

# ANNUAL REPORT ON CORPORATE GOVERNANCE SYSTEM

## ANNUAL REPORT ON THE CORPORATE GOVERNANCE SYSTEM AND COMPLIANCE WITH THE CODE OF CONDUCT FOR LISTED COMPANIES FOR 2006

### SECTION I

#### AUTOSTRADe'S CORPORATE GOVERNANCE SYSTEM

Since 1999 Autostrade SpA has complied with the Code of Conduct for companies listed on the Italian Stock Exchange, as updated in 2002. The related recommendations are fully integrated into the Company's own Corporate Governance Code, except for those regarding a Nominations Committee, which has not been established, as specified below in Section III. The recommendations in Borsa Italiana's Code of Conduct were implemented by Autostrade SpA in 2006 via its own Corporate Governance Code. Details are provided in Section III of this report, which has been prepared in accordance with the guidelines issued by Emittenti Titoli and Assonime. The full text of Autostrade SpA's Corporate Governance Code, in the latest version dated December 2004, is available on the Company's web site: [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate).

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

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

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

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

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

Autostrade's share capital consists of 571,711,557 ordinary voting shares, with a par value of €1.00 each. At 31 December 2006, Schemaventotto SpA held 50.1% of all the shares outstanding, while the remaining 49.9% is widely held and traded on the stock market.

On the basis of disclosures to the CONSOB pursuant to article 120 of Legislative Decree no. 58/98, in addition to Schemaventotto SpA, at 31 December 2006, direct or indirect holders of voting shares in excess of 2% of the total outstanding included: Banca Popolare di Milano SCRL (4.323%), Amber Capital LP (2.094%) and JP Morgan Chase & Co. Corporation (3.296%).

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

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

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

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

The Regulations, which are available on the Company's web site at [www.autostrade.it/investor/corporate](http://www.autostrade.it/investor/corporate), outline the duties and responsibilities of both the Board of Directors and the Chief Executive Officer (CEO). The latter, in particular, is supported by, and chairs, the Management Committee, which includes the Group's General Manager and the heads of the Company's departments. This Committee is responsible for drawing up Group guidelines for the implementation of Board of Directors' resolutions, and for monitoring material events relating to achievement of the Group's budget targets.

The Group's management and coordination objectives and activities may be reviewed when decisions are taken as to whether or not the Group will comply with the aforementioned new Code of Conduct.

## SECTION II

### IMPLEMENTATION OF THE CODE OF CONDUCT PUBLISHED BY BORSA ITALIANA IN MARCH 2006

In early 2007 Autostrade SpA intends to take decisions regarding the new Code of Conduct for companies listed on the Italian Stock Exchange, published in March 2006.

In this regard, until December 2006, plans were underway for a merger between Autostrade SpA and Abertis Infraestructuras SA. Had the merger taken place, the above code would not have been applied to the new company, as this company would have been subject to Spanish regulations.

In view of the failure of the merger and the current process of restructuring Group companies, the Corporate Governance Code will be rewritten in such a way as to partially or wholly comply with the new Code of Conduct for companies listed on the Italian Stock Exchange. Sections of the Code of Ethics regarding compliance with Italian and foreign legislation will also be revised accordingly.

The above activities will be carried out over the coming months, following completion of the restructuring.

## SECTION III

### INFORMATION ON IMPLEMENTATION OF THE PROVISIONS OF THE CODE OF CONDUCT FOR LISTED COMPANIES (JULY 2002 VERSION)

Below, information is provided on the compliance of Autostrade's corporate governance system with the Code of Conduct for Listed Companies published by Borsa Italiana in 1999 and updated in July 2002.

#### 1. Board of Directors

##### Role

The Board of Directors is the corporate body responsible for the management of the Company, with full day-to-day and extraordinary powers in connection with its operations. The Board also manages and coordinates the Group's subsidiaries.

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

##### Duties and responsibilities

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

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

##### Composition

Until the General Meeting of 7 April 2006, which elected the new Board of Directors, Autostrade's Board of Directors had 14 members: Gian Maria Gros-Pietro, Chairman; Vito Gamberale, CEO; Gilberto Benetton; Amerigo Borrini; Roberto Cera; Sergio De Simoi; Piero Di Salvo; Antonio Fassone; Guido Ferrarini; Guidalberto Guidi; Gianni Mion; and Giuseppe Piaggio (the Director, Sabino Cassese resigned in November 2005 and no new Director was elected in his place).

The current Board of Directors, on the other hand, has fifteen members. At the General Meeting of 7 April 2006 the board elected the 15 Directors for the financial years 2006-2007-2008, based on the lists submitted by shareholders, in

accordance with the terms and conditions provided for by art. 20 of the Articles of Association, and published in national newspapers.

At the above General Meeting, 12 Directors were elected from the majority list submitted by Schemaventotto SpA, pursuant to article 20, paragraph a) of the Articles of Association: Gian Maria Gros-Pietro, Chairman; Vito Gamberale, CEO; Gilberto Benetton; Amerigo Borrini; Roberto Cera; Sergio De Simoi; Piero Di Salvo; Antonio Fassone; Giuseppe Guarino; Gianni Mion; and Giuseppe Piaggio.

The Director Giuseppe Guarino submitted his resignation by letter dated 2 May 2006 and was replaced on 12 May 2006 via the co-option of the General Manager, Giovanni Castellucci, who was to remain in office, pursuant to the provisions of art. 2386, section 1 of the Italian Civil Code, until the next General Meeting. At the same meeting, the Board elected Giovanni Castellucci as CEO, having, at a previous meeting on 2 May 2006, voted to revoke the powers assigned to Vito Gamberale by the Board on 7 April 2006 with just cause.

The Director, Vito Gamberale, thus resigned his position by letter dated 21 May 2006.

At the subsequent Ordinary General Meeting of 30 June 2006, the board thus elected Giovanni Castellucci and Luisa Torchia as Directors to replace Vito Gamberale and Giuseppe Guarino.

The Board of Directors' meeting held immediately after the General Meeting of 30 June 2006 then elected Giovanni Castellucci as Chief Executive Officer, a position he holds alongside his role as General Manager.

At the General Meeting of 7 April 2006 the board also elected three Directors from the minority list, pursuant to art. 20, section 11b) of the Articles of Association: Alberto Bombassei, Alberto Clò and Guido Ferrarini.

At the General Meeting of 7 April 2006 the board then also authorised the general and precautionary suspension of the ban on non-competition, pursuant to art. 2390 of the Italian Civil Code, for the Company's Directors, subject to the proviso that each Director will inform the Board of any activity carried out in competition with the Company.

The Board of Directors, therefore, consists of thirteen non-executive directors and two executive directors (the CEO and the Chairman).

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

Currently, non-executive directors include Messrs Alemany Mas, Benetton, Bombassei, Borrini, Cera, Clò, De Simoi, Di Salvo, Fassone, Ferrarini, Mion, Piaggio and Torchia.

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

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

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

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

#### **Activities in 2006**

In 2006 the Board of Directors of Autostrade SpA had 17 meetings, 3 of which held by the Board in office prior to the General Meeting of 7 April. The average attendance rate was approximately 94% (Table 1 shows the attendance rate of every Director in office).

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

The meetings of the Board of Directors were also attended by the Company's General Manager (before he took part as a Director), the Chief Financial Officer and the Investor Relations Manager, in accordance with the Corporate Governance Code.

In December 2006, the Company published its financial calendar for the 2007 financial year, which envisages 11 meetings of Autostrade's Board of Directors.

## 2. Executive Committee

In 2005, during the call for tenders for the privatisation of motorways in France, the Board - in order to keep sensitive information confidential and prevent potential conflicts of interest - deemed it opportune to confer special powers to some directors for the joint evaluation of the strategy to be implemented in the call for tenders. On 7 April 2006, via implementation of art. 28 of the Articles of Association, the Board decided to make this solution permanent by setting up the Executive Committee and conferring to it a series of powers solely regarding transactions to be carried out overseas. These powers include:

- drawing up plans for implementing the overseas strategies decided on by the Board;
- examining and approving participation in overseas tenders and initiatives, including on behalf of Group companies, and the related structure of transactions;
- examining and approving the establishment of companies, temporary consortia and other forms of consortia or similar entity in order take part in overseas initiatives;
- examining and approving financial transactions carried out for the purposes of taking part in overseas tenders and initiatives.

The Executive Committee consists of 5 Directors: the Chairman, CEO and the members by right, Directors Alberto Bombassei, Gianni Mion and Giuseppe Piaggio.

Since its incorporation, the Executive Committee has never met given that the Board of Directors dealt directly with foreign initiatives arising in 2006, also in the light of agreements reached during the merger process.

## 3. Chairman

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

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

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

## 4. Chief Executive Officer

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

In addition, the CEO:

- a) given the nature and size of the business, oversees the organizational, administrative and accounting systems of the Company as well as the Group's Organizational Model, reporting on their performance to the Board of Directors;
- b) constantly and continuously monitors the performance of the Company and Group companies;
- c) manages relations between the Company and institutional investors.

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

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

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

interest or an interest on behalf of third parties, or on transactions carried out in connection with management and coordination activities.

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

## 5. Committees

The Company has established all the committees recommended by the Code of Conduct for Listed Companies published by Borsa Italiana in 1999 and updated in July 2002, except the Nominations Committee for the reasons indicated below. As previously reported last year, a Consultative Committee for Public Service Functions has been set up to monitor compliance with the obligations set out in the concession arrangements entered into by the Group's motorway concessionaires. As described in further detail below, this Committee was transferred to the subsidiary, Autostrade per l'Italia, during 2006.

### Remuneration Committee

#### Role and composition

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

The Committee generally meets once every three months on the Chairman's initiative or, in any event, whenever necessary.

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

#### Activities

In 2006 the Committee held six meetings (Table 1 shows the attendance rates of Committee members) and adopted resolutions and prepared proposals on the following:

- determination of the criteria for devising the remuneration policy for the Autostrade Group's senior management and executives;
- guidelines and the related amounts for the remuneration of senior and middle managers in the Autostrade Group for 2006;
- determination of the criteria for the MBO plan for 2006 for the Group's senior management;
- determination of the criteria for calculating the final amounts to be paid to the Autostrade Group's senior management and executives under the MBO plan for 2005;
- determination of the amount to be paid to the former CEO of Autostrade and Chairman of Autostrade per l'Italia on leaving his position;
- definition of the criteria for determining the remuneration to be paid to the Chairman and the CEO of Autostrade/Autostrade per l'Italia SpA.

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

### Internal Control and Corporate Governance Committee

#### Role and composition

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

With reference to the composition of this Committee, the termination of the term of office of the previous Internal Control and Corporate Governance Committee coincided with termination of the Board of Directors elected for the financial years 2003-2005, timed to take place at the same time as the General Meeting held to approve the financial statements as of and for the year ended 31 December 2005 on 7 April 2006.

At its meeting of 7 April 2006, the Board of Directors elected to chose the new members of the Committee for the financial years 2006-2008, who are the same as those previously appointed.

As a result the members of the Internal Control and Corporate Governance Committee in 2006 remained unchanged with respect to the members previously in office. The members are thus the non-executive director, Giuseppe Piaggio (Chairman), the independent director, Piero Di Salvo and the independent director, Guido Ferrarini, who was elected by minority shareholders.

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

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

### Activities

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

- a business risk management project and the process of reorganising Internal Auditing;
- the engagement of an independent auditor;
- the Corporate Governance Report for 2005;
- periodic meetings with the independent auditors, KPMG, with regard to the latter's audit activities during the year, with particular reference to the 2005 financial statements and the interim financial statements as of and for the six months ended 30 June 2006;
- Internal Audit activities: the results for 2005; the plan for 2006; a list of the works carried out;
- related parties;
- updates to the "Procedure for Market Announcements" and "The Code of Conduct for Internal Dealing";
- the balance sheet and income statement at 31 March 2006 and 30 September 2006;
- the Post Audit Committee;
- KPMG's report on the pro-forma balance sheet, income statement and cash flow statement as of and for the year ended 31 December 2005;
- the settlement with the tax authorities;
- periodic reports on the activities of the Committee during 2006;
- the new Code of Conduct for listed companies;
- proposals for the Audit Plan for 2007-2009.

The members of the Committee also had an informal meeting on 12 October 2006 to discuss the post risk assessment action plan for 2006, along with the head of the Risk Management and Internal Control Unit, who reported on the activities in progress.

### Consultative Committee for Public Service Functions

The Corporate Governance Code requires the appointment of a Consultative Committee for Public Service Functions, which advises the Board of Directors of Autostrade SpA regarding the compliance of motorway subsidiaries with formal obligations arising from relations with ANAS, and any other matter deriving from their relations with public authorities. In performing its duties the Committee must issue an independent assurance regarding the conduct of Autostrade per l'Italia and the Group's other motorway concessionaires with respect to their fulfilment of the obligations laid down in the agreements with ANAS.

Considering the Committee's specific task, and as part of the updating of the entire corporate governance system, Autostrade SpA's Board of Directors has decided to relocate the Committee directly inside Autostrade per l'Italia.

Thus, in a meeting held on 21 July 2006, upon acceptance of the resignation of two of the Committee's three members, Mr. Ernesto Stajano and Mr. Angelo Piazza, it was decided to review Autostrade SpA's Corporate Governance Code, and, specifically to eliminate the Committee - which consisted of only one member, Mr. Manin Carabba, subsequent to the resignation of the previous two members - as a Corporate Governance body within Autostrade SpA and to reinstate it within Autostrade per l'Italia SpA.

Thus, in a meeting held on 6 October 2006, the Board of Directors of Autostrade per l'Italia SpA approved the creation of the Consultative Committee for Public Service Functions, composed of three members, Mr. Cesare Ruperto (Chairman), Mr. Andrea Monorchio and Mr. Manin Carabba, who are to remain in office until 31 December 2008.

The Consultative Committee for Public Service Functions, in the person of Mr. Manin Carabba, examined the investments carried out by Autostrade per l'Italia during the first half of 2006, and presented the related report on 15 July 2006.

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

Autostrade's Board of Directors did not, therefore, deem it necessary to appoint such a committee, considering that:

- such committee is appointed - though not as an obligation but merely as an option granted to the Board of Directors - to ensure, pursuant to article 7 of the Code of Conduct prepared by the Corporate Governance Committee for Listed Companies, the transparency of the selection procedure, a need that is fulfilled in Autostrade's case by the above article of the Articles of Association; and that
- based on past experience, Autostrade SpA's shareholders have never had a need to submit nomination proposals.

## 6. Board of Statutory Auditors

Until the General Meeting of 7 April 2006, the members of the Board of Auditors were: Alessandro Trotter, Chairman; Angelo Miglietta, Giovanni Quaglia, Raffaello Lupi and Marco Spadaccini, serving auditors; and Giuseppe Maria Cipolla and Giandomenico Genta, alternate auditors.

At their General Meeting of 7 April 2006 the Shareholders elected the Board of Statutory Auditors by list vote (which provides for the election of two serving auditors and one alternate auditor by minority shareholders) for the financial years 2006-2008. The following statutory auditors were elected by majority shareholders: Alessandro Trotter, Tommaso Di Tanno and Angelo Maglietta, serving auditors, and Giandomenico Genta, alternate auditor. The Chairman, Marco Spadaccini, the serving auditor, Raffaello Lupi, and the alternate auditor, Giuseppe Maria Cipolla, were elected by minority shareholders (pursuant to art. 148 of Legislative Decree, 58/1998, as subsequently amended by Law 262/2005).

All the statutory auditors in office meet the integrity and experience requirements provided for by the applicable laws. In particular, the Articles of Association prohibit the election or the inclusion on the lists of individuals who act as serving auditors in more than four issuers of securities listed on regulated markets, save for the subsidiaries of Autostrade SpA. Table 2 summarizes the positions held as director or statutory auditor of each member of the Board of Statutory Auditors in other companies listed on Italian regulated markets, in addition to their position in Autostrade SpA. Annex B lists such positions.

During 2006 the Board of Statutory Auditors of Autostrade SpA met 12 times (Table 2 shows the attendance rates for the Board of Statutory Auditors' meetings).

## 7. Independent auditors

KPMG SpA is the auditing firm responsible for auditing the separate and consolidated financial statements, periodic checks on accounting procedures, and reviewing the consolidated interim financial statements of Autostrade SpA for the financial years 2006-2011.

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

## 8. General Meetings

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

General Meetings are usually attended by all the directors.

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

Three meetings took place during 2006. The first was an Ordinary General Meeting held on 7 April 2006 in order to approve the financial statements as of and for the year ended 31 December 2005, to appoint the independent auditors, to authorise the purchase and sale of treasury shares, to determine the number and appointment of Directors and the Chairman, to elect the Board of Statutory Auditors and its Chairman. The second was an Ordinary and Extraordinary Meeting held on 30 June 2006, with the Extraordinary agenda regarding approval of the planned merger between Autostrade SpA and Abertis Infraestructuras SA and the Ordinary agenda regarding the election of new Directors. The third was an Ordinary General Meeting held on 13 December 2006 to distribute a special dividend, subject to the successful conclusion of the merger and not approved due to impediments to consummation of the merger.

## 9. Procedure for market announcements

The management of confidential information is the responsibility of the Chairman, in agreement with the CEO. The Company's Board of Directors, which had already approved the Procedure for Market Announcements in July 2004, responded to the reforms introduced by Law 262/2005 (so-called "Savings Law") and Law 62/2005 (so-called "European Union Law 2004") by approving a new procedure in March 2006.

This procedure governs communication of confidential information to the market on behalf of Autostrade SpA and Group companies (meaning subsidiaries either directly or indirectly controlled by the Group), as required by related legislation and by the provisions of art. 9 of the Corporate Governance Code and section 7 of the Group's Code of Ethics.

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

The procedure for market announcements is complemented and supplemented by the provisions of the Code of Conduct for Internal Dealing, the most recent version of which was also approved in March 2006 in implementation of the provisions pursuant to art. 114 paragraph 7 of Legislative Decree 58/1998 and articles 152 sexies, 152 septies and 152 octies of CONSOB Regulation 11971. The Code governs the disclosure requirements in respect of Autostrade SpA and the Market, relating to the purchase, sale, subscription or exchange of shares issued by Autostrade or financial instruments underlying the shares, where such transactions amount to a total of €5,000 per year.

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

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

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

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

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

To this end, the Board of Directors - also taking account of the related provisions of art. 71 bis of CONSOB Regulation 11971 of 14 May 1999 and subsequent amendments, CONSOB communication DEM/2064231 of 30 September 2002, and IAS 24 - approved the Procedure for Related Party Transactions in July 2004. This procedure will also be reviewed when decisions regarding compliance with the aforementioned new corporate governance code are taken.

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

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

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

Details of the related party transactions carried out by the Company during 2006 are provided in the paragraph on "Related party transactions" in the section "Autostrade SpA: financial review and other information" in the Management Report on Operations.

#### **11. Procedure for reporting to the Board of Statutory Auditors**

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

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

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

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

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

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

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

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

## 12. Internal Auditing

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

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

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

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

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

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

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

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

During 2006 senior management closely followed implementation of existing internal control systems via a project that, after 31 March 2006, led the Company, on the one hand, to focus on the most critical areas and, on the other, to set up a specific Risk Management and Internal Control Unit in July 2006. The Unit is responsible for identifying, managing and monitoring the Company's risks, and reports directly to the Chairman and CEO. During the second half of 2006 the Unit was engaged in implementation of the corrective actions set out in the "Action Plan" devised to improve the Internal Control System. This was done once the advisor had completed their work on the document.

## 13. Legislative Decree 231/2001 and the Autostrade Group

In 2006 Autostrade continued to analyse and adapt its organizational, management and control tools to the requirements of Legislative Decree 231/2001 and subsequent amendments. The Organizational, Management and Control Model adopted by Autostrade has in fact been implemented to take into account the requirements of Legislative Decree 61/02 and the new offences introduced by the Community Law of 2004 (Law 62/2005) in the area of market abuse, relying on the advice of expert criminal lawyers to prepare the relevant organizational protocols.

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

Autostrade's Supervisory Board, chaired by Renato Granata, Emeritus Chairman of the Constitutional Court and the First Honorary Adjunct Chairman of the Supreme Court, consists of the Company's General Counsel and the Head of the Internal Audit Department. In 2006 the Board met 12 times, to deal with the issues associated with legal changes and implementing the Action Plan for the monitoring and evaluation of the Organizational, Management and Control Model adopted by Autostrade.

In accordance with the Organizational Model, during 2006 Autostrade's Supervisory Board reported from time to time to the Board of Directors, the Board of Statutory Auditors and the independent auditors on the activities performed with regard to both updating of the Organizational, Management and Control Model - using the periodic information provided by the relevant department on changes to the Company's organisational structure and/or its organisational procedures - and the checks carried out, including with the aid of the Internal Audit Department.

With regard to Group companies, the respective Supervisory Boards, in keeping with the steps taken by the Parent Company's Supervisory Board, have implemented their own action plans to monitor and assess the adequacy of the Organizational, Management and Control Models adopted in each case.

The Parent Company's Internal Audit Department performed all the planned audits and periodic reports on the supervisory activities carried out during the reference periods have been prepared and submitted to the relevant boards of directors, boards of statutory auditors and independent auditors.

#### 14. Investor relations

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

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

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

Periodic and extraordinary mandatory disclosures occur through:

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

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

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

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

Table 1: Structure of the Board and Committees

Position	Members	Board of Directors			[2]	No. of other positions [2]	Internal control and Corporate Governance Committee		Remuneration Committee	
		executive	non executive	independent			[3]	[1]	[3]	[1]
Chairman (**)	GROS-PIETRO Gian Maria	X			100	5				
CEO (**)	CASTELLUCCI Giovanni [4]	X			100	8				
Director	ALEMANY MAS Salvador		X		82	7				
Director	BENETTON Gilberto		X		100	10				
Director (*) (**)	BOMBASSEI Alberto		X	X	86	3				
Director	BORRINI Amerigo		X		82	20			X	83
Director	CERA Roberto		X		100	3				
Director (*)	CLÒ Alberto		X	X	88	4			X	100
Director	DE SIMOI Sergio		X		100	6				
Director	DI SALVO Piero		X	X	94	2	X		92	
Director	FASSONE Antonio		X		100	2				
Director (*)	FERRARINI Guido		X	X	88	2	X		100	
Director (**)	MION Gianni		X		100	11			X	100
Director (**)	PIAGGIO Giuseppe		X		100	4	X		100	
Director	TORCHIA Luisa [5]		X		86	2				

A Nominations Committee is not provided for in Autostrade SpA's Corporate Governance Code, given that, in accordance with the Articles of Association, election of the Board of Directors takes the form of a transparent procedure (a vote list).

Autostrade SpA's Corporate Governance Code provides for the establishment of a Consultative Committee for Public Service Functions which, given that its role is to give advice to the Board of Directors, does not consist of directors. In July 2006, Autostrade SpA's Board of Directors approved the revision of Autostrade's Corporate Governance Code, eliminating the committee from Autostrade SpA's Corporate Governance bodies, and transferring it to Autostrade per l'Italia SpA.

No. of meeting of the BoD before the AGM of 7 April 2006:	3
Internal control and Corporate Governance Committees:	13
Remuneration Committees:	6
No. of meeting of the BoD elected by shareholders on 7 April 2006:	14

Note:

(\*) This symbol indicates that the director has been elected to represent minority shareholders.

(\*\*) This symbol indicates that the director is a member of the Executive Committee.

[1] This column shows the percentage attendance of directors at Board and Committee meetings, respectively. This percentage takes account of the fact that some directors were also members before the General Meeting of 7 April 2006

[2] This column shows the number of directorships or positions as a statutory auditor held by the director in other listed Italian or overseas companies, financial companies, banks, insurers or companies of significant size.

[3] The "X" in this column indicates that the director is a member of the Committee.

[4] Director co-opted on to the Board of Directors on 12 May 2006 in place of Giuseppe Guarino, who resigned as a director on 2 May 2006, and elected by the Ordinary General Meeting of 30 June 2006.

[5] Elected by the Ordinary General Meeting of 30 June 2006.

Table 2: Structure of the Board of Statutory Auditors

Position	Members	Percentage attendance at meetings of Board of Statutory Auditors (1)	No. of other positions (2)
Chairman (*)	SPADACINI Marco	100	5
Auditor	DI TANNO Tommaso	63	2
Auditor (*)	LUPI Raffaello	75	-
Auditor	MIGLIETTA Angelo	92	1
Auditor	TROTTER Alessandro	100	3
Alternate Auditor (*)	CIPOLLA Giuseppe Maria	-	-
Alternate Auditor	GENTA Giandomenico	-	1
Number of meetings of the Board before the General Meeting of 7 April 2006:		4	
Number of meetings of the Board elected by the General Meeting of 7 April 2006:		8	
The right to submit lists is only granted to shareholders who alone or with other shareholders represent at least 1% of the voting shares at Ordinary General Meeting (art. 32 of the Articles of Association)			

Note  
 (\*) An asterisk indicates that the auditor has been elected to represent minority shareholders.  
 (1) This column shows the percentage attendance of auditors at meetings of the Board of Statutory Auditors. This percentage takes account of the fact that some auditors were also members of the Board before the General Meeting of 7 May 2006.  
 (2) This column shows the number of directorships or positions as an auditor held by the statutory auditor in other listed Italian companies.

Table 3: Other provisions of the corporate governance code

	YES	NO	Short description of reasons for deviation from Code recommendations
<b>System of powers and related party transactions</b>			
Has the Board attributed powers setting:			
a) any limits	X		none
b) any procedures for exercising them	X		none
c) any frequency for reporting?	X		none
Has the Board kept the prerogative to review transactions with a significant impact on the results of operations, the financial position and cash flows (including related party transactions)?	X		none
Has the Board set guidelines and criteria for identifying "significant" transactions?	X		none
Are the above guidelines and criteria described in the annual report?	X		none
Has the Board defined specific procedures for examining and approving related party transactions?	X		none
Are the procedures for the approval of related party transactions described in the annual report?	X		none
<b>Procedure of the most recent appointment of directors and statutory auditors</b>			
Were the names of candidates for election to the Board of Directors filed at least ten days in advance?	X		none
Was exhaustive information provided on the background of candidates for election to the Board of Directors?	X		none
Did candidates for election to the Board of Directors submit information regarding their suitability to qualify as independent?	X		none
Were the names of candidates for the Board of Statutory Auditors filed at least ten days in advance?	X		none
Was exhaustive information provided on the background of candidates for the Board of Statutory Auditors?	X		none
<b>General Meetings</b>			
Did the Company implement General meeting Regulations?	X		none
Are these Regulations attached to the annual report (or are instructions provided on where they can be obtained/downloaded)	X		none
<b>Internal Control</b>			
Did the Company appoint a person to take charge of internal controls?	X		none
Do these persons report to managers other than operational managers?	X		none
Organizational unit in charge of internal control (under article 93 of the Code)			Internal audit department
<b>Investor Relations</b>			
Did the company appoint a head of Investor Relations?	X		none
Organizational unit and details (address/telephone/fax/e-mail) of the head of investor relations			Massimo Sonego - Via A. Bergamini, 50 - 00159 Rome (I) Tel./fax: 06 4363 4789 - Mail: info.ir@autostrade.it

## Annex A

## List of other positions held by the directors in other Italian and foreign companies listed on regulated markets, and in financial, banking, insurance or large companies

DIRECTOR	OTHER POSITIONS
GROS-PIETRO Gian Maria	Chairman of Autostrade per l'Italia SpA Chairman of Perseo SpA Director of Edison SpA Director of Fiat SpA
CASTELLUCCI Giovanni	Director of SEAT Pagine Gialle SpA CEO of Autostrade per l'Italia SpA CEO of Autostrade Sud America Srl Vice Chairman of Autostrade del Brennero SpA Director of Autovie Venete SpA Director of Strada dei Parchi SpA Director of Autostrada Torino-Savona SpA Director of IGLI SpA Director of Impregilo SpA
ALEMANY MAS Salvador	Chairman of Acesa Italia Srl Chairman and CEO of Autopistas Concessionaria Española SA CEO of Abertis Infraestructuras SA Sole Director of Castellana de Autopistas SA Concessionaria del Estrado Sole Director of Autopistes de Catalunya SA Concessionaria de la Generalitat de Catalunya Aucat SA Director of Iberpistas SA Concessionaria del Estado Director of Schemaventotto SpA
BENETTON Gilberto	Chairman of Autogrill SpA Chairman of Edizione Holding SpA Chairman of Sintonia SpA Vice Chairman of Olimpia SpA Vice Chairman of Telecom Italia SpA Director of Aldeasa SA Director of Benetton Group SpA Director of Lloyd Adriatico SpA Director of Mediobanca SpA Director of Pirelli & C. SpA Director of Schemaventotto SpA
BOMBASSEI Alberto	Chairman of Brembo SpA Director of Italcementi SpA Director of Pirelli & C. SpA
BORRINI Amerigo	Chairman of Banca Generali Fiduciaria SIM Chairman of Generali Horizon Director of Autovie Venete SpA Director of Banca Generali Director of BSI Generali Bank Director of Finanziaria Internazionale Alternative Investment SGR Director of Finanziaria Internazionale Holding Director of Flandria Director of Generali Asset Management SGR Director of Generali Investment Luxembourg SA Director of Generali Investment Ltd (IRL) Director of Generali Finance B.V. (NL) Director of Generali Vita Director of Genertel Director of Graafshap Holland N.V. (NL) Director of Premuda SpA Director of Save - Aeroporto di Venezia Marco Polo Director of Toro Assicurazioni Director of Transocean Holding Corporation Director of Genirland

**DIRECTOR**

CERA Roberto

**OTHER POSITIONS**

Director of Autostrade per l'Italia SpA

Director of Beni Stabili SpA

Director of Schemaventotto SpA

CLÒ Alberto

Director of ASM Brescia SpA

Director of De Longhi SpA

Director of ENI SpA

DE SIMOI Sergio

Director of Italcementi SpA

Director of Autogrill SpA

Director of Edizione Finance International SA

Director of Schemaventotto SpA

Director of Sintonia SpA

Director of 21 Investimenti SpA

Director of 21 Investimenti Partners SpA

Serving Statutory Auditor of Olimpia SpA

DI SALVO Piero

Chairman of Autostrade Meridionali SpA

Chairman of the Board of Statutory Auditors of 3C SpA

FASSONE Antonio

Director of Schemaventotto SpA

Director of Fondazione Cassa di Risparmio di Torino

FERRARINI Guido

Chairman of TLX SpA

Director of Telecom Italia SpA

MION Gianni

CEO of Edizione Holding SpA

CEO of Sintonia SpA

Director of Aeroporti di Roma SpA

Director of Autogrill SpA

Director of Benetton Group SpA

Director of Cartiere Burgo SpA

Director of Luxottica Group SpA

Director of Olimpia SpA

Director of Schemaventotto SpA

Director of Telecom Italia SpA

Director of 21 Investimenti SpA

PIAGGIO Giuseppe

Chairman of Schemaventotto SpA

Director of Autostrade per l'Italia SpA

Director of Fondazione Cassa di Risparmio di Torino

Director of IGLI SpA

Director of Impregilo SpA

TORCHIA Luisa

Director of ACEA SpA

Director of Cassa Depositi e Prestiti