

Offering Circular



(incorporated as a joint stock company in the Republic of Italy)

Unconditionally and irrevocably guaranteed by Autostrade per l'Italia S.p.A.
Autostrade Participations S.A.

(incorporated with limited liability (société anonyme) in the Grand-Duchy of Luxembourg with Luxembourg Register of Commerce and Companies number B 16908)

Unconditionally and irrevocably, jointly and severally, guaranteed by
Autostrade per l'Italia S.p.A. and Autostrade S.p.A.

€10,000,000,000

Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the "Programme"), Autostrade S.p.A. ("Autostrade" and an "Issuer") and Autostrade Participations S.A. ("Autostrade Participations" and an "Issuer" and together with Autostrade, the "Issuers") may, from time to time, subject to compliance with all applicable laws, regulations and directives, issue debt securities in either bearer or registered form (respectively, "Bearer Notes" and "Registered Notes" and together, the "Notes") to be unconditionally and irrevocably guaranteed, in the case of Notes issued by Autostrade, by Autostrade per l'Italia S.p.A. ("Autostrade Italia" and a "Guarantor") and, in the case of Notes issued by Autostrade Participations, by Autostrade Italia and Autostrade (each a "Guarantor" and together, the "Guarantors").

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €10 billion (or the equivalent in other currencies).

The Notes may be issued on a continuing basis to one or more of the Dealers defined below or any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together, the "Dealers"). References in this Offering Circular to the relevant Dealer, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, shall be to all Dealers agreeing to subscribe for such Notes.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be listed on the Luxembourg Stock Exchange ("Luxembourg Listed Notes"). Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Summary of the Programme and Terms and Conditions of the Notes") of Notes issued under the Programme will be set out in a pricing supplement in the form set out herein (each, a "Pricing Supplement"). With respect to Luxembourg Listed Notes, the applicable Pricing Supplement will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be admitted to listing on such other or further stock exchanges as may be agreed upon by and between the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer. The Issuers may also issue unlisted Notes.

Investing in the Notes involves risks. Please see the section entitled "Risk Factors" beginning on page 6.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any State or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Bearer Notes, delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S") in the case of Registered Notes, or as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder in the case of Bearer Notes). See "Form of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer. See "Subscription and Sale and Transfer and Selling Restrictions".

Bearer Notes will be represented on issue by a temporary global note in bearer form (each a "Temporary Bearer Global Note") or a permanent global note in bearer form (each a "Permanent Bearer Global Note"). Registered Notes will be represented by registered certificates (each a "Certificate", which term shall include where appropriate registered certificates in global form), one Certificate being issued in respect of each registered Noteholder's entire holding of Registered Notes of one Series (as defined under "Summary of the Programme and Terms and Conditions of the Notes"). Global Notes and Certificates may be deposited on the Issue Date (as defined herein) with a common depository on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Certificates representing Notes resold pursuant to Rule 144A under the Securities Act ("Rule 144A") may be deposited on the Issue Date with a custodian on behalf of The Depository Trust Company ("DTC"). The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive IAI Registered Notes (as defined herein) are described in "Form of the Notes".

The relevant Issuer and the relevant Guarantor(s) may agree with any Dealer that Notes may be issued in a form not contemplated by the terms and conditions of the Notes set out herein (the "Conditions"), in which event a supplement to this Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to the Notes.

Arrangers

Barclays Capital
Mediobanca S.p.A.

Goldman Sachs International
UBM-UniCredit Banca Mobiliare

Dealers

Barclays Capital
Goldman Sachs International
Lehman Brothers
Merrill Lynch International

Calyon, Corporate and Investment Bank
Invercaixa Valores S.V., S.A.
Mediobanca S.p.A.
UBM-UniCredit Banca Mobiliare

The date of this Offering Circular is 1 June 2004.



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NOTICE TO INVESTORS

Each of the Issuers and each of the Guarantors, having made all reasonable enquiries, confirms that this document contains all information with respect to itself, Autostrade and its subsidiaries and affiliates taken as a whole (Autostrade, together with its consolidated subsidiaries, the "Group") and the Notes which is material in the context of the issue and offering of the Notes, that the statements contained in it relating to each of the Issuers, the Guarantors and the Group are in every material particular true and accurate and not misleading, that the opinions and intentions expressed in this document with regard to each of the Issuers, each of the Guarantors and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts in relation to the Issuers, the Guarantors, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this document misleading in any material respect and that all reasonable enquiries have been made by each of the Issuers and the Guarantors to ascertain such facts and to verify the accuracy of all such information and statements. Each of the Issuers and the Guarantors accepts responsibility accordingly for the information contained in this Offering Circular.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. See "Incorporation by Reference" below. This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

None of the Dealers or J.P. Morgan Corporate Trustee Services Limited (the "Trustee") has separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Dealers or the Trustee as to the accuracy or completeness of this Offering Circular or any further information supplied in connection with the Programme or the Notes or their distribution. None of the Dealers or the Trustee accepts any liability in relation to this Offering Circular or any document incorporated by reference in this Offering Circular or the distribution of any such document or with regard to any other information supplied by, or on behalf of, any of the Issuers or the Guarantors. Each investor contemplating purchasing Notes must make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer, the relevant Guarantor(s) and the Group.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, Guarantors, Arrangers or Dealers.

Neither the delivery of this Offering Circular, nor the offering, sale or delivery of any Notes shall in any circumstances create any implication that, since the date of this Offering Circular, there has not been any change, or any development or event, which is materially adverse to the condition (financial or otherwise), prospects, results of operations or general affairs of the relevant Issuer, the relevant Guarantor(s) or the Group. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of any of the Issuers, the Guarantors or the Group during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published financial statements of the relevant Issuer and the relevant Guarantor(s) when deciding whether or not to purchase any Notes.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuers, the Guarantors, the Dealers or the Trustee represents that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any of the Issuers, the Guarantors, the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations, and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons who obtain this Offering Circular or any Notes must inform themselves about and observe any such restrictions. In particular,

there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Italy, Luxembourg, The Netherlands and Japan. For a description of these and certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see “Subscription and Sale and Transfer and Selling Restrictions” below.

This Offering Circular has not been submitted to the clearance procedure of Commissione Nazionale per le Società e la Borsa (“CONSOB”) and may not be used in connection with any offering of the Notes in Italy other than to professional investors, as defined by applicable Italian securities laws and regulations.

This Offering Circular has been prepared by the Issuers and the Guarantors for use in connection with the offer and sale of Notes in reliance upon Regulation S outside the United States to non-U.S. persons and, with respect to Registered Notes only, within the United States in reliance upon Rule 144A to QIBs (as defined under “Form of the Notes”) or in transactions otherwise exempt from registration. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted. Prospective purchasers of the Notes are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The Notes and the Guarantees have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”), any State securities commission in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together the “Legended Notes”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “Subscription and Sale and Transfer and Selling Restrictions”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “Form of the Notes”.

The information set out in the sections of this Offering Circular describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and DTC, in each case as currently in effect. The information in such sections concerning these clearing systems has been obtained from sources that the Issuers and the Guarantors believe to be reliable, but neither the Issuers nor the Guarantors take any responsibility for the accuracy of such information. If you wish to use the facilities of any of the clearing systems you should confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuers or the Guarantors will be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes of a Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on such stabilising manager or any person acting for it to do so. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. All such transactions will be carried out in accordance with all applicable laws and regulations.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATIONS INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, each of the Issuers and the Guarantors has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and neither the relevant Issuer nor the relevant Guarantor(s) is either a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

INCORPORATION BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the articles of association of each of the Issuers and the Guarantors;
- (b) the most recently published and any future published audited annual consolidated financial statements and the most recently published and any future published unaudited consolidated interim financial statements of Autostrade;
- (c) the most recently published and any future published audited annual non-consolidated financial statements and the most recently published and any future published unaudited non-consolidated interim financial statements of Autostrade;
- (d) the most recently published and any future published audited annual financial statements of Autostrade Participations;
- (e) the most recently published and any future published audited annual financial statements of Autostrade Italia;
- (f) all supplements or amendments to this Offering Circular circulated by the Issuers from time to time in accordance with the provisions of the Dealer Agreement (as defined below); and
- (g) any applicable Pricing Supplement prepared in respect of any Notes issued under the Programme,

except that any statement modified herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Each of the Issuers and the Guarantors will provide, at the specified offices of the Paying Agents, without charge, upon the oral or written request of any such person, a copy of any or all of the documents incorporated herein by reference (except for Pricing Supplements in respect of Notes that are not listed) unless such documents have been modified or superseded as specified above. Written or oral requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the listing agent in Luxembourg.

The Issuers and the Guarantors will, in connection with the listing of Luxembourg Listed Notes, so long as any Luxembourg Listed Note remains outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of any of the Issuers or the Guarantors which is not reflected in this Offering Circular, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Luxembourg Listed Notes. If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as supplemented, materially inaccurate or misleading, a new Offering Circular shall be prepared.

Each of the Issuers and the Guarantors has given an undertaking to the Dealers, *inter alia*, that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular the inclusion of which would reasonably be required by investors and their professional advisers and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of any of the Issuers or the Guarantors, and the rights attaching to the Notes, the Issuers shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact included in this Offering Circular regarding the Group's business financial condition, results of operations and certain of the Group's plans, objectives, assumptions, expectations or beliefs with respect to these items and statements regarding other future events or prospects, are forward-looking statements. These statements include, without limitation, those concerning: the Group's strategy and the Group's ability to achieve it; expectations regarding revenues, profitability and growth; plans for the launch of new services; the Group's possible or assumed future results of operations; research and development, capital expenditure and investment plans; adequacy of capital; and financing plans. The words "aim", "may", "will", "expect", "anticipate", "believe", "future", "continue", "help", "estimate", "plan", "intend", "should", "could", "would", "shall" or the negative or other variations thereof as well as other statements regarding matters that are not historical fact, are or may constitute forward-looking statements. In addition, this Offering Circular includes forward-looking statements relating to the Group's potential exposure to various types of market risks, such as foreign exchange rate risk, interest rate risks and other risks related to financial assets and liabilities. These forward-looking statements have been based on the Group's management's current view with respect to future events and financial performance. These views reflect the best judgment of the Group's management but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in such forward-looking statements and from past results, performance or achievements. Although the Group believes that the estimates reflected in the forward-looking statements are reasonable, such estimates may prove to be incorrect. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-thinking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements. None of the Issuers, the Guarantors or the Group undertakes any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof. Prospective purchasers are also urged carefully to review and consider the various disclosures made by the Issuers, the Guarantors and the Group in this Offering Circular which attempt to advise interested parties of the factors that affect the Issuers, the Guarantors, the Group and their business, including the disclosures made under "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Business Description of the Group".

Neither the Issuers nor the Guarantors intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuers or the Guarantors or persons acting on their behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Offering Circular. As a result of these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

ENFORCEMENT OF CERTAIN CIVIL LIABILITIES

Autostrade and Autostrade Italia are joint stock companies (*Società per Azioni* or S.p.A.) organised under the laws of Italy, and Autostrade Participations is a public company limited by shares (*société anonyme*) incorporated under the laws of the Grand-Duchy of Luxembourg ("Luxembourg"). Their respective directors and executive officers are and are expected to be non-residents of the United States, and all or a substantial portion of their respective assets is or is expected to be located outside the United States. As a result, investors may not be able to effect service of process on such persons or those companies within the United States or to enforce against them or such companies in the U.S. courts judgments obtained in such courts, whether or not any such judgment was based on the civil liability provisions of the U.S. federal or state securities laws of the United States.

The Issuers and the Guarantors have been advised by their counsel that in original actions brought before courts in the Republic of Italy ("Italy" or the "State") or Luxembourg, as the case may be, there is doubt as to the viability of causes of action based solely on the U.S. federal securities laws and that in original actions Italian and Luxembourg courts not only apply Italian and Luxembourg rules of civil procedure but also apply certain substantive provisions of Italian and Luxembourg law that are regarded as mandatory.

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Group's business contained in this Offering Circular consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Group's knowledge of its sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Group to rely on internally developed estimates. While the Group has compiled, extracted and, to the best of its knowledge, correctly reproduced market or other industry data from external sources, including third parties or industry or general publications, neither the Group nor the initial purchasers have independently verified that data. The Group cannot assure investors of the accuracy and completeness of, and takes no responsibility for, such data other than the responsibility for the correct and accurate reproduction thereof. Similarly, while its internal estimates are reasonable, they have not been verified by any independent sources and the Group cannot assure investors as to their accuracy.

EXCHANGE RATE INFORMATION

The following chart shows, for the period from 1 January 1999 through 24 May 2004, the average, high and low noon buying rates in the City of New York for cable transfers of euro as certified for customs purposes by the Federal Bank of New York expressed as U.S. dollars per euro (the "noon buying rate"). The noon buying rate on 24 May 2004, was \$1.20 per euro. The euro did not exist as a currency prior to 1 January 1999.

Year	Low	High	Average(*)	Period End
(U.S. dollars per euro)				
1999.	1.01	1.18	1.06	1.01
2000.	0.83	1.03	0.92	0.94
2001.	0.84	0.95	0.90	0.89
2002.	0.86	1.05	0.95	1.05
2003.	1.04	1.26	1.13	1.26
2004 (through 24 May)	1.18	1.29	1.23	1.20

* The average of the noon buying rates in the City of New York for cable transfers of euro as certified for customs purposes by the Federal Reserve Bank of New York on the last day of each month.

PRESENTATION OF FINANCIAL AND OTHER DATA

Unless otherwise indicated, references in this Offering Circular to "euro" or "Euro" or "€" are to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time; references to "ITL", "Lit.", and "Lire" are to the former currency of Italy; references to "LFR" are to the former currency of Luxembourg; and references to "U.S. Dollar(s)", "Dollar(s)" and "\$" are to the currency of the United States.

The Group prepares its financial statements in euro.

The consolidated financial statements of the Group contained in this Offering Circular were derived from those prepared for Italian legal and statutory purposes in accordance with the rules and regulations governing the preparation of financial statements in Italy, as interpreted by, and integrated with, the accounting principals established by the *Consiglio Nazionale dei Dottori Commercialisti* and the *Consiglio Nazionale dei Ragionieri*, the Italian accounting profession ("Italian Accounting Principles"). Where Italian Accounting Principles are silent, the Group applies International Financial Reporting Standards ("IFRS", or formerly "IAS"). There are significant differences between Italian Accounting Principles and IFRS and between Italian Accounting Principles and accounting principles generally accepted in the United States ("U.S. GAAP"). Certain material differences between Italian Accounting Principles and U.S. GAAP as they relate to the Group are discussed in "Annex A — Summary of Certain Significant Differences Between Italian Accounting Principles and U.S. GAAP".

The financial information included in this Offering Circular is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the presentation of U.S. GAAP financial information (or the reconciliation of the Group's financial information to U.S. GAAP) and the modification or exclusion of certain financial measures and the presentation of certain other information not included herein or the exclusion of certain information presented herein.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuers may, from time to time, issue Notes denominated in any currency and with any maturity, subject to the terms more fully set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed upon by and between the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “Form of the Notes”.

This Offering Circular and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount of the Notes which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €10 billion or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the first preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of euro against the purchase of such Specified Currency in a foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation;
- (b) the euro equivalent of Partly Paid Notes and Amortising Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the euro equivalent of other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME AND THE TERMS AND CONDITIONS OF THE NOTES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined or used in “Terms and Conditions of the Notes” below shall have the same meanings in this summary. The relevant Issuer and the relevant Guarantor(s) may agree with any Dealer that Notes may be issued in a form other than that contemplated in “Terms and Conditions of the Notes” herein, in which event (in the case of Luxembourg Listed Notes only) a supplement to the Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Issuers	Autostrade S.p.A. and Autostrade Participations S.A.
Guarantors	Autostrade per l'Italia S.p.A. (in respect of Notes issued by Autostrade S.p.A.) and Autostrade per l'Italia S.p.A. and Autostrade S.p.A. (which guarantees shall be joint and several) (in respect of Notes issued by Autostrade Participations S.A.).
Description.	Global Medium Term Note Programme.
Size	Up to €10 billion (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuers and the Guarantors may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arrangers	Barclays Bank PLC Goldman Sachs International Mediobanca — Banca di Credito Finanziario S.p.A. UniCredit Banca Mobiliare S.p.A.
Dealers.	Barclays Bank PLC Calyon Goldman Sachs International Invercaixa Valores S.V., S.A. Lehman Brothers International (Europe) Mediobanca — Banca di Credito Finanziario S.p.A. Merrill Lynch International UniCredit Banca Mobiliare S.p.A.
	The Issuers and the Guarantors may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee.	J.P. Morgan Corporate Trustee Services Limited.
Issuing and Paying Agent	JPMorgan Chase Bank, London branch.
Paying Agents and Transfer Agents	JPMorgan Chase Bank, London branch, JPMorgan Chase Bank, New York branch and J.P. Morgan Bank Luxembourg S.A.
Registrar	J.P. Morgan Bank Luxembourg S.A.
Method of Issue	Notes may be issued on a syndicated or a non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each

Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “Pricing Supplement”).

Currencies Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, New Zealand dollars, sterling, Swedish kronor, Swiss francs, United States dollars and Japanese yen.

Certain restrictions Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale and Transfer and Selling Restrictions”) including the following restrictions applicable at the date of this Offering Circular.

Notes with a maturity of less than one year

Notes having a maturity of less than one (1) year will, if the proceeds of their issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “Subscription and Sale and Transfer and Selling Restrictions”.

Redenomination The applicable Pricing Supplement may provide that Notes may be redenominated into euro.

Maturities Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month.

Issue Price Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes The Notes will be issued in bearer or registered form as described in “Form of the Notes”. Registered Notes will not be exchangeable for Bearer Notes and vice versa.

Fixed Rate Notes Fixed interest will be payable on the date or dates specified in the applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer may agree.

Floating Rate Notes Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant specified currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service

	or on such other basis as may be agreed between the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer (as indicated in the applicable Pricing Supplement). The Margin (if any) relating to such floating rate will be specified in the applicable Pricing Supplement.
Index Linked Notes	Payments in respect of interest on Index Linked Interest Notes or in respect of principal on Index Linked Redemption Amount Notes will be calculated by reference to such index and/or formula or to such other factors as the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer may agree.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes . . .	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer, will be payable on the Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the basis of the Day Count Fraction so specified.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Pricing Supplement.
Zero Coupon Notes.	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption	The applicable Pricing Supplement will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement. The applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments in such amounts and on such dates as indicated in it. Notes having a maturity of less than one (1) year may be subject to restrictions on their denomination and distribution, see "Certain restrictions — Notes with a maturity of less than one year" above.
Noteholders' Put Option	In addition to any put option indicated in the applicable Pricing Supplement, Notes will be redeemable prior to maturity at the option of the Noteholders in the event that (a) the Autostrade Italia Concession or the 1997 Concession Agreement (each as defined herein) is terminated or revoked in accordance with its terms or for public interest reasons; or (b) a ministerial decree has been enacted granting to another person the Autostrade Italia Concession; or (c) it becomes

unlawful for Autostrade Italia to perform any of the material terms of the 1997 Concession Agreement; or (d) the Autostrade Italia Concession is declared by the competent authority to cease before the Maturity Date; or (e) the Autostrade Italia Concession ceases to be held by Autostrade Italia or any successor resulting from a Permitted Reorganisation (all such terms as defined in Condition 10 (Events of Default)); or (f) the Autostrade Italia Concession is amended in a way which has a Material Adverse Effect (as defined in Condition 10 (Events of Default)). See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.

Denomination of Notes.	Notes will be issued in such denominations as may be specified in the applicable Pricing Supplement save that the minimum denomination of each issue of Notes will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency. See “Certain restrictions — Notes with a maturity of less than one year” above.
Withholding Tax	All payments of principal and interest in respect of Notes issued by Autostrade shall be made free and clear of, and without any withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Italy, unless such withholding or deduction is required by law, and all payments of principal and interest in respect of Notes issued by Autostrade Participations shall be made free and clear of, and without any withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Luxembourg and Italy, unless such withholding or deduction is required by law. In such a case, the relevant Issuer or, as the case may be, the relevant Guarantor(s) shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, in each case subject to certain customary exceptions (including the IPMA standard EU Exception), as further described in “Terms and Conditions of the Notes — Taxation”.
Substitution	The Trustee, the relevant Issuer and the relevant Guarantor(s) are permitted to agree, without the consent of the Noteholders or, where relevant, the Couponholders, to the substitution of any Issuer’s successor, transferee or assignee or any subsidiary of such Issuer or its successor in business or of any Guarantor or its successor, transferee or assignee or any subsidiary of such Guarantor or its successor, transferee or assignee in place of any Issuer or any Guarantor, subject to the fulfilment of certain conditions, as more fully set out in “Terms and Conditions of the Notes — Meetings of Noteholders, Modification, Waiver and Substitution” and in the Trust Deed.
Negative Pledge	Yes, see “Terms and Conditions of the Notes — Negative Pledge”.
Cross Default.	Yes, see “Terms and Conditions of the Notes — Events of Default”.
Status of the Notes.	The Notes constitute (subject to Condition 4(a)) unsecured obligations of the relevant Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves and at least <i>pari passu</i> with all senior, unsecured and unsubordinated obligations of such Issuer, save for such

	obligations as may be preferred by provisions of law that are both mandatory and of general application.
Status of the Guarantees	The Guarantees constitute direct, unsecured obligations of the relevant Guarantor ranking at least <i>pari passu</i> with all senior, unsecured and unsubordinated obligations of such Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Listing	Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be listed on the Luxembourg Stock Exchange. The Notes may be listed on such other or further stock exchange or stock exchanges as may be agreed between the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the Notes are to be listed and, if so, on which stock exchange.
Listing Agent.	J.P. Morgan Bank Luxembourg S.A.
Governing Law	The Notes will be governed by, and construed in accordance with, English law, save for mandatory provisions of Italian law in certain cases. In relation to Autostrade Participations, the provisions of Articles 86 to 94-8 of the Luxembourg law on commercial companies of 10 August 1915, as amended, have been excluded.
Selling Restrictions	United States, United Kingdom, Italy, Luxembourg, The Netherlands and Japan, as further described under “Subscription and Sale and Transfer and Selling Restrictions” below.
	Each of the Issuers and the Guarantors is Category 2 for the purposes of Regulation S.
Risk Factors	Refer to “Risk Factors” below for a summary of certain risks involved in investing in the Notes.

RISK FACTORS

An investment in the Notes involves risks. A prospective investor should carefully consider all information contained in this Offering Circular before deciding whether to invest in the Notes offered hereby, including the risks described below. Any of the following risks or additional risks and uncertainties of which the Group is not aware or that the Group believes are immaterial could materially adversely affect the Group's business, financial condition or results of operations. In that event, interest and principal payments on the Notes may not be made when due and Noteholders may lose all or part of their investment.

Risks Relating to the Business of the Group

The Group is dependent on Concessions which account for substantially all of the Group's revenues.

The Group is dependent on the Concessions (as defined in "Business Description of the Group", below) that have been granted to the Motorway Subsidiaries (as defined in "Business Description of the Group" below) to operate various motorways in Italy. In 2003, approximately 90.6% of the Group's revenues were derived from toll collections on motorways under the Concessions. The Concessions of the Motorway Subsidiaries are currently set to expire between 2012 and 2038. In particular, the Concession currently held by Autostrade Italia (the "Autostrade Italia Concession"), which accounted for approximately 87.2% of the Group's toll revenues in 2003, will expire in 2038. Upon expiration of these Concessions, the Group Network (as defined in "Business Description of the Group", below) and related infrastructure must revert in a good state of repair to Anas S.p.A. ("ANAS"), or, in the case of the Mont Blanc tunnel Concession, ANAS and the French Government. The new concessionaire, in all but the case of the Mont Blanc tunnel, will be required to indemnify the prior concessionaire for costs incurred in respect of certain works which are not yet fully amortised. Moreover, no assurances can be given that the Group will enter into new concessions to permit it to carry on its core business after 2038, or that any new concessions entered into will be on terms as favourable as those of its current Concessions.

The loss of any Concession or the suspension of tariff increases may adversely affect the financial results and operations of the Group.

The Concessions are governed by specific agreements requiring the Motorway Subsidiaries to comply with certain specific obligations (including performing regular maintenance works on the motorways and operating emergency motorway rescue services). Failure by any of the Motorway Subsidiaries to fulfil its material obligations under its respective Concession could, if such failure is left unremedied, lead to the early termination of such Motorway Subsidiary's Concession. Additionally, in accordance with general principles of Italian law, a Concession could be terminated early for reasons of public interest. In either case, the Group would be required to transfer free of charge to ANAS all of the assets relating to the operation of the motorway network. It is likely that the amount of compensation to which the Motorway Subsidiary would be entitled, if any, in the event of the early termination of a Concession would have to be negotiated in good faith between ANAS and the Motorway Subsidiary, which could lead to protracted negotiations regarding the amount of compensation or indemnification due. In addition, ANAS may be entitled to suspend tariff increases in certain circumstances of material and continuing non-compliance with the terms of the Concession. The suspension of tariff increases, or the early termination of any of the Motorway Subsidiaries' Concessions and/or any disputes which might arise in connection with the negotiation of compensation matters, could have a material adverse impact on the Group's results of operations and financial condition. See "Business Description of the Group — The Concessions".

Reduced traffic volumes and corresponding decreases in toll revenues and royalty revenues could adversely affect the Group's revenues and profitability.

The Group derives substantially all of its revenues from tolls paid by users of the Group Network and royalty revenues derived from sales of goods and services at service areas on the Group Network. The aggregate amount of these revenues is dependent primarily on traffic volumes, tariffs and the capacity of the Group Network to absorb traffic. In turn, traffic volumes and toll receipts depend on a number of factors, including the quality, convenience and travel time on toll-free motorways or toll motorways that are not part of the Group Network, the quality and state of repair of the Group motorways, the economic climate and petrol prices in Italy, environmental legislation (including measures to restrict motor vehicle use in order to reduce air pollution), weather and the existence of alternative means of transportation. There can be no assurance that traffic volumes will not decrease or experience lower than expected increases, and any such effect on

traffic volumes could have a material adverse impact on the Group's results of operations or financial condition.

The Group operates in a highly regulated environment, and its operating results and financial condition could be adversely affected by a change in law, governmental policy and/or other governmental actions.

The Italian motorway sector is governed by a series of laws, ministerial decrees and resolutions of the Italian Interministerial Committee for Economic Planning ("CIPE") as well as by generally applicable laws and special legislation, including environmental laws and regulations. Each of the Concessions granted to the Motorway Subsidiaries is governed by the specific terms of such Concession, together with other generally applicable laws, ministerial decrees and resolutions. According to Italian law (Article 19.2 bis of Law 109 of 1994, as amended), changes in laws and regulations which affect the tariff formula or activities required to be performed under a concession and thereby adversely impact the economic or financial position of a concessionaire may give rise to a right by the concessionaire to renegotiate with ANAS the terms of the concession in an effort to restore the financial balance between tariffs and required investments in existence prior to the relevant changes. However there can be no assurance that changes in any of these laws or regulations, including changes that may require the Group to make additional capital investments, will not materially adversely affect the financial results of the Group.

In addition, changes in Italian government policy with respect to motorway construction and related government grants can significantly affect the Group's results of operations. For example, in the 1970s and 1980s the government developed a policy to block motorway construction. There can be no assurance that the Group's results of operations or financial condition will not be adversely affected as a result of a less supportive regulatory environment, including a reduction in government appropriations, and increasing restrictions on motorway construction.

Traffic congestion may adversely affect the growth of traffic volumes and Group's revenues.

The density of traffic volumes on certain of the Group's motorways, most notably the Naples ring-road, but also certain of the Group's motorways leading to and from Milan, has reached very high volumes which may constrain future growth in traffic. Although management believes that growth potential still exists in these motorways, there can be no assurance that revenues will continue to increase on such motorways without the Group's commitment of additional capital for new investments designed to ease congestion and that, as a result, the Group's results of operations or financial condition will not be adversely affected.

The Group's control over tariffs is limited by price-cap mechanisms which have variables which are subject to re-negotiation and, in certain instances, ratification by Italian governmental bodies.

Adjustments to tariff rates charged by each of the Motorway Subsidiaries (other than Mont Blanc Tunnel (as defined below)) are determined annually pursuant to the price-cap mechanism contained within the respective Concession. For Autostrade Italia the price-cap mechanism was introduced pursuant to the 1997 Concession Agreement (as defined below in "Business Description of the Group — Regulatory") and is applicable until the expiration of the Autostrade Italia Concession. For the Motorway Subsidiaries (other than Strada dei Parchi, which was acquired in 2003, and Mont Blanc Tunnel, for which a different agreement applies) the price-cap mechanisms have been applicable since 1 January 2000.

The price-cap mechanisms are based on a formula which takes into consideration the official projected inflation rate of Italy, the relevant Motorway Subsidiary's expected change in productivity and changes in service quality. See "Business Description of the Group — Tariff Rates". By 30 September of the last year in each five-year period, typically the productivity element of the price-cap mechanism applicable to the Autostrade Italia Concession is reviewed and re-negotiated with ANAS and reset for the subsequent five-year period. The present expected productivity element contained in the price-cap mechanisms was agreed to by ANAS and Autostrade Italia in the Fourth Supplementary Agreement (as defined below) and, once this agreement becomes effective, the productivity element is expected to apply through 2012. The productivity element set forth in each of the other Motorway Subsidiaries' Concessions (except for Mont Blanc Tunnel and Strada dei Parchi) will apply through 2004.

The Group believes that the presently applicable price-cap mechanisms bring greater certainty and transparency to the system for determining tariff adjustments. However, there can be no assurance that

tariff adjustments will be sufficient to generate revenues in line with those generated in the past. For instance, if a Motorway Subsidiary negotiates an increase in the productivity element of the price-cap mechanism but does not achieve increased productivity, the margins of the Motorway Subsidiary will be reduced, all other things being equal. In addition, Law 47 (as defined below) provides that the factors that comprise the service quality element may be increased. It is not known what the effect of the application of any new factors contained in the change in service quality element would be on the price-cap mechanisms applicable to the Motorway Subsidiaries. Finally, despite regulations providing for the application of the price-cap mechanisms, there can be no assurance that toll rate increases will not be limited or prevented, as was the case prior to the adoption of the price-cap mechanisms, in order to assist in containing inflation or to pursue other economic or policy objectives. Further, there can be no assurance that the Group's future tariff adjustments will enable the Group to generate adequate returns, or that the Group's results of operations or financial condition will not be materially adversely affected as a result of any future limitations on tariff increases or adjustments.

The Group may not be able to implement the investment plan required by the Concessions within the timeframe and budget anticipated.

The investment plans contained within the Concessions require the Motorway Subsidiaries to carry out a number of significant investment projects. There can be no assurance that cost and time of completion estimates for the Group's investment projects are accurate, particularly since some of the projects are in the preliminary stages of planning. In the Group's experience, significant differences have at times arisen between initial estimates and the ultimate cost and time of completion. The Prior Investment Programme (as defined below) has to date incurred approximately €1 billion in cost overruns that cannot be recuperated through tariff increases. See "Business Description of the Group — Motorway Capital Expenditures".

The Group is subject to certain risks inherent in construction projects. These risks may include:

- delays in obtaining a project's regulatory approvals (including, but not limited to, environmental requirements and planning approvals at the national and local governmental levels);
- delays in obtaining approvals required for tariff increases sufficient to fund the project;
- changes in general economic, business and credit conditions;
- the non-performance or unsatisfactory performance of contractors and subcontractors;
- interruptions resulting from litigation, inclement weather and unforeseen engineering problems;
- shortages of materials and labour; and
- increased costs of materials and labour.

Although the Group has significant experience in the construction sector and seeks to limit these risks, no assurance can be given that delays and cost overruns will not occur in motorway projects. The tariffs agreed upon with ANAS in advance of the commencement of a capital investment project generally do not entitle the Motorway Subsidiary to recuperate losses caused by delays or cost overruns. In limited cases, the Group has been able to negotiate supplementary agreements which enable it to recover such additional costs. The Fourth Supplementary Agreement, negotiated with respect to the New Investment Programme (as defined below), is expected to enable Autostrade Italia, through tariff increases, to recuperate the cost of overruns incurred in connection with the New Investment Programme. See "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Business Description of the Group — The Concessions — The Autostrade Italia Concession". Nevertheless, there can be no assurance that all such cost overruns will be able to be recuperated. Failure to complete projects within the planned timeframe and/or budget may have a material adverse effect on the Group's results of operations or financial condition.

In addition, the Group has assumed that a number of such projects will at least in part benefit from contributions from the governmental authorities. Although substantially all of the governmental contributions are provided for by law or in the individual Concession, there can be no assurance that delays in scheduled completion times of projects or project benchmarks will not result in delays in the payment of contributions from State authorities.

Competition from the development or improvement of alternative motorway stretches or networks or of alternative means of transportation may decrease traffic volumes on the Group Network or limit the Group's ability to expand the Group Network, thereby adversely affecting the Group's revenues and growth.

Pursuant to recent European Union legislation, all new concessions, including those for motorways that might compete with the Group Network, are subject to competition on a Europe-wide basis. As a result, the Group may have difficulty winning new concessions, or, alternatively, the Group may accept new concessions under less favourable economic terms than those it has experienced in the past. In addition, other motorway operators may obtain concessions and develop other stretches of highway or alternative networks along the same transportation routes covered by the Group Network or may develop facilities along such alternative networks or routes for the transfer of goods between different modes of transport. Such competition may lead to decreased traffic volumes on the Group Network or limit the Group's ability to expand its motorway network. Competition from other motorway operators or the development or improvement of alternative networks, including toll-free motorways, may decrease traffic volumes on the Group Network or limit the Group's ability to expand the Group Network, thereby adversely affecting the Group's revenues and growth.

Moreover, the Group faces competition from alternative forms of transportation, such as high speed rail and air travel. There can be no assurance that the threat faced by the Group from such alternative forms of transportation will not increase (see "Business Description of the Group — Competition"). Increased competition for travellers could reduce traffic on the Group Network and, consequently, the Group's revenues.

The Group may have difficulties expanding and diversifying its business.

In order to expand and diversify its business, the Group must win new concessions, continue to develop new technologies, such as innovative toll collection systems, and expand complementary activities, such as its paving, operation and maintenance, engineering and parking businesses. The Group may face difficulties in obtaining new concessions or contracts to provide services to others. Additionally, with respect to the Group's investments in advanced technologies, such as multilane telepass systems of the type used by Euroypass (see "Business Description of the Group — International Motorway Activities — Euroypass"), no assurance can be given that the Group will be able to develop such technologies in the manner or pursuant to the timeframe currently anticipated, or that such technology will be able to be produced at commercially reasonable prices.

The Group is subject to legal proceedings which could adversely affect the Group's revenues.

As part of the ordinary course of its business, companies within the Group are subject to a number of administrative proceedings and civil actions relating to the construction, operation and management of the Group Network, including proceedings challenging tender procedures for the award of construction and maintenance contracts and service area subconcessions, and the renewal of existing subconcessions.

In particular, the Group companies are periodically subject to litigation challenging tariff increases or the application or interpretation of the tariff formula, primarily from consumer advocacy groups. In one instance prior to the adoption of the 1997 Concession Agreement, the Italian courts found a tariff increase to be unlawfully high, determined the correct tariff increase and required the Group to reimburse motorists who could demonstrate evidence of having paid the unlawfully high tolls the difference between what the motorists had actually paid and what they would have paid had the correct tariff been applied. There can be no assurance that additional legal proceedings will not be brought against the Group or that, if brought, the Group will be able successfully to defend any such claims. If future claims of this nature are successful, the Group's ability to recover increases in costs through tariff increases, or to implement new tariff increases, may be limited, and this could adversely affect the Group's results of operation or financial condition.

In addition, the Group is currently party to various litigations and proceedings. See "Business Description of the Group — Legal Proceedings". To the extent the Group is not successful in some or all of these matters, or in future legal challenges, the Group's results of operations or financial condition may be materially adversely affected.

The Group is subject to significant tax assessments which if adversely determined could adversely affect the Group's financial position.

In December 2003, Autostrade received two notices of assessment (*avvisi di accertamento*) from the Italian Tax Authority assessing unpaid taxes and penalties in the aggregate amount of approximately €607.8 million, which Autostrade is contesting in good faith. There can be no assurance that Autostrade will successfully challenge the assessments or if the assessments are adversely determined, that the Group's financial position will not be adversely affected. See "Business Description of the Group — Legal Proceedings".

Autostrade Italia has been the subject of anti-trust proceedings and is party to an indemnification agreement that may require it to cover certain liabilities which arise as a result of its subconcession operations or these proceedings.

Edizione Holding (as defined below) is the controlling shareholder of Autogrill, a company which owns and operates food and beverage and mini-market subconcessions along the Group Network. See "Business Description of the Group — Italian Motorway Activities — Service Areas". As a result of the relationship between Edizione Holding and Autostrade, the Italian anti-trust authorities have from time to time examined the business activities and relationships connected with Autostrade Italia's subconcession business. See "Core Shareholders". As a result of one such investigation, the anti-trust authority issued a decision which requires Autostrade Italia and Edizione Holding, among other things, to follow certain procedures for the grant of new subconcessions and the renewal of existing subconcessions. See "Business Description of the Group — Regulatory — The Concessions — Subconcessions". Currently an investigation by the Italian anti-trust authority is pending against Edizione Holding concerning the tender procedures employed for the granting of service area subconcessions and the renewal of existing sub-concessions, and there can be no assurance that Autostrade Italia will not become subject to this or other such anti-trust investigations. In 2002, Edizione Holding was fined €15 million for non-compliance with the aforementioned anti-trust decision. See "Certain Relationships and Related Party Transactions".

In addition, Autostrade Italia agreed to indemnify Edizione Holding for certain liabilities incurred by Edizione Holding as a result of non-compliance by Autostrade Italia with the above-mentioned decision. See "Certain Relationships and Related Party Transactions". Although Autostrade Italia believes that it has acted in full compliance with the aforementioned anti-trust decision, there can be no assurance that Autostrade Italia will not be named in the investigation or that it will not be required to indemnify Edizione Holding in connection with the pending investigation. If Edizione Holding is fined as a result of an adverse decision, Autostrade Italia may, under the terms of the indemnification agreement, be required to indemnify Edizione Holding and, consequently, may incur substantial costs. This could materially adversely affect the Group's results of operations or financial condition.

Labour unrest and damage or destruction of sections of the Group's motorways could adversely affect the Group's revenues, results of operations and financial condition.

Like all motorway concessionaires, the Motorway Subsidiaries face potential risks from labour unrest, natural disasters, such as earthquakes or flooding, landslides or subsidence, collapse or destruction of sections of motorway or the spillage of hazardous substances. The occurrence of any such events could lead to a significant decline in toll revenues from the Group's motorways or a significant increase in expenditures for the operation, maintenance or repair of the Group Network. Although the Group carries all risk, accident and civil liability insurance, there can be no assurance that these policies cover all of the liabilities which may arise from third party claims, or from any required reconstruction, or maintenance and operating losses, including costs resulting from motorway damage. The Group's policies do not cover labour unrest, and the Group does not carry business interruption insurance to cover operating losses it may experience, such as reduced toll revenues, resulting from work stoppages, strikes or similar industrial actions. In addition, the Group carries only limited risk and business interruption insurance to cover damages or operating losses resulting from terrorist acts.

The Group's pro forma financial information provided in this Offering Circular may not be representative of results of operations and may not accurately reflect the effects of the Acquisition or the Autostrade Italia Contribution.

The unaudited pro forma consolidated income statement set forth in the section entitled "The Acquisition and Merger and Pro Forma Consolidated Income Statement" have been prepared for informational purposes only and present the statement of operations of the Group for the year ended 31 December 2003 as if the Acquisition (as defined below) and the Autostrade Italia Contribution (as defined below) had been completed on 1 January 2003. The unaudited pro forma adjustments are based on available information, certain assumptions and estimates. There can be no assurance that the assumptions and estimates are accurate, or that they appropriately reflect what the Group's operations during these periods would have been had the Acquisition and the Autostrade Italia Contribution been completed on such date. Accordingly, the Group's historical results of operations may not be indicative of its future operating or financial performance, and an investor should not unduly rely on such data.

Risks Relating to the Investment in the Notes

The Group's high leverage may have significant adverse financial and economic effects on the Group.

As of 31 December 2003, the Group had approximately €9,428.2 million of gross indebtedness, of which €6,500.0 million was indebtedness deriving from financing arrangements related to the Tender Offer (as defined below). See "The Acquisition and Merger and unaudited Pro-Forma Consolidated Financial Statements". The Group's high leverage could increase the Group's vulnerability to a downturn in its business or economic and industry conditions and have significant adverse consequences, including but not limited to:

- limiting the Group's ability to obtain additional financing to fund future working capital, capital expenditures, investment plans, business opportunities and other corporate requirements;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to the payment of principal of, and interest on, the Group's indebtedness, which would make such cash flow unavailable to fund the Group's operations, capital expenditures, investment plans, business opportunities and other corporate requirements; and
- limiting the Group's flexibility in planning for, or reacting to, changes in the Group's business, the competitive environment and the industry.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its debt obligations, including its obligations under the Notes.

A portion of the Group's indebtedness bears interest at variable rates. Although the Group has, to date, hedged a significant portion of its interest exposure under such indebtedness, an increase in the interest rates on the Group's indebtedness may reduce its ability to repay the Notes and its other indebtedness and to finance operations and future business opportunities. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Quantitative and Qualitative Disclosure of Market Risk — Interest Rate Risk".

The Group may incur substantial additional indebtedness in the future which could mature prior to the Notes or could be senior, if secured, to the Notes guaranteed by Autostrade Italia. The terms and conditions of the Notes and the terms of the CapEx Facility (as defined in "Description of Other Group Indebtedness", below) place certain limitations on the incurrence of additional secured and unsecured indebtedness of the Group. See "Terms and Conditions of the Notes — Negative Pledge" and "Description of Other Group Indebtedness". The incurrence of additional indebtedness would increase the aforementioned leverage-related risks.

The terms and conditions of the Notes differ from those of the CapEx Facility

The terms and conditions of the Notes differ from the terms and conditions of other indebtedness of the CapEx Facility. In particular, under the CapEx Facility, the un-remedied notice of ANAS alleging a breach of certain obligations under the Autostrade Italia Concession gives rise to an event of default. On the other hand, the Notes provide the Noteholders with the right to put the Notes upon the termination or revocation

of the Autostrade Italia Concession. However, the Notes contain a cross-default provision in the event that other indebtedness (including the CapEx Facility) in an aggregate principal amount equal to or exceeding €50,000,000 becomes due and payable prior to its stated maturity by reason of an event of default. See “Description of Other Group Indebtedness” and “Terms and Conditions of the Notes”.

The Group requires a significant amount of cash to service its debt, and its ability to generate sufficient cash depends on many factors beyond its control.

The Group’s ability to make payments on and to refinance its debt and to fund working capital, capital expenditures and research and development, will depend on its future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond the Group’s control, as well as the other factors discussed in these “Risk Factors”.

No assurances can be given that the businesses of the Group will generate sufficient cash flows from operations or that future debt and equity financing will be available in an amount sufficient to enable the Group to pay its debts when due, including the Notes, or to fund other liquidity needs. See “Management’s Discussion and Analysis of Results of Operations and Financial Condition”.

If the Group’s future cash flows from operations and other capital resources (including borrowings under existing or future credit facilities) are insufficient to pay its obligations as they mature or to fund liquidity needs, the Group may be forced to:

- reduce or delay participation in certain non-Concession related business activities, including complementary activities and research and development;
- sell certain non-core business assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of its debt, including the Notes, on or before maturity.

No assurances can be given that the Group would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the Group’s debt, including the terms and conditions of the Notes, limit, and any future debt may limit, the ability of the Group to pursue any of these alternatives.

Schemaventotto owns a significant majority of Autostrade’s capital stock and controls the outcome of any shareholder vote, and its interests may conflict with those of the holders of the Notes.

At the annual shareholders meeting on 29 April 2004, Schemaventotto S.p.A. (“Schemaventotto”) owned 62.2% of the capital stock of Autostrade and as a result is generally able to pass resolutions at Autostrade’s ordinary and extraordinary shareholders’ meetings and to appoint directors. Schemaventotto is in turn jointly controlled by Edizione Participations S.A. (“Edizione Participations”) (a wholly-owned subsidiary of Edizione Holding S.p.A. (“Edizione Holding”), which is controlled by Benetton family members) and certain other shareholders. Edizione Participations holds 60% of Schemaventotto and has entered into an agreement with the other shareholders of Schemaventotto which limits Edizione Participations’ right to exercise its majority shareholding in Schemaventotto without the assent of two or more of the other shareholders. However, the shareholders’ agreement permits Edizione Participations to nominate the chief executive officer of Autostrade. Based upon information publicly available, this shareholders’ agreement is scheduled to expire 31 January 2005. Autostrade, however, is not party to this shareholders’ agreement and can therefore give no assurance as to its continued effectiveness and validity. See “Core Shareholders”.

Circumstances may occur in which the interests of Schemaventotto could be in conflict with the interests of the holders of the Notes. In addition, Schemaventotto may pursue certain transactions that in its view will enhance its equity investment, even though such transactions may not be in the interest of the holders of the Notes.

No prior market for Notes — if an active trading market does not develop for the Notes, the Notes may not be able to be resold.

There is no existing market for the Notes, and there can be no assurance regarding the future development of a market for the Notes. Although application has been made to list the Notes issued under this Programme on the Luxembourg Stock Exchange, no assurance can be made that the Notes will become or remain listed.

No assurance can be made as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell the Notes or the price at which Noteholders may be able to sell the Notes. The liquidity of any market for the Notes will depend on the number of Noteholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Group's financial condition, performance and prospects, as well as recommendations of securities analysts. The Dealers are not obligated to make a market in the Notes and may discontinue such market-making at any time without notice. As a result, there can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained.

The interests of Autostrade's core shareholders may be inconsistent with the interests of the Holders of Notes and potential conflicts of interest may arise.

UniCredit Banca Mobiliare is one of the Dealers in relation to this Programme and is a wholly owned subsidiary of UniCredito Italiano S.p.A. ("UniCredito"). See "Core Shareholders". At 29 April 2004, UniCredito owned 6.67% of the issued shares of Schemaventotto, which is currently the core shareholder of Autostrade.

As a Dealer in respect of this Programme, UniCredit Banca Mobiliare's dual role as a wholly-owned subsidiary of a shareholder in Autostrade's core shareholder and as a Dealer creates the potential for a conflict of interest.

Likewise, Abertis (as defined in "Management's Discussion and Analysis of Results of Operations and Financial Condition") holds 12.83% of the capital stock of Schemaventotto. Abertis is the principal toll motorway operator in Spain. Abertis' position as a shareholder of the core shareholder of Autostrade and as a principal European toll motorway operator could create the potential for a conflict of interest.

In addition, several Dealers and Arrangers in respect of this Programme are lenders in syndicated loans granted to Group companies in connection with the Tender Offer and in the New Facilities. This creates the potential for a conflict of interest.

There may be possible withholding tax on payments under the Notes.

The Council of the Finance Ministers of the European Union has adopted a directive regarding the taxation of savings income in the form of interest payments (Council Directive 2003/48/EC of 3 June 2003). Subject to a number of important conditions being met, Member States will be required from a date not earlier than 1 January 2005 to provide to the fiscal authorities of another Member State and certain non-Member States details of payments of interest or similar income made by a person within its jurisdiction to an individual resident in that other Member State or relevant non-Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments unless during such period they elect otherwise. Where any obligation to withhold amounts in respect of payments on the Notes to individuals arises as a result of this Council Directive, the relevant Issuer or, as the case may be, the relevant Guarantor(s) shall not have any obligation to pay additional amounts, as indicated in Condition 8 of the Terms and Conditions of the Notes.

All payments of principal and interest by or on behalf of the relevant Issuer or the relevant Guarantor(s) in respect of the Notes, the Receipts and the Coupons or under any Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within either Italy or Luxembourg (or any jurisdiction of incorporation of any successor of the relevant Issuer or the relevant Guarantor(s)) or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such a case, the relevant Issuer or, as the case may be, the relevant Guarantor(s) shall pay such additional amounts as shall result in receipt by the Noteholders and/or Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to exceptions, as indicated in Condition 8 of the Terms and Conditions of the Notes.

The Group's future application of IFRS in preparing its financial statements may significantly change the presentation of its financial statements.

Commencing with the year ending 31 December 2005, the Group will be required to prepare its consolidated financial statements in accordance with IFRS. There are differences between Italian Accounting Principles and IFRS, and the application of IFRS may result in changes to the Group's financial statements and their presentation, thereby making comparisons or reconciliations with prior periods difficult. The Group does not believe that preparing its financial statements in accordance with IFRS will result in a significant impact on the Group's total net equity; however significant changes to the presentation of its financial statements may result. There can be no assurance that preparation of the Group's financial statements in accordance with IFRS will not result in such significant impacts and changes.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer initially for the purpose of refinancing existing Group indebtedness, directly or indirectly through one or more Group entities, and thereafter for the Group's general corporate purposes, including capital expenditures.

THE ISSUERS

Both Autostrade and Autostrade Participations may issue Notes under the Programme.

Autostrade

General

Autostrade (formerly NewCo28 S.p.A.) is the surviving entity of the merger of Autostrade's predecessor entity, Autostrade — Concessioni e Costruzioni Autostrade S.p.A. ("Predecessor Autostrade") and NewCo28 S.p.A. ("NewCo28"). Predecessor Autostrade was incorporated in Italy on 12 September 1950, as a società per azioni (joint stock company) under the laws of Italy by Italy's Institute for Industrial Reconstruction (*Istituto per la Ricostruzione Industriale*, or "IRI"). See "Business Description of the Group — Introduction — History" and "Core Shareholders" for further information on the history of Autostrade as well as its shareholders. Autostrade is registered with the Registro delle Imprese in Rome under number 03731380261.

Pursuant to Autostrade's articles of association, effective as of 22 September 2003, as subsequently amended on 29 April 2004, the corporate purpose of Autostrade is to acquire equity investments and interests in other companies and entities, to engage in financing transactions for the companies or entities in which it owns interests and to engage in operations involving property, financial and business investments in Italy and abroad.

Autostrade can also, albeit not on prevalent basis, purchase, manage, exploit, update and develop — directly or indirectly — trademarks, patents, and know-how concerning electronic toll systems and related or connected activities. Autostrade can undertake all commercial, industrial and financial, intangible and property transactions to accomplish its corporate purposes. The corporate purpose excludes all activities and operations vis à vis the public and any trustee activity. The corporate purpose also excludes public asset-gathering, the exercise of banking activities and other activities envisaged by Article 106 of Italian Legislative Decree no. 385 dated 1 September 1993, as well as investment services and collective asset management as envisaged by Italian Legislative Decree no. 58 dated 24 February 1998 and its related implementation regulations.

Share Capital

The authorised and subscribed share capital (*capitale sottoscritto*) of Autostrade is €571,711,557, fully paid up, divided into 571,711,557 registered, ordinary shares with a nominal value of €1.00 each. See also "Capitalisation of the Group".

Autostrade is controlled by Schemaventotto, which holds 62.2% of the capital stock of Autostrade. For further information on the share capital and control of Autostrade, see "Core Shareholders".

Registered Office

The registered office of Autostrade is at Via Alberto Bergamini, 50, 00159 Rome.

Board of Directors

Autostrade is administered by a Board of Directors (*Consiglio di Amministrazione*) composed of at least seven and up to fifteen members. The current Board of Directors is composed of fifteen members who are elected for a period of up to three years and may be re-elected. The current members of the Board of Directors were appointed by a resolution of Autostrade's shareholders meeting held on 26 November 2003, and will hold office until the shareholders' meeting called for the approval of the financial statements for the year ending 31 December 2005. See "Management" for further information on the composition of the Board of Directors of Autostrade.

For the purposes of their function as members of the Board of Directors of Autostrade, the business address of each of the members of the Board of Directors is the registered office of Autostrade. Autostrade has no other managing body.

Board of Statutory Auditors

The current Board of Statutory Auditors of Autostrade was appointed by a resolution of Autostrade's shareholders' meeting held on 26 November 2003, and will hold office until the shareholders' meeting called for the purpose of approving Autostrade's financial statements for the year ending 31 December 2005. The

current Board of Statutory Auditors is composed of seven members. See “Management — Board of Statutory Auditors” for further information.

For the purposes of their function as members of the Statutory Board of Auditors of Autostrade, the business address of each of the members of the Statutory Board of Auditors is the registered office of Autostrade.

Financial Statements

Autostrade’s financial year ends on 31 December of each calendar year. Autostrade is required under Italian law to publish annual and interim reports. Copies of the latest annual report and annual audited consolidated and non-consolidated financial statements and the latest unaudited quarterly consolidated financial statements of Autostrade will be made available at the specified offices of the Paying Agents for so long as any of the Notes remain outstanding and at the registered office of Autostrade, in each case free of charge.

Business

Autostrade’s principal activity consists of holding the operating companies of the Group.

Organisational Structure

See “Business Description of the Group” for further information on the organisational structure and principal activity of Autostrade and the Group.

Autostrade Participations

General

Autostrade Participations was incorporated under the laws of Luxembourg on 24 August 1979 as a public company limited by shares (*société anonyme*) under the name Italstat International S.A. and was registered with the Registre de Commerce et des Sociétés under number B 16908. Italstat International S.A. subsequently changed its name to Autostrade Finance S.A. On 1 October 2002, Autostrade Finance S.A. was renamed Autostrade Participations S.A. The articles of association of Autostrade Participations dated 24 August 1979 were published in the Recueil Spécial des Sociétés et Associations, Mémorial C, on 27 November 1979 and were last amended on 16 December 2003.

Pursuant to article 4 of Autostrade Participation’s articles of association, the corporate purpose of Autostrade Participations is to acquire equity interests, in any form whatsoever, in other Luxembourg or foreign enterprises; to acquire any securities and rights by way of participation, contribution, underwriting or call option, negotiation or any other way and to acquire patents and licences and to manage and develop them; and to perform any operation which is directly or indirectly related to its purpose and to borrow with or without any guarantee in all currencies by the issue of bonds, which can be convertible and/or subordinated, and certificates of deposit. Autostrade Participations may grant any assistance, loans, advances or guarantees to enterprises in which Autostrade Participations has an interest. Autostrade Participations may participate in the establishment and development of any such enterprises and may render them any assistance. It may take any controlling and supervisory measures and carry out any operations which may be useful to achieve and develop such objects, and it may perform all commercial, industrial, financial, moveable and real estate operations, connected directly and indirectly in all areas for the same purpose.

Share Capital

The share capital of Autostrade Participations is €266,000,000, divided into 266,000 registered ordinary shares with a nominal value of €1,000 each fully issued and paid up. See also “Capitalisation of the Group”.

Autostrade Participations is controlled by Autostrade, which holds 99.9996% of the share capital and voting rights of Autostrade Participations. For further information on the share capital of Autostrade, see “The Issuers — Autostrade” and “Core Shareholders”.

Registered Office

The registered office of Autostrade Participations is at 6-12 Place d’Armes, L-1136, Luxembourg.

Board of Directors

Autostrade Participations is administered by a Board of Directors (*Conseil d'Administration*) composed of at least three members. The current members of the Board of Directors were appointed by a resolution of Autostrade Participations' shareholders' meeting held on 27 March 2002 and 26 March 2003, and will hold office until the ordinary general meeting of shareholders in 2005. The members of the current Board of Directors are: Jean Hoss (Chairman), Roberto Ramaccia (Deputy Chairman), and Remy Meneguz (Director).

For the purposes of their function as members of the Board of Directors, the business address of each of Mr. Hoss and Mr. Meneguz is the registered office of Autostrade Participations, and the business address of Mr. Ramaccia is c/o Autostrade per l'Italia, Via A. Bergamini, 50, Rome, Italy. Autostrade Participations has no other managing body.

Commissaire

The current *Commissaire* of Autostrade Participations is KPMG Audit — Luxembourg, appointed at the ordinary shareholders' meeting held on 31 March 2004. The current *Commissaire* will hold office until the shareholders' meeting called for the purpose of approving Autostrade Participations' financial statements for the year ended 31 December 2004. KPMG Audit — Luxembourg replaced Deloitte S.A. — Luxembourg (formerly Deloitte & Touche S.A.), whose term had expired.

Financial Statements

Pursuant to its articles of association, as amended, Autostrade Participations' financial year ends on 31 December of each calendar year. Autostrade Participations is not required under Luxembourg law to publish interim financial statements. The selected historical financial data as of and for the years ended 31 December 2001, 2002 and 2003 set forth below has been derived from, and is qualified in its entirety by reference to, the audited financial statements of Autostrade Participations and the notes thereto included elsewhere in this Offering Circular. The financial statements have been prepared in accordance with accounting principles prescribed by Luxembourg and have been audited by Deloitte S.A. — Luxembourg.

Copies of the 2001, 2002 and 2003 annual reports and annual audited financial statements of Autostrade Participations will be made available at the specified offices of the Paying Agents for so long as any of the Notes issued by Autostrade Participations remain outstanding and at the registered office of Autostrade Participations, in each case free of charge.

Autostrade Participations Selected Income Statement Data:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Interest on loans to affiliated companies	460	—	—
Interest on deposits with banks.	9,303	295	230
Interest on bonds.	(7,156)	—	373
Interest on bank loans	(668)	—	(162)
Net interest income	1,939	295	441
Commissions on loans	219	—	(53)
Commissions to parent company.	(13)	—	(9)
Bank commissions	(164)	(1)	(2)
Net commission income (loss)	42	(1)	(64)
Depreciation/Devaluation	(201)	(464)	(1,109)
Dividends on investments	5,382	8,798	9,816
Capital gain on investments	-	682	93
Other income (expenses).	(70)	57	51
General and administrative expenses	(253)	(128)	(170)
Result from operations before taxation	6,839	9,239	9,058
Net worth tax	—	(31)	(55)
Net profit for the year	6,839	9,208	9,003

Autostrade Participations Selected Balance Sheet Data:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Assets			
Current assets	10,875	12,391	5,315
Fixed assets.	163,669	267,775	317,513
Total assets	174,544	280,166	322,828
Liabilities			
Current liabilities	4,687	1,501	300
Non current liabilities	—	—	52,005
Total liabilities	4,687	1,501	52,305
Issued capital and reserves	169,857	278,665	270,523
Total Equity and Liabilities.	174,544	280,166	322,828

Business

Autostrade Participations' principal activity consists in holding foreign investments of the Group and, following the establishment of the Programme, will include acting as a finance subsidiary of Autostrade.

Organisational Structure

See "Business Description of the Group" for further information on the organisational structure of Autostrade Participations and the Group.

THE GUARANTORS

The Notes issued by Autostrade will be guaranteed by its wholly-owned subsidiary, Autostrade Italia. The Notes issued by Autostrade Participations will be jointly and severally guaranteed by both Autostrade Italia and Autostrade.

Autostrade Italia

Autostrade Italia holds the Autostrade Italia Concession. Its tangible fixed assets represented 66.1% of the tangible fixed assets of the Group as of 31 December 2003 and accounted for 87.2% of the toll revenues of the Group in 2003.

General

Autostrade Italia was incorporated in Italy on 29 April 2003, as a *società per azioni* (joint stock company) under the laws of Italy for a limited term expiring on 31 December 2050. Autostrade Italia is registered with the *Registro delle Imprese* in Rome under number 07516911000.

Autostrade Italia's articles of association dated 16 September 2003, as subsequently amended on 28 April 2004, provide that the principal corporate purpose of Autostrade Italia is to build, manage and maintain motorways, transport infrastructure adjacent to the motorway system, parking and intermodal infrastructure and related activities. For further information on the business activities of Autostrade Italia, see "Business Description of the Group".

The activities listed in this article may be carried out both in Italy and abroad, either directly or by the acquisition, at any time, of participations in companies, consortia and associations, even temporary ones. In furtherance of its corporate purpose, Autostrade Italia may carry out any other activity, directly or indirectly, as well as any other commercial or financial transaction, involving rights and liabilities, movable or immovable assets, and issue guarantees, including mortgages, pledges and liens of any nature, for benefit of companies, consortia and associations in which it has a participation or by which it is participated.

The authorised and subscribed share capital (*capitale sottoscritto*) of Autostrade Italia is €615,527,000, divided into 615,527,000 fully paid up, registered, ordinary shares with a nominal value of €1 each. See also "Capitalisation of the Group".

Registered Office

The registered office of Autostrade Italia is at Via Alberto Bergamini, 50, 00159, Rome.

Board of Directors

Autostrade Italia is administered by a Board of Directors (*Consiglio di Amministrazione*) composed of seven members appointed to the Board of Directors by a resolution of Autostrade Italia's shareholders meeting held on 30 May 2003, and will hold office until the shareholders' meeting called for the approval of the financial statements for the year ending 31 December 2005.

For the purposes of their function as members of the Board of Directors of Autostrade Italia, the business address of each of the members of the Board of Directors is the registered office of Autostrade Italia. Autostrade Italia has no other managing body.

Board of Statutory Auditors

The current Board of Statutory Auditors of Autostrade Italia was appointed on 29 April 2003 in accordance with Autostrade Italia's Articles of Association, and will hold office until the shareholders' meeting called for the purpose of approving Autostrade Italia's financial statements for the year ending 31 December 2005.

The current members of the Board of Statutory Auditors of Autostrade Italia are as follows:

<u>Name</u>	<u>Title</u>
Alessandro Trotter	President
Giandomenico Genta*	Auditor
Gaetana Celico	Auditor
Antonio Mastrapasqua	Auditor
Stefano Meroi	Auditor
Salvatore Benedetto	Alternate Auditor
Francesco M. Bonifacio	Alternate Auditor

* Appointed at the shareholders' meeting held on 28 April 2004 to replace Giovanni Quaglia, who had resigned.

For the purposes of their function as members of the Statutory Board of Auditors of Autostrade Italia, the business address of each of the members of the Statutory Board of Auditors is the registered office of Autostrade Italia.

Financial Statements

The selected historical financial data as of and for the year ended 31 December 2003 set forth below has been derived from, and is qualified in its entirety by reference to, the audited financial statements of Autostrade Italia and the notes thereto, incorporated herein by reference. The financial statements as of and for the year ended 31 December 2003 have been audited by KPMG S.p.A., independent accountants, as stated in their report, incorporated by reference herein. Autostrade Italia was incorporated on 29 April 2003 and therefore did not prepare financial statements prior to 2003. The financial statements have been prepared in accordance with Italian Accounting Principles, and, where silent, with IFRS.

Copies of the 2003 annual report and 2003 annual audited financial statements of Autostrade Italia will be made available at the specified offices of the Paying Agents for so long as any of the Notes remain outstanding and at the registered office of Autostrade Italia, in each case free of charge.

Autostrade Italia Selected Income Statement Data:

	Year ended 31 December 2003 ⁽¹⁾
	(€ in thousands)
Revenues	
Net toll revenues	1,072,715
Other motorway revenues	111,405
Other incomes and revenues	8,334
Total revenues	1,192,454
Raw materials and external services consumption ⁽²⁾⁽³⁾	(236,313)
Other costs	(9,489)
Gross margin	946,652
Net labour costs ⁽²⁾⁽³⁾	(158,235)
Gross operating income (EBITDA)	788,417
Amortisation and depreciation	(309,388)
Other provisions	(13,600)
Provisions for risks and charges	(88,500)
Operating income (EBIT)	376,929
Financial income (expense), net	(115,366)
Capitalised financial charges	3,574
Adjustments to long-term investments	(585)
Income before extraordinary items and taxes	264,552
Extraordinary income (expense), net	(1,697)
Income before taxes	262,855
Income tax expense	(116,387)
Net income	146,468

(1) Autostrade Italia commenced operations effective 1 July 2003.

(2) Net of reimbursement for employees seconded to non-consolidated companies and other costs.

(3) Does not include costs that arise during the construction of a project which are capitalised commencing the year the expense is incurred until such time as the project is completed.

Autostrade Italia Selected Balance Sheet Data:

	Year ended 31 December 2003
	(€ in thousands)
Assets	
Current assets	
Cash and cash equivalents	833,115
Accounts receivable	631,462
Inventories	122,354
Accrued income and prepaid expenses	10,068
Total	1,596,999
Fixed assets	
Intangible assets	6,308,260
Tangible assets	4,241,876
Financial assets	401,302
Total	10,951,438
Total assets	12,548,437

	Year ended 31 December 2003
	(€ in thousands)
Liabilities and shareholders' equity	
Current liabilities	
Accounts payable	
Short-term bank loans	235,812
Advances	82,828
Trade	200,652
Due to subsidiaries and associated companies	232,408
Due to Autostrade (Parent Company).	883,279
Due to tax and others.	1,040,862
Provision for liabilities and charges	41,675
Accrued expenses and deferred income.	73,914
Total	2,791,430
Provision for medium and long term risks and charges	
Employee termination indemnity	140,528
Provision for costs of repair or replacement of assets to be relinquished	1,105,442
Other medium and long term provision.	—
Total	1,245,970
Medium and long-term debt⁽¹⁾	7,559,869
Total liabilities	11,597,269
Shareholders' equity	
Share capital	615,527
Share-premium reserve	66,067
Legal reserve	123,106
Net profit for the period.	146,468
Total	951,168
Total liabilities and shareholders' equity	12,548,437

	Year ended 31 December 2003
	(€ in thousands)
Memorandum accounts	
General and unsecured guarantees	91,880
Purchase and sale commitments	1,619,241
Other	438,033
Total	2,149,154

(1) Includes an intercompany loan of €6,500 million due to its parent company, Autostrade.

Autostrade

Autostrade, the parent of the Group, will also guarantee the Notes issued by Autostrade Participations. Autostrade holds 100% of Autostrade Italia, which manages the Concession which accounted for 87.2% of the Group's toll revenues in 2003. For further information see "The Issuers — Autostrade" and "Business Description of the Group".

CAPITALISATION

The following tables set forth the capitalisation and indebtedness of each of the Issuers and Guarantors and should be read in conjunction with “Use of Proceeds”, “The Acquisition and Merger and unaudited Pro-Forma Consolidated Income Statement”, “Management’s Discussion and Analysis of Results of Operations and Financial Condition”, “Description of Other Group Indebtedness”, “Terms and Conditions of the Notes” and the financial statements included elsewhere in this Offering Circular.

Autostrade

The following table sets forth the consolidated capitalisation and indebtedness of Autostrade as at 31 December 2003, on a historical basis and as adjusted to reflect the anticipated issuances of Notes on or before 9 June 2004.

	As at 31 December 2003	
	Actual	Adjusted
	(€ in thousands)	
Cash and cash equivalents, current receivables and restricted amounts ⁽¹⁾	(1,109,578)	(1,109,578)
Short-term debt.	724,573	724,573
Long-term debt	8,703,604 ⁽²⁾	2,203,604
Notes to be issued under the Programme on or before 9 June 2004	—	6,500,000
Total debt	8,318,599	8,318,599
Minority interests ⁽³⁾	395,470	395,470
Shareholders’ equity	1,177,222	1,177,222
<i>of which:</i>		
<i>Subscribed capital.</i>	571,687	571,687
<i>Capital reserves.</i>	448,775	488,775
<i>Retained earnings.</i>	—	—
<i>Net income (loss)</i>	156,760	156,760
Total capitalisation.	9,891,291	9,891,291

(1) Consists of cash and cash equivalents and current receivables of €203 million and restricted amounts of €906 million. Restricted amounts are amounts held in restricted accounts pursuant to government grants. See “Management’s Discussion and Analysis of Results of Operations and Financial Condition — Summary of Commitments, including capital expenditures”.

(2) Includes (i) €6,500.0 million of indebtedness under the Second Stage Long Term Facilities, which indebtedness will be repaid in full prior to its maturity with the proceeds of the inaugural issuances of Notes under the Programme and (ii) €25.8 million of 9.5% senior notes which were repaid on 15 February 2004.

(3) Net of unpaid share capital.

There has been no material change in the capitalisation of Autostrade since 31 December 2003, except that on 29 April 2004, the shareholders of Autostrade approved the issuance of a dividend of €0.31 per share, for an aggregate distribution of €177.2 million.

Autostrade Participations

The following table sets forth the capitalisation and indebtedness of Autostrade Participations as at 31 December 2003, on a historical basis.

	As at 31 December 2003
	(€ in thousands)
Cash and cash equivalents and current receivables	(5,315)
Short-term debt	300
Long-term debt	52,005
Total debt.	46,990
Minority interests	—
Shareholders' equity,.	270,523
<i>of which:</i>	
<i>Subscribed capital</i>	266,000
<i>Other reserves</i>	3,280
<i>Retained earnings</i>	740
<i>Net income (loss)</i>	9,003
<i>Interim dividends</i>	(8,500)
Total capitalisation	317,513

There has been no material change in the capitalisation of Autostrade Participations since 31 December 2003.

Autostrade Italia

The following table sets forth the capitalisation and indebtedness of Autostrade Italia as at 31 December 2003, on a historical basis.

	As at 31 December 2003
	(€ in thousands)
Cash and cash equivalents, current receivables and restricted amounts ⁽¹⁾	(842,121)
Short-term debt	1,511,194
Long-term debt ⁽²⁾	7,559,869
Total debt.	8,228,942
Minority interests	—
Shareholders' equity,.	951,168
<i>of which:</i>	
<i>Subscribed capital</i>	615,527
<i>Capital reserves</i>	189,173
<i>Retained earnings</i>	—
<i>Net income (loss)</i>	146,468
Total capitalisation	9,180,110

(1) Consists of cash and cash equivalents and current receivables of €38 million, € and restricted amounts of €804 million. Restricted amounts are amounts held in restricted accounts pursuant to government grants. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Summary of commitments, including capital expenditures".

(2) Includes an intercompany loan of €6,500 million due to its parent company, Autostrade.

There has been no material change in the capitalisation of Autostrade Italia since 31 December 2003.

SELECTED FINANCIAL DATA

The selected historical consolidated financial data as of and for the years ended 31 December 2001, 2002 and 2003 set forth below has been derived from, and is qualified in its entirety by reference to, the audited consolidated financial statements of Autostrade (and Predecessor Autostrade) and the notes thereto included elsewhere in this Offering Circular. The consolidated financial statements have as of and for the years ended 31 December 2001 and 2002 been audited by Deloitte & Touche S.p.A.. The consolidated financial statements as of and for the year ended 31 December 2003 have been audited by KPMG S.p.A..

The consolidated financial statements have been prepared in accordance with Italian Accounting Principles and, where silent, with IFRS.

	Year ended 31 December		
	2001	2002	2003
	Predecessor	Autostrade	Autostrade
Income Statement Data:			
	(€ in thousands)		
Revenues			
Net toll revenues	2,003,940	2,133,530	2,329,104
Other motorway revenues	216,661	211,115	229,069
Other income and revenues	6,011	12,193	11,607
Total Revenues.	<u>2,226,612</u>	<u>2,356,838</u>	<u>2,569,780</u>
Changes in contract works in progress	(1,652)	2,166	1,538
Revenues from ordinary activities	<u>2,224,960</u>	<u>2,359,004</u>	<u>2,571,318</u>
Raw materials and external services consumption ⁽¹⁾⁽²⁾	(436,392)	(414,887)	(464,102)
Other costs	(18,554)	(14,939)	(28,471)
Gross margin.	<u>1,770,014</u>	<u>1,929,178</u>	<u>2,078,745</u>
Net labour costs ⁽¹⁾⁽²⁾	(447,785)	(457,386)	(481,392)
Gross operating income (EBITDA)	<u>1,322,229</u>	<u>1,471,792</u>	<u>1,597,353</u>
Amortisation and depreciation	(234,852)	(262,623)	(536,398)
Other provisions	(15,516)	(15,710)	(19,616)
Provisions for risks and charges	(144,592)	(126,566)	(155,789)
Operating income (EBIT).	<u>927,269</u>	<u>1,066,893</u>	<u>885,550</u>
Financial income (expense), net	(72,003)	(41,802)	(373,086)
Adjustments to long-term investments	(151,101)	(104,219)	21,848
Income before extraordinary items and taxes	<u>704,165</u>	<u>920,872</u>	<u>534,312</u>
Extraordinary income (expense), net	1,580	(14,969)	(2,835)
Income before taxes	<u>705,745</u>	<u>905,903</u>	<u>531,477</u>
Income tax expense	(316,742)	(402,197)	(305,890)
Net income for the year including minority interests	<u>389,003</u>	<u>503,706</u>	<u>225,587</u>
Minority interest loss	26,698	25,604	7,036
Net income for the year attributable to Autostrade (Parent Company)	<u><u>415,701</u></u>	<u><u>529,310</u></u>	<u><u>232,623</u></u>
Net profit for the period prior to the Acquisition ⁽³⁾			(75,863)
Net income attributable to Autostrade (for the period 1 March 2003 through 31 December 2003)⁽³⁾			<u><u>156,760</u></u>

(1) Net of reimbursement for employees seconded to non-consolidated companies and other costs.

(2) Does not include costs that arise during the construction of a project which are capitalised commencing the year the expense is incurred until such time as the project is completed.

(3) According to Italian Accounting Principles, net income of €75.9 million has been deducted for the year ended 31 December 2003. The deducted amount represents net income deriving from Predecessor Autostrade for the first two months of 2003. This adjustment was made to account for the fact that NewCo28 (now Autostrade) did not acquire its interest in Predecessor Autostrade until 28 February 2003, at the conclusion of the Tender Offer.

Balance Sheet Data:

	Year ended 31 December		
	2001	2002	2003
	Predecessor	Autostrade	Autostrade
	(€ in thousands)		
Assets			
Current assets			
Cash and cash equivalents	154,482	842,070	1,054,991
Financial assets	168,127	42,560	28,662
Unpaid share capital	199	199	4,191
Accounts receivable			
Trade	400,871	508,602	535,239
Subsidiaries and associated companies	10,479	21,647	11,642
Other	264,507	341,526	1,589,689
Inventories	133,800	135,389	136,242
Accrued income and prepaid expenses	13,947	14,173	13,785
Total	1,146,412	1,906,166	3,374,441
Fixed assets			
Intangible assets	141,955	152,463	4,676,203
Tangible assets	5,151,711	5,314,700	6,417,641
Financial assets	198,435	362,031	476,445
Total	5,492,101	5,829,194	11,570,289
Total Assets.	6,638,513	7,735,360	14,944,730
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable			
Short-term bank loans	402,918	735,743	322,169
Advances	83,155	83,518	82,963
Trade	348,208	386,446	433,963
Due to subsidiaries and associated companies	6,976	28,416	59,732
Due to tax authorities	195,711	104,871	1,360,953
Due to social security institutions	14,268	17,607	20,588
Others	490,261	724,299	844,338
Provision for liabilities and charges	51,641	48,336	92,203
Accrued expenses and deferred income	52,579	51,318	79,442
Total	1,645,717	2,180,554	3,296,351
Provision for medium and long-term risks and charges			
Employee termination indemnity	157,641	167,720	190,566
Provision for costs of repair or replacement of assets to be relinquished	915,018	1,037,644	1,168,054
Other medium and long term provision	2,275	5,436	9,272
Total	1,074,934	1,210,800	1,367,892
Medium and long-term debt	1,072,854	1,262,880	8,703,604
Total liabilities	3,793,505	4,654,234	13,367,847
Shareholders' equity			
Parent Company's interest	2,420,783	2,680,392	1,177,222
Minority interests	424,225	400,734	399,661
Total	2,845,008	3,081,126	1,576,883
Total liabilities and shareholders' equity	6,638,513	7,735,360	14,944,730
Memorandum accounts			
General and unsecured guarantees	210,851	245,243	287,066
Purchase and sale commitments	923,193	1,446,916	1,892,658
Other	1,202,973	1,281,052	1,002,880
Total	2,337,017	2,973,211	3,182,604

Reclassified Balance Sheet and Key Financial Data:

	Year ended 31 December		
	2001	2002	2003
	Predecessor	Autostrade	Autostrade
	(€ in thousands)		
Fixed Assets			
Intangible fixed assets	141,955	152,463	4,676,203
Tangible fixed assets	5,151,711	5,314,700	6,417,641
Long-term investments.	198,435	362,031	476,445
Total	5,492,101	5,829,194	11,570,289
Working capital			
Inventories.	133,800	135,389	136,242
Trade receivables	408,851	529,600	545,615
Other assets	359,998	330,441	1,578,815
Trade payables.	(432,367)	(486,823)	(522,711)
Provisions for risks and charges	(51,641)	(48,336)	(92,203)
Other liabilities	(752,819)	(642,129)	(1,956,864)
Total	(334,178)	(181,858)	(311,106)
Invested Capital, after deducting current liabilities	5,157,923	5,647,336	11,259,183
Provision for medium and long-term risks and charges			
Employee severance indemnities	(157,641)	(167,720)	(190,566)
Provision for costs of repair or replacement of assets to be relinquished	(915,018)	(1,037,644)	(1,168,054)
Other medium and long term provisions	(2,275)	(5,436)	(9,272)
Total	(1,074,934)	(1,210,800)	(1,367,892)
Invested Capital, after deducting current liabilities and provision for medium- and long-term risks and charges	4,082,989	4,436,536	9,891,291
Shareholders' equity			
Parent Company's interest	2,420,783	2,680,392	1,177,222
Minority Interests	424,026	400,535	395,470
Total	2,844,809	3,080,927	1,572,692
Medium and long-term debt.	1,072,854	1,262,880	8,703,604
Short-term debt (cash and cash equivalents)			
Short-term debt	408,890	1,003,266	724,573
Cash and cash equivalents, current receivables and restricted amounts ⁽¹⁾	(243,564)	(910,537)	(1,109,578)
Total	165,326	92,729	(385,005)
Net financial debt	1,238,180	1,355,609	8,318,599
Total shareholders' equity and net financial debt	4,082,989	4,436,536	9,891,291
Key financial ratios			
Net financial debt/EBITDA	0.9	0.9	5.3
EBITDA/financial income (expense), net	18.4	35.2	4.3
EBITDA margin ⁽²⁾	59.4%	62.4%	62.1%
Motorway capital expenditures as a percentage of revenues from ordinary activities ⁽³⁾	17.3%	17.3%	18.2%

(1) Consists of cash and cash equivalents and current receivables of €150 million, €151 million and €203 million in 2001, 2002 and 2003, respectively and restricted amounts of €93 million, €760 million and €906 million in 2001, 2002 and 2003, respectively. Restricted amounts are amounts held in restricted accounts. See "Management's Discussion and Analysis of Results of Operations and Financial Condition Summary of commitments, including capital expenditures".

(2) EBITDA margin is calculated by dividing EBITDA by the line item "revenues from ordinary activities".

(3) Motorway capital expenditures for the years ended 31 December 2001 2002 and 2003 were €386 million, €407 million and €467 million, respectively.

THE ACQUISITION AND MERGER AND UNAUDITED PRO-FORMA CONSOLIDATED INCOME STATEMENT

Introduction

The Tender Offer

On 1 November 2002, Schemaventotto announced that it would launch a voluntary takeover bid through a wholly-owned subsidiary for all of Predecessor Autostrade's outstanding ordinary shares other than the 30% it currently owned (the "Tender Offer"). Schemaventotto was at that time Predecessor Autostrade's largest shareholder. See "Core Shareholders", "Risk Factors" and "Business Description of the Group — Introduction — History" for further information on Schemaventotto. The final tender offer price per ordinary share of Predecessor Autostrade was €10. At the conclusion of the Tender Offer, on 28 February 2003, NewCo28 (Schemaventotto's wholly-owned subsidiary which launched the bid) acquired 54.1% of Predecessor Autostrade's share capital (the "Acquisition") for an aggregate purchase price of approximately €6,459 million. The Tender Offer was financed through syndicated loans in an aggregate amount equal to the purchase price of the Tender Offer and related expenses, as more fully described below.

Structural Reorganisation of the Group ("Progetto Mediterraneo")

In January 2003, the Board of Directors of Predecessor Autostrade approved the key elements of a proposed reorganisation plan, Progetto Mediterraneo, which was approved by the board of directors in final form on 28 March 2003 and ratified by Predecessor Autostrade's shareholders on 21 May 2003. Pursuant to Progetto Mediterraneo, Predecessor Autostrade contributed the Autostrade Italia Concession (as defined below) and certain of its other assets, including its shares in the Motorway Subsidiaries (as defined below), to a newly formed subsidiary, Autostrade Italia, effective 1 July 2003 (the "Autostrade Italia Contribution"). Predecessor Autostrade's other subsidiaries were reorganised along industry groupings under Autostrade Italia and Predecessor Autostrade. See "Business Description of the Group — Structural Reorganisation of the Group ("Progetto Mediterraneo")".

The total value of the activities and assets assigned to Autostrade Italia was €8,104.6 million, compared with a book value of €1,777.2 million, which gave rise to a capital gain of €6,327.4 million for the contributing company. For tax purposes, the transfer qualified as a capital gain by the contributing company, Predecessor Autostrade. Pursuant to Italian tax legislation, Predecessor Autostrade recorded (i) a substitute tax for an amount of €1,074.3 million on the taxable amount of €5,654.1 million, calculated on the basis of a tax rate of 19.0%, and (ii) income taxes for an amount of €255.8 million on the residual amount of the capital gain. These intercompany transactions do not appear in the consolidated financial statements. Such substitute and income taxes have been accounted for as deferred tax assets in the consolidated financial statements of Autostrade as of 31 December 2003.

The Merger

On 28 March 2003, Predecessor Autostrade and NewCo28 announced their decision to merge Predecessor Autostrade into NewCo28 (the "Merger"). Concurrently with the approval of the Merger by the shareholders of NewCo28 and Predecessor Autostrade on 21 May 2003, the shareholders of NewCo28 approved the application for the simultaneous listing of NewCo28's shares on the Italian "Mercato Telematico Azionario". The Merger and contemporaneous listing of the ordinary shares of NewCo28 (which was renamed Autostrade S.p.A. at the same time) became effective on 22 September 2003. Upon the effective date of the Merger, Autostrade adopted bylaws substantially the same as those of Predecessor Autostrade and assumed all rights and obligations of Predecessor Autostrade. As a result, Autostrade became the new parent company of the Group.

Refinancing of Autostrade (formerly NewCo28) Debt

As part of the Group's plan to streamline its financial structure, Autostrade refinanced its debt through a partial distribution by its subsidiary Autostrade Italia of a reserve of €6,500 million, which arose from the Autostrade Italia Concession. The distribution of such reserves was financed with part of the proceeds of new long-term loans made available to Autostrade Italia (the "First Stage Long Term Facilities"), which were also intended partially to finance Autostrade Italia's investment plan, in an amount up to €8,000 million. On 26 November 2003, Autostrade entered into new loan agreements (the "Second Stage Long Term Facilities") in an amount up to €8,000 million for the purpose of, among other things, acquiring the First Stage Long Term Facilities. Two tranches of the Second Stage Long Term Facilities were drawn down for such purpose

on 19 December 2003. As a result of the acquisition of the First Stage Long Term Facilities, the third party indebtedness of Autostrade Italia was converted into intra-group indebtedness.

Pro Forma Consolidated Income Statement

The following unaudited pro forma consolidated income statement was prepared by applying pro forma adjustments to the consolidated income statement included in the consolidated financial statements of Autostrade as at 31 December 2003, which is included elsewhere in this Offering Circular. This unaudited pro forma consolidated income statement was prepared in accordance with applicable accounting requirements published by Consob and makes certain assumptions as to interest charges, taxes and amortisation charges which may be different from actual amounts (once determined).

The unaudited pro forma consolidated income statement of Autostrade for the year ended 31 December 2003 presents the consolidated income statements of Autostrade as if the Autostrade Italia Contribution and the Acquisition had occurred on 1 January 2003.

The unaudited pro forma adjustments are based on available information, certain assumptions (more precisely defined in the following pages) and estimates that management believes are reasonable and factually supportable. The unaudited pro forma consolidated income statement has been presented for illustrative purposes only and does not purport to represent what the Group's results of operations would have actually been had the Autostrade Italia Contribution and the Acquisition occurred on the date assumed, nor does it purport to project the Group's results of operations for any future period.

The unaudited pro forma consolidated income statement should be read in conjunction with the information under the captions "Use of Proceeds", "Selected Financial Data", "Description of Other Group Indebtedness", and "Terms and Conditions of the Notes" and with the Group's audited consolidated financial statements included elsewhere in this Offering Circular.

**Unaudited Pro Forma Consolidated Income Statement of Autostrade S.p.A.
for the Year ended 31 December 2003**

	Year ended 31 December 2003		
	Group	Pro Forma Adjustments	Pro Forma Consolidated Income Statement
	(€ in thousands)		
Revenues			
Net toll revenues	2,329,104	—	2,329,104
Other motorway-related revenues	229,069	—	229,069
Other income and revenues	11,607	—	11,607
Total revenues	2,569,780	—	2,569,780
Changes in contract works in progress	1,538	—	1,538
Revenues from ordinary activities	2,571,318	—	2,571,318
Raw materials and external services consumption ⁽¹⁾⁽²⁾	(464,102)	—	(464,102)
Other costs	(28,471)	—	(28,471)
Gross margin	2,078,745	—	2,078,745
Net labour costs ⁽¹⁾⁽²⁾	(481,392)	—	(481,392)
Gross operating income (EBITDA)	1,597,353	—	1,597,353
Amortisation, depreciation	(536,398)	(49,617) ^(a)	(586,015)
Other provisions	(19,616)	—	(19,616)
Provisions for risks and charges	(155,789)	—	(155,789)
Operating income (EBIT)	885,550	(49,617)	835,933
Financial income (expense), net	(373,086)	(53,825) ^(b)	(426,911)
Adjustments to long-term investments	21,848	—	21,848
Income before extraordinary items and taxes	534,312	(103,442)	430,870
Extraordinary income (expense), net	(2,835)	—	(2,835)
Income before taxes	531,477	(103,442)	428,035
Income tax expense	(305,890)	53,752 ^(c)	(252,138)
Net income for the year including minority interests	225,587	(49,690)	175,897
Minority interest loss	7,036	—	7,036
Net income	232,623	(49,690)	182,933
Net profit for the period prior to the Acquisition	(75,863) ⁽³⁾	75,863 ^(d)	—
Net income attributable to Autostrade (for the period 1 March 2003 through 31 December 2003)	156,760⁽³⁾	26,173	182,933

(1) Net of reimbursement for employees seconded to non-consolidated companies and other costs.

(2) Does not include costs that arise during the construction of a project which are capitalised commencing the year the expense is incurred until such time as the project is completed.

(3) According to Italian Accounting Principles, net income of €75.9 million has been deducted for the year ended 31 December 2003. The deducted amount represents net income deriving from Predecessor Autostrade for the first two months of 2003. This adjustment was made to account for the fact that NewCo28 (now Autostrade) did not acquire its interest in Predecessor Autostrade until 28 February 2003, at the conclusion of the Tender Offer.

**Notes to the Unaudited Pro Forma Consolidated Income Statement of Autostrade S.p.A.
for the Year ended 31 December 2003**

- (a) The Group recorded Consolidation Goodwill (as defined below) of €4,640.6 million in 2003 in connection with the Acquisition as a result of the difference between the price paid for the Acquisition of a majority stake in Predecessor Autostrade and the related consolidated shareholders' equity. See "Management's Discussion and Analysis of Results of Operations and Financial Condition". Under Italian Accounting Principles, such Consolidation Goodwill, as well as other intangible assets related to the financing of the Acquisition, is amortised on a straight-line basis over a period of fourteen years and ten months, commencing from 28 February 2003, the date of the Acquisition, as the expected economic useful life has been estimated as a period of fifteen years from 1 January 2003. This amortisation period was determined on the basis of an appraisal by an independent expert. The amortisation charge for 2003 was €260.7 million.

€49.6 million includes (i) €48.7 million, which reflects two months of additional amortisation charges of Consolidation Goodwill, to give effect to the Acquisition as if it occurred on 1 January 2003 and (ii) €1.0 million, for two months of additional amortisation charges of intangible assets related to the financing of the Tender Offer.

- (b) In connection with the Acquisition and certain related additional costs, NewCo28 incurred approximately €6.5 billion of indebtedness.

The pro forma adjustment reflects €53.8 million of additional interest charges for the first two months of 2003 as a result of such indebtedness of approximately €6.5 billion, assuming an annual interest rate of 5%, corresponding to the 2003 average annual interest rate on Group indebtedness of approximately 5%.

- (c) Pursuant to Progetto Mediterraneo, Predecessor Autostrade made the Autostrade Italia Contribution effective 1 July 2003.

Autostrade Italia Goodwill (as defined below) of €6,327.4 million, eliminated in consolidation, is amortised on a straight-line basis over a period of fourteen years and six months, commencing 1 July 2003, the date of the contribution of the assets to Autostrade Italia, as the expected economic useful life has been estimated as a period of fifteen years from 1 January 2003. See "Management's Discussion and Analysis of Results of Operations and Financial Condition". The amortisation charge for 2003 was €218.2 million. The annual amortisation charge will result in an annual effective consolidated tax savings for the Group of approximately €160 million. In 2003, tax savings resulting from the amortisation charge were €83.5 million.

Pro forma income tax expense adjustment is calculated assuming the contribution in kind from Predecessor Autostrade to Autostrade Italia as if it had occurred 1 January 2003. €53.8 million income tax saving reflects (i) €18.7 million for tax benefit on pro forma adjustment (b) above, (ii) €77.9 million for tax saving as a result of the amortisation charges of Autostrade Italia Goodwill, calculated from 1 January 2003, partially compensated by (iii) €42.8 million representing a partial reversal (for the first two months of 2003) of the deferred tax asset arisen in the consolidated financial statements, due to the elimination of the effects of the contribution in kind made by Predecessor Autostrade.

- (d) According to Italian Accounting Principles, Autostrade is entitled only to the net income for the period starting from the date of the Acquisition.

Consequently, the net profit for the period 1 January to 28 February 2003, deducted from net income attributable to Autostrade in the consolidated income statement, should be wholly attributed to Autostrade in this unaudited pro-forma consolidated income statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion of the Group's financial condition and results of operations in the periods set forth below. This discussion should be read in conjunction with the section entitled "Selected Historical Financial Data" as well as with the Group's consolidated financial statements and the related notes thereto included elsewhere in this Offering Circular and the Group's unaudited pro forma consolidated income statement set forth in the section entitled "The Acquisition and Merger and Pro-Forma Consolidated Income Statement".

The Group prepares its financial statements in accordance with Italian Accounting Principles. Where Italian Accounting Principles are silent, the Group applies IFRS. There are significant differences between Italian Accounting Principles and IFRS and between Italian Accounting Principles and U.S. GAAP. Certain material differences between Italian Accounting Principles and U.S. GAAP as they relate to the Group are discussed in "Annex A — Summary of certain Significant Differences Between Italian Accounting Principles and U.S. GAAP".

This discussion includes forward-looking statements which, although based on assumptions that the Group considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, see "Forward-Looking Statements" and "Risk Factors".

Overview

The Group is comprised primarily of companies which hold concessions (each, a "Concession") for the construction, operation and maintenance of toll motorways (including tunnels) in Italy and abroad (collectively, the Group's toll motorways in Italy constitute the "Group Network") and other companies which supply services either directly or indirectly related to its principal motorway activities. See "Business Description of the Group". The Group derives the predominant part of its revenues, approximately 90.6% of the revenues of the Group for the year ended 31 December 2003, from tolls paid in Italy by users of the Group Network. The Group Network also includes 246 service areas, where petrol stations, shops and restaurants are located. Royalties paid by third party subconcessionaires operating such petrol stations, shops and restaurants, together with service fees resulting from automated toll collection technologies and motorway related services, account for substantially all of the remaining revenues of the Group.

In the past three years, net toll revenues increased from €2,003.9 million in 2001 to €2,133.5 million in 2002 to €2,329.1 million in 2003, reflecting both an increase in traffic volumes and an increase in tariffs charged on the Group Network. In both 2002 and 2003, traffic volumes increased 2.8% over the prior year. See "Business Description of the Group — Transportation in Italy" and "Business Description of the Group — Traffic". Tariff rates are adjusted annually on the basis of the formula established by Comitato Interministeriale per la Programmazione Economica ("CIPE") and contained in the individual Concessions. Adjustments in tariff rates applied to tolls on the majority of the Group Network are based upon various factors such as the expected inflation rate in Italy (as reported in the government budget law), expected productivity and the change in service quality, in accordance with price-cap mechanisms. See "Business Description of the Group — Regulatory".

The Group's main expenses result from the operation and maintenance of the various motorways which form the Group Network. One of the largest expenses is labour. At 31 December 2003, the Group employed 9,402 equivalent full-time employees. Net labour costs accounted for €447.8 million, or 20.1% of total revenues, in 2001, €457.4 million, or 19.4% of total revenues, in 2002, and €481.4 million, or 18.7% of total revenues, in 2003. Therefore, labour costs have increased slightly over the three year period ending with fiscal year 2003, primarily as a result of the addition of employees due to the acquisition and consolidation of a new Concession into the Group. However, increased revenues and automation of toll collection operations have resulted in a decrease in labour costs as a percentage of revenues during such period.

Investment plans tied to the Concessions or Concession extensions oftentimes require the Motorway Subsidiaries to make substantial capital investments (such as for upgrading of motorways and construction of additional lanes, connections and junctions). As a result of its prior required investment plan, the Group expects to invest approximately €5.0 billion (net of any government grants) in order to complete the works between 2004 and 2009 (the "Prior Investment Programme"). Additionally, the Group currently expects to invest an amount of up to approximately €4.7 billion, all of which relates to Autostrade Italia, between 2005 and 2010 for the new proposed investment plan for the improvement and enlargement of the Autostrade Italia Network (the "New Investment Programme"). Under the Prior Investment Programme, cost overruns to

date total approximately €1,013 million, and these cost overruns cannot be recuperated by Autostrade Italia through tariff increases. Additional cost overruns may occur in connection with the Prior Investment Programme prior to the completion of the required works. Under the new tariff provisions set forth in the Fourth Supplementary Agreement, there is a mechanism to recover cost overruns arising from works under the New Investment Programme. See “Summary of commitments, including capital expenditures” and “Business Description of the Group — Motorway Capital Expenditures”.

Autostrade is entering into the CapEx Facility (as defined below) in connection with the establishment of the Programme specifically for capital expenditures and general corporate purposes in the amount of up to €2 billion. If the Group is unable to cover capital expenditure requirements from its cash flow and such facility, it may seek to obtain additional financing from the capital markets. See “Risk Factors”, “Liquidity Commitments and Financing Arrangements — Capital Expenditures”, “Business Description of the Group — Capital Expenditures — Works” and “Description of Other Group Indebtedness”.

Significant Factors that Have Affected and Will Affect the Group’s Results of Operations and Financial Condition

As described more fully below and in the discussion of results of operations that follows, the most significant factors that have had an effect on the Group’s results of operations during the periods under consideration all involved changes in the structure of the Group.

Effects of the Tender Offer, Reorganisation Pursuant to Progetto Mediterraneo and Merger

The Tender Offer, the reorganisation pursuant to Progetto Mediterraneo and subsequent Merger that occurred in 2003 resulted in the most significant changes in the results of operations and financial condition for the Group and will continue to have a significant effect on the results of operations and financial condition of the Group in the foreseeable future. See also “The Acquisition and Merger and Unaudited Pro-Forma Consolidated Income Statements” and “Business Description of the Group — Structural Reorganisation of the Group (“Progetto Mediterraneo”).

Indebtedness Resulting from the Tender Offer and Increased Interest Expense

In connection with the Tender Offer, NewCo28 incurred approximately €6,500.0 million of indebtedness. This indebtedness was subsequently refinanced through a series of transactions. See “The Acquisition and Merger and Unaudited Pro-Forma Consolidated Income Statement”. At 31 December 2003, Autostrade had outstanding gross indebtedness of €9,428.2 million of which €6,500.0 million was incurred in connection with the Acquisition. In 2003, the average annual interest rate on Group indebtedness was approximately 5% and the total interest charge was €432.8 million (€486.9 million on an annualised basis). The Group intends to refinance this indebtedness in full with the proceeds from the inaugural issue of Notes under the Programme. Once refinanced, interest charges will accrue on the outstanding indebtedness at the applicable interest rates.

Annual Tax Benefits Resulting from the Amortisation of the Goodwill of Autostrade Italia

Pursuant to Progetto Mediterraneo, Predecessor Autostrade contributed the Autostrade Italia Concession (as defined below) and certain of its other assets, including all of its capital stock in the Motorway Subsidiaries (as defined below), to a newly formed subsidiary, Autostrade Italia, effective 1 July 2003. Autostrade Italia recorded goodwill of €6,327.4 million as a result of the difference between the assigned value of the assets contributed of €8,104.6 million and their stated book value at 31 December 2002 of approximately €1,777.2 million (the “Autostrade Italia Goodwill”). This intercompany transaction does not appear in Autostrade’s consolidated financial statements. The assigned value was set based on the market value of the assets of Predecessor Autostrade at the time of its privatisation in 1999 and is lower than the value assigned to such assets at the time of their contribution by Roland Berger, an independent appraiser appointed by the Tribunal of Rome in accordance with the Italian Civil Code.

The Autostrade Italia Goodwill is amortised by Autostrade Italia on a straight-line basis for a period of fourteen years and six months, commencing 1 July 2003, the date of the contribution of such assets to Autostrade Italia, as the expected economic useful life has been estimated as a period of fifteen years from 1 January 2003. The amortisation period was determined pursuant to an appraisal by an independent expert. Consequently, it is anticipated that the annual amortisation charge resulting from the contribution will be €436.4 million. Due to the shortened amortisation period in 2003, the amortisation charge for 2003 was

€218.2 million. The annual amortisation charge will result in an annual tax savings in the consolidated accounts of the Group of approximately €160 million at year end, based on the current corporate tax rate. In 2003, tax savings resulting from the amortisation charge were €83.5 million.

Annual Amortisation Resulting from the Consolidation Goodwill

In connection with the Acquisition, the Group recorded goodwill arising from consolidation of €4,640.6 million ("Consolidation Goodwill"). The Consolidation Goodwill represents the difference between the amount paid by NewCo28 for the equity interest in Predecessor Autostrade and the consolidated book value of such share capital in the financial statements of Predecessor Autostrade.

The Consolidation Goodwill will be amortised on a straight-line basis over a period of fourteen years and ten months, commencing from 28 February 2003, the date of the Acquisition. The Consolidation Goodwill will result in annual amortisation charges of €312.8 million through 2018. Due to the shortened amortisation period in 2003, the amortisation charge for 2003 was €260.7 million.

Effect of Major Dispositions and Acquisitions

During the periods under review, the Group's results of operations were affected by several transactions involving the disposition or acquisition of subsidiaries and the award of an important service contract.

In 2002 the Group disposed of its minority ownership interest in Blu S.p.A. ("Blu") for €83.6 million. As a result, the Group recorded a €104.1 million loss on the sale in 2002. Blu, which was the fourth mobile phone operator to have entered the Italian market, was established in 1999 and, prior to its disposition, generated losses of €109.4 million and €150.4 million in 2000 and 2001, respectively. The Group also disposed of its wholly-owned subsidiary Autostrade Telecomunicazioni in 2003 for an amount equal to €77.5 million. Autostrade Telecomunicazioni was a wholesale telecommunications operator that managed a fibre optic network of over 3,000 kilometres along the Group Network. Autostrade Telecomunicazioni reported revenues of €36.1 million and €39.8 million and net income of €15.9 million and €15.3 million in 2001 and 2002, respectively. Consequently, 2003 benefited from both these transactions, insofar as there were no losses from Blu as in previous years, and the sale of Autostrade Telecomunicazioni resulted in an extraordinary gain.

Strada dei Parchi, a 60% owned subsidiary, was established to operate the A24/A25 motorway pursuant to a Concession (the "Strada dei Parchi Concession") acquired effective 1 January 2003, at which time the results of operation of the Concession were fully consolidated into the Group. Strada dei Parchi contributed 627 full-time employees to the Group. In connection with the acquisition of the Strada dei Parchi Concession, the Group incurred total debt of €803.5 million, which includes acquisition financing and the assumption of the existing liabilities of the Strada dei Parchi Concession. The transaction was financed through an interest bearing instalment loan granted by ANAS in the amount of €748.9 million which will be repaid in equal annual instalments over the 28 year concession period.

Europass LKW Mautsystem GmbH ("Europass"), a wholly-owned subsidiary of Autostrade, was organised in 2002 for the purpose of planning, financing, setting up and operating an automatic toll payment system for heavy vehicles on over 2,000 kilometres of Austrian national routes. Pursuant to a contract awarded by the Austrian State Road Authority ("ASFINAG") in June 2002, Europass had one and a half years to design and construct the automatic toll payment system. Construction on this project began in July 2002 and continued through the end of 2003, during which time it cost the Group approximately €260 million to complete construction of the network. The Group covered these costs through debt financing in the amount of approximately €171 million and an investment in the equity of Europass of approximately €89 million. The Group provided security in connection with this debt financing. This security, which will remain in place until the repayment of the indebtedness, qualifies as a "Permitted Encumbrance" under the terms and conditions governing the Notes. Since the system began operations only in 2004, the Group did not receive operating income from that investment prior to 1 January 2004. Pursuant to the agreement with ASFINAG, Europass receives monthly remuneration from ASFINAG, consisting of a fixed and variable amount. The fixed amount fluctuates slightly from year to year and is set at approximately €84 million for 2004. In addition, there is a variable compensation component based on factors such as traffic growth and inflation. See "Business Description of the Group — International Motorway Activities — Europass".

Effects of Regulatory Events and Changes in Tariff Calculations

The Fourth Supplementary Agreement, signed in December 2002 by ANAS, will become effective following Notice of Registration (as defined below) from ANAS. See “Business Description of the Group — the Concessions”. This agreement regulates, among other things, the tariffs that Autostrade Italia may charge on the Autostrade Italia Network and introduces new criteria for determining some of the elements of the price-cap mechanism previously instituted to regulate tariff increases. The new tariff parameters set forth in the Fourth Supplementary Agreement extend one of the variables of the tariff formula from five to ten years, thereby resulting in lower tariff increases in the early years, but assuring tariff increases for an extended period in connection with the New Investment Programme of up to €4.7 billion. See “Business Description of the Group — The Group Network — Tariffs”. Management believes that the Fourth Supplementary Agreement will result in more certainty and transparency for business operations. This is due to the fact that the Fourth Supplementary Agreement sets forth one of the main components for calculating tariff increases (the “X factor”) for the next ten years, whereas the price formula set forth in the 1997 Concession Agreement only sets one of the main components for calculating tariff increases for five years. The extended period set forth for the X factor is intended to correspond to the New Investment Programme. In addition, the Fourth Supplementary Agreement is unique insofar as it provides a mechanism by which Autostrade Italia can recuperate through tariff increases construction costs in excess of the up to approximately €4.7 billion currently estimated for the New Investment Programme.

Pending the effectiveness of the Fourth Supplementary Agreement, Predecessor Autostrade (and, subsequently, Autostrade Italia) applied on a provisional basis in 2003 the tariffs set forth in the Fourth Supplementary Agreement in accordance with an auxiliary agreement entered into between Autostrade Italia and ANAS — on 23 December 2002, as subsequently amended (the “Addendum Agreement”). Although permitted to increase tariffs at the beginning of 2004, Autostrade Italia has decided not to increase tariffs until 1 July 2004, at which time it will increase tariffs by 2.26%. For further details on the approval process for the Fourth Supplementary Agreement, see “Business Description of the Group — The Concessions — The Autostrade Italia Concession”.

Presentation of Financials

The accompanying results of operations discussion is based on the historical consolidated results of Autostrade and Predecessor Autostrade. Following the Tender Offer and transfer of assets in connection with Progetto Mediterraneo in July 2003, as described above, the surviving entity in the Merger — Autostrade — was significantly different from its predecessor, both in terms of its indebtedness and its structure. See also “Business Description of the Group — Structural Reorganisation of the Group (*Progetto Mediterraneo*) — Progetto Mediterraneo and the Structure of the Group” and “The Acquisition and Merger and Unaudited Pro-Forma Consolidated Income Statement”. Therefore, the results of operations for 2003 set forth below are those of the newly formed company and its consolidated subsidiaries and are not directly comparable to results of operations of the predecessor company and its consolidated subsidiaries from the prior periods.

Results of Operations

The following table sets forth the Group's results of operations for the three years ended 31 December 2001, 2002 and 2003.

	Year ended 31 December					
	2001		2002		2003	
	Predecessor Autostrade				Autostrade	
	(€ in thousands)	(% of revenues)	(€ in thousands)	(% of revenues)	(€ in thousands)	(% of revenues)
Revenues						
Net toll revenues	2,003,940	90.1%	2,133,530	90.4%	2,329,104	90.6%
Other motorway-related revenues	216,661	9.7%	211,115	9.0%	229,069	8.9%
Other income and revenues	6,011	0.3%	12,193	0.5%	11,607	0.5%
Total revenues.	2,226,612	100.1%	2,356,838	99.9%	2,569,780	100%
Changes in contract works in progress	(1,652)	(0.1)%	2,166	0.1%	1,538	0.0%
Revenues from ordinary activities	2,224,960	100.0%	2,359,004	100.0%	2,571,318	100.0%
Operating costs						
Raw materials and external services consumption ⁽¹⁾⁽²⁾	(436,392)	19.6%	(414,887)	17.6%	(464,102)	18.0%
Other costs	(18,554)	0.8%	(14,939)	0.6%	(28,471)	1.1%
Gross margin	1,770,014	79.6%	1,929,178	81.8%	2,078,745	80.8%
Net labour costs ⁽¹⁾⁽²⁾	(447,785)	20.1%	(457,386)	19.4%	(481,392)	18.7%
Gross operating income (EBITDA)	1,322,229	59.4%	1,471,792	62.4%	1,597,353	62.1%
Amortisation, depreciation	(234,852)	10.6%	(262,623)	11.1%	(536,398)	20.9%
Other provisions	(15,516)	0.7%	(15,710)	0.7%	(19,619)	0.8%
Provisions for risks and charges	(144,592)	6.5%	(126,566)	5.4%	(155,789)	6.1%
Operating income (EBIT)	927,269	41.7%	1,066,893	45.2%	885,550	34.4%
Financial income (expense), net	(72,003)	3.2%	(41,802)	1.8%	(373,086)	14.5%
Adjustments to long-term investments	(151,101)	6.8%	(104,219)	4.4%	21,848	0.8%
Income before extraordinary items and taxes.	704,165	31.6%	920,872	39.0%	534,312	20.8%
Extraordinary income (expense), net	1,580	0.1%	(14,969)	0.6%	(2,835)	0.1%
Income before taxes	705,745	31.7%	905,903	38.4%	531,477	20.7%
Income tax expense	(316,742)	14.2%	(402,197)	17.0%	(305,890)	11.9%
Net income for the year including minority interests	389,003	17.5%	503,706	21.4%	225,587	8.8%
Minority interest losses	26,698	1.2%	25,604	1.1%	7,036	0.3%
Net income	415,701	18.7%	529,310	22.4%	232,623	9.0%
Net profit for the period prior to the Acquisition ⁽³⁾					(75,863)	3.0%
Net income attributable to Autostrade (for the period 1 March 2003 through 31 December 2003)⁽³⁾					156,760	6.1%

(1) Net of reimbursement for employees seconded to non-consolidated companies and other costs.

(2) Does not include costs that arise during the construction of a project which are capitalised commencing the year the expense is incurred until such time as the project is completed.

(3) According to Italian Accounting Principles, net income of €75.9 million has been deducted for the year ended 31 December 2003. The deducted amount represents net income deriving from Predecessor Autostrade for the first two months of 2003. This adjustment was made to account for the fact that NewCo28 (now Autostrade) did not acquire its interest in Predecessor Autostrade until 28 February 2003, at the conclusion of the Tender Offer.

Fiscal Year ended 31 December 2003 Compared to Fiscal Year ended 31 December 2002

Revenues

Net toll revenues. Net toll revenues (revenues net of any governmental taxes or other duties) constitute the main source of Group revenue and are a function of traffic volumes and tariffs charged. Net toll revenues increased by €195.6 million, or 9.2%, to €2,329.1 million for the year ended 31 December 2003 from €2,133.5 million for the year ended 31 December 2002. The acquisition and consolidation of Strada dei Parchi, effective 1 January 2003, accounted for an increase of €83.1 million in net toll revenues. The remaining increase was primarily due to an increase of 2.8% in the volume of traffic throughout the Group Network, combined with an increase of 1.52% in the tariff rate applicable under the Autostrade Italia Concession and to a lesser extent increases in tariff rates charged by the other Motorway Subsidiaries, all of which became effective 1 January 2003.

Other motorway-related revenues. Other motorway-related revenues primarily include revenues from third party service area subconcessions, from road, motorway and construction works performed for companies outside the Group, from deferred toll payments and user fees paid by motorway traffic users for the Telepass apparatus and VIACard, and from fees for clearinghouse services provided to third party motorway operators using the Group's Telepass technology. Other motorway-related revenues increased by €18.0 million, or 8.5%, to €229.1 million for the year ended 31 December 2003, from €211.1 million for the year ended 31 December 2002. The increase was primarily due to increased revenues from service area subconcessions (€14.3 million), fees from other Italian motorway operators for the management of VIACard and Telepass (€9.5 million) and paving and construction works for third party companies (€5.4 million), offset in part by a decrease in revenues from Autostrade Telecomunicazioni, which was sold in 2003.

Other income and revenues. Other income and revenues consists mainly of sales of technological equipment, rental fees, leases and other miscellaneous revenues. Other income and revenues decreased by €0.6 million, or 4.8%, to €11.6 million for the year ended 31 December 2003 from €12.2 million for the year ended 31 December 2002.

Changes in Contract Works in Progress

Changes in contract works in progress consists of works for third parties under contract. In 2003, changes in contract works in progress were substantially in line with the prior year, decreasing by €0.628 million.

Operating costs

Raw materials and external services consumption. Raw materials and external services consumption consist primarily of expenses related to the ordinary and extraordinary operation and maintenance of the Group Network, including toll collection, traffic assistance, rental and leasing fees for real property, machinery and equipment and general expenses. Raw materials and external services consumption increased by €49.2 million, or 11.9%, to €464.1 million for the year ended 31 December 2003 from €414.9 million for the year ended 31 December 2002. The increase was primarily due to the acquisition and consolidation of Strada dei Parchi (€15.5 million) and start-up costs resulting from the continued construction of Euroypass (€14.3 million), with the remaining costs incurred by Pavimental S.p.A. ("Pavimental") (a company within the Group that provides paving services) and by SPEA S.p.A. ("SPEA") (a company within the Group which is responsible for substantially all design, supervision and environmental compliance relating to significant construction projects) in connection with services provided by them to third parties.

Other costs. Other costs consist principally of concession fees (equivalent to 1% of net toll revenues of each Concession held by the Group and 2% of revenues realised by third party subconcessions). Other costs also consists of other taxes (in 2003, primarily value-added tax or "VAT"), reimbursements for claims and other damages, capital gains or losses upon the sale of core business assets and miscellaneous costs. Other costs increased by approximately €13.5 million, or 91.2%, to €28.5 million for the year ended 31 December 2003 from €14.9 million for the year ended 31 December 2002 which was attributable primarily to lower tax deductions for costs incurred by Autostrade after becoming a holding company pursuant to Progetto Mediterraneo and from costs incurred for the project itself.

Gross margin

Gross margin reflects the difference between revenues from ordinary activities and total operating costs. Gross margin increased by €149.6 million, or 7.8%, to €2,078.7 million for the year ended 31 December 2003 from €1,929.2 million for the year ended 31 December 2002, while as a percentage of revenues gross margin decreased slightly, to 80.8% from 81.8%, during this period, mainly because of Europass start-up costs and as a result of the disposal of Autostrade Telecomunicazioni.

Net labour costs. The following table sets forth the Group's net labour costs for the year ended 31 December 2003, as compared to the year ended 31 December 2002:

	Year ended 31 December		% variation
	2002	2003	
	Predecessor Autostrade	Autostrade	
	(€ in thousands)		
Net labour costs			
Salaries and wages	331,352	349,482	5.5%
Social security contributions	103,769	111,804	7.7%
Staff severance pay.	25,315	26,970	6.5%
Other personnel costs	3,783	3,924	3.7%
Adjustment for costs and capitalised amounts	(6,833)	(10,788)	5.8%
Total, net of recovery costs and capitalised amounts	457,386	481,392	5.2%

Net labour costs consist of salaries and wages, social security contributions, staff severance pay and other personnel costs. Net labour costs increased by €24.0 million, or 5.2%, to €481.4 million for the year ended 31 December 2003 from €457.4 million for the year ended 31 December 2002. The number of employees increased by 374, or 4.1%, in 2003. The increase in costs was primarily due to the addition of 627 full-time equivalent employees as a result of the Group's acquisition and consolidation of the Strada dei Parchi Concession (€29.3 million) and additional employees required to design, construct and implement the Europass tolling system in Austria in 2003 (approximately €2.1 million). To a lesser extent, the increase in costs was also due to an increase of 1.8% in average costs per employee. The increase in costs was partially offset by the disposal and deconsolidation of Autostrade Telecomunicazioni, which had 27 full-time equivalent employees (€1.7 million), and reductions in the number of employees at other Group Subsidiaries.

The following table sets forth the average number of Group full-time equivalent employees for the periods indicated:

	Year ended 31 December		% variation
	2002	2003	
	Predecessor Autostrade	Autostrade	
Employees			
Executives	165	160	(3.0)%
White collar workers	3,390	3,650	7.7 %
Blue collar workers.	1,474	1,522	3.3 %
Toll collectors	3,999	4,070	1.8 %
Total.	9,028	9,402	4.1 %

Gross operating income

Gross operating income increased by €125.6 million, or 8.5%, to €1,597.4 million for the year ended 31 December 2003, from €1,471.8 million for the year ended 31 December 2002. Strada dei Parchi

contributed positively to this result (€40 million), while start-up costs of Europpass (€18.7 million) and the loss of revenues in 2003 as a result of the disposal and deconsolidation of Autostrade Telecomunicazioni (€29.4 million), negatively affected the gross operating income. Consequently, the gross operating income as a percentage of revenues decreased slightly from 62.4% in 2002 to 61.4% in 2003.

Amortisation and depreciation

The following table sets forth the amortisation and depreciation costs of the Group for year ended 31 December 2003 as compared to the year ended 31 December 2002:

	Year ended 31 December		% variation
	2002	2003	
	Predecessor Autostrade	Autostrade	
	(€ in thousands)		
Amortisation and depreciation			
Amortisation of intangible assets.	19,143	287,402	1,401.3 %
Depreciation of tangible assets, of which:			
Industrial depreciation of non transferable assets	47,414	35,020	(26.1)%
Industrial and financial depreciation of transferable assets. . . .	196,066	213,976	9.1 %
Total.	262,623	536,398	104.2 %

Amortisation and depreciation relates to amortisation of intangible assets and depreciation of tangible assets. Amortisation and depreciation increased by €273.8 million, or 104.2%, to €536.4 million for the year ended 31 December 2003 from €262.6 million for the year ended 31 December 2002. The increase was primarily due to the straight-line amortisation of the Consolidation Goodwill, which resulted in an amortisation charge of €260.7 million in 2003. Annual amortisation charges arising from Consolidation Goodwill will be amortised over a period of fourteen years and ten months commencing from the acquisition of shares of Autostrade by NewCo28 on 28 February 2003. In addition, in 2003, costs and fees incurred in connection with loans entered into to fund the Tender Offer will be amortised over the contractual duration of the loans. The increase is also a result of the depreciation of the assets from the acquisition and consolidation of the Strada dei Parchi Concession (approximately €30.1 million).

In the same year, industrial depreciation charges for non-transferrable assets decreased as a result of reduced purchases of Telepass tags and lower investments in machinery and equipment.

Other provisions

Other provisions consists primarily of provisions to cover losses and overdue receivables caused by unpaid tolls from motorway users. Other provisions increased €3.9 million, or 24.9%, to €19.6 million for the year ended 31 December 2003 from €15.7 million for the year ended 31 December 2002.

Provisions for risks and charges

Provisions for risks and charges consists of accruals for costs of restoration or replacement of assets subject to reversion without compensation, reserves for non-recurring maintenance, other minor reserves and accruals for litigation. Provisions for risks and charges increased by €29.2 million, or 23.1%, to €155.8 million for the year ended 31 December 2003 from €126.6 million for the year ended 31 December 2002. The provisions consist of a €130.4 million to cover the above obligations relating to the Autostrade Italia Concession and scheduled maintenance. An additional accrual of €25.4 million covers litigation related primarily to construction subcontractors.

Operating income

Operating income decreased by €181.3 million, or 17.0%, to €885.6 million for the year ended 31 December 2003 from €1,066.9 million for the year ended 31 December 2002. The decrease was primarily due to the

amortisation of the Consolidation Goodwill. The decrease in operating income was also due, to a lesser extent, to start-up costs of €23.2 million related to the implementation of the Euroypass tolling system and the effects of the disposal and deconsolidation of Autostrade Telecomunicazioni (approximately €22.3 million), partly offset by the positive contribution resulting from the acquisition and consolidation of Strada dei Parchi (approximately €27.2 million).

Financial income (expense), net

Financial income (expense), net primarily includes dividend and interest income and expense, other financial transaction costs and the capitalisation of financial interest on debt borrowed for works in progress. Financial expense, net increased by €331.3 million, or 792.5%, to €373.1 million for the year ended 31 December 2003 from €41.8 million for the year ended 31 December 2002. The increase was primarily due to financial interest expense of €366.1 million resulting from the financing of the Tender Offer and, to a lesser extent, interest expense of €48.0 million resulting from the acquisition and consolidation of Strada dei Parchi, offset by interest income and dividends of €77.1 million.

Adjustments to long-term investments

Adjustments to long-term investments consist of write-downs of long-term investments and adjustments to market value of current investments or capital gains or losses on the disposal of financial assets. Adjustments to long-term investments decreased by €126.1 million, to a positive adjustment of €21.8 million for the year ended 31 December 2003 from a negative adjustment of €104.2 million for the year ended 31 December 2002, primarily as a result of the loss recorded on the sale of Blu in 2002. The positive adjustment in 2003 resulted primarily from the capital gains of €23.4 million on the sale by NewCo28 of some of its equity interest in Predecessor Autostrade prior to the Merger.

Extraordinary income (expense), net

Extraordinary income (expense), net consists of non-recurring events. Extraordinary expense, net decreased by €12.1 million, or 81.1%, to €2.8 million for the year ended 31 December 2003 from €15.0 million for the year ended 31 December 2002. Extraordinary expenses decreased during this period primarily as a result of capital gains stemming from the sale of real estate assets (€5.5 million) and the disposal and deconsolidation of Autostrade Telecomunicazioni (€8.5 million).

Income tax expense

Income taxes are recorded on the basis of estimated taxable income for each individual consolidated company in accordance with current fiscal law. Income tax expense decreased by €96.3 million, or 23.9%, to €305.9 million for the year ended 31 December 2003 from €402.2 million for the year ended 31 December 2002. As a percentage of revenues, income taxes decreased from 17.0% to 11.9%. The decrease was primarily due to the tax benefit arising from Autostrade Italia Goodwill (€83.5 million), together with the decrease in the corporate income tax rate (known as *Imposta Regionale sul Reddito delle Persone Giuridiche* or "IRPEG") from 36% to 34% (€45.9 million) and, to a lesser extent, from the tax benefit from the amortisation of fees related to the financing of the Tender Offer and Progetto Mediterraneo. These income tax savings were partially offset by reversal of deferred tax assets of €45.9 million in 2003, representing the pro-rata portion of the €91.7 million annual amortisation charge which will be taken through 2018 and which arose from Autostrade Italia Contribution. In addition, the transaction resulted in a gain of €6,327.4 million, resulting in amounts due in previous years of €255.8 million and in June 2004 of €1,074 million. In addition, this period did not benefit from the positive tax benefits previously realised from losses generated by Blu, which was sold in 2002.

Minority interests

Minority interests represent the portion of earnings or losses of consolidated Group companies in which an ownership is held by third parties. Loss attributable to minority interests was €7.0 million for the year ended 31 December 2003 as compared to a loss of €25.6 million for the year ended 31 December 2002. The change was primarily due to the sale of Predecessor Autostrade's 25.4% indirect ownership interest in Blu, which had experienced losses in 2002. Such losses include net losses from Mont Blanc Tunnel in both years following the

re-opening of the tunnel after extended closure due to a fire and losses connected with the commencement of operations at Strada dei Parchi in 2003.

Net income

Net income decreased by €245.5 million, or 46.4%, to €232.6 million for the year ended 31 December 2003 from €529.3 million for the year ended 31 December 2002. This decrease in net income was primarily due to the effects of the Merger which had a significant impact on the financial condition of the Group.

Fiscal Year ended 31 December 2002 compared to Fiscal Year ended 31 December 2001

The following factors significantly impacted the results of operations for the year ended 31 December 2002 as compared with the results of operations for the year ended 31 December 2001: the reopening of the Mont Blanc tunnel following the 1999 fire which had necessitated a lengthy tunnel closure, the disposal of the Group's equity interest in Blu, which resulted in a write-off of €104.1 million, net of sale proceeds, and start-up costs associated with Euroypass.

Revenues

Net toll revenues. Net toll revenues increased by €129.6 million, or 6.5%, to €2,133.5 million for the year ended 31 December 2002 from €2,003.9 million for the year ended 31 December 2001. The increase was primarily due to an increase of 2.8% in the volume of traffic throughout the Group Network, combined with an increase of 2.21% in the tariff rate applicable under Predecessor Autostrade Concession and to a lesser extent increases in tariff rates charged by the other Motorway Subsidiaries, all of which became effective 1 January 2002, other than the tariff applicable to the Mont Blanc tunnel, which became effective upon reopening of the tunnel in March 2002. See "Business Description of the Group — The Group Network — Tariffs".

Other motorway-related revenues. Other motorway-related revenues decreased by €5.5 million or 2.6%, to €211.1 million for the year ended 31 December 2002 from €216.7 million for the year ended 31 December 2001. Revenues from VIACard and Telepass operations increased in 2002 by €10.7 million. However, this increase was offset by a decrease in service area royalties (€3.5 million) and a decrease in works for third parties (€13.7 million). The decrease in royalties in 2002 as compared to 2001 resulted from a one-time payment of €11.4 million by AgipPetroli S.p.A. ("Agip") pursuant to an agreement for compensation for petrol sold in previous years, which was recorded in 2001.

Other income and revenues. Other income and revenues increased by €6.2 million, or 102.8%, to €12.2 million for the year ended 31 December 2002 from €6.0 million for the year ended 31 December 2001. The increase was primarily due to the increase in sales of technological equipment.

Changes in Contract Works in Progress

Changes in contract works in progress increased by €3.9 million, or 231.1%, to positive €2.2 million in 2002 from negative €1.7 million in 2001.

Operating costs

Raw materials and external services consumption. Raw materials and external services consumption decreased by €21.5 million, or 4.9%, to €414.9 million for the year ended 31 December 2002 from €436.4 million for the year ended 31 December 2001. The decrease was primarily due to reduced costs for service contracts and construction materials related to motorway maintenance as a result of more favourable pricing arrangements for the Group, greater standardisation of materials and components used in such maintenance and the implementation of new recycling technologies which enabled the Group to reduce its requirements for paving materials.

Other costs. Other costs decreased by €3.6 million, or 19.5%, to €14.9 million for the year ended 31 December 2002 from €18.6 million for the year ended 31 December 2001.

Gross margin

Gross margin increased by €159.2 million, or 9.0%, to €1,929.2 million for the year ended 31 December 2002 from €1,770.0 million for the year ended 31 December 2001. The increase resulted primarily from an increase in revenues from ordinary activities and savings in operating costs.

Net labour costs. The following table sets forth the Group's net labour costs for the year ended 31 December 2002, as compared to the year ended 31 December 2001:

	Year ended 31 December		% variation
	2001	2002	
	(€ in thousands)		
Net labour costs			
Salaries and wages	323,866	331,352	2.3%
Social security contributions	102,073	103,769	1.7%
Staff severance pay.	24,088	25,315	5.1%
Other personnel costs	2,890	3,783	30.9%
Adjustment for costs and capitalised amounts	(5,132)	(6,833)	33.1%
Total, net of recovery costs and capitalised amounts	447,785	457,386	2.1%

Net labour costs increased by €9.6 million, or 2.1%, to €457.4 million for the year ended 31 December 2002 from €447.8 million for the year ended 31 December 2001. The increase was primarily due to an increase in employee salaries and wages, partially offset by a reduction in personnel equivalent to 248 full-time employees through natural attrition and early retirement incentives and a reduction in use of seasonal workers. The reduction in personnel was possible due to increased penetration of automation in toll collection.

The following table sets forth the average number of the Group full-time equivalent employees for the periods indicated:

	Year ended 31 December		% variation
	2001	2002	
Employees			
Executives	154	165	7.1 %
White collar workers	3,413	3,390	(0.7)%
Blue collar workers.	1,530	1,474	(3.7)%
Toll collectors	4,179	3,999	(4.3)%
Total.	9,276	9,028	(2.7)%

Gross operating income

Gross operating income increased by €149.6 million, or 11.3%, to €1,471.8 million for the year ended 31 December 2002 from €1,322.2 million for the year ended 31 December 2001. Gross operating income as a percentage of revenues increased from 59.4% to 62.4% during this period.

Amortisation and depreciation

The following table sets forth the amortisation and depreciation costs of the Group for the year ended 31 December 2002 as compared to the year ended 31 December 2001:

	Year ended 31 December		% variation
	2001	2002	
	(€ in thousands)		
Amortisation and depreciation			
Amortisation of intangible assets.	15,249	19,143	25.5%
<i>Depreciation of tangible assets, of which:</i>			
Industrial depreciation of non transferable assets	41,999	47,414	12.9%
Industrial and financial depreciation of transferable assets. . . .	177,604	196,066	10.4%
Total.	234,852	262,623	11.8%

Amortisation and depreciation increased by €27.8 million, or 11.8%, to €262.6 million for the year ended 31 December 2002 from €234.9 million for the year ended 31 December 2001. The increase was primarily due to the reopening of the Mont Blanc tunnel and to the capitalisation of costs incurred in connection with related works.

Other provisions

Other provisions were relatively stable, with a slight increase of €194,000, or 1.3%, to €15.7 million for the year ended 31 December 2002 as compared to €15.5 million for the year ended 31 December 2001.

Provisions for risks and charges

Provisions for risks and charges decreased by €18.0 million, or 12.5%, to €126.6 million for the year ended 31 December 2002 from €144.6 million for the year ended 31 December 2001. The decrease was primarily due to the opening of new lanes along an existing section of the A1 motorway, that led to an increase in depreciation charges, and, at the same time, a decrease in the provisions for the completion of that investment.

Operating income

Operating income increased by €139.6 million, or 15.1%, to €1,066.9 million for the year ended 31 December 2002 from €927.3 million for the year ended 31 December 2001.

Financial income (expense), net

Financial expense, net decreased by €30.2 million, or 41.9%, to €41.8 million for the year ended 31 December 2002 from €72.0 million for the year ended 31 December 2001. The decrease was primarily due to increased interest income resulting from increased liquidity connected with the fixed-term deposits related to the government grants for capitalised investment, a lower average debt exposure and a decline in interest rates as compared to the prior year.

Adjustments to long-term investments

Adjustments to long-term investments decreased by €46.9 million, or 31.0%, to €104.2 million for the year ended 31 December 2002 from €151.1 million for the year ended 31 December 2001. The decrease was primarily attributable to the write-down as a result of a loss on the disposal in 2002 of the Group's equity investment in Blu. This write-down was less than the write-down in 2001 which resulted from an adjustment in equity value of the same investment.

Extraordinary income (expense), net

Net extraordinary expense increased by €16.5 million to €15.0 million for the year ended 31 December 2002 from net extraordinary income of €1.6 million for the year ended 31 December 2001. The increase was primarily due to extraordinary costs, such as legal and advisory fees, connected with the commencement of the Tender Offer and the absence of extraordinary income resulting from litigation in 2001.

Income tax expense

Income tax expense increased by €85.5 million, or 27.0%, to €402.2 million for the year ended 31 December 2002 from €316.7 million for the year ended 31 December 2001. The increase was primarily due to an increase in taxable income and certain changes in fiscal laws which eliminated certain investment tax incentives which had benefited Autostrade Telecomunicazioni in 2001. The Group's effective corporate tax rate for 2002 was 44.4%, which was relatively stable compared to the effective corporate tax rate of 44.9% for 2001.

Minority interests

Loss attributable to minority interests decreased by €1.1 million, or 4.1%, to €25.6 million for the year ended 31 December 2002 from €26.7 million for the year ended 31 December 2001. The decrease was the net effect of reduced losses attributable to Blu in 2002 as compared to 2001. The total amount also includes losses generated following the partial reopening of the Mont Blanc tunnel after a three-year closure due to a 1999 accident and net income from certain of Autostrade's non-wholly owned subsidiaries. The Mont Blanc tunnel losses resulted primarily from the fact that the tunnel was not fully reopened, with limited access for vehicles.

Net income

Net income increased by €113.6 million, or 27.3%, to €529.3 million for the year ended 31 December 2002 from €415.7 million for the year ended 31 December 2001.

Liquidity and Capital Resources

Historically, the Group has generated cash primarily from toll revenues and, to a limited extent, service area subconcessions. The Group uses cash principally for construction, maintenance and operation of the motorways comprising the Group Network.

The following table shows the Group's sources and uses of funds for the three fiscal years ended 31 December 2001, 2002 and 2003.

	Year ended 31 December		
	2001	2002	2003
	Predecessor	Autostrade	Autostrade
	(€ in thousands)		
Change in basis of consolidation	(3,806)	—	—
Cash flow from (used in) operating activities	1,051,124	745,267	953,227
Cash flow from (used in) investing activities	(645,713)	(654,871)	(7,853,759)
Cash flow from (used in) financing activities	9,681	254,327	7,587,557
Dividends paid	(207,744)	(272,126)	(176,760)
Net cash flow for the period	<u>203,542</u>	<u>72,597</u>	<u>510,255</u>

Cash flow from (used in) operating activities

The Group generated cash flow from operating activities of €953.2 million, €745.3 million and €1,051.1 million in fiscal years 2003, 2002 and 2001, respectively. The increase in cash from operating activities in fiscal year 2003 as compared to fiscal year 2002 was primarily the result of increased EBITDA and tax savings as a result of the Autostrade Italia Contribution, partially off-set by higher interest expense on indebtedness resulting from the Tender Offer. The decrease in cash from operating activities in fiscal year 2002 as compared to fiscal year 2001 was primarily due to increased use by motorists of automated toll payment methods, resulting in an increase in deferred toll payments, with a corresponding increase in working capital. While increased use of automated toll payment methods by motorists results in some corresponding decreases in cash flow, the Group believes that these decreases are offset over time by the reduced labour costs which result from the increased automation. Management believes that despite strong growth in automated toll payments over the last three years, penetration of automation is unlikely to continue to increase at similar rates and that, as a result, the Group's cash flow from operating activities should stabilise.

Cash flow from (used in) investing activities

The Group used cash flow in investing activities for an amount equal to €7,853.8 million, €654.9 million and €645.7 million in fiscal years 2003, 2002 and 2001, respectively. The significant increase in cash used in investing activities in fiscal year 2003 as compared to fiscal year 2002 was primarily the result of acquisitions totalling approximately €8,300.4 million (of which approximately €6,515.7 million related to the acquisition of Predecessor Autostrade, €803.5 million incurred in connection with the acquisition of the Strada dei Parchi Concession, and €664.0 million for capital expenditures on the Group Network). Cash used in investing activities in fiscal year 2002 was primarily for capital expenditures (€501.0 million), the acquisition of an additional 2.27% in ACESA S.A. (now “Abertis”) (€106.1 million), and of a 5.42% shareholding in Autostrade del Brennero (“Brennero”) (€41.9 million).

Cash flow from (used in) financing activities

The Group’s cash flows from financing activities reflect borrowings under new loans and reimbursements of previous borrowings, government grants and capital increases in non-wholly owned consolidated companies. The Group generated cash flow from financing activities of €7,587.6 million, €254.3 million and €9.7 million in fiscal years 2003, 2002 and 2001, respectively. The significant increase in cash flow from financing activities in fiscal year 2003 as compared to fiscal year 2002 was primarily attributable to new indebtedness incurred in connection with the financing of the Tender Offer and the reorganisation pursuant to Progetto Mediterraneo and the refinancing thereof. The increase in cash flow from financing activities in fiscal year 2002 as compared to fiscal year 2001 was primarily the result of €593.9 million of disbursements by banks pursuant to government grants for capital investments and a loan for capital investments made to Predecessor Autostrade from the European Investment Bank (“EIB”) in the amount of €150 million.

Loans issued pursuant to government grants will be repaid in accordance with the terms of the loans and the laws governing these government grants. See “Liquidity Commitments and Financing Arrangements — Summary of commitments, including capital expenditures”, below.

Liquidity Commitments and Financing Arrangements

The Group expects that, following the offering, its principal uses of cash will continue to be primarily for capital expenditures to complete the Group’s investment programmes under the respective Concessions and core business investment plans, as well as for debt service and dividends paid to its shareholders. The Group will continue to fund those expenditures with cash from its operating activities as well as from borrowings under its credit facilities and other working capital arrangements.

Working capital requirements

Working capital is defined as current assets less current liabilities. The table below provides a breakdown over the three years ended 31 December 2003 of the various components of working capital.

	Year ended 31 December		
	2001	2002	2003
	Predecessor	Autostrade	Autostrade
	(€ in thousands)		
Inventories	133,800	135,389	136,242
Trade receivables.	408,851	529,600	545,615
Other assets	359,998	330,441	1,578,815
Trade payables	(432,367)	(486,823)	(522,711)
Provisions for risks and charges	(51,641)	(48,336)	(92,203)
Other liabilities	(752,819)	(642,129)	(1,956,864)
Total working capital	(334,178)	(181,858)	(311,106)

As of 31 December 2003, the Group had a working capital deficit of €311.1 million compared to a deficit of €181.9 million as of 31 December 2002 and a working capital deficit of €334.2 million as of 31 December 2001. The Group’s working capital position is influenced by the development of automation in toll collection

(which results in a larger number of deferred payments that increased the Group's need for cash) and largely influenced by increases in accounts payable for works performed (which enables the Group, during the period that payments for works are deferred, to use such accounts to reduce its cash needs). In 2003, the accounts receivable cycle for toll revenues, including deferred toll revenues, averaged 30 days, whereas the accounts payable cycle for products and third party services, including construction payments, typically exceeded 100 days. The difference between the two cycles is an important factor affecting the Group's working capital deficit. The significant increase in trade receivables which occurred in 2002 was also the result of an increase in deferred toll income due largely to the increased use of automated payment systems following the introduction of the euro in January 2002 (€120.7 million). In 2003 the effect on trade receivables of increased deferred toll revenues was partly offset by improvements in the Group's invoicing cycle.

With respect to the other components of working capital, other assets increased in 2003 primarily due to the Autostrade Italia Contribution pursuant to Progetto Mediterraneo which resulted in an increase in deferred tax assets (€1,284 million), and which was partially offset by a decrease in tax credits owing to the fact that Autostrade Italia, which had been incorporated in 2003, did not owe any advance taxes. See "The Acquisition and Merger and Unaudited Pro-Forma Consolidated Income Statement". Other assets decreased in 2002 due to the disposal of the Group's interest in Blu (which was included in short term assets following the commencement of liquidation proceedings), which was partially offset by an increase in tax credits following the payment in that year of higher advance taxes as compared to the prior year due to the increase in taxable income. Provisions for risks and charges increased between 2001 and 2003 primarily as a result of increases in litigation and unpaid tolls. Finally, the last component of working capital that changed significantly was other liabilities, which increased in 2003 mainly as a result of the large tax payment coming due in 2004 (€1,074 million) related to the tax effect of the Autostrade Italia Contribution from Predecessor Autostrade and increased tax liabilities as a result of the payment of lower advance taxes. In 2002, other liabilities decreased as a result of the payment of higher advance taxes.

The Group's working capital requirements fluctuate throughout the year based on seasonal effects on the Group's business. See "Seasonality", below.

Summary of commitments, including capital expenditures

The following table summarizes the contractual obligations, commercial commitments and principal payments the Group was obliged to make as of 31 December 2003 under its debt instruments, capital and operating leases and other agreements (other than agreements relating to its Concessions). The information presented in the table below reflects the scheduled contractual maturities of the Group's payment obligations and may differ significantly from the actual maturity of these obligations.

Obligations ⁽¹⁾	Total	Less than 1 year	2-5 years	More than 5 years
		(€ in thousands)		
Short-term debt obligations	724,573	724,573	—	—
Long-term debt obligations	8,703,604	154,845 ⁽²⁾	1,066,585	7,482,174
Purchase obligations.	439,748	432,579	7,169	—
Debt obligations to other motorway operators . . .	393,933	393,933 ⁽³⁾	—	—
Tax payments	1,360,953	1,360,953	—	—
Total	11,622,811	3,066,883	1,073,754	7,482,174

(1) Does not include commitments for capital expenditures, as more fully described below and in "Business Description of the Group — Motorway Capital Expenditures".

(2) Autostrade's long-term debt obligations as of 31 December 2003 included €25.8 million of 9.5% senior notes which were repaid in accordance with their terms on 15 February 2004.

(3) Represents debt owed to other motorway operators for toll receipts collected on their behalf.

As of 31 December 2003, other short-term indebtedness of the Group included the following principal items:

- amounts due to ANAS pursuant to government grants in the amount of €292.6 million; and
- €322.2 million in bank overdraft facilities maturing in under 12 months.

As of 31 December 2003, other long-term indebtedness of the Group included the following principal items:

- financing to Autostrade under the Second Stage Long Term Facilities in the amount of €6,500.0 million;
- financing to Autostrade Italia and Mont Blanc Tunnel from the EIB (either directly or indirectly) in the amounts of €511.7 million and €50.0 million, respectively;
- financing to Autostrade Italia and Torino-Savona (as defined below) pursuant to government grants for capital expenditures pursuant to specific granting legislation in the amounts of €522.3 million and €94.0 million, respectively;
- financing from ANAS to Strada dei Parchi in the amount of €737.0 million;
- financing at zero interest from the Italian Central Guarantee Fund for SAT (as defined below) and Tangenziale di Napoli (as defined below) in the amounts of €72.6 million and €50.8 million, respectively; and
- financing provided by various banks to Mont Blanc Tunnel, Strada dei Parchi and Autostrade Participations in the amounts of €70.5 million, €16.9 million and €52.0 million, respectively.

The Second Stage Long Term Facilities are scheduled to mature in June 2012 and December 2014, however amounts outstanding under these facilities will be fully repaid prior to their maturity with the proceeds of the inaugural issuances of Notes under the Programme.

Pursuant to laws 662/96 and 345/97 certain government grants for an amount equal to €1.268 million have been granted to Predecessor Autostrade and Torino-Savona (as defined below) to be utilised for the repayment of loans to be entered into by the above mentioned Motorway Subsidiaries to fund certain investments. In 1999, 2000 and 2002, Predecessor Autostrade and Torino-Savona entered into three loan agreements for amounts equal respectively to €157 million, €657 million and €153 million. The proceeds of such financing were deposited into escrow accounts by the respective Motorway Subsidiary and recorded as long-term debt. As amounts become due on the bank loans, ANAS pays such amounts to the banks utilising the governments grants pursuant to the above mentioned laws. At such time a corresponding amount of long-term debt is recorded as a short-term debt obligation to ANAS. As at 31 December 2003, Autostrade Italia and Torino-Savona recorded short-term indebtedness towards ANAS in the aggregate amount of €292.6 million. Periodically, as works are completed, ANAS allows the escrowed amounts to be released to the Group to pay for the completed works. Proceeds released for these payments are then recorded as government grants.

The Group will enter into new unsecured facilities in the aggregate amount of up to €2.0 billion for capital expenditures and general corporate purposes (the “CapEx Facility”). See “Description of Other Group Indebtedness”.

The Group also has commitments with ANAS for capital investments along the Group Network. The following table summarises Management’s best estimates, as of 31 December 2003, of the costs to complete the contractual commitments the Group will be obliged to make if the Fourth Supplementary Agreement becomes effective. The estimates presented in the table below may differ significantly from the actual costs which are incurred in connection with these investment programmes. See “Risk Factors” and “Business Description of the Group — Motorway Capital Expenditures”.

Concession Commitments	Total
	(€ in thousands)
Prior Investment Programme	5,000,000
New Investment Programme	4,700,000 ⁽¹⁾
Total Estimated Investments	9,700,000

(1) This figure may be reduced by €233 million, and the total amount of estimated investments correspondingly reduced, if the Venice Link project is undertaken by ANAS. See “Business Description of the Group — Motorway Capital Expenditures”.

Acquisitions and divestitures

During 2003 the Group acquired rights to manage the Strada dei Parchi Concession, the new Motorway Subsidiary with respect to which, effective 1 January 2003, it acquired 60% of the outstanding share capital. The Group received a loan from ANAS in the amount of €748.9 million to acquire Strada dei Parchi. The Group also acquired a minority interest of 4.29% in Autovie Venete S.p.A. for €18.7 million in cash and capital stock in Sitaf in 2003 (4.59%) and disposed of its wholly owned subsidiary, Autostrade Telecomunicazioni, for €77.5 million. The Group also holds 35.5% of the outstanding share capital of Autostrade Lombarde (“Autostrade Lombarde”) as a result of a capital increase. In 2002, the Group disposed of its minority ownership interest, held through Sitech, in Blu, for €83.6 million, the Group made additional investments of €106.1 million in Acesa (now Abertis) for an additional 2.27% interest and acquired a 5.42% shareholding in Brennero for €41.9 million. In 2003, the Group increased its shareholding in Brennero to 5.51% for €1.0 million.

Off Balance Sheet Items

The following table sets forth the Group’s off-balance sheet items in the periods presented:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Unsecured guarantees granted			
Guarantees to subsidiaries	130,689	165,150	181,465
Guarantees to associated companies	—	—	8,013
Guarantees to others	80,162	80,093	82,094
Other forms of guarantees	—	—	15,494
Total unsecured guarantees granted	210,851	245,243	287,066
Purchase and sale commitments ⁽¹⁾	923,193	1,446,916	1,892,658
Other ⁽²⁾	1,202,973	1,281,052	1,002,880
Total off-balance sheet items	2,337,017	2,973,211	3,182,604

(1) Purchase and sale commitments are comprised of Group commitments made to suppliers and contractors for the provision of services and supplies for capital investments and maintenance.

(2) “Other” is comprised principally of guarantees received from contractors and reserves agreed with contractors for work to be performed, including, in 2001, guarantees given by other companies and issued by IRI in respect of amounts payable to the State for activities of the Central Guarantee Fund, “Other” also includes commitments under equity swap contracts, counter-guarantees received in respect of amounts guaranteed by the Group and fees for leased assets.

Increases in off balance sheet items are a consequence primarily of increased activity in construction of works under the Concessions.

Seasonality

The business of the Group is in part influenced by seasonality. The Group’s net toll revenues are higher during the warm weather months than they are, on average, for the rest of the year. In addition, the Group’s maintenance costs regarding the maintenance of the motorway network surface are mainly concentrated in

the second and fourth quarter of each year, due to bad weather conditions in the first quarter and typically high traffic volumes from summer holiday travel in the third quarter.

The Group's cash needs are higher in the second and fourth quarters because of tax payments due (in November and May) and shareholder dividends, which are generally paid in May.

Critical Accounting Policies

The results presented in the consolidated financial statements included in this Offering Circular are based on the application of Italian Accounting Principles and, where silent, IFRS. The application of these principles in certain circumstances requires management to make judgments, assumptions and estimates that may result in different financial presentations. Autostrade considers that the following accounting principles are critical in understanding the consolidated financial statements.

Accounting of motorways and infrastructure

Each Concession provides that, upon its expiration, the motorways and related infrastructure covered by the Concession are to be relinquished at the end of the concession term to the concession grantor, usually ANAS, in good repair and generally without compensation to the Group. The Group carries these properties on its balance sheet under the caption "Assets to be relinquished". Amounts that are capitalised include the cost of purchase or production, monetary revaluations made on the basis of specific laws, interest expense and cost of technical personnel. Maintenance expenditures that increase the value of assets are also capitalised. Grants received from the State related to construction projects are recorded as reductions to capitalised amounts.

Depreciation of motorways and infrastructure

The Group utilises two methods to depreciate amounts capitalised as "Assets to be relinquished". The first method is referred to as industrial depreciation and is used for all the assets of the Motorway Subsidiaries in circumstances where the useful life of the related asset is less than the number of years remaining before expiration of the relevant Concession. Under this method, capitalised amounts are depreciated over the estimated useful life of the asset. The second method is referred to as financial depreciation and is used if the useful life of the related asset is expected to extend beyond the expiration date of the relevant Concession. Under this method, capitalised costs are depreciated over the remaining number of years of the relevant Concession.

Because the motorway assets are to be relinquished to the concession grantor in good repair at the expiration of the Concession, the Group has established provisions for amounts to be expended for their programmed non-recurring maintenance work. These provisions include mainly nonrecurring maintenance work, as well as capital investments (during their period of construction and until put into use) that Autostrade Italia and its subsidiaries holding Concessions are committed to make under the terms of the relevant Concession which are not expected to be recoverable from toll revenues during the life of the Concession. Considered together, accumulated industrial and financial depreciation and the provisions for restoration and replacement are deemed by the Group to be adequate to cover the costs related to the reversion of assets.

The Concession entered into by Predecessor Autostrade in 1997 (and which is now held by Autostrade Italia) had the effect of extending the life of the Autostrade Italia Concession by 20 years. In accordance with the Group's accounting policy, commencing in 1997 Predecessor Autostrade extended the life over which assets subject to reversion without compensation are depreciated by 20 years.

Consolidation

Under Italian Accounting Principles, majority-owned subsidiaries may be excluded from consolidation if they are not significant or if the business activities of those subsidiaries are different from the business activities of the parent company, and certain non-significant business activities have been excluded from the Group consolidation. For specific information regarding companies included in the Group consolidation, see the notes to the Group's consolidated financial statements included elsewhere in this Offering Circular.

Moreover, under Italian Accounting Principles, majority-owned subsidiaries in liquidation should be excluded from the Group consolidation.

Financial statements of companies pertaining to the area of consolidation are consolidated using the following procedures and methods:

- all the assets, liabilities, costs and revenues of each company are taken up in full, regardless of the ownership percentage;
- significant transactions and balances between Group companies are eliminated;
- intra-group dividends are eliminated;
- the book value of the investments in consolidated companies is eliminated against the shareholders' equity attributable to the companies. Any negative goodwill arising on consolidation (shareholders' equity greater than the book value of the investments) is credited in shareholders' equity under the parent company's reserves; any goodwill (book value of investments greater than shareholders' equity) is carried, under the appropriate conditions, as an asset under "Goodwill arising on consolidation" and is amortised over five years or over a longer period where the appropriate conditions exist; and
- the portion of share capital, reserves and net profit/loss for the year attributable to minority interests is stated in both shareholders' equity and the income statement.

Goodwill

Consolidation Goodwill represents the excess of the cost of the acquisition paid by the parent company Newco28 (now Autostrade) for the majority interest in Predecessor Autostrade over the related shareholders' equity. This goodwill does not relate to an intergroup transaction, and accordingly is included in the consolidated financial statements. The goodwill is amortised based on a straight-line method over a period of fourteen years and 10 months, commencing from 28 February 2003, the date of the Acquisition, as the expected economic useful life has been estimated as a period of 15 years from 1 January 2003. This is the same period used by Autostrade Italia to amortise the goodwill resulting from the Autostrade Italia Contribution (this latter goodwill has been eliminated in consolidation as an intergroup transaction). Such period is a realistic and prudent estimate of the economic useful life, in line with the expected pattern of economic benefits from the core motorway business and was determined on the basis of an appraisal made by an independent expert. As at 31 December 2003, Consolidation Goodwill amounted to approximately €4,380 million, net of related accumulated depreciation.

Deferred taxation

The Group records deferred tax assets on temporary differences between the consolidated balance sheet amounts and the corresponding tax basis if management believes it is reasonably certain that such amounts will be recovered. The recoverability of the deferred tax assets are subject to the achievement of future profitability. Whether tax asset recovery is reasonably certain is a matter of judgment and Autostrade considers, among other things, future taxable income and tax planning strategies when making its determination. Any deferred tax assets deemed to be no longer reasonably certain to be recovered are charged to the income statement in the period such a determination is made. As at 31 December 2003, the consolidated financial statements of Autostrade included such deferred tax assets for approximately €1,284 million.

Deferred tax liabilities are recorded whenever they arise and are not recorded only in the event it is highly unlikely that the relative charge will materialise. In this regard, certain reserves of shareholders, equity may be subject to taxation in case of distribution and no deferred taxes have been provided on any such certain equity reserves since no transactions are expected that would give rise to such taxation. As at 31 December 2003, there is no significant amount of such deferred tax liabilities included in the consolidated financial statements.

Provisioning for risks and charges

The Group recognises liabilities if and when a loss is probable and can be reasonably estimated. Risks deemed not probable but possible are disclosed in the notes to the consolidated financial statements. Risks deemed remote are excluded from financial statement disclosure. The determination of whether a loss is probable, possible or remote requires the exercise of judgement, generally based on information obtained from

internal and external specialists and based on historical experience. Where losses are determined to be probable, the related liability is estimated based on available internal and external sources.

Quantitative and Qualitative Disclosure of Market Risk

Interest rate risk

The policy of the Group is to limit significantly its exposure to interest rate risk. The Group may limit such risk by issuing fixed rate debt instruments or by hedging floating rate debt instruments with fixed rate derivative instruments. The Group's policy is not to take speculative positions in interest rate derivative instruments.

As a result of the implementation of its hedging policy, approximately 80% of the Group's total net indebtedness is at fixed rates and approximately 20.0% is at floating rates. Excluding Group indebtedness relating to certain government subsidies and non-interest bearing government loans, approximately 84.6% of medium- and long-term debt bears a fixed interest rate or has been swapped into a fixed interest rate instrument. The balance of approximately 15.4% of medium- and long-term debt bears a floating interest rate.

On 31 December 2003, Autostrade had outstanding interest rate swap agreements in the amount of €5,400.0 million to cover interest rate risk related to its long-term indebtedness. The average maturity of Autostrade's hedging portfolio is approximately 10 years. As at 31 December 2003, the market value of such hedging portfolio would have resulted in a loss if unwound on that date of €43.0 million. Since the swap arrangements were entered into to hedge the long-term position of the Group, such loss was not required to be accounted for in the income statement pursuant to Italian Accounting Principles.

The following table provides information about Autostrade's hedging portfolio as of 31 December 2003. The table sets out notional amounts and weighted average interest rates by expected maturity date.

Financial Instrument	Notional €/million	Average Interest Rate (semi-annual)				
	2003	2003	2004	2005	2006	2007
		(%)	(%)	(%)	(%)	(%)
Interest Rate Swap (fixed rate payer) ⁽¹⁾	5,000	4.13	4.13	4.22	4.30	4.35
Collar ⁽²⁾	400	3.39	3.39	3.64	4.39	4.49
Total/Weighted Average Interest Rate	5,400	4.08	4.08	4.18	4.30	4.36

(1) Transactions for a notional amount of €200 million have an embedded volatility component.

(2) The collar is based upon the maximum rate payable by Autostrade.

The Group's interest rate swap agreements had been secured, as was the case with the Second Stage Long Term Facilities. Autostrade has made arrangements to release security relating to the interest rate swap agreements in connection with the repayment of the Second Stage Long Term Facilities. Specifically, Autostrade has agreed with interest rate swap counterparties that they shall have the right either to continue the existing interest rate swap agreements on an unsecured basis or terminate the swap agreements.

To the extent that the existing hedging contracts are unwound, Autostrade intends to enter into new hedging agreements in order to continue its policy of hedging a significant portion of its interest rate risk.

Unwinding a structured derivatives portfolio might take several hours (or days) to be performed, and exposes Autostrade to two different risks:

- Pricing risk occurs when Autostrade is not able to find a satisfactory unwinding price from the counterparty it has the outstanding swap with; and
- Market risk occurs when, during the unwinding/bond issue process, Autostrade will be under-hedged or over-hedged. Any delay between the pricing of the Notes and the unwinding of the hedging position exposes Autostrade to interest rate movements. In particular, the sensitivity to interest rates movements (delta) of the hedging portfolio is €4.2 million per basis point. This means that for a parallel shift downwards or upwards of the euro curve of 1 basis point (i.e., a

decrease or increase, respectively, in rates of 0.01%), the unwind value of the portfolio respectively worsens or improves by €4.2 million. This delta is mainly concentrated around the 10 year part of the curve (€3.3 million).

In the event the counterparties to the existing interest rate swap agreements exercise their right to terminate such agreements, there can be no assurance that the Group will be able to enter into interest rate swap agreements such that its interest rate risk exposure will be adequately covered. In addition, it has not yet been determined how the Group's unwinding of interest rate swap contracts, if any, will be recorded for accounting purposes. There can be no assurance that any such accounting treatment will not materially adversely affect the Group's results of operations or financial condition.

Foreign exchange rate risk

The Group's policy is not to take speculative positions in foreign exchange rate derivative instruments. In 2003, approximately 99.9% of the revenues of the Group were denominated in euro. In addition, medium- and long-term debt is all denominated in euro with the exception of approximately €5 million which is denominated in other currencies. As a result of its limited foreign exchange rate risk, the Group has not utilised currency protection instruments in the past. In the future, the Group may issue indebtedness, including the Notes, in non-euro denominated currencies. The Group intends to hedge all or a portion of such foreign exchange risk to the extent any such indebtedness is incurred, however, there can be no assurance that the Group will be able to enter into foreign exchange rate swap agreements such that its foreign exchange rate risk exposure will be adequately covered.

Contingent liabilities

The Group is involved, from time to time, in lawsuits, claims, investigations and proceedings, including environmental, human resources, tax, patent and workplace health and safety that arise in the ordinary course of business. Except for potential liabilities relating to environmental, construction and road safety matters, there are no such matters pending that the Group's management expects to be material in relation to its business or consolidated financial position, results of operations or cash flows. See "Business Description of the Group — Legal Proceedings".

Impact of inflation

In general, the Group's costs are affected by inflation. Capital expenditures and maintenance costs are linked to the prices of raw materials and labour, which are indirectly linked to inflation. However, because tariffs in the motorway concessions business, which account for approximately 90% of the group's revenues, are adjusted annually to take into account inflation, the group is, for the most part, hedged against inflation. See "Business Description of the Group — Italian Motorway Activities — Tariffs".

BUSINESS DESCRIPTION OF THE GROUP

Introduction

Business of the Group

The Group is comprised primarily of companies which hold concessions for the construction, operation and maintenance of toll motorways (including tunnels) in Italy and abroad and other companies which supply services related to its principal motorway activities, including the design of motorways and toll collection equipment and the provision of paving, maintenance, toll collection and traffic information services. The Group is principally engaged in the operation and management, on a concession basis, of Italian toll motorways. The Group is the largest toll operator in the European Union ("EU"), based on the kilometres of motorway under operation, traffic volumes and revenues. In 2003, the Group had revenues of €2,569.8 million and net income of €232.6 million.

Autostrade is the parent company of the Group and acts as a holding company for Autostrade Italia as well as for other subsidiaries operating the Group's international activities and engaged in motorway-related businesses. See "Structural Reorganisation of the Group (*"Progetto Mediterraneo"*)" for a description of the Group's recent reorganisation.

Autostrade Italia holds the Autostrade Italia Concession, the Group's primary concession relating to a motorway network in Italy. The Autostrade Italia Concession and the other concessions for motorways in Italy (each, a "Concession") held by subsidiaries of the Group (together with Autostrade Italia, the "Motorway Subsidiaries") are granted by ANAS, a corporation owned by the Italian Ministry of Treasury which is entrusted with the supervision of the Italian road and motorway system. The Concessions give the Motorway Subsidiaries the right to finance, construct, operate and maintain networks of motorways in Italy (the "Group Network") during the term of the Concessions. The Group Network is comprised of 3,408 kilometres of motorways, of which the network relating to the Autostrade Italia Concession (the "Autostrade Italia Network") accounts for approximately 2,855 kilometres. In terms of kilometres, the Group Network accounted for approximately 61% of the Italian toll motorway system and approximately 52% of all motorways in Italy, as of 31 December 2002, and carried approximately 64% of the total traffic volume on the Italian toll motorway system in 2002. The Group also holds minority interests in companies which are promoting the construction of new toll motorways but which have not yet been awarded concessions, companies holding other motorway concessions in Italy and companies which have been awarded concessions to operate toll motorways in Italy which are being built. See "— Italian Motorway Activities — The Group Network". In addition, the Group has companies which hold concessions to operate toll motorways outside of Italy which are not part of the Group Network. See "— International Motorway Activities".

The Group derives most of its revenue from tolls paid in Italy by users of the Group Network, totalling €2,329.1 million, or approximately 90.6%, of the revenue of the Group for the year ended 31 December 2003. Toll revenues are a function of traffic volumes and tariffs charged. Tariff rates imposed on the Group Network are regulated in accordance with Italian laws and the various Concession contracts. Adjustments in tariff rates for the majority of the Group's Concessions are made on an annual basis and determined in accordance with price-cap mechanisms which take into account, among other things, expected inflation in Italy, expected productivity improvements and changes in service quality. See "— Tariff Rates".

The Group Network also includes 246 service areas, where petrol stations, shops and restaurants are located. These service areas are operated by third-parties pursuant to subconcessions granted to them by the Group. After toll revenues, royalties paid to the Group by such third-party subconcessionaires, together with service fees resulting from automated toll collection technologies and fees from motorway-related services, account for substantially all of the remaining revenues of the Group. See "— Italian Motorway Activities — Service Areas".

All Motorway Subsidiaries are required by the terms of their Concessions to make capital investments (such as increasing the number of lanes on a motorway section or upgrading a motorway) pursuant to an approved investment plan. Such investments are designed to decrease congestion on the Group Network and improve traffic flows and the efficiency and safety of the Group Network. The Group currently expects to invest approximately €5.0 billion (net of any government grants) between 2004 and 2009 to complete its Prior Investment Programme, as well as an amount of up to approximately €4.7 billion between 2005 and 2010

for works proposed in the New Investment Programme. See “Capital Expenditures — Works” and “Risk Factors”.

All Concessions of the Motorway Subsidiaries are set to expire between 2012 and 2038. The Autostrade Italia Concession, which contributes 87.3% of the Group’s revenues, expires in 2038. See “— Regulatory — Concessions of the Group”. Each Concession provides that, upon its expiration, the toll motorways and the related infrastructure are to return to ANAS, or, in the case of the Mont Blanc Tunnel (as defined below), to ANAS and the French Government, in a good state of repair and condition without (in all but one case) compensation to the Group. See “— Regulatory” and “— The Concessions”.

Although the principal activities of the Group remain focused on the construction, operation and maintenance of the Group Network, in recent years the Group has begun to diversify its business operations, both geographically and through expansion into other businesses related to the operation and management of motorways. Such related businesses include the provision of automated toll collection technologies for the Group and third parties, motorway design, paving services, parking areas and traffic information services.

History

Autostrade is the surviving entity of the merger of Predecessor Autostrade and NewCo28 S.p.A. which took effect on 22 September 2003. Predecessor Autostrade was incorporated as a *società per azioni* (joint stock company) under the laws of Italy in September 1950 by Italy’s Institute for Industrial Reconstruction (*l’Istituto per la Ricostruzione Industriale*, or “IRI”). In April 1956, Predecessor Autostrade was granted its original concession by ANAS. The concession gave Predecessor Autostrade the right to construct, operate and maintain the A1 Autostrada del Sole, which now serves as the central North-South artery of the Italian motorway network. Subsequent renewals of, and concession deeds auxiliary to, the original concession were granted in 1962 and 1968 by ANAS, thus augmenting the toll motorways and the adjacent service areas under the control of Predecessor Autostrade. In 1963, Predecessor Autostrade issued the first-ever Eurobond, which was underwritten by SG Warburg and marked the beginning of the European debt capital markets.

The Group was established in 1982 with the incorporation of Società Italiana per Azioni per il Traforo del Monte Bianco (“Mont Blanc Tunnel”), Tangenziale di Napoli S.p.A. (“Tangenziale di Napoli”) and Autostrada Torino-Savona S.p.A. (“Torino-Savona”), which became subsidiaries of Predecessor Autostrade. Beginning in 1996, the Group acquired companies active in motorway design, works supervision and motorway paving as part of the Group’s plan to integrate and expand its activities. The Group’s activities were further expanded commencing in 2001 with the acquisition of a significant minority stake in Saba Italia S.p.A. (“SABA”), a company which operates car parks and pay parking lots.

IRI continued to own and control Predecessor Autostrade directly or indirectly from the time of its incorporation until its privatisation in 1999. In connection with the privatisation, in March 2000 Schemaventotto became Predecessor Autostrade’s core shareholder, holding approximately 30% of Predecessor Autostrade’s share capital. Schemaventotto is 60% owned by Edizione Participations, a company controlled by Edizione Holding, which is indirectly controlled by the Benetton family. Other Shareholders include Fondazione Cassa di Risparmio di Torino (“Fondazione CRT”) (13.33%), Abertis (12.83%), UniCredito (6.67%), Assicurazioni Generali S.p.A. (“Assicurazioni Generali”) (6.67%) and BRISA – Auto-estradas de Portugal S.A. (“Brisa”) (0.5%). See “Core Shareholders”.

Structural Reorganisation of the Group (“Progetto Mediterraneo”)

In November 2002, Schemaventotto announced its intention to launch, through a subsidiary, a voluntary takeover bid for all the share capital of Predecessor Autostrade. Simultaneously, at the request of Schemaventotto, Predecessor Autostrade and its advisors considered a reorganisation plan (“Progetto Mediterraneo”) that explored strategic opportunities for the Group, including ways to increase shareholder value and provide the Group with greater financial and regulatory flexibility.

As a result of the Tender Offer on 28 February 2003, NewCo28 acquired approximately 54.1% of Predecessor Autostrade’s share capital, thereby giving Schemaventotto direct and indirect ownership of 83.8% of Predecessor Autostrade. For a description of the principal effects of the Tender Offer, see “The Acquisition and Merger and Unaudited Pro-Forma Consolidated Financial Statement”.

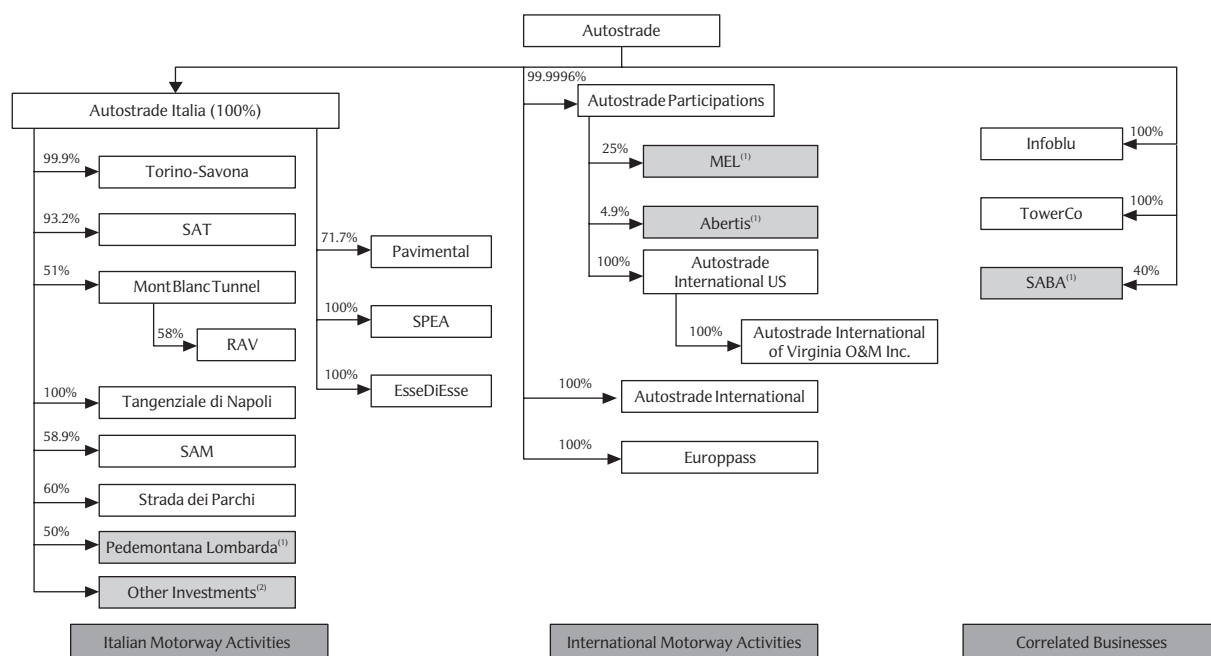
On 28 March 2003, the Board of Directors of Predecessor Autostrade approved a reorganisation plan, Progetto Mediterraneo, which was ratified by Predecessor Autostrade's shareholders on 21 May 2003. Pursuant to Progetto Mediterraneo, effective 1 July 2003, Predecessor Autostrade contributed the Autostrade Italia Concession and certain of its other assets, including its shareholdings in the Motorway Subsidiaries, to a newly formed subsidiary, Autostrade Italia, and reorganised the other subsidiaries along industry groupings under Autostrade Italia and Predecessor Autostrade. The corporate structure of the Group is now such that consolidated subsidiaries are grouped into the following three main divisions: Italian motorway operations, international activities and correlated businesses. Autostrade Italia now holds the Autostrade Italia Concession and acts as the sub-holding company for the other subsidiaries holding and operating Concessions for Italian motorways as well as for other subsidiaries engaged in motorway-related activities. The Group's international activities and motorway-related businesses continued to be held directly by Autostrade. The Group also conducts parking and urban mobility activities through its non-consolidated subsidiary, SABA.

The reorganisation pursuant to Progetto Mediterraneo is expected to provide Autostrade greater operational flexibility, insofar as Autostrade will no longer be directly subject to the Concessions and the regulatory regime applicable to toll motorway operators. Furthermore, the organisation of the other subsidiaries by operational activity was intended to enable the Group to focus more specifically on each of the Group's activities, thereby achieving greater efficiency and operating synergies. Nevertheless, there can be no assurance that Progetto Mediterraneo will achieve the flexibility and operating efficiencies and synergies anticipated by the Group.

On 24 November 2003 ANAS acknowledged the completion of Progetto Mediterraneo and the transfer of the Concession to Autostrade Italia.

On 22 September 2003, Predecessor Autostrade merged into NewCo28, and NewCo28 changed its name to Autostrade S.p.A. Upon completion of the Merger, Schemaventotto's ownership interest in Autostrade was reduced to 62.2%. See "The Acquisition and Merger and Pro-Forma Consolidated Financial Statements".

The following chart sets forth the ownership structure of the principal companies within the Group as of 31 December 2003.



(1) Companies that are not consolidated in the Group.

(2) Minority interests in companies which have been awarded concessions to operate toll motorways in Italy which are not part of the Group Network or that are promoting the construction of new toll motorways. None of these companies are currently operational.

Strategy

The main strategic objective of the Group is to increase shareholder value while focusing on improving the quality and range of services offered to its customers. To achieve this, the Group intends to:

- continue to increase the efficiency and profitability of its core toll motorways business through cost savings and further automation of toll activities;
- modernise and expand its motorway network through new investments, focusing on resolving bottlenecks on the Group Network;
- leverage its core knowledge in electronic toll collection internationally (for example, in projects similar to Euroypass); and
- further develop revenues in related business areas (for example, subconcessions and tower management).

Business Divisions of the Group

The following table provides a breakdown of Group revenues by business division for the three years ended 31 December 2003.

	Year ended 31 December					
	2001		2002		2003	
	Predecessor		Autostrade		Autostrade	
	(€ in millions)	(% of Group revenues)	(€ in millions)	(% of Group revenues)	(€ in millions)	(% of Group revenues)
Italian Motorway Activities ⁽¹⁾	2,188.5	98.4%	2,322.9	98.5%	2,564.4	99.7
International Motorway Activities	5.3	0.2%	4.9	0.2%	6.0	0.3
Correlated Businesses ⁽²⁾	31.2	1.4%	31.2	1.3%	0.9	0.0
Total	2,225.0	100.0%	2,359.0	100.0%	2,571.3	100.0%

(1) Revenues from Italian motorway activities are comprised primarily of toll revenues, advertising revenues, service area royalties, and revenues from the Group's engineering, oversight and paving companies.

(2) Revenues from correlated businesses are comprised primarily of revenues from the Group's fibre optics network, which was sold in 2003.

Italian Motorway Activities

The Group derives the predominant part of its revenues from its Italian motorway activities, primarily through tolls paid by users of the Group Network. Revenues attributable to the Group's Italian motorway activities accounted for 99.7% of the Group's revenues in the year ended 31 December 2003.

Road Transportation in Italy and the Italian Motorway System

Road transportation plays a leading role in meeting the demand for transportation in Italy. Based on information available from the Italian Ministry of Infrastructure, in 2001 transportation by road comprised 63.6% of total traffic of goods and 92.2% of total passenger traffic in Italy and 63.8% and 92.5% in 2000, respectively. The proportion of demand satisfied by roads has been relatively stable.

As of 31 December 2003, Italian toll and non-toll motorways, including tunnels (the "Italian Motorway Network"), consisted of 6,487 kilometres of motorways, 5,593 kilometres of which were toll motorways operated by motorway concessionaires. The Group manages a total of 3,408 kilometres of the Italian Motorway Network, while the remaining 3,079 kilometres are managed partly by other motorway concessionaires (2,185 kilometres) and partly by ANAS (894 kilometres) directly.

The table below sets forth a breakdown, by concessionaire, of the toll motorways in operation under concessions in Italy as of 31 December 2003.

Concessionaire	Italian Toll Motorway	Kilometres	Percentage of Total
Group	Autostrade Italia ⁽¹⁾	2,854.6	51.7
	Strada dei Parchi	281.4	5.1
	Torino-Savona	130.9	2.4
	SAM	51.6	0.9
	SAT	36.6	0.7
	RAV	27.0	0.5
	Tangenziale di Napoli	20.2	0.4
	Mont Blanc Tunnel	5.8 ⁽²⁾	0.1
	Total	3,408.1	61.8
Gavio Group	Turin-Milano	127.0	2.3
	S.A.T.A.P.	164.9	3.0
	A.T.I.V.A.	152.9	2.7
	S.A.V.	67.4	1.2
	S.A.L.T.	154.9	2.8
	Autostrada dei Fiori	113.3	2.1
	Autocamionale della Cisa	101.0	1.8
	Total	881.4	15.9
Other	Autobrennero	314.0	5.7
	Consorzio Siciliane	227.0	4.1
	Brescia-Padova	182.5	3.3
	Autovie Venete	108.3	2.0
	Serravalle Milano	177.6	3.2
	Centro Padane	88.6	1.6
	S.I.T.A.F.	79.2	1.4
	Venezia Padova	41.8	0.8
	Great St. Bernard Tunnel	12.8	0.2
	Total	1,231.8	22.3
	Total Toll Motorways Under Concession	5,521.3	100.0%

(1) Predecessor Autostrade prior to July 2003.

(2) Represents that portion of the Mont Blanc tunnel located in Italy.

For a discussion of competition between the Group and third-party toll and State-run motorways as well as with alternative modes of transportation, see “Competition”.

The Group Network

The Group Network is the largest concessionaire network in Italy in terms of length, constituting 52% of the Italian motorway system and 61% of the Italian toll motorway system, as at 31 December 2003. The Group Network also comprised 18% of the total toll motorway network in the EU, in terms of kilometres, at the end of 2003, constituting the longest toll motorway network in the EU. In 2003, traffic volume on the Group Network, as measured by the number of kilometres travelled, was approximately 51.6 billion kilometres, accounting for approximately 66.6% of total traffic volume on the Italian toll motorway system.

Concessions for these motorways are held by Autostrade Italia and the following other Motorway Subsidiaries: Mont Blanc Tunnel, Raccordo Autostradale Valle d'Aosta S.p.A. (“RAV”), Torino-Savona, Società Autostrada Tirrenica S.p.A. (“SAT”), Tangenziale di Napoli, Società Autostrade Meridionali S.p.A. (“SAM”), and Strada dei Parchi. The Group also holds minority interests in companies which have been awarded concessions to operate toll motorways in Italy which are not part of the Group Network or that are promoting the

construction of new toll motorways, including Pedemontana Lombarda (50%), Pedemontana Veneta (38%), Autostrade Lombarde (35.5%), Arcea Lazio (34%), Tangenziali Esterne di Milano (32%), Società per il Passante del Nord Est (26%) and Nuova Romea (20%), none of which have commenced operations.

The two principal motorways of the Group Network are the A1 Autostrada del Sole motorway and the A14 Bologna-Taranto motorway, which constitute approximately 47% of the total Group Network in terms of kilometres. These motorways run roughly parallel and are main arteries of the Italian motorway system, connecting northern and southern Italy and linking Italy to neighbouring countries. The other motorways that form the Autostrade Network permit access to the interior of Italy as well as to certain international connections. The Group Network is comprised of 24 toll motorway segments that run across 15 regions, 60 provinces and 12 metropolitan areas within Italy which account for the majority of Italy's working population and gross domestic product. Its junctions, which consist of 285 toll stations, are located in areas designed to provide adequate access to the Group Network, as well as to ordinary non-toll roads and other transportation networks. Currently, approximately 260 train stations, 26 ports, over 130 interports (areas where heavy-goods vehicles collect and deposit freight) and 19 airports are linked by the Group Network. There are also 246 service areas located along the Group Network, where petrol stations, shops and restaurants are located. See "Service Areas".

As a result of an integration project begun in the latter half of the 1980s, the Group Network is also directly linked to the Italian motorways operated and managed by non-Group motorway concessionaires. Together, the Group Network and these motorways run for an aggregate length of approximately 6,487 kilometres. The Group Network also controls four of the eight motorways that are connected to other European motorways through the Alps, including the Mont Blanc tunnel.

The table below sets forth a list of the toll motorways that comprise the Group Network, including the length of each of these motorways and the portion of each of these motorways comprised of three or more lanes, all as of 31 December 2003.

Concessionaire	Motorway	In Operation	Portion Constituting At Least Three Lanes
		(in kilometres)	
Autostrade Italia⁽¹⁾	A1 Milan-Naples (Autostrada del Sole) ⁽²⁾	803.5	454.1
	A4 Milan-Brescia	93.5	93.5
	A7 Genoa-Serravalle	50.0	—
	A8/9 Milan-Laghi	77.7	29.0
	A8/A26 branch motorway	24.0	1.0
	A10 Genoa-Savona	45.5	16.4
	A11 Florence-Mare	81.7	—
	A12 Genoa-Sestri Levante	48.7	—
	A12 Rome-Civitavecchia	65.4	—
	A13 Bologna-Padua ⁽³⁾	127.3	—
	A14 Bologna-Taranto ⁽⁴⁾	781.4	104.2
	A16 Naples-Canosa	172.3	—
	A23 Udine-Tarvisio	101.2	6.0
	A26 Genoa-Gravellona Toce ⁽⁵⁾	244.9	129.0
	A27 Venice-Belluno	82.2	41.2
	A30 Caserta-Salerno	55.3	55.3
	Total Autostrade Italia Network	2,854.6	939.7
Mont Blanc Tunnel	T1 Mont Blanc tunnel	5.8	—
RAV⁽⁶⁾	A5 Aosta-Mont Blanc	27.0	—
Torino-Savona	A6 Turin-Savona	130.9	—
SAT⁽⁷⁾	A12 Livorno-Rosignano	36.6	—
Tangenziale di Napoli	Naples ring-road	20.2	20.2
SAM	A3 Naples-Salerno	51.6	7.0
Strada dei Parchi	A24 Rome-Teramo	166.5	—
	A25 Torano-Pescara	114.9	7.0
	Total	533.5	34.2
	Total Group Network	3,408.1	973.9

(1) Predecessor Autostrade prior to July 2003.

(2) Including connections to Rome North and Rome South.

(3) Including the connection to Ferrara and the branch to Padua South.

(4) Including the branch to Ravenna, the Casalecchio stretch and the Bari branch road.

(5) Including connections between Bettolle and Predosa and between Stroppiana and Santhia.

(6) Of a total road length of 32.4.

(7) Of a total road length of 240.0.

Traffic

The table below sets forth traffic volumes (measured by the number of kilometres travelled) on the Group Network for light vehicles and heavy vehicles, and the percentage variation from year to year for each of the foregoing categories, for the years ended 31 December 2001, 2002 and 2003 and also sets forth the annual percentage increase in real Italian gross domestic product during this period.

Year ended 31 December ⁽¹⁾	Annual		Annual		Total Vehicles	Annual	Annual
	Light Vehicles ⁽²⁾	Percentage Increase	Heavy Vehicles ⁽³⁾	Percentage Increase		Percentage Increase	Percentage Change of GDP in Italy ⁽⁴⁾
	(in % and millions of kilometres)						
2001	36,168.8	3.7%	10,764.3	2.8%	46,933.0	3.5%	1.8%
2002	37,168.2	2.8%	11,098.0	3.1%	48,266.0	2.8%	0.4%
2003 ⁽⁵⁾	39,877.4	2.7%	11,722.0	3.2%	51,599.4	2.8%	0.3%

(1) Predecessor Autostrade prior to July 2003.

(2) Includes motorcycles and two-axle automobiles with a front-axle height of 1.3 metres or less.

(3) Includes two-axle automobiles with front-axle height of more than 1.3 metres and all automobiles with three or more axles.

(4) Source: Italian Institute of Statistics.

(5) Annual percentage increase figures are adjusted to exclude kilometres travelled on A24 and A25.

Traffic levels are generally driven by macroeconomic factors, such as population growth. The demand for motorway services in Italy has historically demonstrated a slight correlation with Italy's gross domestic product, industrial production, domestic consumption and, to a lesser extent, the price of petrol. Growth in traffic has consistently exceeded the growth of Italian GDP. In 2002, notwithstanding a continued slowdown in the Italian economy, traffic volumes continued to show positive results, with total traffic increasing by 2.8% compared to 2001. In 2003, traffic volumes continued to increase, with total traffic increasing by 2.8% compared to 2002. In 2003, Italy's GDP grew at an annual rate of 0.3%. The demand for motorway services has also from time to time been affected by government policies relating to transportation, which are subject to change from administration to administration.

The table below sets forth traffic volumes on the Group Network for the three years ended 31 December 2003.

Company	Motorway	Year ended 31 December		
		2001	2002	2003
		(in millions of kilometres)		
Autostrade Italia⁽¹⁾	A1 Milan-Naples	16,505.2	17,024.6	17,454.0
	A4 Milan-Brescia	3,313.6	3,351.5	3,450.6
	A7 Serravalle-Genoa	591.0	602.5	614.3
	A8/9 Milan-Laghi	2,101.2	2,124.1	2,199.8
	A8/A26 branch motorway	466.8	476.6	500.0
	A10 Genoa-Savona	850.6	877.9	903.8
	A11 Florence-Mare	1,421.6	1,463.9	1,511.0
	A12 Genoa-Sestri Levante	877.0	902.5	922.5
	A12 Rome-Civitavecchia	576.9	600.2	637.9
	A13 Bologna-Padua	1,731.1	1,790.8	1,847.9
	A14 Bologna-Taranto	9,785.2	10,111.8	10,307.7
	A16 Naples-Canosa	1,293.8	1,340.5	1,381.0
	A23 Udine-Tarvisio	620.6	650.3	675.2
	A26 Genoa-Gravellona Toce	1,882.0	1,953.0	2,058.8
	A27 Venice-Belluno	570.1	577.5	612.2
	A30 Caserta-Salerno	643.3	668.8	692.6
	Mestre By-Pass	85.9	86.6	89.3
	Total	43,315.4	44,603.3	45,858.6
Mont Blanc Tunnel	T1 Mont Blanc tunnel	—	5.9	8.2
RAV	A5 Aosta-Mont Blanc	37.3	63.0	80.6
Torino-Savona	A6 Turin-Savona	784.6	825.0	886.5
SAT	A12 Livorno-Rosignano	229.9	235.8	239.1
Tangenziale di Napoli	Naples ring-road	1,031.2	1,010.9	1,021.4
SAM	A3 Naples-Salerno	1,534.8	1,522.2	1,530.9
Strada dei Parchi	A24/A25 Rome — l'Aquila	—	—	1,974.3
	Total	3,617.7	3,662.8	5,740.8
	Total Group Network	46,933.1	48,266.1	51,599.4

(1) Prior to 1 July 2003, these motorways were operated by, and their Concessions held by, Predecessor Autostrade.

The intensity and levels of traffic flows vary across different sections of the Group Network, depending on a number of factors including both geography and the level of economic activity in which the particular section of motorway is located. The presence of metropolitan areas, for example, has significant effects on the level of traffic flows. Almost all of the motorways that lead to and from the major urban centres in Italy, including Bologna, Genoa, Florence, Milan, Naples and Rome, experience above-average traffic flows. The lowest level of traffic flows are generally found on motorways that are not near urban areas or are in southern Italy.

The table below sets forth the annual average daily traffic recorded in terms of number of vehicles on different motorways in the Group Network for the three years ended 31 December 2003.

Company	Motorway	Average Daily Traffic Year ended 31 December		
		2001	2002	2003
		(in numbers of vehicles)		
Autostrade Italia ⁽¹⁾	A1 Milan-Naples	56,279	58,049	59,514
	A4 Milan-Brescia	97,095	98,205	101,110
	A7 Serravalle-Genoa	32,384	33,012	33,660
	A8/9 Milan-Laghi	74,089	74,895	77,565
	A8/A26 branch motorway	53,291	54,409	57,075
	A10 Genoa-Savona	51,217	52,866	54,421
	A11 Florence-Mare	47,652	49,091	50,671
	A12 Genoa-Sestri Levante	49,337	50,770	51,897
	A12 Rome-Civitavecchia	24,167	25,145	26,721
	A13 Bologna-Padua	37,256	38,542	39,770
	A14 Bologna-Taranto	34,309	35,454	36,141
	A16 Naples-Canosa	20,573	21,316	21,959
	A23 Udine-Tarvisio	16,802	17,605	18,278
	A26 Genoa-Gravellona Toce	21,055	21,849	23,032
	A27 Venice-Belluno	19,002	19,248	20,404
	A30 Caserta-Salerno	31,870	33,163	34,315
	Total	41,271	42,808	44,013
Mont Blanc Tunnel	T1 Mont Blanc tunnel	—	3,428	3,873
RAV	A5 Aosta-Mont Blanc	4,706	6,995	8,179
Torino-Savona	A6 Turin-Savona	16,421	17,268	18,554
SAT	A12 Livorno-Rosignano	17,210	17,648	17,894
Tangenziale di Napoli	Naples ring-road	139,862	137,108	138,532
SAM	A3 Naples-Salerno	81,492	80,822	81,282
Strada dei Parchi	A24/A25 Rome — l'Aquila	—	—	19,656
	Total Group Network	41,271	39,802	41,556

(1) Prior to 1 July 2003, these motorways were operated by, and their Concessions held by, Predecessor Autostrade.

During peak periods, on a given day or as a result of seasonal factors, traffic can vary significantly from the averages stated above.

Tariffs

Historically, toll revenues have constituted the principal source of the Group's revenues, representing approximately 90.1%, 90.4% and 90.6% of revenues during the years ended 31 December 2001 2002 and 2003, respectively. Toll revenues are a function of traffic volumes and tariffs charged. In general, the toll rates applied to the Group Network are in proportion to the distance travelled (with the exception of a limited number of sections operated under an "open" system, where a fixed toll is charged regardless of the distance travelled), the type of vehicle used and the characteristics of the infrastructure (for example, tolls on mountain motorways, which have greater construction and maintenance costs, are higher than those on level ground motorways). A vehicle classification system is also applied to most of the motorways in the Group Network for the purpose of determining toll rates.

The following table sets forth the Group's toll revenues, net of any taxes or duties, broken down by Motorway Subsidiary for the three years ended 31 December 2003.

Motorway Subsidiary	Year ended 31 December		
	2001	2002	2003
	(€ in millions)		
Autostrade Italia ⁽¹⁾	1,844.5	1,944.9	2,030.3
Mont Blanc Tunnel	—	12.8	25.0
RAV	2.6	4.9	7.2
Torino-Savona	38.6	43.4	50.3
SAT	19.9	20.5	20.8
Tangenziale di Napoli	47.9	48.8	49.2
SAM	50.3	58.2	63.3
Strada dei Parchi ⁽²⁾	—	—	83.1
Total.	2,003.8	2,133.5	2,329.1

(1) Predecessor Autostrade prior to July 2003.

(2) Strada dei Parchi was incorporated in September 2002 but did not commence operations until 1 January 2003.

Toll collections paid to the concessionaire are subject, in respect of certain concessions, to a premium that is remitted to the Italian Central Guarantee Fund (the "Central Guarantee Fund"). The premium is a fixed price set at the time the Central Guarantee Fund was established and amounts to three lire (equivalent to €0.0015) per car and nine lire (equivalent to €0.0046) per truck per kilometre. All tolls charged on the Group Network are additionally subject to 20% value-added-tax ("VAT"). Tariffs on the Group Network are among the lowest in Europe.

Autostrade Italia and the other Motorway Subsidiaries are allowed to vary tariffs of different classes of vehicles, or according to the time of day, as long as they are approved by ANAS and the "weighted" average of the increases remains within the allowed overall tariff increase, though no such variances have ever been implemented.

The following table sets forth the Group's tariff per kilometre for light vehicles, broken down by Motorway Subsidiary for the three years ended 31 December 2003.

Motorway Subsidiary	Motorway Classification	Year ended 31 December		
		2001	2002	2003
		(in €)		
Autostrade Italia ⁽¹⁾	Level Ground ⁽²⁾	0.03639	0.03720	0.03777
	Mountains	0.04374	0.04471	0.04539
RAV	Mountains	0.07853	0.07987	0.08099
Torino-Savona	Mountains	0.04519	0.04822	0.05156
SAT	Mountains	0.07462	0.07589	0.07695
SAM	Level Ground	0.03298	0.03679	0.03909
Strada dei Parchi	Mountains	N/A ⁽³⁾	N/A ⁽³⁾	0.04006

(1) Predecessor Autostrade prior to July 2003.

(2) 76.7% of the Group Network of Autostrade Italia is classified as level ground.

(3) Strada dei Parchi was incorporated in September 2002 but did not commence operations until 1 January 2003.

While the majority of the Group's Motorway Subsidiaries' tariffs are based on a per kilometre charge, two Motorway Subsidiaries tariffs are calculated differently. Tangenziale di Napoli charges a fixed rate per axle instead of a tariff based on the number of kilometres travelled. The tariff rate on the Naples ring-road was €0.26134, €0.26252 and €0.26326 per axle for the years ended 2001, 2002 and 2003, respectively. Mont Blanc Tunnel charges a tariff per tunnel passage and offers discounts for return trips or multiple transits. The tunnel was closed for repairs in 2001 and during the beginning of 2002 following a fire in 1999. The

tariff charged for the single transit of a light vehicle in 2002 after re-opening was €25.56. From 1 January to 30 June 2003, the tariff was €30.70 and for the remainder of 2003 the tariff was reduced to €28.80.

The following tables set forth tariffs charged by the Motorway Subsidiaries indicated below in the various vehicle classes in 2003.

Motorway Subsidiary	Motorway Classification	Tariff by Vehicle Class				
		A ⁽¹⁾	B ⁽²⁾	3 ⁽³⁾	4 ⁽⁴⁾	5 ⁽⁵⁾
				(€/Km)		
Autostrade Italia	Plains ⁽⁶⁾	0.03777	0.03873	0.04455	0.07358	0.08907
	Mountains	0.04539	0.04655	0.05355	0.08846	0.10707
RAV.	Mountains	0.08099	0.10851	0.14106	0.22787	0.26584
Torino–Savona	Mountains	0.05156	0.05289	0.06875	0.11105	0.12957
SAT	Mountains	0.07695	0.07893	0.10261	0.16575	0.19337
SAM.	Plains	0.03909	0.04612	0.07218	0.09623	0.11232
Strada dei Parchi	Mountains	0.04006	0.04108	0.04726	0.07806	0.09450

(1) Light vehicles.

(2) Vehicles with 2 axles and height over 1.30 metres.

(3) Vehicles with 3 axles.

(4) Vehicles with 4 axles.

(5) Vehicles with 5 or more axles.

(6) 76.7% of the Autostrade Italia Network is classified as plains.

Vehicle Class	Mont Blanc Tunnel				
	5 ⁽¹⁾	1 ⁽²⁾	2 ⁽³⁾	3 ⁽⁴⁾	4 ⁽⁵⁾
			(€)		
Tariff (one way)	15.500	23.420	31.000	82.151	165.079
Tariff (return trip)	19.500	29.170	38.920	131.813	267.321

(1) Motorcycles with or without sidecars or trailers in tow.

(2) Light vehicles.

(3) Vehicles with 2 axles and height over 2 but under 3 metres.

(4) Vehicles with 2 axles and height over 3 metres.

(5) Vehicles with 3 or more axles and height over 3 metres.

The adjustment of tariff rates is made in accordance with price-cap mechanisms which take into account the expected rate of inflation in Italy (as set by the State), expected productivity improvements and the change in service quality elements. With respect to the Autostrade Italia Concession, the present price-cap formula has been in effect since 7 May 1998. See “Regulatory” and “Tariff Rates”. The price-cap formula for the other Concessions was put into place after that date. For a more detailed discussion of the mechanism for determining tariffs, see “Tariff Rates”.

Toll Collection

There are 285 toll stations on the Group Network. The Group is increasing automation of the Group Network in order to shorten payment and waiting times at toll stations and thereby increase traffic flows, as well as to reduce the number of personnel required for toll collection. See “Strategy” and “— Employees”. Each toll station is currently equipped for both automated and manual payment.

Users of the Group Network are permitted to choose between a wide range of automated payment systems, including:

- the Telepass system, a technology through which on board equipment rented by motorway users communicates via radio signals to Telepass toll booths, allowing non-stop transit and toll collection which is tied to an account holder’s current account or to a co-branded credit card;
- VIAcard payments, which permit users to charge tolls either through (i) the “Prepaid VIAcard” system, whereby users purchase VIAcards that contain varying amounts of prepaid credits for the payment of

tolls, or (ii) the “Current Account VIACard” or “VIACard Plus”, both of which are deferred payment systems in which account holders’ current accounts are directly debited on a periodic basis for payment by the account holder for tolls and other services provided in the service areas;

- Fast Pay, which permits toll charges to be debited from personal banking cards;
- credit card payments, which have been accepted on the entire Group Network since 1998; and
- note and coin machines, which accept automated cash toll payments without an attendant.

The Group remotely manages its automated toll booths by providing motorway users with the ability to call for assistance at a toll booth and by using computer systems designed to monitor the functioning of automated toll collection equipment.

With nearly four million customers, Group management believes that Telepass is the most proven and reliable electronic tolling system in the world. Telepass has been employed for use in multiple lanes in the Euroypass project in Austria. Euroypass, a wholly owned subsidiary of Autostrade, began operating a full-scale multilane toll system applied to heavy vehicles on a 2,000 kilometre network in January 2004. See “— International Motorway Activities”. Such multilane use allows the collection of tolls using Telepass technology without channelling vehicles through single lane toll booths. The Group is considering employing multilane Telepass systems on new motorways in Italy.

The Group provides the Telepass technology to other concessionaires in Italy for a fee. The Group receives additional revenues from the Telepass equipment rental by end-users, as well as from service fees for acting as a clearing house for all electronic transactions conducted on the Italian motorways. Amounts collected by the Group electronically on behalf of other motorway operators are remitted to such operators. In addition, a pro-rata portion of cash toll receipts collected by any of the Motorway Subsidiaries from motorway users for transits which include travel on non-Group Network motorways are remitted to the relevant motorway operator or operators. Likewise, other motorway operators remit to the Group a pro-rata portion of cash toll receipts collected by them at toll stations on stretches of motorway adjacent to the Group Network for transits which include travel on the Group Network.

The table below sets forth the number and proportion (expressed as percentages) of transits paid for on the Autostrade Italia Network manually in cash or by the different automated non-cash and cash payment methods then available for the three years ended 31 December 2003.

Method of Payment	Year ended 31 December					
	2001		2002		2003	
	(€ in millions, except percentages)					
<i>Automated non-cash and cash payment methods, of which:</i>						
Telepass	248.6	37.7%	289.7	42.9%	321.3	46.1%
Current Account VIACard and VIACard Plus	46.5	7.0%	41.7	6.2%	37.4	5.4%
Prepaid VIACard	39.4	6.0%	32.6	4.8%	27.4	3.9%
Fast Pay	16.2	2.5%	18.3	2.7%	16.6	2.4%
Automated Tellers	12.8	1.9%	16.5	2.5%	31.2	4.5%
Credit cards	19.0	2.9%	21.9	3.3%	21.4	3.1%
Total automated non-cash and cash payment methods	382.4	58.0%	420.7	62.3%	455.2	65.3%
Cash manually	270.1	41.0%	248.5	36.8%	236.6	33.9%
Other ⁽¹⁾	6.9	1.0%	5.9	0.9%	5.5	0.8%
Total.	659.4	100.0%	675.1	100.0%	697.2	100%

(1) Includes exempt vehicles, such as police vehicles and fire engines, as well as Group employees with complimentary transit, non-payments and forfeited payments.

Automated payment methods accounted for approximately 58.0%, 62.3% and 65.3% of all toll collections of the Autostrade Italia Network (in terms of the number of payments) in 2001, 2002 and 2003, respectively. On

the Group Network, automated payment methods accounted for approximately 54.0%, 58.0% and 61.0% of all toll collections in 2001, 2002 and 2003, respectively. As of 31 December 2001 2002 and 2003, there were approximately 2.632 million, 3.270 million, and 3.873 million Telepass tags in circulation.

Service Areas

Currently, there are 246 service areas on the Group Network. All service areas (other than the one at the Mont Blanc tunnel) include full-service petrol stations, and most include self-service mini-markets and food and beverages. Approximately 20% of the service areas include additional accessory services, such as motels, repair garages, shops and information services. Service areas are located, on average, at intervals of 27 kilometres along the Group Network. Currently nine new service areas are being constructed.

The Group does not directly manage any of the service areas, but instead grants subconcessions (each a “Subconcession” and jointly the “Subconcessions”) to third parties (the “Subconcessionaires”) for the management of the service areas. Generally, the Subconcessions grant to each Subconcessionaire the right to perform one or more services in one or more service areas. Pursuant to the Subconcessions, the Subconcessionaire is typically required to build the structures necessary to provide the service and, subsequently, to manage and maintain those services either directly or through management contracts with third parties. Upon the expiration of a Subconcession, the land on which the service area is located and the buildings and infrastructures built by the Subconcessionaire must, in instances where the Group owns the land, be returned to the Group in a good state and condition with no compensation to the Subconcessionaire. In relation to service areas built on land owned by Subconcessionaires, upon the expiration of the Subconcession, the right of access to the motorway shall be subject to renegotiation. Under a Subconcession, the Subconcessionaire typically undertakes to pay to the relevant Motorway Subsidiary a percentage of the revenues generated from sales, net of value added tax, in the case of restaurants and shops, or a royalty based on the volume of sales, in the case of sales of petrol. The Group monitors the quality of the services offered by the Subconcessionaires at the service areas through periodic inspections of such areas.

Upon the expiration of a Subconcession, a new Subconcession may be granted only upon competitive bidding procedures in accordance with the 1997 Concession Agreement and, with respect to food, beverage and mini-market Subconcessions, in accordance with the Anti-Trust Decision (as defined below). Independent expert appraiser Roland Berger currently conducts the bid process for the Group’s food, beverage and mini-market Subconcessions. See “Regulatory — The Concessions — Subconcessions”. By 31 December 2003, petrol and food, beverage and mini-market service contracts in 216 service areas, or 88% of all service area Subconcessions, had expired. Most of the contracts on the Autostrade Italia Network have now been renewed pursuant to a tender process. Based on recent Subconcession renewals, new concession fees appear generally to be significantly higher than those previously paid for the same concessions. The table below sets forth the total consolidated revenues of the Group derived from royalty payments from the Subconcessionaires, divided into major product and service lines, for the three years ended 31 December 2003.

	Year ended 31 December		
	2001	2002	2003
	(€ in millions)		
<i>Autostrade Italia</i> ⁽¹⁾ royalties, of which:			
petrol sales and car services	25.8	27.9	28.0
food and beverages and sales of goods	34.6	38.0	39.4
extraordinary royalties ⁽²⁾	11.4	2.1	12.3
Total Autostrade Italia royalties.	71.8	68.0	79.7
Other Motorway Subsidiaries royalties	3.0	3.3	6.0
Total Group Royalties	74.8	71.3	85.7

(1) Predecessor Autostrade prior to July 2003.

(2) Extraordinary royalties consist of one-off payments relating to the granting or renegotiation of Subconcessions.

At the end of 2003 the largest petrol station Subconcessionaire of the Group was ENI S.p.A. ("ENI"), which owned 67 petrol Subconcessions which it managed under its brand names Agip and IP, and which accounted for 27% of all petrol Subconcessions. The second largest petrol Subconcessionaire was Esso, with 49 petrol Subconcessions, which constituted 20% of all petrol Subconcessions.

In 2003, the largest food and beverage and mini-market Subconcessionaire of the Group was Autogrill S.p.A. ("Autogrill") which held 94 food and beverage and mini-market Subconcessions and managed a further 92 areas providing food and beverages on behalf of Subconcessionaires. Autogrill is currently controlled by Edizione Holding, which is, through Edizione Participations, the majority shareholder of Schemaventotto, a Core Shareholder. See "Core Shareholders". Pursuant to the Anti-Trust Decision, so long as Edizione Holding is its majority shareholder, Autogrill may not hold more than 72% of the Group's food and beverage and mini-market Subconcessions. See "Regulatory — The Concessions — Subconcessions". The second largest food and beverage and mini-market Subconcessionaire is ENI, which owns 58 food and beverage and mini-market Subconcessions, all of which are managed by third parties.

Traffic and Motorway Assistance Services

Motorway Police

The Group's motorway management responsibilities include user assistance which it provides through various agreements with the Italian Ministry of Internal Affairs, whereby the Italian national motorway police monitor the Autostrade Network 24 hours a day and organise emergency assistance in response to any disruption to traffic flows. These agreements also provide that the relevant Group subsidiary is responsible for paying the expenses of the police incurred in connection with the provision of traffic assistance services and providing infrastructure, such as police barracks near the Group Network, and police vehicles.

During 1998, the Association of Motorway Concessionaires in Italy (which includes the Motorway Subsidiaries) ("AISCAT") and the Italian Ministry of Internal Affairs reached an agreement providing for the creation of a force of auxiliary traffic personnel responsible for assisting the police in monitoring the Group Network, including monitoring traffic, preventing traffic congestion, managing accident scenes where no injuries have occurred and generally supporting motorway police in their activities. In 2003, there were approximately 455 auxiliary traffic personnel responsible for providing these services for almost half of the length of the Autostrade Network, and management expects to substantially increase the number of personnel once the force is fully operational on the entire Group Network.

Traffic Assistance

In order to facilitate monitoring activities and assistance and to ensure prompt intervention when necessary, the Motorway Subsidiaries use radio equipment to link their motorway operations centres to remote traffic, weather and toll collection monitoring units as well as distress call points for motorway users. Distress call points are located at intervals of between approximately every one and two kilometres along the Group Network.

Information regarding road and traffic conditions is gathered at Autostrade Italia's "information centre" in Rome, motorway operations centres located throughout the Group Network and from data collected from the Group's 285 toll stations, 4,073 distress call points along the Group Network and approximately 1,188 camera units located at key motorway sections. Autostrade Italia's Sistema Informativo Viabilità ("SIV") computer hardware and software system is used to provide traffic and weather information to drivers through approximately 673 electronic message billboards on the Group Network (as of 31 December 2003) and through other media such as Italian public television and major network television and Autostrade's Internet web site. In addition, the Group uses the SIV to provide traffic and weather information over the ISORADIO service, produced and broadcast with continuous, round the clock programming, in association with Radio Televisione Italia S.p.A. at FM station 103.3 and on "Onda Verde" radio bulletins, which are provided on Italian public radio. Since 1999 Autostrade has, pursuant to an agreement with the RTL 102.5 s.r.l. radio network, used the SIV to provide 22 daily traffic bulletins over the Group network, broadcast directly by operators from the Group's "information centre" in Rome.

Information and user assistance, such as Telepass and VIAcard sales and servicing, toll payment assistance and road related assistance, are also provided through the 76 “Blue Point Centres” located along the Group Network in addition to through the Group website.

Assistance and Recovery Services; First-Aid Services

Assistance and recovery services are not provided by the Group, but are provided by third parties. The Group’s motorway operations centres directly link a motorway user calling from a distress call unit on the motorway and the assistance and recovery service provider. In response to a formal request from the Italian anti-trust authorities, the Group has added Europ Assistance — VAI as an assistance and service provider in addition to the Italian Motor Club. Distress call units automatically connect motorway users to the nearest assistance and service provider.

Although the Group does not itself provide assistance and recovery services, at certain times of the year when there is heavy traffic, temporary assistance stations, manned by both emergency service crews and emergency volunteers, are set up along the Group Network. In situations where fire or accidents involving hazardous materials occur on the Group Network, the Group’s radio link is used to contact fire and rescue services.

The Mont Blanc tunnel, the only bi-directional tunnel on the Group Network, underwent substantial safety renovations following a fire in March 1999 which resulted in closure of the tunnel until March 2002, including: installation of remote controlled shutters on the suction outlets every 100 metres; installation of 76 longitudinal ventilators to control longitudinal air flow; linkage of ducts for ventilation for the extraction of polluted air between the Italian and French sections of the tunnel; and the installation of four additional ventilators along the extraction duct.

In addition, safety features in the Mont Blanc tunnel include: 37 refuges (every 300 metres) linked to fresh air ducts which are intended as escape routes; luminous and tactile devices indicating access to shelters; garages (equipped lay-bys) every 600 metres; safety alcoves every 100 metres with emergency telephones; fire extinguishers and alarm buttons; fire prevention alcoves every 150 metres; and a new water supply for fire-fighting operations.

Accidents

During 2003, 27,727 accidents were reported on the Group Network, resulting in an accident rate (measured as a number of accidents per 100 million kilometres travelled) of 53.6. During 2002, 30,835 accidents were reported on the Group Network, resulting in an accident rate of 61.2.

In 2003, 323 fatalities occurred on the Group Network, resulting in a fatality rate (measured as a number of fatalities per 100 million kilometres travelled) of 0.62 in 2003. This represents a decline of 9.5% from 2002, during which year there were 357 fatalities, resulting in a fatality rate of 0.71.

The number of accidents with injuries recorded on the Group Network equalled 7,583 in 2003, resulting in an injury rate (measured as a number of injuries per 100 million kilometres travelled) of 14.6. The number of accidents with injuries in 2003 decreased by approximately 7.6% compared to 2002, which had 8,203 accidents with injuries and an accident rate of 16.3.

Based on data provided by the Italian police, the principal causes of accidents which occur on the Group Network are either driver error or, to a lesser extent, vehicle malfunction. The Group has conducted studies to determine the main factors causing driver error (e.g. speeding, inattentiveness and tailgating) and instituted marketing campaigns to increase motorway users’ awareness of these factors.

The Group has implemented a new safety plan designed to increase safety on the Group Network through a number of initiatives, including dedicating resources to review highway maintenance activities and road signs from a safety perspective, examining the usage of safety barriers and increasing drivers’ access to information regarding road conditions.

Because studies show that approximately 75% of accidents are caused by driver error, education of drivers is paramount for reducing the number of motorway accidents. The new campaign by the Italian government to inform drivers about and to promote road safety, including through the introduction of a point system for drivers licenses, has helped reduce the number of accidents on the Group Network. The following table illustrates the increase in traffic during peak holiday travel times in 2003 and the corresponding decreases in accidents, injuries and fatalities on the Group Network over the same periods in the prior year:

	Increase in traffic	Decrease in accidents	Decrease in injury rate	Decrease in mortality rate
Easter Holidays	5%	19%	26%	28%
Summer Holidays	2%	24%	38%	22%

This decline in motorway accidents is likely due to a variety of factors, including not only the introduction of the point system for drivers licences, but also restrictions on heavy vehicle circulation, an increase in night travel (thereby reducing congestion during the day), additional police assistance, monitoring and traffic control, and a targeted information campaign through the media, among other things.

Other Italian Motorway Activities

In recent years, the Group has developed businesses related to its core toll motorway business. SPEA is now responsible for substantially all design, supervision and environmental compliance with respect to any significant upgrading or construction on the Group Network and monitoring of significant bridges, viaducts and tunnels. In addition, SPEA provides similar services to third parties.

Pavimental's primary activity is now providing paving services for the Group, and, in that respect, Pavimental is responsible for maintaining the uniformity of the Group Network's road surfaces and developing procedures designed to limit the interruption to traffic caused by paving activities. Pavimental also provides similar paving services to third parties.

The Group provides non-Group motorway concessionaires with automated toll collection systems, in particular the Telepass system and VIACard, and offers maintenance services related to these systems. In addition, the Group provides third parties with data and information related to traffic conditions and software designed to manage such information.

International Motorway Activities

International Motorway Activities accounted for 0.3%, 0.2% and 0.3% of the Group's revenues in 2001, 2002, and 2003, respectively. Autostrade's principal international activities are described below.

Dulles-Greenway Toll Motorway

Autostrade, through Autostrade International of Virginia O&M Inc., a subsidiary of Autostrade Participations, operates and maintains the privately owned, 24 kilometre Dulles-Greenway toll motorway outside Washington, D.C. (United States). This contract for operation and maintenance is scheduled to expire in 2036.

Birmingham Northern Relief Road

Autostrade Participations has a 25% interest in a joint venture, Midland Expressway Limited ("MEL"), which, in 1992, was awarded the concession for the financing, design, construction and management of a 54 kilometre three lane motorway northeast of the city of Birmingham in England known as the M6 Toll. Autostrade's partner in the venture is Macquarie Infrastructure Group ("Macquarie"), a listed Australian infrastructure investment fund. Construction on the M6 Toll began in October 2000 and the motorway opened in December 2003. The project was funded by a £685 million project finance facility. Under that facility, the shares that Macquarie and Autostrade Participations held in MEL are pledged to secure MEL's obligations under the facility. The MEL concession has been granted for an initial period of 53 years. Autostrade has a put option to sell its interest in MEL to Macquarie at an agreed price of GBP 36.75 million and Macquarie has a call option to buy Autostrade's interest in MEL at an agreed price of GBP 49.0 million, with both options exercisable from July to September 2005.

Europpass

In June 2002, Predecessor Autostrade was awarded a contract by ASFINAG (the Austrian State Road Authority) to design, construct, finance, operate and maintain an automatic toll payment system for heavy vehicles (similar to Telepass) on over 2,000 kilometres of Austrian national routes. Europpass, a company organised under the laws of Austria and wholly owned by Autostrade, was formed for the purpose of planning, financing, setting up and operating this automatic payment system. Under the contract, Europpass had one and a half years to construct the payment system and has ten years to operate it. ASFINAG may request up to five one-year extensions following the ten-year initial term of operations. Construction on this project began in July 2002, and the automated payment system commenced operations on schedule on 1 January 2004. Construction costs incurred by the Group were approximately €260 million. The Group covered these costs through debt financing in the amount of approximately €171 million and an investment in the equity of Europpass of approximately €89 million. The Group provided security in connection with such debt financing. This security, which will remain in place until the repayment of the indebtedness, qualifies as a “Permitted Encumbrance” under the terms and conditions governing the Notes. Pursuant to the agreement with ASFINAG, Europpass receives monthly remuneration from ASFINAG, consisting of fixed and variable amounts. The fixed amount fluctuates slightly from year to year and is set at approximately €84 million for 2004. In addition, there is a variable compensation component based on factors such as traffic growth and inflation. Europpass is required to finance and construct expansions of the system upon request by ASFINAG in consideration for additional annual remuneration.

As a sponsor of Europpass, Autostrade agreed to cause Europpass to maintain a 20% equity to asset ratio, to provide Europpass with sufficient financial resources to construct and operate the toll system and to pay for any deficiency that Europpass may have in meeting its obligations under its contract to ASFINAG.

ASFINAG has an option, which can be exercised bi-annually throughout the term of the contract, to purchase 25% plus one share, 50% plus one share or 100% of the shares of Europpass for a price to be calculated according to an independent valuation of discounted future cash flows at the time of the sale. Alternatively, ASFINAG may acquire the assets of Europpass for a price established based on the same valuation methodology.

In the event that ASFINAG terminates the contract with Europpass for cause, it may acquire Europpass or any or all of its assets for a price which corresponds to the residual book value of those assets. Alternatively, ASFINAG may request the dismantling of the toll system at the expense of Europpass.

Similarly, in the case of termination for natural expiration of the contract, ASFINAG may acquire Europpass or its assets for a price corresponding to the residual book value of Europpass’ assets. Alternatively, ASFINAG may request the dismantling of the toll equipment against the payment of a pre-established fee.

Correlated Businesses

Correlated businesses accounted for 1.40%, 1.32% and 0.04% of the Group’s revenues in 2001, 2002 and 2003, respectively.

Autostrade is active in the telecommunications business primarily through its wholly owned subsidiary TowerCo S.p.A. (“TowerCo”). TowerCo is a company formed to operate the business of the Tower Management Autostrade project (the “Tower Management Project”), a project commenced in 2001, to exploit the Group’s assets by offering mobile phone operators integrated infrastructures for radio coverage of motorways, tunnels and adjacent city areas. TowerCo began operating the Tower Management Project in July 2003 as a result of the Group’s reorganisation pursuant to Progetto Mediterraneo. The Group entered into contracts with the main Italian cellular phone service providers, Telecom Italia S.p.A., Wind S.p.A. and Vodafone S.p.A. Thirty sites have been completed and 15 are currently under construction. An additional 50 sites are planned and await approval.

In 2002, Predecessor Autostrade launched Infoblu which provides traffic information via radio and television broadcasts. In addition, pursuant to an agreement with Telecom Italia Mobile, customers of Telecom Italia Mobile can receive real-time information on traffic and Autostrade services via their mobile handsets. Autostrade intends to extend access of its Infoblu services to customers of other mobile telecommunications operators.

Autostrade has a 40% interest in SABA, a company specialised in the planning, implementation and management of paid parking lots. Recently, SABA has concentrated its business activities on parking lots in city centres, which provide fewer opportunities for the Group to exploit synergies within the Group's core business.

Motorway Capital Expenditures

The Group's capital expenditures were primarily related to its Italian motorway activities, specifically costs for the maintenance and expansion of the Group Network. The following table provides a breakdown of these capital expenditures for each of the Motorway Subsidiaries for the three years ended 31 December 2003.

	Year ended 31 December		
	2001	2002	2003
	(€ in millions)		
Concession Holder			
Autostrade Italia ⁽¹⁾	172.1	252.0	322.6
Mont Blanc Tunnel	101.1	28.7	6.7
RAV	33.2	52.1	55.9
Torino-Savona	44.5	35.1	23.7
SAT	1.2	5.4	9.6
Tangenziale di Napoli.	3.1	8.3	8.0
SAM	30.8	25.4	29.6
Strada dei Parchi	—	—	11.1
Total.	386.0	407.0	467.2

(1) Predecessor Autostrade prior to July 2003.

In 2001, 2002 and 2003, respectively, the Group received €113.0 million, €59.9 million and €52.8 million in government grants with respect to the above works completed to widen the Group Network. See "Management's Discussion and Analysis of Results of Operations and Financial Condition".

Maintenance

The Group's maintenance activities are focused on maintaining adequate levels of safety and the proper functioning of the motorways, paving surfaces, bridges, tunnels, viaducts and drainage systems while complying with current and expected environmental laws. The Group believes that monitoring of its motorways is important in order to adequately maintain its infrastructure.

The Group divides maintenance activities into three categories: non-recurring maintenance, paving and recurring maintenance. Non-recurring and recurring maintenance are presently performed by third parties chosen pursuant to public tender procedures, except that oversight and monitoring of maintenance of a large portion of the significant bridges, tunnels, viaducts and other infrastructure on the Group Network are performed by SPEA and paving activities are performed by Pavimental, both Group companies.

The following table illustrates Group maintenance expenditures for each of the three years ended 31 December 2003:

	Year ended 31 December		
	2001	2002	2003
	(€ in millions)		
Non-recurring	60.6	48.1	45.9
Paving	74.7	74.5	84.7
Recurring.	113.5	92.8	95.4
Total.	248.8	215.4	226.0

Non-Recurring Maintenance

Non-recurring maintenance consists mainly of repair of motorway infrastructure and is carried out on a regular basis on the bridges, tunnels, viaducts and overpasses of the Group Network in order to avoid deterioration and maintain the efficiency of such structures. Non-recurring maintenance includes major motorway reconstruction projects that involve the rebuilding of certain discrete sections of the Group Network that have been destroyed or made uneven by wear and tear, landslides or other natural phenomena, such as inclement weather conditions. The rebuilding or additional reinforcement of embankments as protection against landslides and other natural phenomena and drainage projects are also included in non-recurring maintenance.

Paving

With respect to paving, Autostrade annually tests for the motorway's smoothness and adherence, or "grip", and periodically examines the actual condition and wear of the roadway and the roadway's capacity to withstand weight. In its monitoring activities, particular attention is paid to reviewing new paving works in order to assure that the quality standards set by Autostrade are met. After conducting such monitoring activities, Autostrade instructs Pavimental to conduct the necessary repairs or plan future paving works as appropriate. In addition, the price-cap mechanism takes into account the quality of motorway paving.

Recurring Maintenance

Recurring maintenance activities include the cleaning of ditches, landscaping, lawn mowing, general cleaning projects and the reconstruction of road signs, as well as minor repairs of structures such as crash barriers that have been damaged by accidents. Also included in recurring maintenance activities is the maintenance of the buildings located on the Group Network, including those structures located at exit junctions, and treatment of the roads to counter ice and snow and other adverse weather conditions.

Works

The Group generally designs and oversees new motorway projects itself, while most of the construction of such projects is typically sub-contracted to third parties. Except for paving and design works, the Group's policy is to put construction projects out to public tender under EU and Italian public procurement rules. One such rule is the Merloni law ("Legge Merloni"), last amended in 2002, which governs many aspects of the procurement process for public construction projects, including project planning. Another important piece of legislation is the Legge Obiettivo, Law 443 of 21 December 2001 ("Legge Obiettivo"), which creates a fast-track approval process for works deemed strategically important for the State. See "Regulatory — Regulatory Developments Related to Works".

Major Projects of the Prior Investment Programme

Following privatisation in 1999, changes in the law and as a result of pressure to reduce motorway congestion in Italy, the Group accelerated various construction projects related to new extensions and upgrading the Group Network to fulfil commitments contained in the investment plans agreed in the Autostrade Italia Concession and the other Concessions. Although few of the projects have been fully completed, the majority of the projects contemplated by the Prior Investment Programme are underway. The following table sets forth the improvements to and expansion of the Group Network that comprises the Prior Investment Programme.

<u>Motorway Concessionaire/Motorway</u>	<u>Project</u>	<u>Estimated Investment⁽¹⁾</u> (€ in millions)
Autostrade Italia		
A14	Bologna Access Road	200
A1	Variante di Valico	2,800
A1	Florence Access Road	1,300
N/A	Others	900
N/A	<i>Less government grants to Autostrade Italia</i>	(800)
Other Motorway Subsidiaries		
N/A	Others	900
N/A	<i>Less government grants to other Motorway Subsidiaries</i>	(300)
	Total Estimated Investments	5,000

(1) Management estimates as of 31 December 2003.

Of the projects of the Prior Investment Programme which have yet to be completed, the most significant projects include the improvement of the Bologna-Florence-Incisa section of the A1 Autostrada del Sole, one of the principal motorway sections that connects northern and southern Italy, and a project designed to improve access to the city of Florence through the creation of access roads and parking and transit areas in and around the city. Delays in project completion have been primarily due to delays in obtaining certain regulatory approvals and overcoming certain environmental opposition at the planning stage. Following the introduction of Legge Obiettivo, many of the delays which resulted from the more lengthy regulatory process previously in place have been eliminated. See "Risk Factors".

The Group currently expects to invest approximately €5.0 billion (net of any government grants) in order to complete the Prior Investment Programme between 2004 and 2009. Of this €5.0 billion, €4.4 billion is the amount Autostrade Italia estimates it will be required to make and €600 million is the amount the other Motorway Subsidiaries estimate they will be required to make. To date, significant cost overruns have occurred, and there can be no assurance that further delays or additional overruns in respect of the Prior Investment Programme will not occur.

The table below compares the original investment estimate and the revised investment estimate for certain projects that are part of the Prior Investment Programme. The revised investment estimates were made as of 23 December 2002, the date of the signing of the Fourth Supplementary Agreement.

Motorway	Project	Original Investment Estimate ⁽¹⁾	Revised Investment Estimate ⁽²⁾	Cost Overruns
			(€ in millions)	
A14	Bologna Access Road	148	244	96
A1	Variante di Valico	2,520	2,796	276
A1	Florence Access Road	633	1,257	624
N/A	Others	255	272	17
	Total Estimated Investments	3,556	4,569	1,013

(1) Contained in 1997 Concession Agreement, gross of governmental grants.

(2) Management and ANAS estimates as of 23 December 2002. Total amount includes investments made as of such date and is gross of government grants.

Major Projects of the New Investment Programme

Pursuant to the Fourth Supplementary Agreement signed between Predecessor Autostrade and ANAS on 23 December 2002, Predecessor Autostrade agreed to carry out additional works totalling an amount of up to approximately €4.7 billion for the improvement and enlargement of the Autostrade Italia Network. The Fourth Supplementary Agreement will become effective following Notice of Registration. See "The Concessions". The New Investment Programme is projected to be carried out during the period from 2005 through 2010. The following table sets forth the improvements to and expansion of the Autostrade Italia Network that will comprise the New Investment Programme.

Motorway	Project	Estimated Investment ⁽¹⁾
		(€ in millions)
	Genova By-Pass	1,800
A14	Riccione-Ancona	873
A14	Citanova Marche-Pedaso	381
A14	Ancona-Citanova Marche	320
A4	Milano-Bergamo (fourth lane)	308
	Venice Link	233 ⁽²⁾
A9	Lainate-Como-Grandate	186
A14	Rimini-Riccione (third lane)	159
A1	GRA Roma Nord (third lane)	138
	Tunnel Safety	134
	Motorway Junctions	94
	Milan Fairgrounds	58
	Total Estimated Investments	4,684

(1) Estimates based on the Fourth Supplementary Agreement.

(2) The Venice Link is now part of a new supplementary agreement signed with ANAS in February 2004. If the Ministerial Decree approving the supplementary agreement is registered with the Italian Government's Audit Court, the Venice Link investment will be carried out directly by ANAS, and the total amount of estimated investments will be correspondingly reduced. Upon completion, the Venice Link will be managed by the three main local motorway operators, including Autostrade Italia.

The Fourth Supplementary Agreement provides a mechanism to enable Autostrade Italia to recover, through tariff increases, the actual costs incurred to complete projects agreed to as part of the New Investment Programme to the extent they exceed management estimates made at the time of negotiations of the Fourth Supplementary Agreement. See "The Concessions".

Research and Development

The Group's research and development activities focus on all aspects of the toll motorway business and, in particular, on noise pollution, maintenance and Telepass toll collection technology. For the year ended 31 December 2003, the Group invested approximately €3.0 million in research and development activities, primarily through investments by Autostrade Italia.

With respect to motorways, in recent years the Group has continued its research into producing road surfaces which reduce noise levels, control pollution from oils and other liquids and maintain road grip in wet conditions. The Group has reviewed all current projects and conducted an aerial survey of approximately one-third of the network to develop an acoustic map of a 250 metre-wide corridor along the motorway road-bed in the interest of noise abatement. Through the S.I.R.U.U.S. (Silent Roads for Urban and Extra-urban Use) Project (the "Sirius Project"), Autostrade and several international partners worked jointly to develop new road surfaces. The Sirius Project is now completed and feasibility studies of large-scale implementation of the results are currently being considered. The Sirius Project was partially funded by the EU. The Group intends to use its patented road surfaces as a means of evidencing its fulfilment of expected obligations under Law 447/95 on noise pollution. See "Environmental". Another research and development project partially funded by the EU in which Autostrade Italia participates, the smart structures project (the "Smart Project"), is in the process of developing and testing sensor devices which can be used to measure the deterioration and structural integrity of bridges, viaducts and other structures remotely in order to assist in scheduling appropriate maintenance works.

The Group is also involved in creating new safety barriers designed to minimise the damage caused by accidents and in other projects involving accident prevention and the improvement of the monitoring of traffic and weather conditions.

Intellectual Property

Autostrade holds Italian and European patents relating to a number of its technologies, including patents related to Telepass, safety barriers and noise-absorbing road surfaces. Autostrade also has various Italian and European trademarks covering, *inter alia*, the Telepass system. The Italian and European invention patents related to and the Italian trademark for Telepass, which are currently in the process of being transferred by Autostrade to Autostrade Italia, expire on 24 October 2009.

Customer Service

In 1997, in order to establish a measure of the quality of service that the Group provides to its customers, Predecessor Autostrade adopted a numerical quality index based on (i) accident rates, (ii) waiting times and number of vehicles at toll stations, (iii) a measurement of traffic congestion on the motorway stretches based on waiting times and number of vehicles and (iv) a measurement of the quality of services provided to customers in service areas, in each case with respect to the Autostrade Network. The Group believes the quality index establishes a more objective and transparent method of determining the quality of service it provides and sets targets for certain employees based on the quality index as an incentive which results in bonuses if objectives are achieved.

In 1997, Predecessor Autostrade also published a customer charter which included a number of initiatives for the benefit of motorway users including undertakings to, as much as practicable, continuously maintain emergency, traffic monitoring and related motorway services, consider suggestions made by motorway users and provide technologically advanced services to motorway users in order to increase efficiency and the level of service provided.

The Group, in conjunction with the police, has also developed a new computerised system of recording and processing traffic accidents, which the Group believes produces more complete and more timely information on accidents. This system, which also relays information on traffic congestion and toll station accessibility, received an ISO 9000 certification in 2002.

In addition to these customer service initiatives, the Group provides a range of customer service functions specific to its motorway operations. For additional details regarding these services, see "Traffic and Motorway Assistance Services".

Employees

The table below sets forth the number of employees of the Group with indefinite-term contracts divided by employment category as at 31 December 2001, 2002 and 2003, together with the percentage changes from the prior period.

	As at 31 December					
	2001	% Change	2002	% Change	2003	% Change
<i>Non-toll collection staff:</i>						
Executives	158	4.6 %	162	2.5 %	157	(3.1)%
Clerical staff	3,421	(0.2)%	3,440	0.6 %	3,775	9.7 %
Manual workers	1,504	(4.6)%	1,425	(5.3)%	1,495	5.3 %
Total non-toll collection staff. . .	5,083	(1.4)%	5,027	(1.1)%	5,427	8.0 %
Toll collectors	3,918	(5.5)%	3,800	(3.0)%	3,890	2.4 %
Total	9,001	(3.2)%	8,827	(1.9)%	9,317	5.6 %

At 31 December 2003, the Group had 9,317 full-time and part-time indefinite-term employees, representing an increase of 5.6% since at 31 December 2002.

The overall number of employees of the Group increased over the three years ended 31 December 2003, primarily as a result of increases in clerical staff and toll collectors following the addition of the A24/A25 concession in 2002 in connection with the newly acquired Motorway Subsidiary Strada dei Parchi which added 627 employees to the Group. At the same time, the number of employees performing toll collection activities was reduced slightly by 0.7%, from 3,918 to 3,890, during this period despite continued traffic growth. The Group attributes this trend primarily to the increased automation of its toll gates. The Group expects that, notwithstanding the increase in employees resulting from the addition of Strada dei Parchi, the trend of a decreasing number of employees performing toll collection activities will continue over the next few years, as further toll gates are automated.

Fixed-term employment contracts are used to handle seasonal peaks in traffic, including peaks at year end and other holiday periods and are also used for trial periods before the offering of indefinite term employment contracts. The average number of full-time equivalent employees (fixed-term and indefinite term) employed by the Group as at 31 December, for the years ended 2001, 2002 and 2003 was 9,276, 9,028 and 9,402, respectively.

Approximately 70% of the Group's employees are members of a trade union. Management believes that industrial relations within the Group have been characterised by a willingness to collaborate and to avoid conflicts, and strikes in recent years have been rare. The Group, with the exception of SPEA and Pavimental (which are regulated by the Italian collective agreement for builders) and the non-Italian companies, is subject to an industry-wide collective bargaining agreement covering motorway concessionaires which has been in effect since 1962. The principal terms of the collective bargaining agreement are typically renegotiated every four years, and the current agreement expired on 31 December 2003. Negotiations regarding a new industry-wide collective bargaining agreement are being conducted.

Competition

The Group faces limited competition from third-party concessionaires and State-run motorways as well as competition from alternate forms of transportation. See "Risk Factors". In Italy, the second largest motorway operator after the Group is the Gavio Group (which comprises Autostrade Torino Milano and SIAS), which holds concessions for approximately 15.8% of the toll motorways in Italy. The Group believes competition from toll motorways operated by third-party concessionaires, such as Gavio Group, and State-run motorways is limited because these motorways usually serve origins and destinations which are different from those in the Group Network and, in the limited instances where the Group has direct competition from third-party concessionaires or State-run motorways, the Group believes that its services are attractive to users because of the Group Network's quality of services offered.

The Group regards rail and air travel as the principal alternative modes of transportation to the motorways. However, these alternative modes of transportation provide competition primarily for long distance travel point to point or the transport of goods for distances greater than 400 kilometres. Management believes that the flexibility and speed of road transportation and the lack of integration of other forms of transportation are the principal reasons for the continuing popularity of road transportation.

In the short term, the Group believes that it is unlikely that other forms of transportation will be able to take significant shares of the Italian transportation market from road transportation. When a high speed rail network in Italy is more substantially completed, it may significantly increase the competition for both goods and passengers, but this increased competition is expected to be concentrated in long distance transportation, which represents only a limited percentage of the revenue of the Group.

In addition, the Group may face increasing competition from providers of alternative automated toll payment systems. The Group has developed interconnections which permit motorists to pay tolls via Telepass on any Italian toll motorway which has installed Telepass toll booths, regardless of who operates the toll motorway. Automated toll payment systems based on similar technology are in use throughout other parts of Europe, and an automated toll payment system based on the European global positioning system Galileo is currently under development. In the future, the Group expects that these competing automated toll payment systems will be interconnected, permitting a motorist using any single technology to use any toll motorway in Europe covered by another system.

The Group may also face increased competition in its efforts to obtain new concessions. This is due to recent European Union legislation which requires all awards of motorway concessions (including renewals of old concessions) to be granted pursuant to an open bid process on a Europe-wide basis. See “Risk Factors”.

Environmental

The Group is focused on the research and development of construction of road surface materials designed to reduce noise levels on the Autostrade Network. See “Research and Development”. Law 447/95 established a general framework for the regulation of noise pollution and provides that at least 7% of the Group maintenance costs must be applied towards noise reduction. In 2002, approximately €155 million was spent on environmental related expenses, including cleaning, disinfestation and noise reduction, although maintenance costs on reduction of noise have been limited by the fact that new works in recent years have already included environmental protection measures. For examples of the Group’s efforts and projects for noise reduction and their impact on the environment, see “Research and Development”.

In connection with works, the Group is typically required to obtain the approval of the local environmental authorities and is required for works involving the construction of additional lanes or new motorways to prepare an environmental impact statement for approval by the competent State ministries.

Insurance

The Group maintains various insurance policies as protection against certain risks associated with operating and maintaining the Group Network and associated infrastructure as well as activities of its subsidiaries. As of 31 March 2004, the Group’s coverage includes, among other things, general liability insurance of up to a maximum of €25 million of coverage per accident by motorway users on the Group Network and up to €7.5 million of coverage per event or per year for environmental damage, all risks insurance of up to €155 million to any real property and building contents owned by the Group (including its electronic information and toll collection equipment and equipment at the Group’s communications centre in Florence) and up to €150 million of coverage per event and €100 million of coverage for lost profits per event or per year (determined in occurrence with a formula included in the relevant policy) for damage caused to the Group Network motorway infrastructure. In addition, each construction company hired by the Group is required under Italian law to have all risks insurance, workers insurance and liability insurance covering all damages to the particular project it is constructing for the Group. The Group’s policies, however, do not cover labour unrest, and the Group does not carry business interruption insurance to cover operating losses it may experience, such as reduced toll revenues, resulting from work stoppages, strikes or similar industrial actions. In addition, the Group carries only limited risk and business interruption insurance to cover damages or operating losses resulting from terrorist acts. See “Risk Factors”.

Properties

With the exception of certain office buildings in Rome and Florence which are owned by the Group, most of the real property occupied by Autostrade and the Group's subsidiaries in connection with their activities will revert to the State at the expiry of the relevant Concession.

Legal Proceedings

As part of the ordinary course of its business, companies within the Group are subject to a number of administrative proceedings and civil actions relating to the construction, operation and management of the Group Network. The Group believes that none of these proceedings, individually or in the aggregate, will have a material adverse effect on its business, financial condition or prospects. As of 31 December 2003, the Group made a €75.9 million provision in its financial statements for non-tax litigation and a €13.8 million provision for tax litigation. A summary of the most significant proceedings is set forth below.

Litigation regarding the Concessions and tariffs

WWF Italia

In 1999, WWF Italia, an environmental advocacy group, instituted a proceeding before the regional administrative tribunal (the "TAR") of Lazio, against the President of the Italian Council of Ministers, the Italian Minister of Public Works, the Italian Ministry of Treasury, ANAS and Predecessor Autostrade. WWF Italia sought the cancellation of the Autostrade Italia Concession and the related Interministerial Decrees approving them on the basis that extension of the Concession should only have been granted by way of a public tender. A number of the arguments made by WWF Italia are substantially similar to those made by the Italian Government's Audit Court when it registered the 1997 Concession Agreement and First Supplementary Agreement (as defined below) with reservation. The Lazio TAR refused to grant an injunction to WWF Italia to suspend the Autostrade Italia Concession at a hearing on 23 September 1999, but a decision as to the merits of this claim is still pending.

CODACONS

Administrative proceedings instituted by CODACONS, a consumer advocacy association, are still pending with respect to Predecessor Autostrade's 1991, 1997, 1999 and 2003 tariff increases and the change in the price-cap formula approved by CIPE in 1996.

In particular, with regard to the tariff increases related to the year 1991, Interministerial Decree no. 847 of 8 December 1995 (the "1995 Decree") retroactively lowered motorway toll rates for the period from 15 January 1991 to 31 December 1993, following proceedings brought by CODACONS before the TAR and the Consiglio di Stato in which they claimed that such increases did not take into account the change in the toll collection system from the number of axles to the axle profile. Predecessor Autostrade has reimbursed users of the Autostrade Network who have been able to provide documentation to substantiate their reimbursement claims, however the amounts paid out to date are not significant. CODACONS has since presented appeals before the relevant judicial bodies claiming that the toll rates, even taking into account the 1995 Decree, are still excessive. These appeals are still pending.

Service Area Subconcessions

Approximately 130 claims are currently pending before the TAR. These claims have been brought by companies operating in the food and beverage and petroleum businesses to contest the bid procedure in place for the awarding of Subconcessions. See "Italian Motorway Activities — Service Areas". To date, TAR has rejected approximately 60 requests for interim relief made with respect to these claims and has decided two of these claims on the merits in favour of Autostrade.

Damages suffered by users

A number of users have initiated proceedings, which are pending, for damages arising from accidents which occurred on the Autostrade Network. Autostrade Italia estimates that approximately 500 of these actions are brought each year. Management believes that its insurance policy provides adequate coverage for these claims and that it is therefore not necessary to set aside sums in its reserves to cover such risks.

There are typically a number of criminal actions brought against employees of the Group who operate a particular section of the Autostrade Network. In some cases, these actions have resulted in the imposition of relatively small fines against employees. In such cases the fines have been paid by the Group or by its insurers. Presently, there are approximately 30 such criminal cases currently pending against employees of Autostrade Italia. The Group fully supports its employees and is providing the employees with the necessary assistance in connection with these proceedings, including the payment of lawyers' fees and other expenses.

Sub-contractor claims

The Motorway Subsidiaries are subject to various claims made by third-party contractors with whom they have contracted for certain construction and maintenance projects on the Autostrade Network. While these claims in aggregate are significant, in the Group's experience actual payments made by it have amounted only to a small portion of the amounts originally claimed. At 31 December 2003, approximately 55 claims totalling approximately €128 million had been made by third-party contractors in relation to construction and maintenance projects on the Autostrade Italia Network. Autostrade Italia has, following its evaluation of the merits of these claims, set aside reserves in an amount it believes will provide sufficient coverage for any related risks.

A small number of proceedings initiated by sub-contracting firms are pending against RAV with respect to the construction of the A5 Aosta-Monte Bianco motorway from Aosta to Morgex. While the aggregate amount of damages claimed is significant, the Group believes that, based on its experience with claims of this nature, only a small portion of the claims will ultimately be paid out, and, in any event, ANAS has undertaken to contribute 65% of the total aggregate investment, which has in the past included costs and settlements relating to sub-contractor litigation.

Since 1993, a proceeding has been pending against Autostrade Italia with respect to the construction of the motorway connecting the Genova Airport junction on the A10 Motorway and the State-run motorway SS1 Aurelia. Such construction works were subcontracted to Astaldi (formerly CILT) by Predecessor Autostrade, the concessionaire appointed by ANAS for the construction works. The amount claimed by Astaldi is equal to €83 million, plus interest. A technical expert appointed by the Tribunal of Rome estimated the value of the claim at an amount between €47 million and €54 million. Autostrade Italia is evaluating the expert's report.

Torno-Fioroni started an arbitration proceeding against RAV claiming payment of approximately €50 million. On 3 October 2003, the arbitration panel issued a decision sentencing RAV to the payment of €15.5 million plus interest, which RAV appealed. Pending the appeal, RAV has agreed with Torno-Fioroni to pay the amount awarded in instalments through July 2004. If the decision is reversed on appeal, amounts paid by RAV will be required to be refunded by Torno-Fioroni.

Noise pollution

There are a number of proceedings against the Group pending in various local courts which were instituted by either local authorities or private parties regarding the sound levels generated by Autostrade's motorways. In other cases the Group has brought actions challenging the decisions of local authorities requiring it to take remedial action to reduce noise levels. As a result of these proceedings, the Group has had, in some instances, to adopt measures designed to reduce noise levels on the Autostrade Network such as the planting of rows of trees beside the motorway or erecting sound barriers.

Tax litigation and assessments

In December 2003, the Italian Tax Authority (*Agenzia delle Entrate*), further to a tax audit, served Autostrade with two notices of assessment (*avvisi di accertamento*) in respect of the fiscal years 1997 and 1998. The total amounts assessed aggregate €326.2 million in unpaid taxes and €281.6 million in penalties.

The Tax Authority claims that in 1997, in connection with the renewal of the Autostrade Italia Concession by Predecessor Autostrade, Predecessor Autostrade settled a disputed claim (of approximately €513.5 million) with ANAS over some tariff increases which had not been recognised in previous years. The Tax Authority alleges that as a result of the settlement an extraordinary gain should have been recorded by Predecessor Autostrade in its 1997 financial statements. The Tax Authority also claims that Predecessor Autostrade wrote-off a disputed receivable (of approximately €15.8 million) towards ANAS that it should instead have depreciated over the entire duration of the Autostrade Italia Concession. In addition, the Tax Authority also

challenges the deductions for fiscal years 1997 and 1998 of the entire amount of replacement and maintenance costs (of approximately €160.3 million and €9.1 million, respectively) in the fiscal year in which they were incurred, claiming that the excess of such costs over those previously set aside should have been deducted by Predecessor Autostrade in at least two fiscal years.

Autostrade believes, based on the advice of its consultants, that it (and Predecessor Autostrade) acted in full compliance with applicable laws and regulations. As a result, in accordance with Italian Accounting Principles and IFRS, the Board of Directors of Autostrade did not to set aside any specific provision in its financial statements for the year ended 31 December 2003.

In January 2004, Autostrade filed a request with the Tax Authority for the withdrawal of the notices of assessment (*istanza di autotutela*) and, in the alternative, in February 2004 also filed a request with the Tax Authority for settlement of such assessments at a nominal amount (*istanza di accertamento con adesione*). A request for settlement will not preclude Autostrade from challenging the assessments at a later date. To date, Autostrade has not received any reply from the Tax Authority. If no settlement is reached and the assessments are challenged before the tax court, approximately one-third of the assessed unpaid tax amounts could become provisionally payable in 2004. No assurance can be given that Autostrade will successfully challenge either or both of the notices of assessment or the claims of the Tax Authority. See “Risk Factors”.

At 31 December 2003 the Group had set aside provisions of €13.8 million for the taxes which had previously been disputed.

The tax audit which resulted in the aforementioned assessments also covered the fiscal years 2000 and 2001. In respect of those years, the Tax Authority issued certain findings (*segnalazioni*) for an amount of approximately €27 million in unpaid taxes (excluding applicable penalties, if any). Autostrade has requested review of these findings (*istanza di archiviazione*), which request is still pending. There can be no assurance that the Tax Authority will not decide to assess such amounts or that, if assessed, Autostrade will successfully challenge such assessments.

Criminal Proceedings against directors and officers

In April 2003, the public prosecutors' office of the Tribunal of Rome initiated a criminal proceeding against Prof. Giancarlo Elia Valori and Ing. Vito Alfonso Gamberale with respect to certain alleged criminal law violations in connection with the participation of Blu in the bid process for the acquisition of UMTS licenses. At that time, Prof. Valori and Ing. Gamberale were the Chairman of the Board of Directors and Chief Executive of Predecessor Autostrade, respectively. Autostrade Italia believes that these proceedings are without merit and are unlikely to have a material adverse effect on the company or the Group.

Three criminal proceedings are currently pending as a result of the fire which occurred in the Mont Blanc tunnel on 24 March 1999. Because any judgements should be covered by the Group's insurance policies, and because of the difficulty in accurately assessing the amount of any eventual awards, the Group has not made any provision or special reserve in its financial statements with respect to this litigation.

Regulatory

The construction and operation of secondary roads and motorways in Italy is the responsibility of ANAS. These activities may be carried out directly by ANAS or may be assigned to third parties in concession. The Italian motorway sector is governed by a series of laws, ministerial decrees and resolutions by the Italian Interministerial Committee for Economic Planning (“CIPE”), which have been issued and amended over time. The regulatory framework within which the motorway concessionaires must operate is regulated, not only by motorway-specific legislation, but also by generally applicable laws, special legislation (for example the “Road Traffic Code”) and, in particular, by the concession agreements entered into by the concessionaires and ANAS.

Regulatory Background — Important Developments in the Regulatory History of the Concessions

The grant of a concession occurs after an open bid process in which motorway operators respond to a request for a bid. In 1992, in a significant reform, Law 498/92 gave CIPE the authority to issue directives in relation to the revision of existing motorway concessions and toll rates. Subsequently CIPE, by a resolution dated

21 September 1993, established the criteria for the review and renewal of motorway concessions, the main terms of which are summarised below:

- (i) a requirement to prepare an investment plan (which provides estimates of the economic and financial performance of the concessionaire and includes the expected works to be performed by the concessionaire during the concession, the estimated cost of such works and expected State subsidies, if any) which is subsequently approved by the Italian Ministries of Infrastructure and Treasury;
- (ii) rules for the allocation of works according to applicable law in force, including EU environmental legislation;
- (iii) broadening the concessionaire's scope of activity, with the aim of improving its management and diversifying services offered to customers; and
- (iv) eliminating restrictions on the shareholders of the concessionaire companies.

Once agreement is reached between the concessionaire and ANAS, after extensive negotiations in relation to the above-mentioned criteria (and in particular in relation to the proposed investment plan), the terms of the concession (contained in a concession agreement with the investment plan attached) are submitted to the Italian Ministries of Infrastructure and Treasury for approval by Interministerial Decree. The Italian Government's Audit Court (*Corte dei Conti*, the body which monitors the use of public funds) then proceeds to review the terms of the concession, including the investment plan, and register the Interministerial Decree (with or without "reservation" as the case may be). Failure to register such acts by the Italian Government's Audit Court renders the concession ineffective. Faced with such a refusal, the Italian Government may request the combined sections of the Italian Government's Audit Court to review the matter and overcome any outstanding issues. In such case, the combined sections of the Italian Government's Audit Court may be requested to approve the act in question and register it, which occurs with reservation if the Italian Government's Audit Court continues to uphold its views. The registration of such act with reservation does not make the act ineffective or affect the legitimacy of the act.

In 1993, another important law, Law 537/93, established the private nature of activities performed by concessionaires, notwithstanding State guarantees granted for works in connection therewith. Law 537/93 also:

- (i) expanded Predecessor Autostrade's business purpose, setting forth that the motorway construction and management activities constituted the principal, but not exclusive, activities of the company;
- (ii) eliminated the obligation on the part of Predecessor Autostrade to transfer to the state any operating surpluses which exceeded 8% of its share capital, as previously required by law;
- (iii) eliminated the requirement that IRI remain the majority shareholder of Predecessor Autostrade; and
- (iv) introduced a yearly fiscal "rental" fee of 0.50% for all motorway concessionaires for the first three years commencing 1 January 1994 and 1% thereafter, calculated on the concessionaire's net toll receipts.

The changes set forth in (i), (ii) and (iii) above with respect to Predecessor Autostrade were important because they officially recognised the right of the Predecessor Autostrade (and now Autostrade) to engage in activities other than its principal motorway activities, and because they enabled Predecessor Autostrade to have a majority shareholder other than IRI.

On 20 October 1998, the Italian Ministers for Infrastructure and Treasury issued a directive (the "1998 Directive") which contained the principles and the criteria to be followed in amending existing concessions and also partially modified the Standard Concession Agreement, as defined and described below. The 1998 Directive contains the general principle that in amending an existing concession between ANAS and a motorway concessionaire, the current term of the concessions must be confirmed. In particular, the 1998 Directive provides that (a) extensions to existing concessions may only be granted in exceptional circumstances in order to resolve tariff disputes with ANAS (effectively resolving tariff rate disputes by extending existing concessions), (b) amounts owed by concessionaire companies as a result of payments under guarantees of the Central Guarantee Fund may be repaid over the entire duration of the concession and (c) on the expiry of a concession all reversionary assets must be returned to ANAS and a new concession may only be awarded on the basis of a public tender.

In addition, the 1998 Directive established that in the event that new investments are carried out on the basis of a new concession and such investments are not amortised by the expiry of such concession, the incoming concessionaire must pay the outgoing concessionaire an indemnity for the unamortised portion of the investments, calculated in the manner set forth in the 1998 Directive.

Two further regulatory changes were subsequently introduced in the legal framework governing motorway concessions and delineate the roles of the State vis-à-vis the Italian regions. Italy's regions, of which there are twenty, have administrative, legislative and executive powers at the local level, and can act in matters specifically under their domain or in areas which are not specifically reserved for the State. Pursuant to legislative decrees dated 31 March 1998 and 29 October 1999, ANAS transferred to the regions management of the network of roads and motorways which do not have a national interest. In addition, pursuant to a modification to the constitutional law dated 18 October 2001, regions were entrusted with the power to grant concessions for the construction and management of regional toll motorways.

Finally, pursuant to Law 136/99 issued 30 April 1999, the private nature of activities performed by concessionaires previously recognised by Law 537/93 and applied to Predecessor Autostrade was extended to all motorway concessionaires. As a result, concessionaires may expand their business purpose to include activities other than the construction and management of motorways, provided that the construction and management of motorways remains their primary business purpose.

In 2002, Law 178/02 authorised the conversion of ANAS into a joint stock company. Following this law, in December of 2002 ANAS was transformed into ANAS S.p.A.

Regulatory Developments Related to Works

Merloni Law

The Merloni law constitutes the legislative framework in Italy relating to public procurement contracts and implements EU directives on the subject. First issued in 1994, the law was modified and revised in 1995, 1998 and 2002 and has been supplemented by other ministerial and legislative decrees, including the Legge Obiettivo. The Merloni law applies to concessionaires involved in the construction and management of public utilities infrastructures, such as the Group.

The Merloni Law's application to a public project covers all phases of the process, from the project testing to the choice of subcontractor. For example, pursuant to public tender procedures, at least 40% of any works related to concessions granted prior to 30 June 2002 are required to be awarded to third parties. Following the implementation of EU Directive 93/37, entities awarding new concessions (granted after 30 June 2002) can impose, at their own discretion, that the concessionaire contract out a minimum of 30% of any related contractual works to third parties or can require bidders to indicate in their offers the percentage of such contractual works which they intend to contract out to third parties.

Legge Obiettivo

Legge Obiettivo was enacted for the purpose of facilitating and streamlining the planning, approval and execution of certain public works projects, including motorway construction, deemed by CIPE to be strategically important for the State. Legge Obiettivo applies to both concessions that have already been granted and new concessions, in compliance with the provisions set forth in the EU Directive 93/97.

Prior to the adoption of Legge Obiettivo, final project plans were required to be approved in advance by the Conferenza dei Servizi, which is comprised of interested administrative agencies. In theory, approval by the Conferenza dei Servizi was to take no longer than 90 days. However, in practice, each administrative agency would add additional requirements relating to its respective administrative areas, all of which had to be separately verified prior to obtaining final approval of a project, which created a lengthy approval process that could take years.

Under Legge Obiettivo, a preliminary project plan for motorway construction projects must be submitted to CIPE for its approval. The plan must include the estimated outcome of the project as well as a cost estimate, to be approved by CIPE. Agencies whose approval of the final plan was previously required, including the Ministry of the Environment, are permitted to participate in the approval hearing but do not have decision-making powers. The approval process for strategically important public works is expected to be reduced to

approximately thirteen months, including six months for the preliminary project plan and seven months for final approval.

The Standard Concession Agreement

Since 1993, CIPE has issued several directives regarding the relationship between ANAS and the individual concessionaires, forming the basis for a standard concession agreement prepared by the Ministry of Infrastructure (the “Standard Concession Agreement”). The Standard Concession Agreement provides the general terms which govern subsequent concession agreements between ANAS and concessionaires. In addition, CIPE provided guidance for the contents of the standard investment plan to be included in the terms of each concession.

Under the terms of the Standard Concession Agreement, the concessionaire has the right to construct and manage specific motorway sections previously granted in a concession, and to plan and carry out completion, upgrading and maintenance works listed in the agreement. The motorway sections and related infrastructure which are the subject of the concession are required to be transferred without compensation and in good state of repair to ANAS upon the expiry date of the concession.

The Standard Concession Agreement also establishes the criteria and the general terms and conditions for the calculation of the tariff rates and for their adjustment on an annual basis. The relevant investment plan is to be attached to each concession agreement and must be updated every five years, except in the case of extraordinary events and investments in which case it may be updated at an earlier date. See “Tariff Rates”.

The Concessions

The Autostrade Italia Concession

On the basis of the Standard Concession Agreement, Predecessor Autostrade entered into a new concession agreement with ANAS on 4 August 1997 which amended the terms of Predecessor Autostrade’s 1968 concession. Currently the Autostrade Italia Concession is governed under the terms set forth in the agreement entered into on 4 August 1997 (as subsequently amended, “1997 Concession Agreement”). The 1997 Concession Agreement was amended by a supplementary concession agreement, dated 15 January 1998 (the “First Supplementary Agreement”), which, together with the 1997 Concession Agreement, was approved by Interministerial Decree and registered with reservation by the Italian Government’s Audit Court. A second supplementary concession agreement was signed on 29 March 1999 (the “Second Supplementary Agreement”) and a third supplementary concession agreement was signed on 21 May 1999 (the “Third Supplementary Agreement”). The amendments to the 1997 Concession Agreement were required both to conform the terms of the concession to changes in the Standard Concession Agreement approved by the Ministry of Infrastructure in the 1998 Directive and to address certain concerns raised by the Italian Government’s Audit Court and the European Commission (requesting clarifications on compliance with EU law, particularly EU competition law), as well as to revise some of the parameters for determining tariff increases.

A fourth supplementary concession agreement was signed on 23 December 2002 (the “Fourth Supplementary Agreement”). The Fourth Supplementary Agreement provides for the New Investment Programme and introduces new criteria for determining some of the elements of the price-cap mechanism previously instituted to regulate tariff increases. See “Capital Expenditures — Works” and “Tariff Rates”. The Ministry of Infrastructure and Transport and the Ministry of Economy and Finance, in accordance with Law 27 February 2004 no. 47 (“Law 47”), enacted a decree approving the Fourth Supplementary Agreement in March 2004. Law 47 sets forth new criteria for the regulation of the motorway sector, and contains similar criteria to that set forth in the Fourth Supplementary Agreement. The Fourth Supplementary Agreement will become effective following notice by ANAS of registration by the Italian Government’s Audit Court of the Interministerial Decree which approves the agreement (“Notice of Registration”). The Audit Court registered the Interministerial Decree on 20 May 2004, and therefore Notice of Registration is expected to be forthcoming.

The Autostrade Italia Concession grants Autostrade Italia the right to operate until 31 December 2038, at its own responsibility and expense, the motorways and related infrastructure granted under the concession. In particular, Autostrade Italia’s obligations include the duty: (i) to manage and maintain the motorway

infrastructure in conditions of “financial and economic” equilibrium; (ii) to maintain and repair the relevant motorway sections; (iii) to organise and maintain motorist assistance services; (iv) to design works specified in the Concession such as the construction of additional lanes and motorway sections and junctions, both to meet traffic safety requirements and to maintain the level of services offered, and to contract for such works by public tender through an independent commission chosen by the Minister of Infrastructure (now the Minister of Infrastructure and Transport); (v) to keep its accounts in the manner specified by the Concession; (vi) to provide ANAS, upon request, with information relating to revenues, expenses and the holding of shares in subsidiaries and other affiliated companies; and (vii) to transfer to ANAS, upon the expiry of the Concession, the motorways and related infrastructure without compensation and in a good state of repair. Upon expiration of the Concession, the new concessionaire will be required to indemnify Autostrade Italia for costs incurred in connection with works carried out in respect of the Autostrade Italia Concession but not included in the then current investment programme and not yet fully amortised. The works described in (iv) above are required to be approved by ANAS.

In performing its functions Autostrade Italia has the right to: (i) apply and adjust toll rates on the relevant motorways according to the formula established by the terms of the concession, see “Tariff Rates”; (ii) grant subconcessions pursuant to a non-discriminatory, competitive open bid process for the occupation and use of motorway roadbed and adjacent areas for uses related to service areas; (iii) sell advertising space in the service areas; and (iv) install and supply, pursuant to the applicable legislation, telecommunications networks, including for the purposes of motorway services and user information.

The Autostrade Italia Concession also gives ANAS the right to supervise the execution of ordinary and extraordinary maintenance and upgrading activities, and sets out a procedure for the declaration of termination of the Concession. In the event of material and continuing non-performance on the part of Autostrade Italia with respect to the main undertakings specified under the Autostrade Italia Concession described above, ANAS can issue a notice to Autostrade Italia pursuant to Article 24 of the Concession (an “Article 24 Notice”) requiring Autostrade Italia to rectify such non-performance within a specified and reasonable timeframe. During such timeframe, Autostrade Italia may object to the contents of the Article 24 Notice. If Autostrade Italia’s objections are not accepted or it does not rectify such non-performance in the timeframe specified in such Article 24 Notice, then ANAS is entitled to request a declaration of termination of the Autostrade Italia Concession. Upon ANAS’ request, the Ministry of Infrastructure, jointly with the Ministry of Treasury, can issue a Decree declaring the termination of the Autostrade Italia Concession. In such an event, Autostrade Italia is obliged to continue managing the Autostrade Italia Concession until a ministerial decree granting the Autostrade Italia Concession to another entity is enacted. In addition, in the event of early termination of the Autostrade Italia Concession, Autostrade Italia would be required to transfer free of charge to ANAS all of the assets relating to the operation of the Autostrade Italia Network. The amount of compensation to which Autostrade Italia would be entitled, if any, in this event would likely be required to be negotiated in good faith between ANAS and Autostrade Italia.

The Autostrade Italia Concession does not entitle ANAS to fine Autostrade Italia for non-performance under the Concession, however it may be entitled to suspend tariff increases in certain circumstances of material and continuing noncompliance with the terms of the Concession. To enforce performance in instances where it cannot act to terminate the Concession, ANAS would need to bring legal action against Autostrade Italia. ANAS does not have any right to repurchase the Autostrade Italia Concession or any of the other Concessions prior to their contracted expiry date.

Furthermore the Autostrade Italia Concession, as amended by the Fourth Supplementary Agreement, requires Autostrade Italia to pay the State an annual fee equal to 1% of the net toll revenues and to pay ANAS an annual fee equal to 2% of the revenues derived from any subconcessions, including fees related to the commercial exploitation of the telecommunications networks.

Other Group Concessions

The Group Network is operated under eight motorway Concessions issued by ANAS to the Motorway Subsidiaries.

The following table lists the Concessions held by the Group, specifying the expiry date and the number of kilometres granted under each Concession.

Concession Holder	Concession	Kilometres of Motorway	Expiry Date
Autostrade Italia	Autostrade Italia Network	2854.6	2038
Mont Blanc Tunnel	T1 Mont Blanc tunnel	5.8	2035
RAV	A5 Aosta-Mont Blanc	32.4 ⁽¹⁾	2035 ⁽²⁾
Torino-Savona	A6 Turin-Savona.	130.9	2038
SAT	A12 Livorno-Civitavecchia	240.0 ⁽³⁾	2028
Tangenziale di Napoli.	Naples ring-road.	20.2	2037
SAM.	A3 Naples-Salerno	51.6	2012
Strada dei Parchi	A24 Rome-Teramo/A25Torano-Pescara. .	281.4	2029

(1) Of which 27.0 kilometres are in use at the date of this Offering Circular.

(2) The Concession expires 30 years after the opening of the entire stretch of motorway, currently expected for 2005.

(3) Of which 36.6 kilometres are in use at the date of this Offering Circular.

In their present form, the Concessions held by the other Motorway Subsidiaries are in line with the Standard Concession Agreement and substantially similar to the Autostrade Italia Concession, except that these Concessions contain a requirement: (a) to maintain a clause in the by-laws requiring that the Board of Statutory Auditors also include an officer from the Ministry of Treasury, who shall act as Chairman, in addition to an officer of ANAS; (b) that in the event of any loans taken out for new works which are not entirely redeemed during the concession period, the Motorway Subsidiary needs to negotiate a provision for the early redemption of such loans at the concession expiry date; (c) with respect to the awarding of contracts for works and for the supply of assets and services by competitive tender, to submit the composition of the commission which will award the contracts for approval by ANAS rather than a commission independently chosen by the Ministry of Infrastructure; and (d) with respect to works and maintenance activities that are not tendered but are performed by Group companies, that such works and maintenance activities are required to be made in accordance with price lists determined by ANAS.

Subconcessions

Subconcessions for food and beverage and mini-market and petrol service stations are granted to third parties for the management of service areas. Generally, the Subconcessions grant to each Subconcessionaire the right to perform one or more services in a single service area. Pursuant to the Subconcessions, the Subconcessionaire is typically required to build the structures necessary to provide the service and, subsequently, to manage and maintain those services either directly or through management contracts with third parties. Upon the expiration of a Subconcession, the land on which the service area is located and the buildings and infrastructures built by the Subconcessionaire must, in instances where the Group owns the land, be returned to the Group in a good state and condition with no compensation to the Subconcessionaire. In relation to service areas built on land owned by Subconcessionaires, upon the expiration of the Subconcession, the right of access to the motorway shall be subject to renegotiation. Under a Subconcession, the Subconcessionaire undertakes to pay to the relevant Motorway Subsidiary a royalty based on the revenues generated from sales, net of VAT, in the case of restaurants and shops, or a royalty based on the volume of sales plus a fixed amount per litre, in the case of petrol.

Upon the expiration of a Subconcession, a new Subconcession may be granted following a competitive bidding process procedures, in accordance with the 1997 Concession Agreement and, with respect to food and beverage Subconcessions, pursuant to decision number 8090 of the Anti-Trust Authority dated 2 March 2000 (the "Anti-Trust Decision"). The Anti-Trust Decision authorised the acquisition by Edizione Holding, majority shareholder of Autogrill, of a joint controlling interest in Schemaventotto, at the time the controlling shareholder of Predecessor Autostrade, subject to the following conditions: that (i) Predecessor Autostrade (now Autostrade Italia) and its subsidiaries could only award food and beverage and mini-market Subconcessions pursuant to an open, competitive, non-discriminatory bid procedure set forth by ANAS, (ii) that an independent expert would be engaged to manage all aspects of such bid process and (iii) that Autogrill could not increase its percentage market share of the food and beverage and mini-market

Subconcessions above 72%. Independent expert appraiser Roland Berger currently conducts the bid process for the Group's food and beverage and mini-market and petrol Subconcessions.

Pursuant to an indemnification agreement between Autostrade Italia (as assignee of Predecessor Autostrade) and Edizione Holding, Autostrade Italia is required to indemnify Edizione Holding for certain liabilities incurred by it as a result of violations or misapplications by Autostrade Italia of the Anti-Trust Decision. See "Risk Factors" and "Certain Relationships and Related Party Transactions".

Tariff Rates

General Background

The regulatory framework relating to the determination of tariff rate adjustments has, over time, undergone substantial modifications, both in respect of the administrative authorities responsible for determining tariffs and the criteria upon which tariff adjustments are determined. In 1992, pursuant to Law 498/92, CIPE, the entity responsible for determining the regulatory framework for adjustments to tariff rates, established that tariffs have to be determined upon the granting or renewal of each concession on the basis of an investment plan for the entire duration of the concession. At the end of 1994, CIPE established a price-cap mechanism that, for the first time, was applicable to all motorway concessionaires in Italy and took into account changes in the quality and services provided for annual adjustments of tariffs. This price-cap mechanism also applied the relevant parameters used in the tariff rate adjustment calculation to each motorway concessionaire individually, causing tariff rate adjustments to differ between motorway concessionaires, often in a significant way.

The initial price-cap mechanism was then revised several times until CIPE, in a resolution dated 20 December 1996 (the "Price-Cap Resolution"), introduced the present price-cap mechanism (the "Price-Cap Mechanism"). This mechanism is now contained in all of the Motorway Subsidiaries' Concessions (except the one for the Mont Blanc tunnel) and is applicable for the relevant Concessions' entire concession period. The annual percentage change in the tariff rate for a concessionaire under the Price-Cap Mechanism can be expressed with the following formula:

$$\Delta T \leq \Delta P - X + \beta \Delta Q$$

In this formula, ΔT represents the change in the tariff rate, ΔP represents the annual rate of projected inflation in Italy, X is the productivity variable, and $\beta \Delta Q$ represents the change in service quality (measured according to predetermined parameters).

The projected rate of inflation in Italy is established annually by the Government in its Economic and Financial Plan. The expected productivity coefficient is set every five years by ANAS in agreement with the concessionaire and is based on the following factors: (i) adequate return on invested capital; (ii) future investment projects; (iii) expected changes in productivity; and (iv) the expected variations in demand and development of the competitive conditions in the markets in which the concessionaire operates. The service quality factor is set on an annual basis and is currently based on two components: the uniformity and grip of the motorway road surface and the accident rate on its motorways. See "Risk Factors".

Once elements of the concessionaire's Price-Cap Mechanism are set, in each year they are in effect, the concessionaire is required, by 30 September, to inform ANAS of the percentage tariff adjustment to be applicable from 1 January of the next year based on the application of the elements to the Price-Cap Mechanism and to provide all information which constitutes the basis for this determination. Such tariff adjustment shall be effective if ANAS does not question or challenge the determination made by the concessionaire within 45 days from receipt of such notification. Pursuant to Law 47, tariff adjustments requested in connection with additional investments follow a similar procedure with slightly different terms.

The Concessions provide that upon an extraordinary event, the entire investment plan contained in the Concession may be reviewed, together with the elements contained in its Price-Cap Mechanism. Absent an extraordinary event, the Price-Cap Resolution provides that the X factor contained in the Price-Cap Mechanism formula is reviewed and reset every five years, except that upon certain extraordinary events it may be reviewed and reset earlier. Law 47 provides that in case of a new plan of additional investments requiring large capital expenditures, the X factor can be set for up to a ten-year period. The remuneration on the new investments is guaranteed by specific tariff increases, calculated on the basis of a return on

additional invested capital for each single new project. In addition, Law 47 gave the Minister of Infrastructure and Transportation the authority to propose new components to be added in the calculation of the change in quality of service provided by motorway concessionaires to customers. New components may not be considered prior to 2006.

The Group believes that the Price-Cap Mechanism introduced by CIPE in 1998 and Law 47 have brought certainty and transparency to the system of determining tariff rate adjustments and will allow the Group to obtain favourable increases in tariffs if it is able to increase its productivity and quality above the benchmarks established for these elements in the Price-Cap Mechanisms. However, there can be no assurance that this will be the case or that tariff adjustments will be as favourable as those generated in the past.

Autostrade Italia

The Price-Cap Mechanism applicable to Autostrade Italia was initially established in the Autostrade Italia Concession and was first applied on 7 May 1998. The Autostrade Italia Concession originally provided that the expected productivity element in the Price-Cap Mechanism be set at zero for the period until 2002. The expected productivity element was set at zero to take into consideration expenditures resulting from the Prior Investment Programme.

Pursuant to the Fourth Supplementary Agreement, the productivity factor to be applied in calculating the Price-Cap Mechanism applicable to Autostrade Italia in the 2003-2012 period is on average equal to 0.90%, excluding the recovery of any inflation gap in the previous years and the specific tariff increases allowed in respect of the New Investment Programme. The recovery of an inflation gap may be possible because the Price-Cap Mechanism in the Autostrade Italia Concession allows Autostrade Italia to recover the gap between projected and actual inflation over the prior five-year period.

The Fourth Supplementary Agreement sets tariff increases consistently with Law 47 and provides for tariff increases that will enable Autostrade Italia to recover capital expenditures for required investments under the New Investment Programme. The Fourth Supplementary Agreement provides a mechanism to enable Autostrade Italia to recover cost overruns incurred in connection with works required by the New Investment Programme. Pending the effectiveness of the Fourth Supplementary Agreement, Predecessor Autostrade (and, subsequently, Autostrade Italia) applied on a provisional basis in 2003 the tariffs set forth in the Fourth Supplementary Agreement as provided for by the Addendum Agreement. Although permitted to increase tariffs at the beginning of 2004, Autostrade Italia has decided not to increase tariffs until 1 July 2004, at which time it will increase tariffs by 2.26%. For further details on the approval process for the Fourth Supplementary Agreement, see “— The Concessions — The Autostrade Italia Concession”.

The Other Motorway Subsidiaries

The applicable Price-Cap Mechanism for Motorway Subsidiaries other than Autostrade Italia and Mont Blanc Tunnel was established in such Motorway Subsidiaries' respective Concessions commencing in 1999. The expected productivity elements are set at less than zero for certain Motorway Subsidiaries. Where the expected productivity element is less than zero the percentage rate of tariff rate adjustments to be recovered by the relevant Motorway Subsidiary will be increased above the projected rate of inflation by this element. To date, none of the Motorway Subsidiaries other than Autostrade Italia have renewed their Concessions since the passage of Law 47.

Mont Blanc Tunnel

With respect to the Mont Blanc tunnel, tariff rate adjustments are based on a concession agreement between the Italian and French States which establishes that the requests for revision of tariff rates by Mont Blanc Tunnel (which are usually made on an annual basis) must be sent to a Franco-Italian Intergovernmental Control Commission. This Commission then evaluates the reasons for the requested increase in the tariff rates (which usually relate to the expected inflation rate in Italy and France and planned investments in works) and decides what increase, if any, is to be granted.

MANAGEMENT

Board of Directors

The Board of Directors of Autostrade is composed of fifteen members who are elected for a period of up to three years and may be re-elected. The current members of the Board of Directors were elected on 26 November 2003 and will hold office until the shareholders' meeting called for the approval of the financial statements for the year ending 31 December 2005. The current members of the Board of Directors are as follows:

Name	Title	Age
Gian Maria Gros-Pietro	Chairman	62
Vito Alfonso Gamberale	Managing Director	59
Gilberto Benetton	Director	62
Amerigo Borrini	Director	55
Sabino Cassese	Director	68
Roberto Cera	Director	48
Alberto Clò*	Director	57
Sergio De Simoi	Director	58
Piero Di Salvo*	Director	65
Antonio Fassone	Director	52
Guido Ferrarini*	Director	53
Guidalberto Guidi*	Director	62
Gianni Mion	Director	60
Giuseppe Piaggio	Director	66
Isidro Fainé Casas	Director	62

*Indicates independent director as defined by the recommended corporate governance rules of the Milan Stock Exchange.

Gian Maria Gros-Pietro. Gian Maria Gros-Pietro has served as director and chairman of the Board of Directors since June 2003. Mr. Gros-Pietro also serves as chairman of the board of directors of Autostrade Italia. Mr. Gros-Pietro graduated with a degree in business from the University of Turin in 1964 and currently holds a position as professor of industrial economy at the University of Turin Business School. Mr. Gros-Pietro served as chairman of the board of directors of ENI S.p.A. from November 1999 until May 2002, as President of IRI between June 1997 and November 1999 and as a member of the board of directors of ANAS between 1995 and 1996. Mr. Gros-Pietro currently serves as a director of several companies outside the Group, including Banca CRT and Quantica SGR S.p.A.

Vito Alfonso Gamberale. Vito Alfonso Gamberale has served as director and Managing Director of Autostrade (including Predecessor Autostrade) since April 2000. He has also served as Managing Director of Autostrade Italia since June 2003. Mr. Gamberale graduated with a degree in mechanical engineering from the University of Rome and, prior to joining the Group, Mr. Gamberale worked for the ENI group, served as a member of the board of directors and was general manager of Telecom Italia S.p.A. and managing director and vice-chairman of Telecom Italia Mobile S.p.A. Since 1998, Mr. Gamberale has served as a member of the board of directors of, and was subsequently vice-president of, 21 Investimenti S.p.A., a holding company for various investments of, and controlled by, the Benetton family and other large investors. Mr. Gamberale currently holds several directorship positions with companies outside the Group, including Pedemontana Veneta, Autostrade del Brennero, Tangenziale Esterne Milano, Passante nord-est and BreBeMi.

Gilberto Benetton. Gilberto Benetton has served as director since April 2000. Mr. Benetton was one of the founders of the Benetton Group in 1965. Mr. Benetton serves as chairman of the boards of directors of Edizione Holding and Autogrill, vice-chairman of the boards of directors of Olimpia S.p.A., Telecom Italia S.p.A. and is a member of the boards of directors of Benetton Group S.p.A., Mediobanca S.p.A., Banca Antoniana Popolare Veneta S.p.A. and Pirelli & C. S.p.A.

Amerigo Borrini. Amerigo Borrini has served as director since May 2003. Mr. Borrini graduated with a degree in business from the University of Trieste and, prior to joining the Group, served as a financial analyst, manager of stock portfolios and manager of financial services for Assicurazioni Generali S.p.A., as well as managing director of Generali Asset Management Sgr. He is a member of the board of directors of Premuda S.p.A. and currently holds various managerial and directorship positions with insurance and asset

management companies, including Banca Generali, Intesa Previdenza S.p.A., Migdal Private Equity, 21 Investimenti S.p.A., Genertel, Generali Vita, Generali Finance B.V.

Sabino Cassese. Sabino Cassese has served as director since April 2000. Mr. Cassese graduated with a degree in law from the University of Pisa in 1956 and holds a position as professor of administrative law at the University of Rome “La Sapienza” Law School. Mr. Cassese served as the chairman of the European Group of Public Administration from 1987 and 1991. Prior to joining the Group, Mr. Cassese served as chairman of Cassa di Risparmio di Roma — Factoring. Since 2000, he has also served as chairman of the board of directors of Banco di Sicilia S.p.A.

Roberto Cera. Roberto Cera has served as director since 2000. Mr. Cera also serves as external legal adviser to the Group through the law firm of Bonelli Errede Pappalardo, of which he is a senior partner. Mr. Cera graduated with a degree in law from the University of Milan in 1978.

Alberto Cló. Alberto Cló has served as director since May 2003. Mr. Cló graduated with a degree in political science from the University of Bologna in 1970. He is currently an associate professor of industrial economy at the University of Bologna. He currently holds directorship positions with ENI and ASM Brescia S.p.A. and is chairman of the board of directors of Aeroporto G. Marconi di Bologna S.p.A., which is the company that manages the Bologna airport.

Sergio De Simoi. Sergio De Simoi has served as director since April 2000. Mr. De Simoi graduated with a degree in business from the University Cà Foscari of Venice in 1970. Prior to joining the Group, Mr. De Simoi served as chief financial officer of Edizione Holding and as administrative manager of Chiari & Forti S.p.A. and Stefanel S.p.A. He currently holds directorship positions with Benetton Group S.p.A., 21 Investimenti S.p.A., 21 Investimenti Partners S.p.A., Schemaventotto S.p.A., Edizione Finance International SA, Edizione Participations SA, Triparty Ltd, Brazos Enterprise Corp, Relais Monaco S.r.l., Edizione Real Estate N.V. and Edizione Realty Corp. Mr. De Simoi also serves as standing statutory auditor of Olimpia S.p.A. and external counsel of Ragione S.p.A. of Gilberto Benetton e C.

Piero Di Salvo. Piero Di Salvo has served as director since April 2000. Mr. Di Salvo graduated with a degree in business from the University “La Sapienza” of Rome in 1962. He has been a qualified dottore commercialista since 1975 and, in 1993, became a member of the commission responsible for setting up Italian accounting principles of the board of dottori commercialisti. In 2003, Mr. Di Salvo was appointed the General Secretary of the Organismo Italiano di Contabilit , the Italian accounting regulatory organisation.

Antonio Fassone. Antonio Fassone has served as director since May 2003. Mr. Fassone graduated with a degree in architecture from the Politecnico of Turin in 1973 and has been registered with the board of architects since 1974. Prior to joining the Group, Mr. Fassone served as a member of the executive committee of the municipality of Asti covering public construction projects and economic activities. He currently is a member of the board of directors of Fondazione Cassa di Risparmio di Torino, chairman of the Piemonte Region Division of Istituto Nazionale Urbanistico (the National Institute for Urban Development) and is a member of the Technical Commission for Urban Development of the Piemonte Region.

Guido Ferrarini. Guido Ferrarini has served as director since May 2003. Mr. Ferrarini graduated with a degree in law from the University of Genova in 1972 and completed a master of laws programme at Yale Law School in 1978 as a Fulbright Scholar. He is a professor of financial market laws at the University of Genova law school and head of the University Centre for Finance and Law. Mr. Ferrarini currently serves as a member of the board of trustees of the International Accounting Standards Committee Foundation in London, a member of the boards of directors of Telecom Italia S.p.A. and the European Corporate Governance Institute and an advisor to the Corporate Governance Committee of Borsa Italiana S.p.A.

Guidalberto Guidi. Guidalberto Guidi has served as director since April 2000. Mr. Guidi is also chairman of EsseDiEsse S.p.A. He graduated with a degree in law from the University of Modena. He currently serves as chairman of the boards of directors and managing director of Finanziaria Generale Felsinea S.p.A. and Ducati Energia S.p.A., chairman of the boards of directors of Ducati Sistemi S.r.l., Chairman of Il Sole 24 Ore S.p.A. and the Almagem Foundation and a member of the boards of directors of Banca Popolare dell'Emilia Romagna Group, Interbanca S.p.A., ANSA and Lloyd Adriatico S.p.A.

Gianni Mion. Gianni Mion has served as director since April 2000. Mr. Mion graduated with a degree in business from the University Cà Foscari of Venice in 1966. Prior to joining the Group, he served as chief financial officer of Marzotto S.p.A., vice-general manager of Gepi S.p.A., controller for McQuay Europa S.p.A. and an auditor for KPMG. Mr. Mion currently holds directorship positions with Edizione Holding (where he also is the managing director), Benetton Group S.p.A., Autogrill, 21 Investimenti, Sagat S.p.A., Telecom Italia S.p.A., Telecom Italia Mobile S.p.A., Telecom Italia Media S.p.A. and Banca Antoniana Popolare Veneta S.p.A.

Giuseppe Piaggio. Giuseppe Piaggio has served as director since April 2000. Mr. Piaggio is also Vice-Chairman of Mont Blanc Tunnel. He graduated with a degree in business from the University of Turin in 1961 and has been registered with the board of dottori commercialisti since 1963. Prior to joining the Group, Mr. Piaggio provided tax and accounting consulting services and was advisor to the Bank of Italy. He currently serves as advisor to the CRT Foundation and is statutory auditor, chairman of the boards of directors or member of the boards of directors of various public and private companies and institutions operating in various business segments, including insurance and motorway concessions.

Isidro Fainé Casas. Isidro Fainé Casas has served as director since November 2003. Mr. Fainé graduated with a degree in business from the University of Real Academia e Ciencias Económicas y Financieras. He also completed a masters in business administration at Harvard University. Prior to joining the Group, Mr. Fainé served as manager of investments at Banco Atlantico, general manager of Banco de Asuncion, manager of personnel at Banca Riva Y Garcia, a member of the board of directors and general manager of Banca Jover, general manager of Banco Union SA, vice-chairman of the board of directors of the Fundacion La Caixa and chairman of the board of directors of the Fundacion Abertis. Mr. Fainé currently serves as general manager of La Caixa D'Estalvis I Pensions de Barcelona.

As of 31 March 2004, the Group had no outstanding loans to members of the Board of Directors.

Board of Directors Committees

Autostrade established two committees of the Board of Directors in November 2003. Members of the Audit and Corporate Governance Committee, which ensures compliance with Italian corporate governance requirements, are Mr. Di Salvo, Mr. Ferrarini and Mr. Piaggio. Members of the Remuneration Committee, which reviews matters related to compensation, are Mr. Borrini, Mr. Guidi and Mr. Mion.

Senior Management

The principal executive officers of Autostrade are as follows:

Name	Title	Age
Giovanni Castellucci	General Manager of Autostrade and Autostrade Italia Chairman and Managing Director of Autostrade International Head of Resources, Organizational Development and Quality Control	44
Gianpiero Giacardi	Head of Legal Department	46
Pietro Fratta	Chief Financial Officer and Investor Relations Manager	57
Luca Bettonte	Business Development and Planning Manager	40
Antonio Marano	Director of External Affairs	44
Enrica Giorgetti		48

Giovanni Castellucci. Giovanni Castellucci graduated with a degree in mechanical engineering from the University of Florence in 1984 and completed a masters degree in business administration at Bocconi University Business School in 1987. He joined Autostrade in June 2001 and has held various management positions prior to his appointment as General Manager of Autostrade and Autostrade Italia in July 2003. Mr. Castellucci serves as a member of several internal committees, including committees for the coordination of operations, management, quality control, information systems and investments. He also holds management and directorship positions with various Group companies, including chairman of the board of directors and managing director of Autostrade International S.p.A. and member of the boards of directors of Towerco S.p.A and Strada dei Parchi S.p.A. Prior to joining the Group, Mr. Castellucci served as a researcher and project manager of SAGO, an Italian engineering company, manager of Boston Consulting's

branch offices in Paris and Milan, a member of the board of directors of Gruppo Buffetti S.p.A. and managing director of Barilla S.p.A.

Gianpiero Giacardi. Gianpiero Giacardi graduated with a degree in law from the University of Turin in 1981. He joined Autostrade in 2000 as Corporate Development Director and has been the Manager of Group Resources, Organizational Development and Quality for Autostrade and Autostrade Italia since July 2003. He is also the general manager of EssediEsse and serves as a member of several internal committees, including committees for the coordination of operations, management, quality control and information systems. Mr. Giacardi is a member of the board of directors of Mont Blanc Tunnel. He also holds several directorship positions with companies outside the Group, including AISCAT, Edindustria S.p.A., Federreti and COSIS — Compagnia Sviluppo Imprese Cosiali S.p.A. Prior to joining the Group, Mr. Giacardi was responsible for the franchising for Grimaldi S.p.A. and served as a manager of industrial relations and personnel for Fiorentina Gas and a union relations manager and subsequently human resources and quality control processes manager and information systems manager for Italgas S.p.A.

Pietro Fratta. Pietro Fratta graduated with a degree in law from the University of Milan in 1972. Mr. Fratta joined the Group in April 2001 and, since July 2003, he has served as the head of the legal department of Autostrade and Autostrade Italia. He also serves as a member of the board of directors of Mont Blanc Tunnel. Prior to joining the Group, Mr. Fratta served as the head of the legal department of GEPI S.p.A., as a member of the special commission established by the Ministry of Finance for the evaluation of the state owned assets to be transferred to Ente Tabacchi Italiano and, subsequently, as head of the legal department of Ente Tabacchi Italiano.

Luca Bettonte. Luca Bettonte graduated with a degree in business from the University of Bologna in 1989. Mr. Bettonte joined the Group in November 2003 as Chief Financial Officer. Mr. Bettonte is a chartered accountant and registered auditor and serves as a member of several internal committees, including committees for the coordination of operations, management and investments. Prior to joining the Group, he served as an auditor and then a manager at PricewaterhouseCoopers in Italy and the U.K. Most recently he was group finance controller and then CFO at Merloni Elettrodomestici S.p.A.

Antonio Marano. Antonio Marano graduated with a degree in law from the University of Bologna in 1986. Mr. Marano joined Autostrade in November 2003 as Autostrade's Business Development and Planning Manager. Prior to joining Autostrade, he was managing director of Commerzbank A.G.

Enrica Giorgetti. Enrica Giorgetti graduated with a degree in law from the University of Bologna in 1980. Since January 2004 she has been Director of External Affairs for both Autostrade and Autostrade Italia. Previously she coordinated public and external affairs for Montedison and Siv (now Pilkington). Ms. Giorgetti previously held several executive positions within Confindustria, the Italian Manufacturer's Federation, including as director of external affairs on the national and EU levels for Federchimica.

Board of Statutory Auditors

Pursuant to Italian law, the Board of Statutory Auditors must oversee Autostrade's compliance with applicable laws and bylaws, proper administration, the adequacy of internal controls and accounting reporting systems as well as the adequacy of provisions concerning the supply of information by subsidiaries. The Board of Statutory Auditors is required to report specific matters to shareholders and, if necessary, to the relevant court. Autostrade's directors are obliged to report to the Board of Statutory Auditors promptly, and at least quarterly, regarding material activities and transactions carried out by Autostrade. Any member of the Board of Statutory Auditors may request information directly from Autostrade and any two members of the Board of Statutory Auditors may convene meetings of the shareholders, the Board of Directors or the Executive Committee, seek information on management from the Directors, carry out inspections and verifications at the company and exchange information with Autostrade's external auditors. The members of the Board of Statutory Auditors are required to be present at meetings of the Board of Directors and shareholders' meetings.

The current members of the Board of Statutory Auditors are as follows:

Name	Title	Age
Alessandro Trotter	Chairman	63
Franco Gallo	Auditor	66
Giovanni Quaglia	Auditor	56
Angelo Miglietta	Auditor	42
Marco Spadacini	Auditor	65
Giandomenico Genta	Alternate Auditor	47
Giovanni Giunta	Alternate Auditor	64

Members of the Board of Statutory Auditors are elected by the shareholders for a three-year term and may be re-elected. Members of the Board of Statutory Auditors may be removed only for just cause and with the approval of an Italian court. The term of office of the present members of the Board of Statutory Auditors, who were appointed on 26 November 2003, is scheduled to expire at the 2006 shareholders' meeting called for the purpose of approving Autostrade's financial statements for the year ending 31 December 2005.

As of 31 March 2004, the Group had no outstanding loans to members of the Board of Statutory Auditors.

Management Compensation

Members of management are compensated on the basis of a fixed salary plus a bonus tied to performance. For the year ended 31 December 2003, the aggregate compensation paid by Autostrade to members of the Board of Directors (including the Managing Director) and the Board of Statutory Auditors was approximately €3.1 million.

As of 31 December 2003, the Group had no outstanding loans to senior management.

Directors' and Statutory Board Members' Ownership of Shares

As of 31 March 2004, Directors and Statutory Board Members did not own any shares of Autostrade.

Autostrade's management stock option plan was adopted by shareholders on 30 April 2001 and approved by the board of directors on 11 May 2001. The plan provides for an annual grant of stock options on 1 June of each of 2001, 2002 and 2003. The options vest 50% on the first anniversary following granting and fully vest on the second anniversary following granting. In 2001 and 2002, stock options having a price of €7.217 (with the exception of 208,000 stock options granted at €8.258) and €8.568 respectively, were granted to Vito Gamberale, a member of the board of directors of Autostrade, and Giovanni Castellucci, Autostrade's General Manager, respectively. In 2003, Messrs. Gamberale and Castellucci exercised 5,435,000 and 2,490,000 stock options, respectively, which constituted all stock options issued to them since 2001.

CORE SHAREHOLDERS

At 29 April 2004, Schemaventotto owned 62.2% of the capital stock of Autostrade, thereby controlling Autostrade. The remaining 37.8% of Autostrade shares were held by Banca Popolare di Milano Srl (7.8%) and Deutsche Bank AG (3.1%) and other public shareholders.

Schemaventotto is jointly controlled by Edizione Participations (a wholly-owned subsidiary of Edizione Holding, which is in turn indirectly controlled by Benetton family members) and certain other shareholders, as set forth below:

Shareholder	Ownership Interest
Edizione Participations	60.00%
Fondazione CRT	13.33%
Abertis (formerly ACESA)	12.83%
UniCredito	6.67%
Assicurazioni Generali	6.67%
Brisa	0.50%
Total	100.00%

The Italian Anti-Trust Authority deemed, solely for the purposes of the Italian anti-trust legislation, that Edizione Holding controls Autostrade. See “Certain Relationships and Related Party Transactions”.

For a description of related party transactions with certain other shareholders, see “Certain Relationships and Related Party Transactions”. The shareholders of Schemaventotto entered into a shareholders’ agreement dated 24 November 1999 (as subsequently renewed or amended, the “Shareholders Agreement”) which limits Edizione Participations’ right to exercise its majority shareholding in Schemaventotto without the assent of two or more of the other shareholders.

The Shareholders’ Agreement is scheduled to expire 31 January 2005. Autostrade is not party to the agreement and can therefore give no assurance as to its continued effectiveness and validity.

While the chief executive officer of Schemaventotto is nominated by Edizione Participations, the Shareholders Agreement limits the CEO’s responsibilities to day to day management, specifically requiring the vote of the board of directors for the following activities:

- purchase or sale of equity interests, shares and bonds, and real estate assets;
- purchase, sale or rental of businesses or going concerns;
- applying for financing or opening lines of credit;
- giving security or guaranties; and
- choosing candidates for nomination to the board of directors of Autostrade.

The bylaws of Schemaventotto require that all deliberations by the board of directors require the vote of 5/6 of the 15 members, or at least 13 directors, to approve matters. Pursuant to the Shareholders Agreement, the following shareholders have the right to nominate and appoint a certain number of members to the board of directors as set forth below:

Shareholder	Number of Directors
Edizione Participations	9
Fondazione CRT	2
Abertis (formerly ACESA)	2
UniCredito	1
Assicurazioni Generali	1
Total	15

In addition, the bylaws require that ordinary shareholders meetings to determine the number of members of the board of directors of Schemaventotto, as well as all extraordinary shareholders meetings, obtain the vote

of 85% of Schemaventotto's outstanding capital stock. Therefore, Edizione Participations, which holds 60% of the capital stock and has rights to appoint nine members to the board of directors, does not exercise sole control of Schemaventotto. The Shareholders Agreement also provides that the board of statutory auditors of Schemaventotto shall be composed of three members and three alternates, with Abertis, Generali and UniCredito each having the right to appoint one member and one alternate.

Under the Shareholders Agreement, Edizione Participations is also entrusted with nominating the CEO of Autostrade, however Edizione Participations is prohibited from nominating members to the board of statutory auditors of Autostrade. The Shareholders Agreement also prohibits any of the shareholders from acquiring, directly or indirectly, additional ordinary shares, or warrants or other rights convertible into ordinary shares, of Autostrade.

History

Autostrade is the surviving entity of the merger of Predecessor Autostrade and NewCo28. In connection with the privatization of Predecessor Autostrade in 1999, Schemaventotto became Predecessor Autostrade's core shareholder by acquiring 29.9% of its share capital. In 2003 Schemaventotto increased its ownership interest in Autostrade to approximately 62.2% through a series of transactions, including a public tender offer conducted by its wholly owned subsidiary, NewCo28, and the subsequent merger of Predecessor Autostrade into NewCo28. See "The Acquisition and Merger and Pro-Forma Consolidated Financial Statements" and "Business Description of the Group — Introduction — Structural Reorganisation of the Group ("Progetto Mediterraneo")" for further information on the Tender Offer and Merger.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

As part of the Group's business activities, Group companies often times provide goods and services to each other, as more fully described in the respective financial statements and the Group's consolidated financial statements. Since 1 January 2001, material transactions between the Issuers and related parties include the following:

Edizione Holding, a company which jointly controls Schemaventotto, controls Autogrill, one of the principal subconcessionaires of the Group. The Anti-Trust Authority concluded, solely for the purposes of the Italian anti-trust legislation, that Edizione Holding controls Autostrade. As a result of the relationship between Edizione Holding and Autostrade, the Italian Anti-Trust Authority has from time to time examined the business activities and relationships connected with Autostrade Italia's subconcession business. See "Regulatory — The Concessions — Subconcessions". The Anti-Trust Decision imposes, among other things, an obligation on Autostrade to entrust an independent advisor with the task of carrying out the required tender process for the grant of food and beverage and mini-market Subconcessions. See "Business Description of the Group — Regulatory."

In connection with the Anti-Trust Decision, Autostrade Italia entered into an indemnification agreement with Edizione Holding pursuant to which it agreed to indemnify Edizione Holding for certain liabilities incurred by Edizione Holding as a result of non-compliance by Autostrade Italia with the Anti-Trust Decision, to the exclusion of liabilities incurred as a result of the gross negligence or wilful misconduct of Edizione Holding. In 2002 the Anti-Trust Authority fined Edizione Holding €15 million for non-compliance with the Anti-Trust Decision, and the Anti-Trust Authority has recently announced an investigation against Edizione Holding concerning the tender procedures employed in connection with the granting of service area subconcessions. Autostrade Italia is not currently party to the investigation. Though Autostrade Italia believes it is in full compliance with the Anti-Trust Decision and, accordingly, it will not be required to indemnify Edizione Holding, there can be no assurance that Autostrade Italia will not be named in the investigation or that it will not be required to indemnify Edizione Holding in connection with the pending anti-trust investigation. See "Regulatory — The Concessions — Subconcessions" and "Risk Factors".

In 2003, 2002, and 2001, Autostrade bought tax credits of approximately €35.5 million, €31.0 million, and €28.5 million, respectively, from Schemaventotto, a core shareholder. See "Core Shareholders". Autostrade paid Schemaventotto face value for the credits less administrative expenses in connection with the transactions and used the tax credits to pay its taxes then due and/or coming due.

In 2003, Autostrade obtained general liability insurance policies from Assicurazioni Generali Group, a shareholder in Schemaventotto. See "Core Shareholders". Autostrade paid approximately €14.5 million in premiums for such policies.

Moreover, Abertis holds 12.83% of the capital stock of Schemaventotto, a core shareholder. Abertis is the principal toll motorway operator in Spain.

The Group paid fees of approximately €5.986 million and €0.890 million in the years 2003 and 2002, respectively, to the law firm of Bonelli Erede Pappalardo for legal consultancy services. Roberto Cera, a current director of Autostrade, is a partner in the law firm. Autostrade paid fees of €0.165 million to Studio Cassese, an administrative consultancy firm, for consulting services in 2003. Mr. Cassese, a member of Autostrade's board of directors, is a principal in the firm. Additionally Autostrade paid fees totalling €0.361 million and €0.504 million to Gallo e Associati, a tax consulting firm, for services provided in 2002 and 2003, respectively. Mr. Gallo, one of Autostrade's statutory auditors, is a member of the consulting firm.

In addition, UniCredito, a shareholder of Schemaventotto, is one of the lenders in syndicated loans granted to Group companies in connection with the Tender Offer and the New Facility and from time to time may provide banking and financial services to the Group. See "Risk Factors" and "Core Shareholders".

DESCRIPTION OF OTHER GROUP INDEBTEDNESS

The following summary of certain provisions of the Group's indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

CapEx Facility

Autostrade will enter into unsecured loan facilities in an amount of up to €2.0 billion for the purpose of funding, *inter alia*, capital expenditures of Autostrade Italia and corporate purposes of the Group (the "CapEx Facility" or the "New Facility"). The CapEx Facility is comprised of (i) a senior revolving facility in an amount of up to €1,200,000,000 (the "SRF") and (ii) two senior term facilities in an aggregate amount of up to €800,000,000, as further described below (collectively, the "STFs").

CapEx Senior Revolving Facility

The SRF will be entered into among Autostrade, as borrower, Autostrade Italia, as guarantor, and Mediobanca — Banca di Credito Finanziario S.p.A., Caixa d'Estalvis i Pensions de Barcelona, UniCredit Banca d'Impresa and Calyon Succursale di Milano, or their respective nominated affiliates, as initial lenders. The Group intends to fund the general corporate purposes of Autostrade Italia through intercompany loans from Autostrade to Autostrade Italia with the proceeds of the SRF. Proceeds of the SRF will be available on a revolving basis from signing up to one month prior to 30 June 2009 for drawdowns having a minimum amount of €10.0 million (or multiple amounts thereof).

CapEx Senior Term Facilities

The Group intends to fund the distribution of available reserves of Autostrade Italia of up to a maximum amount of €800,000,000 using the proceeds of a new unsecured senior term facility to be entered into (the "Autostrade Italia STF") among Autostrade Italia, as borrower, Autostrade, as guarantor, and Caixa d'Estalvis i Pensions de Barcelona, Mediobanca — Banca di Credito Autostrade Finanziario S.p.A., UniCredit Banca Mobiliare S.p.A., and Calyon Succursale di Milano, or their respective nominated affiliates, as initial lenders. The Autostrade Italia STF shall be available for drawdown by way of a single utilisation from the date of signing until 31 July 2004.

Additionally, Autostrade intends to fund the purchase of the Autostrade Italia STF through a new senior term facility to be entered into (the "Autostrade STF") among Autostrade, as borrower, Autostrade Italia, as guarantor, and the lenders under the Autostrade Italia STF. The Autostrade STF will provide for a senior term facility of up to €800 million which may be used to purchase the Autostrade Italia STF, with the understanding that upon occurrence of the utilisation under the Autostrade STF, any right and/or obligation of the lenders to Autostrade Italia under the Autostrade Italia STF will be transferred to Autostrade. The Autostrade STF shall be available for drawdown by way of a single utilisation from the date of signing until the earlier of (i) the date of the utilisation under the Autostrade Italia STF and (ii) 31 July 2004.

Interest Rates and Fees

Loans under the SRF, the Autostrade Italia STF and the Autostrade STF will bear interest at EURIBOR plus a margin which varies depending on the rating assigned to the Notes issued under the Programme by S&P or Moody's from time to time. The margin will initially be 0.3625 over EURIBOR for the SRF and 0.75 over EURIBOR for each of the STFs and can increase or decrease based upon the rating of the Programme.

In addition to paying interest, Autostrade expects to pay fees to the lenders customary for transactions of this type.

Covenants

Negative Covenants

The CapEx Facility contains certain negative undertakings that restrict each of Autostrade and Autostrade Italia (and some of their respective subsidiaries), from taking certain actions, including but not limited to, undertakings that restrict, subject to certain customary exceptions, such companies from:

- failing to comply with the negative undertakings set forth in the August 1997 Concession;
- disposing of assets of Autostrade Italia other than in the ordinary course of business;

- disposing of other assets of the Group representing more than 10% individually and 20% in aggregate of the Group's total assets during a period (a "Trigger Event Period") in which specified financial ratios are not met by the Group (a "Trigger Event");
- incurring financial indebtedness other than as permitted, subject to additional limitations during Trigger Event Periods;
- making capital expenditures during a Trigger Event Period, or if the relevant capital expenditure would trigger a Trigger Event, subject to certain exceptions;
- disposing of the shares of certain subsidiaries of Autostrade Italia amounting in aggregate to more than 10% of the issued share capital of such subsidiaries; and
- creating or permitting to subsist any security (as defined in the CapEx Facility) (the "Negative Pledge").

Affirmative Covenants

The CapEx Facility also imposes certain affirmative undertakings, including but not limited to, undertakings related to:

- compliance with authorisations, legal status, licences, permits and consents, laws and regulations;
- procuring the board of directors of Autostrade to recommend to the relevant shareholders' general meeting not to approve certain distributions of Autostrade:
 - (a) during a Trigger Event Period, or
 - (b) to the extent such distribution would cause a Trigger Event;
- full compliance with the terms of the Autostrade Italia Concession; and
- capital expenditures in accordance with the Prior Investment Programme and the New Investment Programme or as otherwise agreed with ANAS pursuant to any applicable law and regulation.

The CapEx Facility also requires that the Group complies with certain financial ratios.

Upon receipt of a notice of non-compliance with certain provisions of the Autostrade Italia Concession from ANAS, the lenders will have the right to select and appoint an advisor who is entitled to participate in the decision-making process of Autostrade and Autostrade Italia with respect to the steps being taken to remedy the failure described in the notice.

Events of Default, Events of Termination and Event of Withdrawal

The CapEx Facility sets out certain customary events of default, events of termination and an event of withdrawal, the occurrence of any of which would allow the Lenders to accelerate repayment of the facility, including without limitation, events of default relating to:

- non-payment;
- breach of financial undertakings or other undertakings under the CapEx Facility;
- breach of representations or warranties;
- cross-default in relation to indebtedness of the Group (with the exception of project finance indebtedness and Europass debt) exceeding in aggregate €50,000,000;
- insolvency, insolvency proceedings and creditors' process;
- non-payment of enforceable judgments exceeding €30,000,000;
- illegality of finance documents;
- expropriation of all or the majority of shares or material part of assets of any material subsidiary or other subsidiary having a Material Adverse Effect (as defined therein);
- material audit qualification;

- early termination, cancellation, revocation or waiver of the Autostrade Italia Concession or any material prejudicial amendment to the 1997 Concession Agreement;
- failure by Autostrade to provide evidence that the breach of the Autostrade Italia Concession has been remedied within a certain time frame from the date of the relevant notice from ANAS alleging non-compliance with certain provisions of the Autostrade Italia Concession;
- issuance of a ministerial decree awarding the Autostrade Italia Concession to another entity other than Autostrade Italia;
- unlawfulness for Autostrade Italia to perform its obligations under the Autostrade Italia Concession;
- revocation, suspension or loss of a material licence, permit, consent or authorisation; and
- any event having a material adverse effect.

Maturity

The final maturity date for the SRF is 30 June 2009. The final maturity date for each of the STFs is 30 June 2012.

Prepayments

The CapEx Facility is subject to customary provisions for mandatory prepayment, within 15 days from the occurrence of the relevant event unless otherwise provided, including but not limited to, payment:

- in full on change of control of Autostrade, if, within 30 business days of the occurrence of a change of control, any Lender has not agreed to waive the mandatory prepayment, in which case such Lender will be prepaid in full within 90 days thereafter, or within the same 90 days Autostrade will arrange for and procure (at no cost to such Lender) the transfer of the whole of that Lender's commitment and participation in the loan to a new or existing Lender for a purchase price equal to the outstanding amount of such Lender's participation in the loan and all accrued interest and fees and other amounts payable under the CapEx Facility;
- out of any amount received by Autostrade as a form of payment or prepayment under an intercompany loan granted by Autostrade to Autostrade Italia on lending the proceeds of the Autostrade STF and the SRF;
- in full, in the event that the recommendation by the board of directors of Autostrade not to make a distribution is not followed, in whole or in part, by the shareholders' meeting of Autostrade; and
- in full if Autostrade ceases to be listed on the Borsa Italiana S.p.A., the New York Stock Exchange or the London Stock Exchange, unless otherwise agreed.

In addition, the CapEx Facility may be prepaid without penalty (other than breakage costs) on 5 business days notice in minimum amounts of €10.0 million.

Cancellation

At the end of the relevant availability period, any amounts remaining undrawn under the CapEx Facility will be cancelled. In addition, (i) any event giving rise to a mandatory prepayment will give rise to mandatory cancellation of all the amounts remaining undrawn under the SRF, the mandatory cancellation will relate only to the portion of the CapEx Facility equivalent to the amounts cancelled under the intercompany loans, and (ii) should the notice from ANAS to the Ministry of Infrastructure and Transport and the Italian Treasury seeking the revocation of the Concession be sent, all of the amounts remaining undrawn under the SRF will be cancelled.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, references to “Issuer” are to the relevant Issuer in respect of the relevant Series, references to “Guarantor” are to the relevant Guarantor or Guarantors in respect of the relevant Series and references to “Guarantee” are references to the relevant Guarantee in respect of the Series.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) dated 1 June 2004 between Autostrade S.p.A. (“Autostrade”) and Autostrade Participations S.A. (“Autostrade Participations”) (each as an “Issuer” and also, in the case of Autostrade, a “Guarantor”), Autostrade per l’Italia S.p.A. (“Autostrade Italia” and also, a “Guarantor” and, in the case of Notes issued by Autostrade Participations, together with Autostrade, the “Guarantors”), and J.P. Morgan Corporate Trustee Services Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 1 June 2004 has been entered into in relation to the Notes between the Issuers, the Guarantors, the Trustee, JPMorgan Chase Bank as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent(s)”.

The payment of all amounts in respect of the Notes issued by Autostrade Participations have been jointly and severally guaranteed by each of Autostrade and Autostrade Italia pursuant to the terms of the guarantee (the “Autostrade Participations Guarantee”) contained in the Trust Deed and the payment of all amounts in respect of the Notes issued by Autostrade have been guaranteed by Autostrade Italia pursuant to the terms of the guarantee (the “Autostrade Guarantee”) contained in the Trust Deed. The Autostrade Participations Guarantee and the Autostrade Guarantee are hereinafter referred to as the “Guarantees”.

Copies of, *inter alia*, the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office of the Trustee (presently Trinity Tower, 9 Thomas More Street, London E1 9YT) and at the specified office of each of the Issuing and Paying Agent, the Registrar and any other Paying Agents and Transfer Agents (such Paying Agents and the Transfer Agents being together referred to as the “Agents”). Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note, the Pricing Supplement will only be obtainable by a Noteholder holding one of more unlisted Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and of the Noteholder’s identity.

The Noteholders, the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”), or in registered form (“Registered Notes”) in each case in the Specified Denomination(s) as specified in the applicable Pricing Supplement, or “hereon”.

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note (to the extent permissible under applicable law), a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Transfers of Registered Notes

(a) *Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of the Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have

the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(d)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3. Guarantee and Status

(a) *Guarantees*

The Guarantors have unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Autostrade Participations under the Trust Deed, the Notes, Receipts and Coupons pursuant to the Autostrade Participations Guarantee. Autostrade Italia has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Autostrade under the Trust Deed, the Notes, the Receipts and the Coupons pursuant to the Autostrade Guarantee.

(b) *Status of Guarantees*

The Autostrade Participations Guarantee shall constitute a direct, unsecured obligation of Autostrade ranking at least *pari passu* with all senior, unsecured and unsubordinated obligations of Autostrade, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. Each of the Autostrade Participations Guarantee and the Autostrade Guarantee shall constitute a direct, unsecured obligation of Autostrade Italia ranking at least *pari passu* with all senior unsecured and unsubordinated obligations of Autostrade Italia, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) *Status of Notes*

The Notes issued by Autostrade Participations and the Receipts and Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of Autostrade Participations and shall at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all senior

unsecured and unsubordinated obligations of Autostrade Participations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Notes issued by Autostrade and the Receipts and Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of Autostrade and shall at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all senior, unsecured and unsubordinated obligations of Autostrade, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. Negative Pledge

(a) Negative Pledge

So long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Trust Deed) neither the Issuers nor the Guarantors nor any of their respective Material Subsidiaries shall create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“Security”) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt, except for Permitted Encumbrances (as defined below) unless, at the same time or prior thereto, the relevant Issuer’s obligations under the Notes, Receipts, Coupons and the Trust Deed or, as the case may be, the relevant Guarantor’s obligations under the relevant Guarantee (A) are secured equally and rateably therewith to the satisfaction of the Trustee or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by a Resolution (as defined in the Trust Deed) of the Noteholders.

(b) Definitions

In these Conditions:

“ANAS” means ANAS S.p.A., with offices in Rome, Via Monzambano 10;

“Applicable Accounting Principles” means the accounting principles issued in Italy by Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri or, in their absence, the accounting principles issued by the International Accounting Standards Board;

“Autostrade Italia Concession” means the legal concession granted by ANAS to Autostrade pursuant to the Roadway Regulations, to construct and commercially to operate part of the toll highway infrastructure in Italy under terms and conditions provided under the 1997 Concession Agreement as contributed to Autostrade Italia with effect as of 1 July 2003;

“1997 Concession Agreement” means the convention between ANAS and Autostrade S.p.A. dated 4 August 1997, as subsequently amended;

“CC” means the Italian Civil Code;

“Concession” means the Autostrade Italia Concession;

“Consolidated Assets” means, with respect to any date, the consolidated total assets of the Group for such date, as reported in the most recently published consolidated financial statements of the Group;

“Consolidated Revenues” means, with respect to any date, the consolidated total revenues of the Group for such date, as reported in the most recently published consolidated financial statements of the Group;

“Entity” means any individual, company, corporation, firm, partnership, joint venture, association, foundation, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Europass” means Europass LKW Mautsystem GmbH;

“Fourth Amendment” means an amendment to the 1997 Concession Agreement dated 23 December 2002 signed by Autostrade Concessioni e Costruzioni Autostrade S.p.A. and ANAS.

“Group” means Autostrade and its Subsidiaries from time to time;

“Holding Company” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;

“Material Subsidiary” means any member of the Group which accounts for more than 10% of the Consolidated Assets or Consolidated Revenues of the Group;

“Moody’s” means Moody’s Investors Services Inc.;

“Permitted Encumbrance” means:

- (a) any lien arising by operation of law;
- (b) any Security in existence on the date of issuance of the Notes;
- (c) in the case of any entity which becomes a Subsidiary of any member of the Group after the date of the issuance of the Notes, any Security securing Relevant Debt existing over its assets at the time it becomes such a Subsidiary provided that the Security was not created in contemplation of or in connection with it becoming a Subsidiary and the amounts secured have not been increased in contemplation of or in connection with such acquisitions;
- (d) any Security securing Project Finance Indebtedness and ancillary obligations in connection with the relevant Project, including but not limited to: (i) any Security created over any shares in, receivables of, contracts of, bank accounts of or other assets of a Project Company securing Project Finance Indebtedness and ancillary obligations in connection with the relevant Project; (ii) any guarantee, loan, indemnity or other commitment granted, assumed and/or issued by Autostrade or any of its Subsidiaries in connection with the relevant Project until the Project Completion Date;
- (e) any Security created over any shares in, receivables of, contracts of, bank accounts of or other assets of Europpass and any Security created over receivables, contracts, bank accounts or other assets of Autostrade (excluding shares in Autostrade Italia) and Autostrade International S.p.A., in each case securing Project Finance Indebtedness and ancillary obligations in connection with the Project relating to Europpass;
- (f) any Security created in connection with convertible bonds or notes where the Security is created over the assets into which the convertible bonds or notes may be converted and secures only the obligations of the relevant Issuer, Guarantor or any relevant Material Subsidiary, as the case may be, to effect the conversion of the bonds or notes into such assets;
- (g) any Security securing Relevant Debt created in substitution of any Security permitted under paragraphs (a) to (f) above over the same or substituted assets provided that (1) the principal amount secured by the substitute security does not exceed the principal amount outstanding and secured by the initial Security and (2) in the case of substituted assets, the market value of the substituted assets as at the time of substitution does not exceed the market value of the assets replaced, as determined and confirmed in writing to the Trustee by Autostrade S.p.A. acting reasonably;
- (h) any Security other than Security permitted under paragraphs (a) to (g) above directly or indirectly securing Relevant Debt, where the principal amount of such Relevant Debt (taken on the date such Relevant Debt is incurred) which is secured or is otherwise directly or indirectly preferred to other general unsecured financial indebtedness of the Issuer, the Guarantors or their respective Material Subsidiaries, does not exceed in aggregate 10% of the total net shareholders’ equity of Autostrade (as disclosed in the most recent annual audited and unaudited semi-annual consolidated balance sheet of Autostrade);

“Project” means the ownership, development, design, construction, operation and maintenance of roads or ancillary infrastructure or subscription of equity or shareholder loans by shareholders of the entity promoting such project;

“Project Company” means Europpass, Brebemi S.p.A., Pedemontana Veneta S.p.A., Tangenziali Esterne di Milano S.p.A., Pedemontana Lombarda S.p.A., NewCo Nuova Romea S.p.A. and Arcea Lazio S.p.A.,

and any other company in which Autostrade, Autostrade Italia or any of their Subsidiaries has an equity interest whose sole activity is or will be promotion of a Project;

“Project Completion Date” means in relation to any Project the date on which the business relating to such Project has been put into operation and the relevant security package relating to such Project has been perfected and formalised;

“Project Finance Indebtedness” means (i) in relation to Europpass, financial indebtedness of Europpass in relation to the relevant Project which is secured by security granted to third party lenders over receivables, contracts, bank accounts or other assets of Autostrade and Autostrade International S.p.A. and by security granted to third party lenders over contracts of, receivables of, bank accounts of, shares in, and other assets of Europpass and which retain the benefit of loans, guarantees and/or indemnities or other commitments granted, assumed and/or issued by Autostrade and Autostrade International S.p.A. to assure the repayment of, or indemnify the third party lenders against any loss in respect of any non-payment of, that financial indebtedness; and (ii) in respect of any other Project Company secured or unsecured financial indebtedness of a Project Company in relation to a Project, none of which retains the benefit (by operation of law or otherwise) of any loan, guarantee, bond, security indemnity or other commitment from another member of the Group (other than security granted to third party lenders over receivables, contracts, bank accounts shares in, or other assets of such Project Company and any guarantees, loans, indemnities or other commitments granted, assumed and/or issued by Autostrade or any of its Subsidiaries until the Project Completion Date solely to secure that financial indebtedness and any other ancillary obligations in connection with the relevant Project), to assure the repayment of, or indemnify the third party lenders against any loss in respect of any non-payment of, that financial indebtedness;

“Relevant Debt” means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, or other securities that are for the time being, or are intended to be, quoted, listed or ordinarily dealt in on any stock exchange or any other securities market (including any over-the-counter market);

“Roadway Regulations” means the regulatory framework for the granting by ANAS to third parties of the concessions to construct and commercially operate part of the toll highway infrastructure in Italy (including, but not limited, to laws No. 462/1955; No. 729/1961; No. 385/1968; No. 531/1982; No. 498/1992; No. 537/1993);

“S&P” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies Inc.;

“Subsidiary” means, in respect of any Entity at any particular time, any company or corporation in which:

- (i) the majority of the votes capable of being voted in an ordinary shareholders’ meeting is held, directly or indirectly, by the Entity; or
- (j) the Entity holds, directly or indirectly, a sufficient number of votes to give the Entity a dominant influence (*influenza dominante*) in an ordinary shareholders’ meeting of such company or corporation,

as provided by Article 2359, paragraph 1, no. 1 and 2, of the Italian Civil Code.

5. Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest

Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly Paid Notes*

In the case of Partly Paid Notes issued in accordance with applicable law (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

(i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(h) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or

calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or
- (iii) in the case of a currency and/or one or more Business Centres (specified hereon) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “Calculation Period”):

- (i) if “Actual/365” or “Actual/Actual — ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Note Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if “Actual/Actual-ISMA” is specified hereon:
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (as amended and/or supplemented from time to time), unless otherwise specified hereon.

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“Reuters”) and Moneyline Telerate (“Moneyline Telerate”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone).

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

“Relevant Rate” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and for the purpose of this definition “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Brussels time.

“Representative Amount” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“Specified Duration” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b)(ii).

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(l) *Calculation Agent and Reference Banks*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall (with the prior approval of the Trustee) appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to the Issuer's or any Noteholder's option in accordance with Condition 6(e) or 6(f), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to the Issuer's or any Noteholder's option in accordance with Condition 6(e) or 6(f), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption*

(i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in

Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) *Redemption for Taxation Reasons*
- The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the relevant Guarantor(s)) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of (1) Italy, where the Issuer is Autostrade, or (2) Luxembourg, where the Issuer is Autostrade Participations or (3) the jurisdiction of incorporation of any successor to the relevant Issuer following a Permitted Reorganisation (as defined in Condition 10), or in each case any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date (or the date that any successor to the relevant Issuer following a Permitted Reorganisation assumes the obligations of such Issuer hereunder), and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on all Noteholders and Couponholders.

(d) *Redemption at the Option of Noteholders on the Occurrence of a Put Event*

If, at any time while any of the Notes remains outstanding (as defined in the Trust Deed), a Put Event (as defined below) occurs, then, unless at any time the Issuer shall have given a notice under Condition 6(c) (Redemption for Taxation Reasons) in respect of the Notes, in each case expiring prior to the Put Date (as defined below), each Noteholder will, upon the giving of a Put Event Notice (as defined below), have the option to require the Issuer to redeem any Notes it holds on the Put Date at their principal amount, together with interest accrued up to, but excluding, the Put Date.

A “Put Event” occurs if

- (i) the Autostrade Italia Concession or the 1997 Concession Agreement is terminated or revoked in accordance with its terms or for public interest reasons; or
- (ii) a ministerial decree has been enacted granting to another person the Autostrade Italia Concession; or
- (iii) it becomes unlawful for Autostrade Italia to perform any of the material terms of the 1997 Concession Agreement; or
- (iv) the Autostrade Italia Concession is declared by the competent authority to cease before the Maturity Date; or
- (v) the Autostrade Italia Concession ceases to be held by Autostrade Italia or any successor resulting from a Permitted Reorganisation; or
- (vi) the Autostrade Italia Concession is amended in a way which has a Material Adverse Effect (as defined in Condition 10 (Events of Default) below).

Promptly upon becoming aware that a Put Event has occurred, and in any event not later than 21 days after the occurrence of the Put Event, the Issuer or the Guarantor shall give notice (a “Put Event Notice”) to the Noteholders in accordance with Condition 17 (Notices), specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6(d).

To exercise the option to require the Issuer to redeem a Note under this Condition 6(d), the Noteholder must deliver such Note at the specified office of any Paying Agent, on any day which is a day on which banks are open for business in London and in the place of the specified office falling within the period (the “Put Period”) of 45 days after the date on which a Put Event Notice is given, accompanied by a duly signed and completed Exercise Notice in the form available from each office of the Paying Agents (the “Exercise Notice”). The Note must be delivered to the Paying Agent together with all Coupons, if any, appertaining thereto maturing after the date (the “Put Date”) being the seventh day after the date of expiry of the Put Period, failing which deduction in respect of such missing unmatured Coupons shall be made in accordance with Condition 7(f). The Paying Agent to which such Note and Exercise Notice are delivered will issue to the Noteholder concerned a non-transferable receipt (a “Put Option Receipt”) in respect of the Note so delivered. Payment by the Issuer in respect of any Note so delivered shall be made, if the holder duly specified in the Exercise Notice a bank account to which payment is to be made, by transfer to that bank account on the Put Date, and in every other case, on or after the Put Date against presentation and surrender of such Put Option Receipt at the specified office of any Paying Agent. An Exercise Notice, once given, shall be irrevocable. For the purposes of these Conditions and the Trust Deed, Put Option Receipts issued pursuant to this Condition 6(d) shall be treated as if they were Notes.

(e) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) and, on giving not less than 15 days irrevocable notice before the giving of the notice to the Noteholders, to the Issuing and Paying Agent and the Trustee and, in the case of a redemption of Registered Notes, the Registrar, redeem, or exercise any Issuer's option (as may be described hereon) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with

interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are listed on the Luxembourg Stock Exchange or any other stock exchange and the rules of the relevant stock exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg or as specified by such other stock exchange, a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

Unless the Issuer defaults in payment of the redemption price, from and including any Optional Redemption Date interest will cease to accrue on the Notes called for redemption pursuant to this Condition 6(e).

(f) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) *Notice of Early or Optional Redemption*

The Issuer will publish a notice of any early redemption or optional redemption of the Notes described above in accordance with Condition 17, and, if the Notes are listed at such time on the Luxembourg Stock Exchange, the Issuer will inform the Luxembourg Stock Exchange of any such early redemption or optional redemption, as the case may be.

(h) *Partly Paid Notes*

Partly Paid Notes to the extent issued in accordance with applicable law will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(i) *Purchases*

The Issuer, the Guarantor and any of their Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(j) *Cancellation*

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together

with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Obligors in respect of any such Notes shall be discharged. Any Notes not so surrendered for cancellation may be reissued or resold.

7. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date") and made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the Record Date. Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) Payments in the United States

- (i) Bearer Notes: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer;
- (ii) Registered Notes: Registered Notes, if so specified on them, may be issued in the form of one or more Certificates registered in the name of, or the name of a nominee for, The Depository Trust Company ("DTC"). Payments of principal and interest in respect of Notes denominated in U.S. Dollars will be made in accordance with Conditions 7(b)(i) and (ii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Issuing and Paying Agent in the relevant Specified Currency in

accordance with the following provisions. The amounts in such Specified Currency payable by the Issuing and Paying Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer or the Guarantor, as the case may be, by the Issuing and Paying Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third business day after the Record Date for the relevant payment of interest and, in the case of principal payments, at least 12 days prior to the relevant payment date of principal, to receive that payment in such Specified Currency. The Issuing and Paying Agent, after the Exchange Agent specified hereon has converted amounts in such Specified Currency into U.S. Dollars, will deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

(d) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuers and the Guarantors and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and (subject to the provisions of the Agency Agreement) the Calculation Agent act solely as agents of the Issuers and the Guarantors and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuers and the Guarantors reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuers shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are listed on the Luxembourg Stock Exchange, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee, (vii) in respect of any issue of Registered Notes denominated in U.S. Dollars, a Paying Agent having a specified office in New York City and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c)(i) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid

bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature

imposed, levied, collected, withheld or assessed by or within either Italy or Luxembourg (or any jurisdiction of incorporation of any successor of the Issuer or Guarantor) or any authority therein or thereof having power to tax (each a “Relevant Taxing Jurisdiction”), unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note, Receipt or Coupon presented for payment:

- (a) by or on behalf of a Noteholder or Couponholder who:
 - (i) would have been entitled to avoid such deduction or withholding (x) by making a declaration of non-residence or other similar claim for exemption or (y) by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union and did not do so within the prescribed time period and/or in the prescribed manner; or
 - (ii) is liable to such taxes or duties, assessments or governmental charges in respect of such Notes, Receipts or Coupons by reason of his having some connection with a Relevant Taxing Jurisdiction, other than the mere holding of the Note, Receipt or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or
- (c) in relation to any payment or deduction on account of imposta sostitutiva pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time, and related regulations which have been or may be enacted; or
- (d) where such withholding or deduction is required pursuant to Italian Presidential Decree No. 600 of 29 September 1973, as amended from time to time; or
- (e) where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983, as amended from time to time; or
- (f) where such withholding or deduction is imposed pursuant to any legislative decrees implementing Italian Law No. 80 of 7 April 2003; or
- (g) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used in these Conditions, “Relevant Date” in respect of any Note (or relative Certificate), Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within

10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events ("Events of Default") occurs and is continuing the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by a Resolution shall, give notice to the Issuer and the Guarantor that the Notes are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

- (a) *Non-Payment*: the Issuer fails to pay the principal or interest on any of the Notes when due and such failure continues for a period of 5 days (in the case of principal) and 5 days (in the case of interest); or
- (b) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 60 days after notice of such default shall have been given to the Issuer and the Guarantor by the Trustee; or
- (c) *Cross-Default*: (i) any other present or future Indebtedness (other than Project Finance Indebtedness incurred solely by the relevant Project Company or in respect of which the non-payment by any other member of the Group is being contested in good faith) of the Issuer or the Guarantor or any of their respective Material Subsidiaries becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (ii) any such Indebtedness (other than Project Finance Indebtedness incurred solely by the relevant Project Company or in respect of which the non-payment by any other member of the Group is being contested in good faith) is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised (other than Project Finance Indebtedness incurred solely by the relevant Project Company or in respect of which the non-payment by any other member of the Group is being contested in good faith) provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds €50,000,000 in aggregate principal amount or its equivalent (as reasonably determined by an investment bank of international repute nominated or approved by the Trustee on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates which determination shall be binding on all parties); or
- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer or the Guarantor or any of their respective Material Subsidiaries taken as a whole (other than in relation to (i) property, assets, receivables or revenues of any Project Company subject to a security interest to secure Project Finance Indebtedness and other ancillary obligations in connection with the relevant Project; (ii) property, assets, receivables or revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries which pursuant to the documents relating to the Project relating to Europass are to be assigned, transferred and/or sold to third parties) and is not discharged or stayed within 180 days; or
- (e) *Unsatisfied judgment*: one or more judgment(s) or order(s) (in each case being a judgment or order from which no further appeal or judicial review is permissible under applicable law) for the payment of any amount in excess of €50,000,000 or its equivalent (as reasonably determined by the Trustee) (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates), whether individually or in aggregate, is rendered against the Issuer or the Guarantor or any of their respective Material Subsidiaries, becomes enforceable in a jurisdiction where the Issuer or the Guarantor or any of their respective Material Subsidiaries is incorporated and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (f) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance (other than any mortgage, charge, pledge, lien or other encumbrance of a Project Company securing Project Finance Indebtedness

and other ancillary obligations in connection with the relevant Project), present or future, created or assumed on or against all or a material part of the property, assets or revenues of the Issuer or the Guarantor or any of their respective Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

- (g) *Insolvency*: The Issuer or a Guarantor incorporated in Italy being declared insolvent pursuant to Section 5 of the Royal Decree 267 of 1942, as subsequently amended, or in the case of an Issuer or a Guarantor not incorporated in the Republic of Italy, being declared unable to pay its debts as they fall due; or
- (h) *Insolvency Proceedings*: any corporate action or legal proceedings is taken in relation to:
 - (i) the several suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer or the Guarantor (other than a solvent liquidation or pursuant to a Permitted Reorganisation of such persons); or
 - (ii) a composition, assignment or arrangement with all creditors of any of the Issuer or the Guarantor including without limitation *concordato preventivo*, *concordato fallimentare*; or
 - (iii) the bankruptcy, the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager (in the case of Autostrade Participations) or other similar officer in respect of the Issuer or the Guarantor, or any of the assets of the Issuer or the Guarantor in connection with any insolvency proceedings, including without limitation *amministrazione controllata*, *amministrazione straordinaria*, *amministrazione straordinaria delle grandi imprese in stato di insolvenza*, *liquidazione coatta amministrativa* and where the Issuer is Autostrade Participations, *gestion contrôlée* (controlled management); or
 - (iv) any analogous procedure is taken in any jurisdiction in respect of the Issuer or the Guarantor

provided that any such corporate action or legal proceedings which is not initiated, approved or consented to by the Issuer or the Guarantor, as the case may be, is not discharged or stayed within 180 days; or
- (i) *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation (each a “Nationalisation Event”) of all or a majority of the shares, or all or (in the opinion of the Trustee) any material part of the assets, of (i) the Issuer (ii) the Guarantor, or (iii) any Material Subsidiary if the relevant Nationalisation Event has a Material Adverse Effect; or
- (j) *Ownership*: Autostrade Italia ceases to be directly or indirectly controlled by Autostrade; or
- (k) *Guarantee*: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (l) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time needed in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes and the Trust Deed (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of each of England, Italy and Luxembourg is not taken, fulfilled or done; or
- (m) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed ; or
- (n) *Change of Business*: Autostrade Italia or any successor resulting from a Permitted Reorganisation ceases to carry on the whole or substantially the whole of the business Autostrade Italia carries on at the date of the Trust Deed (which is or predominately is the ownership, operation and management, on a concession basis, of Italian toll motorways); or
- (o) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to sub-paragraphs (d), (e), (f) or (g) above,

provided that in the case of paragraph (b), (l) and (m) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

For the purposes of these Conditions:

“Indebtedness” means any indebtedness of any person for moneys borrowed or raised.

“Material Adverse Effect” means a material adverse effect on or material adverse change in:

- (a) the net worth, assets or business of the Issuer, the Guarantor or any Material Subsidiary or the consolidated net worth, assets or business of the Group taken as a whole from that shown in the most recently published financial statements of the relevant members of the Group;
- (b) the ability of the Issuer or the Guarantor to perform and comply with its payment obligations or other material obligations under the Trust Deed or the Notes; or
- (c) the validity, legality or enforceability of the Trust Deed or the Notes.

“Permitted Reorganisation” means any reorganisation carried out, without any consent of the Noteholders being required in respect thereof, in any one transaction or series of transactions, by any of the Issuer, the Guarantor and the Material Subsidiaries, by means of

- (a) any merger, consolidation, amalgamation or de-merger (whether whole or partial); or
- (b) any contribution in kind, conveyance, sale, assignment, transfer, lease of, or any kind of disposal of, all or substantially all, of its assets or its going concern;
- (c) any purchase or exchange of its assets or its going concern, whether or not effected through a capital increase subscribed and paid up by means of a contribution in kind; or
- (d) any lease of its assets or its going concern,

provided however that (i) in any such reorganisation affecting the Issuer or the Guarantor any successor corporation shall assume all the obligations under the relevant Notes and the Trust Deed, including, the obligation to pay any additional amounts under Condition 8 (Taxation) and in the case of the Guarantor, the obligations arising out of the Guarantee; and (ii) no Event of Default shall have occurred or if an Event of Default shall have occurred it shall (if capable of remedy) have been cured.

11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Resolution of a modification of any of these Conditions and any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee, in the case of Notes issued by Autostrade Participations, if they consider it to be appropriate or at the request of Noteholders holding not less than 5% in nominal amount of the Notes for the time being outstanding or, in the case of Notes issued by Autostrade, by the directors of the Issuer and the Noteholders' Representative (as defined below) or, subject to mandatory provisions of Italian law, by the directors of the Issuer at the request of the Trustee if they consider it to be appropriate or at the request of Noteholders holding not less than 5% in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider a Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented or in the case of a meeting of Noteholders holding Notes issued by Autostrade the percentage of the then outstanding Notes set out under Article 2415, third paragraph of the Italian Civil Code. If the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum

Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by a Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Resolution, (ix) to modify the obligation to pay additional amounts pursuant to Condition 8 or (x) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 50%, in nominal amount of the Notes for the time being outstanding or in the case of a meeting Noteholders holding Notes issued by Autostrade the percentage of the then outstanding Notes set out under Article 2415, third paragraph of the Italian Civil Code. Any Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

(b) *Noteholders' Representative*

In relation to Notes issued by Autostrade only, a representative of Noteholders holding Notes issued by Autostrade (*rappresentante comune*) (the "Noteholders' Representative") (who might, subject to mandatory provisions of Italian law, also be the same legal entity as the Trustee) can be appointed pursuant to Article 2417 of the Italian Civil Code. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the President of the Court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be re-appointed again thereafter.

(c) *Modification of the Trust Deed*

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is (in the opinion of the Trustee) of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(d) *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree in circumstances including, but not limited to circumstances which would constitute a Permitted Reorganisation, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor, transferee or assignee or any subsidiary of the Issuer or its successor, transferee or assignee or of the Guarantor or its successor, transferee or assignee or any subsidiary of the Guarantor or its successor, transferee or assignee in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. In addition, notice of any such substitution shall be given to the Luxembourg Stock Exchange and published in accordance with Condition 17 and a supplement to the Programme shall be prepared.

(e) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. Enforcement

Subject, in relation to Notes issued by Autostrade only, to mandatory provisions of Italian law, at any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by a Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. Subject, in relation to Notes issued by Autostrade only, to mandatory provisions of Italian law (including, without limitation, to Article 2419 of the Italian Civil Code) no Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer or the Guarantor, unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

14. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by such Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as such Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15. Trustee Protections

In connection with the exercise, under these Conditions or the Trust Deed, of its functions, rights, powers, trusts, authorities and discretions (including but not limited to any modification, consent, waiver or authorisation), the Trustee shall have regard to the interests of the Noteholders as a class and will not have regard to the consequences of such exercise for individual Noteholders or Couponholders, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Trustee shall not be entitled to require from the Issuer or the Guarantor, nor shall any Noteholders or Couponholders be entitled to claim from the Issuer, the Guarantor or the Trustee, any indemnification or other payment in respect of any consequence (including any tax consequence) for individual Noteholders or Couponholders of any such exercise.

16. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form

a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

17. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on the Luxembourg Stock Exchange, shall be published in a daily newspaper with general circulation in Luxembourg. Notices to the holders of Bearer Notes shall be valid if published (i) in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*), (ii) in the *Il sole 24 ore* and one further daily newspaper of general circulation in Milan and (iii) so long as the Notes are listed on the Luxembourg Stock Exchange, in a daily newspaper with general circulation in Luxembourg. If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Guarantee, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law save for the mandatory provisions of Italian law relating to the meetings of Noteholders holding Notes issued by Autostrade and the Noteholders' Representative. With respect to Notes issued by Autostrade Participations, the application of articles 86 to 94-8 of the Luxembourg Law on Commercial Companies of 10 August 1915, as amended, is excluded.

(b) Jurisdiction

The Courts of England and, in the case of U.S. Dollar denominated Notes issued by Autostrade Participations, the Courts of New York are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons or the Guarantees and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons or the Guarantees ("Proceedings") may be brought in such courts. Each of the Issuers and the Guarantors has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

Each Issuer and Guarantor has irrevocably appointed an agent in England and, in respect of any U.S. Dollar denominated Notes issued by Autostrade Participations, an agent in New York to receive, for it and on its behalf, service of process in any Proceedings in England and, where applicable, New York as the case may be.

FORM OF THE NOTES

The Notes of each Series will either be in bearer form (“Bearer Notes”), with or without interest coupons (“Coupons”) attached, or in registered form (“Registered Notes”), without Coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S and Registered Notes will be issued both outside the United States in reliance on Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will (unless otherwise indicated in the applicable Pricing Supplement) be initially represented by a temporary bearer global Note (the “Temporary Bearer Global Note”) (or, if so specified in the applicable Pricing Supplement, a permanent bearer global Note (the “Permanent Bearer Global Note”)), without receipts, interest coupons or talons, which will be delivered on or prior to the original issue date of the tranche to a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and/or any other agreed clearing system. Whilst any Bearer Note is represented by a Temporary Bearer Global Note and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Issuing and Paying Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearance and/or settlement system(s) specified in the applicable Pricing Supplement. On and after the first day following the expiry of 40 days after the Issue Date (the “Exchange Date”), interests in the Temporary Bearer Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Bearer Global Note without receipts, interest coupons or talons or for definitive Bearer Notes (as indicated in the applicable Pricing Supplement), in each case (if the Bearer Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described in the second sentence of this paragraph unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date, unless upon due presentation of the Temporary Bearer Global Note for exchange as aforesaid, delivery of any of the relevant Permanent Global Note or the definitive Bearer Notes or Coupons is improperly withheld or refused.

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification. A Permanent Bearer Global Note will be exchangeable (free of charge), in whole or (subject to the Bearer Notes which continue to be represented by the Permanent Bearer Global Note being regarded by the relevant clearing system(s) as fungible with the definitive Bearer Notes issued in partial exchange for such Permanent Bearer Global Note) in part, in accordance with the applicable Pricing Supplement for security printed definitive Bearer Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Pricing Supplement, either: (i) upon not less than 60 days’ written notice being given to the Issuing and Paying Agent by a relevant clearing system (acting on the instructions of any of its participants) as described therein or (ii) upon the occurrence of an Exchange Event.

An “Exchange Event” means (1) the relevant Issuer has been notified that both Euroclear and Clearstream Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available, (2) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Bearer Notes represented by the Permanent Bearer Global Note in definitive form or (3) such other event as may be specified in the relevant Pricing Supplement. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 17 of the Terms and Conditions of the Notes upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event, a relevant clearing system acting on the instructions of any holder of an interest in the global Bearer Note may give notice to the Issuing and Paying Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the relevant Issuer may also give notice to the Issuing and Paying Agent requesting

exchange. Global Bearer Notes and definitive Bearer Notes will be issued pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes” below).

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons (including talons) relating to such Notes which are subject to TEFRA D selling restrictions:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986”.

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, Receipts or Coupons.

Registered Notes

Each Tranche of Registered Notes offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (“Regulation S Global Notes”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person, save as otherwise provided in Condition 2 of the Terms and Conditions of the Notes, and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (i) to “qualified institutional buyers” within the meaning of Rule 144A (“QIBs”) or (ii) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions (“Institutional Accredited Investors”) and who execute and deliver a letter in which they agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (“Rule 144A Global Notes” and, together with Regulation S Global Notes, the “Registered Global Notes”).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”) for its own account or for the accounts of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (“Definitive IAI Registered Notes”). Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “Subscription and Sale and Transfer and Selling Restrictions”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may not elect to hold such Notes through DTC, Euroclear or Clearstream, Luxembourg, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “Subscription and Sale and Transfer and Selling Restrictions”. The Registered Global Notes and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in

Condition 1 of the Terms and Conditions of the Notes) as the registered holder of the Registered Global Notes. None of the relevant Issuer, the relevant Guarantor(s), the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(b) of the Terms and Conditions of the Notes) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (1) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available or, DTC has ceased to constitute a clearing agency registered under the Exchange Act, or (2) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available, or (3) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 of the Terms and Conditions of the Notes which would not be required were the Registered Notes represented by the Registered Global Note in definitive form or (4) such other event as may be specified in the relevant Pricing Supplement. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 17 of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC and/or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (3) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 15 days after the date on which the relevant notice is received by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "Subscription and Sale and Transfer and Selling Restrictions".

General

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg, and where applicable, a CUSIP and CINS number by DTC which are different from the ISIN, common code, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined under Regulation S) applicable to the Notes of such Tranche.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 of the Terms and Conditions of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the

giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, holders of interests in such global Note credited to their accounts with the relevant clearing system(s) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) on and subject to the terms of the relevant global Note. In addition, holders of interests in a global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interests in a global Note in accordance with DTC's standard operating procedures.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant global Bearer Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes, except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

Applicable Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

[Autostrade S.p.A.
(incorporated as a joint stock company in the Republic of Italy)
Unconditionally and irrevocably guaranteed by
Autostrade per l'Italia S.p.A.]

[Autostrade Participations S.A.
(incorporated with limited liability (société anonyme) in the Grand-Duchy of Luxembourg)
registered office : 6-12 Place d'Armes, L-1136 Luxembourg, R.C.S. Luxembourg B-16908
Unconditionally and irrevocably, jointly and severally, guaranteed by
Autostrade per l'Italia S.p.A. and Autostrade S.p.A.]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €10,000,000,000
Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 1 June 2004 [and the supplemental Offering Circular dated •]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular[, as so supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated • 2004. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated •], save in respect of the Conditions which are extracted from the Offering Circular dated • 2004 and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1. (i) Issuer: [Autostrade S.p.A.][Autostrade Participations S.A.](Delete as applicable)
(ii) Guarantor(s): Autostrade per l'Italia S.p.A. [and Autostrade S.p.A.](Delete as applicable)
2. (i) Series Number: •
(ii) Tranche Number: *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: •
4. Aggregate Nominal Amount:
(i) Series: •
(ii) Tranche: •
5. (i) Issue Price: •% of the Aggregate Nominal Amount [plus accrued interest from [insert date]] *(in the case of fungible issues only, if applicable)*

- [(ii) Net Proceeds: • *(Required only for listed issues)*
6. Specified Denominations: • *(Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue would otherwise constitute a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies))*
7. (i) Issue Date: •
- (ii) Interest Commencement Date: •
8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [•% Fixed Rate]
[*[specify reference rate]* +/- [•]% Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (*specify*)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*specify*)]
11. Change of Interest Basis or Redemption/
Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Notes: Senior
- (ii) Status of the Guarantees: Senior
14. Listing: [Luxembourg/Other (*specify*)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

16. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: •% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): • in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*] not adjusted]
- (iii) Fixed Coupon Amount[(s)]: • per • in nominal amount

(iv) Broken Amount(s):	<i>[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]</i>
(v) Day Count Fraction (Condition 5k):	<i>(Day count fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in U.S. dollars, unless requested otherwise)</i>
(vi) Determination Date[s] (Condition 5(k)):	• in each year <i>[Insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon (Only to be completed for an issue where Day Count Fraction is Actual/Actual (ISMA))]</i>
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	<i>[Not applicable/Give details]</i>
17. Floating Rate Note Provisions	<i>[Applicable/Not Applicable]</i> <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Interest Period(s):	•
(ii) Specified Interest Payment Dates:	•
(iii) Business Day Convention:	<i>[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]</i>
(iv) Business Centre(s) (Condition 5(k)):	
(v) Manner in which the Rate of Interest is/are to be determined:	<i>[Screen Rate Determination/ISDA Determination/other (give details)]</i>
(vi) Interest Period Date(s):	<i>[not applicable/specify dates]</i>
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	
(viii) Screen Rate Determination (Condition 5(b)(iii)(B):	
— Relevant Time:	•
— Interest Determination Date:	<i>[[•] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period]each Interest Payment Date]</i> <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>
— Primary Source for Floating Rate:	<i>[Specify relevant screen page or “Reference Banks”]</i>

- Reference Banks (if Primary Source is “Reference Banks”): *[Specify four]*
- Relevant Financial Centre: *[The financial centre most closely connected to the Benchmark — specify if not London]*
- Benchmark: *[LIBOR, LIBID, LIMEAN, EURIBOR or other Benchmark]*
- Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
- Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
- Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
 - Floating Rate Option: ●
 - Designated Maturity: ●
 - Reset Date: ●
 - ISDA Definitions (if different from those set out in the Conditions): ●
- (x) Margin(s): *[+/-]●% per annum*
- (xi) Minimum Rate of Interest: ●% per annum
- (xii) Maximum Rate of Interest: ●% per annum
- (xiii) Day Count Fraction (Condition 5(k)):
- (xiv) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
- 18. Zero Coupon Note Provisions *[Applicable/Not Applicable]*
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Amortisation Yield (Condition 6(b)(i)(B)): ●% per annum
 - (ii) Day Count Fraction (Condition 5(k));
 - (iii) Any other formula/basis of determining amount payable: ●
- 19. Index Linked Interest Note Provisions *[Applicable/Not Applicable]*
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (i) Index/Formula: *[give or annex details]*

- (ii) Calculation Agent responsible for calculating the interest due: •
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: •
- (iv) Interest Period(s): •
- (v) Specified Interest Payment Dates: •
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Business Centre(s) (Condition 5(k)): •
- (vii) Minimum Rate of Interest: •% per annum
- (viii) Maximum Rate of Interest: •% per annum
- (ix) Day Count Fraction (Condition 5(k)): •
- 20. Dual Currency Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: •
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: •
- (iv) Person at whose option Specified Currency(ies) is/are payable: •
- (v) Day Count Fraction (Condition 5(k)) •

Provisions Relating to Redemption

- 21. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): •
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): • per Note of • Specified Denomination
- (iii) If redeemable in part:
 - (a) Minimum nominal amount to be redeemed: •

- (b) Maximum nominal amount to be redeemed •
- (iv) Option Exercise Date(s): •
- (v) Description of any other Issuer's option: •
- (vi) Notice period: •
- 22. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): •
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): • per Note of • Specified Denomination
- (iii) Option Exercise Date(s): •
- (iv) Description of any other Noteholders' option: •
- (v) Notice period: •
- 23. Final Redemption Amount of each Note: [• per Note of • Specified Denomination/Other/See Appendix]
- 24. Early Redemption Amount:
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10 and/or the method of calculating the same (if required or if different from that set out in the Conditions): •
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(c)): [Yes/No] ("Yes" = market standard for Fixed Rate Notes; "No" = market standard for Floating Rate Notes)
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(f)): [Yes/No/Not Applicable] ("Yes" = market standard for Floating Rate Notes; "No" = market standard for Fixed Rate Notes)

General Provisions Applicable to the Notes

- 25. Form of Notes:
- (i) Temporary or permanent global Note/Certificate: [Bearer Notes/Registered Notes]

[temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on • days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]

	[temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on ● days' notice]
	[permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on ● days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
(ii) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
26. Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	[Not Applicable/give details] <i>(Note that this item relates to the date and place of payment and not interest period end dates to which items 16(ii), 17(iv) and 19(vii) relate)</i>
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details]
29. Details relating to Instalment Notes:	[Not Applicable/give details]
(i) Instalment Amount(s):	●
(ii) Instalment Date(s):	●
(iii) Minimum Instalment Amount:	●
(iv) Maximum Instalment Amount:	●
30. Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition ●] [annexed to this Pricing Supplement] apply]
31. Consolidation provisions:	[Not Applicable/The provisions [in Condition ●] [annexed to this Pricing Supplement] apply]
32. Exchange Agent (Condition 7(c)(ii)):	[Not Applicable/give details]
33. Other terms or special conditions:	[Not Applicable/give details]

Distribution

34. (i) If syndicated, names of Managers:	[Not Applicable/give names]
(ii) Stabilising Manager (if any):	[Not Applicable/give name]
(iii) Dealer's Commission:	
35. If non-syndicated, name of Dealer:	
36. Additional selling restrictions:	[Not Applicable/give details]

Operational Information

37. ISIN:
38. Common Code:
39. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
[The Depository Trust Company} [CUSIP Number]
40. Delivery: Delivery [against/free of] payment [●]
41. Paying Agent appointed in respect of the Notes: ●

General

42. Additional steps that may only be taken following approval by a Resolution in accordance with Condition 11(a): [Not Applicable/*give details*]
43. The aggregate principal amount of Notes issued has been translated into euro at the rate of [currency] ● = euro 1.00, producing a sum of (for Notes not denominated in euro) [Not Applicable/*give details*]

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €10,000,000,000 Global Medium Term Note Programme of Autostrade S.p.A. and Autostrade Participations S.A.]

[STABILISATION

In connection with this issue, [*insert name of Stabilising Agent*] (the “Stabilising Agent”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]

[MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of [Autostrade S.p.A.] [Autostrade Participations S.A.], [Autostrade per l'Italia S.p.A.][and] [Autostrade S.p.A.] or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Group since [*insert date of last published annual accounts.*]

[Autostrade S.p.A., with registered office at Via Alberto Bergamini 50, Rome, Italy, registered at the company register in Rome with number 03731380261, share capital as at the Issue Date of [€571,686,857,000] and reserves as at the Issue Date of [€5,238,565,135]. The issue was approved by resolution of the Issuer's Board of Directors on [●] (registered at the company register in Rome on [●]) and by the Issuer's Managing Director on [●] 2004 (registered at the company register on Rome on [●]).]

RESPONSIBILITY

[Autostrade S.p.A.] [Autostrade Participations] and [Autostrade per l'Italia S.p.A.][and][Autostrade S.p.A.] accept responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of [Autostrade S.p.A.] [Autostrade Participations S.A.]:

By:

Signed on behalf of [Autostrade S.p.A.][and] [Autostrade per l'Italia S.p.A.]:

By:

Duly authorised

By:

Duly authorised]

BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantors believe to be reliable, but neither the Issuers nor the Guarantors or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuers nor the Guarantors or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-Entry Systems

DTC

DTC has advised the Issuers and the Guarantors that it is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to

whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

In certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "Subscription and Sale and Transfer and Selling Restrictions".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-Entry Ownership of and Payments in respect of DTC Notes

The relevant Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who

have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in such a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The relevant Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers and the Guarantors also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Trustee, the Principal Paying Agent, the Registrar, the relevant Issuer or the relevant Guarantor(s). Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "Subscription and Sale and Transfer and Selling Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("Custodian") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated

account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantors, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

Italy

The statements herein regarding taxation summarise the principal Italian tax consequences of the purchase, the ownership and the disposition of Notes issued by Autostrade and Autostrade Participations. They apply to a holder of the Notes only if such holder purchases its Notes in this offering. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. This summary also assumes that Autostrade Participations is resident in Luxembourg for tax purposes, that the Issuers and/or the Guarantors are organised and that the Issuers' and/or the Guarantors' business will be conducted as outlined in this Offering Circular. Changes in the Issuers' and/or the Guarantors' tax residence, organisational structure or the manner in which the Issuers and/or the Guarantors conduct their business may invalidate this summary.

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuers will not update this summary to reflect changes in laws and if any such changes occur the information in this summary could become invalid.

Italian Law No. 80 of 7 April 2003 for the reform of the Italian tax system has empowered the Italian Government to introduce — within a two-year period — a general reform of, inter alia, the tax regime of financial income and of taxation of individuals and corporations, that may impact on the current tax regime of the Notes, as summarised below. Part of said reform has been enacted by Legislative Decree No. 344 of 12th December 2003, effective as of 1 January 2004 (the “Decree 344”).

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

(A) Tax Treatment of Notes issued by Autostrade

Interest and other proceeds

1. Notes that qualify as “obbligazioni” or “titoli similari alle obbligazioni”

1.1. Notes with an original maturity of 18 months or more

To the extent that Notes issued by Autostrade qualify as “obbligazioni” or “titoli similari alle obbligazioni”, as defined hereunder, interest, premium and other proceeds (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as “Interest”) deriving from Notes having an original maturity of eighteen months or more, are subject to the tax regime provided for by Legislative Decree No. 239 of 1 April 1996, as amended (“Decree No. 239”).

In particular, Decree No. 239 applies only to such Notes which fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended (“Decree No. 917”). For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than that indicated thereon and that do not allow direct or indirect participation in the management of the issuer.

Italian Resident Noteholders

Pursuant to Decree No. 239, where an Italian resident Noteholder, who is the beneficial owner of the Notes, is: (i) an individual not engaged in a business activity to which the Notes are effectively connected (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito regime*, see under Capital Gains, below), (ii) a non-commercial partnership or professional association, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income tax, Interest payments in respect of Notes are subject to a final substitute tax (“*imposta sostitutiva*”), levied at the rate of 12.5% (either when such Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes). The *imposta sostitutiva* may not be recovered as a deduction from the income tax due.

In case the Notes are held by an Italian resident individual or non-commercial private or public institution engaged in a business activity and are effectively connected to its business activity, then Interest will be subject to the *imposta sostitutiva* on account of income tax due and will be included in the relevant income tax return. As a consequence, such Interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to Decree No. 239, *imposta sostitutiva* is generally applied by banks, *società di intermediazione mobiliare* (“SIMs”), fiduciary companies, *società di gestione del risparmio* (“SGRs”), stock exchange agents and other entities identified by relevant decrees of the Ministry of Finance (the “Intermediaries” and each an “Intermediary”).

The Intermediaries must: (i) be (a) resident in Italy, or (b) permanent establishments in Italy of Intermediaries resident outside Italy; and (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes.

In order to apply the *imposta sostitutiva*, an Intermediary opens an account (the “single account”) to which it credits the *imposta sostitutiva* in proportion to the Interest accrued. In the event that more than one Intermediary participates in an investment transaction, the *imposta sostitutiva* in respect of the transaction is credited to or debited from the single account of the Intermediary having the deposit or investment management relationship with the investor.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian intermediary paying Interest to a Noteholder or by the Issuer.

Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) and the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary, then payments of Interest on Notes will not be subject to the *imposta sostitutiva*, but Interest accrued on the Notes must be included in the relevant Noteholder’s annual corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholder, also in the net value of production for the purposes of regional tax on productive activities — “IRAP”) to be reported in the income tax return and are therefore subject to general Italian corporate taxation according to the ordinary tax rules.

The *imposta sostitutiva* regime described herein does not apply in cases where the Notes are held in: (i) a discretionary investment portfolio managed by an authorised intermediary pursuant to the so-called discretionary investment portfolio regime (the “*Risparmio Gestito*” regime, as described under “Capital Gains”, below); or (ii) an Italian investment fund (which includes *Fondo Comune d’Investimento* and SICAV); or (iii) a Luxembourg investment fund regulated by article 11-bis of Law Decree No. 512 of 30 September 1983 (collectively, the “Funds”). In such cases, to the extent that the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary, Interest will not be subject to *imposta sostitutiva* but will contribute to determine the annual net accrued result of the managed portfolio or of the Funds, as the case may be, which is subject to an ad-hoc substitute tax of 12.5%, required to be applied by the managing professional intermediary. Pursuant to Law Decree No. 269 of 30 September 2003, converted, with amendments, by Law No. 326 of 24th November 2003 (the “Decree 269”), effective as of 2 October 2003, the substitute tax rate is reduced to 5% in case of Funds mainly investing in small-medium companies listed in a regulated market of an EU member state.

Italian pension funds subject to the regime provided by Articles 14, 14-ter and 14-quater, paragraph 1, of Legislative Decree No. 124 of 21 April 1993 (the “Pension Funds”) are subject to an 11% substitute tax on their annual net accrued result. To the extent that the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary, then Interest on Notes held by Pension Funds will not be subject to *imposta sostitutiva* but will be included in the calculation of said annual net accrued result.

Article 41-bis, paragraph 8, of Decree No. 269, with effect from 1 January 2004, has repealed the 1% annual substitute tax previously applicable on the accounting net value of certain real estate investment funds (the “Real Estate Investment Funds”) and, subject to certain exceptions, Article 41-bis, paragraph 9, of Decree No.

269 has also introduced a 12.5% withholding tax applicable in certain cases on proceeds from the participation in Italian Real Estate Investment Funds.

The 12.5% *imposta sostitutiva* indicated above does not apply to payments of Interest in respect of Notes to Italian resident Real Estate Investment Funds, to the extent that the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary.

Non-Italian Noteholders

Interest payments relating to Notes may be exempt from *imposta sostitutiva* with respect to certain beneficial owners of the Notes resident outside of Italy, without permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to Decree No. 239, as amended, subject to timely compliance with all the requirements and procedures set forth in Decree 239 and in the relevant implementation rules, as outlined below, an exemption applies to any non-Italian resident beneficial owner of the Notes who: (i) is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Italian tax authorities; or (ii) is an international body or entity set up in accordance with international agreements entered into force in Italy; or (iii) is a Central Bank or an entity also authorised to manage the official reserves of a State; or (iv) subject to certain exceptions, is an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of establishment.

The exemption procedure for non-Italian resident Noteholders to ensure payment of Interest in respect of the Notes without application of the 12.5% *imposta sostitutiva* identifies two categories of Intermediaries:

- (a) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the “First Level Bank”), acting as intermediary in the deposit of the Notes and the relevant coupons held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and
- (b) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Italian tax authorities (the “Second Level Bank”). Organizations and companies non-resident in Italy, providing a centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which include Euroclear and Clearstream, Luxembourg) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree no. 58 of 24 February 1998) for the purposes of the application of Decree No. 239.

In the event that a non-Italian resident Noteholder deposits the Notes and the relevant coupons directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption for Noteholders who are not resident in Italy from the *imposta sostitutiva* is conditional upon:

- (i) the deposit of the Notes and the coupons relating thereto, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (ii) the submission to the First Level Bank or the Second Level Bank, as the case may be, of a statement (*autocertificazione*) of the relevant Noteholder, to be provided only once, in which it declares, *inter alia*, to be the beneficial owner of the Notes and that it is resident in a country which recognises the Italian fiscal authorities’ right to a satisfactory exchange of information. Such statement must comply with the requirements set forth by the Italian Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked and needs not to be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depositary. The above statement is not requested for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy or Central Banks or entities also authorised to manage the official reserves of a State.

The First Level Bank is obliged to send the above statement to the Second Level Bank within 15 days from receipt.

The Second Level Bank files the data relating to the non-resident Noteholder together with the data relating to the First Level Bank and of the transactions carried out, via telematic link, to the Italian Tax Authorities within the first transmission period after receipt of such data. Transmission periods are two-week periods per month during which the Second Level Bank transmits to the Italian Tax Authorities data relating to Note transactions carried out during the preceding month. The Italian Tax Authorities monitor and control such data and any discrepancies thereof.

In case of failure to comply with the above exemption procedure, *imposta sostitutiva* will apply on Interest payable to non-resident Noteholders without permanent establishment in Italy to which the Notes are effectively connected (increased by 1.5% for each month or fraction of a month of delay after the month in which payment of the *imposta sostitutiva* should have been made) pursuant to the ordinary rules applicable for the payment of the *imposta sostitutiva* by Italian resident investors.

The 12.5% *imposta sostitutiva* may be reduced (generally to 10%) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Early Redemption

Without prejudice to the above-described regime, if the Notes having an original maturity of 18 months or more are subject to an early redemption within 18 months from the issue date, an additional amount (tax) is payable by the Issuer at the rate of 20% in respect of Interest accrued thereon up to the date of early redemption, pursuant to Article 26, 1st paragraph, of Presidential Decree No. 600 of 29 September 1973, as amended ("Decree No. 600"). According to one interpretation of Italian fiscal law, the above 20% additional amount (tax) may also be due in the event of any purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the issue date.

1.2. Notes with an original maturity of less of 18 months

Interest payments relating to Notes having an original maturity of less than eighteen months are subject to a withholding tax levied at a rate of 27%, according to Article 26, 1st paragraph, of Decree No. 600.

Where the Noteholder is (i) an Italian resident individual engaged in a business activity to which the Notes are effectively connected, (ii) an Italian resident company or similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian resident commercial partnership, or (v) an Italian resident commercial private or public institution, such withholding tax is applied as an advance tax.

In all other cases, including the case of non-Italian resident Noteholders, such withholding tax is a final withholding tax.

In case of non-Italian resident Noteholders, without permanent establishment in Italy to which the Notes are effectively connected, the above mentioned withholding tax rate may be reduced (generally to 10%) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation. .

2. Notes that qualify as "Atypical Securities"

Any proceeds (including the difference between the amount paid to Noteholders at maturity or the value of assets due to them at maturity and the issue price) on Notes issued by Autostrade which qualify as so-called "*titoli atipici*" ("Atypical Securities") for Italian tax purposes, are subject to withholding tax at a rate of 27%.

Payments of proceeds to Italian residents who are (i) private individuals holding the Notes in connection with business activities, (ii) commercial partnerships, (iii) companies or similar commercial entities, (iv) permanent establishments in Italy of a foreign entity to which the Notes are effectively connected, are subject to an advance withholding tax. In all other cases, the withholding tax is a final tax.

In case of non-Italian resident Noteholders, without permanent establishment in Italy to which the Notes are effectively connected, the above mentioned withholding tax rate may be reduced (generally to 10%) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Capital Gains

Italian Resident Individuals

Pursuant to Legislative Decree No. 461 of 21 November 1997, as amended (“Decree No. 461”), a 12.5% Italian capital gains tax (the “CGT”) is in certain cases applicable to capital gains realised on sale or transfer of the Notes for consideration or on redemption thereof.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

Should the Notes qualify as atypical securities, based on a very restrictive interpretation, the aforesaid capital gains would be subject to the 27% final withholding tax mentioned under paragraphs 2., above.

The CGT is payable on capital gains realised by Italian resident individual Noteholders other than in the exercise of business activities. Italian resident individual Noteholders holding Notes not in the exercise of a business activity can opt for one of the three following regimes:

- (a) pursuant to the tax return regime (“*Regime della Dichiarazione*”), the Noteholder will have to assess the overall capital gains realised in a certain fiscal year, net of any relevant incurred capital losses, in his annual income tax return and pay the CGT due on capital gains so assessed together with the balance income tax due for the same fiscal year. Losses exceeding gains can be carried forward against capital gains of the same kind in the following fiscal years up to the fourth. As such regime constitutes the ordinary regime, the taxpayer must apply it whenever he does not opt for any of the two other regimes;
- (b) pursuant to the non-discretionary investment portfolio regime (“*Risparmio Amministrato*” regime), the Noteholder may elect to pay the CGT separately on capital gains realised on each sale, transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or other authorised intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such fiscal year will also be deemed valid for the subsequent fiscal year. The intermediary is responsible for accounting for the CGT in respect of capital gains realised on each sale, transfer or redemption of the Notes, as well as in respect of capital gains realised at the revocation of its mandate. The intermediary is required to pay the relevant amount to the Italian Tax Authorities by the 16th day of the second month following the month in which the CGT is applied, by deducting a corresponding amount from the proceeds to be credited to the Noteholder. Where a particular sale, transfer or redemption of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same intermediary within the same relationship of deposit, in the same fiscal year or in the following fiscal years up to the fourth. The Noteholder is not required to declare the gains in its annual income tax return and remains anonymous; and
- (c) pursuant to the discretionary investment portfolio regime (“*Risparmio Gestito*” regime), if the Notes are part of a portfolio managed by an Italian asset management company, capital gains will not be subject to the CGT, but will contribute to determine the annual net accrued result of the portfolio. Said annual net accrued result of the portfolio, even if not realised, is subject to an ad-hoc 12.5% substitute tax required to be applied on behalf of the Noteholder by the asset management company. Any losses of the investment portfolio accrued at year-end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth fiscal year thereafter. Under such regime the Noteholder is not required to declare the gains in its annual income tax return and remains anonymous.

Corporate Investors (including banks and insurance companies)

Capital gains realised by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) on the disposal or redemption of the Notes will form part of their aggregate income subject to corporation tax (IRES) at a current rate equal to 33%. In certain cases, capital gains may also be included in the taxable net value of production of Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) for IRAP purposes, generally applying at 4.25% rate. The gains are calculated as the difference

between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal installments over up to five fiscal years both for IRES and for IRAP purposes.

The Funds

In case of Notes held by Funds, capital gains on the Notes will contribute to determine the annual net accrued result of same Funds, which is subject to a 12.5% (or in certain cases, pursuant to Article 12 of Decree No. 269, to a 5%) substitute tax (see also paragraph (A) 1.1 above).

The Pension Funds

In case of Notes held by Italian Pension Funds, capital gains on the Notes will contribute to determine the annual net accrued result of same Pension Funds, which is subject to an 11% substitute tax (see also paragraph (A) 1.1 above).

The Real Estate Investment Funds

Capital gains on Notes held by Italian Real Estate Investment Funds are not taxable at the level of same Real Estate Investment Funds (see also paragraph (A) 1.1 above).

Non-Italian Resident Noteholders

The 12.5% CGT may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including the Luxembourg Stock Exchange), and in certain cases subject to timely filing of required documentation (in the form of a self-declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Legislative Decree No. 461, Decree No. 350 of 25 September 2001 and Decree No. 239, as modified in particular by Article 41 of Decree No. 269, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian Tax Authorities' right to a satisfactory exchange of information.

In this circumstance, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirement of residence, for tax purposes, in a country which recognises the Italian Tax Authorities' right to a satisfactory exchange of information;

- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes.

In these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains will apply on condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

(B) Tax Treatment of Notes issued by Autostrade Participations

Interest and other proceeds

1. Notes that qualify as “obbligazioni” or “titoli similari alle obbligazioni”

Decree No. 239 also regulates the tax treatment of Interest, premium and other proceeds from notes issued, *inter alia*, by non-Italian resident entities, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) provided for by Article 44 of Decree No. 917 as defined in paragraph (A)1.1 above.

1.1. Notes with an original maturity of 18 months or more

Italian Resident Noteholders

Pursuant to Decree No. 239, where an Italian resident Noteholder, who is the beneficial owner of the Notes, is: (i) an individual not engaged in a business activity to which the Notes are effectively connected (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the *Risparmio Gestito regime*), (ii) a non-commercial partnership or professional association, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income tax, Interest payments relating to Notes are subject to a substitute tax (“*imposta sostitutiva*”), levied at the rate of 12.5%, as described in paragraph (A)1.1 above.

Where Interest on Notes is not collected through the intervention of an Italian resident intermediary and as such no *imposta sostitutiva* is applied, the above Noteholders will be required to declare Interest in their yearly income tax return and subject them to final substitute tax at a rate of 12.5%, unless an option for a different regime is available and made. Italian resident Noteholders that are individuals not engaged in any business activity may elect instead to pay ordinary personal income taxes at the progressive rates applicable to them in respect of Interest on such Notes: if so, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

The *imposta sostitutiva* does not apply in the following cases: (a) Notes subject to the *Risparmio Gestito regime*; (b) corporate investors; (c) the Funds; (d) Pension Funds; and (e) Real Estate Investment Funds. In such a case, the same regime described under paragraph (A)1.1 above, will apply.

Non-Italian Noteholders

Interest payments relating to Notes received by non-Italian resident beneficial owners are not subject to taxation in Italy.

If Notes beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident intermediary (or a permanent establishment in Italy of a foreign intermediary) or in any case an Italian resident intermediary (or a permanent establishment in Italy of a foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian tax, the non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a declaration stating that he or she is not resident in Italy for tax purposes.

Early Redemption

Without prejudice to the above-described regime, if Notes having an original maturity of 18 months or more are subject to an early redemption within 18 months from the issue date, pursuant to Article 26, 3rd paragraph, of Decree No. 600, Italian resident Noteholders will be required to pay an additional amount equal to 20% of Interest from the Notes accrued up to the time of the early redemption. Where Italian withholding agents intervene in the collection of Interest on the Notes or in the redemption of the Notes, this additional amount will be levied by such withholding agents by way of withholding. In accordance with one interpretation of Italian tax law, the above 20% additional amount may also be due in the event of any purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the date of issue.

1.2. Notes with an original maturity of less of 18 months

Interest payments relating to Notes having an original maturity of less than eighteen months are subject to the *imposta sostitutiva* provided by Decree No. 239, levied at a rate of 27%. The 27% *imposta sostitutiva* is applied on payments of Interest made to (i) Italian resident individuals not engaged in a business activity to which the Notes are effectively connected, (ii) Italian resident non-commercial partnerships and professional associations, (iii) Italian resident non-commercial private or public institutions, (iv) Italian resident investors exempt from Italian corporate income tax, (v) Pension Funds and (vi) Funds.

2. Notes that qualify as “Atypical Securities”

In case of Notes that qualify as Atypical Securities for Italian tax purposes, any proceeds (including the difference between the amount paid to Noteholders at maturity or the value of assets due to them on maturity and the issue price) on Notes paid to Italian resident beneficial owners who are (i) private individuals holding the Notes not in connection with business activities, (ii) non-commercial partnerships or professional associations; (iii) Real Estate Investment Funds, (iv) Pension Funds, (v) Funds and (vi) entities exempt from corporate income tax will be subject to final withholding tax at rate of 27%, if the Notes are sold (“*collocati*”) in Italy and are entrusted to an Italian resident bank or a financial intermediary that intervenes in the collection of payments on the Notes, or in the repurchase or the transfer of the Notes. The 27% final withholding tax shall be levied by such Italian bank or financial intermediary.

If the Notes are not sold (“*collocati*”) in Italy and payments of proceeds on the Notes are not received through an entrusted Italian resident bank or a financial intermediary that intervenes in the collection of payments on the Notes, in the repurchase or transfer of the Notes, and as such no final withholding tax is required to be levied, the entities described above in (i) to (vi) will be required to report the payments in their yearly income tax return and subject them to a final substitute tax at a rate of 27%. The individual beneficial owners may elect instead to pay ordinary personal income tax at the progressive rates applicable to them in respect of the payments. If so, the beneficial owners should generally benefit from a tax credit for withholding taxes applied outside Italy, if any.

Proceeds on Notes paid to Italian resident Noteholders which are (i) companies or similar commercial entities, (ii) commercial partnerships, or (iii) permanent establishments in Italy of foreign entities to which the Notes are effectively connected, will not be subject to the 27% withholding tax, but will form part of their aggregate taxable business income (and, in certain cases, depending on the status of the Noteholders, may also be included in the taxable net value of production for IRAP purposes) subject to tax in Italy according to ordinary tax provisions. A tax credit for withholding taxes applied outside Italy, if any, should be generally available.

Under current Italian tax law and practice, payments on the Notes to beneficial owners who are not resident in Italy for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, should not be subject to any Italian withholding or substitute tax.

If Notes beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or a permanent establishment in Italy of a foreign intermediary) or are sold through an Italian bank or other resident intermediary (or a permanent establishment in Italy of a foreign intermediary) or in any case an Italian resident intermediary (or a permanent establishment in Italy of a foreign intermediary) intervenes in the payment of proceeds on such Notes, to ensure payment of proceeds without application of Italian tax, the non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a declaration stating that he or she is not resident in Italy for tax purposes.

Capital Gains

Italian Resident Individuals

Pursuant to Decree No. 461, 12.5% CGT is payable on capital gains realised on a sale or transfer of the Notes for consideration or on redemption thereof by Italian resident individual Noteholders other than in the exercise of business activities.

Please refer to the regime summarised in paragraph (A) (Capital Gains) above for further details.

Corporate Investors (including banks and insurance companies)

Capital gains realised by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) on the disposal or redemption of the Notes will form part of their aggregate income subject to IRES and, in certain cases, may also be included in the taxable net value of production for IRAP purposes.

For further details, see paragraph (A) (Capital Gains) above.

The Funds

In the case of Notes held by Funds, capital gains on the Notes will contribute to determine the annual net accrued result of same Funds, which is subject to a 12.5% (or in certain cases, pursuant to Article 12 of Decree No. 269, to a 5% substitute tax). For further details, see paragraph (A) (Capital Gains) above.

The Pension Funds

In the case of Notes held by Italian Pension Funds, capital gains on the Notes will contribute to determine the annual net accrued result of same Pension Funds, which is subject to an 11% substitute tax. For further details, see paragraph (A) (Capital Gains), above.

The Real Estate Investment Funds

Capital gains on Notes held by Italian Real Estate Investment Funds are not taxable at the level of same Real Estate Investment Funds. For further details, see paragraph (A) 1.1 above.

Non-Italian resident Noteholders

The 12.5% CGT may in certain circumstances be payable on any capital gains realised upon any sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including the Luxembourg Stock Exchange), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad, the exemptions described in paragraph (A) (Capital Gains) above, would apply.

Tax Monitoring

Pursuant to Italian Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended ("Decree No. 167"), individuals resident in Italy who, at the end of the fiscal year, hold investments abroad or have foreign financial activities (including Notes issued by Autostrade Participations) must, in certain circumstances, disclose the aforesaid and related transfers to, from and occurred abroad, to the Italian Tax Authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time prescribed for the income tax return). This obligation does not exist in cases where each of the overall value of the foreign investments or financial activities held at the end of the fiscal year, and the overall value of the related transfers to, from and occurred abroad carried out during the relevant fiscal year, does not exceed €12,500 as well as in case the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Art. 1 of Decree No. 167, or if one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets is collected through the intervention of such an intermediary.

(C) Payments by an Italian resident Guarantor

With respect to payments made by Autostrade or Autostrade Italia, as Guarantors, in accordance with one interpretation of Italian fiscal law, any such payments should not be subject to Italian withholding tax.

However, there is no authority directly regarding the Italian tax regime of payments in respect of notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian Tax Authorities will

not impose an alternative treatment of such payments or that the Italian court would not support such an alternative treatment.

In particular, according to a different interpretation such payments may be subject to Italian withholding tax at the rate of 12.5% levied as a final tax or a provisional tax (*“a titolo d'imposta o a titolo di acconto”*) depending on the residential “status” of the Noteholder, pursuant to Article 26, 5th paragraph, of Decree No. 600, as amended. In the case of payments to non-Italian residents, the withholding tax should be final and may be applied at the rate of 27% if, in certain circumstances, payments are made to non-Italian residents who are resident in a country with a “privileged tax regime” as defined in article 110, paragraph 10, of Decree No. 917, and identified by the Decree of the Treasury Ministry of 23 January 2002, both as amended from time to time. Double taxation treaties entered into by Italy may apply allowing for a lower (or in certain cases, nil) rate applicable to such withholding tax in the case of payments to non-Italian residents.

In accordance with another interpretation, any such payment made by an Italian resident Guarantor should be treated as a payment by the guaranteed Issuer and made subject to the tax treatment described in the previous paragraphs of this section.

(D) Common tax issues to Notes issued by Autostrade and Autostrade Participations

Transfer Taxes

General

Pursuant to Royal Decree No. 3278 of 30 December 1923, Legislative Decree No.435 of 21 November 1997 and Ministerial Circular No. 106/E of 21 December 2001, the transfer of the Notes may be subject to the transfer tax regime described below (*tassa sui contratti di borsa*):

- (a) contracts entered into directly between private parties or with the participation of entities other than banks and persons who are authorised to perform investment services pursuant to Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers (the “Authorised Intermediaries”) are subject to a transfer tax amounting to €0.0083 for every €51.65, or part of €51.65, of the price of the Notes;
- (b) contracts between private parties, with the participation of Authorised Intermediaries, or between private parties and Authorised Intermediaries, are subject to a transfer tax amounting to €0.00465 for every €51.65, or part of €51.65, of the price of the Notes; and
- (c) contracts between Authorised Intermediaries are subject to a transfer tax amounting to €0.00465 for every €51.65, or part of €51.65, of the price of the Notes.

In the case of (b) and (c) above, however, the amount of transfer tax payable cannot exceed €929.62 for each transaction or repurchase agreement.

Exemptions

The transfer tax does not apply, *inter alia*, in the following cases:

- (i) contracts entered into on regulated markets (including the Luxembourg Stock Exchange);
- (ii) contracts relating to securities which are admitted to listing on the regulated markets and finalised outside such markets and entered into:
 - between Authorised Intermediaries; or
 - between Authorised Intermediaries and non-residents; or
 - between Authorised Intermediaries, also non-resident, and undertakings for collective investments of saving income;
- (iii) contracts relating to public sale offers for the admission to listing on regulated markets or relating to securities already admitted to listing on such markets;
- (iv) contracts having a consideration not higher than €206.58;

- (v) securities lending transactions and any contracts having the same economic purpose.

The change in depositary not involving a transfer of ownership of the Notes is not subject to Italian transfer tax.

Inheritance and Gift Tax

Italian inheritance and gift tax has been repealed. Transfers by reason of gift to persons other than spouses, siblings or relatives within the 4th degree will be subject to transfer taxes ordinarily applicable for transfers for consideration, provided that the value of the gift received by each person exceeds €180,759.91, and is limited to the excess thereof. In this respect, the Italian Tax Authorities has expressed the view that the stamp duty tax mentioned above cannot be considered as a “transfer tax ordinarily applicable” to transfers for consideration.

Moreover, an anti-avoidance rule is provided for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the CGT provided for by Legislative Decree No. 461. In particular, if the donee sells the Notes for consideration within five years from receipt thereof as gift, the donee is required to pay the relevant tax on capital gains as if the gift had never taken place.

Luxembourg

The following is a summary of the principal Luxembourg tax consequences arising from the purchase, the ownership and the disposition of the Notes. This summary is based upon tax law in Luxembourg and regulations as in effect on the date of this Offering Circular. It is subject to any subsequent change, possibly on a retroactive basis, in Luxembourg law and regulations that may come into effect after such date. It is not intended as a tax advice and it does not purport to describe all of the tax considerations that may be relevant to a Holder of the Notes or prospective investor.

Tax Residency

A Holder of the Notes will not become resident or be deemed to be resident in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding Tax

Under Luxembourg tax law currently in effect, there is no withholding tax for Luxembourg resident and non-resident Holders of the Notes on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax payable on payments received upon redemption, repayment of the principal or upon an exchange of the Notes.

Luxembourg withholding tax on payments to individual Holder of the Notes may in the future be required to be made pursuant to the European Council Directive 2003/48/EC on the taxation of savings income or any treaties or law implementing or complying with, or introduced in order to conform to, such Directive.

Income deriving from the Notes

Non-Luxembourg Holders

Non-Luxembourg Holders of the Notes who are non-resident of Luxembourg and who do not hold the Notes through a permanent establishment in Luxembourg are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes, or realise capital gains on the sale of any Notes.

Luxembourg Holders

General

Holders of the Notes who are resident of Luxembourg, or non-resident Holders of the Notes who have a permanent establishment in Luxembourg with which the holding of the Notes is connected, must for income tax purposes include any interest received in their taxable income. They will not be liable to any Luxembourg income tax on repayment of principal.

Luxembourg Resident Individuals

Luxembourg resident individual Holders of the Notes who do not hold Notes as business assets are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes their acquisition or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon a repurchase, redemption or exchange of the Notes, individual Luxembourg resident individual Holders must however include the portion of the repurchase, redemption or exchange price corresponding to accrued but unpaid interest in their taxable income. Luxembourg resident individual Holders of Notes who hold Notes as business assets are subject to tax as described in relation to “Luxembourg Resident Companies” below.

Luxembourg Resident Companies

Luxembourg resident companies (*société de capitaux*), Holders of the Notes, or foreign entities of the same type which have a permanent establishment in Luxembourg with which the holding of the Notes is connected, must include in their taxable income the difference between the sale or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold, redeemed or exchanged.

Luxembourg Resident Companies Benefiting from a Special Tax Regime

Holders of the Notes which are holding companies subject to the law of 31 July 1929 or undertakings for collective investment subject to the law of 20 December 2002 are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) on income received on the Notes or gains realised upon their transfer.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a Holder of the Notes, unless (i) such holder is an individual Luxembourg resident or (ii) such Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg or through a permanent establishment or a permanent representative of a non-resident company.

Other Tax Consequences

Stamp Taxes and Transfer Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Holders of the Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes.

VAT

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes.

Gift Taxes

No gift, estate or inheritance taxes is levied on the transfer of the Notes upon death of a Holder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

United States

The following summary describes certain of the principal U.S. federal income tax consequences resulting from the purchase, ownership and disposition of the Notes and is based upon the U.S. Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions as well as in the income tax treaty between the United States and Italy (the “Treaty”), all as currently in effect and all of which are subject to change at any time, perhaps with retroactive effect. This summary deals only with Notes held as capital assets by initial purchasers (unless otherwise specified) and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, tax exempt organizations, regulated investment companies, dealers in securities or currencies, traders in securities electing to use a mark-to-market method of accounting, persons holding Notes as a hedge against currency risks or as a position in a “straddle” for U.S. federal income tax purposes, persons liable for the alternative minimum tax or persons whose functional currency

(as defined in the Code) is not the U.S. Dollar. The summary does not include any description of the tax laws of any state, locality or foreign governments that may be applicable to the Notes or the Holders thereof.

The following discussion assumes that the Notes are in registered form as defined for U.S. federal income tax purposes. It is intended that except to the extent permitted by United States Treasury Department Regulations (the “Treasury Regulations”), Notes in bearer form will not be sold or delivered in the United States or to any U.S. person. Any U.S. person holding Notes in bearer form may be subject to limitations under the Code, including a denial of a deduction for losses sustained on the sale of Notes and denial of capital gain treatment for any gain realised on the sale of Notes.

As used herein, the term “U.S. Holder” means a beneficial owner of a Note who or which is (i) a citizen or resident of the United States, (ii) a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States or of any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to United States federal income taxation regardless of its sources, (iv) a trust that is subject to the supervision of a court within the United States and the control of one or more United States persons, or (v) a trust that has a valid election in effect to be treated as a United States person. As used herein, the term “Non-U.S. Holder” means a beneficial owner of a Note that is not a U.S. Holder or a partnership. Tax consequences to a partner of a partnership holding the notes generally depend on the status of the partner and the activities of the partnership.

You should consult your own tax advisor concerning the particular United States federal income tax consequences to you of the ownership and disposition of the Notes as well as the consequences to you arising under the laws of any other taxing jurisdiction.

U.S. Holders

Payments of Interest

Generally, except as set forth below, payments of interest on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (“Foreign Currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “Original Issue Discount — General”), will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes. Payments of interest on the Notes generally will constitute income from sources outside the United States.

Original Issue Discount

General

The following summary is a general discussion of the U.S. federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of Notes issued with original issue discount (“Discount Notes”). Special rules apply to original issue discount on a Discount Note that is denominated in a Foreign Currency. See “—Foreign Currency Notes—Original Issue Discount”, below. Floating rate debt instruments are subject to special original issue discount rules, as further discussed below.

For U.S. federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Note over its issue price, if such excess equals or exceeds a *de minimis* amount (generally defined as 0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “instalment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is greater than 0.25% of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made, multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. The issue price of each Note in an issue of Notes is the first price at which a substantial amount of such issue of Notes has been sold (ignoring sales to bond houses, broker-dealers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The stated redemption price at maturity of a Note generally

is the sum of all payments provided by the Note other than qualified stated interest payments. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Rate Debt Instruments”), applied to the outstanding principal amount of the Note.

Payments of qualified stated interest on a Note are taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the U.S. Holder’s regular method of tax accounting. If, on the other hand, stated interest does not qualify as qualified stated interest, it is included in the stated redemption price and taxed as part of the original issue discount. A U.S. Holder of a Discount Note must include original issue discount in income as ordinary interest for United States federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder’s regular method of tax accounting. In general, the amount of original issue discount included in income by the initial U.S. Holder of a Discount Note is the sum of the daily portions of original issue discount with respect to such Discount Note for each day during the taxable year on which such U.S. Holder held such Discount Note. The “daily portions” of original issue discount on any Discount Note are determined by allocating to each day in an accrual period a rateable portion of the original issue discount allocable to that accrual period. An “accrual period” may be of any length and the accrual periods may vary in length over the term of the Discount Note as long as (i) each accrual period is no longer than one year, and (ii) each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the excess, if any, of (i) the product of the Discount Note’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) over (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount Note at the beginning of the first accrual period is its issue price. Thereafter, the “adjusted issue price” of a Discount Note is the sum of the issue price plus the amount of original issue discount previously includable in the gross income of the holder reduced by the amount of any payment previously made on the Discount Note other than a payment of qualified stated interest. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Acquisition Premium

A U.S. Holder who purchases a Discount Note for an amount that is greater than its adjusted issue price but less than its stated redemption price at maturity will be considered to have purchased the Discount Note at an “acquisition premium”. Under the acquisition premium rules, the daily portions of original issue discount which a U.S. Holder must include in its gross income with respect to such Discount Note for any taxable year will be reduced by the portion of the acquisition premium allocable to that year determined by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price (the “formula”).

Alternatively, rather than allocating the acquisition premium to a taxable year pursuant to a formula to reduce the daily portion of accrued original issue discount, a U.S. Holder of a Note may elect to compute original issue discount by treating the purchase as a purchase at original issuance and applying the mechanics of the constant yield method described above in “— Original Issue Discount — General”. Prior to making this election, U.S. Holders of Notes should consult their own tax advisors concerning the potential United States federal income tax consequences to their particular situations.

Payment Schedule subject to Contingencies

For purposes of determining the yield to maturity on a Note, if the Issuers or the U.S. Holder has an unconditional option to cause payments on a Note to be made under an alternative payment schedule or schedules, where the timing and amount of each payment under each schedule is known, then (i) in the case of an option of the Issuers, the Issuers will be deemed to exercise or not exercise the option in a manner that minimises the yield on the Note, and (ii) in the case of an option of the U.S. Holder, the U.S.

Holder will be deemed to exercise or not exercise the option or combination of options in a manner that maximises the yield on the Note.

If an option is exercised, or not exercised, contrary to the assumptions made pursuant to the rules described above (“a change in circumstances”), then, solely for purposes of the accrual of original issue discount, the yield to maturity of the Note is redetermined by treating the Note as reissued on the date of the change of circumstances for an amount equal to its adjusted issue price on that date.

Election to Treat all Interest as Original Issue Discount

A U.S. Holder of a Note may elect to include in gross income all interest that accrues on the Note by using the constant yield method described in “— Original Issue Discount — General” with certain modifications. For the purposes of this election, interest includes stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortisable bond premium or acquisition premium.

In applying the constant yield method to a Note with respect to which this election has been made, (a) the issue price of the Note will equal the electing U.S. Holder's adjusted basis on the Note immediately after acquisition, (b) the issue date of the Note will be the date of acquisition by the electing U.S. Holder, and (c) no payments on the Note will be treated as payments of qualified stated interest. The election must be made for the taxable year in which the U.S. Holder acquires the Note and will generally apply only to the Note (or Notes) identified by the U.S. Holder in a statement attached to the Holder's timely filed United States federal income tax return. The election may not be revoked without the consent of the Internal Revenue Service (the “IRS”). If a U.S. Holder makes the election with respect to a Note with “amortisable bond premium” (as described in “— Amortisable Bond Premium”), then the electing U.S. Holder is deemed to have elected to apply amortisable bond premium against interest with respect to all debt instruments with amortisable bond premium (other than debt instruments the interest on which is excludible from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Note (with respect to which the election is made) is acquired or thereafter acquired. The deemed election with respect to amortisable bond premium may not be revoked without the consent of the IRS.

If the election to apply the constant yield method to all interest on a Note is made with respect to a “Market Discount Note” (as described in “— Market Discount”, below), the electing U.S. Holder will be deemed to have made an election to include market discount in income currently over the life of all debt instruments held in the year the election applies and all subsequent tax years. The election to currently include market discount in income may not be revoked without the consent of the IRS. Prior to making an election to treat all income of a Note (or other debt instrument) as original issue discount, U.S. Holders should consult with their own tax advisors as to the consequences resulting from such an election with respect to their own particular situations.

Variable Rate Debt Instruments

Generally, Floating Rate Notes are subject to special rules whereby a Floating Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Floating Rate Notes by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity (or, in the case of Instalment Notes, the weighted average maturity) from the issue date or (ii) 15% of the total noncontingent principal payments, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) a qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first day on which the value is in effect and no later than one year following that first day).

A “qualified floating rate” is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes is denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate

and a fixed multiple that is greater than 0.65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be conclusively presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. A variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Floating Rate Note or are not reasonably expected to significantly affect the yield on the Floating Rate Note.

An “objective rate” is a rate other than a qualified floating rate that is determined using a single fixed formula and which is based upon objective financial or economic information, other than information that is within the control of the issuer or a related party, or that is unique to the circumstances of the issuer or a related party such as dividends, profits or the value of such person’s stock (but not the issuer’s credit quality). Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Notes’ term. A “qualified inverse floating rate” is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

Generally, if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the Floating Rate Notes’ issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. A fixed rate and a variable rate will be conclusively presumed to meet the previous requirements if the value of the variable rate on the issue date of the Floating Rate Notes does not differ from the value of the fixed rate by more than 25 basis points.

If a Floating Rate Note provides for stated interest at a single qualified floating rate or objective rate that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually, then (a) all stated interest with respect to the Note is qualified stated interest, (b) the amount of qualified stated interest and the amount of original issue discount, if any, is determined by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note, and (c) the qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period under the foregoing rules.

If a Floating Rate Note does not provide for stated interest at a single qualified floating rate or objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period) and the interest is payable at least annually the amount of qualified stated interest and original issue discount on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and original issue discount with respect to the equivalent fixed rate debt instrument (by applying the general original issue discount rules as described in “— Original Issue Discount — General”, above), and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), the amount of interest and original issue discount is determined as in the immediately preceding paragraph with the modification that the Floating Rate Note is treated, for

purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

Contingent Payment Debt Instruments

General

Treasury Regulations describe the proper tax treatment of contingent payment debt instruments that provide for one or more contingent payments other than debt instruments providing for certain alternative payment schedules (see “—Original Issue Discount—Notes Subject to Contingencies”) or -variable rate debt instruments (see “—Variable Rate Debt Instruments”) (“Contingent Payment Notes”). The Treasury Regulations require that U.S. Holders accrue interest income over time based upon a projected payment schedule that is derived from the issuer’s cost of capital for fixed-rate noncontingent debt instruments. Under the noncontingent bond method, the issuer of a Contingent Payment Note is required to calculate the yield it would reasonably be expected to pay on a noncontingent fixed-rate debt instrument and then construct a projected payment schedule of all contingent and noncontingent payments on the instrument that produces the comparable yield. The projected payment schedule is then used to determine the amount of original issue discount that is includable in income by a U.S. Holder on a Contingent Payment Note during a tax year, as well as to make positive and negative adjustments to such amount in order to arrive at the interest income or ordinary loss to be included in the U.S. Holder’s income for the tax year.

The Treasury Regulations require that the amount of interest that accrues on a Contingent Payment Note be adjusted upward or downward to reflect differences between the actual and projected amounts of the contingent payments. These periodic positive and negative adjustments determine the amount of interest income or, in general, ordinary loss to U.S. Holders of Contingent Payment Notes during a particular accrual period. If the actual amount of a contingent payment is more than its projected amount, the difference is a positive adjustment on the date of the payment. If the amount of a contingent payment is less than its projected amount, the difference is a negative adjustment on the date of the payment. The U.S. Holder accounts only for those adjustments that occur during a taxable year in which it holds a Contingent Payment Note. The amount, if any, by which total positive adjustments on a Contingent Payment Note exceed the total negative adjustments in the taxable year is a net positive adjustment. A net positive adjustment is generally treated as additional interest for the taxable year. The amount, if any, by which total negative adjustments on a Contingent Payment Note exceed the total positive adjustments in the taxable year is a net negative adjustment. A U.S. Holder’s net negative adjustment on a Contingent Payment Note for a taxable year is treated as follows: (i) first, it reduces the amount of interest for the taxable year that the U.S. Holder would otherwise account for on the Contingent Payment Note, then (ii) if the net negative adjustment exceeds the interest that would otherwise be taken into account, the excess is treated as an ordinary loss by the U.S. Holder. However, the amount treated as ordinary loss is limited to the amount of interest income recognised by the U.S. Holder on the Contingent Payment Note in prior taxable years reduced by the total amount of the net negative adjustments treated as ordinary loss on the Contingent Payment Note in prior taxable years. If the net negative adjustment exceeds the sum of the amounts treated as a reduction of interest and as ordinary loss on the Contingent Payment Note for the taxable year, the excess is a negative adjustment carryforward. In general, a U.S. Holder treats a negative adjustment carryforward for a taxable year as a negative adjustment on the Contingent Payment Note on the first day of the succeeding taxable year. However, if a U.S. Holder of a Contingent Payment Note has a negative adjustment carryforward on the Contingent Payment Note in a taxable year in which the Contingent Payment Note is sold, exchanged, or retired, the negative adjustment carryforward reduces the U.S. Holder’s amount realised on the sale, exchange, or retirement.

Sale, Exchange or Retirement

In general, any gain recognised by a U.S. Holder on the sale, exchange, or retirement of a Contingent Payment Note is interest income. Any loss so recognised by a U.S. Holder is in general ordinary loss to the extent that the total interest inclusions on the Contingent Payment Note exceed the total net negative adjustments the

U.S. Holder already accounted for as ordinary loss. Any additional loss is treated as loss from the sale, exchange, or retirement of the Contingent Payment Note. If at the time of the sale, exchange, or retirement there are no remaining contingent payments due on the Contingent Payment Note under the projected payment schedule, then any gain or loss recognised by the U.S. Holder is generally treated as gain or loss from the sale, exchange, or retirement of the Contingent Payment Note.

For purposes of determining the amount realised by a U.S. Holder on the scheduled retirement of a Contingent Payment Note, a U.S. Holder is treated as receiving the projected amount of any contingent payment due at maturity. If the amount received is different from the projected amount, the difference is treated as a positive or negative adjustment, as discussed above. The amount realised by a U.S. Holder on the retirement of a Contingent Payment Note is reduced by any negative adjustment carryforward determined in the taxable year of the retirement. An unscheduled retirement of a Contingent Payment Note (or the receipt of a pro-rata prepayment that is treated as a retirement of a portion of a Contingent Payment Note) is treated as a repurchase of the Contingent Payment Note by the issuer from the U.S. Holder for the amount paid.

Short-Term Notes

Notes that have a fixed maturity date of no more than one year from the issue date (“Short-Term Notes”) will be treated as “short-term obligations” that are subject to special rules under the Code. No interest on a Short-Term Note will be considered “qualified stated interest” and all payments on such note in excess of such note’s issue price will be treated as original issue discount. U.S. Holders that use an accrual method of accounting for U.S. federal income tax purposes and certain other U.S. Holders, including certain pass-through entities, generally are required to accrue such original issue discount on a straight-line basis. However, U.S. Holders accruing original issue discount on Short-Term Notes may irrevocably elect (on an obligation-by-obligation basis) to accrue original issue discount under a constant yield method based on daily compounding. A U.S. Holder that uses the cash method of accounting and is not otherwise required under the rules applicable to short-term obligations to accrue original issue discount in respect of a Short-Term Note, may recognise original issue discount when payments thereof are actually or constructively received. However, such taxpayers may elect to accrue original issue discount (on a straight-line basis unless an election is made to accrue on a constant yield basis as described above), and this election will apply to all short-term obligations acquired by the taxpayer on or after the first day of the taxable year to which such election applies, unless revoked with the consent of the IRS. If a U.S. Holder is not required, and does not elect, to accrue original issue discount with respect to its short-term obligations, any gain realised on the sale, exchange, redemption, retirement or other taxable disposition of a Short-Term Note will be ordinary income to the extent of the original issue discount accrued on a straight-line basis and not previously recognised as income (or, if elected, the original issue discount accrued on a constant yield method based on daily compounding) through the date of sale, exchange, redemption, retirement or other taxable disposition. In addition, U.S. Holders that are not required, and do not elect, to accrue original issue discount on a Short-Term Note are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a Short-Term Note in an amount equal to the deferred income with respect to such note (which includes both the accrued original issue discount and accrued interest that are payable but that have not been included in gross income), until such deferred income is recognised.

A U.S. Holder of a Short-Term Note may elect to apply the foregoing rules (except for the rule characterizing gain on sale or retirement as ordinary) with respect to “acquisition discount” rather than original issue discount. “Acquisition discount” is the excess of the stated redemption price at maturity of the Short-Term Note over the U.S. Holder’s basis in the Short-Term Note. This election applies to all short-term obligations other than short-term obligations of a U.S. government acquired by the taxpayer on or after the first day of the first taxable year to which such election applies, unless revoked with the consent of the IRS.

Other Rules

Certain Notes may be redeemed prior to maturity. See “Terms and Conditions of the Notes — Early Redemption”. Such Notes may be subject to rules that differ from the general rules discussed above relating to the tax treatment of original issue discount. Purchasers of such Notes with a redemption feature should carefully examine the applicable Pricing Supplement and should consult their own tax advisors with respect

to such feature since the tax consequences with respect to interest and original issue discount will depend, in part, on the particular terms and the particular features of the Note.

Market Discount

A Note other than a Short-Term Note will be treated as purchased at a market discount (a “Market Discount Note”) if the amount for which a U.S. Holder purchased the Note is less than (i) the Note’s stated redemption price at maturity (in the case of a Note other than a Discount Note), or (ii) the Note’s “revised issue price” (in the case of a Discount Note), and such difference is greater than or equal to 0.25% of such Note’s stated redemption price at maturity multiplied by the number of complete years remaining to the Note’s maturity. If such difference is not sufficient to cause the Note to be a Market Discount Note, then such difference constitutes “*de minimis* market discount”. The Code provides that, for these purposes, the “revised issue price” of a Note generally equals its issue price, increased by the amount of original issue discount that has accrued over the term of the Note.

Any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. Such election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Market discount accrues on a straight-line basis unless the U.S. Holder elects to accrue such market discount on a constant yield basis. Such an election shall apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest in borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of or partial payment of principal on such Note.

Amortisable Bond Premium

Generally, a U.S. Holder that purchases a Note for an amount that is in excess of the sum of all amounts payable on the Note after its acquisition date (other than payments of qualified stated interest) will be considered to have purchased the Note with amortisable bond premium equal to such excess. A U.S. Holder of such a Note will not be subject to the original discount rules and may elect to amortise such premium using a constant yield method over the remaining term of the Note and may offset qualified stated interest otherwise required to be included in respect of the Note with respect to an accrual period by the bond premium allocable to the accrual period. If the bond premium allocable to the accrual period exceeds the qualified stated interest allocable to the accrual period, the excess is treated as a bond premium deduction for the accrual period. However, the amount treated as a bond premium deduction is limited to the amount by which the U.S. Holder’s total interest inclusions on the Note in prior accrual periods exceed the total amount treated by the U.S. Holder as a bond premium deduction on the Note in prior accrual periods. If the bond premium allocable to an accrual period exceeds the sum of the qualified stated interest allocable to the accrual period and the amount treated as a bond premium deduction for the accrual period as described above, the excess is carried forward to the next accrual period and is treated as bond premium allocable to that period. Special rules apply to determine the amortisation of bond premium on Notes that are classified as “variable rate debt instruments”, Notes that provide for certain alternative payment schedules, and Notes that provide for certain contingencies. Any election to amortise bond premium with respect to any Note (or other general debt obligations) applies to all taxable debt obligations held by the U.S. Holder at the beginning of the first taxable year to which the election applies and to all debt obligations thereafter acquired in all subsequent tax years. The election may not be revoked without the consent of the IRS.

Sale, Exchange or Retirement of a Note

Except as discussed above, upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest or original issue discount not previously included in income) and such U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will equal such U.S. Holder’s initial investment in the Note increased by any

original issue discount included in income and any accrued market discount included in income, decreased by the amount of any payments that are not deemed qualified stated interest payments and any amortisable bond premium applied to reduce interest with respect to such Note or deductible as bond premium. Subject to the rules applicable to Contingent Payment Notes discussed above, such gain or loss generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of such sale, exchange or retirement.

Foreign Currency Notes

The following summary relates to Notes that are denominated in a currency or basket of currencies other than the U.S. Dollar ("Foreign Currency Notes").

Payments of Interest in a Foreign Currency

Cash Method. A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes and who receives a payment of interest on a Foreign Currency Note (other than original issue discount or market discount) will be required to include in income the U.S. Dollar value of the Foreign Currency payment (determined on the date such payment is received) regardless of whether the payment is in fact converted to U.S. Dollars at that time, and such U.S. Dollar value will be the U.S. Holder's tax basis in such Foreign Currency.

Accrual Method. A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, will be required to include in income the U.S. Dollar value of the amount of interest income (including original issue discount or market discount and reduced by amortisable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. The U.S. Dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the rate of exchange on the date of receipt. The above election will apply to other obligations held by the U.S. Holder and may not be changed without the consent of the IRS. Prior to making such an election, a U.S. Holder of Foreign Currency Notes should consult its own tax advisor as to the consequences resulting from such an election with respect to its particular situation.

A U.S. Holder that uses the accrual method of tax accounting will recognise exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognised will equal the difference, if any, between the U.S. Dollar value of the Foreign Currency payment received (determined on the date such payment is received) in respect of such accrual period and the U.S. Dollar value of interest income that has accrued during such accrual period (as determined above). Such gain or loss will generally be treated as U.S. source income or as an offset to U.S. source income, respectively.

Purchase, Sale, Exchange, Redemption and Retirement of Foreign Currency Notes

A U.S. Holder who purchases a Foreign Currency Note with previously owned Foreign Currency will recognise ordinary income or loss in an amount equal to the difference, if any, between the U.S. Dollar fair market value of the Foreign Currency used to purchase the Foreign Currency Note, determined on the date of purchase, and such U.S. Holder's tax basis in the Foreign Currency.

Generally, upon the sale, exchange, redemption or retirement of a Foreign Currency Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, redemption or retirement and such U.S. Holder's adjusted tax basis in the Foreign Currency Note. Such gain or loss generally will be capital gain or loss (except to the extent of any accrued market discount not previously included in the U.S. Holder's income) and will be long-term capital gain or loss if at the time of sale, exchange, redemption or retirement the Foreign Currency Note has been held by such U.S. Holder for

more than one year. To the extent the amount realised represents accrued but unpaid interest, however, such amounts must be taken into account as interest income, with exchange gain or loss computed as described in “— Payments of Interest in a Foreign Currency” above. If a U.S. Holder receives Foreign Currency on such a sale, exchange, redemption or retirement, the amount realised will be based on the U.S. Dollar value of the Foreign Currency on the date the payment is received or the instrument is disposed of (or deemed disposed of). In case of a Foreign Currency Note that is traded on an established securities market, a cash method U.S. Holder’s amount realised with respect to such Foreign Currency Note shall be determined by translating the Foreign Currency received into U.S. dollars at the spot rate of exchange on the settlement date of the sale. An accrual method taxpayer may also elect to determine its amount realised in such manner; however, the election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. A U.S. Holder’s adjusted tax basis in a Foreign Currency Note will equal the cost of such Note to such U.S. Holder, increased by the amounts of any market discount or original issue discount previously included in income by the U.S. Holder with respect to such Note and reduced by any amortised acquisition or other premium and any principal payments received by the U.S. Holder. A U.S. Holder’s tax basis in a Foreign Currency Note, and the amount of any subsequent adjustments to such holder’s tax basis, will be the U.S. Dollar value of the Foreign Currency amount paid for such Note, or of the Foreign Currency amount of the adjustment, determined on the date of such purchase or adjustment. In case of a Foreign Currency Note that is traded on an established securities market, a cash method U.S. holder’s initial basis in such Foreign Currency Note shall be determined by translating the Foreign Currency paid into U.S. dollars at the spot rate of exchange on the settlement date of the purchase. An accrual method taxpayer may also elect to determine its basis in such manner; however, the election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Gain or loss realised upon the sale, exchange, redemption or retirement of a Foreign Currency Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense, and will generally be treated as U.S. source income or as an offset to U.S. source income, respectively. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. Dollar value of the Foreign Currency principal amount of the Foreign Currency Note, determined on the date such payment is received or such Note is disposed of, and the U.S. Dollar value of the Foreign Currency principal amount of the Foreign Currency Note, determined on the date the U.S. Holder acquired such Note. Such Foreign Currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange, redemption or retirement of the Foreign Currency Note.

Original Issue Discount

In the case of a Discount Note or Short-Term Note, (i) original issue discount is determined in units of the Foreign Currency, (ii) accrued original issue discount is translated into Dollars as described in “—Payments of Interest in a Foreign Currency-Accrual Method” above and (iii) the amount of Foreign Currency gain or loss on the accrued original issue discount is determined by comparing the amount of income received attributable to the original issue discount (either upon payment, maturity or an earlier disposition), as translated into U.S. Dollars at the rate of exchange on the date of such receipt, with the amount of original issue discount accrued, as translated above.

Market Discount and Amortisable Bond Premium

In the case of a Foreign Currency Note with market discount, the market discount is determined in units of the Foreign Currency in which the Foreign Currency Note is denominated. Accrued market discount (other than market discount currently included in income) will be translated into U.S. Dollars at the spot rate on the date the Foreign Currency Note is disposed of, and accounted for accordingly. No portion of the accrued market discount is treated as exchange gain or loss. If a U.S. Holder has elected to accrue market discount currently, accrued market discount currently included in income will be translated into U.S. Dollars at the average exchange rate for the accrual period. Exchange gain or loss with respect to accrued market discount currently includable in income will be determined in the manner described in “— Payments of Interest in a Foreign Currency—Accrual Method” above with respect to computation of exchange gain or loss on accrued interest.

Amortisable bond premium on a Foreign Currency Note will be computed in the units of the Foreign Currency in which such Foreign Currency Note is denominated (or in which the payments are determined). Amortisable bond premium properly taken into account will reduce the interest income in units of the Foreign Currency. Exchange gain or loss is realised with respect to the bond premium with respect to a Foreign Currency Note issued with amortisable bond premium by treating the portion of premium amortised with respect to any period as a return of principal. With respect to any U.S. Holder that does not elect to amortise bond premium, the amount of bond premium will constitute a loss when the bond matures.

Exchange of Foreign Currencies

A U.S. Holder will have a tax basis in any Foreign Currency received as payment on a Foreign Currency Note or on the sale, exchange, redemption or retirement of a Foreign Currency Note equal to the U.S. Dollar value of such Foreign Currency, determined at the time the payment is received or at the time of the sale, exchange, redemption or retirement, as the case may be. Any gain or loss realised by a U.S. Holder on a sale or other disposition of Foreign Currency (including its exchange for U.S. Dollars or other use) will be ordinary income or loss and will generally be treated as U.S. source income or as an offset to U.S. source income, respectively.

Redenomination in Euro

Under the applicable Treasury Regulations, if solely as a result of the conversion of legacy currencies to the euro, rights and obligations with respect to a Foreign Currency Note denominated in a legacy currency become rights or obligations with respect to a Foreign Currency Note denominated in the euro, such event is not treated as a sale or exchange of the Foreign Currency Note. Accordingly, redenomination of Foreign Currency Notes, as may be effected under the terms of the Foreign Currency Notes, should not constitute a taxable event for U.S. federal income tax purposes. You should consult your own tax advisor as to the impact of such redenomination under U.S. federal income tax rules.

Foreign Tax Credit

The total gross amount of interest, original issue discount, plus any Additional Amounts with respect thereto, will constitute interest income subject to U.S. federal income tax. This amount will be considered income from sources outside the United States, and, with certain exceptions, will be grouped together with other items of “passive” income for purposes of computing the foreign tax credit allowable to a U.S. Holder. If the interest or original issue discount is subject to Italian withholding tax at a rate of 5% or more, the interest or original issue discount may be considered “high withholding tax interest” for purposes of computing the foreign tax credit. If a U.S. Holder is predominantly engaged in the active conduct of a banking, insurance, financing or similar business, the interest or original issue discount may be considered “financial services income” for purposes of computing the foreign tax credit.

The amount of foreign tax withheld on this gross amount will be considered to be a foreign income tax that may either be deducted when computing U.S. federal taxable income or, subject to limitations specific to the U.S. Holder, claimed as a credit against U.S. federal income tax liability. A U.S. Holder may be required to provide the IRS with a certified copy of the receipt evidencing payment of withholding tax imposed in respect of payments on a Note in order to claim a foreign tax credit in respect of such foreign withholding tax.

Potential purchasers of Notes should carefully consider the applicable Pricing Supplement for information regarding the U.S. federal income tax consequences of payments by the Issuers of Italian withholding taxes, other taxes and Additional Amounts.

Non-U.S. Holders

Subject to the discussion of backup withholding below, in general, (a) payment of principal, premium, redemption amount and interest by the Issuers or any paying agent to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax, (b) gain realised by a Non-U.S. Holder on the sale or redemption of the Notes will not be subject to U.S. federal income tax or withholding tax and (c) the Notes will not be subject to U.S. federal estate tax, if held by an individual who was a Non-U.S. Holder at the time of his death. Special rules may apply in the case of Non-U.S. Holders that are (i) engaged in a U.S. trade or business, (ii) former citizens or long-term residents of the United States, “controlled foreign corporations”, “foreign personal holding companies”, “passive foreign investment companies”, corporations which accumulate

earnings to avoid U.S. federal income tax, and certain foreign charitable organizations, each within the meaning of the Code, or (iii) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons are urged to consult their U.S. tax advisors before purchasing Notes.

Information Reporting and Backup Withholding

For each calendar year in which the Notes are outstanding, each participant of DTC or indirect participant holding an interest in a Note on behalf of a beneficial owner of a Note and each paying agent making payments in respect of a Registered Note generally will be required to provide the IRS with certain information, including such beneficial owner's name, address, taxpayer identification number (either such beneficial owner's Social Security number, its employer identification number or its IRS individual taxpayer identification number, as the case may be), and the aggregate amount of interest (including original issue discount) and principal paid to such beneficial owner during the calendar year. These reporting requirements, however, do not apply with respect to certain beneficial owners, including corporations, securities broker-dealers, other financial institutions, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts.

In the event that a beneficial owner of a Note fails to establish its exemption from such information reporting requirements or is subject to the reporting requirements described above and fails to supply its correct taxpayer identification number in the manner required by applicable law, or underreports its tax liability, as the case may be, the participant of DTC, or indirect participant holding an interest in a Note on behalf of such beneficial owner or paying agent making payments in respect of a Note may be required to "backup" withhold a tax at a rate of 28% (scheduled to be increased to 31% for 2011 and thereafter) of each payment of interest and principal with respect to Notes. This backup withholding tax is not an additional tax and may be credited against the beneficial owner's U.S. federal income tax liability if the required information is furnished to the IRS. Compliance with the identification procedures contained in IRS Form W-8BEN or W-8ECI or other substitute form will establish an exemption from backup withholding for Non-U.S. Holders.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the consequences of a purchase, ownership and disposition of Notes, including, without limitation, (i) the applicability and effect of any state, local or non-U.S. tax laws to which they may be subject, and of any legislative or administrative changes in law, (ii) the U.S. federal income tax consequences of the Issuers withholding taxes from payments on the Notes (and of the payment by the Issuers of Additional Amounts with respect thereto) and (iii) the availability of a credit or deduction for foreign withholding taxes.

EU Directive on the Taxation of Savings Income

The Council of the European Union has adopted a directive regarding the taxation of savings income in the form of interest payments (Council Directive 2003/48/EC of 3 June 2003). Subject to a number of important conditions being met, Member States will be required from a date not earlier than 1 January 2005 to provide to the fiscal authorities of another Member State details of payments of interest or similar income made by a person within its jurisdiction to an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments unless during such period they elect otherwise.

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the Directive in their particular circumstances.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in a Dealer Agreement dated 1 June 2004 (the “Dealer Agreement”), agreed with each of the Issuers and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Dealer Agreement, the Issuers, and failing the Issuers the Guarantors, have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection herewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions with a view to supporting the market price of the relevant Notes during and after the offering of the Tranche at a level higher than that which might otherwise prevail. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may support the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to support the market price of the Notes at a level higher than that which might otherwise prevail. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period and will be carried out in accordance with all applicable laws and regulations.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware, and each beneficial owner of such Notes has been advised, that any sale to it is being made in reliance on Rule 144A or (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (c) it is outside the United States and is not a U.S. person and it is not an affiliate of the relevant Issuer or a person acting on behalf of such an affiliate;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the Guarantees have not been and will not be registered under the Securities Act or any U.S. state securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to offer, resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so only (a) to the Issuer or any affiliate thereof, (b) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (iv) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and before any interest in a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes; and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes and prior to the expiration of the distribution compliance period, before any interest in a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY AND THE GUARANTEE(S) IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY U.S. SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING (OR HOLDING) THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING (OR HOLDING) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE TRUST DEED REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON.)”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should offer, resell, pledge or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a)(i) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY AND THE GUARANTEE(S) IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the relevant Issuer, the relevant Guarantor(s), the Registrar, the Dealers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer and the relevant Guarantor(s); and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in private transactions that are exempt from registration under the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “Form of the Notes”.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the Offering Circular and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Offering Circular and the Notes (including those set out above) and that it agrees to be bound by, and not to offer, resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (iv) that the Institutional Accredited Investor is an “Accredited Investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts’ investment for an indefinite period of time;
- (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and

- (vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

According to Chapter VI, Article 3, point A/11/2 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which it sells any Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency).

Each issue of Index Linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer, the relevant Guarantor(s) and the relevant Dealer may agree, as indicated in the applicable Pricing Supplement.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer and the relevant Guarantor(s);
- (iii) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended); and
- (iv) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer and the relevant Guarantor(s).

Republic of Italy

Each of the Dealers understands that the offering of the Notes has not been cleared by CONSOB pursuant to Italian securities legislation and, accordingly, each of the Dealers has represented and agreed and each further Dealer will be required to represent and agree, that it has not and will not offer, sell or deliver any Notes or distribute copies of this Offering Circular or of any other document relating to the Notes in the Republic of Italy, except to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July 1998 (“Regulation No. 11522”), as amended, and Articles 30, second paragraph, and 100 of Legislative Decree No 58/98.

Moreover and subject to the foregoing, each Dealer has represented and agreed, and each further Dealer will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under the paragraph above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1 September 1993, as amended (the Italian Banking Act), Regulation No. 11522, Regulation No. 11971 of 14 May 1999, as amended, and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (c) in accordance with all relevant Italian securities, tax and exchange controls and other applicable laws and regulations.

Luxembourg

The Notes are not offered to the public in or from Luxembourg and each Dealer has represented, warranted and agreed that it will not offer the Notes or cause the offering of the Notes or contribute to the offering of

the Notes to the public in or from Luxembourg, unless all the relevant legal and regulatory requirements of the Luxembourg law concerning public offers have been complied with. In particular, this offer has not been and will not be announced to the public and offering material will not be made available to the public. A listing of the Notes on the Luxembourg Stock Exchange does not necessarily imply that a public offering in or from Luxembourg has been authorised.

The Netherlands

Each Dealer has represented, warranted and agreed (and each further Dealer appointed under the Programme will be required to represent, warrant and agree) that it has not, directly or indirectly, offered, sold or transferred and that it will not, directly or indirectly, offer, sell or transfer in the Netherlands any Notes issued under the Programme (including rights representing an interest in a Note in global form) that are not and will not most likely be admitted to the official listing on the stock exchange of Euronext Amsterdam N.V., unless, in order to comply with the Netherlands Supervision of the Securities Trade Act (*Wet toezicht effectenverkeer 1995*, hereinafter the “Netherlands Securities Act”):

- (i) such Notes have been or will most likely be admitted to the official listing on a stock exchange in another state which is a party to the Agreement relating to the Treaty on the European Economic Area (“EEA Member State”) and, this Offering Circular has been approved by, and the applicable Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority of that EEA Member State as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC and the Netherlands Authority for the Financial Markets (“*Autoriteit Financiële Markten*”, hereinafter the “AFM”) has confirmed the availability of mutual recognition in respect of such documents provided that the first issue of such Notes takes place no later than six months from the date of the approval by the competent authority of that EEA Member State; or
- (ii) this Offering Circular has been approved by, and the applicable Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority of another EEA Member State as referred to in Article 20 or 21 of EC Directive 89/298/EEC in connection with a public offering of such Notes and the AFM has confirmed the availability of mutual recognition in respect of these documents provided that the first issue of such Notes takes place no later than six months from the date of the approval of the competent authority of that EEA Member State; or
- (iii) the Notes are part of a Series of Notes comprising only Notes with a denomination of at least €50,000 or the equivalent in any other currency; or
- (iv) the Notes are only offered, sold or transferred, directly or indirectly, to individuals or legal entities, situated in or outside the Netherlands, who or which trade or invest in securities in the conduct of their profession or trade (which includes banks, investment institutions, securities intermediaries, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises), in which case it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of Notes is publicly announced that the offer is exclusively made to the said individuals or legal entities; or
- (v) (for syndicated Tranches of Notes) the following criteria are met:
 - (a) the Notes are subscribed for and placed by a syndicate of which at least two members are domiciled in different states which are part of the EEA;
 - (b) 60% or more of the issue is offered in one or more states other than The Netherlands; and
 - (c) investors may only acquire the Notes being offered through the intermediary of a bank or other financial institution;

Provided that the offer or sale of such Notes has not been publicly promoted and shall not be publicly promoted by the relevant Dealer conducting a generalised advertising or cold-calling campaign within or outside the Netherlands; or

- (vi) any other exemption from the prohibition contained in article 3 paragraph 1 of the Netherlands Securities Act applies and the provisions of such exemption are fully complied with; or
- (vii) the AFM has, upon request, granted an (individual) dispensation from the above prohibition and the conditions attached to such dispensation are fully complied with.

In addition to the above, Zero Coupon Notes in definitive form or other Notes that qualify as savings certificates as defined in the Savings Certificates Act of 21 May 1985 (*Wet inzake Spaarbewijzen*, hereinafter, the “Savings Certificates Act”) in definitive form may only be transferred and accepted through the mediation of either the relevant Issuer or a member of Euronext Amsterdam N.V. in accordance with the Savings Certificates Act. Such restrictions do not apply (a) to a transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, (b) to the transfer and acceptance of Zero Coupon Notes in definitive form within the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Instruments in global form) are issued outside the Netherlands and are not distributed within the Netherlands in the course of initial distribution or immediately thereafter or (c) to the initial issue of such Instruments to the first holders thereof. If the Savings Certificates Act is applicable, certain identification requirements in relation to the issue, transfer of or payment on the Zero Coupon Notes will have to be complied with. For the purposes of this paragraph “Zero Coupon Notes” are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly each Dealer has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Notes, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and any other applicable laws and regulations of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the relevant Issuer, the relevant Guarantor(s) nor any Dealer shall have any responsibility therefor.

Neither the relevant Issuer, the relevant Guarantor(s) nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Dealer has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver any Notes issued by Autostrade Participations to any person other than a tax resident of Italy or a non-Italian resident entity that satisfies the subjective requirements provided by Decree No. 239 for the exemption from *imposta sostitutiva*. A non-Italian resident entity satisfies the subjective requirements provided for the exemption from Decree No. 239 if such entity: (i) is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Italian Tax Authorities; or (ii) is an international body or entity set up in accordance with international agreements entered into force in Italy; or (iii) is a Central Bank or an entity also authorised to manage the official reserves of a State; or (iv) subject to certain exceptions, is an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy, even if such institutional investor does not possess the status of taxpayer in its own country of establishment.

With regard to each Tranche, the relevant Dealer will be required to comply with any other additional restrictions set out in the applicable Pricing Supplement.

LEGAL MATTERS

Latham & Watkins, London, England, will pass upon certain U.S. and English law matters, Bonelli Erede Pappalardo, Milan, Italy and Rome, Italy, will pass upon certain Italian matters, Vitali, Romagnoli, Piccardi e Associati, Rome, Italy, will pass upon certain Italian tax matters and Elvinger, Hoss & Prussen will pass upon certain Luxembourg matters, in each case in connection with the offering. Certain legal matters in connection with the offering will be passed upon by Linklaters, London, England, and Gianni, Origoni, Grippo & Partners, Milan, Italy, in each case as counsel to the Dealers.

INDEPENDENT AUDITORS

The consolidated financial statements of Predecessor Autostrade as of and for the years ended 31 December 2001 and 2002 have been audited by Deloitte & Touche S.p.A., independent auditors, as stated in their report appearing herein. The consolidated financial statements of Autostrade as of and for the year ended 31 December 2003 have been audited by KPMG S.p.A., independent auditors, as stated in their report appearing herein. The financial statements of Autostrade Participations (formerly Autostrade Finance S.A.) as of and for the year ended 31 December 2001 have been audited by Deloitte S.A., independent auditors, and the Autostrade Participations financial statements as of and for the years ended 31 December 2002 and 2003 have been audited by Deloitte S.A., *Commissaire*, as stated in their report appearing herein.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of the Notes thereunder by Autostrade S.p.A. was authorised by a resolution of its Board of Directors passed on 7 May 2004. The establishment of the Programme and the issue of the Notes thereunder (subject to the approval of each issue by the Board of Directors) by Autostrade Participations S.A. was authorised by a resolution of its Board of Directors passed on 10 May 2004. The guarantee of the Notes issued by Autostrade S.p.A. and Autostrade Participations S.A. was authorised by a resolution of the Board of Directors of Autostrade per l'Italia on 7 May 2004, and the guarantee of the Notes issued by Autostrade Participations S.A. was authorised by a resolution of the Board of Directors of Autostrade S.p.A. on 7 May 2004.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuers and the Guarantors under the laws of Italy and Luxembourg, respectively, have been given for the issue of Notes under the Programme and for the Issuers and the Guarantors to undertake and perform their respective obligations under the Dealer Agreement, the Trust Deed, the Agency Agreement, the Notes and the Guarantees.

Listing

Applications have been made for the Notes issued under the Programme to be listed on the Luxembourg Stock Exchange.

A legal notice relating to the Programme and the constitutional documents of the Issuers are being lodged and a legal notice relating to each issue of Luxembourg Listed Notes will be lodged with the Register of Commerce and Companies in Luxembourg (*Registre de Commerce et des Sociétés à Luxembourg*) where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated the number 13000 to the Programme for listing purposes.

Documents Available

From the date hereof, so long as any of the Notes remains outstanding and throughout the life of the Programme, copies of the following documents will, when published, be available free of charge in English from the registered office of each of the Issuers and from the specified offices of the Principal Paying Agent and the Paying Agent in Luxembourg:

- (i) an English translation of the most recent constitutive documents of each of the Issuers and the Guarantors;
- (ii) the latest published annual report and the latest annual audited consolidated and non-consolidated financial statements of Autostrade and the latest unaudited interim consolidated and non-consolidated financial statements of Autostrade (in each case in English);
- (iii) the latest published annual report and the latest published annual audited non-consolidated financial statements of Autostrade Participations (in each case in English);
- (iv) the latest published annual report and the latest published annual audited non-consolidated financial statements of Autostrade Italia (in each case in English);
- (v) the Dealer Agreement, the Trust Deed (which contains the forms of the global Notes, the Certificates, the Notes in definitive form, the Receipts, the Coupons and the Talons) and the Agency Agreement;
- (vi) a copy of this Offering Circular; and
- (vii) any future offering circulars, information memoranda and supplements (including the Pricing Supplements in respect of listed Notes) to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing and Settlement Systems

The Bearer Notes and the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the relevant Issuer may make an application for any Registered Global Notes to be accepted for trading in book-entry form

by DTC. In that event, the relevant CUSIP and/or CINS numbers for each Tranche of Registered Global Notes, together with the relevant common code and ISIN, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

Legended Notes

Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code”.

Significant Change

Except as disclosed in this Offering Circular, there has been no material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial or otherwise) of either of the Issuers or of the Group or of the Guarantors since 31 December 2003.

Litigation

None of the Issuers, the Guarantors or any of their respective subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Notes nor so far as either of the Issuers or the Guarantors is aware is any such litigation or arbitration pending or threatened.

Accounts

Although Autostrade S.p.A. publishes both consolidated and non-consolidated accounts, the non-consolidated accounts do not provide significant additional information as compared to the consolidated accounts.

Deloitte & Touche S.p.A. (Independent Public Accountants) have audited the accounts of Autostrade for the years ended 31 December 2001 and 2002. KPMG S.p.A. have audited the accounts of Autostrade and Autostrade Italia for the year ended 31 December 2003. Deloitte S.A.-Luxembourg have audited the accounts of Autostrade Participations for the years ended 31 December 2001, 2002 and 2003.

EU Transparency Directive

The EU Transparency Directive is currently being finalised and may be implemented in Italy and Luxembourg in a manner that is unduly burdensome for the Issuers. In particular, the Issuers may be required to publish financial statements in the EU prepared in accordance with, and reconciled to, International Financial Reporting Standards. In such circumstances, the Issuers may, subject to the provisions of the Trust Deed, decide to seek an alternative listing for the Notes on a stock exchange outside the EU.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Autostrade S.p.A.

1. We have audited the accompanying consolidated financial statements of Autostrade — Concessioni e Costruzioni Autostrade S.p.A. (subsequently merged with another company, as reported in paragraph 4.a) and subsidiaries as of 31 December 2001 and 2002, which include the reclassified consolidated balance sheets, the reclassified consolidated income statements, the consolidated statements of cash flows for each of the years in the two-year period ended 31 December 2002 and the related Notes thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.
2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. The responsibility for the audit of the financial statements of certain subsidiaries and associated companies, representing total assets of approximately 24% and 23% as of 31 December 2001 and 2002, respectively, and revenues of approximately 8% and 9% for the years ended 31 December 2001 and 2002, respectively, of consolidated total assets and consolidated revenues, rests with other auditors.
3. In our opinion, the consolidated financial statements referred to in paragraph 1 above present fairly, in all material respects, the financial position of Autostrade — Concessioni e Costruzioni Autostrade S.p.A. and subsidiaries as of 31 December 2001 and 2002, and the consolidated results of their operations and their cash flows for each of the years in the two-year period ended 31 December 2002 in accordance with the accounting principles described in Note 3 to the consolidated financial statements.
4. For a better understanding of the consolidated financial statements, we draw your attention to the following matters:
 - (a) During 2003 Autostrade — Concessioni e Costruzioni Autostrade S.p.A. (in the meantime renamed Autostrade S.p.A.) merged with its parent company, NewCo 28 S.p.A., a special purpose vehicle set up to launch a voluntary public tender offer for all the outstanding shares, resulting in the acquisition of a direct controlling interest of 54.1%, and which at the same time changed its name to Autostrade S.p.A. The operating activities and the equity investments in motorway management companies were previously transferred to other wholly owned subsidiaries.
 - (b) At 31 December 2001 the value of the equity investment in the associated company, Blu S.p.A., was determined by reducing the purchase cost by the losses reported in the balance sheet as of 28 December 2001, in that the Directors held this to represent a fair estimate of the assumed net realizable value through the sale of Blu S.p.A. to third parties. This valuation was based on the information available at the time of preparation of the consolidated financial statements, despite the fact that both determination of the value and the sale process itself were at the time subject to significant uncertainty and complexity. Following the definition of the process and its completion in October 2002, the sale of the equity investment in Blu S.p.A. subsequently resulted in a loss of approximately 53 million euros, net of minority interests and related tax effects.
 - (c) In December 2003 the Rome Tax Agency notified Autostrade S.p.A. of two tax assessments relating to the years 1997 and 1998. The Company's Directors, supported by the opinions of leading tax advisors, believe that the conditions to make a provision in the financial statements do not exist, in view of the significant likelihood of a positive outcome to the dispute.

DELOITTE & TOUCHE S.p.A.

Fabio Pompei — *Partner*

Rome, Italy

7 May 2004

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Autostrade S.p.A.

1. We have audited the accompanying consolidated financial statements of the Autostrade Group as at 31 December 2003, which include the reclassified consolidated balance sheet, the reclassified consolidated income statement, the consolidated statement of cash flows for the year then ended and the related notes thereto. These consolidated financial statements are the responsibility of Autostrade S.p.A.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The responsibility for the audit of the financial statements of certain subsidiary and associated companies, representing approximately 17% and 12% of consolidated assets and consolidated revenues, respectively, rests with other auditors.

The consolidated financial statements present comparative figures and information as at and for the years ended 31 December 2002 and 2001 related to Autostrade — Concessioni e Costruzioni Autostrade Group, which have not been audited by us. Accordingly, our opinion does not extend to such figures and information.

3. In our opinion, the consolidated financial statements referred to in paragraph 1 present fairly, in all material respects the financial position of Autostrade Group as at 31 December 2003 and the results of its operation and its cash flows for the year then ended in accordance with the accounting principles described in note 3 to the consolidated financial statements.
4. We draw attention to the note 22 to the consolidated financial statements. In 2003, Autostrade S.p.A. received two tax assessments related to income taxes for significant amounts. Autostrade S.p.A.'s management has taken the actions it believes to be appropriate in the circumstances.

Autostrade S.p.A.'s management believes, supported by its analyses and opinions of external tax consultants, that the remarks raised in the assessments will be resolved without any negative financial effect and, accordingly, deems that the conditions for making an accrual in that respect do not exist.

Rome, 9 April 2004

KPMG S.p.A.

Stefano Bandini
Director of Audit

Reclassified Consolidated Income Statements

		Year ended 31 December		
		2001	2002	2003
		Autostrade — Costruzioni S.p.A.	Concessioni e Autostrade S.p.A.	Autostrade S.p.A.
		(€ in thousands)		
	Notes			
Revenues	28			
Net toll revenues		2,003,940	2,133,530	2,329,104
Other motorway revenues		216,661	211,115	229,069
Other income and revenues		6,011	12,193	11,607
Total revenues		2,226,612	2,356,838	2,569,780
Changes in contract works in progress		(1,652)	2,166	1,538
Revenues from ordinary activities.		2,224,960	2,359,004	2,571,318
Raw materials and external services consumption ⁽¹⁾⁽²⁾ . .	29	(436,392)	(414,887)	(464,102)
Other costs		(18,554)	(14,939)	(28,471)
Gross margin		1,770,014	1,929,178	2,078,745
Net labour costs ⁽¹⁾⁽²⁾	30	(447,785)	(457,386)	(481,392)
Gross operating income (EBITDA)		1,322,229	1,471,792	1,597,353
Amortisation and depreciation	31	(234,852)	(262,623)	(536,398)
Other provisions		(15,516)	(15,710)	(19,616)
Provisions for risks and charges	32	(144,592)	(126,566)	(155,789)
Operating income (EBIT)		927,269	1,066,893	885,550
Financial income (expense), net	33	(72,003)	(41,802)	(373,086)
Adjustments to long-term investments	34	(151,101)	(104,219)	21,848
Income before extraordinary items and taxes.		704,165	920,872	534,312
Extraordinary income (expense), net	35	1,580	(14,969)	(2,835)
Income before taxes.		705,745	905,903	531,477
Income tax expense	36	(316,742)	(402,197)	(305,890)
Net income for the year including minority interests. . .		389,003	503,706	225,587
Minority interests loss		26,698	25,604	7,036
Net income for the year attributable to Autostrade (Parent Company).		<u>415,701</u>	<u>529,310</u>	232,623
Net profit for the period prior to the Acquisition (1 January-28 February 2003)	37			(75,863)
Net income for the period 1 March-31 December attributable to Autostrade (Parent Company)	38			<u>156,760</u>

(1) Net of reimbursement for employees seconded to non-consolidated companies and other costs.

(2) Does not include costs that arise during the construction of a project which are capitalised commencing the year the expense is incurred until such time as the project is completed.

Reclassified Consolidated Balance Sheets

		Year ended 31 December		
		2001	2002	2003
		Autostrade — Costruzioni	Concessioni e Autostrade S.p.A.	Autostrade S.p.A.
		(€ In thousands)		
		Notes		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4	154,482	842,070	1,054,991
Financial assets	5	168,127	42,560	28,662
Unpaid share capital	6	199	199	4,191
Accounts receivable				
Trade	7	400,871	508,602	535,239
Subsidiaries and associated companies.	8	10,479	21,647	11,642
Other	9	264,507	341,526	1,589,689
Inventories	10	133,800	135,389	136,242
Accrued income and prepaid expenses.	11	13,947	14,173	13,785
Total.		1,146,412	1,906,166	3,374,441
FIXED ASSETS				
Intangible assets	12	141,955	152,463	4,676,203
Tangible assets	13	5,151,711	5,314,700	6,417,641
Financial assets	14	198,435	362,031	476,445
Total.		5,492,101	5,829,194	11,570,289
TOTAL ASSETS		6,638,513	7,735,360	14,944,730
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable				
Short-term bank loans	15	402,918	735,743	322,169
Advances.	16	83,155	83,518	82,963
Trade	17	348,208	386,446	433,963
Due to subsidiaries and associated companies	18	6,976	28,416	59,732
Due to tax authorities.	19	195,711	104,871	1,360,953
Due to social security institutions	20	14,268	17,607	20,588
Others	21	490,261	724,299	844,338
Provision for liabilities and charges	22	51,641	48,336	92,203
Accrued expenses and deferred income	23	52,579	51,318	79,442
Total.		1,645,717	2,180,554	3,296,351
PROVISION FOR MEDIUM AND LONG TERM RISKS AND CHARGES				
Employee termination indemnity	24	157,641	167,720	190,566
Provision for costs of repair or replacement of assets to be relinquished	22	915,018	1,037,644	1,168,054
Other medium and long term provision	22	2,275	5,436	9,272
Total.		1,074,934	1,210,800	1,367,892
MEDIUM AND LONG TERM DEBT	25	1,072,854	1,262,880	8,703,604
TOTAL LIABILITIES		3,793,505	4,654,234	13,367,847
SHAREHOLDERS' EQUITY				
Parent Company's interest.	26	2,420,783	2,680,392	1,177,222
Minority interests.		424,225	400,734	399,661
Total.		2,845,008	3,081,126	1,576,883
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,638,513	7,735,360	14,944,730
MEMORANDUM ACCOUNTS				
General and unsecured guarantees.	27	210,851	245,243	287,066
Purchase and sale commitments.		923,193	1,446,916	1,892,658
Other		1,202,973	1,281,052	1,002,880
TOTAL.		2,337,017	2,973,211	3,182,604

Consolidated Statement of Cash Flows

	Year ended 31 December		
	2001 Autostrade — Costruzioni S.p.A.	2002 Concessioni e Autostrade S.p.A.	2003 Autostrade S.p.A.
	(€ in thousands)		
A. Cash and cash equivalents — opening balance (net short-term debt — opening balance)			
Parent Company ⁽¹⁾	(368,868)	(165,326)	5,002 ⁽¹⁾
Purchase of the Group	—	—	(130,262)
	<u>(368,868)</u>	<u>(165,326)</u>	<u>(125,260)</u>
B. Change in area of consolidation	<u>(3,806)</u>	<u>—</u>	<u>—</u>
C. Cash flows from (used in) operating activities			
Net income (loss) for the year	415,701	529,310	156,760
Change in minority interest.	(28,134)	(27,357)	(5,065)
Amortisation and depreciation	234,852	262,623	536,398
Change in provision for medium and long-term risks and charges.	147,628	135,866	157,092
(Gains) or losses on disposal of fixed assets	1,800	(3,334)	(22,857)
(Revaluations) write-downs of fixed assets	152,128	479	1,651
Change in working capital	21,138	(152,320)	129,248
Reclassification of Blu stake into current assets.	106,011	—	—
	<u>1,051,124</u>	<u>745,267</u>	<u>953,227</u>
D. Cash flows from (used in) investing activities			
Investment in fixed assets:			
Intangible	(18,443)	(34,443)	(207,735)
Tangible	(396,720)	(466,637)	(1,467,489)
Financial	(296,710)	(172,705)	(109,492)
Investment for the acquisition of the Group	—	—	(6,515,668)
Proceeds from disposal, or redemption value, of fixed assets	66,160	18,914	446,625
	<u>(645,713)</u>	<u>(654,871)</u>	<u>(7,853,759)</u>
E. Cash flows from (used in) financing activities			
New loans	343,785	795,869	7,918,241
Transfers from shareholders	44,354	6,341	90,593
Capital grants.	113,015	57,960	52,780
Repayments of loans	(491,473)	(605,843)	(474,055)
Net equity repayment	—	—	(2)
	<u>9,681</u>	<u>254,327</u>	<u>7,587,557</u>
F. Dividends paid	<u>(207,744)</u>	<u>(272,126)</u>	<u>(176,760)</u>
G. Cash flow for the year (B+C+D+E+F)	<u>203,542</u>	<u>72,597</u>	<u>510,265</u>
H. Cash and cash equivalents — closing balance (A+G) (net short-term debt — closing balance)	<u>(165,326)</u>	<u>(92,729)</u>	<u>385,005</u>

(1) As the conditions for preparing the consolidated accounts of Autostrade S.p.A. (formerly NewCo28) at 31 December 2002 did not exist, Opening Net Liquidity for the year 2003 is that reported in the statutory accounts of the former NewCo28 at 31 December 2002.

Notes to the Consolidated Financial Statements

1. Group Background

The Autostrade Group is the main European operator of toll motorways under concession. The Group controls other motorways and tunnels concessionaires and companies that operate in areas connected to its core business. Activities are carried out based on Concessions granted by Anas S.p.A. ("ANAS") or, in case of the Mont Blanc Tunnel, by ANAS and the French Government, which are currently set to expire between 2012 and 2038 (the Group main Concession will expire in 2038).

2. Financial and Organisational Operations for 2003

During 2003, the Group carried out extraordinary financial and organisational operations with effect to change its shareholding and corporate structure, as follow.

The Tender Offer

On 1 November 2002 Schemaventotto S.p.A. announced that it would launch a voluntary takeover bid, through the wholly owned subsidiary NewCo28 S.p.A., for all of Autostrade — Concessioni e Costruzioni Autostrade S.p.A. ("Predecessor Autostrade") outstanding ordinary shares other than those it currently owned (approximately 30% of the then outstanding share capital of Predecessor Autostrade). Schemaventotto was at that time Predecessor Autostrade's largest shareholder. The final tender offer price per ordinary share of Predecessor Autostrade was €10. At the conclusion of the Tender Offer, on 28 February 2003, NewCo28 acquired 54.1% of Predecessor Autostrade's share capital for an aggregate purchase price of approximately €6,459 million. The tender offer was financed through syndicated loans in an aggregate amount equal to the purchase price of the tender offer and related expenses. NewCo28 did not carry out any business activity or hold any assets other than the shareholding in Predecessor Autostrade.

Structural Reorganisation of the Group ("Progetto Mediterraneo")

In January 2003, the Board of Directors of Predecessor Autostrade approved the key elements of a proposed reorganisation plan, Progetto Mediterraneo, which was approved by the board of directors in final form on 28 March 2003 and ratified by Predecessor Autostrade's shareholders on 21 May 2003. Pursuant to Progetto Mediterraneo, Predecessor Autostrade contributed the business activities relating to the motorway operations and investments in owned motorway subsidiaries to a newly formed subsidiary, Autostrade per l'Italia S.p.A., effective 1 July 2003. Predecessor Autostrade's other subsidiaries were reorganised along industry groupings under Autostrade per l'Italia and Predecessor Autostrade. The total value of the activities and assets assigned to Autostrade per l'Italia was €8,104.6 million, compared with a book value of €1,777.2 million, which gave rise to a capital gain of €6,327.4 million for the contributing company.

For tax purposes, the transfer qualified as a capital gain by the contributing company, Predecessor Autostrade, which, pursuant to Italian Tax Legislation, became partially liable to a substitute tax on the taxable amount of €5,654.1 million, to be calculated on the basis of a tax rate of 19%, with a substitute tax charge of €1,074 million.

As a result of this operation, and after a share capital increase to €615.5 million made by the recipient company Autostrade per l'Italia, underwritten and paid through the contribution in kind of the business division just mentioned, a share premium reserve of €7,489,1 million arose in Autostrade per l'Italia.

Shareholders of Autostrade per l'Italia, at a meeting held on 16 September 2003, resolved to distribute part of the share premium reserve, resulting from the contribution in kind described above, to Autostrade. The amount designated for distribution amounted to €7,300 million, which the shareholders agreed to raise through recourse to long-term debt. To finance both the redistribution operation and part of its program of investment, the Board of Directors of Autostrade per l'Italia SpA agreed to accept a long-term credit line, "First Senior Long Term Facilities" (LTF1) of €8,000 million, made available by a pool of banks.

On 22 September 2003, Autostrade per l'Italia went ahead with the distribution of €6,500 million as a first instalment of the share premium reserve, created from the contribution in kind, by drawing down an equivalent amount from the LTF1.

Autostrade used almost all the distribution received from Autostrade per l'Italia's distribution of the share premium reserve to pay off the loan that NewCo28 obtained to finance the acquisition of Predecessor Autostrade.

The Merger

On 28 March 2003, Predecessor Autostrade and NewCo28 announced their decision to merge Predecessor Autostrade into NewCo28. Concurrently with the approval of the merger by the shareholders of NewCo28 and Predecessor Autostrade on 21 May 2003, the shareholders of NewCo28 approved the application for the simultaneous listing of NewCo28's shares on the Mercato Telematico Azionario. The merger and contemporaneous listing of the ordinary shares of NewCo28 (which was renamed Autostrade S.p.A. at the same time) became effective on 22 September 2003. Further, upon the effective date of the merger, Autostrade adopted bylaws substantially the same as those of Predecessor Autostrade and assumed all rights and obligations of Predecessor Autostrade.

As a result, Autostrade became the new parent company of the Group.

After the merger, Schemaventotto owned 62,2% of the capital stock of Autostrade S.p.A.

Refinancing of Autostrade (formerly NewCo28) Debt

As part of the Group's plan to streamline its financial structure, Autostrade refinanced its debt through the partial distribution of reserves by its subsidiary Autostrade per l'Italia of €6,500 million mentioned under "*Progetto Mediterraneo*". The distribution of such reserves was financed with part of the proceeds of new long-term loans made available to Autostrade per l'Italia. On 26 November 2003, Autostrade entered into new loan agreements (the "Second Stage Long Term Facilities" or "LTF2") in an amount up to €8,000 million for the purpose of, among other things, acquiring the LTF1. Two tranches of the Second Stage Long Term Facilities were drawn down for such purpose on 19 December 2003. As a result of the acquisition of the First Stage Long Term Facilities, the third party indebtedness of Autostrade Italia was converted into intra-group indebtedness.

3. Summary of Significant Accounting Principles

Basis of presentation

The consolidated financial statements of the Group included in the present section have been prepared in accordance with Italian Accounting Principles. In particular, such consolidated financial statements derive from those prepared for statutory purposes, in accordance with the Italian regulations governing their preparation, and apply the provisions of the Italian Civil Code, interpreted and integrated, when necessary, by accounting principles issued by the *Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri*. Certain reclassifications and modifications have been made in the presentation of the Group's original Italian consolidated financial statements in order to facilitate a comparison across periods and to conform more closely to international practices. Such reclassifications and modifications consist primarily of changes in the format of the Consolidated Balance Sheets and Consolidated Income Statements. Such reclassifications and modifications have not affected net income or shareholders' equity. In addition, the Notes to consolidated financial statements have been modified to reflect such reclassifications and modifications and contain substantive disclosures which do not differ in any material respect from those contained in the notes to the original Italian consolidated financial statements.

Presentation of the consolidation data

As described above, Autostrade (formerly NewCo28) is the resulting company from the Merger of Predecessor Autostrade.

The accompanying financial information reflects the historical consolidated results of Autostrade and Predecessor Autostrade. Following the Public Purchase Offer and transfer of assets in connection with Progetto Mediterraneo in July 2003, as described above, the surviving entity in the merger (Autostrade) was significantly different from its predecessor, both in terms of its indebtedness and the assets that it held.

Therefore, the financial information for 2003 set forth below are reflective of the newly formed company and its consolidated subsidiaries and are not directly comparable to results of operations of the predecessor

company and its consolidated subsidiaries from the prior periods. Any Group financial information provided below for any period ended prior to 1 January 2003 reflects the results of operations of Predecessor Autostrade and its consolidated subsidiaries, and any Group financial information provided below for the period including and subsequent to 1 January 2003 reflects the results of operations of Autostrade and its consolidated subsidiaries.

In addition, in order to include only the actual period in which the results are attributable to Autostrade S.p.A. (formerly NewCo28 S.p.A.), separate indication is given of the net profit for the period (1 January 2003 to 28 February 2003) in which Autostrade S.p.A. did not have an interest in the Group.

The accounting principles used in the preparation of the consolidated financial statements as of and for the years ended 31 December 2001, 2002 and 2003 are consistently applied over such years.

Basis of consolidation

The 2001, 2002 and 2003 companies included in the consolidation area are those controlled directly and indirectly, as provided for by Italian Law.

As compared to 2001, the consolidation area changed during 2002, due to the inclusion in the latter of Europpass Lkw-Mautsystem GMBH.

Moreover, for 2003 the basis of consolidation has been changed, as described below:

- the newly established operating subsidiaries Autostrade per l'Italia S.p.A., TowerCo S.p.A. and EsseDiEsse Società di Servizi S.p.A. (formerly Autostrade Tlc Fixed S.p.A.), resulting from the contributions in kind of the operating activities made during 2003 by the Predecessor Autostrade, have been included in the 2003 consolidation area;
- Strada dei Parchi S.p.A. has been included in the 2003 consolidation area as a result of the start of its operative activity since 1 January 2003;
- Autostrade Telecomunicazioni S.p.A. has not been consolidated for any period due to its sale to third parties during June 2003;
- Sitech S.p.A. has not been consolidated from 2003, since being placed in liquidation.

Below is a list of consolidated companies for 2001, 2002 and 2003 and the percentage of interests owned by the Group. The difference between this percentage and 100 per cent represents the minority interests:

Company name	Registered Office	Group ownership interest 31 December		
		2001	2002	2003
Autostrade per l'Italia S.p.A.	Rome	—	—	100.00%
Autostrada Torino-Savona S.p.A.	Turin	99.98%	99.98%	99.98%
Autostrade Meridionali S.p.A.	Naples	58.98%	58.98%	58.98%
Tangenziale di Napoli S.p.A.	Naples	100.00%	100.00%	100.00%
Società Autostrada Tirrenica S.p.A.	Rome	93.24%	93.24%	93.24%
Società Italiana per Azioni per il Traforo del Monte Bianco	Pre'SaintDidier (Aosta)	51.00%	51.00%	51.00%
Strada dei Parchi S.p.A.	Rome	—	Unconsolidated	60.00%
Autostrade International S.p.A.	Rome	100.00%	100.00%	100.00%
Pavimental S.p.A.	Rome	71.67%	71.67%	71.67%
Spea — Ingegneria Europea S.p.A.	Milan	100.00%	100.00%	100.00%
Autostrade Participations S.A. (formerly Autostrade Finance S.A.)	Luxembourg	100.00%	100.00%	100.00%
Autostrade Telecomunicazioni S.p.A.	Rome	100.00%	100.00%	—
Sitech S.p.A.	Rome	79.40%	79.40%	Unconsolidated
Infoblu S.p.A.	Rome	100.00%	100.00%	100.00%
TowerCo S.p.A.	Rome	—	—	100.00%
EsseDiEsse Società di Servizi S.p.A. (formerly Autostrade Tlc Fixed S.p.A.)	Rome	Unconsolidated	Unconsolidated	100.00%
Europass Lkw-Mautsystem GMBH	Wien	—	100.00%	100.00%
Raccordo Autostradale Valle d'Aosta S.p.A.	Rome	24.46%	24.46%	24.46%
Autostrade International US Holdings Inc.	Delaware (USA)	100.00%	100.00%	100.00%
Autostrade International of VA O&M Inc.	Delaware (USA)	100.00%	100.00%	100.00%

- Autostrade per l'Italia S.p.A. is the concession operator for motorways with a total length of 2,854.6 km.
- Autostrada Torino-Savona S.p.A. is the concession operator for the motorway linking Turin and Savona in the regions of Piemonte and Liguria, which covers a distance of 130.9 km.
- Autostrade Meridionali S.p.A. is the concession operator for the Naples — Pompei — Salerno motorway, which covers a distance of 51.6 km.
- Tangenziale di Napoli S.p.A. is the concession operator for the 20.2 km beltway surrounding Naples.
- Società Autostrada Tirrenica S.p.A. is the concession operator for the 240 km motorway link between Livorno and Civitavecchia, of which 36.6 km is open to traffic.
- Società Italiana per Azioni per il Traforo del Monte Bianco is the concession operator for the 5.8 km Italian stretch of the Mont Blanc tunnel.
- Strada dei Parchi S.p.A. is the concession operator for the maintenance and operation of the A24-A25 motorway, covering a total of 281.4 km;
- Autostrade International S.p.A. bids for contracts to build and operate, as concession operator, toll roads, both as a service provider and as an operator and investor.
- Pavimental S.p.A. is mainly concerned with motorway maintenance works.
- Spea-Ingegneria Europea S.p.A.'s principal activities are engineering, road planning, works and production supervision for the Group's motorway system.
- Autostrade Participations SA's purpose is to assist Group companies in raising capital on international financial markets.

- Autostrade Telecomunicazioni S.p.A. operates systems, installations, equipment and infrastructures for the IT, electronic and telecommunications sector. The Company has been sold to third parties in 2003.
- Sitech S.p.A. was in charge of managing the Group's equity interest in Blu S.p.A., which was disposed of on 7 October 2002. The Company, having been put into liquidation, has not been consolidated from 2003.
- Infoblu S.p.A. offers info-media-mobility services.
- TowerCo S.p.A. is active in the engineering, construction and operation of multi-operator telecommunications sites along the motorway road-bed.
- EsseDiEsse Società di Servizi S.p.A. provides administrative, payroll, general and property services.
- Europass Lkw-Mautsystem GMBH has a license to design and operate an automatic toll collection system in Austria.
- Raccordo Autostradale Valle d'Aosta S.p.A. is the concession operator for the 32.4 km motorway link (27.4 km is now open to vehicles) between Aosta and the Mont Blanc tunnel. Società Italiana per Azioni per il Traforo del Monte Bianco directly holds 58% of this company's ordinary shares.
- Autostrade International US Holdings Inc is wholly owned by Autostrade Participations, and wholly owns Autostrade International of VA O&M Inc., which operates the Dulles Greenway, a 24 Km toll road.

Pursuant to Italian Legislative Decree 127/1991, the following subsidiaries are not so significant to require to be consolidated (they are included among financial fixed assets):

2001	2002	2003
Pavimental Est	Pavimental Est	Pavimental Est
Consorzio Spea-Tecnic	Consorzio Spea-Tecnic	Consorzio Spea-Tecnic
Autostrade Tlc Fixed	Autostrade Tlc Fixed	Consorzio Valorizzazione Ambientale Infrastrutture Viarie
Autostrade UK Ltd.	Consorzio Valorizzazione Ambientale Infrastrutture Viarie Strada dei Parchi	Sitech S.p.A. in liquidation

- Pavimental Est (100% directly owned by Pavimental);
- Consorzio Spea-Tecnic (97% directly owned by Spea);
- Autostrade Tlc Fixed S.p.A. (subsequently renamed EsseDiEsse Società di Servizi S.p.A. and consolidated from 2003);
- Autostrade UK Ltd. (100% directly owned by Autostrade Participations S.A.). In 2001 it ceased operations and was put into liquidation.
- Consorzio Valorizzazione Ambientale Infrastrutture Viarie (51% directly owned by Predecessor Autostrade);
- Strada dei Parchi (60% directly owned by Predecessor Autostrade), consolidated for the first time in 2003.

Consolidation procedures

The individual companies' financial statements were consolidated using the following criteria and methods. The line-by-line method is applied according to which the accounts show all the assets, liabilities, costs and revenues of each single company, regardless of the ownership interest. All significant items arising from intercompany transactions are eliminated. The book value of investments in consolidated companies is eliminated against the net equity of such companies attributable to the Group; any negative differences arising on consolidation (net equity greater than the book value of the investments) are credited to shareholders' equity under reserves; any positive differences (interest greater than net equity) is carried,

under appropriate conditions (not impaired), as an asset under Goodwill arising from consolidation and amortised over five years as provided for by Italian law, or over a longer period where the appropriate conditions exist.

The minority interests in the share capital, reserves and net income/loss for the year is shown under both shareholders' equity and in the Profit and Loss Account.

In the case of foreign companies that prepare their reporting package or financial statements in foreign currencies, all assets and liabilities have been translated at closing exchange rates as of 31 December 2001, 2002 and 2003, whereas Income Statements items have been translated at the average exchange rates for the same years. The resulting balance is recorded as a component of the shareholders' equity.

According to Italian accounting principles, Autostrade is entitled only to the net income for the period starting from the date of the Acquisition. Consequently, the net profit for the period 1 January 2003 to 28 February 2003, in which Autostrade did not control Autostrade — Concessioni e Costruzioni has been deducted from net income. For consolidation purposes, net profit for the period 1 January 2003 to 28 February 2003 has been deducted from "Goodwill arising from consolidation".

Financial statements used

The individual companies' financial statements used to prepare the consolidated financial statements are those referring to the years ended 31 December 2001, 2002 and 2003, that have been approved by the respective Board of Directors of the individual companies and audited. The financial statements used in 2001 for Sitech S.p.A. are those at 28 December 2001, approved by the Board of Directors and submitted to a general meeting of shareholders in order to pass the resolution provided for by Article 2446 of the Italian Civil Code.

In 2003 foreign companies have prepared a reporting package in accordance with the Group's accounting policies, reclassifying or supplementing the data in their financial statements. These reporting packages have also been audited.

With respect to 2001 and 2002, the financial statements of foreign companies have been restated in the manner prescribed by the Italian law. This did not affect the result of operations for such years.

The exchange rates used to translate the financial statements prepared in foreign currency, reported below, have been provided by the Italian Exchange Office (average exchange rates) and the Bank of Italy or ECB (closing exchange rates).

	Average exchange rate 2001	Exchange rate at 31 December 2001	Average exchange rate 2002	Exchange rate at 31 December 2002	Average exchange rate 2003	Exchange rate at 31 December 2003
U.S.\$/euro . . .	1.1175	1.1347	1.0576	0.9536	0.8858	0.7918
GBP/euro . . .	1.6085	1.6434	1.5903	1.5373	—	—

Accounting Policies

The main accounting policies adopted in the preparation of the consolidated financial statements and consistently applied during the three years ended 31 December 2001, 2002 and 2003, were the following:

Foreign currency transactions and items

Financial accounts receivable and payable denominated in currencies other than the euro are translated at the end-period exchange rate, in accordance with Document No. 26 issued by the National Council of the Italian Accounting Profession.

The financial accounts receivable reported by Autostrade Participations for 2001, due from financing institutions that had extended back-to-back loans to the Predecessor Autostrade, have been eliminated. This entry was offset by a reduction in medium- and long-term debt and by removing the relevant interest income and expense from the Income Statement.

Current financial assets

Equity investments

Equity investments in non-consolidated subsidiaries and associated companies recorded as current financial assets, if relating to companies in the process of being wound up, are valued at their estimated realisable value if lower than related cost. Other equity investments are valued at the lower of cost, as adjusted to reflect any impairment loss, or realisable value.

Fixed-income securities and similar securities

Fixed income securities are valued at the lower of purchase cost or the average price for the closing month of the period, as reported on the stock exchange or official prices provided by leading banks.

Accounts receivable

Accounts receivable are recorded under “Fixed financial assets” or “Current assets” depending on their characteristics. Accounts receivable are stated at nominal value and adjusted, where necessary, to net realisable value.

Deferred tax assets are included under “Current assets” in accordance with the criteria described in the following section “Taxes”.

Inventories

“Raw materials, Spares and supplies” are stated at average weighted purchase cost. If average weighted purchase cost exceeds market prices, adjustments are made to reduce the value to market prices. The difference in the valuation methods adopted by the consolidated companies does not have a material impact on consolidated financial statements as of and for the three years ended 31 December 2003, 2002 and 2001.

“Contract work in progress” carried out by Predecessor Autostrade and Autostrade per l'Italia on behalf of ANAS and local authorities is valued at cost, which is essentially equal to the relevant amount receivable. The item also includes works carried out on behalf of other companies, which are valued using the percentage-of-completion method.

Accrued income and prepaid expenses, deferred income and accrued liabilities

“Issue discounts and similar charges on loans” relate to discounts and other expenses incurred to issue bonds, which are amortised over the term of the loan to which they refer.

“Accrued income and other prepaid expenses” and “deferred income and accrued liabilities” are recognised on an accrual basis.

Intangible assets

“Concessions, licences, trademarks and similar rights” include the costs paid by Tangenziale di Napoli to ANAS to extend the expiry date of its concession. The book value, equal to receivables due from ANAS related to operating grants matured in the past but not collected, is deemed to be appropriate, since the financial plan attached to the new Agreement (Convenzione), inclusive of these costs, is in balance over the period of the extended concession. The costs are amortised based on a straight-line method in relation to the new expiry date of the concession.

“Goodwill arising on consolidation” represents the excess of the cost of the acquisition paid by the parent company Newco28 SpA (now Autostrade SpA) for the majority interest in Autostrade Concessioni e Costruzioni SpA over the related shareholders' equity. The goodwill is amortised based on a straight-line method over 15 years, commencing from 1 January 2003, the same period used by Autostrade per l'Italia to amortise the goodwill resulting from the contribution in kind made by Autostrade — Concessioni e Costruzioni SpA. Such period is a realistic and prudent estimate of the economic useful life, in line with the expected pattern of economic benefits from the core motorway business.

“Other intangible assets” are stated at acquisition or production cost as determined in compliance with Article 2426, paragraph 1, of the Italian Civil Code, and are amortised on a systematic basis over their useful life, which varies from a minimum of three years to a maximum of ten for the individual capitalised costs.

Amortisation of incidental expenses incurred to obtain the Senior Long-Term Facility exceeds this limit because the charge is amortised based on a straight-line method over the term of the two tranches of the loan, which mature in 2012 and 2014.

“Formation, start-up and similar costs” and “Research, development and advertising costs” whose economic useful life extends over several years, are capitalised among intangible assets with the consent of the Board of Statutory Auditors of each company, and are amortised over a period not greater than five years.

Tangible assets

“Tangible assets” are carried at purchase or construction cost as determined in compliance with Article 2426, paragraph 1 of the Civil Code, and include monetary revaluations where specifically permitted by specific laws.

Tangible assets whose useful life is limited are depreciated every year based on a straight-line method over their estimated economic useful life.

“Assets to be relinquished” and “Assets under construction” also include financial charges and any directly attributable costs, in conformity with statutory provisions and tax regulations and in accordance with national (Italian Accounting Principle CNDC&R No.16).

“Grants” received pursuant to law from the concession-granting agency or other government departments for investments in assets to be relinquished are deducted from the carrying value of the related assets and determine a reduction of depreciation charge for the period.

Each asset to be relinquished is depreciated over its estimated economic useful life, which is:

- (a) until expiry of the concession, unless replacement is scheduled beforehand (financial depreciation);
- (b) until replacement, if replacement is scheduled before the expiry of the concession (industrial depreciation).

In case (a) where the assets to be relinquished are depreciated based on a straight-line method over the term of the concession, “financial depreciation” is more appropriate. In case (b) where the expiry of the concession has no impact on the wear and tear and obsolescence of the asset, “industrial depreciation” is applied.

Predecessor Autostrade and Autostrade per l'Italia have elected to adopt industrial depreciation for assets whose useful life is shorter than the concession (light construction, toll booths and other works), and financial depreciation for assets whose useful life is longer than the concession period (land, buildings, fixed works, but also light construction, toll booths and other works when industrial depreciation for these assets would end after the expiry of the concession). Società Italiana per Azioni per il Traforo del Monte Bianco applies industrial depreciation to all its tangible assets, whereas other motorway concession operators apply financial depreciation only, though complemented by the elements shown below in “Provision for costs of restoration or replacement of assets to be relinquished”.

Financial depreciation has been calculated on a straight-line basis, except for Società Autostrada Tirrenica, Tangenziale di Napoli and Strada dei Parchi, which use differentiated rates according to the current financial plan. The depreciation of Strada dei Parchi, which is calculated on an increasing charge basis in the company's own financial statements, has been restated on a straight-line basis in the consolidated accounts.

Raccordo Autostradale Valle d'Aosta, also in accordance with its financial plan, will charge financial depreciation from the time the entire section under concession enters service, because it is from that date the 30-year operating concession commences. No adjustments have been made to the consolidated financial statements for the effects of the lack of consistency in the depreciation methods applied by the above companies for assets to be relinquished since the impact is not significant.

With reference to assets to be relinquished, the net book value at the balance-sheet date, considering of the provision for restoration or replacement included in the provisions for liabilities and charges, adequately represent the residual charge for future years in respect of:

- the transfer, free of charge, to ANAS, at the expiry of the concession, of the relevant assets whose useful life is longer than the term of the concession;

- the replacement of assets to be relinquished whose useful life is shorter than the remaining portion of the concession;
- the restoration or replacement of the components of assets to be relinquished subject to wear and tear;
- recovery of the investment, made by Autostrade per l'Italia, in the new works envisaged in the financial plan attached to the Agreement (Convenzione) with ANAS.

With regards to the latter point, in return for an extension of the concession for the network then operated by Autostrade-Concessioni e Costruzioni Autostrade, Autostrade per l'Italia is committed to make certain capital investments (with an estimated value of about 4,500 million euros) whose expected profitability during the period of the concession does not guarantee, based on available estimates, the return on the investments. Since the loss resulting from the operation of such investments cannot reliably be estimated, it was deemed appropriate to distribute the entire cost of such capital investments based on the straight-line method over the 42-year concession term, starting in 1997, when the new agreement was signed and the required capital investments were identified. The accruals calculated until the completion of the new works represent a provision to be used from the year when the works are completed and the roads open to traffic until the end of the concession to adjust the future financial depreciation charges for these works.

Planned non-recurring maintenance costs for future years are accrued in a specific "Provision for costs of restoration and replacement of assets to be relinquished". For the sake of clarity maintenance costs incurred in the year are charged to the income statement and classified in a specific item under the line "Other provisions" against a utilisation of the above mentioned provision.

Assets related to motorway concession operators that are not required to be relinquished and tangible assets of other consolidated companies in general are depreciated on a straight-line basis applying ordinary depreciation rates permitted under tax regulation (reduced by half for assets entering service during the period) as these rates are considered to be consistent with the wear and tear and obsolescence of such assets. The only exception are the on-board units provided to Telepass customers, which in view of their low unit cost and limited period of use are fully depreciated in the financial year in which they are distributed.

Equity investments carried as fixed financial assets

Investments in unconsolidated subsidiaries, associated companies and other enterprises that are carried under fixed financial assets are accounted for using the equity method or, in the case of equity investments of negligible value, at cost.

It should be noted that liabilities due to a commitment to cover the capital shortfall of an investments are covered through specific allocations to the provision for "losses exceeding equity investments" which is posted under provisions for liabilities and charges.

Non-current securities

Non-current securities are stated at purchase cost and are adjusted for declines in market prices to reflect permanent impairment.

Accounts payable

"Accounts payable" are stated at nominal value.

Employee termination indemnity

The provision is calculated in accordance with Article 2120 of the Civil Code and is consistent with staff termination payment rights which are vested at year-end, net of any advances and withholding tax on revaluations.

Provisions for liabilities and charges

Provisions for liabilities and charges include the following items:

- The "Provision for deferred and other taxes" mainly relates to deferred taxes and is determined on the basis of the principles set out in the following section on "Taxes".

- The “Provision for costs of repair and replacement of assets to be relinquished” described in the earlier section on accounting for “Tangible assets”.
- The “Provision for higher proceeds due to the X variable”, correspond to amount to be accrued by the subsidiary Autostrade Meridionali in accordance with the terms of Appendix B of the Agreement with ANAS, which specifies that higher revenues from toll increases related to the X-variable of the price-cap formula must be accrued at the annual rate of 20% to a specific provision, and recognised as a deduction from the cost of new works;
- The “Provision for losses exceeding equity investments” is described in the section “Equity investments carried as fixed financial assets”;
- The “Provision for sundry litigation and liabilities” covers possible charges arising from litigation with personnel or contractors and for potential liabilities in respect of tax assessments.

Taxes

Income taxes for the period have been calculated on the basis of a realistic forecast of the tax liability, as determined by applying current tax regulations.

Tax liabilities are shown in the balance sheet net of payments made, tax withholdings and any dividend tax credits. Any positive difference is recorded under “Other accounts receivable”.

Deferred taxes deriving from temporary differences are not recorded only in the event it is highly unlikely that the relative charge will materialise. They are provided for in the tax provision.

Future tax benefits deriving from tax losses carried forward or from temporary differences are recorded only if it is reasonably certain they will be realised in the future.

Revenues and Costs

Revenues and costs are determined on an accrual basis.

It should be noted that, due to the interconnection of the road system and the necessary allocation of toll revenues among the different concession operators, the calculation of a portion of tolls collected during the latter part of the year is based on reasonable estimates.

Revenues from long term construction projects are recognised on the basis of the amounts invoiced or to be invoiced to contractors on a percentage-of-completion basis.

Memorandum accounts

Memorandum accounts are off balance sheet information not reflecting assets nor liabilities, but certain other commitments and guarantees to be disclosed under Italian Accounting Principles.

As regards guarantees given and commitments, it should be noted that:

- guarantees are stated at the value of the outstanding balance of the loan or other obligations that have been guaranteed;
- purchase and sale commitments are determined on the basis of any residual obligation to perform under open contracts;
- claims from contractors are included in the memorandum accounts at the nominal value of their request. However, the contingent liability therefrom has been estimated to be a significantly lower amount; amounts that became due upon settlement of the claim are expected to qualify for capitalisation as additional costs incurred for contract work.

Derivative Instruments

Derivatives outstanding at the end of the year are valued at cost considering they are entered into for the sole purpose of hedging the interest rate risk on financial debt.

Gains and losses on derivatives are recognised in the income statement on an accrual basis, consistent with the expenses and income on the underlying transactions.

4. Cash and Cash Equivalents

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Bank and postal deposits			
Pledged deposits	93,306	759,531	906,033
Demand deposits.	30,246	50,200	120,975
	<u>123,552</u>	<u>809,731</u>	<u>1,027,008</u>
Cash in hand	30,930	32,339	27,983
Total	<u>154,482</u>	<u>842,070</u>	<u>1,054,991</u>

The item mainly includes:

- temporary bank deposits;
- tolls collected in late December in the process of being credited to the Group's accounts;
- pledged deposits relate to loans from banks for the construction of the new Aglio/Canova stretch of the Florence-Bologna motorway and for the conclusion of widening work on the Torino-Savona motorway. Such loans will be reimbursed through Government grants recognised on a percentage-of-completion basis on the work in progress and, as a consequence, pledged deposits became available. The increase in 2002 and 2003 is due to receipt of instalments of the above-mentioned loan. Pledged deposits as of 31 December 2003 also include 20,637 thousand euros in a current account held by Autostrade SpA with Mediobanca SpA that may be used to pay interest charges associated with the LTF2 facilities. The current account has been pledged as security for the obligations envisaged in the loan contract entered into by Autostrade SpA on 26 November 2003.

5. Current Financial Assets

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Equity investments in associated companies	106,011	—	—
Other financial assets.	62,116	42,560	28,662
	<u>168,127</u>	<u>42,560</u>	<u>28,662</u>

“Equity investments in associated companies” in 2001 was related to interest held in Blu S.p.A., reclassified from non-current financial assets. Due to the adverse progress of the mobile phone market, during 2001 Blu's shareholders embarked on strategic review of the Company. Consequently, in November 2001 it was decided to sell the Company as a whole or in parts. At year end 2001 the interest in Blu S.p.A. was valued at cost, adjusted to reflect any impairment arising from the financial position of Blu S.p.A. as of 28 December 2001 (the last financial situation available). At the end of 2002 disposal of the interest in Blu S.p.A. was completed.

“Other financial assets” mainly relate to bonds and shares in money market and income bond mutual funds held as temporary investments of excess liquidity pending its use to finance investment programmes under way.

6. Unpaid Share Capital

In 2001 and 2002, the item relates to the amount due from the minority shareholders of Sitech S.p.A. following a capital increase.

At 31 December 2003, the item relates to the amount owed by Strada dei Parchi minority shareholders, that will be paid in 2004 when that company calls up the unpaid portion of the capital increase.

7. Trade Accounts Receivable

The item is related to receivables from customers mainly arising from the use of deferred toll payment systems.

The increase registered during the three years ended 31 December 2001, 2002 and 2003 is due to the change in amounts receivable from motorists, mainly due to a greater use of deferred toll payment systems and increases in both toll rates and traffic volumes.

8. Accounts Receivable due from Subsidiaries and Associated Companies

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Unconsolidated subsidiaries	1,327	684	620
Associated companies	9,152	20,963	11,022
	<u>10,479</u>	<u>21,647</u>	<u>11,642</u>

A breakdown follows:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
<i>Financial</i>			
Unconsolidated subsidiaries	1,289	649	585
Associated companies	1,210	—	681
	<u>2,499</u>	<u>649</u>	<u>1,266</u>
<i>Trade</i>			
Unconsolidated subsidiaries	38	35	35
Associated companies	7,942	20,963	10,341
	<u>7,980</u>	<u>20,998</u>	<u>10,376</u>
	<u>10,479</u>	<u>21,647</u>	<u>11,642</u>

The increase of the item registered in 2002 is related to trade receivables due from associated companies, mainly due to the increase in the advance paid by Traforo del Monte Bianco to GEIE Traforo del Monte Bianco (11,811 thousand euros), subsequently decreased during 2003.

As at 31 December 2003, accounts receivables from unconsolidated subsidiaries mainly consist of financial and trade receivables due from Pavimental Est; receivables from associated companies are primarily related to trade accounts receivable from GEIE Traforo del Monte Bianco (9,864 thousand euros).

9. Other Accounts Receivable

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Deferred tax assets	170,099	243,129	1,447,169
Repurchase agreements and other financial transaction	24,475	25,266	24,667
Damages to motorway property to be recovered from third parties	19,121	18,893	22,094
Receivables from interconnected companies	2,879	3,351	10,033
Others	47,933	50,887	85,726
	<u>264,507</u>	<u>341,526</u>	<u>1,589,689</u>

The increase in 2002 (77,019 thousand euros) with respect to 2001 was mainly due to the increase in deferred tax assets (73,030 thousand euros), calculated on taxed provisions for repairs and on the write-down of the equity investment in Sitech S.p.A.

As at 31 December 2003, the deferred tax assets balance mainly relates to the residual amounts of the deferral of taxes on capital gains (1,284,187 thousand euros) originated with the contribution in kind of assets made by Autostrade to Autostrade per l'Italia S.p.A.

10. Inventories

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Raw materials, spares and supplies	36,401	34,584	33,485
Contract work in progress	97,399	100,805	102,757
	<u>133,800</u>	<u>135,389</u>	<u>136,242</u>

Inventories mainly include contract work in progress on behalf of public bodies and other third parties and raw materials and spare parts used for toll system installations, maintenance or assembly.

11. Accrued Income and Prepaid Expenses

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Discounts on loans and other similar charges on loans.	1,631	748	291
Accrued income and other prepaid expenses.	12,316	13,425	13,494
	<u>13,947</u>	<u>14,173</u>	<u>13,785</u>

As at 31 December 2001 and 2002 prepaid expenses mainly relate to costs relating to several years and incurred by Predecessor Autostrade for the use of optical fibre cable networks and for insurance premiums attributable to future periods.

As at 31 December 2003, accrued income (3,690 thousand euros) mainly comprises the interest income of the Parent Company, while prepaid expenses (9,804 thousand euros) mainly relate to deferred costs incurred by Autostrade per l'Italia S.p.A., in respect of insurance premiums attributable to future periods.

12. Intangible Assets

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Formation, start-up and similar costs.	962	7,680	7,743
Research, development and advertising costs.	467	—	—
Industrial patents and intellectual property rights	1,756	4,973	5,267
Concessions, licenses and trademarks	109,664	114,799	84,379
Goodwill arising from consolidation	—	—	4,379,873
Assets in progress and payments on account.	12,161	8,956	5,097
Other intangible assets	16,945	16,055	193,844
	<u>141,955</u>	<u>152,463</u>	<u>4,676,203</u>

“Goodwill arising from consolidation” results from the corporate restructuring process in 2003 and consists of the positive difference (4,640,580 thousand euros) between the price paid for the acquisition of a majority stake in Autostrade — Concessioni e Costruzioni Autostrade SpA and the related consolidated shareholders’ equity, net of amortisation for the period (260,707 thousand euros) and calculated on the basis of the period of ownership (1 March–31 December 2003), as further described in note 3.

As at 31 December 2003, concessions, licenses and trademarks include 80,004 thousand euros (82,357 thousand euros in 2002, 84,710 thousand euros in 2001) of costs incurred by Tangenziale di Napoli, net of accumulated amortisation charges, to extend the duration of the concession to 2037. The inclusion of this amount under intangible fixed assets is based on the assumption that the financial plan of Tangenziale di Napoli attached to the Concession Agreement, which includes the amortisation of the above cost over the duration of the concession, will not be impaired.

The item also includes, 24,170 thousand euros in 2002 and 24,842 thousand euros in 2001 of costs to be amortised in relation to the purchase, from Telecom S.p.A. and other operators, of the license to use the optical fiber network, laid along both the motorway system and urban road systems, for commercial purposes. Rights to the commercial use of the optical fibre network installed along the motorway route and in urban areas were transferred to Autostrade Telecomunicazioni for 24,653 thousand euros in the first half of 2003.

Other intangible assets in 2003 mainly include capitalised expenses for the acquisition of financing, mainly consisting of commissions paid to banks for the Senior Secured Long Term Facilities (“LTF1”) granted to Autostrade per l’Italia SpA on 17 September 2003 (177,117 thousand euros).

For details during the three years reference should be made to the following tables:

31 December 2001				
	Cost	Write-downs	Amortisation	Book value
	(€ in thousands)			
Formation, start-up and similar costs	4,632	(87)	(3,583)	962
Research, development and advertising costs	2,593	(547)	(1,579)	467
Industrial patents and intellectual property rights . .	7,713		(5,957)	1,756
Concessions, licenses and trademarks	118,787		(9,123)	109,664
Goodwill arising from consolidation (Art. 33 of Legislative Decree 127/91)	4,680	(2,808)	(1,872)	
Assets in progress and payments on account	12,286	(125)		12,161
Other intangible assets:				
Leasehold improvements	18,603		(11,154)	7,449
Software.	42,312		(36,297)	6,015
Technical archive of works.	30,080		(27,773)	2,307
Interconnection costs and charges.	8,753		(8,398)	355
Electronic map archive.	128		(112)	16
Improvements to work sites	1,728		(1,036)	692
Additional charges on lease contracts	248		(217)	31
Other	157		(77)	80
	102,009		(85,064)	16,945
	252,700	(3,567)	(107,178)	141,955

31 December 2002				
	Cost	Write-downs	Amortisation	Book value
	(€ in thousands)			
Formation, start-up and similar costs	13,356	(87)	(5,589)	7,680
Research, development and advertising costs	2,728	(1,014)	(1,714)	
Industrial patents and intellectual property rights . .	15,098		(10,125)	4,973
Concessions, licenses and trademarks	127,651		(12,852)	114,799
Goodwill arising from consolidation (Art. 33 of Legislative Decree 127/91)	4,680	(2,808)	(1,872)	
Assets in progress and payments on account	9,081	(125)		8,956
Other intangible assets:				
Leasehold improvements	19,160		(13,197)	5,963
Software.	50,789		(44,056)	6,733
Technical archive of works	31,716		(28,960)	2,756
Interconnection costs and charges	8,753		(8,752)	1
Electronic map archive	128		(125)	3
Improvements to work sites	1,469		(1,018)	451
Additional charges on lease contracts.	408		(307)	101
Other	186		(139)	47
	112,609		(96,554)	16,055
	285,203	(4,034)	(128,706)	152,463

Changes for the year 2002

	<u>Purchases/ Capitalisations</u>	<u>Disposals/ Eliminations</u>	<u>Reclassif.</u>	<u>Write- downs (-) Write- backs (+)</u>	<u>Amortisation</u>
	(€ in thousands)				
Formation, start-up and similar costs	8,724				(2,006)
Research, development and advertising costs				(467)	
Industrial patents and intellectual property rights	3,436	(19)	3,141		(3,341)
Concessions, licenses and trademarks	8,864				(3,729)
Goodwill arising from consolidation (Art. 33 of Legislative Decree 127/91)					
Assets in progress and payments on account	4,391	(362)	(7,234)		
Other intangible assets:					
Leasehold improvements	2				(1,490)
Software	7,335		(2)		(6,613)
Technical archive of works	1,403		232		(1,186)
Interconnection costs and charges					(355)
Electronic map archive	1				(13)
Improvements to work sites	98	(81)			(258)
Additional charges on lease contracts	160				(90)
Other	29				(62)
	<u>9,028</u>	<u>(81)</u>	<u>230</u>		<u>(10,067)</u>
	<u>34,443</u>	<u>(462)</u>	<u>(3,863)</u>	<u>(467)</u>	<u>(19,143)</u>

Intangible assets increased, during 2002, for new investments mainly related to:

- *Formation, start-up and similar costs* (8,724 thousand euros), mainly due to the charges connected to the construction of a new work site in Pontenure (Piacenza) by Pavimental S.p.A. and the capitalisation of costs by Europpass.
- *Industrial patents and intellectual property rights* (3,436 thousand euros), due to costs incurred by the Predecessor Autostrade to purchase software applications.
- *Other intangible assets — software* (7,335 thousand euros), representing costs incurred for the development of new software programs.

	31 December 2003			
	Cost	Write-downs	Amortisation	Book value
	(€ in thousands)			
Formation, start-up and similar costs	16,396	(87)	(8,566)	7,743
Research, development and advertising costs	501		(501)	—
Industrial patents and intellectual property rights	12,791		(7,524)	5,267
Concessions, licenses and trademarks	97,592		(13,213)	84,379
Goodwill arising from consolidation (Art. 33 of Legislative Decree 127/91)	4,640,580		(260,707)	4,379,873
Assets in progress and payments on account	5,222	(125)	—	5,097
Other intangible assets:				
Leasehold improvements	5,583		(1,499)	4,084
Software.	15,473		(6,175)	9,298
Technical archive of works	3,463		(692)	2,771
Interconnection costs and charges	1,681		(1,681)	—
Electronic map archive	129		(128)	1
Improvements to work sites.	1,333		(1,100)	233
Commissions on financing contracts.	181,875		(4,758)	177,117
Commissions on lease contracts.	218		(198)	20
Other	519		(199)	320
	210,274		(16,430)	193,844
	4,983,356	(212)	(306,941)	4,676,203

13. Tangible Assets

Year ended 31 December			
	2001	2002	2003
	(€ in thousands)		
Operating assets	11,110,883	11,782,345	7,444,994
Grants for assets to be relinquished	(1,288,111)	(1,433,561)	(1,188,287)
Industrial depreciation allowance.	(780,630)	(867,212)	(186,462)
Financial depreciation allowance	(4,491,196)	(4,641,158)	(404,349)
	4,550,946	4,840,414	5,665,896
Assets under construction and payments on account	734,102	520,133	810,559
Grants for assets under construction	(133,337)	(45,847)	(58,814)
	600,765	474,286	751,745
	5,151,711	5,314,700	6,417,641

Tangible fixed assets can be also analysed as follows:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Land and buildings	40,450	39,017	34,013
Plant and machinery	40,673	53,525	11,545
Industrial and sales equipment	21,500	23,758	24,558
Assets to be relinquished	4,430,930	4,701,727	5,575,478
Other tangible assets	17,393	22,387	20,302
Assets under construction and payments on account	594,261	462,840	724,022
Advances to suppliers	6,504	11,446	27,723
	<u>5,151,711</u>	<u>5,314,700</u>	<u>6,417,641</u>

Industrial and sales equipment

These include machinery and equipment for motorway projects and improvement, automobiles, transport vehicles, sundry equipment, repair shops and light constructions.

Assets to be relinquished

These assets include operating motorways which, at the end of the concessions will be relinquished to the concession provider. These amounts are shown net of the related grants received.

Other tangible assets

These include furniture, fittings, electronic equipment and devices provided to motorists for the use of the Telepass system.

Assets under construction and payments on account

The item includes investments related to assets to be relinquished net of grants (motorways under construction), to new motorway projects and improvement and for structural adjustments to currently operating assets. These also include, to a lesser extent, assets not to be relinquished under construction, related to equipment that has not yet entered operation as the release phase is still under way.

The 162,989 thousand euros increase in tangible fixed assets in 2002 with respect to 2001 is mainly due to the combined result of the following:

- investment in motorway projects and improvement and other tangible assets totalling 466,637 thousand euros;
- depreciation of 243,480 thousand euros;
- grants received during 2002 totaling 59,944 thousand euros, net of reclassifications.

2003 figures are mainly determined by the combined result of the following :

- investments in motorway projects and improvement and other tangible assets totalling 1,467,489 thousand euros, of which 803,544 thousand euros relate to the acquisition of tangible assets of Strada dei Parchi;
- industrial depreciation of 78,536 thousand euros and financial depreciation of 170,460 thousand euros;
- grants to Autostrade, Torino-Savona, Autostrade per l'Italia, Euroypass, SAM and RAV totalling 52,780 thousand euros.

Total tangible assets in 2003 also include 87,708 thousand euro regarding the residual value of revaluations effected pursuant to laws 72/1983 and 413/1991.

For details during the three years reference should be made to the following tables:

31 December 2001							
	Gross tangible assets			Grants for assets to be relinquished	Accumulated depreciation		Book value
	Cost	Revaluations	Write- downs		Industrial	Financial	
				Total			
				(€ in thousands)			
Land and buildings.	44,489	24,094		68,583	(28,133)		40,450
Plant and machinery	72,263			72,263	(31,590)		40,673
Industrial and sales equipment	118,502	1,154		119,656	(98,156)		21,500
Assets to be relinquished:							
Land	310,915	61,737		372,652	(6,491)	(171,646)	194,441
Buildings	317,097	86,940	(9)	404,028	(11,764)	(182,429)	198,325
Light constructions	65,604	12,371		77,975	(299)	(1,443)	14,938
Fixed constructions	8,049,970	1,155,832	(2,975)	9,202,827	(1,265,006)	(4,030,126)	3,840,657
Other works.	364,308	11,808		376,116	(2,876)	(4,117)	60,479
Toll collection installations	185,132	9		185,141	(1,675)	(55,755)	81,434
Repair shops	1,793	2,009		3,802	(3,798)		4
Other assets.	1,461			1,461			1,461
Higher construction charges	94,349			94,349		(55,158)	39,191
	9,390,629	1,330,706	(2,984)	10,718,351	(1,288,111)	(4,491,196)	4,430,930
Other tangible assets.	131,613	417		132,030	(114,637)		17,393
Assets under construction and payments on account:							
Motorways under construction.	716,047	(14)	(597)	715,436	(133,337)		582,099
Assets not to be relinquished under construction.	12,162			12,162			12,162
	728,209	(14)	(597)	727,598	(133,337)		594,261
Advances to suppliers	6,504			6,504			6,504
	10,492,209	1,356,357	(3,581)	11,844,985	(1,421,448)	(780,630)	5,151,711

31 December 2002

	Gross tangible assets				Grants for assets to be relinquished	Accumulated depreciation		Book value
	Cost Revaluations		Write- downs	Total		Industrial	Financial	
	(€ in thousands)							
Land and buildings.	45,679	24,094		69,773		(30,756)		39,017
Plant and machinery	93,255			93,255		(39,730)		53,525
Industrial and sales equipment	126,641	1,137		127,778		(104,020)		23,758
Assets to be relinquished:								
Land	325,146	61,737		386,883	(7,199)	(75)	(177,236)	202,373
Buildings	332,314	86,940	(9)	419,245	(1,449)	(12,005)	(190,600)	215,191
Light constructions	122,894	12,371		135,265	(4,526)	(65,957)	(1,521)	63,261
Fixed constructions	8,586,992	1,155,832	(2,975)	9,739,849	(1,416,323)	(70,450)	(4,219,551)	4,033,525
Other works.	413,797	11,808		425,605	(2,798)	(323,507)	(4,721)	94,579
Toll collection installations	204,107	9	(6)	204,110		(77,454)	(47,529)	79,127
Repair shops	15,886	2,009		17,895	(1,266)	(4,444)		12,185
Other assets.	1,486			1,486				1,486
Higher construction charges	—			—				—
	10,002,622	1,330,706	(2,990)	11,330,338	(1,433,561)	(553,892)	(4,641,158)	4,701,727
Other tangible assets.	160,785	416		161,201		(138,814)		22,387
Assets under construction and payments on account:								
Motorways under construction.	499,662		(597)	499,065	(45,847)			453,218
Assets not to be relinquished under construction.	9,622			9,622				9,622
	509,284		(597)	508,687	(45,847)			462,840
Advances to suppliers	11,446			11,446				11,446
	10,949,712	1,356,353	(3,587)	12,302,478	(1,479,408)	(867,212)	(4,641,158)	5,314,700

Changes during the year 2002

	Cost				Revaluations			Write-downs	Grants				Industrial			
	Purchases/ Capitalisation	Transfers/ Reclassi- fications	Disposals/ Eliminations	Total	Transfers and reclassi- fications	Disposals/ Eliminations	Total		Increases	Increases	Reclassi- fications	Decreases	Total	Accruals	Uses	Re- financing
(€ in thousands)																
Land and buildings	1,211		(21)	1,190									(2,641)	18		
Plant and machinery. . . .	15,474	8,290	(2,772)	20,992									(9,071)	929		
Industrial and sales equipment	12,364	178	(4,400)	8,139		(17)	(17)						(9,892)	4,028		
Assets to be relinquished:																
Land	8,482	5,754	(5)	14,231						(708)		(708)	(1)			
Buildings	3,397	11,820		15,217						10,315		10,315	(495)			
Light constructions	2,467	54,823		57,290						(2,615)	(1,612)		(4,227)	(4,662)		
Fixed constructions	77,623	459,501	(102)	537,022						(41,836)	(109,481)		(151,317)	(3,412)		
Other works	29,687	19,809	(7)	49,489						(369)	447		78	(14,868)	5	
Toll collection installations	15,411	3,902	(338)	18,975					(6)		1,675		1,675	(21,977)	278	
Repair shops.		14,093		14,093						(731)	(535)		(1,266)	(646)		
Other assets	25			25												
Higher construction charges		(94,349)		(94,349)												
	137,092	475,353	(452)	611,993					(6)	(45,551)	(99,899)		(145,450)	(46,061)	283	
Other tangible assets	29,919	983	(1,730)	29,172		(1)	(1)						(25,810)	1,622		
Assets under construction and payments on account:																
Motorways under construction	257,709	(471,060)	(3,034)	(216,385)	14		14			(14,393)	99,899	1,984	87,490			
Assets not to be relinquished under construction	6,667	(8,668)	(539)	(2,540)												
	264,376	(479,728)	(3,573)	(218,925)	14		14			(14,393)	99,899	1,984	87,490			
Advances to suppliers	6,201	(1,259)		4,942												
	466,637	3,814	(12,948)	457,503	14	(18)	(4)	(6)	(59,944)			1,984	(57,960)	(93,475)	6,880	

Gross tangible assets				Grants for assets to be relinquished	Accumulated depreciation		Book value
Cost	Revaluations	Write-downs	Total		Industrial	Financial	
(€ In thousands)							
41,388	630		42,018		(8,005)		34,013
39,098			39,098		(27,553)		11,545
39,244	9		39,253		(14,695)		24,558
245,982	431		246,413	(7,199)	(76)	(38,176)	200,962
238,936	8,136	(9)	247,063		(12,561)	(8,313)	226,189
76,714	297		77,011	(4,526)	(7,010)	(1,576)	63,899
6,323,898	75,943	(2,860)	6,396,981	(1,170,221)	(73,903)	(299,747)	4,853,110
133,036	231		133,267	(3,741)	(11,402)	(5,586)	112,538
130,837	10		130,847		(6,312)	(48,857)	75,678
16,270	2,009		18,279	(1,265)	(5,095)		11,919
34,738		(8)	34,730	(1,335)	(118)	(2,094)	31,183
7,200,411	87,057	(2,877)	7,284,591	(1,188,287)	(116,477)	(404,349)	5,575,478
40,022	12		40,034		(19,732)		20,302
782,486		(1,612)	780,874	(58,814)			722,060
1,962			1,962				1,962
784,448		(1,612)	782,836	(58,814)			724,022
27,723			27,723				27,723
8,172,334	87,708	(4,489)	8,255,553	(1,247,101)	(186,462)	(404,349)	6,417,641

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
Equity investments	175,694	336,111	373,489
Payments on account of equity investments	—	—	31,806
Accounts receivable	21,807	25,131	71,150
Other financial assets.	934	789	—
	198,435	362,031	476,445

Equity investments can be analysed as follows:

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
Equity investments in unconsolidated subsidiaries:			
Cons. Spea-tecnic	25	25	—
Autostrade Tlc Fixed	103	103	—
Autostrade UK	3,104	—	—
Pavimental Est	—	—	—
Sitech Spa in liquidation	—	—	1,061
Strada dei Parchi	—	9,300	—
Cons. Valorizz. Amb. Inf. Viarie	—	5	5
	<u>3,232</u>	<u>9,433</u>	<u>1,066</u>
Equity investments in associated companies:			
So.c.aer. in liquidation	19	—	—
A.li.ce in liquidation	5	—	—
Soc. Cons. Arca 88	7	7	7
Cons. Italtecnasud in liquidation	10	10	10
Cons. C.E.A. in liquidation	8	—	—
Cons. Acque in liquidation	12	12	0
Cons. Stipe-Spea-Incociv Ute	2	1	1
Cons Stipe-Spea	3	1	1
Cons. Autostrade Italiane Energia	—	37	43
Autos. Pedemontana Lombarda	4,898	4,898	4,313
Cons. Co.Te.Co in liquidation	5	5	5
BLU	—	—	—
GEIE Traforo del Monte Bianco	1,000	1,000	1,000
Passante del Nord Est	—	650	650
Tangenziali esterne di Milano	—	1,920	1,920
Pedemontana Veneta	—	1,140	1,140
Dabibes	—	5	—
M.E.L.	—	—	525
NewCo Nuova Romea	—	—	200
Arcea Lazio	—	—	70
Consorzio R.F.C.C. in liquidation	—	—	—
Autostrade Lombarde	—	—	36,159
Saba Italia	10,965	10,965	10,965
	<u>16,934</u>	<u>20,651</u>	<u>57,009</u>
Investments in other companies	155,528	306,027	315,414
	<u>175,694</u>	<u>336,111</u>	<u>373,489</u>

The increase in 2002 as compared to 2001 is mainly related to the purchase of interests in the following companies:

Equity investments in unconsolidated subsidiaries:

- 60% of Strada dei Parchi (9,300 thousand euros), a newly established company, that from 1 January 2003 took over the license for the maintenance and management of the Rome-L'Aquila-Teramo (A24) and Torano-Pescara (A25) motorway networks.

Equity investments in associated companies:

- 26% of Passante del Nord Est (650 thousand euros);
- 32% of Tangenziali esterne di Milano (1,920 thousand euros);
- 38% of Pedemontana Veneta (1,140 thousand euros).

Equity investments in other companies, registered an increase of 150,499 thousand euros mainly due to purchases of a further 2.27% of ACESA (106,086 thousand euros) and 5.42% of Autostrade del Brennero (41,918 thousand euros), and to the capital increase carried out by BREBEMI (2,536 thousand euros).

The variations in 2003 are mainly determined by:

Equity investments in unconsolidated subsidiaries:

- Sitech S.p.A. has been excluded by the consolidation area due to the fact that the Company is in liquidation from 13 May 2003.
- Strada dei Parchi S.p.A. has been included in the consolidation area due to the fact that such company from 1 January 2003 took over the concession for the maintenance and management of the Rome-L'Aquila-Teramo (A24) and Torano-Pescara (A25) motorway networks.

Equity investments in associated companies:

- The increase of the equity interest in Autostrade Lombarde (former BREBEMI) from 16.0% up to 35,5%.

As at 31 December 2003 *equity investments in other companies*, mainly consist of investments in:

- Abertis Infraestructuras (4.98% by Autostrade Participations).

The value of the investments, amounting to 252,266 thousand euros, is shown net of the adjustment of the intra-group gain (3,462 thousand euros) on the sale of the shareholding by Predecessor Autostrade to Autostrade Participations in 2001;

- Autostrade del Brennero (5.51% by Autostrade for 42,954 thousand euros);
- Autovie Venete (4.29% by Autostrade for 18,698 thousand euros).

Negative shareholders' equity in certain non-Consolidated companies is accounted for by establishing provisions for capital losses, which are posted to provisions for liabilities and charges (Note 22). Such provisions break down as follows:

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
<i>Unconsolidated subsidiaries:</i>			
Pavimental Est	575	118	118
<i>Associated companies:</i>			
Consorzio RFCC.	3,116	3,316	2,132
	<u>3,691</u>	<u>3,434</u>	<u>2,250</u>

15. Short-Term Bank Loans

In 2002 this item registered an increase, mainly resulting from the Predecessor Autostrade temporary greater financing, associated with medium/long-term repayments and with the payment of 2001 dividends.

During 2003, this item registered a decrease mainly related to the positive cash flows from working capital.

16. Advances

Advances essentially refer to billing on-account for contract work in progress.

17. Trade Accounts Payable

Trade accounts payable mainly relate to amounts due to contractors for maintenance works and investments, and also include third party services received by year end and not yet billed.

18. Accounts Payable due to Subsidiaries and Associated Companies

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
<i>Financial</i>			
Unconsolidated subsidiaries	3,221	6,593	30,543
Associated companies	2,751	4,964	23,404
	5,972	11,557	53,947
<i>Trade</i>			
Unconsolidated subsidiaries	52	72	—
Associated companies	952	16,787	5,785
	1,004	16,859	5,785
	6,976	28,416	59,732

The increase in trade accounts payable in 2002 as compared to 2001 (15,835 thousand euros) is due to the accounts payable by Società Italiana per il Traforo del Monte Bianco to GEIE Traforo del Monte Bianco.

As at 31 December 2003, amounts due to unconsolidated subsidiaries regard primarily payables related to current account balance held by Autostrade S.p.A. with Sitech in liquidation.

Financial amounts due to associated companies are liabilities related to the Parent Company's debt due to Autostrade Lombarde for capital not paid in; non-financial nature liabilities mainly consist of amounts payable by Società Italiana per il Traforo del Monte Bianco to GEIE for its operation of the Mont Blanc tunnel;

19. Due to Tax Authorities

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
IRPEG (Corporate income tax) and IRAP (Regional income tax on productive activities)	140,159	57,763	202,873
VAT	16,892	7,248	41,100
Substitute tax	—	—	1,079,261
Withholding taxes on salaries and consultants' fees	6,942	6,560	3,327
Toll surcharge to be paid to the State (i) on vehicles transits made in the last part of the year and (ii) for concession fees.	29,764	31,473	33,326
Other.	1,954	1,827	1,066
	195,711	104,871	1,360,953

The substitute tax balance as at 31 December 2003 refers to contribution in kind made by Predecessor Autostrade, as described under the section "Progetto Mediterraneo" in paragraph 3.

20. Due to Social Security Institutions

Social security contributions regard statutory contributions accrued but not yet paid to social security institutions.

21. Other Accounts Payable

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
Accounts payable to motorway companies for interconnections . .	232,621	276,268	301,895
Guarantee deposits for motorists operating on an open-account basis	31,428	34,009	36,280
Tolls in the process of payment	89,305	93,033	92,038
Accounts payable to ANAS.	17,563	254,601	292,598
Sundry	119,344	66,388	121,527
	<u>490,261</u>	<u>724,299</u>	<u>844,338</u>

Accounts payable to ANAS are financial liabilities, primarily related to the payment of loan instalments for grants matured on work.

22. Provisions for Liabilities and Charges

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
<i>Short-term</i>			
Deferred and other taxes.	3,468	435	253
Provisions for losses exceeding equity investments (Note 14) . . .	3,691	3,434	2,250
Provisions for sundry litigation and liabilities.	44,482	44,467	89,700
	<u>51,641</u>	<u>48,336</u>	<u>92,203</u>
<i>Medium and long- term</i>			
Provisions for costs of repair and replacement of assets to be relinquished	915,018	1,037,644	1,168,054
Provision for higher proceeds due to variable "X"	2,275	5,436	9,272
	<u>917,293</u>	<u>1,043,080</u>	<u>1,177,326</u>
	<u>968,934</u>	<u>1,091,416</u>	<u>1,269,529</u>

The "Provision for sundry litigation and liabilities" covers potential liabilities in respect of sundry pending disputes (e.g. claims from contractors for maintenance work), costs related to work in progress and other sundry costs and indemnities as well as potential tax liabilities.

The increase for 2003 is mainly related to the accrual of 25,823 thousand euros in 2003 made by Strada dei Parchi in connection with the obligation it assumed when signing the Agreement to hold ANAS harmless from liability for risks deriving from the operating arrangements under Law 106 of 6 April 1977. The counter entry of this accrual has been included under tangible assets with "assets to be relinquished", since the estimated amount of the potential liability has been assimilated to as a direct cost incurred to obtain the concession and therefore has been capitalised.

Autostrade (formerly NewCo28) was established in 2002 and the year 2002 has not yet been settled with the Tax Authorities. With regard to the Predecessor Autostrade is to be noted that, following the expiring of the time-limit for assessment, for the purpose of direct taxes all tax periods up to 31 December 1997 included are closed to assessment while for indirect taxes such period extends to 31 December 1998 included, except for pending litigations.

In the context of the programmed tax inspections of the so called "big entities" in the period from February to October 2003 the Italian Tax Police inspected Predecessor Autostrade's files for the tax periods from 1997 to 2001. The outcome of these inspections was included in the relevant tax inspectors' report dated 6 October

2003, questioning with only one remark and reporting four indications on certain tax-relevant matters, in respect of which no conclusion was formulated due to the complexity of the issues. In response to the notification of such report, the Company has promptly submitted its defence to the relevant Tax Authorities, stating the reasons why the considerations made in the report are regarded as unfounded and illegitimate by the applicable rules and regulations.

In December 2003, the Tax Agency of Rome 4 notified the Company of two tax assessments for the years 1997 and 1998. These assessments regarded both the only remark included in the above mentioned tax inspectors' report and two of the aforementioned indications.

With respect to the tax year 1997, the Tax Agency objected to the Company having mistakenly accounted for the renewal of the Agreement (with ANAS) of 18 September 1968 formalised by signing the Agreement of 4 August 1997, which established new terms and conditions of the concession. Specifically, the duration of the concession was extended by twenty years, until 2038, as permitted by Law 359 of 8 August 1992. The Tax Agency believes that the amounts claimed by the Company from ANAS have been settled by way of private settlement owing to such renewal, assuming a cause and effect relationship between such extension and the claims of the Company. The Tax Agency believes that such claims, arising from the omitted contractual adjustments of tolls and ANAS's failure to adopt measures to reimburse the costs for the "Colombian" investments (amounting to €513.5 million), should have been recorded by Autostrade as extraordinary income to be taxed in 1997.

Based on the same assumption, the Tax Agency questioned the tax treatment under which the Company fully deducted from taxable income for the 1997 tax return a write-off on accounts receivable of €15.8 million, recorded in the previous years' accounts. Such account receivable related to a request for refund of expenses incurred from 1984 to 1992 for the Voltri-Rivarolo interconnection. According to the Tax Authorities such receivable should have been capitalised as intangible assets and amortised over the concession period.

Also with reference to 1997, the Tax Agency questioned that the Company wrongly fully deducted the amount of €160.3 million for maintenance costs incurred in the year and exceeding the utilisation of the "provision for costs of restoration and replacement of assets to be relinquished". According to the Tax Agency position, these costs should have been deducted over at least two fiscal years.

In respect of 1998, the Tax Agency repeats the same indication for the maintenance costs incurred in such year and exceeding by €9.1 million the utilisation of the relevant provision, which also in this case should have been deducted over at least two fiscal periods.

With respect to the indications expressed and described above, the Tax Agency calculated additional taxes for a total of €324.2 million and €281.6 million for penalties relating to 1997, and €1.9 million for higher taxes relating to 1998. The Tax Authorities inflicted no penalties in respect of the indication on the deduction of maintenance costs for 1997 and 1998, in consideration of the relative uncertainties about the scope and applicability of the relevant tax rules (Art. 73, par. 2 of "TUIR", the Italian Tax Code).

With the support of leading tax experts and advisors, the Company's directors analysed thoroughly the *de facto* and *de jure* grounds on which the tax inspectors and the Tax Agency based their arguments for issuing the assessments and with a view to determine the actual risk and potential consequences of the assessments.

All advisors unanimously expressed their opinion in favour of the Company's conduct. In particular, they all considered that the remark expressed on the litigation with ANAS in respect of the renewal of the concession agreement of 4 August 1997 is groundless, considering the regulatory framework of the concession renewal. In addition, as the remark regards the timing of the deductibility of costs, it appears reasonable to expect a future tax deductibility of the same.

The advisors judged favourably the Company's treatment of the one-year deductibility of the costs exceeding the value of the provision for costs of restoration. Moreover, they considered that, even if the Tax Agency's position should prevail and if the Company was not allowed to deduct these expenses over the years subject to inspection, the company should however be allowed to deduct such expenses in the subsequent years.

On 21 January 2004, Autostrade filed an instance of self protection (“istanza di autotutela”) asking for the full annulment of tax assessments, and subordinately that the Tax Agency formulates a proposal of adhering to the tax assessments, pursuant to Article 5 of Italian Legislative Decree no. 218/97. On 16 February 2004, the Company submitted its formal request to define the terms of the assessments (the so called “accertamento con adesione”), in accordance with Article 6 par. 2 and 3 of Italian Legislative Decree 218/97, which suspends the terms to appeal the notices of assessment for ninety days, term which would otherwise have expired on 21 February 2004 and on 27 February 2004 for the 1997 and 1998 assessments, respectively. Autostrade’s tax request of definition does in no way signify that the Company waives its instance of self protection, nor that the proposal of definition of the tax assessments that will be made by the Tax Authority will be binding for the Company.

Based on the analyses and opinion of external tax consultants, at the current stage of the dispute, the Directors believe that the conditions for making an accrual in the financial statements do not exist, considering as very likely a resolution of the remarks raised by the tax authority with no negative financial effects for Autostrade.

“Provisions for costs of repair or replacement of assets to be relinquished” mainly covers expenses related to the replacement of parts subject to wear and tear and covers the costs related to the extension of the concession granted to the Predecessor Autostrade.

“Provision for higher revenues on the X variable”, established by SAM pursuant to the provisions of Appendix B of the Agreement, reflects the annual accrual of 20% of tolls revenues connected with toll increases due to the X variable in the toll revision formula (the price cap).

Changes in provisions for risks and charges are mainly due to the increase in *provisions for the cost of repair and replacement of assets to be relinquished*, as a result of the amounts (net of releases) allocated by Group companies operating in the motorway business to cover the costs associated with assets to be relinquished.

The increase during the period represents the balance of:

- amounts used for maintenance work;
- provisions including both the sums recorded for new work provided for by the Concession Agreement and the adjustments made to the provisions for the non-routine maintenance programs envisaged by the Group.

23. Accrued Expenses and Deferred Income

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
Accrued expenses	22,603	20,216	38,806
Deferred income	29,976	31,102	40,636
	<u>52,579</u>	<u>51,318</u>	<u>79,442</u>

Accrued expenses are mainly related to financial charges on loans to Group companies. Deferred income mainly relates to lease rentals collected in advance.

24. Employee Termination Indemnities

	(€ in thousands)
Balance at 31 December 2001	157,641
Provisions	25,315
Utilisation, advances and other	(15,236)
Balance at 31 December 2002	167,720
Provisions	26,970
Utilisation, advances and other	(15,737)
Change in consolidation area	11,613
Balance at 31 December 2003	190,566

Such indemnities represent accrued liabilities due to employees to be paid upon termination of employment.

25. Medium and Long Term Debt

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Bonds	335,697	25,823	25,823
Bank loans	582,491	1,108,381	7,816,400
Due to other lenders	154,666	128,676	861,381
	1,072,854	1,262,880	8,703,604

Medium and long-term amounts due to banks on 31 December 2003 concern:

- 6,500,000 thousand euros in respect of the Second Stage Senior Secured Long Term Facilities ("LTF2") granted to Autostrade SpA on 26 November 2003, guaranteed by Autostrade per l'Italia SpA, and utilised on 19 December to acquire the financing contract between banks and Autostrade per l'Italia SpA, which used the LTF1 on 22 September 2003 to finance the distribution of reserves. As noted, the LTF2 are intended to face Group's need for an efficient financial structure in which the Group's financial exposure with third parties is concentrated at Autostrade level, which will act as the Group's finance and treasury manager, mainly to support the financing requirements of subsidiaries. This structure will enable the Group to optimise access to the financial markets by issuing bonds through the listed Parent Company and to capture the benefits of the cash-flow generating capacity of motorway operations.

In order to hedge the risk of changes in interest rate market value, Autostrade has entered into Interest Rate Swap agreements with banks, amounting to €5,400 millions as of 31 December 2003, specifically related to LTF2. Taking account of the interest rate swaps in place, at 31 December 2003 more than 80% of the 6,500,000 thousand euros loan was at fixed-rate interest.

It is underlined that Autostrade has secured the financing by pledging its equity investments in Autostrade per l'Italia SpA, Autostrade International SpA, Autostrade Participations S.A., and TowerCo SpA, in a total amount of 6,097,939 thousand euros, the Italian patent for Telepass, the Telepass trademark and the New Jersey patents. It has also pledged a number of current accounts held by Autostrade S.p.A. with Mediobanca denominated Holding Account (20,697 thousand euros).

- 442,532 thousand euros loans payable in respect of loans from the European Investment Bank. The loans are fully guaranteed by San Paolo-Imi, UniCredit Banca, Banca Intesa, Società Generale and Banca Popolare dell'Emilia Romagna;
- 873,868 thousand euros due to other banks.

Medium and long-term amounts due to other lenders on 31 December 2003 mainly concern the residual non-interest-bearing debt with the Central Guarantee Fund (Fondo Centrale di Garanzia) for motorways and metropolitan railways, resulting from the repayment of loans (123,246 thousand euros) of Tangenziale di Napoli and Società Autostrada Tirrenica by such Central Guarantee Fund and the principal due to the concession provider ANAS by Strada dei Parchi.

For details of medium- and long- term debt of the three years reference should be made to the following page:

Medium/long term debt

	2001	2002	2003	Interest rate 2003	Type of interest rate	Spread	Type of loan	Maturity
	(€ in millions)							
Autostrade S.p.A.								
Capital Market Facility			4,594.6		Euribor 1m	1.35	Bank	31/12/2014
Banking Facility			1,905.4		Euribor 1m	1.35	Bank	30/06/2012
			6,500.0					
Autostrade per l'Italia								
IRI/EIB 10.	4.7	—	—		Fixed		Bank-EIB	15/04/2002
IRI/EIB 11.	2.3	—	—		Fixed		Bank-EIB	15/04/2002
Bond Loan 1997/2002	258.3	—	—		Euribor 3m	0.20	Bond	06/05/2002
Cred. Fon. Ind. 93	8.5	—	—		Libor USD6m	8.13	Bank	30/07/2002
IRI/EIB 13.	3.2	—	—		Fixed		Bank-EIB	10/10/2002
IRI/EIB 15.	8.6	—	—		Fixed		Bank-EIB	10/10/2002
IRI/EIB 17.	0.6	—	—		Fixed		Bank-EIB	10/10/2002
Bond Loan 1997/2002	51.6	—	—		ISTAT Index	3.75	Bond	31/12/2002
Crediop/EIB 92.2 tr.	1.0	—	—		Fixed		Bank-EIB	10/02/2003
IRI/EIB 19.	6.7	3.5	—		Fixed		Bank-EIB	15/04/2003
Cassa Risp. PR-PC/EIB.	8.2	4.3	—		Fixed		Bank-EIB	25/11/2003
Cariplo/EIB 93.	11.2	5.8	—		Fixed		Bank-EIB	05/12/2003
Cariplo 1988	14.1	7.5	—		Mixed	0.50	Bank	31/12/2003
Bond Loan 1994/2004	25.8	25.8	25.8	9.500	Fixed		Bond	15/02/2004
CARIPLO/EIB 94	14.6	10.1	5.2	8.100	Fixed		Bank-EIB	10/06/2004
BANCO NAPOLI/EIB 90 1	4.3	3.0	1.6	8.800	Fixed		Bank-EIB	15/12/2004
CARIPLO/EIB 95	11.2	8.5	5.8	5,120	Mixed	0.50	Bank-EIB	15/03/2005
BANCO NAPOLI/EIB 90 2	5.0	3.7	2.3	9.350	Fixed		Bank-EIB	15/06/2005
CREDIOP/EIB 92 1TR.	11.5	9.7	7.8	8.364	Fixed		Bank-EIB	10/02/2007
BANCA DI ROMA/EIB 1998	30.3	25.7	21.0	2.195	Floating EIB rate	0.085	Bank-EIB	15/03/2008
BANCA DI ROMA/EIB 1998 2 tr.	36.8	31.2	25.5	2.195	Floating EIB rate	0.085	Bank-EIB	15/03/2008
EIB 1999	300.0	300.0	300.0	4.810	Fixed		EIB	15/09/2010
EIB 2001	—	150.0	142.5	4.090	Fixed		EIB	15/09/2011
San Paololmi/Dexia Crediop	75.8	100.1	95.1		Fixed		Loan on account of grant under Law 662/96	30/11/2016
Dexia Crediop	—	300.0	427.1		Fixed		Loan on account of grant under Law 347/97	30/11/2017
	894.3	988.9	1,059.8					
Trafo Monte Bianco								
BPM/EIB	50.0	50.0	50.0	5.615	Fixed		Bank-EIB	2010
Banca Intesa BCI/Mediocredito	—	—	20.0		Euribor 6m	1.00	Bank	2007
Banca Nazionale del Lavoro.	—	—	10.0		Euribor 6m	1.00	Bank	2006
San Paolo IMI	—	—	25.0		Euribor 6m	1.25	Bank	2008
Banca di Roma	—	—	15.5		Euribor 6m	0.85	Bank	2007
	50.0	50.0	120.5					
Strada dei Parchi								
ANAS	—	—	737.0	6.000	Fixed		ANAS	2029
Dexia Creiop/Banca OPI.	—	—	16.9	6.000	Fixed		Bank	2006
Totale			753.9					
Soc. Aut. Tirrenica								
Guarantee Central Fund	73.2	72.9	72.6		Interest-free		Italian Ministry of Treasury	2026
Tangenziale di Napoli								
Guarantee Central Fund	55.3	52.3	50.8		Interest-free		Italian Ministry of Treasury	2037
Torino-Savona								
San Paololmi/Dexia Crediop		98.8	94.0		Fixed		Loan on account of grant under Law 662/96	30/11/2016
Autostrade Participations								
Banque Generale du Luxembourg	—	—	42.9	4.958	Fixed	0.75	Bank	2005
BPU Banca International	—	—	9.1	5.008	Variable	0.80	Bank	2005
			52.0					
	1,072.8	1,262.9	8,703.6					

26. Shareholders' Equity

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Parent Company's interest:			
Share capital	615,240	615,427	571,687
Reserves and retained earnings.	1,380,075	1,525,888	448,775
Consolidation reserve.	9,767	9,767	—
Net income for the year	415,701	529,310	156,760
	<u>2,420,783</u>	<u>2,680,392</u>	<u>1,177,222</u>
Minority interest:			
Capital and reserves	450,923	426,338	406,697
Net income for the year	(26,698)	(25,604)	(7,036)
	<u>424,225</u>	<u>400,734</u>	<u>399,661</u>
	<u><u>2,845,008</u></u>	<u><u>3,081,126</u></u>	<u><u>1,576,883</u></u>

The following tables provide details of shareholders' equity:

Statement of Changes in Consolidated Shareholders' Equity for Predecessor Autostrade

	Reserves of the Predecessor Autostrade				Other reserves and retained earnings	Total reserves and retained earnings	Consolidation reserve (art. 33 L.D. 27)	Net income	Total Shareholders' equity
	Share capital	Legal reserve	Revaluation reserve	Other reserves					
	(In thousands of Euros)								
Balances at 31 December 2001	615,240	99,292	683,070	352,771	244,942	1,380,075	9,767	415,701	2,420,783
Changes:									
Share capital increase	187								187
Share premium reserve.				2,475		2,475			2,475
Distributed dividends								(272,126)	(272,126)
Accruals to the legal reserve.		19,756				19,756		(19,756)	
Accruals to other reserves.				103,243		103,243		(103,243)	
Accruals to reserves from other consolidated companies					20,576	20,576		(20,576)	
Foreign exchange differences					(237)	(237)			(237)
Net income for the year								529,310	529,310
Balances at 31 December 2002	615,427	119,048	683,070	458,489	265,281	1,525,888	9,767	529,310	2,680,392

Statement of Changes in Consolidated Shareholders' Equity for Autostrade (Parent Company interest) in 2003

	Share capital	Reserves of the Parent Company			Total	Other reserves and undistributed profits	Total reserves and profits (losses carried forward)	Consolidation reserve 33 Leg Decree 1	Total reserves	Net profit	Total shareholders' equity
		Legal reserve	Revaluation reserve	Other reserves							
(€ in thousands)											
Balance at 31 December 2002 ^(a)	5,000									1	5,001
Changes											
(1) Share capital increase	566,687										566,687
Capital increase backing exchanged shares of former Autostrade S.p.A.											
(2) Merger surplus reserve				448,999	448,999		448,999		448,999		448,999
Difference between capital increase and value of portion of shareholders' equity acquired											
(3) Allocation of previous year's results				1	1		1		1	(1)	
(4) Exchange rate differences and other changes.						(225)	(225)		(225)		(225)
Net profit for the period										156,760	156,760
Balance at 31 December 2003	571,687			449,000	449,000	(225)	448,775		448,775	156,760	1,177,222

(a) Amounts related to NewCo28, without continuity with Predecessor Autostrade

27. Memorandum Accounts

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
General and unsecured guarantees, of which:			
Guarantees in the interest of subsidiaries	130,689	165,150	181,465
Guarantees in the interest of associated companies	—	—	8,013
Guarantees in the interest of others	80,162	80,093	82,094
Other forms of guarantees	—	—	15,494
	210,851	245,243	287,066
Purchase and sale commitments	923,193	1,446,916	1,892,658
Other memorandum accounts:			
Guarantees received	457,890	556,347	592,100
Guarantees given by other companies	55,286	52,298	—
Reserves	513,783	450,308	275,855
Commitments	21,465	40,988	—
Lease rentals	14,553	11,824	11,824
Other	139,996	169,287	123,101
	1,202,973	1,281,052	1,002,880
	2,337,017	2,973,211	3,182,604

As of 31 December 2002 general and unsecured guarantees are composed of:

Guarantees in the interest of subsidiaries:

- 56,496 thousand euros (60,394 thousand euros in 2001) relating to Predecessor Autostrade's commitment to honour the obligations of Autostrade Participations S.A. to Midland Expressway Limited (MEL) under a Shareholder Funding Agreement in respect of the Birmingham Northern Relief Road project;
- 108,654 thousand euros (70,295 thousand euros in 2001) relating to the bank guarantees issued by Predecessor Autostrade in favour of the following companies: Società Torino-Savona, Traforo Monte Bianco, RAV, Autostrade Telecomunicazioni and Autostrade International, to secure the recovery of VAT credits for 1998, 1999, 2000 and 2001 from the Italian Ministry of Finance;

Guarantees in the interest of others, mainly including:

- 76,362 thousand euros (76,362 thousand euros in 2001) relating to guarantees given to Assicurazioni Generali to issue a bank guarantee to ANAS in the interest of Strada dei Parchi SpA (in 2001 Temporary Business Grouping Predecessor Autostrade-Toto S.p.A.) to which the A24-A25 motorway was granted under concession from 1 January 2003.
- 1,375 thousand euros (1,639 thousand euros in 2001) related to bank guarantees issued by Pavimental in favour of a consortium companies to guarantee contract performance.
- 1,940 thousand euros (unchanged from 2001) related to guarantees issued by Predecessor Autostrade in favour of COFIRI for loans to employees.

As of 31 December 2003 the amount is mainly composed of:

Guarantees in the interest of subsidiaries:

- 53,348 thousand euros in respect of the guarantee granted by Autostrade SpA on behalf of Autostrade Participations S.A. to Banque Generale du Luxembourg and BPU Banca International securing a line of credit, currently undrawn;
- 128,117 thousand euros for guarantees granted by Autostrade SpA on behalf of Società Torino-Savona, Traforo del Monte Bianco, RAV and Autostrade International to the Ministry of Finance related to VAT credits resulting from VAT returns for the years 1998, 1999, 2000, 2001 and 2002.

Guarantees in the interest of others, mainly including:

- guarantees granted by Autostrade per l'Italia to COFIRI for loans to employees (1,940 thousand euros);
- guarantees granted by Autostrade per l'Italia to Assicurazioni Generali in respect of the granting of a guarantee to ANAS on behalf of the Temporary Business Grouping Autostrade SpA-Toto SpA (76,362 thousand euros) related to the bidding for the acquisition of the A24-A25 motorway. It is to be remembered that such Temporary Business Grouping during 2002 established Strada dei Parchi SpA, which since 1 January 2003 holds the operating concession for the A24-A25 motorway;
- guarantees issued by Predecessor Autostrade to the Ministry of Finance on behalf of Autostrade Telecomunicazioni to secure VAT credits resulting from VAT returns for the years 1998, 1999, 2000, 2001 and 2002 (€2,317 thousand).

Purchase and sale commitments relate to Group obligations to suppliers and contractors for works to be completed and supplies to be delivered, primarily for investment and maintenance purposes.

Other memorandum accounts mainly include:

- reserves to be defined with contractors in respect of Predecessor Autostrade, Autostrade per l'Italia, RAV, SAT and Torino-Savona. Based on past experience, the charges to be borne by the companies account, on an average, for a significantly lower amount than claimed and the actual percentage paid varies depending on the type of work. These charges, however, increase the cost of contract work to be capitalised as tangible assets.

- For 2001 and 2002 commitments given under equity swap contracts underlying the shares of Predecessor Autostrade in respect of the stock option plan for directors.

28. Revenues

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Net toll revenues:			
Gross toll revenues	2,088,997	2,221,699	2,422,610
Portion of tolls to be paid to the government	(85,057)	(88,169)	(93,506)
	<u>2,003,940</u>	<u>2,133,530</u>	<u>2,329,104</u>
Other motorway revenues	216,661	211,115	229,069
Other income and revenues	6,011	12,193	11,607
Total revenues	<u><u>2,226,612</u></u>	<u><u>2,356,838</u></u>	<u><u>2,569,780</u></u>

Other motorway revenues are detailed as follows:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Revenues from service areas sub-concessions	74,833	71,337	85,658
Revenues from deferred toll payment operations.	46,804	57,498	64,017
Other.	95,024	82,280	79,394
	<u>216,661</u>	<u>211,115</u>	<u>229,069</u>

Revenues from service areas sub-concessions are related to royalties generated by sub-concessions of the Group's service areas.

Revenues from deferred toll payment operations relate to the sale of accessories and the operation of Viacard and Telepass services.

29. Raw Materials and External Services Consumption

	Year ended 31 December,		
	2001	2002	2003
	(€ in thousands)		
Raw materials, spares and supplies	137,902	126,790	141,978
Cost of services.	349,538	351,252	435,885
Rentals, leases and similar costs	16,265	16,233	15,840
Change in inventories of raw materials, spares and supplies	(3,736)	1,817	1,099
Concession fees.	21,739	23,029	24,989
Capitalised costs	(62,669)	(73,094)	(117,837)
Reimbursement of costs	(20,626)	(25,179)	(32,591)
Personnel temporarily on secondment	(166)	(4,484)	(4,533)
Work in progress.	(1,855)	(1,477)	(728)
	<u>436,392</u>	<u>414,887</u>	<u>464,102</u>

Raw materials, spares and supplies relate to the costs incurred to purchase construction, electrical, electronic, paper and paper-based materials and products, as well as fuels, lubricants and power supplies.

As at 31 December 2003, 24% of the amount concerns costs incurred by Autostrade (mainly for the period in which it managed the concessions), 27% costs incurred by Autostrade per l'Italia and 41% costs incurred by Pavimental.

The cost of services relates to construction services, insurance, transport and professional services incurred mainly for the maintenance of motorways.

Rentals, leases and similar costs relate to real estate and equipment leases, licenses, rentals of sundry machinery and equipment, as well as usage rights.

Concession fees mainly include the annual fee to be paid to the State calculated on the basis of net revenues from tolls and related revenues.

30. Net Labour Costs

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Salaries and wages	323,866	331,352	349,482
Social security contributions	102,073	103,769	111,804
Employee termination indemnities	24,088	25,315	26,970
Other costs.	2,890	3,783	3,924
Capitalised costs	(5,053)	(5,905)	(10,016)
Reimbursements of labour costs for personnel on secondment. . .	(245)	(5,412)	(5,305)
Personnel on secondment	166	4,484	4,533
	<u>447,785</u>	<u>457,386</u>	<u>481,392</u>

31. Amortisation and Depreciation

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Amortisation of intangible assets.	15,249	19,143	287,402
Depreciation of tangible assets:			
Assets to be relinquished:			
— industrial depreciation	35,846	46,061	43,516
— financial depreciation	141,758	150,005	170,460
Depreciation of assets not to be relinquished	41,999	47,414	35,020
	<u>234,852</u>	<u>262,623</u>	<u>536,398</u>

The amortisation of intangible assets for the year ended 31 December 2003, mainly refers to the amortisation charge amounting to 260,707 thousand euro for the goodwill (4,640,580 thousand euro) paid by Newco28 (now Autostrade SpA) for its investment in Autostrade — Costruzioni e Concessioni Autostrade SpA. The goodwill will be amortised on a straight-line basis by 31 December 2017. The charge for 2003 is equal to 10/12th of the full annual charge since the transaction was completed on 28 February 2003.

Industrial depreciation of assets not to be relinquished has been calculated using rates designed to write-off the assets over their estimated useful lives, which are in line with the rates approved by the tax authorities. The devices provided to users of the Telepass system are fully depreciated during the fiscal year they are distributed, given their low unit cost.

Industrial and financial depreciation of assets to be relinquished over the three-year period is shown below:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Industrial depreciation:			
Land	1	1	1
Buildings	361	495	556
Light construction	2,135	4,662	4,724
Fixed construction	2,588	3,412	3,454
Other work	12,334	14,868	18,267
Toll collection installations	18,419	21,977	15,745
Repair shops	8	646	651
Other	—	—	118
Higher construction charges	—	—	—
	<u>35,846</u>	<u>46,061</u>	<u>43,516</u>

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Financial depreciation:			
Land	5,414	5,645	5,552
Buildings	7,020	7,392	6,623
Light construction	50	55	55
Fixed construction	127,126	135,287	153,898
Other works	351	514	865
Toll collection installation	708	1,112	1,373
Repair shops	—	—	—
Other	—	—	2,094
Higher construction charges	1,089	—	—
	<u>141,758</u>	<u>150,005</u>	<u>170,460</u>

32. Provisions for Risks and Charges

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Provisions for costs of repair or replacement of assets to be relinquished:			
Provisions for the period	456,649	409,632	424,035
Use of provisions	(318,005)	(287,027)	(293,625)
	<u>138,644</u>	<u>122,605</u>	<u>130,410</u>
Provisions for sundry litigation and liabilities	5,948	3,961	25,379
	<u>144,592</u>	<u>126,566</u>	<u>155,789</u>

The accrual for the three-year period were determined on the basis of restoration and replacement programmes of assets to be relinquished, taking into account the overall amount of the relevant provisions, as already discussed in the accounting policies section. Moreover, consideration was given to the utilisation of the original provision for maintenance expenses, as described below.

This amount includes the adjustment related to the Predecessor Autostrade, the Parent Company and Autostrade per l'Italia, to the fund for planned non-recurring maintenance reduced after the utilisation for the period, as well as accruals for commitments in connection with the new works under the Agreement of 4 August 1997.

The provisions were utilised to cover both non-recurrent and routine maintenance costs incurred during each year. The latter also cover personnel costs involved in maintenance.

As at 31 December 2003, the "Provision for sundry litigation and liabilities" amount mainly consists of the accrual by Autostrade per l'Italia (18,500 thousand euros) to cover possible contractual liabilities arising out of litigation with contractors for works and Società Autostrade Meridionali S.p.A. (5,368 thousand euros) as a consequence of the obligation to accrue a percentage of the X variable, a component of the toll increase.

33. Financial Income (Expenses), Net

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Dividends from non-consolidated subsidiaries/associated companies	—	520	—
Dividends from other companies	5,093	7,629	10,443
Other companies' tax credits	15	29	353
Gains on disposal of minority interest	71	267	—
Non current accounts receivable from associated companies. . . .	—	—	373
Non current accounts receivable from others	1,486	652	655
Non-current securities other than shares	23	38	17
Current securities other than shares	5,162	2,179	2,485
Interest and commission income from associated companies. . . .	525	938	102
Interest and commission income from unconsolidated subsidiaries	5	—	—
Profits on foreign currency transactions	169	170	85
Interest and commission income from others and sundry revenues	4,815	15,846	39,149
Interest and commission expense paid to unconsolidated subsidiaries	(16)	(182)	(2,940)
Interest and commission expense on secured loans	(17,546)	(10,051)	(2,856)
Interest and commission expense paid to banks	(45,209)	(58,316)	(321,527)
Interest and commission expense paid to other lenders	(22,584)	(1,207)	(45,004)
Foreign exchange charges	(243)	(157)	(170)
Interest, commissions and sundry charges	(11,693)	(6,039)	(60,260)
	<u>(79,927)</u>	<u>(47,684)</u>	<u>(379,095)</u>
Capitalised interest expense	7,924	5,882	6,009
Financial income (expense), net	<u>(72,003)</u>	<u>(41,802)</u>	<u>(373,086)</u>

"Dividends from other companies" for the year ended 31 December 2003, mainly includes income from dividends received by Autostrade Partecipazioni from its investment in Abertis Infraestructuras (9,816 thousand euros).

"Interest and commission expenses paid to banks" for the year ended 31 December 2003, mainly consist of interest charges incurred by:

- NewCo28 on the funds borrowed in connection with the public tender offer for the shares of Autostrade Concessioni e Costruzioni Autostrade SpA and repaid on 22 September 2003 and on the LTF2 used on 19 December 2003 (272,714 thousand euros);
- Autostrade per l'Italia for a total of 93,366 thousand euros on the LTF1 funding from 22 September, to 19 December 2003 and other bank debts;
- Strada dei Parchi for a total of 48,925 thousand euros, mainly in respect of interest matured on the deferral of the due date for the payment of the license fees.

The item also includes charges in respect of interest rate swaps totalling 45,434 thousand euros.

34. Adjustments to Long-Term Investments

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Revaluations	905	333	—
Write-downs	(152,006)	(104,552)	(1,598)
	(151,101)	(104,219)	(1,598)
Gains on the disposal of a minor investment in the Predecessor Autostrade	—	—	23,446
	(151,101)	(104,219)	21,848

Revaluations mainly relate to write-backs of both investments and marketable securities to reflect changes in their market value.

Write-downs, for the two-year period ended 31 December 2002 primarily relate to interest in Blu SpA, as shown in the table below:

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Write-down of equity investment in Blu SpA	150,479	104,067	—
Write-down of equity investment in Pedemontana SpA	287	—	585
Write-down of other equity investments	—	—	60
Other write-downs	—	—	373
Adjustments to market value of marketable securities	1,240	485	580
	152,006	104,552	1,598

“Gains on the disposal of a minor investment in the Predecessor Autostrade” on 31 December 2003 (23,446 thousand euros) refers to the gain realised by Newco28 S.p.A. before the merger on the disposal of a minor investment in Predecessor Autostrade.

35. Extraordinary Income (Expense), Net

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Extraordinary income.	22,097	14,670	21,816
Extraordinary expense	(20,517)	(29,639)	(24,651)
	1,580	(14,969)	(2,835)

The net amount for 2001 includes:

- Income mainly composed of adjustments to costs incurred in prior years;
- Charges consisting of early retirement incentives for employees (13,939 thousand euros), extraordinary expenses (4,010 thousand euros), prior year taxes (787 thousand euros) and losses on disposals of assets (858 thousand euros).

The net amount for 2002 represents the combined effect of:

- Income mainly composed of adjustments to costs incurred in prior years;

- Charges consisting of early retirement incentives for employees (13,671 thousand euros), extraordinary expenses (9,257 thousand euros), prior year taxes (139 thousand euros) and other non-operating charges (6,572 thousand euros).

The net amount for 2003 represents the combined effect of:

- Income mainly composed of other period income and non-existent liability related to adjustments of costs pertaining to previous years (6,082 thousand euros); gains on the disposal of equity investments (8,536 thousand euros referred to the gain recognised in the consolidated accounts from the sale of Autostrade Telecomunicazioni investment); gains on the sale of two buildings (5,509 thousand euros).
- Charges, consisting of early retirement incentives for employees (18,082 thousand euros), period losses (4,585 thousand euros), taxes related to previous years (1,359 thousand euros) and other non-operating charges (623 thousand euros).

36. Income Tax Expense

	Year ended 31 December		
	2001	2002	2003
	(€ in thousands)		
Current taxes	412,922	473,558	178,103
Deferred taxes	(96,180)	(71,361)	127,787
	<u>316,742</u>	<u>402,197</u>	<u>305,890</u>

Current taxes refer to IRAP and IRPEG and are determined on the basis of the estimated tax burden of each individual consolidated company, considering for 2003 the tax credit (108,914 thousand euros) on the dividend paid by Predecessor Autostrade to NewCo28 before the merger. As a result of the merger, such dividend was deducted from the acquisition price of the equity investment in Autostrade per l'Italia S.p.A.

With regard to deferred taxes:

- the amount for 2001 mainly relates to deferred tax assets on taxed reserves and on the non-deductible write-down of the equity investment in Blu SpA;
- the amount for 2002 mainly refers to deferred tax assets on taxed reserves, net of the related recovery of the loss on the equity investment in Blu SpA.
- the amount for 2003 mainly relates to prepaid taxes recorded in previous years by the Predecessor Autostrade in respect of taxed provisions that were released following the contribution in kind of the motorway business to Autostrade per l'Italia, being deductible after such contribution.

37. Net Profit for the period prior to the Acquisition (January/February 2003)

The item concerns the result realised by Autostrade - Concessioni e Costruzioni Autostrade S.p.A. Group in the first two months of 2003, before the acquisition by Newco28. According to Italian accounting principles, as mentioned above, for consolidation purposes, net profit for the period 1 January 2003 to 28 February 2003 has been deducted from "Goodwill arising from consolidation".

38. Significant Events Incurred after 31 December 2003

After a long and complicated administrative path for the approval of the IV Addendum of the concession between Autostrade and ANAS, by Law Decree no. 355 of 24 December 2003 (Art. 21) — which became legally effective following the issuance of Law 47 of 27 February 2004 — the Government has set new regulation criteria for the motorway sector that are in accordance with those of the IV Addendum. The Government has also said established that the Addendum "be is passed to in all intents and purposes" by Decree of the Minister of Infrastructure and Transport in concert with the Minister of Economy and Finance. Such new regulations establish, since 2004, new criteria for the determination of motorway toll increases.

The IV Addendum will be effective after the Court of Auditors has taken note registration of the above soon-to-be issued decree with the Court of Internal Audit of the Italian State ("Corte dei Conti").

39. Related parties transactions

As part of the Group's business activities, Group companies oftentimes provide goods and services to each other, as more fully described in the respective financial statements and the Group's consolidated financial statements. Since 1 January 2001, material transactions between the Issuers and related parties, excluding intercompany indebtedness, include the following:

Edizione Holding, a company which jointly controls Schemaventotto, controls Autogrill, one of the principal subconcessionaires of the Group. As a result of the relationship between Edizione Holding and Autostrade, the Italian Anti-Trust Authority has from time to time examined the business activities and relationships connected with Autostrade Italia's subconcession business. See "Regulatory — The Concessions — Subconcessions". The Anti-Trust Authority concluded, solely for the purposes of the Italian anti-trust legislation, that Edizione Holding controls Autostrade. The Anti-Trust Decision imposes, among other things, an obligation on Autostrade to entrust an independent advisor with the task of carrying out the required public tender process for the grant of food and beverage and mini-market Subconcessions. See "Business Description of the Group — Regulatory".

In connection with the Anti-Trust Decision, Autostrade Italia entered into an indemnification agreement with Edizione Holding pursuant to which it agreed to indemnify Edizione Holding for certain liabilities incurred by Edizione Holding as a result of violations or misapplications by Autostrade Italia with the Anti-Trust Decision, to the exclusion of liabilities incurred as a result of the gross negligence or willful misconduct of Edizione Holding. In 2002 the Anti-Trust Authority fined Edizione Holding €15 million for non-compliance with the Anti-Trust Decision, and the Anti-Trust Authority has recently announced an investigation against Edizione Holding concerning the tender procedures employed in connection with the granting of service area subconcessions. Autostrade Italia is not currently party to the investigation. Though Autostrade Italia believes it is in full compliance with the Anti-Trust Decision and, accordingly, it will not be required to indemnify Edizione Holding, there can be no assurance that Autostrade Italia will not be named in the investigation or that it will not be required to indemnify Edizione Holding in connection with the pending anti-trust investigation. See "Regulatory — The Concessions — Subconcessions" and "Risk Factors".

In 2003, 2002, and 2001, Autostrade bought tax credits of approximately €35.5 million, €31.0 million, and €28.5 million, respectively, from Schemaventotto, a core shareholder. See "Core Shareholders". Autostrade paid Schemaventotto face value for the credits less administrative expenses in connection with the transactions and used the tax credits to pay its taxes then due and/or coming due.

In 2003, Autostrade obtained general liability insurance policies from Assicurazioni Generali Group, a shareholder in Schemaventotto. See "Core Shareholders". Autostrade paid approximately €14.5 million in premiums for such policies.

Moreover, Abertis holds 12.83% of the capital stock of Schemaventotto, a core shareholder. Abertis is the principal toll motorway operator in Spain.

The Group paid fees of approximately €5.986 million and €0.890 million in the years 2003 and 2002, respectively, to the law firm of Bonelli Erede Pappalardo for legal consultancy services. Roberto Cera, a current director of Autostrade, is a partner in the law firm. Autostrade paid fees of €0.165 million to Studio Cassese, an administrative consultancy firm, for consulting services in 2003. Mr. Cassese, a member of Autostrade's board of directors, is a principal in the firm. Additionally Autostrade paid fees totalling €0.361 million and €0.504 million to Gallo e Associati, a tax consulting firm, for services provided in 2002 and 2003, respectively. Mr. Gallo, one of Autostrade's statutory auditors, is a member of the consulting firm.

In addition, UniCredito, a shareholder of Schemaventotto, is one of the lenders in syndicated loans granted to Group companies in connection with the Tender Offer and in the New Facility and from time to time may provide banking and financial services to the Group. See "Risk Factors" and "Core Shareholders".

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Autostrade Participations S.A.

1. We have acted as “commissaire” of Autostrade Participations S.A. for the years ended 31 December 2002 and 2003. We have been appointed as independent auditors for the year ended 31 December 2001.
2. We have audited the accompanying balance sheets of Autostrade Participations S.A. as at 31 December 2001, 2002 and 2003, and the related profit and loss account, statement of cash flows, and statement of changes in equity for each of the three years ended on 31 December 2001, 2002 and 2003. These accompanying financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.
3. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accompanying financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors in preparing the accompanying financial statements, as well as evaluating the overall accompanying financial statements’ presentation. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion, the accompanying financial statements referred to above, present fairly, in all material respects, the financial position of Autostrade Participations S.A. as at 31 December 2001, 2002 and 2003 and the results of its operations and cash flows for each of the three years ending on 31 December 2001, 2002 and 2003, in accordance with accounting principles accepted in Luxembourg.
5. Without qualifying our opinion, we draw attention to the fact that the accompanying financial statements referred to above, have been extracted from the audited annual reports of Autostrade Participations S.A. Certain modifications have been made to the presentation of the accompanying financial statements in order to facilitate a comparison across periods and to conform more closely to international practices. The notes to the accompanying financial statements are not the full set of notes included in the audited annual reports of the Company. The full annual reports may be obtained from the registered office of the Company.

DELOITTE S.A.

B. Lam
Partner

13 May 2004

FINANCIAL STATEMENTS FOR AUTOSTRADE PARTICIPATIONS

Profit and Loss Account

		Year ended 31 December		
		2001	2002	2003
		(€ In thousands)		
Note				
	Interest on loans to affiliated companies	460	—	—
	Interest on deposits with banks	9,303	295	230
	Interest on bonds	(7,156)	—	373
	Interest on bank loans	(668)	—	(162)
	Net interest income	1,939	295	441
	Commissions on loans	219	—	(53)
	Commissions to parent company	(13)	—	(9)
	Bank commissions	(164)	(1)	(2)
	Net commission income (loss)	42	(1)	(64)
	Depreciation/Devaluation	(201)	(464)	(1,109)
	Dividends on investments	5,382	8,798	9,816
	Capital gain on investments	—	682	93
	Other income (expenses)	(70)	57	51
	General and administrative expenses	(253)	(128)	(170)
	Result from operations before taxation	6,839	9,239	9,058
	Net worth tax	—	(31)	(55)
	Net profit for the year	6,839	9,208	9,003

Balance Sheet

		Year ended 31 December		
		2001	2002	2003
	Note	(€ In thousands)		
ASSETS				
Current assets				
Deposits with banks	1	10,844	11,985	5,036
Receivables		—	381	271
Accrued interest income.		31	25	8
Total		10,875	12,391	5,315
Fixed assets				
Intangible assets:				
Incorporation costs	2	922	1,535	802
Tangible assets		—	11	9
Financial assets:				
Investments	3	11,047	8,443	8,968
Other investments.		151,700	257,786	255,729
MEL 12% Junior Secured Loan Notes		—	—	52,005
Total		163,669	267,775	317,513
TOTAL ASSETS.		174,544	280,166	322,828
LIABILITIES				
Current liabilities				
Due to parent company		9	8	12
Due to affiliated companies	4	1,440	1,440	—
Advance from Autostrade UK		3,221	—	—
Net worth tax		—	31	85
Accrued expenses		17	22	203
Total		4,687	1,501	300
Issued capital and reserves				
Capital stock.		160,000	266,000	266,000
Legal reserve		2,199	2,541	3,001
Special reserve.		279	279	279
Retained earnings		540	637	740
Result for the year.		6,839	9,208	9,003
Interim dividends	5	—	—	(8,500)
Total		169,857	278,665	270,523
Non current liabilities				
Banks medium term loans	6	—	—	52,005
TOTAL EQUITY AND LIABILITIES.		174,544	280,166	322,828

Statement of Cash Flow

	Year ended 31 December		
	2001	2002	2003
	(€ In thousands)		
Cash flows (used in)/from operating activities			
Interest receipts	16,958	(80)	356
Interest payments	(7,824)	—	—
Net commissions received/(paid).	(9,594)	34	(3)
Net cash payments to suppliers/Third parties	(187)	(102)	(156)
Increase in long-term borrowings	—	—	52,005
Decrease (increase) in loans to affiliates	13,199	—	(52,005)
Increase (decrease) in balances to affiliated companies.	3,185	(3,221)	(1,440)
Net decrease in long term deposit	22,000	—	—
Net cash (used in)/from operating activities	37,737	(3,369)	(1,243)
Cash flows (used in)/from investing activities			
(Increase) in tangible assets	—	(11)	(1)
(Increase) in intangible assets	(1,122)	(1,077)	—
(Increase) decrease in equity investment	(157,471)	(103,481)	1,532
Dividends received	5,382	8,798	9,816
Capital gain on equity investment	—	682	92
Net cash (used in)/from investing activities	(153,211)	(95,090)	11,439
Cash flows (used in)/from financing activities			
Cash received from capital stock increase	110,000	106,000	—
Bond issues/(reimbursement)	(146,341)	—	—
Dividends paid	(6,000)	(6,400)	(8,645)
Interim dividends paid	—	—	(8,500)
Net cash (used in)/from financing activities.	(42,341)	99,600	(17,145)
Net effect of exchange rate changes.	(136)	—	—
Net increase in cash and cash equivalents	(157,951)	1,141	(6,949)
Cash and cash equivalents at beginning of period.	168,795	10,844	11,985
Cash and cash equivalents at end of period	10,844	11,985	5,036
Deposits with banks	10,844	11,985	5,036
Cash and cash equivalents	10,844	11,985	5,036

Statement of Changes in Equity

	Capital stock	Retained earnings	Legal reserve	Special reserve	Dividends	Net income for the year	Total capital and reserves
	(€ In thousands)						
31 December 2001 . . .	160,000	540	2,199	279	—	6,839	169,857
Capital increase	106,000						106,000
Profit 2001 allocation . .					6,400	(6,839)	(439)
Increase legal reserve			342				342
Retained earnings. . .		97					97
Dividends					(6,400)		(6,400)
Net Profit 2002						9,208	9,208
31 December 2002 . . .	266,000	637	2,541	279	—	9,208	278,665
Profit 2002 allocation					8,645	(9,208)	(563)
Increase legal reserve			460				460
Retained earnings. . .		103					103
Dividends					(8,645)		(8,645)
Net Profit 2003						9,003	9,003
Payment of interim dividends						(8,500)	(8,500)
31 December 2003 . . .	266,000	740	3,001	279	—	503	270,523

Notes to the Financial Statements

Summary of significant accounting policies

The Company maintains its books and records in EURO and the financial statements have been prepared in conformity with accounting principles generally accepted in Luxembourg.

Significant accounting policies are applied as follows.

Presentation of the financial statements

The financial statements are presented with certain modifications to the legal format requirements in Luxembourg, in order to present the financial position and results of the Company to the reader with the utmost clarity.

Incorporation costs

Costs related to the incorporation of the Company and subsequent capital increases are capitalised and depreciated over three years.

Investments

Investments are stated at cost less write-down for any permanent impairment in value. Income from investments is recognised when the Company has legal entitlement to the dividends.

Loans

Loans to Group companies are stated at their face value. Interest income is recorded on an accrual basis.

Cash Flows

The Statement of cash flows has been prepared in accordance with International Accounting Standards (IAS) n. 7 (revised). Cash and cash equivalents consists of cash on hand and balances with banks due in less than one year from the balance sheet date.

Interest income and expenses

Interest income and expenses are recorded on an accrual basis.

Recording of transactions in foreign currencies

The Company conducts its operations in several currencies. Income and charges denominated in currencies other than euro are translated at the rate prevailing at the date of the transaction.

Assets and liabilities stated in currencies other than euro are translated at the exchange rate prevailing at the date of the balance sheet with the exception of financial fixed assets and long term debts which are stated at historic cost.

Unrealised and realised exchange losses and realised gains are recorded in the profit and loss account. Unrealised exchange gains are not recognised.

Note 1 — Deposit with banks

This amount includes short-term deposits and the balances of the current accounts.

Note 2 — Intangible assets

These costs arose in connection with the Company's increases of share capital resolved by the Extraordinary Meetings of Shareholders held on 22 May 2001, 26 October 2001 and 1 October 2002. These costs are depreciated over three years.

Note 3 — Financial assets

Investments

During the three years ended 31 December 2003 Autostrade Participation S.A. held the following investments:

		Net book value as of Year ended 31 December		
	% held	2001	2002	2003
		(In €)		
MEL — Midland Expressway Limited	25%	412	412	525,355
Autostrade International US Holdings, Inc	100%	7,942,812	8,442,812	8,442,812
Autostrade (UK) Ltd	100%	3,104,431	—	—
		<u>11,047,655</u>	<u>8,443,224</u>	<u>8,968,167</u>

In December 2003, the Company has paid-in its share, being GBP 367,250 (€524,942.82), of the increase of MEL's share capital from GBP 1,000 to GBP 1,470,000 resolved by the Extraordinary General Meeting of Shareholders held on 25 September 2000. The MEL's majority shareholder is Macquarie Midland Holdings Limited which owns 75% of MEL's capital stock.

As provided by the provisions of the Senior Credit Facilities, granted to MEL for the financing of the BNRR (Birmingham Northern Relief Road) project, the shares certificates are held as security by Banc of America Securities Limited — London, in its capacity as Facility Agent.

The company Autostrade International U.S. Holdings, Inc. was acquired in November 2001 from Autostrade International S.p.A. for an amount of €8,442,811.76 (€7,942,811.76 acquisition cost plus €500,000 of additional equity granted during 2002). The acquisition cost was supported by due diligence performed by JP Morgan on 28 August 2001, that reported a value of €8,042,401.33.

The subsidiary Autostrade (UK) Limited was definitely closed on 29 October 2002, with a surplus for the shareholder of €682 thousand.

Other Investments

For the three years ended 31 December 2003 this item includes:

		Net book value as of Year ended 31 December		
		2001	2002	2003
		(In €)		
Autostrade International SpA.		2,057,306	2,057,306	—
Abertis Infraestructuras S.A.		149,642,713	255,728,604	255,728,604
		<u>151,700,019</u>	<u>257,785,910</u>	<u>255,728,604</u>

Abertis Infraestructuras S.A. (formerly Acesa Infraestructuras SA, Barcelona and formerly again Autopista Concesionaria Espanola SA) was acquired throughout 2001 for an amount of €149,643 thousand (4.94% of the capital stock). On 2 October 2002 Autostrade Participations S.A. decided to acquire additional shares for €106,086 thousand in order to avoid diluting its participation. At 31 December 2003 Autostrade Participations S.A. held 4.98% of its capital stock.

The investment held in Autostrade International S.p.A., Rome (10% of the capital stock), for an amount of €2,057 thousand, was sold to Autostrade SpA in September 2003 with a capital gain of €93 thousand. As of 31 December 2002 the capital stock was 30% paid-up.

In the opinion of the Directors, there has been no permanent impairment in the value of its investments and other investments and accordingly no value adjustment has been recorded as of 31 December 2003.

MEL 12% Junior Secured Loan Notes

The subscription of these Notes, for a nominal amount of GBP 36,382,500, was part of the obligations that the Company was expected to meet at the end of the construction period, as MEL's shareholder. The payment by MEL of any interest and principal on the Notes is restricted by some provisions of the Senior Credit Facilities,

granted to MEL for the financing of the BNRR project, until MEL will demonstrate to the Lenders that certain credit ratios have been achieved. Furthermore provisions of the Notes provides that any amount of interest remaining unpaid 60 days after its relevant due date shall be cancelled and shall no longer be due and payable. Consequently, the Board of Directors of the Company, in a prudential way, decided to make a specific adjustment equal to the amount of interest accrued (€373 thousand) on the Notes as of 31 December 2003.

According to the provisions of the Senior Credit Facilities, the Notes are held as security by Banc of America Securities Limited — London, in its capacity as Facility Agent.

Note 4 — Due to affiliated companies

Such indebtedness consisted of 7/10th of the share capital due to Autostrade International S.p.A. to be paid upon request.

Note 5 — Dividends on investments

Payables

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. A dividend in respect of the 2001 and 2002 financial year of €6,400 thousand and €8,645 thousand was paid in 2002 and 2003, respectively. Moreover, in 2003 an interim dividend of €8,500 thousand was paid, in accordance with the conditions set out in article 72-2 of the Law of 10 August 1915 on commercial companies.

Note 6 — Banks medium term loans

The loans were granted by a syndicate of banks with Banque Générale du Luxembourg S.A. as lead manager and agent (GBP 30,000,000) and by BPU Banca International S.A. (GBP 6,382,500), on 28 November 2003 in order to allow the Company to subscribe the MEL 12% Junior Secured Loan Notes 2053. These loans are guaranteed by Autostrade SpA.

Receivables

During 2002 Autostrade Participations S.A. received dividends from the following companies:

—	Acesa Infraestructuras SA:	€7,577 thousand
—	Autostrade International S.p.A.	€596 thousand
—	Autostrade International US Holdings, Inc.	€625 thousand

During 2003 the Company received dividends from Abertis Infraestructuras S.A. (formerly Acesa Infraestructuras SA).

Engagements & Commitments

As for MEL — Midland Expressway Limited, the construction period of the Birmingham Northern Relief Road (BNRR) ended early December 2003 and the Permit To Use (PTU) has been granted by the governmental authorities.

Therefore, the Company has met its obligations, under the agreements with the Macquarie Group (MEL's majority shareholder), to pay-in its share (GBP 367,250) of the increase of MEL's share capital and to subscribe its share (GBP 36,382,500) of the MEL 12% Junior Secured Loan Notes. According to the agreements with the Macquarie Group, the Company has the possibility to exercise a "Put Option" to transfer its interest in MEL to Macquarie Group at par (GBP 36,750,000) during the period from the 19th month and the 21st month following the date of granting of the Permit To Use (PTU) for the road (July-September 2005). During the same period a "Call Option" can be exercised by Macquarie Group for an amount of GBP 49 million.

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ANNEX A — SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN ITALIAN ACCOUNTING PRINCIPLES AND U.S. GAAP

Defined terms used in this Annex A, unless otherwise defined, shall have the same meanings as set forth in this Offering Circular.

The consolidated financial statements of Autostrade S.p.A. included in this Offering Circular have been prepared in accordance with Italian Accounting Principles, which differ in certain significant respects from accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Certain significant differences in measurement principles between Italian Accounting Principles and U.S. GAAP with respect to the consolidated financial statements are summarised below. The effects of such differences have not been quantified herein. Accordingly there can be no assurance that the net income and shareholders’ equity as determined in accordance with Italian Accounting Principles would not be higher or lower, or that any other financial statement items or disclosure would otherwise differ had they been determined in accordance with U.S. GAAP. However, this summary does not purport to provide a comprehensive analysis, including quantification, of such differences but rather it is a general listing of potential differences in accounting principles related to the consolidated financial statements of Autostrade S.p.A. Autostrade has not quantified these differences, nor undertaken a reconciliation of its financial statements prepared in accordance with Italian Accounting Principles to U.S. GAAP. Had Autostrade undertaken any such quantification or reconciliation, other potentially significant accounting and disclosure differences may have come to its attention which are not identified below. Accordingly, Autostrade can provide no assurance that the identified differences in the summary below represent all the principal differences relating to the consolidated financial statements of Autostrade. In addition, no attempt has been made to identify future differences between Italian Accounting Principles and U.S. GAAP resulting from prescribed changes in accounting standards.

The differences might be material to the financial information included in this Offering Circular. In making an investment decision, investors must rely upon their own examination of Autostrade, the terms of any issue of Notes hereunder and the financial information included in this Offering Circular. Potential investors should consult their own professional advisors for an understanding of the differences between Italian Accounting Principles and U.S. GAAP and how those differences might effect the financial information included in this Offering Circular.

BUSINESS COMBINATIONS

Italian Accounting Principles

“Goodwill arising on consolidation” represents the excess of the cost of the acquisition paid by the parent company Newco28 S.p.A. (now Autostrade S.p.A.) for the majority interest in Autostrade Concessioni e Costruzioni SpA over the related shareholders’ equity. The goodwill is amortised based on a straight-line method over 15 years, the same period used by Autostrade Italia to amortise the goodwill resulting from the contribution in kind made by Autostrade Concessioni e Costruzioni S.p.A. Such period is a realistic and prudent estimate of the economic useful life, in line with the expected pattern of economic benefits from the core motorway business. With regards to Italian Accounting Principles, the merger of Newco28 S.p.A. and Autostrade — Concessioni e Costruzioni Autostrade S.p.A. followed the rules of IFRS 22 — Business Combinations.

U.S. GAAP

Under U.S. GAAP, assets acquired and liabilities assumed in a business combination are stated at fair value. This applies also to assets not previously recognised, if they meet certain asset recognition criteria.

Under U.S. GAAP, only the remainder, after an allocation of fair value to assets acquired and liabilities assumed, is recognised as goodwill. Subsequent to such initial recognition, an annual impairment testing of goodwill and intangible assets is required under U.S. GAAP. For further description of accounting for intangible assets and goodwill, refer to the relevant section below.

INTANGIBLE ASSETS

Other intangible assets and Goodwill

Italian Accounting Principles

Under Italian Accounting Principles, “Other intangible assets” are stated at acquisition or production cost as determined in compliance with Article 2426, paragraph 1, of the Civil Code, and are amortised on a systematic basis over their useful life, which varies from a minimum of three years to a maximum of six for the individual capitalised costs. Amortisation of incidental expenses incurred to obtain the Senior Long-Term Facility exceeds this limit because the charge is amortised based on a straight-line method over the term of the two tranches of the loan, which mature in 2012 and 2014.

“Formation, start-up and similar costs” and “Research, development and advertising costs” whose economic useful life extends over several years, are capitalised among intangible assets with the consent of the Board of Statutory Auditors of each company, and are amortised over a period not greater than five years.

U.S. GAAP

Under U.S. GAAP, goodwill arises as a residual item after the allocation of the purchase price to the fair value of assets acquired and liabilities assumed on the date of acquisition. Under U.S. GAAP, an intangible asset must be recognised as an asset apart from goodwill if it arises from contractual or other legal rights (regardless of whether those rights are transferable or separable from the acquired entity or from other rights and obligations), or if it is separable, that is, capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged.

Under U.S. GAAP, “Formation, start-up and similar costs” and “Research, development and advertising costs” are expensed as incurred.

The accounting for a recognised intangible asset is based on its useful life to the entity. The useful life of an intangible asset to an entity is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of that entity. An intangible asset with a finite useful life is amortised. Intangible assets determined to have an indefinite useful life, as well as goodwill, are not amortised, but instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Intangible assets with finite useful lives shall be tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognised if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value. For intangible assets determined to have an indefinite useful life, the impairment test consists of a comparison of the fair value of an intangible asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, an impairment loss shall be recognised for an amount equal to that excess. After an impairment loss is recognised, the adjusted carrying amount of the intangible asset shall be its new accounting basis. Subsequent reversal of a previously recognised impairment loss is prohibited.

Goodwill is tested for impairment at a level of reporting referred to as a reporting unit. A reporting unit is an operating segment or a component of an operating segment. At the same time each year, for each respective reporting unit, the fair value of the reporting unit is compared to its book value, including goodwill and intangible assets. If the fair value of the reporting unit is less than its book value, an allocation of the reporting units’ fair value must be made, leading to the implied fair value of the goodwill. The difference between the total fair value of the reporting unit and the fair values of the identifiable assets and liabilities of the reporting unit, represents the implied fair value of goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognised in an amount equal to that excess. The loss recognised cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognised, the adjusted carrying amount of goodwill shall be its new accounting basis. Subsequent reversal of a previously recognised goodwill impairment loss is prohibited once the measurement of that loss is completed.

TANGIBLE FIXED ASSETS

Italian Accounting Principles

“Tangible assets” are carried at purchase or construction cost as determined in compliance with Article 2426, paragraph 1 of the Civil Code, and include monetary revaluations where specifically permitted by specific laws.

Tangible assets whose useful life is limited are depreciated every year based on a straight-line method over their estimated economic useful life.

“Assets to be relinquished” and “Assets under construction” also include financial charges and any directly attributable costs, in conformity with statutory provisions and tax regulations and in accordance with national (Italian Accounting Principle CNDC&R No.16) and international (IAS 23) accounting standards.

“Grants” received pursuant to law from the concession-granting agency or other government departments for investments in assets to be relinquished are deducted from the carrying value of the related assets deducted from the carrying value of the related assets.

Each transferable asset is depreciated over its estimated economic useful life for the concession operator, which is:

- (a) until expiry of the concession, unless replacement is scheduled beforehand; or
- (b) until replacement, if replacement is scheduled before the expiry of the concession.

In case (a) where the assets to be relinquished are depreciated based on a straight-line method over the term of the concession, “financial depreciation” is more appropriate. In case (b) where the expiry of the concession has no impact on the wear and tear and obsolescence of the asset, “industrial depreciation” is applied.

With reference to assets to be relinquished, the net book value at the balance-sheet date, considering of the provision for restoration or replacement included in the provisions for liabilities and charges, adequately represent the residual charge for future years in respect of:

- the transfer, free of charge, to the State, at the expiry of the concession, of the relevant assets whose useful life is longer than the term of the concession;
- the replacement of assets to be relinquished whose useful life is shorter than the remaining portion of the concession;
- the restoration or replacement of the components of assets to be relinquished subject to wear and tear;
- recovery of the investment, made by Autostrade per l'Italia, in the new works envisaged in the financial plan attached to the Agreement (Convenzione) with ANAS.

In respect of the recovery of the investment, in return for an extension of the concession for the network then operated by Autostrade Concessioni e Costruzioni, Autostrade Italia is committed to make certain capital investments (with an estimated value of about €4,500 million) whose expected profitability during the period of the concession does not guarantee, based on available estimates, the return on the investments. Since the loss resulting from the operation of such investments cannot reliably be estimated, it was deemed appropriate to distribute the entire cost of such capital investments based on the straight-line method over the 42-year concession term, starting in 1997, when the new agreement was signed and the required capital investments were identified. The accruals calculated until the completion of the new works represent a provision to be used from the year when the works are completed and the roads open to traffic until the end of the concession to adjust the financial depreciation charges for these works.

U.S. GAAP

Tangible assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Tangible assets to be held and used should be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected undiscounted future cash flows that are expected to result from the use of the assets and their eventual disposal is less than the carrying amount of the asset, an impairment loss is recognised to the extent the carrying amount of the asset exceeds its fair value. If an asset is written down to reflect impairment, the write-down cannot be subsequently reversed. Tangible assets to be abandoned or

exchanged for a similar productive asset or distributed to owners in a spin-off are to be considered held and used until disposed of.

Under U.S. GAAP, concessions for highway infrastructures may be classified as intangible assets.

Additionally, U.S. GAAP requires that capital investments be capitalised as assets and be depreciated over the estimated economic useful life, and be tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As a result of such treatment, depreciation charges on capital investments would commence when the investment is completed and ready for use and tested for impairment if indicators for an impairment exist.

Maintenance costs

Italian Accounting Principles

Under Italian Accounting Principles, ordinary maintenance costs are charged to the income statement as incurred; extraordinary maintenance costs are capitalised and depreciated over the expected economic useful life.

Planned non-recurring maintenance costs for future years are accrued in a specific “Provision for costs of restoration and replacement of assets to be relinquished”. Thus, maintenance costs incurred during the year are charged to the statement of income and classified as “Other provisions” against a utilization of the above mentioned provision.

U.S. GAAP.

Under U.S. GAAP, ordinary maintenance costs are generally charged to the income statement as incurred. Costs incurred extending the economic useful life of an asset are capitalised and depreciated over their expected economic useful life.

The accounting for the costs of planned major maintenance activities varies under U.S. GAAP depending on the circumstances. Among the various currently acceptable methods that are being used to account for such costs are:

- *Expense as incurred.* This method is based on the fact that the costs are relatively consistent from period to period, that they are not separately identifiable assets or property units in and of themselves, and that they serve only to restore other assets to their original operating condition;
- *Accrue in advance.* Under this method, an estimate is made of the costs expected to be incurred in the future in connection with the next planned periodic maintenance shutdown. The estimate is then accrued as a liability in a systematic and rational manner over the period of time until the next planned major maintenance activity occurs. Any difference between the costs actually incurred in connection with performing the activity and the accrued liability is charged or credited to expense at the time that the activity occurs;
- *Defer and amortise.* Under this method, the actual cost of each planned major maintenance activity is capitalised and amortised to expense in a systematic and rational manner over the estimated period until the next planned major maintenance activity;
- *Built-in overhaul.* This method entails current recognition of additional depreciation or amortisation to cover the future costs of the planned major maintenance activity. Under this method, cost of activities that restore the service potential of property, plants and equipment (“PP&E”) are considered capitalisable. The cost of PP&E (upon which the planned major maintenance activity is performed) is segregated into those costs that are to be depreciated over the expected useful life of the PP&E and those that represent the estimated cost of the next planned major maintenance activity. Thus, the estimated cost of the first planned major maintenance activity is separated from the cost of the “remainder” of the PP&E, much like a component with a separate useful life, and amortised to the date of the initial planned major maintenance activity. The cost of the initial planned major maintenance activity is then capitalised and amortised to the next occurrence of the planned major maintenance activity, at which time the process is repeated.

EQUITY INVESTMENTS CARRIED AS NON-CURRENT FINANCIAL ASSETS AND INVESTMENTS IN MARKETABLE SECURITIES

Italian Accounting Principles

Investments in unconsolidated subsidiaries, associated companies and other enterprises that are carried under non-current financial assets are accounted for using the equity method or, in the case of equity investments of negligible value, at cost.

It should be noted that liabilities due to a commitment to cover the capital shortfall of investments are covered through specific allocations to the provision for “Excess equity investment writedowns” which is posted under provisions for liabilities and charges.

Non-current securities are stated at purchase cost and are adjusted for declines in market prices to reflect permanent impairment.

Fixed income securities classified as current financial assets are valued at the lower of purchase cost or the average price for the closing month of the period, as reported on the stock exchange or official prices provided by leading banks.

U.S. GAAP

Under U.S. GAAP, marketable equity and debt securities must be classified, according to management’s intent, into one of the following categories: trading, available for sale, or held to maturity. Trading securities (those bought and held principally for the purpose of selling them in the near term) should be reported at fair value, with the resulting unrealised gain or loss recognised in earnings. Available for sale securities should be reported at fair value, with the resulting unrealised gain or loss excluded from earnings and recorded directly to a separate component of shareholders’ equity until realised, at which time the gain or loss is recorded in earnings. Held to maturity securities should be carried at amortised cost. Other than temporary impairments in value are accounted for as realised losses.

BASIS OF CONSOLIDATION

Italian Accounting Principles

Under Italian Accounting Principles, majority owned subsidiaries may be excluded from consolidation if they are not significant or if the business activities of those subsidiaries are different from the business activities of the parent company. The following subsidiaries are not sufficiently large to have to be included in the scope of consolidation:

Pavimental Est (100% directly owned by Pavimental);

Consorzio Spea-Tecnic (97% directly owned by Spea);

Consorzio Valorizzazione Ambientale Infrastrutture Viarie (51% directly owned by Autostrade).

In addition, Sitech S.p.A. (79.4%-owned by Autostrade) has not been consolidated as it is in liquidation.

U.S. GAAP

Generally, under U.S. GAAP, all subsidiaries in which a controlling interest is held would be included in the consolidated financial statements. U.S. GAAP does not permit the exclusion of non-significant subsidiaries or different business activities. U.S. GAAP provides for specific rules to identify control in entities where no controlling equity interest is held but the company exercises control and acquire the risks and rewards typically held by equity holders. Such entities are identified as variable interest entities (“VIE”). The related accounting principles require an entity to consolidate variable interest entities if certain conditions are met.

ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Italian Accounting Principles

Financial accounts receivable and payable denominated in currencies other than the euro are translated at the end-period exchange rate, in accordance with Document No. 26 issued by the National Council of the Italian Accounting Profession.

U.S. GAAP

Under U.S. GAAP, monetary assets and liabilities denominated in a foreign currency are re-valued at the exchange rate prevailing at the reporting date, with resulting realised and unrealised gains and losses recorded in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

Italian Accounting Principles

Under Italian Accounting Principles, derivatives outstanding at the end of the period are valued at cost, as they are entered into for the sole purpose of hedging the interest rate risk on financial debt.

Gains and losses on derivatives are recognised in the income statement on an accrual basis, consistent with the expenses and income on the underlying transactions.

U.S. GAAP

Under U.S. GAAP, derivative financial instruments are defined by (1) having one or more underlyings and (2) one or more notional amounts or payment provisions, or both, (3) no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have similar response to changes in market factors; and (4) its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

Under U.S. GAAP, derivatives may be explicit or embedded, and specific analysis of existing non-derivative contracts is required to determine whether embedded derivatives requiring accounting exist.

Derivative financial instruments are recorded at fair value. The effect from changes in the market value of derivatives is either recorded in “other comprehensive income”, which is part of net equity, or in the income statement within results from ordinary operations. The classification depends on whether the instrument qualifies as a hedge and on the effectiveness of the hedge. Documentation requirements for applying hedge accounting are extensive, and require quarterly testing for effectiveness, with the ineffective portion of the hedge being recorded through income, and only the effective portion of qualifying hedges being recorded in “other comprehensive income”.

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