

**ANNUAL REPORT**  
**ON THE CORPORATE GOVERNANCE SYSTEM AND COMPLIANCE**  
**WITH THE CODE OF CONDUCT FOR LISTED COMPANIES**  
**2005**

## Section I

### Autostrade's Corporate Governance System

Autostrade SpA complies with the Code of Conduct for Listed Companies issued by Borsa Italiana, whose recommendations are fully integrated in the Company's own Corporate Governance Code, except for those regarding a Nominations Committee, which has not been established, as specified in Section II.

In 2005 the recommendations in Borsa Italiana's Code of Conduct were adopted by Autostrade SpA in its own Corporate Governance Code. Details are provided in Section II of this report, which has been prepared in accordance with the guidelines issued by Emittenti Titoli and Assonime.

The full text of Autostrade SpA's Corporate Governance Code, in the latest version dated December 2004, is available on the Company's web site: [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate).

Corporate governance regulations are supplemented by the provisions contained in the Articles of Association and the General Meeting Regulations.

The **Articles of Association** were amended by an Extraordinary General Meeting held on 29 April 2004 to comply with new directives arising from application of company law reform legislation, introducing, among other things, new measures designed to increase minority shareholders' participation in meetings.

The Articles of Association provide for the business purpose as follows: a) the acquisition of investments and equity interests in companies and other entities; b) the financing, also through the issuance of sureties, endorsements and guarantees, including the provision of collateral, as well as the technical, industrial and financial coordination of the companies and entities in which it has interests; c) any securities, property, financial or industrial investment in Italy and abroad.

The Company may, albeit not on a prevalent basis, purchase, hold, manage, exploit, update and develop, directly or indirectly, trademarks, patents, and expertise related to electronic toll collection and related or similar systems.

The **General Meeting Regulations**, shown at the end of the Articles of Association, provide for the orderly and functional proceedings of Ordinary and Extraordinary meetings of shareholders and is available on the Company's web site: [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate).

Autostrade's **share capital** consists of 571,711,557 ordinary voting shares, with a par value of €1.00 each. At 31 December 2005, Schemaventotto SpA held 50.1% of all the shares outstanding, while the remaining 49.9% is widely held and traded on the stock market.

On the basis of disclosures to the CONSOB pursuant to article 120 of Legislative Decree no. 58/98, in addition to Schemaventotto SpA, at 31 December 2005, direct or indirect holders of voting shares in excess of 2% of the total outstanding included: Banca Popolare di Milano SCRL (3.856%) and JP Morgan Chase & Co. Corporation (3.430%).

There is no **shareholders' agreement** in place at Autostrade SpA.

On the other hand, there is a shareholders' agreement, dated 24 November 1999 and extended on 28 January 2005, relating to Schemaventotto SpA, as disclosed to the CONSOB, to Borsa Italiana and to the public, pursuant to article 122 of the Consolidated Law on Financial Intermediation.

As already indicated in last year's report, Schemaventotto SpA, the majority shareholder, is not responsible for **management and coordination** of Autostrade SpA. On the other hand, in its role as a holding and parent company of a Group of companies that operate mainly as motorway concessionaires, Autostrade SpA carries out management and coordination activities, pursuant to and for the purposes of articles 2497 et seq. of the Italian Civil Code, in respect of companies belonging to the Group.

Consequently, for subsidiaries that have reported that they are subject to Autostrade's management and coordination, the relevant purposes and procedures are set out in specific Regulations approved by the Board of Directors on 16 December 2005.

The Regulations, which are available on the Company's web site at [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate), outline the duties and responsibilities of both the Board of Directors and the Chief Executive Officer (CEO). The latter, in particular, is supported by, and chairs, the Management Committee, which includes the Group's Chief Operating Officer and the heads of the Company's departments.

## Section II

### Information on implementation of the provisions of the Code of Conduct for Listed Companies

Below, information is provided on the compliance of Autostrade's corporate governance system with the Code of Conduct for Listed Companies.

#### 1. Board of Directors

##### Role

The Board of Directors is the corporate body responsible for the management of the Company, with full day-to-day and extraordinary powers in connection with its operations.

**The Board also manages and coordinates the Group's subsidiaries.**

Even though management powers have been delegated to different individuals, the Board is still responsible for overseeing the proper exercise and implementation of such delegated powers, for the provision of instructions in connection with the delegated powers and for directly conducting transactions covered by such powers.

##### Duties and responsibilities

The Board of Directors is responsible, among other things, for:

- preparation and adoption of the Company's corporate governance rules, setting out the guidelines for the Group's corporate governance;
- review and approval of the strategic, operating and financial plans, including long-term plans, for the Company, its subsidiaries and the Group as a whole;
- review and approval of the annual budget of the Company and the Group, including interim adjustments;
- review, analysis and approval of periodic reports and the disclosures provided for by the applicable laws;
- design of the Group's Organizational Model and assessment of the adequacy of the Company's and the Group's organizational, administrative and accounting systems. In addition, the Board reviews and evaluates the overall performance, also by comparing actual against planned results from time to time, as well as situations of conflict of interest;
- management and coordination of group companies that have reported that they are subject to such activity, including through the issuance of Group guidelines and the design of suitable reporting procedures. In exercising such powers, the Board of Directors determines, among other things, the size and composition of the governance bodies of subsidiaries, appointing their chairmen, deputy chairmen and CEOs. Moreover, the Board reviews and approves transactions – including investments and divestments carried out by the Company and its subsidiaries – as have a significant impact on the results of operations, financial position and cash flows. It reviews and approves acquisitions and sales, by the Company and its subsidiaries, of significant direct and indirect investments. Lastly, it is responsible for approving any shareholders' agreements related to investee companies.

## Composition

The current Board of Directors consists of **fourteen members**. The General Meeting of Shareholders held on 26 November 2003 elected fifteen members for the 2003-2005 financial years, on the basis of lists submitted by the shareholders in accordance with the terms and conditions provided for by article 19 of the then-applicable Articles of Association (now article 20) and published in national newspapers.

At the above General Meeting of 26 November 2003, 12 Directors were elected from the majority list submitted by Schemaventotto SpA, pursuant to article 19, paragraph a) of the then-applicable Articles of Association (now article 20): Gian Maria Gros-Pietro, Chairman; Vito Gamberale, Chief Executive Officer (CEO); Gilberto Benetton; Amerigo Borrini; Sabino Cassese; Roberto Cera; Sergio De Simoi; Piero Di Salvo; Isidro Fainè Casas; Antonio Fassone; Gianni Mion; Giuseppe Piaggio. The Director, Isidro Fainè Casas, resigned with effect from 15 October 2004 and was replaced on 5 November 2004 via the co-option of Salvador Alemany Mas, whose appointment was confirmed by the General Meeting held on 15 December 2004. The Director, Sabino Cassese, on the other hand, resigned on 3 November 2005 and, to date, no director has been appointed to replace him.

During the General Meeting held on 26 November 2006, 3 directors were elected from the minority list, pursuant to article 19, paragraph a) of the then-applicable Articles of Association (now article 20): Alberto Clò; Guido Ferrarini; Guidalberto Guidi.

Therefore, the Board of Directors consists of twelve non-executive directors and two executive directors (the Chairman and the CEO).

**Non-executive directors** are, in terms of their number and authority, sufficient as to ensure that their judgment does have a bearing on the adoption of resolutions, as they bring specific skills and expertise to board discussions, contributing to decision-making in keeping with the Company's best interests.

Currently, non-executive directors include Messrs Alemany Mas, Benetton, Borrini, Cera, Clò, De Simoi, Di Salvo, Fassone, Ferrarini, Guidi, Mion and Piaggio. Sabino Cassese was, before his recent resignation, also considered a non-executive director.

It should be noted that directors accept their appointment when they believe that they can devote enough time to carry out their duties diligently, also in view of the **number of positions as a director or statutory auditor** held in other Italian and foreign companies listed on regulated markets, and in financial, banking, insurance or other large companies. To this end, reference is made to Table 1, which summarises the number of positions held in companies with the above characteristics, other than Autostrade SpA. Instead, Annex A provides details of such positions.

An adequate number of non-executive directors has been granted the status of **independent director**, based on the Corporate Governance Code that has adopted the recommendations of the so-called Preda Code. This establishes that directors qualify as independent when: (a) they do not have, and have not recently had, any such direct or indirect business relationship, including on behalf of third parties, with the Company, its subsidiaries, its executive directors, with its controlling shareholder or group of shareholders, so as to affect their independent judgment; (b) they do not hold, directly or indirectly or on behalf of third parties, such equity interests as to allow them to exercise control or significant influence over the Company, nor are they party to a shareholders' agreement to exercise control over, or establish strategic guidelines for, the Company; (c) they are not family members of executive directors of the Company or persons in the situations referred to in (a) and (b) above.

The independence of directors is periodically assessed by the Board of Directors. The results of the Board's assessments are disclosed to the market.

Messrs Clò, Di Salvo, Ferrarini and Guidi qualify as Autostrade SpA's independent directors.

### Activities in 2005

In 2005 the Board of Directors of Autostrade SpA had 11 meetings, with an average attendance rate of 85% (Table 1 shows the attendance rate of every director in office).

During the meetings, appropriate documents were made available to ensure informed participation and decision-making.

The meetings of the Board of Directors were also attended by the Company's Chief Operating Officer, the Chief Financial Officer and the Investor Relations Manager, in accordance with the Corporate Governance Code.

During the tender process for the privatisation of motorways in France, in September 2005, the Board of Directors assigned the Chairman, the CEO and the Directors Clò, Mion and Piaggio the task of jointly and unanimously devising a strategy for Autostrade's participation in the tender. The Board also assigned all other powers useful and/or necessary to that effect, with the obligation to report to the Board at the end of the process.

In January 2006, the Company published its financial calendar for the 2006 financial year, which envisages 11 meetings of Autostrade's Board of Directors.

## **2. Chairman**

Pursuant to article 30 of the Articles of Association, the Chairman represents the Company before the law and third parties.

Moreover, the Chairman performs an executive role as, in addition to powers conferred by legislation and the Articles of Association, he is entrusted with the following duties:

- ensuring that adequate information is conveyed between the Company's Board of Directors and subsidiaries' bodies within the scope of management and coordination activities;
- in line with programmes approved by corporate bodies, monitoring of general initiatives for promoting the corporate and Group image;
- in agreement with the Chief Executive Officer, following up the most significant legal problems that regard the Company and the Group as a whole;
- overseeing the progress of corporate matters and the correct implementation of the resolutions of corporate bodies;
- maintaining overall Company and Group relations with Italian and overseas authorities, entities and organisations.

## **3. Chief Executive Officer**

The Chief Executive Officer (CEO) for implementing resolutions of the Board of Directors and for implementation of the management and coordination of the Group's activities. The CEO submits proposals to the Board of Directors for their approval regarding (i) annual and long-term operational and financial plans for the Company and the Group as well as, in general, the strategies and action and investment plans for the Company's and the Group's activities; (ii) interim adjustments to forecasts and budgets.

In addition, the CEO:

- a) given the nature and size of the business, oversees the organizational, administrative and accounting systems of the Company as well as the Group's Organizational Model, reporting on their performance to the Board of Directors;

b) constantly and continuously monitors the performance of the Company and Group companies;

c) manages relations between the Company and institutional investors.

Pursuant to ad hoc resolutions, the CEO is vested with such powers to carry out day-to-day operations as are not the reserve of the Board of Directors and the Chairman, pursuant to the law, the Articles of Association and the Corporate Governance Code.

The main financial limits set for the CEO are as follows: €3,500,000 for individual contracts with any third party related to the Company's business purpose; €3,500,000 per transaction, even if executed in instalments, relating to the purchase and sale of equity interests and, in general, to any stock market transaction; €2,000,000 to settle disputes; €2,000,000 per transaction relating to Group companies and guarantees given to, or on behalf of, third parties.

The CEO reports to the Board of Directors and the Board of Statutory Auditors promptly, and in any event at least quarterly, on the activities conducted in accordance with the powers delegated, ensuring specifically that the Board of Directors is given adequate information, so that the Board may in turn provide a formal account to the Board of Statutory Auditors on any significant, atypical, unusual or related party transactions, or on transactions in which the CEO has a declared interest or an interest on behalf of third parties, or on transactions carried out in connection with management and coordination activities.

Similar obligations are placed on executive directors or directors who have a declared interest in a transaction or an interest therein on behalf of third parties.

#### **4. Committees**

The Company has established all the committees recommended by the Code of Conduct for Listed Companies, except the Nominations Committee for the reasons indicated below. On the other hand, to ensure timely and accurate compliance with the obligations set out in the concession arrangements entered into by the Group's motorway concessionaires, a Consultative Committee for Public Service Functions has been appointed.

##### **Remuneration Committee**

###### *Role and composition*

This Committee submits proposals to the Board of Directors regarding directors' fees and any share option plans or cash bonuses for employees of the Company or the Group.

The Committee generally meets once every three months on the Chairman's initiative.

The current members of the Committee are non-executive director Gianni Mion (Chairman), non-executive director Amerigo Borrini and independent director Guidalberto Guidi, who was elected by minority shareholders.

###### *Activities*

In 2005 the Committee held 3 meetings (table 1 shows the attendance rates of Committee members) and adopted resolutions and prepared proposals on the following:

- identification of adequate insurance coverage for the CEO of Autostrade SpA;
- final determination, for the purpose of variable pay plans, of the targets for 2004 set for Autostrade SpA's CEO and Chief Operating Officer, as well as for the Group's senior management;
- the definition of criteria for determining the compensation to be paid to the Chairman and the CEO of Autostrade per l'Italia SpA;

- determination of the criteria for the variable pay plan for 2005 (MBO) for the Group's senior management. To this end, the Committee recommended the introduction, also for the Chairman of Autostrade SpA, of a variable pay component in addition to his fixed salary, related to the achievement of specific targets to be set each year by the Board of Directors.

Neither the Chairman nor the CEO participate in the meetings of the Remuneration Committee.

## **Internal Control and Corporate Governance Committee**

### *Role and composition*

This Committee advises, makes recommendations and generally assists in evaluating the adequacy of the Group's internal control and corporate governance systems.

Current members of the Committee are the non-executive director, Giuseppe Piaggio (Chairman), the independent director, Piero Di Salvo and the independent director, Guido Ferrarini, who was elected by minority shareholders.

The Chairman of the Board of Auditors (or another serving auditor, at his request) also takes part in the work of the Committee. Depending on the issues to be dealt with, the Chairman of the Board of Directors, the CEO, all serving auditors, the head of Internal Auditing and the managers of departments concerned, may be invited to take part.

In addition, the Board of Directors gave Guido Ferrarini the task of liaising between the Internal Control and Corporate Governance Committee and the Supervisory Board set up in accordance with Legislative Decree 231/01.

The duties and responsibilities of the Committee are specifically indicated in Autostrade SpA's Corporate Governance Code, which is available on the Company's web site.

### *Activities*

In 2006 the Internal Control and Corporate Governance Committee had 13 meetings (table 1 shows the attendance rates for the meetings), to discuss the following items:

- the transfer of service area properties;
- 2005 Internal Auditing Programme, the Internal Auditing unit, audits performed by the internal auditing department during the year;
- performance of Autostrade's share price;
- financial statements for the year ended 31 December 2004;
- reports accompanying the financial statements for the year ended 31 December 2004;
- the transition to IAS/IFRS;
- management and coordination activities;
- liaison between the Internal Control and Corporate Governance Committee and the Supervisory Board in compliance with Legislative Decree 231/2001;
- procedural aspects of related party transactions;
- the monitoring of activities intended to define reserves following the issuance of the Reserve Management procedure;
- periodic meetings with the auditing firm to review the audit activities performed during the year;
- a review of the system for assessing sub-contracted works and the turnover of Pavimental SpA;
- the reports of Supervisory Bodies for the first half of 2005.

## **Consultative Committee for Public Service Functions**

The Corporate Governance Code requires the appointment of a Consultative Committee for Public Service Functions, among the other corporate governance bodies of Autostrade SpA. Previously, this was a Committee set up by Autostrade per l'Italia.

Consequently, with effect from 1 April 2005, Autostrade SpA appointed the above Committee, which consists of three qualified professionals: Prof. Angelo Piazza (Chairman), Prof. Ernesto Stajano and Prof. Manin Carabba.

This Committee advises the Board of Directors of Autostrade SpA regarding the compliance of motorway subsidiaries with formal obligations arising from relations with ANAS, and any other matter deriving from their relations with public authorities.

In this context the Committee is also responsible for autonomously and independently examining any matters regarding concessions submitted by Company management, as well as conducting spontaneous assessments in the light of changes to Italian and EU legislation that might affect their concession arrangements.

In performing its duties the Committee must issue an independent assurance regarding the conduct of Autostrade per l'Italia and the Group's other motorway concessionaires with respect to their fulfilment of the obligations laid down in the agreements with ANAS.

During 2005 the Committee examined the performance of investment undertaken by Autostrade per l'Italia during the first half of 2005, as well as the Company's compliance with its obligations under the concession arrangement.

No **nominations committee** was established to recommend candidates to the Board of Directors, as new directors are appointed by list vote, in accordance with the procedure provided for by article 20 of the Articles of Association. Such procedure is transparent and compliant with the requirements of paragraph 7.2 of the Code of Conduct for Listed Companies.

Therefore, considering that:

- such committee is appointed – though not as an obligation but merely as an option granted to the Board of Directors – to ensure, pursuant to article 7 of the Code of Conduct prepared by the Corporate Governance Committee for Listed Companies, the transparency of the selection procedure, a need that is fulfilled in Autostrade's case by the above article of the Articles of Association; and that

- based on past experience, Autostrade SpA's shareholders have never had a need to submit nomination proposals,

Autostrade's Board of Directors did not deem it necessary to appoint such a committee.

## **5. Board of Auditors**

The General Meeting of 26 November 2003 elected the Board of Auditors by list vote, which provides for appointment of two serving auditors and one alternate auditor by minority shareholders, for the period 2003-2005. The Chairman, Alessandro Trotter, the serving auditors, Angelo Miglietta and Giovanni Quaglia, and the alternate auditor, Giandomenico Genta, were elected from the majority list, whilst the serving auditors, Franco Gallo and Marco Spadacini, and the alternate auditor, Giovanni Giunta, were elected from the minority list.

Following resignations in 2004, the Board of Auditors currently consists of 5 serving auditors: Alessandro Trotter (Chairman), Raffaello Lupi (appointed by the General Meeting held on 15 December 2004 to replace the serving auditor, Franco Gallo, who resigned on 16 September 2004), Angelo Miglietta, Giovanni Quaglia and Marco Spadacini; and 2 alternate auditors: Giandomenico Genta and Giuseppe Maria Cipolla (appointed by the General Meeting held on 15 December 2004 to replace the serving auditor, Giovanni Giunta, who resigned on 15 December 2004).

All the auditors in office meet the integrity and experience requirements provided for by the applicable laws. In particular, the Articles of Association prohibit the election or the inclusion on the lists of individuals who act as serving auditors in more than four issuers of securities listed on regulated markets, save for the subsidiaries of Autostrade SpA.

Table 2 summarizes the positions held as director or auditor of each member of the Board of Auditors in other companies listed on Italian regulated markets, in addition to their position in Autostrade SpA. Annex B lists such positions.

During 2005 the Board of Auditors of Autostrade SpA met 14 times.

## 6. Independent auditors

KPMG SpA is the auditing firm responsible for auditing the annual and interim financial statements of Autostrade SpA for the three-year period 2003-2005, pursuant to article 156 of Legislative Decree 58, dated 24 February 1998.

The Board of Auditors and the auditing firm exchange information and data deriving from their respective audits.

## 7. General Meetings

The directors encourage and facilitate the participation of as many shareholders as possible in General Meetings, providing all information and documents necessary to foster informed decision-making.

General Meetings are usually attended by all the directors.

The new Corporate Governance Code requires that General Meetings be treated as forums to provide shareholders with reports on the Company's operations and outlook, in accordance with the rules and regulations on price sensitive information. In the event of significant changes in the Company's overall capitalization, in the shareholder structure and in the number of shareholders, the directors assess the appropriateness of recommending changes to the Memorandum of Association to the General Meeting as regards the majorities required to implement actions and to exercise the prerogatives designed to protect minorities.

In 2005, one General Meeting was held to approve the financial statements for the year ended 31 December 2004 and to authorize the purchase and sale of treasury shares.

## 8. Procedure for market announcements

The management of confidential information is the responsibility of the Chairman, in agreement with the Chief Executive Officer. To this end, in July 2004 the Company's Board of Directors approved the Procedure for Market Announcements, which governs the management and treatment of confidential information, and the procedures for the internal and external disclosure of documents and data regarding Autostrade SpA and its subsidiaries, with particular reference to price sensitive information.

The full text of the Procedure for Market Announcements can be viewed on the Company's web site at [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate).

The procedure for market announcements is complemented and supplemented by the provisions of the **Code of Conduct for Internal Dealing**, prepared pursuant to the Regulations issued by Borsa Italiana SpA. The Code governs the disclosure and conduct requirements related to financial transactions by Relevant Persons, involving financial instruments issued by Autostrade and its subsidiaries, as well as the related reporting requirements.

The Company's Code identifies Relevant Persons, each of whom may indicate additional Relevant Persons, in relation to the activities performed by or tasks assigned to them, including for limited periods of time.

With reference to the threshold amounts related to disclosure requirements, the Code sets a minimum threshold of €50,000 for normal transactions and a minimum threshold of €125,000 for significant transactions.

The Code provides for periods during which the above transactions are prohibited

The full text of the Code of Conduct for Internal Dealing can be viewed on the Company's web site at [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate).

Both the Procedure for Market Announcements and the Code of Conduct for Internal Dealing are being revised in order to comply with the Community Law of 2004 (Law 62/2005).

## **9. Procedure for related party transactions**

Related party transactions are approved and carried out in accordance with the principles of transparency and substantive and procedural correctness and in accordance with the principles adopted by the Board of Directors, on the recommendation of the Internal Control and Corporate Governance Committee, and set out in the related regulations.

To this end, the Board of Directors – also taking account of the related provisions of art. 71 bis of CONSOB Regulation 11971 of 14 May 1999 and subsequent amendments, CONSOB communication DEM/2064231 of 30 September 2002, and IAS 24 – approved the Procedure for Related Party Transactions in July 2004. Following the changes to the Regulations for Issuers introduced by CONSOB Resolution 14990 of 14 April 2005, the procedure is under review.

The Procedure contains a code of conduct for related party transactions, establishing the criteria for identifying such transactions and the principles to be applied.

Furthermore, a distinction is made between the rules that apply to significant related party transactions, which fall within the province of the Board of Directors, and those applicable to non-significant transactions, i.e. transactions that, given the activities involved, their nature, characteristics and conditions, typically or usually fall within the scope of the Company's day-to-day operations and are not considered of a particularly critical nature, including in terms of counterparty risk or the timing of their execution.

The full text of the Procedure for Related Party Transactions can be viewed on the company's web site at [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate).

Details of the related party transactions carried out by the Company during 2005 are provided in the paragraph on "Related party transactions" in the section "Autostrade SpA: financial review and other information" in the Management Report on Operations.

## **10. Procedure for reporting to the Board of Auditors**

In December 2004 Autostrade SpA's Board of Directors approved a specific **Procedure for Reporting to the Board of Auditors**, pursuant to art. 150, paragraph 1 of Legislative Decree 58/1998, to replace the previous procedure.

This aims to ensure that the Board of Auditors is provided with all the information it needs to carry out the supervisory role assigned to it by the above Decree and, by increasing management transparency, allows each director to play a more informed role in the Company's management. The Procedure includes the information flows between the Chief Executive Officer and the Board of Directors recommended by the Corporate Governance Code. The aim is to confirm the Board's central role in the Company's management,

ensuring that all members of the Board of Directors and the Board of Auditors are kept fully informed, and to strengthen the internal control system.

According to the procedure, information to be reported to the Board of Auditors includes:

- details of activities carried out;
- details of most significant transactions in terms of impact on the Company's results of operations, financial position and cash flows;
- details of the activities through which the Company exercises its management and coordination functions, other than those already reported in connection with the activities carried out;
- atypical or unusual transaction and any other activity or transaction which it is deemed necessary to report to the Board of Auditors.

The reports reflect activities and transactions performed in the period of time (no more than three months) following the period (also no more than three months in length) covered by the previous report.

For the purposes of the reports, the procedure identifies transactions whose impact might be regarded as significant in terms of the Company's results of operations, financial position and cash flows. Specifically, in addition to transactions that are the reserve of the Board of Directors, pursuant to article 2381 of the Italian Civil Code, as well as the Articles of Association and the Corporate Governance Code, significant transactions conducted by Autostrade SpA or by its main direct or indirect subsidiaries include:

- the issue of financial instruments for a total amount in excess of €5 million;
- borrowing or lending as well as the provision of guarantees, investment and divestment, including properties, for amounts in excess of €5 million;
- acquisitions and sales of equity interests, companies or business units, assets and other transactions for amounts each in excess of €5 million;
- merger and demerger transactions.

During the year the Board of Directors kept the Board of Auditors up to date by reporting to it on a quarterly basis.

## **11. Internal auditing**

The Board of Directors is responsible for the internal control system, setting the relevant guidelines and checking its adequacy and proper functionality from time to time, ensuring that the main business risks (operational, financial and risks of any other nature) are identified and managed effectively.

The Chief Executive Officer defines the tools and the implementation procedures for the internal control system, in accordance with the guidelines set by the Board of Directors, overseeing the overall adequacy of the system, its performance, and its adaptation to changes in the operating environment and in the legislative and regulatory frameworks.

In order to check the proper working of the internal control system, the Board of Directors relies on the Internal Control and Corporate Governance Committee, as well as on an adequately independent manager equipped with the proper tools to carry out these duties.

The head of internal control, a member of the Internal Audit Department, does not report to any operational manager but directly to the Chairman, the Chief Executive Officer, as well as to the Internal Control and Corporate Governance Committee and the Board of Auditors.

The Chief Executive Officer makes changes to the internal control system as he deems necessary to remedy any fault found during such audits, appointing one or more persons to carry out the task.

The Internal Audit Department is responsible for monitoring and checking the proper performance of the internal control system.

This activity is carried out through a plan involving audits and inspections designed to verify that the processes implemented by the various business units and Group companies are in keeping with the law and internal policies and regulations, recommending any corrective action to management.

At the end of these audits and inspections, reports are prepared, containing the conclusions and any recommended improvements to the organization, processes and systems.

## **12. Legislative Decree 231/2001 and the Autostrade Group**

In 2005 Autostrade continued to analyse and adapt its organizational, management and control tools to the requirements of Legislative Decree 3231/01, as amended, especially by Legislative Decree 61/02 and the Community Law of 2004 (Law 62/2005).

The Organizational, Management and Control Model adopted by Autostrade has in fact been implemented to take into account the requirements of Legislative Decree 61/02, by relying on the advice of expert criminal lawyers to prepare the relevant organizational protocols. Meanwhile, new offences introduced by the Community Law of 2004 (Law 62/2005) in the area of market abuse are being investigated, also based on advice from legal counsel specializing in criminal law.

The adoption of the **Organizational, Management and Control Model** contributed to implementation of the Autostrade Group's Internal Control System, as indicated in the new Corporate Governance Code.

Autostrade's **Supervisory Board**, chaired by Renato Granata, Emeritus Chairman of the Constitutional Court and the First Honorary Adjunct Chairman of the Supreme Court, consists of the Company's General Counsel and the Head of the Internal Audit Department. In 2005 the Board met 11 times, to deal with the issues associated with legal changes and implementing the Action Plan for the monitoring and evaluation of the Organizational, Management and Control Model adopted by Autostrade.

In 2005, in accordance with the Organizational Model, Autostrade's Supervisory Board reported from time to time to the Board of Directors, to the Board of Auditors and to the auditing firm on the audit and inspection activities performed by the Internal Audit Department and the related results.

The Supervisory Board also established, in connection with the Group's Human Resources, Organization and Quality Department, a periodic reporting system concerning changes occurred with respect to the organizational structure and/or organizational procedures, in order to follow the constant upgrading of the Organizational, Management and Control Model adopted.

With regard to Group companies, the respective Supervisory Boards, in keeping with the steps taken by the Parent Company's Supervisory Board, have implemented their own action plans to monitor and assess the adequacy of the Organizational, Management and Control Models adopted in each case. The Parent Company's Internal Audit Department performed all the planned audits and periodic reports on the supervisory activities carried out during the reference periods have been prepared and submitted to the relevant boards of directors, boards of auditors and independent auditors.

## **13. Investor relations**

Autostrade's financial disclosure is designed to reach all of its stakeholders, with special emphasis on the market and the public authorities concerned.

To this end, the Company aims to maintain and develop a constructive dialogue with shareholders and institutional investors, founded on the mutual understanding of the

respective roles. The Investor Relations, Industrial & Financial Support Department is devoted to financial communication, as it manages relations with the Italian and international financial community on behalf of the Group. The Investor Relations Department is responsible for providing the market with a timely, complete and clear quantitative and qualitative description of the strategies and results of operations, keeping communication channels open with the market (investors and financial analysts) in all respects via:

- periodic mandatory disclosures (e.g. annual, half-year and quarterly financial statements);
- extraordinary mandatory disclosures (in connection with capital raising and borrowing transactions carried out by the Company or transactions with an impact on the Group's structure);
- ongoing mandatory information on significant events;
- voluntary information provided to support investors and analysts.

**Periodic and extraordinary mandatory disclosures** occur through:

- the regular publication of the annual and interim financial statements;
- the timely filing with the CONSOB of the prospectuses related to capital raising transactions carried out by the company.

The documents are published promptly in the Investor Relations section of the Company's web site whilst their contents are summarised to the financial community via meetings with the Company's senior management.

**Mandatory disclosures on significant events** occur in accordance with Legislative Decree 58 dated 24 February 1998 and the CONSOB's Regulations for Issuers. In fact, the principles laid down therein, and any subsequent amendments, are adopted in accordance with the Code of Conduct for Listed Companies and Borsa Italiana's Guide for Reporting to the market, and in accordance with the instructions in the above "Procedure for Market Announcements".

**Voluntary information to investors and analysts** is provided in regular meetings (road shows, conference calls, one-on-one meetings) with institutional investors in the main financial centres, both in Italy and abroad.

**TABLE 1: STRUCTURES OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors							Internal Control and Corporate Governance Committee		Remuneration Committee	
Title	Name	Executive	Non-executive	Independent	(1)	No. of other positions	(3)	(1)	(3)	(1)
Chairman	GROS-PIETRO Gian Maria	X			100	4				
CEO	GAMBERALE Vito	X			100	5				
Director	ALEMANY MAS Salvador ( 4 )		X		91	6				
Director	BENETTON Gilberto		X		100	11				
Director	BORRINI Amerigo		X		100	12			X	100
Director	CERA Roberto		X		73	3				
Director*	CLO' Alberto		X	X	73	4				
Director	DE SIMOI Sergio		X		91	7				
Director	DI SALVO Piero		X	X	100	2	X	100		
Director	FASSONE Antonio		X		100	1				
Director*	FERRARINI Guido		X	X	91	2	X	92		
Director*	GUIDI Guidalberto		X	X	73	12			X	67
	MION Gianni		X		91	14			X	100
	PIAGGIO Giuseppe		X		100	3	X	100		
<p><b>No provision was made for a nominations committee in Autostrade SpA's Corporate Governance Code as the procedure for the appointment of the Board of Directors laid down in the Articles of Association is transparent (list vote).</b></p> <p><b>Autostrade SpA's Corporate Governance Code provides for the creation of a Consultative Committee for Public Service Functions. Since this is a consultative body, it is not made up of directors but of 3 qualified legal professionals and scholars: Angelo Piazza, Ernesto Stajano and Manin Carabba</b></p>										
<b>Number of meetings held during the reporting period</b>		Board of Directors: 11			Internal Control and Corporate Governance Committee: 13		Remuneration Committee: 3			

**NB**

\* The asterisk indicates that the director has been appointed from voting lists submitted by minority shareholders.

( 1 ) This column shows the attendance rate of directors at both Board and Committee meetings.

( 2 ) This column shows the number of director and serving auditor positions held in other Italian and foreign companies listed on regulated markets, and in financial, banking, insurance or large companies.

( 3 ) In this column X marks membership of a Committee.

( 4 ) Co-opted in the meeting of the Board of Directors held on 5 November 2004, to replace the Director, Fainè Casas, who resigned by letter dated 15 October 2004.

**TABLE 2: STRUCTURE OF THE BOARD OF AUDITORS**

Title	Member	Attendance rate at Board meetings	Number of other positions (1)
Chairman	TROTTER Alessandro	100.00	2
Serving auditor*	LUPI Raffaello ( 2 )	71.43	-
Serving auditor	MIGLIETTA Angelo	78.57	2
Serving auditor	QUAGLIA Giovanni	85.71	-
Serving auditor*	SPADACINI Marco	85.71	5
Alternate auditor	CIPOLLA Giuseppe Maria (3)	-	-
Alternate auditor	GENTA Giandomenico	-	3

<b>Number of meetings held during calendar year: 14</b>
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<b>The right to submit lists to the General Meeting is only granted to such shareholders as hold, alone or together with other shareholders, at least 1% of the voting shares (Article 32 of the Articles of Association)</b>
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**NB**

\* The asterisk indicates that the auditor has been appointed from voting lists submitted by minority shareholders.

( 1 ) This column shows the number of director and serving auditor positions held in other Italian and foreign companies listed on regulated markets, and in financial, banking, insurance or large companies.

( 2 ) Serving Auditor appointed by the General Meeting held on 15 December 2004 to replace the Serving Auditor, Franco Gallo, who resigned by letter dated 16 September 2004

( 3 ) Alternate Auditor appointed by the General Meeting held on 15 December 2004 to replace Alternate Auditor, Giovanni Giunta, who resigned by letter dated 28 September 2004, with effect from the date of the General Meeting of 15 December 2004.

**TABLE 3: OTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE**

	YES	NO	Short description of reasons for deviation from Code recommendations
<b>System of powers and related party transactions</b>			
Did the Board attribute powers setting:			
a) any limits	X		None
b) any procedures for exercising them	X		"
c) any frequency for reporting?	X		"
Did the Board keep the prerogative to review transactions with a significant impact on the results of operations, the financial position and cash flows (including related party transactions)?	X		"
Did the Board set guidelines and criteria for identifying "significant" transactions?	X		"
Are the above guidelines and criteria described in the annual report?	X		"
Are the procedures for the approval of related party transactions described in the annual report	X		"
<b>Procedure of the most recent appointment of directors and auditors</b>			
Were the names of candidates for the Board of Directors filed at least ten days in advance?	X		None
Was exhaustive information provided on the background of candidates for the Board of Directors?			"
Were the names of candidates for the Board of Auditors filed at least ten days in advance?			"
Was exhaustive information provided on the background of candidates for the Board of Auditors?			"

	YES	NO	Short description of reasons for deviation from Code recommendations
<b>General Meetings</b>			
Did the Company implement General meeting Regulations?	X		None
Are these Regulations attached to the annual report (or are instructions provided on where they can be obtained/downloaded)	X		
<b>Internal Control</b>			
Did the Company appoint a person to take charge of internal controls?	X		
Do these persons report to managers other than operational managers?	X		
Organizational unit in charge of internal control (under article 93 of the Code)	INTERNAL AUDIT		
<b>Investor Relations</b>			
Did the company appoint a head of Investor Relations?	X		
Organizational unit and details (address/telephone/fax/e-mail) of the head of investor relations	Investor Relations: MASSIMO SONEGO Via A. Bergamini, 50 - 00159 ROMA - ITALIA Tel./fax: 06/43634789 - e-mail: info.ir@autostrade.it		

## ANNEX A

### LIST OF OTHER POSITIONS HELD BY THE DIRECTORS IN OTHER ITALIAN AND FOREIGN COMPANIES LISTED ON REGULATED MARKETS, AND IN FINANCIAL, BANKING, INSURANCE OR LARGE COMPANIES

DIRECTOR	OTHER POSITIONS
GROS-PIETRO Gian Maria	<ul style="list-style-type: none"> <li>➤ Director of Edison SpA</li> <li>➤ Director of FIAT SpA</li> <li>➤ Director of SEAT Pagine Gialle SpA</li> <li>➤ Chairman of Persei SpA, an unlisted financial company</li> </ul>
GAMBERALE Vito	<ul style="list-style-type: none"> <li>➤ Chairman of Autostrade per l'Italia SpA</li> <li>➤ Deputy Chairman of Autostrade del Brennero SpA</li> <li>➤ Director of IGLI SpA</li> <li>➤ Director of Impregilo SpA</li> <li>➤ Director of Schemaventotto SpA</li> </ul>
ALEMANY MAS Salvador	<ul style="list-style-type: none"> <li>➤ Chairman of Acesa Italia S.r.l.</li> <li>➤ Chairman and Chief Executive Officer of Autopistas Concessionaria Española S.A.</li> <li>➤ Sole Director of Autopistes de Catalunya S.A.</li> <li>➤ Concessionaria de la Generalitat de Catalunya Aucat S.A.</li> <li>➤ Chief Executive Officer of Abertis Infraestructuras S.A.</li> <li>➤ Sole Director of Castellana de Autopistas S.A. Concessionaria del Estado</li> <li>➤ Director of Iberpistas S.A. Concessionaria del Estado</li> </ul>
BENETTON Gilberto	<ul style="list-style-type: none"> <li>➤ Chairman of Autogrill SpA</li> <li>➤ Chairman of Edizione Holding SpA</li> <li>➤ Deputy Chairman of Olimpia SpA</li> <li>➤ Deputy Chairman of Telecom Italia SpA</li> <li>➤ Director of Aldeasa S.A.</li> <li>➤ Director of Autogrill Group Inc.</li> <li>➤ Director of Benetton Group SpA</li> <li>➤ Director of Lloyd Adriatico SpA</li> <li>➤ Director of Mediobanca SpA</li> <li>➤ Director of Pirelli &amp; C. SpA</li> <li>➤ Director of Schemaventotto SpA</li> </ul>
BORRINI Amerigo	<ul style="list-style-type: none"> <li>➤ Chairman of BG Fiduciara SIM</li> <li>➤ Chairman of Generali Horizon</li> <li>➤ Director of Banca Generali</li> <li>➤ Director of Finanziaria Internazionale Holding</li> <li>➤ Director of Generali Asset Management SGR</li> <li>➤ Director of Generali Finance B.V. (NL)</li> <li>➤ Director of Generali Vita</li> <li>➤ Director of Genertel</li> <li>➤ Director of Graafshap Holland N.V. (NL)</li> <li>➤ Director of Generali Schweiz Holding (CH)</li> <li>➤ Director of Premuda SpA</li> <li>➤ Director of Save - Aeroporto di Venezia Marco Polo</li> </ul>
CERA Roberto	<ul style="list-style-type: none"> <li>➤ Director of Autostrade per l'Italia SpA</li> <li>➤ Director of Beni Stabili SpA</li> <li>➤ Director of Schemaventotto SpA</li> </ul>

DIRECTOR	OTHER POSITIONS
CLO' Alberto	<ul style="list-style-type: none"> <li>➤ Director of Azienda Servizi Municipalizzati Brescia SpA</li> <li>➤ Director of De Longhi SpA</li> <li>➤ Director of ENI SpA</li> <li>➤ Director of Italcementi SpA</li> </ul>
DE SIMOI Sergio	<ul style="list-style-type: none"> <li>➤ Director of Autogrill SpA (since April 2005)</li> <li>➤ Director of Benetton Group SpA (until 2005)</li> <li>➤ Director of Edizione Finance International SA (Luxembourg)</li> <li>➤ Director of Schemaventotto SpA</li> <li>➤ Director of 21 Investimenti SpA</li> <li>➤ Director of 21 Investimenti Partners SpA</li> <li>➤ Serving Auditor of Olimpia SpA</li> </ul>
DI SALVO Piero	<ul style="list-style-type: none"> <li>➤ Director of Autostrade Meridionali SpA</li> <li>➤ Chairman of the Board of Auditors of 3C SpA</li> </ul>
FASSONE Antonio	<ul style="list-style-type: none"> <li>➤ Director of Schemaventotto SpA</li> </ul>
FERRARINI Guido	<ul style="list-style-type: none"> <li>➤ Chairman of TLX SpA</li> <li>➤ Director of Telecom Italia SpA</li> </ul>
GUIDI Guidalberto	<ul style="list-style-type: none"> <li>➤ Chairman and Chief Executive Officer of ALAMBRA SpA</li> <li>➤ Chairman and Chief Executive Officer of Ducati Energia SpA</li> <li>➤ Chairman and Chief Executive Officer of Ducati Sistemi SpA</li> <li>➤ Chairman and Chief Executive Officer of F.G.F. - Finanziaria Generale Felsinea SpA</li> <li>➤ Chairman and Chief Executive Officer of G.M.G. Group S.r.l.</li> <li>➤ Chairman of EsseDiEsse SpA</li> <li>➤ Chairman of Fondazione Almamedicina</li> <li>➤ Chairman of A.N.C.M.A.</li> <li>➤ Director of Air Liquide Italia SpA</li> <li>➤ Director of Banca Antonveneta SpA</li> <li>➤ Director of Lloyd Adriatico SpA</li> <li>➤ General Partner of Finconsulting S.a.s.</li> </ul>
MION Gianni	<ul style="list-style-type: none"> <li>➤ Chief Executive Officer of Edizione Holding SpA</li> <li>➤ Director of ALDEASA S.A.</li> <li>➤ Director of Autogrill SpA</li> <li>➤ Director of Autogrill Group Inc.</li> <li>➤ Director of Benetton Group SpA</li> <li>➤ Director of Cartiere Burgo SpA</li> <li>➤ Director of Fondazione Cassa di Risparmio di Venezia</li> <li>➤ Director of IGLI SpA</li> <li>➤ Director of Luxottica Group SpA</li> <li>➤ Director of Olimpia SpA</li> <li>➤ Director of Schemaventotto SpA</li> <li>➤ Director of Telecom Italia SpA</li> <li>➤ Director of TIM Italia SpA</li> <li>➤ Director of 21 Investimenti SpA</li> </ul>
PIAGGIO Giuseppe	<ul style="list-style-type: none"> <li>➤ Chairman of Schemaventotto SpA</li> <li>➤ Director of Autostrade per l'Italia SpA</li> <li>➤ Serving Auditor of IGLI SpA</li> </ul>

## ANNEX B

### LIST OF OTHER POSITIONS HELD BY MEMBERS OF THE BOARD OF AUDITORS IN OTHER ITALIAN AND FOREIGN COMPANIES LISTED ON REGULATED MARKETS, AND IN FINANCIAL, BANKING, INSURANCE OR LARGE COMPANIES

<b>MEMBER OF THE BOARD OF AUDITORS</b>	<b>OTHER POSITIONS</b>
TROTTER Alessandro	<ul style="list-style-type: none"><li>➤ Director of Immobiliare Lombarda SpA</li><li>➤ Serving Auditor of SMI SpA</li></ul>
LUPI Raffaello	<ul style="list-style-type: none"><li>➤</li></ul>
MIGLIETTA Angelo	<ul style="list-style-type: none"><li>➤ Director of Esprinet SpA</li><li>➤ Serving Auditor of Beni Stabili SpA</li></ul>
QUAGLIA Giovanni	<ul style="list-style-type: none"><li>➤</li></ul>
SPADACINI Marco	<ul style="list-style-type: none"><li>➤ Director of A. Mondadori Editore SpA</li><li>➤ Chairman of the Board of Auditors of SORIN SpA</li><li>➤ Serving Auditor of Fondiaria - SAI SpA</li><li>➤ Serving Auditor of IMMSI SpA</li><li>➤ Serving Auditor of SNIA SpA</li></ul>
CIPOLLA Giuseppe Maria	<ul style="list-style-type: none"><li>➤</li></ul>
GENTA Giandomenico	<ul style="list-style-type: none"><li>➤ Chairman of the Board of Auditors of Finanziaria Sviluppo Impresa SpA</li><li>➤ Chairman of the Board of Auditors of Fingranda SpA</li><li>➤ Serving Auditor of Autostrade per l'Italia SpA</li></ul>