execution of such activities be entrusted to an external entity which, acting as "Adviser", would have the task of independently managing competitive tenders, including drawing up the requirements for participation, the parameters for awarding the related contracts and publishing all the relevant information. KPMG was retained as the Adviser in 2001. Roland Berger Strategy Consultants has performed this role since 1 June 2003;

- with reference to Atlantia's related party transactions, the section, "Related party transactions", in the report on operations states that the Company primarily engages in transactions with its subsidiary, Autostrade per l'Italia, over which it exercises management and coordination.

As at 31 December 2011 the Company had granted medium/long-term loans with a total face value of €7,649.2 million to Autostrade per l'Italia (representing a reduction of €2,000.00 million on 2010) on the same terms as those applied to Atlantia's bank borrowings, increased by a spread that takes account of the cost of managing the loans. A portion of these loans is hedged against interest rate risk through the use of specific derivative financial instruments, which have also been entered into with Autostrade per l'Italia (as at 31 December 2011 fair value gains on these instruments amounted to €191.6 million).

Atlantia also has an intercompany current account with Autostrade per l'Italia, which provides centralised treasury services for the Group. The account has a credit balance of €292.3 million as at 31 December 2011. Finally, as a result of the tax consolidation arrangement headed by Atlantia, the statement of financial position as at 31 December 2011 includes current tax assets and liabilities due from and to Group companies of €110.6 million and €3.2 million, respectively.

Details of the impact of related party transactions on the Group's results of operations and the financial position as at and for the year ended 31 December 2011 are provided in note 10.4 to the consolidated financial statements, whilst details of the impact of related party transactions on Atlantia's results of operations and financial position as at and for the year ended 31 December 2011 are provided in note 7.2 to the separate financial statements;

- the "Remuneration Report 2011", published on the Company's website and prepared pursuant to art. 123-ter of the CFA, provides details of the remuneration paid to Directors, Statutory Auditors and key management personnel for 2011;
- we note that, as described in the Introduction to the section "Consolidated financial review" in the report on operations, the Company has presented the reclassified consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the statement of changes in consolidated net debt for the year ended 31 December 2011, and the reclassified consolidated statement of financial position as at 31 December 2011, which include comparative amounts for the previous year.

The accounting standards applied are unchanged with respect to those adopted for the consolidated financial statements for the previous year.

It is, however, noted that the financial statements as at and for the year ended 31 December 2011 reflect the impact on taxation of the Ministerial Decree of 8 June 2011 (issued pursuant to article 2, paragraph 28 of Law 10/2011) and of the response, received on 9 June 2011, to the request for a ruling submitted to the Italian tax authorities by Autostrade per l'Italia in 2010. Both have clarified the tax treatment of the new amounts accounted for in the financial statements as at and for the year ended 31 December 2009, substantially confirming the deductibility of the various components of the financial statements specifically recognised in application of IFRIC 12.

The reclassified financial statements described in the introduction to the "Consolidated financial review" have not been independently audited. The above introduction describes the differences compared with the statutory financial statements presented in the section "Consolidated financial statement;

- the accounts have been submitted to the required controls by the independent auditors KPMG SpA, which, during periodic meetings with the Board, had nothing to report on this matter;
- we checked that no complaints have been lodged under art. 2408 of the Italian Civil Code, and no petitions of any kind have been presented;
- we note that the "Corporate Governance Code" approved by the Company's Board of Directors on 14 December 2007 and revised on 11 November 2011, in response to the amendments to the Corporate Governance Code for listed companies made by the Corporate Governance Committee (the new version of art. 7 adopted in March 2010), substantially applies the standards and criteria in Borsa Italiana SpA's Corporate Governance Code of March 2006, with the exception of certain aspects and exemptions described in the Code itself, having taken account of the changes resulting from the Group's reorganisation in 2007. The full text of the Company's Corporate Governance Code is available on the Company's website;
- we note that the "Annual Report on Corporate Governance and the Ownership Structure", the full text of which is available on the Company's website, in compliance with the related legal and regulatory obligations, contains information on the ownership structure, application of the Codes of Conduct and fulfilment of the resulting commitments, highlighting the choices made by the Company in applying corporate governance standards;
- we note that, during 2011, Atlantia's Supervisory Board, with the help of an expert in criminal law, continued its review of the organisational, management and control model adopted by Atlantia SpA, pursuant to Legislative Decree 231/2001, in order to ensure that the model had kept pace with changes in legislation and in the Company's organisational structure during the year;
- we verified, also with reference to the provisions of art. 19 of Legislative Decree 39/2010, the independence of the independent auditors, KPMG, checking the nature and entity of any services other than auditing provided to Atlantia, its subsidiaries and its parent, Sintonia SA, by the auditors, and by entities belonging to its network.

We also verified that, in compliance with the requirements of art. 149-*duodecies* of CONSOB Resolution 11971/1999, containing the Regulations for Issuers, that details of the type of services provided to Atlantia and its subsidiaries by the independent auditors, KPMG, and companies belonging to the KPMG network in 2011, together with the related fees, have been provided in an annex to the consolidated financial statements.

The following fees were paid by the Atlantia Group to the independent auditors, KPMG, and companies belonging to the KPMG network:

– audit	€1,332 thousand
– certification (audit-related)	€80 thousand
– tax advice (to subsidiaries by the KPMG network)	€37 thousand
– other services	€306 thousand

making a total of €1,755 thousand.

We therefore deem that the independent auditors, KPMG, meet the requirements for independence;

- with regard to the engagement of independent auditors for the financial years 2012-2020, to be voted on at the Annual General Meeting held to approve the financial statements as at and for the year ended 31 December 2011, the Board of Statutory Auditors has, with the assistance of the relevant department, run a competitive tender process to select the new independent auditors to be submitted for approval by the Annual General Meeting. We dealt with this matter during a total of 8 meetings. At the meeting of 21 October 2011 we met the chairmen of the boards of statutory auditors of all the subsidiaries, or their nominees, to present details of our activities and the outcome of the process for selecting independent auditors. The meeting aimed to keep the boards of statutory auditors of subsidiaries informed as to the method followed and the criteria used by the Board of Statutory Auditors of the Parent Company, Atlantia. This was done to enable a shared approach, whilst fully respecting the independence of judgement of each board of statutory auditors. The meeting of 27 October 2011 then chose the audit firm to be proposed to the Annual General Meeting in relation to the "Engagement of independent auditors for the financial years 2012-2020";
- we note that in the section "Other information" of the report on operations it is stated that the Company, in accordance with the Data Protection Act (Legislative Decree 196/2003, annex B, point 26), has updated its Security Planning Document for 2011;
- with regard to the provisions of art. 149 of the CFA relating to the Board of Statutory Auditors' supervision "*of the methods of actually implementing the corporate governance rules laid down in the corporate governance codes prepared by stock exchange companies and the related trade associations, with which the Company has publicly declared it will comply*", taking account of the fact that art. 15, paragraph 2 of the Corporate Governance Code approved by Atlantia's Board of Directors on 14 December 2007 and revised on 11 November 2011, requires that "*Statutory Auditors shall be chosen from people who may be qualified as independent also on the basis of the criteria contained in this Code with reference to Directors*" and that "*the Board of Statutory Auditors shall check compliance with the above criteria after election and every year thereafter, including the outcome of their checks in the corporate governance report*", at the meeting of 16 December 2011 the Board of Statutory Auditors checked that all the Statutory Auditors meet the independence requirements;
- the Board of Statutory Auditors (which, at its meeting of 14 May 2010, had checked, pursuant to art. 15, paragraph 6 of Atlantia's Corporate Governance Code, the correct application of the assessment criteria and procedures used by the Board of Directors in assessing the independence of Directors during its meeting of 14 April 2010), at its meeting of 17 February 2012, checked the correct application of the assessment criteria and procedures used by the Board of Directors, at a meeting held on the same date, in assessing the independence of the Directors, Alberto Bombassei, Alberto Clò, Giuliano Mari, Monica Mondardini and Antonino Turicchi, announcing the result of their assessment to the market, via the relevant department;

- the Board of Statutory Auditors did not issue opinions during the year;
- we examined the financial statements as at and for the year ended 31 December 2011, the consolidated financial statements and the report on operations, with regard to which we state the following.
 - In view of the fact that it is not our responsibility to audit the financial statements, we checked the overall basis of presentation of the separate and consolidated financial statements and their general compliance with the laws relating to their preparation and structure; we have no particular observations to make in this regard.
 - We verified compliance with the laws governing preparation of the management report on operations and have no particular observations to make in this regard.
 - To the best of our knowledge, in preparing the financial statements, the Directors did not elect to apply any of the exemptions permitted by art. 2433, paragraph 4 of the Italian Civil Code.
 - We verified that the financial statements are consistent with the information in our possession, as a result of carrying out our duties, and have no particular observations to make in this regard.
 - We note that the report on operations includes a section “Events after 31 December 2011”, in which the Directors provide details of a number of material events that have taken place since the end of 2011. Information was provided with regard to:
 - the joint venture with the Bertin group in Brazil;
 - the bond issue and tender offer;
 - Standard & Poor’s rating of Atlantia;
 - Agreements for the acquisition of 54.2% of Autostrade Sud America, the sale of 33% of IGLI and the grant of a call option on Autostrada Torino-Savona.
 - We note that the notes to the consolidated financial statements include, in “Other information”, a section on “Significant regulatory aspects”, in which the Directors provide information and their views on a number of events that took place during 2011, including reference to their potential implications for the future. In particular, full and extensive information is provided on:
 - Snow events in December 2010;
 - the Highways Agency and the Office of Transport Regulation;
 - Council of State sentence regarding award of the concession to Pedemontana Veneta;
 - Other ongoing litigation.
 - We note that the report on operations includes a section, “Outlook and risks or uncertainties”, in which the Directors state that against a less than favourable macroeconomic backdrop in Italy, tariff increases, in part reflecting the volume of investment carried out, and the contribution from the Group’s overseas businesses lead them to expect an improvement in the Group’s operating performance in 2012 compared with the previous year, whilst noting, however, that, in addition to the extremely adverse weather conditions experienced in February of this year, the volume of traffic using the Group’s motorway network will depend on a number of macroeconomic factors. Any resulting movement in traffic figures may, therefore, have an impact on the Group’s operating results or financial position.
 - After also considering the report of the independent auditors, we invite the Annual General Meeting to approve the Annual Report for the year ended 31 December 2011, as prepared by the Directors.

The above audit procedures were carried out during 18 meetings of the Board, by taking part in 11 meetings of the Board of Directors, and through the participation of the Chairman of the Board of Statutory Auditors, or another Statutory Auditor delegated to attend, in meetings of the Internal Control and Corporate Governance Committee, which met on 10 occasions.

Finally, as a result of the audit procedures carried out and on the basis of the information obtained from the independent auditors, we are not aware of any negligence, fraud, irregularities or any other material events, that would require a report to be made to regulatory bodies.

We also concur with the Board of Directors' proposal for the appropriation of profit for the year.

Finally, the Board of Statutory Auditors reminds the Meeting that, with the approval of the Annual Report for 2011, the term of office of the Board of Directors has expired. As a result, we invite the Meeting to elect new members.

26 March 2012

Marco Spadacini (Chairman)

Tommaso Di Tanno (Auditor)

Raffaello Lupi (Auditor)

Angelo Miglietta (Auditor)

Alessandro Trotter (Auditor)

Report of the Independent Auditors



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

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
 Atlantia S.p.A.

- 1 We have audited the consolidated financial statements of the Atlantia Group as at and for the year ended 31 December 2011, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, in accordance with IFRS 5 – “Non-current assets held for sale and discontinued operations”, the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements. We audited such consolidated financial statements and issued our report thereon on 28 March 2011. We have examined the methods used to restate the corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2011.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative (“KPMG International”), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
 Bologna Bolzano Brescia Cagliari
 Catania Como Firenze Genova
 Lecce Milano Napoli Novara
 Padova Palermo Parma Perugia
 Pescara Roma Torino Treviso
 Trieste Udine Varese Verona

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 20124 Milano MI ITALIA



Atlantia Group
Report of the auditors
31 December 2011

- 3 In our opinion, the consolidated financial statements of the Atlantia Group as at and for the year ended 31 December 2011 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Atlantia Group as at 31 December 2011, the results of its operations and its cash flows for the year then ended.
- 4 The directors of Atlantia S.p.A. are responsible for the preparation of a report on operations and a report on corporate governance and the ownership structure, published in the Corporate governance section of Atlantia S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on corporate governance and the ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Atlantia Group as at and for the year ended 31 December 2011.

Rome, 2 April 2012

KPMG S.p.A.

(signed on the original)

Marcella Balistreri
Director of Audit



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

**Report of the auditors in accordance with articles 14 and 16 of
 Legislative decree no. 39 of 27 January 2010**

To the shareholders of
 Atlantia S.p.A.

- 1 We have audited the separate financial statements of Atlantia S.p.A. as at and for the year ended 31 December 2011, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 28 March 2011 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

- 3 In our opinion, the separate financial statements of Atlantia S.p.A. as at and for the year ended 31 December 2011 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Atlantia S.p.A. as at 31 December 2011, the results of its operations and its cash flows for the year then ended.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Atlantia S.p.A.
Report of the auditors
31 December 2011

- 4 The directors of Atlantia S.p.A. are responsible for the preparation of a report on operations and a report on corporate governance and the ownership structure, published in the Corporate governance section of Atlantia S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on corporate governance and the ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on corporate governance and the ownership structure are consistent with the separate financial statements of Atlantia S.p.A. as at and for the year ended 31 December 2011.

Rome, 2 April 2012

KPMG S.p.A.

(signed on the original)

Marcella Balistreri
Director of Audit

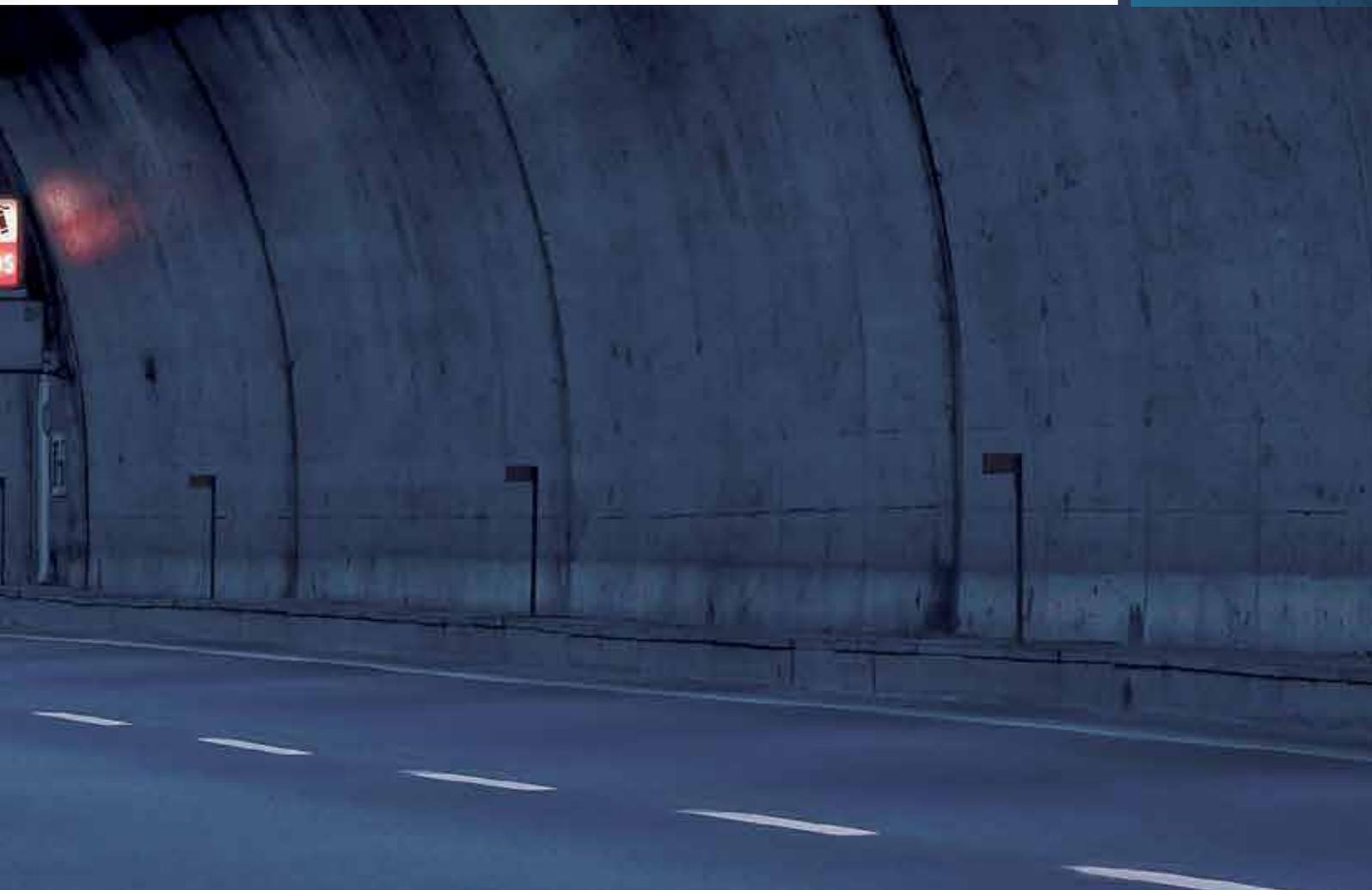
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Key performance indicators for
subsidiaries, associates and joint ventures

6



Key performance indicators for subsidiaries, associates and joint ventures pursuant to art. 2429, paragraphs 3 and 4 of the Italian Civil Code

The figures presented below have been extracted from the most recent financial statements to be approved by the boards of directors of Atlantia's subsidiaries, associates and joint ventures. The end of the annual reporting period for these companies is 31 December of each year, with the exception of Pune Solapur Expressways Private Ltd, which ends its financial year on 31 March of each year. Autostrade per l'Italia SpA, Autostrade Mazowsze SA and Autostrade for Russia GmbH prepare their financial statements in accordance with international financial reporting standards, whereas the other companies prepare their financial statements under local GAAP.

Subsidiaries

Autostrade per l'Italia SpA

Financial position (€000)	31.12.2011	31.12.2010
Non-current assets	18,783,981	17,895,774
Current assets	1,842,920	3,890,821
Total assets	20,626,901	21,786,595
Equity	2,098,475	1,958,489
<i>of which issued capital</i>	<i>622,027</i>	<i>622,027</i>
Liabilities	18,528,426	19,828,106
Total equity and liabilities	20,626,901	21,786,595

Results of operations (€000)	2011	2010
Operating income	4,155,751	3,753,674
Operating costs	-2,590,826	-2,200,780
Operating profit/(loss)	1,564,925	1,552,894
Profit/(Loss) for the year	726,990	586,176

TowerCo SpA

Financial position (€000)	31.12.2011	31.12.2010
Non-current assets	23,513	24,397
<i>of which non-current investments</i>	–	–
Current assets	10,688	9,639
Other assets	83	67
Total assets	34,284	34,103
Equity	26,262	26,329
<i>of which issued capital</i>	20,100	20,100
Provisions and post-employment benefits	670	258
Borrowings	7,055	7,161
Other liabilities	297	355
Total equity and liabilities	34,284	34,103

Results of operations (€000)	2011	2010
Value of production	19,045	18,625
Cost of production	-11,725	-10,986
Operating profit/(loss)	7,320	7,639
Profit/(Loss) for the year	4,878	5,205

Autostrade Mazowse SA

Financial position (Pln/000)	31.12.2011	31.12.2010
Non-current assets	–	–
Current assets	174	255
Total assets	174	255
Equity	-484	-365
<i>of which issued capital</i>	20,000	20,000
Liabilities	658	620
Total equity and liabilities	174	255

Results of operations (Pln/000)	2011	2010
Operating income	9	9
Operating costs	-92	-895
Operating profit/(loss)	-83	-886
Profit/(Loss) for the year	-119	-751

Mizard Srl

Financial position (€000)	31.12.2011	31.12.2010
Current assets	20	6
Total assets	20	6
Equity	20	6
<i>of which issued capital</i>	10	10
Provisions and post-employment benefits	-	-
Borrowings	-	-
Other liabilities	-	-
Total equity and liabilities	20	6
Results of operations (€000)	2011	2010
Cost of production	-1	-1
Operating profit/(loss)	-1	-1
Profit/(Loss) for the year	-1	-1

Joint ventures

Autostrade for Russia GmbH

Financial position (€000)	31.12.2010	31.12.2009
Non-current assets	1,482	379
Current assets	66	2,094
Total assets	1,548	2,473
Equity	1,543	1,547
<i>of which issued capital</i>	60	60
Liabilities	5	926
Total equity and liabilities	1,548	2,473
Results of operations (€000)	2010	2009
Operating income	6	–
Operating costs	–9	–10
Operating profit/(loss)	–3	–10
Profit/(Loss) for the year	–7	–3

Pune–Solapur Expressways Private Ltd

Financial position (INr/000)	31.03.2011	31.03.2010
Non-current assets	4,466,049	817,253
Current assets	188,380	114,095
Total assets	4,654,429	931,348
Equity	1,425,310	518,028
<i>of which issued capital</i>	32,905	12,096
Liabilities	3,229,120	413,320
Total equity and liabilities	4,654,429	931,348
Results of operations (INr/000)	2011	2010
Operating income	–	3,195
Operating costs	–	–868
Operating profit/(loss)	–	2,328
Profit/(Loss) for the year	–	2,328





Shareholders' resolutions

7



Shareholders' resolutions

The Annual General Meeting (AGM) of Atlantia SpA's shareholders, held in ordinary and extraordinary session and in second call at the Company's registered office at Via Antonio Nibby 20 in Rome on 24 April 2012, passed resolutions on the following

Agenda

Ordinary session:

1. Financial statements for the year ended 31 December 2011. Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Appropriation of profit for the year. Presentation of the consolidated financial statements for the year ended 31 December 2011. Related and resulting resolutions.
2. Authority, pursuant and for the purposes of articles 2357 et seq. of the Italian Civil Code, article 132 of Legislative Decree 58 of 24 February 1998 and article 144-bis of the CONSOB Regulation adopted with Resolution 11971 and subsequent amendments, to purchase and sell treasury shares, subject to prior revocation of all or part of the unused portion of the authority granted by the General Meeting of 20 April 2011. Related and resulting resolutions.
3. Engagement of Independent Auditors for the financial years 2012-2020. Related and resulting resolutions.
4. Election of a member of the Board of Directors. Resulting resolutions.
5. Election of the Statutory Auditors and the Chairman of the Board of Statutory Auditors for the financial years 2012-2013-2014. Determination of the remuneration to be paid to the Chairman of the Board of Statutory Auditors and the standing Auditors.
6. Resolution on the first section of the Remuneration Report pursuant to art. 123-ter of Legislative Decree 58 of 24 February 1998.

Extraordinary session:

1. Bonus issue, pursuant to article 2442 of the Italian Civil Code, with a par value of €31,515,600.00, via the issue of 31,515,600 new ordinary shares, ranking equally in all respects with the existing issued ordinary shares, within the limits represented by distributable reserves. This will require the amendment of art. 6 of the Articles of Association. Related and resulting resolutions.

Ordinary session

With regard to item 1) on the agenda the shareholders resolved:

- to approve the Board of Directors' management report on operations and the financial statements for the year ended 31 December 2011, which report profit for the year of €484,447,316;

- to appropriate the remaining €265,178,362 in profit for the year, after payment of the interim dividend of €219,268,954 in 2011, to:
 1. pay a final dividend of €0.391 per share for 2011, payable to holders of each of the shares with a par value €1.00 outstanding at the ex dividend date, excluding treasury shares held in portfolio at that date. The total value of the final dividend, based on the number of shares outstanding (617,659,024) and of treasury shares in portfolio (12,652,968) is estimated at €241,504,678;
 2. take the remaining profit for the year, after payment of the final dividend, to the extraordinary reserve. This amount, based on the number of shares outstanding at the ex dividend date, is estimated at €23,673,684;
- to establish the dividend payment date as 24 May 2012 and the ex dividend date as 21 May 2012.

With regard to item 2) on the agenda the shareholders resolved:

- following revocation of the unexecuted part of the previous shareholder resolution of 20 April 2011, to authorise, pursuant and for the purposes of articles 2357 et seq. of the Italian Civil Code, article 132 of Legislative Decree 58 of 24 February 1998 and article 144-bis of the CONSOB Regulation adopted with Resolution 11971 as subsequently amended, the purchase in the market, within the next 18 months, in one or more tranches and at any time, of up to 63,031,199 ordinary treasury shares, all with a par value of €1.00 each, including any and all of the 12,652,968 treasury shares purchased by the Company and not yet sold in execution of the previous authority granted by shareholders;
- to authorise, subject to obtaining adequate financial resources for the Company's future plans and investment programmes, the purchase in question at a price not less than 20% below and not more than 20% above the official price of Atlantia's shares recorded by Borsa Italiana SpA on the prior trading day, and in any case in accordance with the procedures, terms and requirements that, though they may vary from the foregoing, are in keeping with accepted market practice, in accordance with rules and regulations issued by the CONSOB from time to time. Pursuant to art. 2357-ter of the Italian Civil Code, the Company will transfer, as required and depending on the amounts of shares to be repurchased, an aggregate amount of up to €1,250,000,000 from the "Extraordinary reserve" to the undistributable "Reserve for the purchase of treasury shares";
- to authorise, pursuant to and for the purposes of art. 2357-ter of the Italian Civil Code, the sale and/or use of all the treasury share held by the Company, including prior to reaching the maximum amount for purchases authorised by this resolution, in full or in part, and of the treasury shares purchased in accordance with this resolution, including in this authority the sale and/or use of any shares purchased on the basis of previous shareholder resolutions and held by the Company at the date of today's resolution, in one or more tranches and at any time, as well as for exchanges or contributions, or also for extraordinary corporate actions or financing transactions or incentives that imply the allocation or grant of treasury shares (for example, in relation to financial instruments convertible into shares, convertible bonds, bonds or warrants, share option plans, share grants and incentives for employees or external consultants of the Company and the Group), in all cases under terms and conditions to be determined by the Board of Directors, including beyond the term for validity of this authority, and in any case in accordance with procedures, terms and requirements in keeping with accepted market practice and in accordance with rules and regulations issued by the CONSOB from time to time;

- to authorise the Board of Directors to establish on each occasion the criteria for determining the related price and/or the procedures, terms and conditions for using all the treasury shares held by the Company, including any shares held at the date of today's resolution, taking account of the method of implementation actually employed, the price performance of the shares over the period prior to the transaction and the best interests of the Company. Should all or a part of the treasury shares purchased and/or held be disposed of, the existing undistributable "Reserve for the purchase of treasury shares" will be released in part or in full to the "Extraordinary reserve";
- to grant the Board of Directors, and on its behalf the Chairman and Chief Executive Officer, acting either jointly or severally, all the necessary powers to effect the purchases, sales and uses of all the treasury shares held by the Company and, in any event, to implement the above resolutions, including via the use of powers of attorney, in compliance with any relevant regulatory requirements.

With regard to item 3) on the agenda the shareholders resolved:

- to approve the Board of Statutory Auditors recommendation regarding the engagement of Deloitte & Touche as independent auditors for the financial years 2012–2020, in accordance with the terms and conditions recommended by the Board of Statutory Auditors.

With regard to item 4) on the agenda the shareholders resolved:

- to elect Monica Mondardini, previously co-opted on to the Board of Directors at its meeting of 20 January 2012, as a member of the Board of Directors until the expiry of the current Board's term of office (until approval of the financial statements for the year ended 31 December 2012).

With regard to item 5) on the agenda the shareholders resolved:

- to elect the new Board of Statutory Auditors for the financial years 2012–2013–2014. The new members are: Corrado Gatti, Chairman of the Board of Statutory Auditors, Tommaso Di Tanno, Raffaello Lupi, Alessandro Trotter and Milena Motta as Standing Auditors, and Giuseppe Maria Cipolla and Fabrizio Riccardo Di Giusto as Alternates
- to fix the remuneration payable to the Board of Statutory Auditors as follows: €75,000.00 for the Chairman and €50,000.00 for each Standing Auditor; an attendance fee of €250.00 is to be paid for attendance at the meetings of corporate bodies.

With regard to item 6) on the agenda the shareholders resolved:

- to approve the first section of the Remuneration Report prepared pursuant to article 123-ter of Legislative Decree 58 of 24 February 1998.

Extraordinary session

With regard to item 1) on the agenda the shareholders resolved:

- to approve the proposed bonus issue, pursuant to article 2442 of the Italian Civil Code, amounting to a total par value of €31,515,600.00 via the issue of 31,515,600 ordinary shares, ranking equally in all respects with the existing issued ordinary shares, via the capitalisation of a corresponding portion of the Extraordinary reserve, with the allotment to shareholders of 1 new share for every 20 shares held;
- to allot the shares deriving from the bonus issue, following the ex dividend date for the dividend for 2011, on the first available date — based on Borsa Italiana SpA's calendar — in June of this year, effective for the purpose of dividend rights from 1 January 2012;
- to then amend article 6 of the Articles of Association;
- to grant the Board of Directors, and on its behalf the Chairman and Chief Executive Officer, acting either jointly or severally, all the powers necessary (i) to implement the above approved bonus issue and thus allot the bonus shares in compliance with the applicable laws and regulations (including the timing and procedures specified in the regulations for the stock exchange managed by Borsa Italiana SpA and the related Instructions), including authority for the disposition of any fractional shares, if necessary appointing financial intermediaries, and (ii) to ensure compliance with the related legal and regulatory requirements, including the power (a) to make the necessary changes to the Articles of Association, resulting from execution of the bonus issue, as approved above; (b) to file all the above resolutions with the Companies' Register and to make any changes, additions and cancellations to the above resolutions (provide they do not alter the substance of the resolution) required on filing them with the Companies' Register; and (c) to carry out any action necessary and/or appropriate in order to comply with the regulations governing the transaction, including all documents, actions and forms of compliance required by the CONSOB or Borsa Italiana SpA, including preparation of the document required by article 57, c.1, letter e) of the Regulations for Issuers.

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