

**CONSOLIDATED REPORT  
FOR THE NINE MONTHS ENDED  
30 September 2006**

**autostrade** // *spa*

autostrade





**CONSOLIDATED REPORT  
FOR THE NINE MONTHS ENDED  
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Board of Directors' Meeting of 10 November 2006

autostrade

**Autostrade S.p.A.**

Issued capital: €571,711,557.00 (fully paid-in)

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

REA no. 1023691

Registered office: Via A. Bergamini, 50



# GROUP FINANCIAL AND OPERATING HIGHLIGHTS

(€m)

	Nine months ended 30 Sept 2006	Nine months ended 30 Sept 2005
<b>Revenue</b>	<b>2,372</b>	<b>2,223</b>
Net toll revenues	2,040	1,924
Other revenues	332	299
<b>Gross operating profit (EBITDA)</b>	<b>1,549</b>	<b>1,445</b>
EBITDA margin (%)	65.3	65.0
<b>Operating profit (EBIT)</b>	<b>1,292</b>	<b>1,215</b>
EBIT margin (%)	54.5	54.7
<b>Profit before tax</b>	<b>966</b>	<b>875</b>
Pre-tax profit margin (%)	40.7	39.3
<b>Profit from continuing operations</b>	<b>550</b>	<b>516</b>
<b>Profit</b> (including minority interest)	<b>550</b>	<b>669</b>
<b>Profit</b> (attributable to equity holders of the parent)	<b>539</b>	<b>662</b>
<b>Operating cash flow</b> <sup>(1)</sup>	<b>930</b>	<b>868</b>
<b>Capital expenditure</b>	<b>798</b>	<b>531</b>
	<b>30 Sept 2006</b>	<b>31 Dec 2005</b>
<b>Equity</b>	<b>3,857</b>	<b>3,414</b>
<b>Net debt</b>	<b>8,552</b>	<b>8,794</b>

<sup>(1)</sup> Operating cash flow calculated as profit + depreciation/amortisation + provisions +/- profit/(loss) from discontinued operations/assets held for sale +/- share of profit/(loss) of associates +/- revaluations/(impairments) of financial assets + share of deferred tax assets on the transfer of assets.

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## INTRODUCTION

The Autostrade Group's quarterly report for the nine months ended 30 September 2006 has been prepared in accordance with art. 82 of the CONSOB Regulations for Issuers 11971/1999 (as amended) and has not been audited.

The Group's financial position and results of operations for the first nine months of 2006 and the previous periods presented for comparative purposes have been prepared in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board and approved by the European Union.

The accounting standards and policies adopted in this document are unchanged with respect to those adopted in the consolidated financial statements for the year ended 31 December 2005 and conform with those adopted in the consolidated report for the nine months ended 30 September 2005.

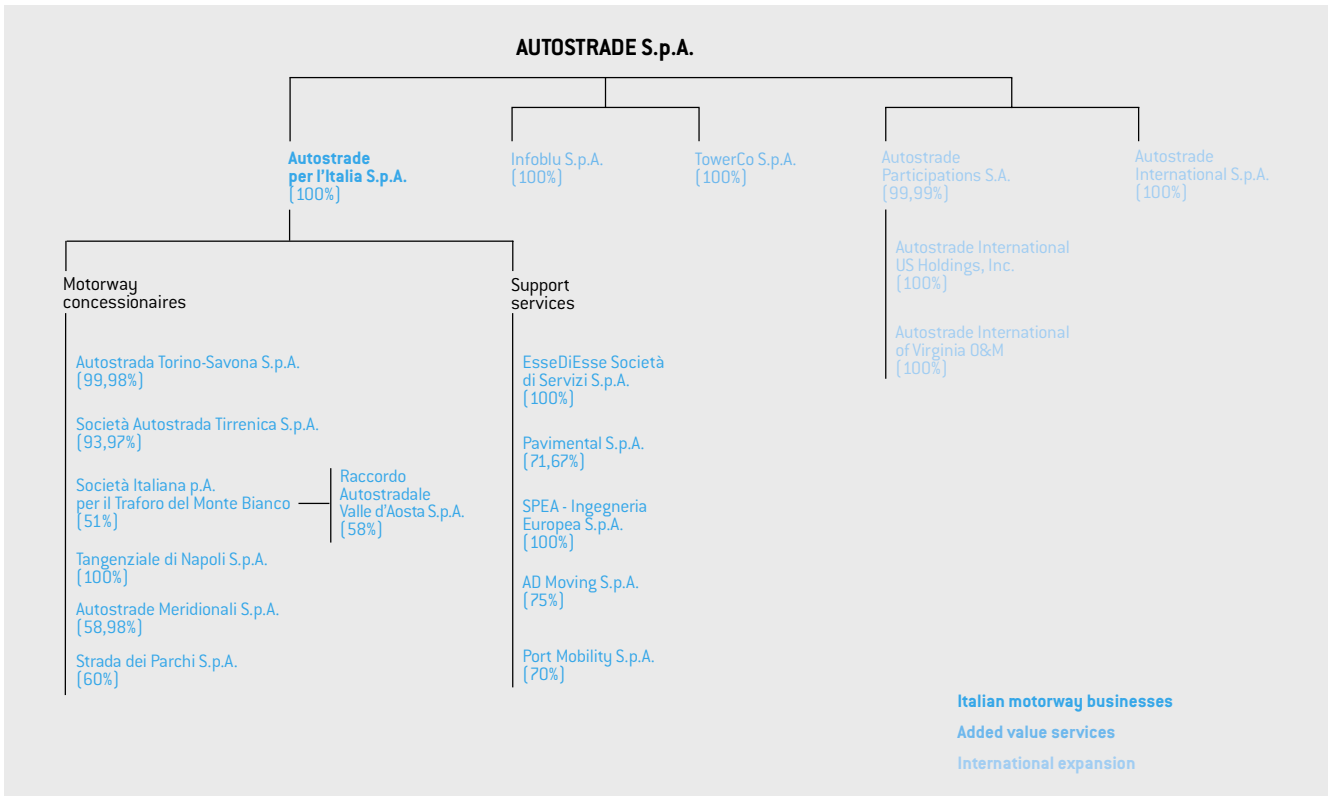
There have been no significant changes in the basis of consolidation compared with 31 December 2005. It should be remembered that in August 2005 the holding in the Austrian subsidiary, Euroypass, was disposed of and thus the company's results for the first nine months of 2005 are classified under discontinued activities, thereby not affecting the comparability of the Group's results.

HIGHLIGHTS AND OVERVIEW

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# GROUP STRUCTURE



## CORPORATE BODIES

### > BOARD OF DIRECTORS ELECTED FOR THE THREE-YEAR PERIOD 2006-2008

CHAIRMAN	Gian Maria Gros-Pietro
CHIEF EXECUTIVE OFFICER	Giovanni Castellucci <sup>(1)</sup>
DIRECTORS	Salvador Alemany Mas Gilberto Benetton Alberto Bombassei (independent) Amerigo Borrini Roberto Cera Alberto Clo' (independent) Sergio De Simoi Piero Di Salvo (independent) Antonio Fassone Guido Ferrarini (independent) Vito Alfonso Gamberale <sup>(2)</sup> Giuseppe Guarino <sup>(3)</sup> Gianni Mion Giuseppe Piaggio Luisa Torchia <sup>(4)</sup> Andrea Grillo
SECRETARY	

### > EXECUTIVE COMMITTEE

CHAIRMAN	Gian Maria Gros-Pietro
DIRECTORS	Giovanni Castellucci Alberto Bombassei (independent) Gianni Mion Giuseppe Piaggio

### > INTERNAL CONTROL AND CORPORATE GOVERNANCE COMMITTEE

CHAIRMAN	Giuseppe Piaggio
MEMBERS	Piero Di Salvo (independent) Guido Ferrarini (independent)

### > REMUNERATION COMMITTEE

CHAIRMAN	Gianni Mion
MEMBERS	Amerigo Borrini Alberto Clo' (independent)

### > SUPERVISORY BOARD

CHAIRMAN	Renato Granata
MEMBERS	Pietro Fratta Simone Bontempo <sup>(5)</sup>

### > BOARD OF AUDITORS ELECTED FOR THE THREE-YEAR PERIOD 2006-2008

CHAIRMAN	Marco Spadacini
AUDITORS	Tommaso Di Tanno Raffaello Lupi Angelo Miglietta Alessandro Trotter
ALTERNATE AUDITORS	Giuseppe Maria Cipolla Giandomenico Genta

### > INDEPENDENT AUDITORS FOR THE PERIOD 2006-2011

KPMG S.p.A.

<sup>(1)</sup> The Ordinary General Meeting of 30 June 2006 and the Board of Directors' meeting of the same date confirmed the appointment of Giovanni Castellucci as the Company's CEO, following his co-optation on to the Board by the Board of Directors' meeting of 12 May 2006 in response to the resignation of Prof. Giuseppe Guarino.

<sup>(2)</sup> CEO in office until 2 May 2006. Resigned his position as a Director by letter dated 21 May 2006.

<sup>(3)</sup> Resigned as a Director on 2 May 2006.

<sup>(4)</sup> Appointed by the General Meeting of 30 June 2006 to replace Vito Alfonso Gamberale, who had resigned.

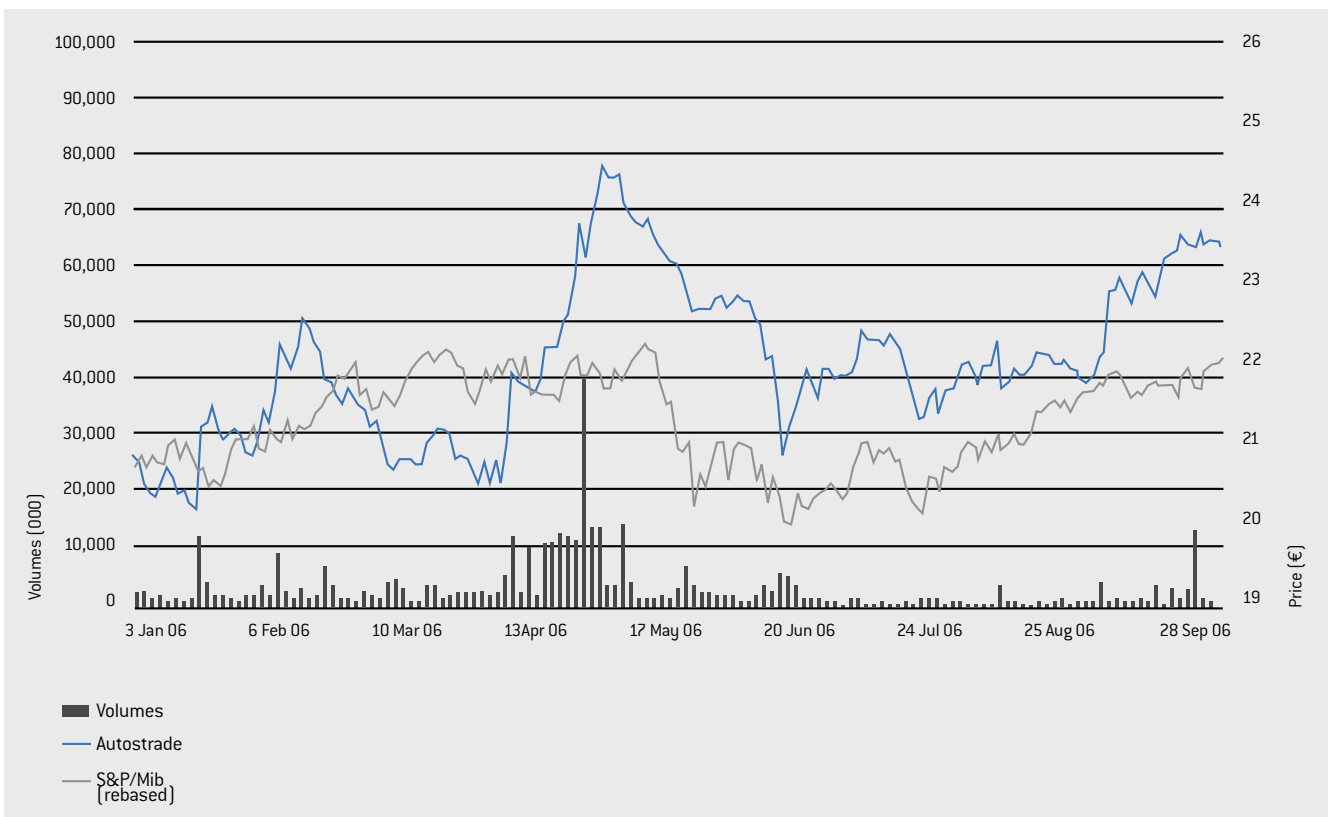
<sup>(5)</sup> New member of the Supervisory Board to replace Enzo Spoletini.

# AUTOSTRAD SHARE PRICE PERFORMANCE

## PERFORMANCE OF AUTOSTRAD'S SHARES DURING THE FIRST NINE MONTHS OF 2006

During the first nine months of 2006 Autostrade's shares rose 15.5% (based on a closing price of €20.26 at 30 December 2005, compared with €23.40 at 29 September 2006). This compares with a 7.8% rise in the S&P/MIB index. At 29 September 2006 the Company's stock market capitalisation stands at €13.4 billion.

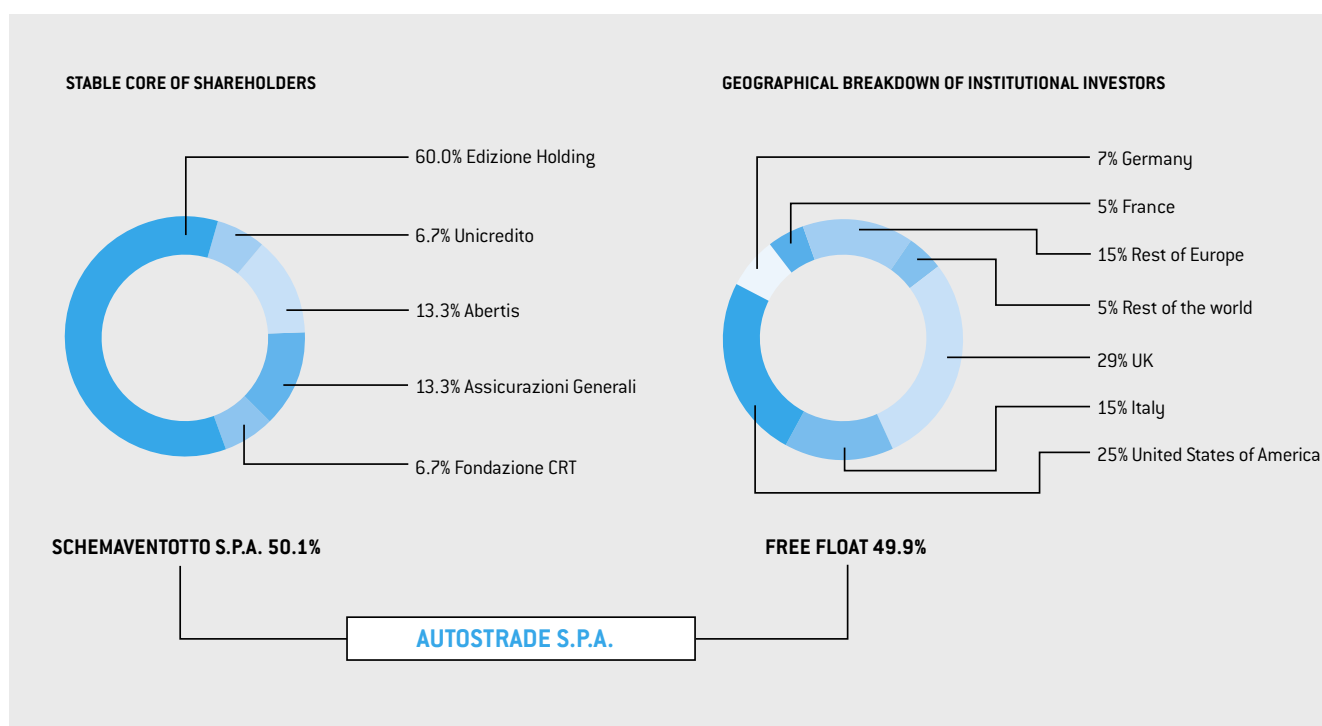
The shares reached an all-time high of €24.91 on 24 April following announcement of the merger with Abertis Infraestructuras S.A..



## SHARE INFORMATION

Number of shares	571,711,557	Price at 29 September 2006	23.40
Par value (€)	1.00	Low (18 Jan 2006)	20.11
Type of share	Ordinary	High (24 Apr 2006)	24.38
Final dividend per share - May 2006 (€)	0.31	Capitalisation (€bn)	13.4
Interim dividend per share - November 2006 (€)	0.2625	Average daily trading volume (m)	3.3

## AUTOSTRADE S.P.A.'S SHAREHOLDERS



MANAGEMENT REPORT  
ON OPERATIONS

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## CONSOLIDATED RESULTS OF OPERATIONS

Consolidated revenue for the first nine months of 2006 totals €2,372.2 million, marking a rise of €148.9 million (6.7%) on the corresponding period of 2005 (€2,223.3 million).

“Net toll revenues” amount to €2,039.9 million (€1,923.8 million in the first nine months of 2005), representing an increase of €116.1 million (6.0%). This is due to the combined effect of the tariff increases applied by the Group's concessionaires from 1 January 2006 and 2.5% growth in traffic volumes. Specifically, Autostrade per l'Italia accounts for €100.7 million (up 6.1%), reflecting a 2.55% rise in tolls (net of the X investments in works relating to the IV Addendum) and a 2.5% rise in traffic. The other Group concessionaires also contributed to the increase in toll revenues due to the general rise in traffic flows compared with the first nine months of 2005.

“Contract revenue” amounts to €17.8 million (€10.8 million in the first nine months of 2005). This increase derives from contract work carried out in 2006 by Pavimental, relating to the upgrading of a number of airport runways (Florence, Pisa, Rome-Fiumicino).

“Other operating income” of €314.4 million is up €25.8 million (8.9%) compared with the corresponding period of 2005 (€288.6 million).

Other operating income consisted of the following items in the first nine months of 2006:

- a. income from service areas in the form of royalties amounting to €132.1 million, which are up €2.9 million (2.3%) on the same period of 2005, which, however, included a lump-sum of €2.3 million linked to renewal of service area licences;
- b. Telepass (€45.1 million) and Viacard (€16.9 million) fees, which are up €5.6 million (9.9%) on the first nine months of 2005, in relation to the increase in the average number of Telepass Family devices (up 381 thousand) and Business devices (up 109 thousand) in circulation;
- c. other sales and service revenues, totalling €116.8 million, mark an increase of 20.9% on the first nine months of 2005 (€96.6 million) and primarily consist of revenues from land-use and concession fees (rent of multi-operator towers), the supply of global services, advertising, the sale of toll collection equipment, and reimbursements and damages received.

Net operating costs of €823.6 million are up €45.2 million (5.8%) on the first nine months of 2005 primarily due to:

- a. a €20.6 million (5.2%) rise in the cost of materials and external services, after deducting capitalised expenses. The increase reported during the first nine months of 2006 is primarily due to the cost of consultants' and other professional fees (€13.2 million) linked to the planned merger with the Spanish company, Abertis Infraestructuras S.A, and the increased expenses incurred by Pavimental (up 9.8 million) in connection with the related sales and service revenues from external customers. The net cost of materials and external services also benefited from a reduction in maintenance activities, in turn relating to better weather conditions compared with 2005;
- b. an increase in “other operating costs and gains/(losses)” of €7.5 million, primarily due to an increase in non-deductible VAT attributable to the Parent Company (up 3.9 million), donations of €1.3 million given by the Parent Company to political parties and movements pursuant to Law 195/1974, and contributions and donations paid by Autostrade per l'Italia (up 1.9 million), essentially to AISCAT to cover the company's share of the cost of motorway sector information campaigns;
- c. a €17.1 (4.7%) increase in staff costs, net of the related capitalisations. This primarily reflects a €12.7 million rise in the cost of the directors of Group companies, which includes the charge deriving from the agreed termination of the contract of Autostrade S.p.A.'s CEO. The remaining increase in net staff costs is due to the combined effect of the rise in the unit labour cost, after various contract renewals in July 2005 and June 2006, and an increase of 21 in the average workforce compared with the first nine months of 2005. The latter movement is essentially due to ongoing increases in the number of staff at Pavimental and Spea.

It should also be noted that network maintenance during the first nine months of 2006 (including the capitalised portion) amounts to €252.1 million, representing a 13.4% increase on the same period of 2005. This is primarily attributable to road surfacing on Autostrade per l'Italia's network (16.0 million square metres of pavement resurfaced, including over 10.7 million square metres of draining pavement, marking increases of 35% and 42%, respectively, compared with the first nine months of 2005).

“Gross operating profit” (EBITDA), amounting to €1,548.6 million, is up €103.7 million (7.2%) on the corresponding period of 2005 (€1,444.9 million) and represents an EBITDA margin of 65.3% (65.0% in the first nine months of 2005). After stripping out the above non-recurring charges incurred by the Parent Company in relation to the current merger process, the EBITDA margin would be 66.3%, marking an improvement of 8.8% on the first nine months of 2005.

“Operating profit” (EBIT), amounting to €1,292.5 million, is up €77.3 million (6.4%) compared with the same period of 2005 (€1,215.2 million) and represents an EBIT margin of 54.5% (54.7% in the first nine months of 2005).

Compared with the increase in gross operating profit, the rise, in absolute terms, in operating profit is influenced by an increase in amortisation and depreciation of 30.3 million (15.4%), relating especially to property, plant and equipment to be relinquished. This was partially offset by a €3.9 million reduction in provisions, essentially regarding those for the cost of repairing and replacing assets to be relinquished.

The "Profit/(loss) from continuing operations" totals €550.0 million, representing an increase of €33.7 million (6.5%) on the first nine months of 2005 (€516.3 million).

This reflects a €9.5 million (2.7%) reduction in net financial expenses, following a cut in borrowing costs, as a result of:

- a) renegotiation of the conditions applied to some of the Group's medium/long-term borrowings;
- b) the benefits deriving from reduced indebtedness in the first nine months of 2006 compared with the corresponding period of 2005;
- c) the benefits resulting from the start-up of the centralised treasury management system.

Net financial expenses also benefited from the €7.1 million increase in capitalised financial expenses, reflecting progressive implementation of network investment programmes.

The Group's share of the profit/(loss) of associates is a loss €2.3 million, reflecting the measurement of investments using the equity method.

Taxation for the period amounts to €416.3 million, marking an increase of €57.8 million (16.1%) due, in addition to the improved pre-tax result, to a 1% rise in the IRAP rate adopted for 2006 by certain Italian regions and to further provisions of €13.6 million made by Autostrade S.p.A., in order to cover charges deriving from tax disputes (previously amounting to €12.2 million). This follows the agreement with the tax authorities reached in July 2006, as a result of the conciliation process begun in 2004.

After stripping out the above non-recurring items, net of the related tax effect, this item would amount to €579.9 million (up 12.3% compared with the same period of 2005).

Profit for the first nine months of 2006 amounts to €550.0 million, representing a reduction of €119.5 million (down 17.8%) compared with the same period of 2005 (€669.5 million). It should be noted that the figure for the first nine months of 2005 included a net gain of €153.2 million from discontinued operations (above all the profit realised on the sale of investments in the Austrian company, Europpass, and in the British company, MEL).

Profit attributable to equity holders of the parent amounts to €538.6 million, compared with €662.4 million in the same period of 2005.

## ANALYSIS OF CONSOLIDATED INCOME STATEMENT FOR THE FIRST NINE MONTHS OF 2006 (€000)

	NINE MONTHS ENDED 30 SEPT 2006	NINE MONTHS ENDED 30 SEPT 2005	INCREASE/(DECREASE)		% OF REVENUE	
			ABSOLUTE	%	NINE MONTHS ENDED 30 SEPT 2006	NINE MONTHS ENDED 30 SEPT 2005
Net toll revenues	2,039,923	1,923,806	116,117	6.0%	86.0	86.5
Contract revenue	17,829	10,819	7,010	64.8%	0.8	0.5
Other operating income	314,421	288,654	25,767	8.9%	13.3	13.0
<b>Total revenue</b>	<b>2,372,173</b>	<b>2,223,279</b>	<b>148,894</b>	<b>6.7%</b>	<b>100</b>	<b>100</b>
Net cost of materials and external services	-417,183	-396,538	-20,645	5.2%	-17.6	-17.8
Other operating costs and gains/(losses)	-21,771	-14,295	-7,476	52.3%	-0.9	-0.6
Staff costs	-417,980	-392,886	-25,094	6.4%	-17.6	-17.7
Capitalised staff costs	33,338	25,354	7,984	31.5%	1.4	1.1
<b>Total net operating costs</b>	<b>-823,596</b>	<b>-778,365</b>	<b>-45,231</b>	<b>5.8%</b>	<b>-34.7</b>	<b>-35.0</b>
<b>Gross operating profit (EBITDA)</b>	<b>1,548,577</b>	<b>1,444,914</b>	<b>103,663</b>	<b>7.2%</b>	<b>65.3</b>	<b>65.0</b>
Amortisation, depreciation, impairment losses and reversal of impairment losses	-226,609	-196,337	-30,272	15.4%	-9.6	-8.8
Provisions and other adjustments	-29,468	-33,332	3,864	-11.6%	-1.2	-1.5
<b>Operating profit (EBIT)</b>	<b>1,292,500</b>	<b>1,215,245</b>	<b>77,255</b>	<b>6.4%</b>	<b>54.5</b>	<b>54.7</b>
Financial income/(expenses)	-348,651	-358,186	9,535	-2.7%	-14.7	-16.1
Capitalised financial expenses	24,838	17,779	7,059	39.7%	1.0	0.8
Share of profit/(loss) of associates	-2,338	-	-2,338	-	-0.1	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>966,349</b>	<b>874,838</b>	<b>91,511</b>	<b>10.5%</b>	<b>40.7</b>	<b>39.3</b>
Taxation	-416,336	-358,505	-57,831	16.1%	-17.6	-16.1
<b>Profit/(loss) from continuing operations</b>	<b>550,013</b>	<b>516,333</b>	<b>33,680</b>	<b>6.5%</b>	<b>23.2</b>	<b>23.2</b>
Profit/(loss) from discontinued operations/assets held for sale	-	153,158	-153,158	-100%	-	6.9
<b>Profit/(loss) for the period</b>	<b>550,013</b>	<b>669,491</b>	<b>-119,478</b>	<b>-17.8%</b>	<b>23.2</b>	<b>30.1</b>
(Profit)/loss attributable to minority interest	-11,413	-7,115	-4,298	60.4%	-0.5	0.3
<b>Profit/(loss) attributable to equity holders of the parent</b>	<b>538,600</b>	<b>662,376</b>	<b>-123,776</b>	<b>-18.7%</b>	<b>22.7</b>	<b>29.8</b>

(€)	NINE MONTHS ENDED 30 SEPT 2006	NINE MONTHS ENDED 30 SEPT 2005	INCREASE/ (DECREASE)
<b>Basic earnings per share</b>	<b>0.94</b>	<b>1.16</b>	<b>-0.22</b>
from:			
continuing operations	0.94	0.89	0.05
discontinued operations/assets held for sale	0.00	0.27	-0.27
<b>Diluted earnings per share</b>	<b>0.94</b>	<b>1.16</b>	<b>-0.22</b>
from:			
continuing operations	0.94	0.89	0.05
discontinued operations/assets held for sale	0.00	0.27	-0.27

## ANALYSIS OF CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2006 (€000)

	THREE MONTHS ENDED 30 SEPT 2006	THREE MONTHS ENDED 30 SEPT 2005	INCREASE/(DECREASE)		% OF REVENUE	
			ABSOLUTE	%	Q3 2006	Q3 2005
Net toll revenues	760,801	731,516	29,285	4.0%	87.1	87.4
Contract revenue	2,616	3,216	-600	-18.7%	0.3	0.4
Other operating income	109,790	102,181	7,609	7.4%	12.6	12.2
<b>Total revenue</b>	<b>873,207</b>	<b>836,913</b>	<b>36,294</b>	<b>4.3%</b>	<b>100</b>	<b>100</b>
Net cost of materials and external services	-126,517	-131,782	5,265	-4.0%	-14.5	-15.7
Other operating costs and gains/(losses)	-7,296	-4,076	-3,220	79.0%	-0.8	-0.5
Staff costs	-135,029	-133,092	-1,937	1.5%	-15.5	-15.9
Capitalised staff costs	10,734	8,725	2,009	23.0%	1.2	1.0
<b>Total net operating costs</b>	<b>-258,108</b>	<b>-260,225</b>	<b>2,117</b>	<b>-0.8%</b>	<b>-29.6</b>	<b>-31.1</b>
<b>Gross operating profit (EBITDA)</b>	<b>615,099</b>	<b>576,688</b>	<b>38,411</b>	<b>6.7%</b>	<b>70.4</b>	<b>68.9</b>
Amortisation, depreciation, impairment losses and reversal of impairment losses	-82,096	-67,150	-14,946	22.3%	-9.4	-8.0
Provisions and other adjustments	-1,339	792	-2,131	-269.1%	-0.2	0.1
<b>Operating profit (EBIT)</b>	<b>531,664</b>	<b>510,330</b>	<b>21,334</b>	<b>4.2%</b>	<b>60.9</b>	<b>61.0</b>
Financial income/(expenses)	-118,701	-121,384	2,683	-2.2%	-13.6	-14.5
Capitalised financial expenses	8,853	6,781	2,072	30.6%	1.0	0.8
Share of profit/(loss) of associates	-330	-	-330	-	-	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>421,486</b>	<b>395,727</b>	<b>25,759</b>	<b>6.5%</b>	<b>48.3</b>	<b>47.3</b>
Taxation	-165,706	-154,619	-11,087	7.2%	-19.0	-18.5
<b>Profit/(loss) from continuing operations</b>	<b>255,780</b>	<b>241,108</b>	<b>14,672</b>	<b>6.1%</b>	<b>29.3</b>	<b>28.8</b>
Profit/(loss) from discontinued operations/assets held for sale	-	130,564	-130,564	-100%	-	15.6
<b>Profit/(loss) for the period</b>	<b>255,780</b>	<b>371,672</b>	<b>-115,892</b>	<b>-31.2%</b>	<b>29.3</b>	<b>44.4</b>
(Profit)/loss attributable to minority interest	-7,798	-6,853	-945	13.8%	0.9	0.8
<b>Profit/(loss) attributable to equity holders of the parent</b>	<b>247,982</b>	<b>364,819</b>	<b>-116,837</b>	<b>-32.0%</b>	<b>28.4</b>	<b>43.6</b>

(€)	Q3 2006	Q3 2005	INCREASE/ (DECREASE)
<b>Basic earnings per share</b>	<b>0.43</b>	<b>0.64</b>	<b>-0.20</b>
from:			
continuing operations	0.43	0.41	0.02
discontinued operations/assets held for sale	0.00	0.23	-0.23
<b>Diluted earnings per share</b>	<b>0.43</b>	<b>0.64</b>	<b>-0.20</b>
from:			
continuing operations	0.43	0.41	0.02
discontinued operations/assets held for sale	0.00	0.23	-0.23

## CONSOLIDATED BALANCE SHEET

At 30 September 2006 “Non-current assets” of €15,351.4 million are up €469.1 million on the balance at 31 December 2005 (€14,882.3 million). This is essentially due to the increase in property, plant and equipment as a result of capital expenditure carried out in the first nine months of 2006.

Property, plant and equipment, amounting to €7,443.3 million (€6,896.5 million at 31 December 2005) includes “assets to be relinquished” totalling €7,278.8 million. The increase of €546.8 million during the first nine months of 2006 derives from investment during the period of €798.4 million (of which €674.2 million attributable to Autostrade per l'Italia), offset by depreciation of €212.0 million and government grants of €35.5 million, received by Autostrade per l'Italia, Raccordo Autostradale Valle d'Aosta and Autostrada Torino-Savona. Intangible assets of €4,483.3 million are in line with the figure at 31 December 2005, and include goodwill arising from consolidation of €4,382.9 million, which is subject to an annual impairment test (IAS 36).

“Investments” (€198.8 million) includes investments in associates and other minor interests, in particular in Autostrade Sud America (€45.0 million), Autostrada del Brennero (€43.0 million), Autostrade Lombarde (€32.6 million), IGLI (€23.6 million), Autovie Venete (€18.7 million) and Stalexport (€17.4 million). The following companies were incorporated during the first nine months of 2006: 1) Autostrade Sud America, in which the Parent Company has a 45% interest and which is the Italian parent of the Chilean company, Costanera Norte, acquired from Impregilo and the operator of an urban motorway serving the city of Santiago in Chile; 2) Società Infrastrutture Toscane, in which Autostrade per l'Italia has a 46% stake (€3.4 million, net of unpaid, called-up capital), and which is responsible for building the regional Prato-Signa motorway link road. Moreover, in August 2006, the Parent Company purchased a 21.7% stake in the share capital of the Polish company, Stalexport, holder of the motorway concession for the A4 Krakow-Katowice motorway.

“Other financial assets” of €826.7 million include term bank deposits relating to government grants (Laws 662/1996 and 345/1997), totalling €802.7 million, and the fair value gain deriving from the Company's hedging derivatives, totalling €6.6 million.

“Deferred tax assets” (€2,383.9 million at 30 September 2006) include €1,828.6 million for the remaining balance of deferred tax assets recognised on the reversal of the intragroup gain arising in 2003 as a result of the transfer of motorway assets to Autostrade per l'Italia. The decrease of €98.3 million compared with 31 December 2005 relates to the reversal of the amount due for the period for such assets through the income statement. The remaining portion, which primarily consists of deferred tax assets allocated from non-deductible provisions and financial liabilities accounted for in application of the cash flow hedge method for derivative financial instruments entered into by the Parent Company, rose €20.3 million.

At 30 September 2006 “Current assets” amount to €1,375.9 million (€1,091.8 million at 31 December 2005) and regard:

- a. trading assets (€756.3 million), consisting of trade receivables, inventories and contract work in progress, which are in line with the balance at the end of 2005;
- b. cash and cash equivalents and other current financial assets (totalling €205.6 million), which are up €115.5 million on 31 December 2005;
- c. current tax assets of €177.2 million (€41.1 million at 31 December 2005), which are up €136.1 million as a result of income tax pre-payments made during the period;
- d. other current assets, amounting to €95.0 million (€130.8 million at 31 December 2005), primarily consisting of amounts due from insurance companies for the reimbursement of damages caused to the network by road users, amounts due from motorway companies that operate interconnecting networks, tax credits not deriving from payment of income taxes, and the value of the investment in the subsidiary, Sitech (in liquidation). The €35.8 million increase compared with the end of 2005 is due essentially to Sitech's repayment of shareholder contributions for future share capital increases paid in in previous years.

“Equity” attributable to equity holders of the parent and minority interest totals €3,856.6 million (€3,414.1 million at 31 December 2005).

“Equity attributable to equity holders of the parent” amounts to €3,564.5 million, having increased €429.7 million compared with 31 December 2005 (€3,134.8 million). This reflects the following main factors:

- a. an increase of €68.1 million in the equity reserve deriving from application of IAS 32 and 39, with regard to the fair value, net of the related tax effects, of interest rate and foreign exchange hedges;
- b. payment of the balance of dividends for 2005, totalling €177.2 million, by the Parent Company;
- c. profit for the first nine months of 2006, amounting to €538.6 million.

“Equity attributable to minority interest” amounts to €292.1 million, representing an increase of €12.8 million compared with 31 December 2005 (€279.3 million). This is due to profit for the first nine months of 2006, payment of the unpaid, called up share capital of Strada dei Parchi, and the payment of dividends.

“Non-current liabilities” total €10,645.4 million (€10,590.4 million at 31 December 2005).

Non-current “provisions” amount to €1,039.5 million (€1,039.5 million at 31 December 2005) and consist of “provisions for repair and replacement of assets to be relinquished” (€810.5 million), “provisions for employee benefits” (€208.6 million), primarily regarding staff termination benefits, and other medium/long-term provisions for future risks and charges (€20.4 million).

Non-current "financial liabilities", amounting to €9,408.0 million (€9,368.6 million at 31 December 2005), have increased by €39.4 million due to the combined effect of new medium/long-term loans (€200.0 million) and the impact of the incurrment of transaction costs recognised as a reduction of non-current financial liabilities, in part offset by fair value losses (€104.0 million) on hedging derivatives, in connection with the rise in interest rates, and the reclassification to current financial liabilities of certain portions of medium/long-term borrowings.

"Deferred tax liabilities" of €133.8 million are in line with the balance at the end of 2005.

"Other non-current liabilities" of €64.0 million are up €11.8 million on 31 December 2005. These refer to the portion of tolls collected by Autostrade per l'Italia and Autostrade Meridionali due to toll charge increases and accounted for as grants used to finance investment, and long-term deferred income relating to revenue due in future years.

"Current liabilities" amount to €2,225.3 million (€1,969.6 million at 31 December 2005).

Current "provisions", amounting to €236.1 million (€203.0 million at 31 December 2005), consist of the current portions of "provisions for repair and replacement of assets to be relinquished" (€103.2 million), "provisions for employee benefits" (€35.2 million) and other provisions for risks and charges (€97.7 million), essentially relating to provisions for disputes and including tax liabilities defined on the basis of the agreement with tax authorities.

"Trading liabilities" of €609.7 million (€566.3 million at 31 December 2005), primarily consist of trade payables, which rose due to growth in investment activities.

Current "financial liabilities" of €317.7 million (€488.5 million at 31 December 2005), mainly comprise the current portion of medium/long-term borrowings falling due within 12 months and totalling €289.9 million.

"Current tax liabilities" amount to €368.4 million and are up €288.0 million compared with 31 December 2005 (€80.4 million), following the recognition of provisions for current taxes calculated on the revenues generated by consolidated companies in the first nine months of 2006. Finally, "Other current liabilities" (€693.5 million) have risen €62.1 million on 31 December 2005 (€631.4 million). This essentially reflects an increase in amounts payable by Autostrade per l'Italia to companies that operate interconnecting networks and the payment of VAT due.

## ANALYSIS OF CONSOLIDATED BALANCE SHEET (€000)

	30 SEPT 2006	31 DEC 2005	INCREASE/ (DECREASE)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7,443,312	6,896,484	546,828
Intangible assets	4,483,341	4,483,612	-271
Investments	198,752	133,534	65,218
Other financial assets	826,701	890,221	-63,520
Deferred tax assets	2,383,930	2,461,861	-77,931
Other assets	15,404	16,574	-1,170
<b>Total non-current assets</b>	<b>15,351,440</b>	<b>14,882,286</b>	<b>469,154</b>
<b>Current assets</b>			
Trading asset	756,311	746,650	9,661
Cash and cash equivalents	205,648	90,167	115,481
Other financial assets	141,750	83,073	58,677
Current tax assets	177,197	41,128	136,069
Other assets	94,980	130,751	-35,771
Assets held for sale and assets included in disposal groups	-	-	-
<b>Total current assets</b>	<b>1,375,886</b>	<b>1,091,769</b>	<b>284,117</b>
<b>TOTAL ASSETS</b>	<b>16,727,326</b>	<b>15,974,055</b>	<b>753,271</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent	3,564,511	3,134,796	429,715
Equity attributable to minority interest	292,112	279,277	12,835
<b>TOTAL EQUITY</b>	<b>3,856,623</b>	<b>3,414,073</b>	<b>442,550</b>
<b>Non-current liabilities</b>			
Provisions	1,039,545	1,039,507	38
Financial liabilities	9,408,030	9,368,617	39,413
Deferred tax liabilities	133,795	130,005	3,790
Other liabilities	63,999	52,228	11,771
<b>Total non-current liabilities</b>	<b>10,645,369</b>	<b>10,590,357</b>	<b>55,012</b>
<b>Current liabilities</b>			
Provisions	236,053	203,011	33,042
Trading liabilities	609,698	566,306	43,392
Financial liabilities	317,659	488,457	-170,798
Current tax liabilities	368,439	80,416	288,023
Other liabilities	693,485	631,435	62,050
Liabilities included in disposal groups	-	-	-
<b>Total current liabilities</b>	<b>2,225,334</b>	<b>1,969,625</b>	<b>255,709</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,727,326</b>	<b>15,974,055</b>	<b>753,271</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (€000)

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			MINORITY INTEREST	TOTAL EQUITY	
	Issued capital	Reserves and retained earnings	Profit/ (loss) for period			Total
<b>Balance at 31 December 2004</b>	<b>571,712</b>	<b>1,603,253</b>	<b>735,293</b>	<b>2,910,258</b>	<b>264,599</b>	<b>3,174,857</b>
<b>Change in accounting standards</b>						
Effects of adoption of IAS 39 applied from 1 Jan 2005 <sup>(1)</sup>	-	-132,198	-	-132,198	-	-132,198
<b>BALANCE AT 1 JANUARY 2005</b>	<b>571,712</b>	<b>1,471,055</b>	<b>735,293</b>	<b>2,778,060</b>	<b>264,599</b>	<b>3,042,659</b>
<b>Profits/(Losses) recognised directly through equity</b>						
Fair value gains/(losses) on cash flow hedges	-	-58,213	-	-58,213	-	-58,213
Exchange differences on translation of financial statements in foreign currency	-	79	-	79	-	79
	-	<b>-58,134</b>	-	<b>-58,134</b>	-	<b>-58,134</b>
<b>Shareholder transactions and other movements</b>						
Dividends approved	-	-	-291,573	-291,573	-1,867	-293,440
Retained earnings for previous year	-	443,720	-443,720	-	-	-
Capital contributions from minority interest and other movements	-	-	-	-	3,797	3,797
	-	<b>443,720</b>	<b>-735,293</b>	<b>-291,573</b>	<b>1,930</b>	<b>-289,643</b>
<b>Profit/(loss) for the first nine months of 2005</b>	-	-	<b>662,376</b>	<b>662,376</b>	<b>7,115</b>	<b>669,491</b>
<b>BALANCE AT 30 SEPTEMBER 2005</b>	<b>571,712</b>	<b>1,856,641</b>	<b>662,376</b>	<b>3,090,729</b>	<b>273,644</b>	<b>3,364,373</b>

<sup>(1)</sup> Net of movements due to deconsolidations for the period

<b>BALANCE AT 31 DECEMBER 2005</b>	<b>571,712</b>	<b>1,914,708</b>	<b>648,376</b>	<b>3,134,796</b>	<b>279,277</b>	<b>3,414,073</b>
<b>Profits/(Losses) recognised directly through equity</b>						
Fair value gains/(losses) on cash flow hedges	-	68,097	-	68,097	-	68,097
Movement in currency translation reserve due to associates accounted for using equity method	-	399	-	399	-	399
Exchange differences on translation of financial statements in foreign currency	-	-112	-	-112	-	-112
	-	<b>68,384</b>	-	<b>68,384</b>	-	<b>68,384</b>
<b>Shareholder transactions and other movements</b>						
Final dividends approved	-	-	-177,231	-177,231	-1,940	-179,171
Retained earnings for previous year	-	648,376	-648,376	-	-	-
Interim dividends	-	-	-	-	-	-
Capital contributions from minority interest and other movements	-	-38	-	-38	3,362	3,324
	-	<b>648,338</b>	<b>-825,607</b>	<b>-177,269</b>	<b>1,422</b>	<b>-175,847</b>
<b>Profit/(loss) for the first nine months of 2006</b>	-	-	<b>538,600</b>	<b>538,600</b>	<b>11,413</b>	<b>550,013</b>
<b>BALANCE AT 30 SEPTEMBER 2006</b>	<b>571,712</b>	<b>2,631,430</b>	<b>361,369</b>	<b>3,564,511</b>	<b>292,112</b>	<b>3,856,623</b>

The Group's net debt at 30 September 2006 amounts to €8,551.6 million (€8,793.6 at 31 December 2005).

"Net non-current debt", amounting to €8,581.3 million (€102.9 million more than at 31 December 2005), consists of:

- a. four bond issues carried out by the Parent Company, totalling €6,315.0 million, less transaction costs, in application of the amortised cost method;
- b. medium/long-term borrowings amounting to €2,917.4 million, less transaction costs, in application of the amortised cost method. This item consists of: a "Term Loan Facility" of €775.8 million obtained by the Parent Company; European Investment Bank (EIB) loans to Group companies (€418.4 million); a loan to Strada dei Parchi from ANAS (€701.1 million); loans granted by the Central Guarantee Fund (€59.3 million); loans to be repaid directly by ANAS using funds allocated by specific legislation (Laws 662/1996 and 345/1997), totalling €922.8 million, and other medium/long-term borrowings of €40 million;
- c. the negative fair value of derivative instruments entered into to hedge interest and foreign exchange risks, totalling €116.9 million, which represent a deduction of €104.0 million compared with 31 December 2005, following the rise in interest rates;
- d. accrued financial expenses (€58.8 million), essentially consisting of grants for interest maturing in future years, recognised following adoption of IAS 39 in relation to the above non-interest bearing loans from the Central Guarantee Fund;
- e. non-current "financial assets" totalling €826.7 million, including term bank deposits of €802.7 million, linked to government grants (Law 662/1996 and Law 345/1997) to be drawn on in relation to the stage of completion of the relevant works, and other financial assets amounting to €24.0 million, which include the positive fair value of certain derivative instruments entered into to hedge interest and foreign exchange risks, totalling €6.6 million.

At 30 September 2006 "Net current debt" amounts to €29.7 million, marking a decrease of €344.9 million compared with 31 December 2005. The balance consists of:

- a. Current "financial liabilities" of €317.7 million, which include the current portion of medium/long-term borrowings (€289.9 million), the use of short-term lines of credit (€21.1 million) and other current financial liabilities (6.7 million). Current financial liabilities have decreased by €170.8 million essentially as a result of: 1) a reduction in the use of short-term lines of credit, due to the acquisition, in the third quarter of 2006, of new medium/long-term borrowings totalling €200 million; 2) lower amounts of interest due on bond issues, paid annually in June; and 3) the reduction in amounts payable to the subsidiary, Sitech (in liquidation), relating to the current account held with the Parent Company. This is due to Sitech's partial use of the amount deposited in the account in order to repay shareholder contributions received in previous years;
- b. Current "financial assets" of €347.4 million (an increase of €174.2 million with respect to 31 December 2005), which include cash of €198.0 million, short-term investments in securities (€7.7 million) and other current financial assets totalling €141.7 million. The latter essentially regard: 1) term bank deposits falling due within 12 months attributable to Autostrade per l'Italia (€81.9 million) and to Autostrada Torino-Savona (€19.0 million); 2) financial receivables due on investments in INA Assitalia insurance policies by Raccordo Autostradale della Valle d'Aosta (€18.9 million); and 3) current portions of medium/long-term financial assets (€16.2 million).

The average term to maturity of the Group's debt is approximately 10 years. The average term to maturity of debt subject to interest rate and foreign exchange hedges is around 7 years.

As regards types of interest rates, 99% of the Group's debt, taking account of interest rate and foreign exchange hedges, is fixed rate, whilst the remaining 1% is floating rate.

In the first nine months of 2006 the Group's average cost of borrowing is approximately 5.1%.

## ANALYSIS OF CONSOLIDATED NET DEBT (€000)

	30 SEPT 2006	31 DEC 2005	INCREASE/ (DECREASE)
<b>NET NON-CURRENT DEBT</b>			
<b>Non-current financial liabilities</b>	<b>9,408,030</b>	<b>9,368,617</b>	<b>39,413</b>
Bond issues	6,315,022	6,292,792	22,230
Medium/long-term borrowings	2,917,378	2,796,446	120,932
Derivative financial instruments	116,856	220,901	-104,045
Other financial liabilities	58,774	58,478	296
<b>Other non-current financial assets</b>	<b>-826,701</b>	<b>-890,221</b>	<b>63,520</b>
Long-term bank deposits	-802,686	-880,561	77,875
Derivative financial instruments	-6,576	-795	-5,781
Other financial assets	-17,439	-8,865	-8,574
<b>NET NON-CURRENT DEBT</b>	<b>8,581,329</b>	<b>8,478,396</b>	<b>102,933</b>
<b>NET CURRENT DEBT</b>			
<b>Current financial liabilities</b>	<b>317,659</b>	<b>488,457</b>	<b>-170,798</b>
Overdrafts	21,063	82,418	-61,355
Current portion of medium/long-term borrowings	289,868	376,362	-86,494
Other financial liabilities	6,728	29,677	-22,949
<b>Cash and cash equivalents</b>	<b>-205,648</b>	<b>-90,167</b>	<b>-115,481</b>
Cash	-197,959	-77,324	-120,635
Cash equivalents	-7,689	-12,843	5,154
<b>Other current financial assets</b>	<b>-141,750</b>	<b>-83,073</b>	<b>-58,677</b>
Current portion of medium/long-term financial assets	-16,208	-26,306	10,098
Short-term bank deposits	-100,892	-24,770	-76,122
Other financial assets	-24,650	-31,997	7,347
<b>NET CURRENT DEBT</b>	<b>-29,739</b>	<b>315,217</b>	<b>-344,956</b>
<b>NET DEBT</b>	<b>8,551,590</b>	<b>8,793,613</b>	<b>-242,023</b>

Consolidated working capital at 30 September 2006 presents a negative balance of €879.2 million (compared with a negative balance of €562.6 million at 31 December 2005), and results from the net balance of current assets totalling €1,028.5 million (€918.5 million at 31 December 2005) and current liabilities totalling €1,907.7 million (€1,481.1 million at 31 December 2005).

The increase of €316.6 million compared with 31 December 2005 is due primarily to:

- a. an increase in current tax liabilities, net of the related assets, of €152.0 million, due to the advance payment of income tax for the year paid in the fourth quarter;
- b. a €43.9 million increase in trade payable deriving from investment activities;
- c. a €35.8 million decrease in other current assets, essentially relating to the reduction in the value of the investment in the subsidiary, Sitech (in liquidation), following the company's repayment of shareholder contributions paid in in previous years;
- d. a €62.0 million increase in other current liabilities, due also to the increase in payables due to companies that operate interconnecting networks and to the increased amount of VAT payable.

#### ANALYSIS OF CONSOLIDATED WORKING CAPITAL (€000)

	30 SEPT 2006	31 DEC 2005	INCREASE/ (DECREASE)
<b>Trading assets</b>	<b>756,311</b>	<b>746,650</b>	<b>9,661</b>
Inventories	49,446	43,714	5,732
Contract work in progress	16,880	14,048	2,832
Trade receivables	689,985	688,888	1,097
<b>Current tax assets</b>	<b>177,197</b>	<b>41,128</b>	<b>136,069</b>
<b>Other current assets</b>	<b>94,980</b>	<b>130,751</b>	<b>-35,771</b>
<b>TOTAL ASSETS IN WORKING CAPITAL</b>	<b>1,028,488</b>	<b>918,529</b>	<b>109,959</b>
<b>Current provisions</b>	<b>-236,053</b>	<b>-203,011</b>	<b>-33,042</b>
<b>Trading liabilities</b>	<b>-609,698</b>	<b>-566,306</b>	<b>-43,392</b>
Contract work in progress	-2	-508	506
Trade payables	-609,696	-565,798	-43,898
<b>Current tax liabilities</b>	<b>-368,439</b>	<b>-80,416</b>	<b>-288,023</b>
<b>Other current liabilities</b>	<b>-693,485</b>	<b>-631,435</b>	<b>-62,050</b>
<b>TOTAL LIABILITIES IN WORKING CAPITAL</b>	<b>-1,907,675</b>	<b>-1,481,168</b>	<b>-426,507</b>
<b>WORKING CAPITAL</b>	<b>-879,187</b>	<b>-562,639</b>	<b>-316,548</b>

## CONSOLIDATED CASH FLOW

During the first nine months of 2006 cash and cash equivalents recorded a net increase of €176.8 million, compared with an increase of €95.1 million in the same period of 2005.

Cash flow generated from operating activities amounted to €1,152.5 million (€875.5 million in the first nine months of 2005). Compared with the comparative period, this improvement derives essentially from a reduction in working capital. This reflects both the net balance of current tax assets and liabilities, resulting from the value of prepayments made in the period, and the performance of trade payables, deriving from the growing volume of investment.

Cash flow used in investing activities, totalling €825.5 million (€296.1 million in the first nine months of 2005), reflects investments in property, plant and equipment of €798.4 million (€530.9 million in the first nine months of 2005).

Cash flow used in financing activities totals €150.0 million (€484.4 million in the first nine months of 2005). For 2006 this figure primarily reflects payment of the final dividend for 2005 and repayments of portions of medium/long term borrowings, partially offset by the aforementioned new medium/long-term loan of €200 million from the EIB.

On 6 October Autostrade's Board of Directors approved payment of an interim dividend of €150.1 million. The ex dividend date is 20 November 2006, with payment to be made from 23 November 2006.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST NINE MONTHS OF 2006 (€000)

	NINE MONTHS ENDED 30 SEPT 2006	NINE MONTHS ENDED 30 SEPT 2005
<b>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>550,013</b>	<b>669,491</b>
Adjusted by:		
Amortisation and depreciation	226,609	195,851
Share of (profit)/loss of associates and joint ventures accounted for using the equity method	2,338	-
Impairment losses/(Reversal of impairment losses) on other non-current assets	-	486
(Gains)/Losses on sale of and adjustments to non-current assets <sup>(1)</sup>	-2,686	-155,749
Net change in deferred tax (assets)/liabilities	48,180	73,363
Other non-monetary expenses/(income)	-	-10
Net movement in provisions	38	39,516
Movement in working capital	316,544	52,031
Net movement in other non-current non-financial liabilities and other movements	11,450	488
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES [A]</b>	<b>1,152,486</b>	<b>875,467</b>
<b>CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	-798,447	-530,924
Purchases of intangible assets	-14,363	-15,235
Purchases of investments, net of unpaid called-up share capital	-66,873	-24,990
Proceeds from sales of property, plant and equipment, intangible assets and unconsolidated investments	6,906	21,296
Proceeds from sales of consolidated investments, net of cash and cash equivalents sold	-	171,789
Movement in other non-current assets	1,170	1,450
Movement in current and non-current financial assets not held for trading purposes	10,622	41,726
Movement in government grants	35,466	38,795
<b>NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES [B]</b>	<b>-825,519</b>	<b>-296,093</b>
<b>CASH FLOWS FROM (FOR) FINANCING ACTIVITIES</b>		
Dividends paid	-178,942	-293,440
Net change in currency translation reserve and other reserves	-65	-21
Net change in issued capital and reserves attributable to minority interest	3,362	3,797
Increase in medium/long-term borrowings (excluding finance leases)	200,000	15,000
Repayments of medium/long-term borrowings (excluding finance leases)	-103,253	-164,510
Finance lease repayments	-2,546	-1,481
Net change in other current and non-current financial liabilities	-68,603	-43,745
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES [C]</b>	<b>-150,047</b>	<b>-484,400</b>
Net effect of foreign exchange movements on net cash and cash equivalents [d]	-84	101
<b>INCREASE / (DECREASE) IN NET CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>176,836</b>	<b>95,075</b>
Net cash and cash equivalents at beginning of period	<b>7,749</b>	<b>119,105</b>
Net cash and cash equivalents at beginning of period attributable to newly consolidated companies	-	<b>355</b>
Cash flow for the period generated from / (used in) discontinued operations	-	-
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>184,585</b>	<b>214,535</b>

<sup>(1)</sup> Including investments measured at cost or fair value.

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

	NINE MONTHS ENDED 30 SEPT 2006	NINE MONTHS ENDED 30 SEPT 2005
Income tax paid	113,849	228,228
Interest income and other financial income collected	24,039	32,490
Interest expense and other financial expenses paid	250,115	244,355
Dividends received	929	917
Foreign exchange gains collected	658	1,434
Foreign exchange losses incurred	12	1,290

RECONCILIATION OF NET CASH AND CASH EQUIVALENTS

	NINE MONTHS ENDED 30 SEPT 2006	NINE MONTHS ENDED 30 SEPT 2005
<b>Net cash and cash equivalents at beginning of period</b>	<b>7,749</b>	<b>119,105</b>
Net cash and cash equivalents	90,167	216,456
Overdrafts	-82,418	-97,351
Cash and cash equivalents attributable to assets held for sale and disposal groups	-	-
<b>Net cash and cash equivalents at end of period</b>	<b>184,585</b>	<b>214,535</b>
Net cash and cash equivalents	205,648	277,597
Overdrafts	-21,063	-63,062
Cash and cash equivalents attributable to assets held for sale and disposal groups	-	-

## GROUP OPERATING REVIEW

### TRAFFIC

The number of kilometres travelled on the Autostrade Group's network in the first nine months of 2006 totalled 41,284.4 million, including 31,937.9 million by light vehicles and 9,346.5 million by heavy vehicles. From January to September traffic rose 2.5% compared with the corresponding period of 2005 with the light vehicle component up 2.4% and the heavy vehicle component up slightly more at 2.6%. Economic recovery and better weather conditions, compared with the winter of 2005, both had a positive impact on traffic growth.

On the economic front, compared with the first half of 2005, during the first six months of 2006 GDP rose 1.6%. Likewise, in the period from January to August, industrial output (adjusted for the number of working days) grew by 1.9% compared with the corresponding period of 2005. In the first nine months of 2006 consumer prices were up 2.1% compared with the same period of 2005.

In the summer period, from July to September, which generally reports the highest traffic levels in the year, traffic rose by approximately 1.6%, thus representing a slower rate of growth compared with the 3.0% reported in the first half of the year. The latter figure was especially positive thanks to the good weather conditions which have characterised 2006, especially in February 2006.

TRAFFIC ON THE AUTOSTRADA GROUP'S NETWORK - FIRST 9 MONTHS OF 2006 (MILLIONS OF KILOMETRES TRAVELLED) <sup>(1)</sup>

COMPANY	9M 2006			% CHANGE 2006/2005		
	LIGHT	HEAVY	TOTAL	LIGHT	HEAVY	TOTAL
Autostrade per l'Italia	27,969.9	8,735.8	36,705.7	2.4%	2.6%	2.5%
Tangenziale di Napoli	715.6	64.7	780.3	1.2%	0.9%	1.2%
Autostrade Meridionali	1,043.8	123.9	1,167.7	2.8%	1.1%	2.6%
Autostrada Torino-Savona	613.7	130.1	743.7	3.5%	4.0%	3.6%
Società Autostrada Tirrenica	165.5	38.1	203.6	2.0%	3.2%	2.3%
Raccordo Autostradale Valle d'Aosta	52.0	18.2	70.2	0.9%	2.8%	1.4%
Traforo del Monte Bianco	5.7	2.7	8.4	2.2%	2.8%	2.4%
Strada dei Parchi	1,371.6	233.0	1,604.7	2.6%	3.0%	2.7%
<b>TOTAL 9M 2006</b>	<b>31,937.9</b>	<b>9,346.5</b>	<b>41,284.4</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.5%</b>

<sup>(1)</sup> Provisional data

## TOLL CHARGES

As of 1 January 2006, Autostrade Group concessionaires applied annual toll increases calculated on the basis of the price cap formula.

### TARIFF INCREASES WITH EFFECT FROM 1 JANUARY 2006 (IN % TERMS)

MOTORWAY CONCESSIONAIRES	ΔP TARGET INFLATION RATE (+)	X PRODUCTIVITY INDICATOR (+)	βΔQ QUALITY FACTOR (+)	ΔT ANNUAL INCREASE (=)
Autostrade per l'Italia	1.70	-0.07	1.18	2.81
Autostrade Meridionali	1.70	-0.90	0.77	1.57
Tangenziale di Napoli	1.70	-0.90	1.62	2.42
Autostrada Torino-Savona	1.70	-0.90	0.69	1.49
Raccordo Autostradale Valle d'Aosta	1.70	-0.90	-0.04	0.76
Società Autostrada Tirrenica	1.70	-0.90	1.85	2.65
Strada dei Parchi	1.70	4.17	0.00	5.87

The X variable applied by Autostrade per l'Italia under the price cap formula, amounting to  $-0.07\%$ , is the sum of the following three factors:

- the productivity indicator ( $-1.10\%$ );
- recovery of the annual portion ( $+0.77\%$ ) of the differential between the real and target inflation rates for the five-year period 1998-2002;
- the factor regarding the coverage of costs incurred in carrying out the new works envisaged by the IV Addendum to the Agreement of 1997 ( $+0.26\%$ ), relating to works on the fourth lane of the Milan-Bergamo section of the A4, the start of works on the third lane of the A14 between Rimini and Pedaso and the start of works relating to the Tunnel Safety Plan.

In line with the decisions taken by the Italian and French governments in October 2001 (afterwards integrated by the agreement signed in October 2003), the Intergovernmental Audit Committee approved the toll charge increase to be applied by Società Italiana per il Traforo del Monte Bianco as of 1 January 2006. The increase amounts to 2.24% for light vehicles, whilst differentiated increases are applied for the various categories of heavy vehicle based on pollution emissions: 3.83% for "Euro 1" vehicles and 4.08% for "Euro 2" and "Euro 3" vehicles.

Moreover, based on the aforementioned agreement signed in October 2003, as of 1 July 2006, the tolls in effect for the Mont Blanc Tunnel have increased based on the average inflation rate reported in the two countries: up 1.98% for vehicle categories as a whole.

## NETWORK EXPANSION AND MODERNISATION

In the first nine months of 2006 the investment in the Group's network amounted to €798.4 million (€530.9 million in the first nine months of 2005), marking an increase of €267.5 million (50.4%) on the corresponding period in 2005.

Autostrade per l'Italia and the other Group concessionaires are in the process of implementing a programme of investment in major infrastructure projects worth around €10 billion. The investment aims to increase the capacity of the existing motorway network on the country's principal arteries, in order to improve road safety and service quality.

The investment plan for Autostrade per l'Italia, the Group's main concessionaire, breaks down into two programmes. The first is included in the finance plan attached to the Agreement of 1997 with ANAS, and the second is contained in the IV Addendum to the above-mentioned Agreement, which was signed in 2002 and implemented in 2004.

### WORKS ENVISAGED BY AUTOSTRADA PER L'ITALIA'S FINANCE PLAN OF 1997

At 30 September 2006, more than 83% of the works have been authorised, 78% are in the process of being executed or the relevant contracts are being awarded, and around 27% of the plan has been completed.

In spite of the Group's determination to push ahead with design work and organisation of the projects, and the cooperation and support provided by ANAS, execution of the works covered by Autostrade per l'Italia's Agreement of 1997 is subject to continual delays. In addition to delaying the traffic improvements to be derived from the entry into service of the new infrastructures, the hold-ups result in significant cost overruns for the concessionaire.

The main activities carried out in the first nine months of 2006 are as follows:

**• completed works:**

- on 14 February 2006, within the scope of restructuring the Bolzaneto interchange on the Genoa-Serravalle section of the A7, the Brasile Tunnel was opened to traffic;
- on 10 March 2006, as a part of upgrading works on the A1 Milan-Naples motorway between Florence North and Florence South (lot 0-2-3), the Scandicci junction was opened to traffic;
- on 31 March 2006, following the opening to traffic of the southbound carriageway of the fourth lane of the Modena-Bologna section of the A1 motorway (the northbound carriageway of the fourth lane was opened to traffic on 23 December 2005), work on widening a 32-kilometre section of motorway to include a fourth lane was completed;
- on 18 June 2006, the new Sasso Marconi toll station, included in Lot 2 of the functioning section of the Variante di Valico was opened whilst on 25 June 2006 the northbound carriageway of the entire Lot, including the Monte Mario Tunnel, was opened;
- on 25 June 2006 the northbound carriageway of Lot 2 of the Variante di Valico was opened;
- on 10 July 2006 the southbound carriageway of Lot 2 of the Variante di Valico was opened;
- on 13 August 2006 the southbound carriageway of Lots 1, 3 and 4 of the Variante di Valico was opened.

Moreover, on 4 October the entire northbound carriageway of Lots 1, 3 and 4 (except for the northbound section of the Gardelletta section) of the functioning section of the Variante di Valico was opened.

• **Contract awards:**

Work continued on the contracts awarded in previous years regarding:

- Bologna Orbital Motorway (Lots 1-3 and 2);
- the Base Tunnel (Lots 9-10-11);
- Lot 12 and the Barberino Junction;
- work on the area surrounding the Variante di Valico;
- Florence North– Florence South (Lots 0-2-3, 4-5-6 and 7-8);
- the Nazzano Tunnel.

Contracts awarded during the first nine months of 2006 are as follows:

- On 16 February 2006 and on 23 February 2006, Lot 4 and Lot 12 for the Variante di Valico project were handed over to contractors following termination of the previous projects for breach of contract;
- On 23 March 2006 contracts were awarded for work on widening the third lane of the Marano Viaduct on the A1 Milan-Naples motorway;
- On 2 May 2006 contracts were awarded for works on the Casalecchio-Sasso Marconi section of the motorway that crosses the Apennines between Florence and Bologna (Variante di Valico);
- On 29 June 2006 contracts were awarded for work on Lot 13 of the Variante di Valico;
- On 1 August 2006 contracts were awarded for Lots 6-7 of the Variante di Valico. However, due to appeals lodged within the terms provided for by law by two bidders (on the basis of the ranking of the bids, the first anomalous and the first regular, respectively) the award was referred to Lazio Regional Administrative Court. The court has thus far requested an expert appraisal to ascertain the existence of any anomalies in the bids presented. Judgement is pending.

• **Contracts in the process of being awarded:**

- On 20 June 2006 a pre-qualifying call for bids was published for Lot 17 of the Variante di Valico; on 7 August 2006 letters were sent out communicating that the deadline for the presentation of bids is 20 September 2006;
- Following the failure to sign the contract (for a net amount totalling 6.3 million), on 22 June 2006 Autostrade per l'Italia did not award the contract for the works on Lot 3 of the link road between the A1 (Milan-Naples) and A11 (Florence Mare), putting in a claim to the insurance company on 23 June 2006 for enforcement of the guarantee deposit;

Autostrade per l'Italia has updated the technical and economic aspects of the design and sent it to ANAS on 2 October 2006.

• **Works in the process of authorisation:**

- Barberino – Florence North: the EIA (Environmental Impact Assessment) procedure began on 9 July 2004 with the presentation of the environmental impact survey to the Ministry of the Environment. On 13 June 2006 Autostrade per l'Italia presented the final additions requested by the Ministry of the Environment on 12 May 2006. Two years after it began, the EIA procedure for this project has yet to be completed. On 31 July, the Managing Director of ASPI presented a complaint (Protocol no. 16099) regarding this serious problem to the Ministry of the Environment, the Ministry of Infrastructure and the Chairman of ANAS;
- Florence South-Incisa: eleven months after Autostrade per l'Italia initiated the procedure, the process of approving the EIA procedure began on 6 June 2006 with an inspection by the EIA Committee (appointed by the Ministry of the Environment). On 4 August 2006 Autostrade per l'Italia provided the additional information requested by the Ministry of the Environment on 14 July 2006.

## WORKS ENVISAGED BY AUTOSTRAD PER L'ITALIA'S ADDENDUM OF 2002

At 30 September 2006 more than 52% of the works have been authorised, approximately 12% have been contracted and approximately 7% have been completed.

The most important activities carried out in the first nine months of 2006 are as follows:

### • Contract awards:

Contracts awarded in previous years regarding the following continued:

- Milan-Bergamo (Lots 1, 2 and 3);
- Milan Exhibition Centre (1st phase);
- Lot 0 of the A14 from Rimini North to Pedaso;
- Tunnel Safety Plan.

Contracts awarded in the first nine months of 2006 are as follows:

- On 21 March 2006 a contract was awarded for the second part of phase two works for access roads to the Milan Exhibition Centre;
- On 27 June 2006 provisional contracts were awarded for construction of the Villamarzana junction; the final contract was awarded on 26 July and the site was handed over on 8 August.

### • contracts in the process of being awarded:

- on 30 June 2006 a call for bids was published in Italy's Official Gazette regarding works to expand the third lane of Lot 6 of the A14 from Rimini to Pedaso. On 7 August 2006 letters were sent out to the 49 pre-qualifying companies inviting them to present bids by 21 September 2006. The first session of the call for bids was held on 22 September 2006. A total of 21 technical/economic bids were received.

### • Works in the process of authorisation:

The following table provides a breakdown of the state of authorisation processes at 30 September 2006:

	Km	ETA (full approval)	Date of closure Services Conference	Status
A9 LAINATE-COMO	23.2	In progress	In progress: Services Conference postponed to date yet to be decided	
A14 RIMINI NORD-PEDASO				
Lot 1	29.0	30 Mar 2006	16 Jul 2006	see note (*)
Lot 2	28.3	16 Mar 2006	7 Jul 2006	see note (*)
Lot 3	21.0	16 Mar 2006	5 May 2006	see note (*)
Lot 4	18.9	16 Mar 2006	5 May 2006	see note (*)
Lot 5	15.6	16 Mar 2006	21 Apr 2006	see note (*)
Lot 6B	4.0	16 Mar 2006	21 Apr 2006	see note (*)
Lot 7B	11.0	16 Mar 2006	In progress: Services Conference postponed to date yet to be decided	
A1 FIANO-Rome Orbital motorway	18.7	20 Apr 2006	28 Jun 2006	see note (*)
A7/A10 GENOA Interchange	34.8	-	-	Start-up of preliminary design
A14 BOLOGNA - BARI - TARANTO Construction of Rubicone Junction	-	In progress	In progress	
A30 CASERTA - SALERNO Construction of Maddaloni Junction	-	In progress	29 Dec 2005	
A1 MILAN-NAPLES Construction of Guidonia Junction	-	In progress	In progress	
A14 BOLOGNA - BARI - TARANTO Construction of Marina di Monte Marciano Junction	-	16 Mar 2006	5 May 2006	see note (*)
A14 BOLOGNA - BARI - TARANTO Construction of Porto San Elpidio Junction	-	16 Mar 2006	21 Apr 2006	see note (*)

(\*) At 30.09.2006 the Ministry of the Environment had not yet approved the EIA decrees without which the Ministry of Infrastructure – DI.CO.TER. cannot sign the agreement between the state and regional authorities as per art. 81 of Decree 616/77.

Regarding the Genoa Bypass, of the four works envisaged by the IV Addendum of 2002, the technical committee set up with the relevant authorities has agreed the routes regarding:

- Gronda di Ponente;
- The new A7 on the Genoa West – Bolzaneto section;
- The San Benigno interchange.

On 3 August an agreement was signed between local authorities in the Liguria region, ANAS and ASPI, assigning priority to the Gronda di Ponente and the San Benigno interchange within the context of the four works envisaged by the IV Addendum of 2002. Discussions are currently underway with the above parties in order to award contracts for the above works.

## OTHER MOTORWAY INITIATIVES

The Autostrade Group, via Autostrade per l'Italia, is taking part in a number of projects designed to expand the Italian toll motorway network. The Group has investments:

- in **Pedemontana Lombarda S.p.A.** (50%) and in **Società Autostrada Tirrenica S.p.A.** (93.7%), concessionaires that have been waiting many years to establish the routes for roads to be completed or built;
- in **Società Infrastrutture Toscane S.p.A.** (47.2%), the company that is to build the regional motorway link (under a regional concession) of approximately 10 kilometres between Prato (A11) and Signa (A1) for which the previous temporary consortium set up in 2003 had prepared a project finance initiative for the construction and operation of the road. On 13 July 2006 the Tuscany Regional Authority adopted a resolution, at regional level, awarding the concession to ATI, which was converted into Società Infrastrutture Toscane with the same shareholder structure. On 17 July 2006 Società Infrastrutture Toscane signed the concession agreement;
- in **Autostrade Lombarde S.p.A.** (35.5%), which holds a controlling interest (86.2%) in Società di Progetto Bre.Be.Mi.: since 2003 this company has held the concession to build and manage the 5-km link between Brescia and Milan. The preliminary design was approved by the relevant bodies (Ministry of the Environment, Ministry of the Arts and the Lombardy Regional Authority) with changes and requirements that have almost doubled the initial cost of the project and subsequently unbalanced the financial plan. At its meeting of 2 December, the Inter-ministerial Committee for Economic Planning approved the technical aspects of the preliminary design with the related changes and additions and made ANAS responsible for reaching an agreement with the company as to how to cover the extra costs;
- via minority holdings in new companies/consortia that have proposed other project finance initiatives: **Tangenziali Esterne di Milano S.p.A.** (Autostrade per l'Italia's interest: 32%), **Pedemontana Veneta S.p.A.** (Autostrade per l'Italia's interest: 28%), **Arcea Lazio S.p.A.** (Autostrade per l'Italia's interest: 34%).

<sup>13</sup> The company's remaining capital is held by Florence Chamber of Commerce (31.00%), Prato Chamber of Commerce (2.00%), Baldassinil-Tognozzi-Pontello Costruzioni Generali S.p.A. (5.00%), Consorzio Toscano Costruzioni C.T.C. Soc. Coop. a r.l. (2.20%), Consorzio Etruria Società Cooperativa a r.l. (0.50%), Ergon Engineering and Contracting Consorzio Stabile - Società Consortile a Responsabilità Limitata (2.50%), Consorzio G.S.T. Global Service Toscana (0.20%), Monte dei Paschi di Siena - Banca per l'Impresa S.p.A. (4.80%), Cassa di Risparmio di Prato S.p.A. (2.20%), Cassa di Risparmio di Firenze S.p.A. (1.50%), Cassa di Risparmio di San Miniato S.p.A. (1.50%).

## NETWORK OPERATIONS

### SAFETY, MAINTENANCE AND TRAFFIC MANAGEMENT

#### Safety and maintenance

The first nine months of 2006 recorded a further improvement in safety levels along the motorway network managed by the Autostrade Group. A total of 16,202 accidents were registered, representing an overall reduction of 2.46% compared with the same period of 2005, whilst the death rate (calculated as the number of deaths per 100 million kilometres travelled) was 0.58, in line with the objective to reduce fatalities as defined in Italian and European road safety plans for the period 1999-2009.

Continual improvement of maintenance standards and specific infrastructure and operational measures contributed to the results achieved, as did information campaigns aimed at raising motorists' awareness of road safety as a fundamental element of service provision.

Regarding ordinary and extraordinary maintenance activities, the Group pursued its commitment to guaranteeing ever better operating standards and preventing deterioration of motorway infrastructure, via regular works on road surfaces, traffic signs, safety barriers and other infrastructures.

During the first nine months of 2006 more than 110 extraordinary maintenance projects were initiated regarding:

- repairs to bridges and viaducts, above all on motorway sections in Liguria and along the Adriatic coast;
- embankments subject to landslides on the Tuscan stretch of the A1 and on the Naples-Canosa section.

In order to further boost safety levels, a significant step was taken in the repaving plan, especially via the use of draining pavement, which ensures improved road traction, reduced noise pollution and greater driving comfort in rainy conditions.

On the network managed by Autostrade per l'Italia, during the period, approximately 16 million square metres were repaved (up 35% on the first nine months of 2005), of which more than 10.7 million square metres with the use of draining pavement (up 42% on the first nine months of 2005). These works thus bring the total road surface covered with draining pavement to 65.9%, compared with 52.9% in September 2005.

Moreover, within the framework of works aimed at boosting safety and on the basis of the positive results achieved in 2005, the 2006 plan was launched. The results for the first nine months of 2006 are as follows:

- 230 specific initiatives (road signs, changes in carriageway geometry, lighting) aimed at increasing safety at accident black spots;
- installation of the new system for measuring average motorway speeds ("Tutor") on the A14 in the section between Pescara and Cerignola;
- another 190 km of upgraded crash barriers, with the substitution of the existing barriers;
- ongoing work on the Tunnel Safety Plan, as envisaged by the IV Addendum, which requires the upgrade of lighting and ventilation systems installed in around 438 tunnels (in compliance with European Directive 2004/54/CE dated 29 April 2004). At 30 September 2006 designs for the upgrades of systems in 267 tunnels have been approved by ANAS. The designs relating to the other 8 tunnels are awaiting approval by ANAS, while design of the systems for another 106 existing tunnels is ongoing.

The table below shows the results obtained by Autostrade per l'Italia's ongoing projects:

		2002	2003	2004	2005	30 Sept 2006
PAVEMENTS	Network coverage with draining pavement	24.4%	32.5%	43.6%	55.0%	65.9%
CENTRAL CRASH BARRIERS	Network coverage	56.7%	60.6%	63.0%	65.6%	72.6%
VARIABLE MESSAGE PANELS	Coverage of incoming traffic	42.0%	84.0%	91.0%	91.0%	93.1%
	Coverage of motorway traffic	36.0%	60.0%	70.0%	78.0%	88.0%

As regards awareness-raising campaigns, it should be noted that:

- due to the success during the first nine months of the year, the initiative called "**caffè gratis**" has been extended to December 2006 in order to encourage night-time drivers to stop during the small hours, when the death rate is five times higher than the rate recorded during the daytime;

- the period saw the conclusion of the campaign called "**life is a puff of air**", for which, every Friday and Saturday night between midnight and 5am, and, other days of the week during the summer period (15 July – 30 September), Autostrade per l'Italia and its commercial partners freely distributed approximately 500,000 breathalyser tests to measure alcohol levels at service area refreshment outlets.

## Traffic management

Lighter snowfall was recorded during the first nine months of 2006 than in the same period of 2005, with the exception of heavy snowfalls occurring in Liguria and Lombardy at the end of January 2006. Autostrade effectively managed these emergencies, partly thanks to implementation of an agreement regarding the temporary ban of heavy vehicles in case of snow signed with AISCAT, ANAS, the Highway Police, the relevant ministries and road hauliers' associations at the beginning of January 2006. This enabled inconvenience to road users to be reduced to a minimum and infrastructure to be kept constantly up and running.

As a result, there were only four closures due to snow (down 78% compared with the same period of 2005), taking place on 27 January on the A26 (involving both carriageways), on 7 February on the A16, and on 8 March on the A9.

The number of road works on Autostrade per l'Italia's network amount to an average of approximately 170 a day. These are planned over the year in order to minimise disruption to traffic, taking account of weather conditions, traffic volumes, and whether or not to carry out work during the night or on a continuous basis. Most road works are removed during peak traffic periods and at weekends.

The Autostrade Group has continued in its efforts to develop information channels capable supplying up-to-the-minute and exhaustive information regarding road conditions on its network.

The performances posted by the various information channels were as follows:

- 93.1% coverage of incoming traffic and 86% coverage of motorway traffic thanks to the further installation of variable message panels, thereby bringing the total of such panels throughout the Group's network to approximately 900;
- 67% of the network offers the possibility to listen to ISORADIO;
- 99% successful handling of all calls to the traffic information centre.

## TOLL COLLECTION AND PAYMENT SYSTEMS

Progressive automation of toll collection is one of the Group's strategic goals as, in addition to boosting operating efficiency, it also improves network access and reduces tailbacks at toll stations. This has a positive impact on traffic flows and cuts air pollution.

In the first nine months of 2006 automated toll collection transactions were up 6.2% on the same period of 2005, reaching 68.9% of total transactions (66.3% in the first nine months of 2005) and enabling a 5% reduction in manual transactions.

Dynamic toll collection using Telepass accounted for 49.6% of the total, compared with 47.6% in the same period of the previous year. At 30 September 2006, 5.2 million Telepass devices were in circulation (up 9.7% on 30 September 2005), including 3.1 million Telepass Family devices (up 12.4% compared with 30 September 2005).

On 30 March 2006 a topup Telepass was launched as a pilot project in the Naples area. This extends the range of Telepass services and features operating functions similar to the familiar prepayment options for mobile phones. The Group aims to roll out the system throughout Italy.

### PAYMENT METHODS (NUMBER OF TRANSACTIONS)

	9M 2006	% OF TOTAL	9M 2005	% OF TOTAL	% CHANGE
<b>Manual cash payments</b>	<b>219,376,915</b>	<b>30.5%</b>	<b>230,837,729</b>	<b>32.8%</b>	<b>-5.0%</b>
Automated cashier (cash)	54,533,182	7.6%	45,760,776	6.5%	19.2%
Viacard c/a debit card and Plus	28,878,265	4.0%	29,691,516	4.2%	-2.7%
Telepass	357,347,549	49.6%	335,496,019	47.6%	6.5%
Prepaid cards	20,572,869	2.9%	22,330,641	3.2%	-7.9%
Credit cards	19,607,319	2.7%	19,132,308	2.7%	2.5%
FASTpay	15,237,056	2.1%	14,762,915	2.1%	3.2%
<b>Total automated payments</b>	<b>496,176,240</b>	<b>68.9%</b>	<b>467,174,175</b>	<b>66.3%</b>	<b>6.2%</b>
Other (non-payment, strikes, violations)	4,798,264	0.7%	6,384,956	0.9%	-24.9%
<b>Overall total</b>	<b>720,351,419</b>	<b>100%</b>	<b>704,396,860</b>	<b>100%</b>	<b>2.3%</b>

The Group's 284 toll stations (excluding the Mont Blanc Tunnel) now offer 553 Telepass tollgates (187 entry gates and 366 exit gates).

## SERVICE AREAS AND ADVERTISING

In the first nine months of 2006 the royalties paid to the Autostrade Group by sub-concessionaires amount to €132.2 million. Compared with the same period of 2005, current royalties were up around 4.1% following the entry into force of almost all the new licences.

In 2002 Autostrade per l'Italia embarked on a major service area improvement programme which envisages investment of approximately €800 million. At 30 September 2006 around 44.5% of the works envisaged by the €800 million programme were either in progress or had been completed. At the same date, extension work had been completed by both Autostrade per l'Italia and its partners at more than 51 service areas, whilst extension or renovation work begun by Autostrade per l'Italia and/or service providers is being carried out at a further 49 service areas. The plan has already started to improve service area standards and extended the range of goods and services on offer.

### AD Moving

S.p.A. is the Group company set up to manage and sell advertising throughout the motorway network (billboards at service areas, roadside billboards and the sale of advertising on the "TV-zone" circuit) and at other transport infrastructures outside the network (airports, ports). In the first nine months of 2006 it posted revenues of approximately €12.8 million (up 10% compared with the same period of 2005). This was partly due to expansion of its activities during the second half of 2005 via agreements for the utilisation of billboards on the Turin-Savona motorway managed by SAT and on other motorways located in Italy's northwest, such as the Turin-Milan, Turin-Piacenza, Turin-Aosta, the Autostrada dei Fiori, SALT and SITAF.

In 2006 an additional agreement has been signed with Società Autostrade Meridionali (A3 Naples-Pompei-Salerno) and further negotiations are underway with other Italian motorway concessionaires.

## ADVANCED MOBILITY AND COMMUNICATION SERVICES

### Infoblu

Infoblu is the Group company responsible for the development and sale of traffic management software. In the third quarter of 2006 the company continued to carry out technical and commercial activities aimed at providing value added content and services to telephony operators and broadcasters.

Mobile information initiatives with mobile and fixed telephony operators during the period included:

- the call centres of 3 leading operators, TIM/TELECOM, VODAFONE and SEAT, utilising only "Tip on line", the Autostrade Group's platform marketed by Infoblu, for the diffusion of information regarding traffic and road conditions;
- the 3 leading mobile operators, TIM, VODAFONE and H3G, utilising the systems developed by Infoblu for diffusion on 3G mobile phones.

It should also be noted that in 2006 the company has focused on the emerging market of satellite navigation systems, both portable devices and those installed in vehicles. On 9 August 2006 the Autostrade Group and BMW announced their decision to sign a technology partnership agreement regarding integrated projects for mobile information services.

Revenues total €1.6 million for the first nine months of 2006.

### TowerCo

TowerCo is the Group company set up to exploit the Group's motorway infrastructure and neighbouring land. The company does this by building and managing sites designed to host antenna and equipment (so-called towers) used by commercial operators (TV, telecommunications and radio) and public service operators (police, Isoradio or traffic monitoring systems). At the end of September TowerCo reported the following results:

- 153 sites built and a further 22 under construction;
- 84 other sites at the design or authorisation stage.

Mention should also be made of:

- the launch of plans to construct towers in areas external to the Group's network, thanks to a framework agreement signed with ANAS for the use of all ANAS-controlled infrastructures and areas;
- the growing importance of multi-operator installations for GSM/UMTS coverage in tunnels, achieved by a widespread system of antennas and fibre optic repeaters. Installations have recently been built for the Naples Ring Road and for the new Sasso Marconi – La Quercia section of the Variante di Valico.

Revenues for the first nine months of 2006 totals €7.9 million, marking an increase of 55% compared with the same period of 2005.

## INTERNATIONAL ACTIVITIES

### Acquisition of Costanera Norte

On 21 June 2006 Autostrade Sud America – ASA S.r.l., a company owned by Autostrade S.p.A via a 45% interest, Società Iniziative Autostradali e Servizi – SIAS S.p.A. (45%) and Mediobanca - Banca di Credito Finanziario S.p.A. (10%), completed its acquisition of a 100% stake in the Chilean motorway concessionaire, Costanera Norte.

The acquisition was carried out via Nueva Costanera Norte S.A., a Chilean company that is an indirect wholly owned subsidiary of ASA.

The original offer for Costanera Norte was submitted jointly by Autostrade and SIAS in July 2005, but completion of the transaction was dependent on receipt of the necessary authorisations from the relevant Chilean authorities, which only occurred at a later date.

The price paid for a 100% stake in Costanera Norte is US\$277 million. Based on agreements reached with the seller in December 2005, following the original offer submitted in July 2005, the initial price is subject to an earn-out clause providing for, among other things, a further payment of up to US\$33 million, with a guaranteed minimum of US\$5 million, to be paid to the seller over four years, should actual toll revenues over the period come in higher than the projected amounts set out in the submitted business plan, and used in order to calculate the base price.

### Acquisition of investment in Stalexport S.A.

On 2 August 2006 Autostrade S.p.A. completed its acquisition of a 21.7% stake in the Polish company, Stalexport S.A.

Since its establishment in 1963, Stalexport has operated as a steel trader and processor and, from 1997, as the holder of a motorway concession for the 61-km long A4 Krakow-Katowice motorway, which expires in 2027.

The acquisition of a stake in Stalexport marks Autostrade's entry into the Polish motorway market as a long-term strategic investor, with the aim of using its operating and technological expertise in order to help develop toll motorway infrastructure in Poland and central and eastern Europe.

The purchase of a holding in Stalexport involves Autostrade's subscription of 34.2 million newly issued shares, representing 21.7% of the share capital following the issue, at a price of 2 zlotys per share. The capital increase, which excludes the pre-emptive rights of existing shareholders, was approved by the General Meeting of Stalexport's shareholders held on 13 May 2004, which also granted the Directors a mandate to proceed with execution of the increase. On 26 June 2006 the company's Directors decided to allocate the new shares to Autostrade. The total cost of subscribing the new shares amounts to approximately €17 million.

The agreement signed with Stalexport also envisages that, subject to the occurrence of certain conditions, Autostrade will purchase further shares to be issued at a price of 2 zlotys per share, as part of a capital increase to be approved and allocated to Autostrade by a General Meeting of Stalexport's shareholders. These conditions are as follows:

- the successful outcome of due Diligence procedures, which have already been completed;
- approval by a General Meeting of Stalexport's shareholders of:
  - a capital increase of which 51% of the shares are to be allocated to Autostrade at a price of 2 zlotys per share;
  - the spin off of the company's steel division;
- the obligation on the part of Stalexport to sell its steel division at conditions deemed satisfactory by Autostrade, prior to transaction closing;
- necessary approvals by the antitrust authorities.

Following this second transaction, Autostrade will own 50% of the company plus one share, having invested a further €47 million.

Having acquired this stake as a result of the further capital increase, under Polish law Autostrade will be required to launch a public offer to purchase up to 66% of the company's share capital.

Autostrade intends that the company will continue to be quoted on the Warsaw Stock Exchange even after the public offer.

## HUMAN RESOURCES

At 30 September 2006 the Group's workforce totalled 9,342 (including 9,022 permanent staff and 320 temporary staff). During the first nine months of 2006 staff costs, including capitalised costs, totalled €418 million, marking an increase of 6.4% compared with the €393 million posted for the same period of 2005. This rise was due to extraordinary transactions (directors' fees, redundancy charges, etc.) and to the increase in the unit cost deriving from contract renewals in July 2005 (referring to the period 1 January 2004 to 31 December 2005) and June 2006 (referring to the period 1 January 2006 to 31 December 2007), as well as to the increase in the average workforce (up 21).

The Group's average headcount rose from 9,126 in the third quarter of 2005 to 9,147 in the corresponding period of 2006 (up 0.2%). The overall increase of 21 was the result of an increase in the average number of administrative staff (up 3.5%) and manual workers (up 5.2%) and a reduction in the number of toll collectors (down 4.3%).

In the first nine months of 2006, the average number of administrative staff and manual workers was affected by the increase in staff working for SPEA and Pavimental (up an average of 80) in that both companies are involved in carrying out the motorway expansion plan and maintenance works being implemented by Autostrade per l'Italia. The figure was further influenced by the transfer of Autostrade per l'Italia toll collectors to road service and maintenance activities within the framework of a plan to strengthen organisational structures during the year.

The drop in toll collection staff (down 158) is prevalently due to staff reductions in Strada dei Parchi and Autostrade per l'Italia (down a total of 180), for the above reasons, partially offset by the average increase in staff at Autostrade Meridionali and Tangenziale di Napoli (up a total of 30), following the settlement of disputes with a group of toll collectors hired on temporary contracts.

AUTOSTRADE GROUP: TOTAL WORKFORCE <sup>(1)</sup>

POSITION	30 Sept 2006	31 Dec 2005	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	167	161	6	+3.7
Middle managers	678	698	-20	-2.8
Administrative staff	3,268	3,285	-17	-0.5
Manual workers	1,639	1,642	-3	-0.2
Toll collectors	3,590	3,648	-58	+1.6
<b>Total</b>	<b>9,342</b>	<b>9,434</b>	<b>-92</b>	<b>-1.0</b>

AUTOSTRADE GROUP: PERMANENT STAFF

POSITION	30 Sept 2006	31 Dec 2005	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	165	159	6	+3.8
Middle managers	678	698	-20	-2.8
Administrative staff	3,064	2,998	66	+2.2
Manual workers	1,618	1,547	71	+4.6
Toll collectors	3,497	3,571	-74	-2.1
<b>Total</b>	<b>9,022</b>	<b>8,973</b>	<b>49</b>	<b>+0.5</b>

AUTOSTRADE GROUP: TEMPORARY STAFF

POSITION	30 Sept 2006	31 Dec 2005	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	2	2	0	0
Middle managers	0	0	0	0
Administrative staff	204	191	13	+6.8
Manual workers	21	95	-74	-77.9
Toll collectors	93	173	-80	-46.2
<b>Total</b>	<b>320</b>	<b>461</b>	<b>-141</b>	<b>-30.6</b>

AUTOSTRADE GROUP: AVERAGE WORKFORCE

POSITION	9M 2006	9M 2005	INCREASE/(DECREASE)	
			ABSOLUTE	%
Senior managers	165	162	3	+1.9%
Middle managers	685	696	-11	-1.6%
Administrative staff	3,148	3,042	106	+3.5%
Manual workers	1,638	1,557	81	+5.2%
Toll collectors	3,511	3,669	-158	-4.3%
<b>Total</b>	<b>9,147</b>	<b>9,126</b>	<b>21</b>	<b>+0.2%</b>

<sup>(1)</sup> Includes all staff at that date (full time, part time, permanent and temporary).

# MERGER OF AUTOSTRAD S.P.A. WITH AND INTO ABERTIS INFRASTRUTURAS S.A.

## PROGRESS ON THE PLANNED MERGER

On 30 June the Extraordinary General Meeting of Autostrade S.p.A.'s shareholders approved the plan of merger announced on 23 April, which envisages the merger of Autostrade S.p.A. with and into Abertis Infraestructuras S.A. (Abertis) and the concomitant listing of the shares of Abertis Infraestructuras S.A. on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A..

Given that the merger has implications for the European market, pursuant to art. 1 of EC Regulation 139/2004, on 18 August 2006 Autostrade S.p.A. and Abertis Infraestructuras S.A. formally reported the transaction to the European Commission.

On 22 September 2006 the European Commission approved the merger without placing any conditions.

In terms of relations with the Italian authorities, Council of State ruling no. 2719/2006 of 21 June 2006, which was requested by the Minister of Infrastructure, stated that the merger requires authorisation from ANAS and the approval of the Minister of Infrastructure and the Minister of the Economy and Finance. Autostrade S.p.A. and Autostrade per l'Italia S.p.A., in a letter dated 5 July 2006, thus formally requested Anas S.p.A. for authorisation to proceed with the merger, whilst reserving all rights and/or claims regarding the legitimacy and effectiveness of the procedure referred to in ruling no. 2719/2006.

Subsequently to this request, ANAS S.p.A., in a letter dated 5 August 2006, informed Autostrade S.p.A. and Autostrade per l'Italia S.p.A. that it was not in a position to grant authorisation, following the decisions of the Minister of Infrastructure and the Minister of the Economy and Finance, communicated to ANAS in a joint memo sent on 4 August 2006.

Specifically, ANAS explained that in the view of the two ministers the merger was not compatible or consistent with the aims of the concession agreement, or with the terms of the Group's privatisation, or with the commitments given in the Agreement of 1997 and subsequent addenda. In a letter dated 13 October 2006, ANAS then informed Autostrade S.p.A. and Autostrade per l'Italia S.p.A. that, with reference to the joint memo of 4 August drawn up by the Minister of Infrastructure and the Minister of the Economy and Finance, that the obstacle to the merger with Abertis, represented by the fact that the shareholder structure of merged company would include a construction company, following the entry into force of article 12, section 4 of Legislative Decree 262/2006, however stating that all the other obstacles to the merger put forward in the previous communications, and included in the letter of 5 August, remained.

On 18 October 2006 the European Commission reached the preliminary conclusion that Italy may have violated article 21 of the EU Merger Regulation because of unjustified obstacles placed in the way of the merger.

On the same day, 18 October 2006, Autostrade and its subsidiary, Autostrade per l'Italia, announced an appeal before Lazio Regional Administrative Court (TAR), against ANAS, requesting cancellation, with a prior injunction suspending application, of the ruling of 5 August by which ANAS denied its authorisation to proceed with Autostrade S.p.A.'s merger with and into Abertis, and of the related and consequent premises – with consequent recognition of the subjective right of the appellants to proceed with the merger without the requested authorisation. The appeal also requests the court to examine whether or not the measures contained in article 12 of Legislative Decree 262/2006 represent a violation of the subjective rights of the appellants, raising, under various aspects, the issue of the constitutional legitimacy of the above article 12. The appeal was lodged against ANAS, the Ministry of Infrastructure, the Ministry of Economy and Finance and the Presidency of the Council of Ministers. Abertis S.A. and Schemaventotto S.p.A. have lodged analogous appeals.

Subsequently, with a letter dated 27 October 2006, ANAS informed Autostrade S.p.A. and Autostrade per l'Italia S.p.A. that on 26 October it had received a communication from the Minister of Infrastructures and the Minister of the Economy and Finance stating that, in order to dispel any doubts expressed by the European Commission on 18 October 2006, the Ministers wished to clarify that the memo of 4 August 2006 has been rendered devoid of any legal effect. ANAS therefore announced that its communications of 5 August and 13 October 2006 are no longer valid of effective, specifying that Autostrade S.p.A. and Autostrade per l'Italia S.p.A. could re-activate the authorisation process begun on 5 July 2006.

On the same day, 27 October 2006, Autostrade S.p.A. and Autostrade per l'Italia S.p.A. responded to ANAS, clarifying the fact that, under their interpretation, the European Commission's assertion regarding the illegitimacy of the authorisation process also extended to the requirement to submit the merger to the prior authorisation of ANAS and the Minister of Infrastructures and the Minister of the Economy and Finance, requesting an explicit determination should ANAS be of a different opinion.

At the hearing of 30 October 2006, the Regional Administrative Court fixed the date for the discussion of the merits of the request for an injunction for 6 December 2006.

On 6 November 2006, Autostrade S.p.A. and Autostrade per l'Italia S.p.A. appealed ANAS's letter, dated 27 October, before the Regional Administrative Court, citing additional grounds for their appeal.

## PRE-EMPTIVE OFFERING TO SHAREHOLDERS OF SHARES FOR WHICH THE RIGHT OF WITHDRAWAL PURSUANT TO ART. 2437 OF THE ITALIAN CIVIL CODE HAS BEEN EXERCISED

On 8 September 2006 the offer period for the pre-emptive offering, to Autostrade shareholders who have not exercised their right of withdrawal, of 681,539 ordinary shares of Autostrade for which the right of withdrawal has been exercised, pursuant to art. 2437, section 1, letter c) of the Italian Civil Code, came to a close. The right of withdrawal arose as a result of a resolution passed by the Extraordinary General Meeting of 30 June 2006, approving the merger of Autostrade with and into Abertis Infraestructuras S.A., in that, the merger would require Autostrade to transfer its registered office abroad.

The withdrawal price to be paid to the holders of Autostrade shares, calculated in accordance with the provisions of art. 2437-ter, section 3 of the Italian Civil Code, was €21.31 per share. As a result of the exercise of option rights or pre-emptive rights, pursuant to art. 2437-quarter, section 3 of the Italian Civil Code, the offering ended with the allocation of all the shares offered.

Given the fact that the right of withdrawal is subject to implementation of the merger, the effectiveness of the merger is a condition precedent for the withdrawal right. Full payment of the shares purchased as a result of the above offering is, therefore, subject to effectiveness of the merger.

## EVENTS AFTER 30 September 2006

### LAW DECREE 262 OF 3 OCTOBER 2006

The text of the Law Decree approved by the Cabinet of Ministers on 29 September 2006 was published in the Official Gazette of 3 October 2006. Article 12 of the Decree, even in the version approved by the Lower House of Parliament, has significantly changed the key principles on which existing concession agreements between ANAS and motorway concessionaires are based. In a nutshell, article 12:

- envisages preparation, within one year, of a single agreement to which all motorway concessionaires must adhere in order to keep their concessions;
- introduces new criteria for tariff increases and, moreover, grants the Minister of Infrastructure and the Minister of the Economy and Finance power to approve any adjustments;
- makes motorway concessionaires responsible for selecting bids for contracts for the provision of works, goods and services and obliges them to submit the plans for calls for bids to ANAS for approval. It also decrees that bid committees are to be appointed by the Minister of Infrastructure;
- envisages the allocation of extra profits deriving from retail activities on motorway land;
- obliges motorway concessionaires to modify their articles of association to ensure that all directors meet the requirements for independence.

The Decree is waiting to be converted into law by the Senate.

In the light of the above, at this time it is not possible to quantify the impact on the results of operations and financial position of Autostrade Group concessionaires and companies resulting from approval of the above Law Decree and introduction of the envisaged changes to existing concession arrangements, due to the uncertainty surrounding the applicability of such rules..

### MERGER OF AUTOSTRAD S.P.A. WITH AND INTO ABERTIS INFRASTRUCTURAS S.A.

Information regarding progress made after 30 September 2006 on the planned merger of Autostrade S.p.A. with and into Abertis Infraestructuras S.A. is provided above.

### STRADA DEI PARCHI

Lazio Regional Administrative Court, in the sentence filed on 5 October 2006, upheld the appeal brought by Lazio Regional Authority against the Ministry of Infrastructures, ANAS and the Council of Ministers and in respect of Strada dei Parchi S.p.A. and Autostrade per l'Italia S.p.A., cancelling the toll increase of 5.87% applied from 1 January 2006 on the A24 and A25 motorways.

Briefly, the Regional Administrative Court held that, in approving the toll increase for 2006, ANAS had failed to carry out an adequate examination. Subsequently the Council of State, in a ruling filed on 8 October, upheld the request for an injunction presented by Strada dei Parchi S.p.A., suspending application of the above sentence issued by Lazio Regional Court.

Specifically, the Council of State has recognised that "on the basis of a preliminary judgement, usual as part of the precautionary stage, the grounds for the appeal – in terms of both procedure and merit – contain aspects deserving of a positive valuation, at least in part". The Council of State has also deemed that the sentence is gravely and irreparably damaging to Strada dei Parchi S.p.A..

As a result of the Council of State's ruling, tolls on the A24 and A25 motorways– which, following a formal request from ANAS, Strada dei Parchi S.p.A. had been reduced by 5.87% from 28 October 2006 - will be restored to their previous levels.

## PAYMENT OF AN INTERIM DIVIDEND FOR 2006

On 6 October 2006 the Board of Directors of Autostrade S.p.A. approved payment of an interim dividend of €0.2625 per share for 2006, amounting to a total of approximately €150 million. The dividend for 2006 was determined, within the limits set by article 2433-bis of the Italian Civil Code, on the basis of Autostrade S.p.A.'s accounts at 30 June 2006, prepared in accordance with IFRS, which present a net profit of €245 million, also taking account of the operating outlook.

The independent auditors, KPMG, issued an opinion pursuant to article 2433-bis of the Italian Civil Code.

The amount of €0.2625 per share, taking account of the plan of merger with Abertis Infraestructuras S.A., was determined also taking account of: (i) the distribution of a dividend of €0.25 per share for 2006; (ii) the exchange ratio established in the plan of merger approved by the general meetings of two companies on 30 June 2006; and (iii) the conditions applicable to Autostrade's shareholders following the merger, in such a way as not to alter the exchange ratio and not to compromise, in substance, the rights of Autostrade's shareholders following the merger as the result of payment of an interim dividend by Abertis. The different amounts of the interim dividends to be paid to Autostrade and Abertis shareholders actually reflects the exchange ratio, 1 Autostrade share for every 1.05 Abertis Class A shares. As a result, payment of the interim dividends has no effect on the ratio.

The interim dividend will be paid, gross of any withholding taxes required by law, from 23 November 2006, whilst the ex dividend date is 20 November 2006, in conformity with the Company's financial calendar, announced by Autostrade on 25 January 2006 in accordance with Borsa Italiana regulations (art. 2.6.2).

As regards any Autostrade shareholders who have exercised their right of withdrawal, the interim dividend will be paid to the purchasers of the shares as of the effective date of the merger, at the same time as the share exchange and allocation of Abertis Class A shares. In the event of the merger not taking place by 31 December 2006, the interim dividend will be paid to withdrawing shareholders, to whom, at the same time, the shares subject to the right of withdrawal will revert.

## ACQUISITION OF GEMINA'S INTEREST IN IMPREGILO BY IGLI

On 2 November IGLI S.p.A., a company in which Autostrade per l'Italia has a 20% stake, completed its acquisition of Gemina S.p.A.'s entire remaining interest (equal to 11.83%) in Impregilo S.p.A., a company listed on the Milan Stock Exchange.

As a result of this transaction, IGLI has raised its holding in Impregilo from 17.99% to 29.87%.

The price paid was €155 million. IGLI financed the acquisition via loan facilities made available via a syndicate of banks.

The transaction took place following IGLI's decision to exercise the call option provided for in the shareholder agreement entered into with Gemina on 14 April 2005. As a result of the exercise of this option the shareholder agreement between IGLI and Gemina is no longer valid.

## OUTLOOK

Forecasts for the current year indicate an improvement in the Group's operating performance compared with the previous year, taking into account the higher traffic volumes reported in the first half of 2006.

On the other hand, it is not currently possible to quantify the effects that approval of Law Decree 262/2006 will have on the financial position and operating performance of Group concessionaires and companies given the uncertainties as to how this legislation will be implemented.

BOOK

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