

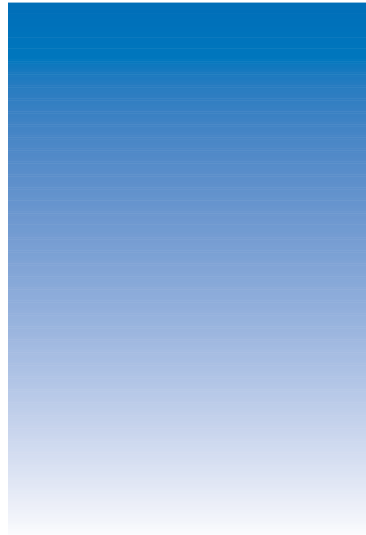


FIRST HALF

2000

REPORT ON OPERATIONS  
OF THE COMPANY  
AND THE GROUP

***autostrade***



FIRST HALF

2000

REPORT ON OPERATIONS  
OF THE COMPANY AND THE GROUP

Board of Directors  
of  
September 12, 2000

***autostrade***

**Concessioni e costruzioni autostrade SpA**

Share Capital L. 1,183,082,900,000 entirely paid-in  
Registration No. 1961/50 filed with the Register of Companies of Rome  
Registered office Roma, Via A. Bergamini n. 50  
Tax code no. 00409040581 - VAT n. 00885211003



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## Board of Directors appointed for the three years 2000-2002

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|                      |  |
|----------------------|--|
| Chairman (*)         | VALORI Giancarlo Elia (°)  |
| Chief Executive (**) | GAMBERALE Vito (°)   |
| Directors            | BASANEZ VILLALUENGA Josep Manuel (°)<br>BENETTON Gilberto (°)<br>CASSESE Sabino<br>CERA Roberto (°)<br>CERCHIAI Fabio<br>CESERI Pierluigi (***)<br>DI SALVO Piero<br>GUIDI Guidalberto<br>MARENGO Luciano<br>MION Gianni (°)<br>OTTOLENGHI Emilio<br>PIAGGIO Giuseppe (°)<br>SPOGLIANTI Agostino |

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## Board of Statutory Auditors appointed for the period 2000-2001

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|                    |  |
|--------------------|--|
| Chairman           | TROTTER Alessandro   |
| Auditors           | QUAGLIA Giovanni<br>SGANDURRA Carlo<br>SPADACINI Marco<br>TONUCCI Franco |
| Alternate Auditors | RAMOJNO Ernesto<br>SPADA Roberto   |

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## Independent Auditors for the three years 2000-2002

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Arthur Andersen S.p.A.

(\*) Powers of legal representation, in particular regarding relations with Government Authorities and National and International Agencies; powers of control over all corporate activities, promotion of the Company and the Group.

(\*\*) Management powers within the limits established for contractual commitments.

(\*\*\*) General Manager.

Resigning as Director and General Manager from September 29, 2000.

The Board of Directors of October 20, 2000 has co-opted Sergio De Simoi as Director.

(°) Member of the Executive Committee.



# INTERIM HIGHLIGHTS

## KEY MACROECONOMIC DATA

|                            | 1 <sup>st</sup> half 2000 | 1999    | 1 <sup>st</sup> half 1999 |
|----------------------------|---------------------------|---------|---------------------------|
| GDP (1)                    | 2.9%                      | 1.4%    | 1.1%                      |
| Industrial production (2)  | +4.6%                     | 0.1%    | -1.8%                     |
| Retail prices (3)          | 2.4%                      | 1.7%    | 1.4%                      |
| Lira/USD exchange rate (4) | 2,018.5                   | 1,819.3 | 1,778.7                   |

(1) Change in lire at 1995 value (source: ISTAT; 2<sup>nd</sup> quarter 2000: projections from Prometeia Report June 2000);

(2) Average change in index of industrial production (provisional June, source: ISTAT);

(3) Average change in national retail price index,  
(tobacco products included; source: ISTAT);

(4) Lire per dollar; average for the period (source: Italian Foreign Exchange Bureau).

## KEY CONSOLIDATED FINANCIAL DATA (UNLESS OTHERWISE SPECIFIED, ALL FIGURES ARE IN BILLIONS OF LIRE)

|  | 1 <sup>st</sup> half 2000 | 1999  | 1 <sup>st</sup> half 1999 |
|--|---------------------------|-------|---------------------------|
| Total revenues                         | 1,890                     | 3,799 | 1,812                     |
| Gross operating income                 | 992                       | 1,976 | 921                       |
| Operating income                       | 707                       | 1,242 | 575                       |
| Net income (Parent Company's interest) | 311                       | 576   | 257                       |
| Capital expenditure                    | 348                       | 1,011 | 307                       |
| Net worth (Parent Company's interest)  | 3,841                     | 3,897 | 3,577                     |
| Net debt                               | 3,205                     | 3,092 | 3,375                     |
| Net invested capital                   | 7,826                     | 7,775 | 7,718                     |
| Operating cash flow                    | 491                       | 1,414 | 648                       |
| ROE (Parent Company's interest) (*)    | 17.6%                     | 17.4% | 15.5%                     |
| ROI (*)                                | 18.1%                     | 16.0% | 14.9%                     |

(\*) Half year data compared to full year

## KEY OPERATING DATA FOR THE AUTOSTRAD GROUP

|   | 1 <sup>st</sup> half 2000 | 1999      | 1 <sup>st</sup> half 1999 |
|---|---------------------------|-----------|---------------------------|
| Km covered (billions)   | 21.4                      | 43.8      | 20.6                      |
| Km covered "light" (billions)   | 16.2                      | 33.8      | 15.7                      |
| Km covered "heavy" (billions)   | 5.2                       | 10        | 4.9                       |
| Telepass units distributed  | 1,765,189                 | 1,517,729 | 1,307,611                 |
| Automated payments as proportion<br>of total motorway traffic (Autostrade S.p.A.) | 55.9%                     | 53.3%     | 53.6%                     |
| Km of road network  | 3,119.7                   | 3,119.7   | 3,119.7                   |
| Toll stations   | 261                       | 261       | 260                       |
| Km of fiber optic network   | 3,318                     | 3,318     | 3,318                     |
| Average headcount   | 9,560                     | 10,107    | 9,960                     |
| Permanent employees at end of period  | 9,473                     | 9,554     | 9,706                     |

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OPERATING  
REVIEW  
FIRST HALF



2000





# 1. GENERAL CONTEXT

## 1.1 Key aspects of activities during the first half

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The completion of a number of processes during the first half of 2000 marked a significant turning point in the life of the Company and the Autostrade Group, which have undergone a change of ownership and can now look forward to fresh opportunities for growth.

The Company's privatization was completed on March 2, 2000, following receipt of the go-ahead from the Antitrust Authority, which approved IRI's sale of 30% of Autostrade's share capital to a consortium of investors (the sale was concluded on November 12, 1999). The 30% of the share capital acquired by the consortium (Schemaventotto S.p.A.) is divided among the various members as follows: Edizione Finance SA (a subsidiary of Edizione Holding) 18%; Fondazione Cassa di Risparmio di Torino 4%; Acesa 3.85%; INA 2%; Unicredito 2%; Brisa 0.15%.

The remaining 70% of Autostrade's shares are held by private and institutional investors (following the Public Offering of December 1999), with the exception of approximately 4% still held by IRI in relation to the bonus shares to be distributed in December 2000.

Following completion of the privatization process, the Ordinary General Meeting of Autostrade's shareholders held on April 19 appointed a new Board of Directors. The new Board proceeded in its turn to reappoint Prof. Giancarlo Elia Valori as Chairman and appoint Mr. Vito Gamberale as Chief Executive. In accordance with Legislative Decree 58/98, 4/5 of the members of the Board of Directors (numbering 12 Directors, as a result of the shareholders' resolution that raised the number of Directors from 7 to 15) were appointed by the consortium whilst the remaining 3 members were appointed from lists representing minority shareholders.

Having completed the above transformation process, the Company proceeded with the implementation of initiatives designed to develop the Group's core business, motorway services, and exploit opportunities in new areas of business, above all telecommunications, with the aim of increasing the value and profitability of the Autostrade Group.

The first half witnessed completion of the process of renewal of the operating concessions issued to the Group's concessionaires, with the Audit Commission's registration of the decree approving the new concessions granted to RAV in February and to SAT, Torino-Savona, SAM and Tangenziale di Napoli in April. The companies were thus able to proceed with the introduction of new toll charges, based on the new formula established in the concession agreements.

The tolls charged by the Parent Company Autostrade, whose concession dates from 1998, were increased by 1.55% with effect from January 1, 2000.

Consolidation of the economic recovery during early 2000 led to an increase in traffic: the Group's motorway network saw an increase of 3.9% (3.2% for light vehicles and 6.4% for heavy vehicles).

The first half also saw further work on the upgrading and expansion of the Group's motorway network and maintenance of its infrastructure. This was done with the objective of providing an adequate response to the growing demands on the network, whilst preserving a high level of service, and of meeting the commitments assumed within the context of the new operating concessions.

The drive to improve the quality of services regards all areas of operations, partly due to the impact that quality improvements have on motorway tolls under the mechanism established in the concession agreements. The most important quality component is road safety, which, together with the quality of road surfaces, represents



one of the factors to be applied in determining toll increases. To this end, Autostrade is in the process of implementing a three-year safety plan, focusing on both infrastructure (work on safety barriers, signs, etc.) and operating procedures (increased surveillance).

With regard to other areas of motorway services, the first half witnessed improvements to the Group's customer information and assistance systems, with the setting up and expansion of the activities of the Multimedia Production Center, an increase in motorway personnel and development of the functions assigned to them.

Further progress was made with regard to the automation of toll payment procedures, raising the average proportion of payments effected via automated systems during the first half to 56% of the total. This was achieved thanks above all to the expansion of automated toll gates (*Telepass*), which reached a total of 1,765,189 at June 30, 2000 (1,307,611 at June 30, 1999, representing an increase of 35%).

The Group is also committed to modernizing and expanding the ancillary travel services, via innovative solutions for service and parking areas.

One of the most important aspects of operations during the first half of the year was the successful conclusion to negotiations with the labor unions regarding renewal of the National Collective Labor Contract for motorway workers, which expired on 12.31.98. The new agreement was signed on February 16, 2000.

The first six months of 2000 saw the Group achieve the principal objective of its diversification strategy, entry into the telecommunications sector. This took place via the start-up of Blu S.p.A., in which Autostrade, via its subsidiary Sitech, holds 32% of the share capital. The company was awarded Italy's fourth mobile telephone license in August 1999.

On May 15, 2000, having completed experimental trials involving selected customers, Blu launched its services on the market, earning its first revenues. Installation of the GSM 1800 transmission network proceeded, providing coverage of Italy's major cities (Rome, Milan, Bologna, Naples, Turin, Florence, Venice, Genoa and Palermo) and a total of 1,000 points of sale were established.

In order to develop the Group's fixed-line telephony business, on June 30, 2000 the Group incorporated Autostrade Telecomunicazioni Fixed, 99% owned by Autostrade and 1% owned by Autostrade Telecomunicazioni.

During early 2000 Autostrade entered into two agreements of strategic importance for the Group.

In February 2000 Autostrade, Autostrada dei Fiori, the two French motorway concessionaires Escota (Société Esterel Côte d'Azur) and Autoroutes du Sud de la France and the Spanish company ACESA signed a strategic agreement regarding the development and installation of a common electronic toll system (Project ARCMED, an inter-operative electronic motorway toll payment system for the Mediterranean arc).

On February 29, 2000, a Consortium providing external services, called "Consorzio Autostrade Italiane Energia" was formed. The Autostrade Group holds 67% of the new venture, whilst the remaining 33% is divided among other concessionaires in accordance with the energy needs of individual members. The business purpose of the Consortium, which is non-profit making and cannot distribute dividends to member companies, is the coordination of such members with the aim of improving the efficiency of, developing and rationalizing energy-related activities (both elec-

tricity and heating). The Consortium is to operate as a service company. On 03/31/2000 the Consortium was declared an "eligible customer" by Italy's Electricity and Gas Authority. During the first half, Autostrade acquired a 5% interest in Brebemi S.p.A., whose principal business purpose is the construction of the Brescia-Bergamo-Milan Orbital Motorway.

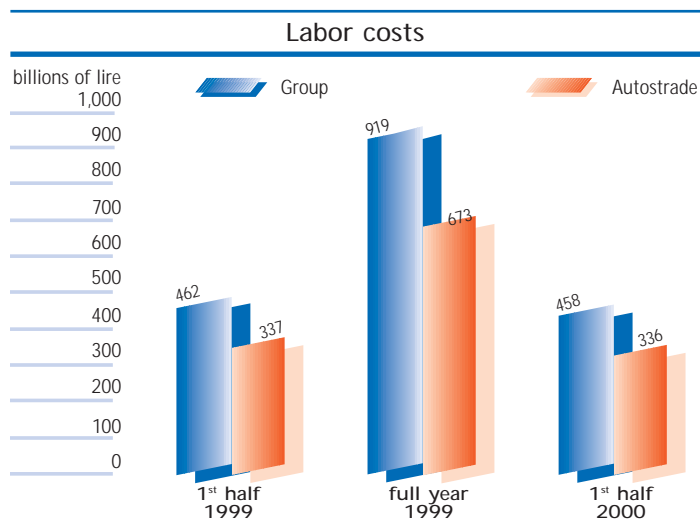
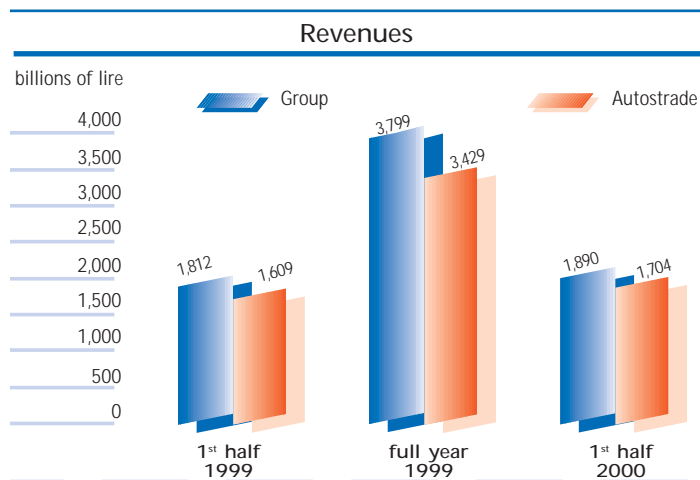
The Group enjoyed an extremely positive performance during the first half of 2000, as business volumes expanded on the back of economic recovery.

Total revenues, amounting to Lit. 1,890 billion, rose 4.3% with respect to the first half of 1999. Toll revenues, net of the portions due to the State, totalled Lit. 1,725 billion (up 4.6%). Other revenues (Lit. 145 billion) rose 1.9%. The remaining Lit. 20 billion regard the "change in contract work in progress".

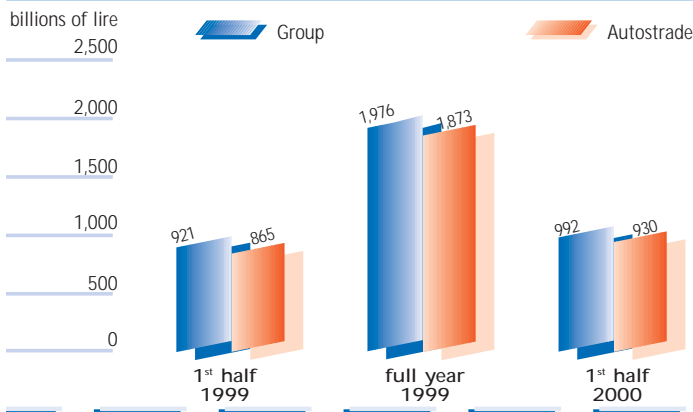
Total operating costs amounted to Lit. 976 billion, rising 1.8% compared with the first six months of the previous year. This was primarily due to the balance resulting from the increase in maintenance activity and the decrease in labor costs.

The latter totalled Lit. 458 billion (down 0.8% with respect to the same period of 1999). This reflected the combined effect of a 4% cut in personnel and a 3.3% increase in the unit cost of labor. The Parent Company's labor costs amounted to Lit. 336 billion (down 0.2%).

## 1.2 Financial Review

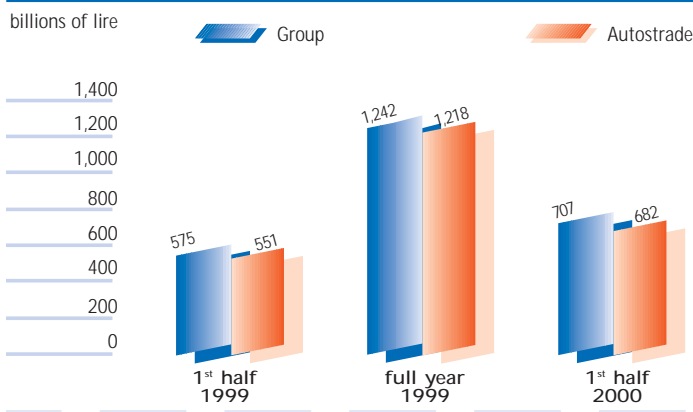


### Gross Operating Income



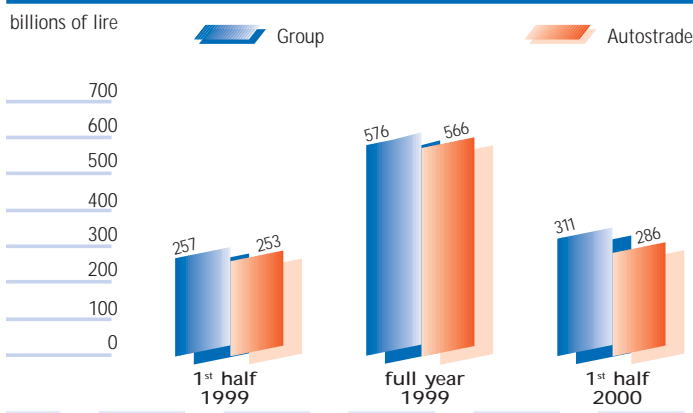
Gross operating income totalled Lit. 992 billion (Lit. 930 billion for the Parent Company), representing an increase of 7.7% over the first six months of 1999.

### Operating Income



Operating income of Lit. 707 billion represented a rise of 23% compared with the first half of 1999.

### Net Income



Net income for the period amounted to Lit. 311 billion, up Lit. 54 billion with respect to the same period of the previous year. The Parent Company Autostrade saw its net income increase to Lit. 286 billion (Lit. 253 billion for the first six months of 1999).

### 1.3 Significant subsequent events

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The motorway business continued to perform strongly during the summer, as the number of vehicles using the network rose further (2.6% during July). Traffic flows were substantially regular overall, even if traffic was extremely heavy along traditional holiday routes during the peak summer period.

The issue of safety came to the fore following a number of serious accidents, as did the problem of managing the growing volume of freight traffic using Italian roads and motorways.

The publication of the "General Plan for Transport and Logistics" in July was of particular importance. Among other things, the document confirmed projections of further growth in traffic and underlined the priority to be given to a number of motorway projects: the *Variante di Valico*, *Pedemontana Lombarda*, *Pedemontana Veneta*, Milan-Brescia, and the *Passante di Mestre*.

The associated company Blu S.p.A. proceeded to increase its share capital from Lit. 300 to 1,500 billion, in accordance with the resolution of April 7, 2000, ratified on June 1, 2000. In July the subsidiary Sitech S.p.A. took up its option on the newly issued ordinary shares attributable to it, amounting to Lit. 384 billion. The company subsequently paid in the relevant share capital. Given that the other shareholders also took up their options, the fully subscribed share capital of Blu S.p.A. now totals Lit. 1,500 billion, with Lit. 660 billion paid in.

### 1.4 Outlook

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Continuing traffic growth, ongoing development of the Group's businesses and improved earnings capacity lead the

Directors to reasonably expect operating income for the second half of the year to be no lower than the figure for the first half of 2000.

Net income for 2000, whilst reflecting the impact of the Group's diversification strategy, and in particular the start-up costs of the telecommunications business, is expected to be no lower than that for 1999.

## 2. SHARE PRICE PERFORMANCE

Autostrade's share price rose 15.32% over the first half of 2000. The official market price was 6.74 euro as of December 30, 1999, compared to a price of 7.77 euro on June 30, 2000. A total of 570.5 million shares were traded during the period, representing a daily average of 4.5 million shares.

Over the same period the Mibtel index rose 9.57% whilst the Mib 30 increased by 8.71%.

Autostrade's shares hit a minimum of 6.50 euro on January 4, reflecting a general downturn in the market due to large-scale selling of stocks.

The shares reached an all-time high of 9.08 euro on March 6 at the end of a positive run that started in January and culminated in view of the Company's privatization.

Over the following weeks the shares lost ground, as the Italian stock market underwent a downward correction. The worst hit stocks were those, like Autostrade, that had risen most over the previous months. The Company's shares declined as far as 7.29 euro on May 22.

There was temporary turnaround between the end of May and the beginning of June, as investors renewed their interest in telecommunications stocks. As a result, the shares hit a relative high of 8.31 euro.

As of June 30, 2000, Autostrade's stock market capitalization amounts to Lit. 17,797 billion, compared to Lit. 15,433 billion as of December 30, 1999.

### 3. STRUCTURE OF THE AUTOSTRADA GROUP

The Autostrade Group is Italy's number one constructor and operator of toll motorways managed under concession.

The Group includes seven concessionaires who operate toll motorways and tunnels in Italy. The Group's manages a network extending 3,119.7 km. In addition to the Parent Company, the other concessionaires are:

- Società Italiana per il Traforo del Monte Bianco
- Raccordo Autostradale Valle d'Aosta S.p.A.
- Autostrada Torino-Savona S.p.A.
- Società Autostrada Tirrenica p. A.
- Tangenziale di Napoli S.p.A.
- Società Autostrade Meridionali p. A.

Over recent years, the following companies have been added to the Group.

Companies operating services linked to the Group's core business:

- SPEA S.p.A. (infrastructure design) and a minor subsidiary
- Pavimental S.p.A. (road maintenance) and two minor subsidiaries

Overseas finance companies:

- Autostrade Finance S.A.

Consultancy services regarding toll motorway construction:

- Autostrade International S.p.A.

Overseas toll motorway operators:

- Autostrade International U.S. Holdings, Inc.
- Autostrade UK Ltd.

Companies operating in new areas of business with the aim of fully exploiting the Group's assets in the telecommunications sector:

- Autostrade Telecomunicazioni S.p.A.
- Sitech S.p.A.

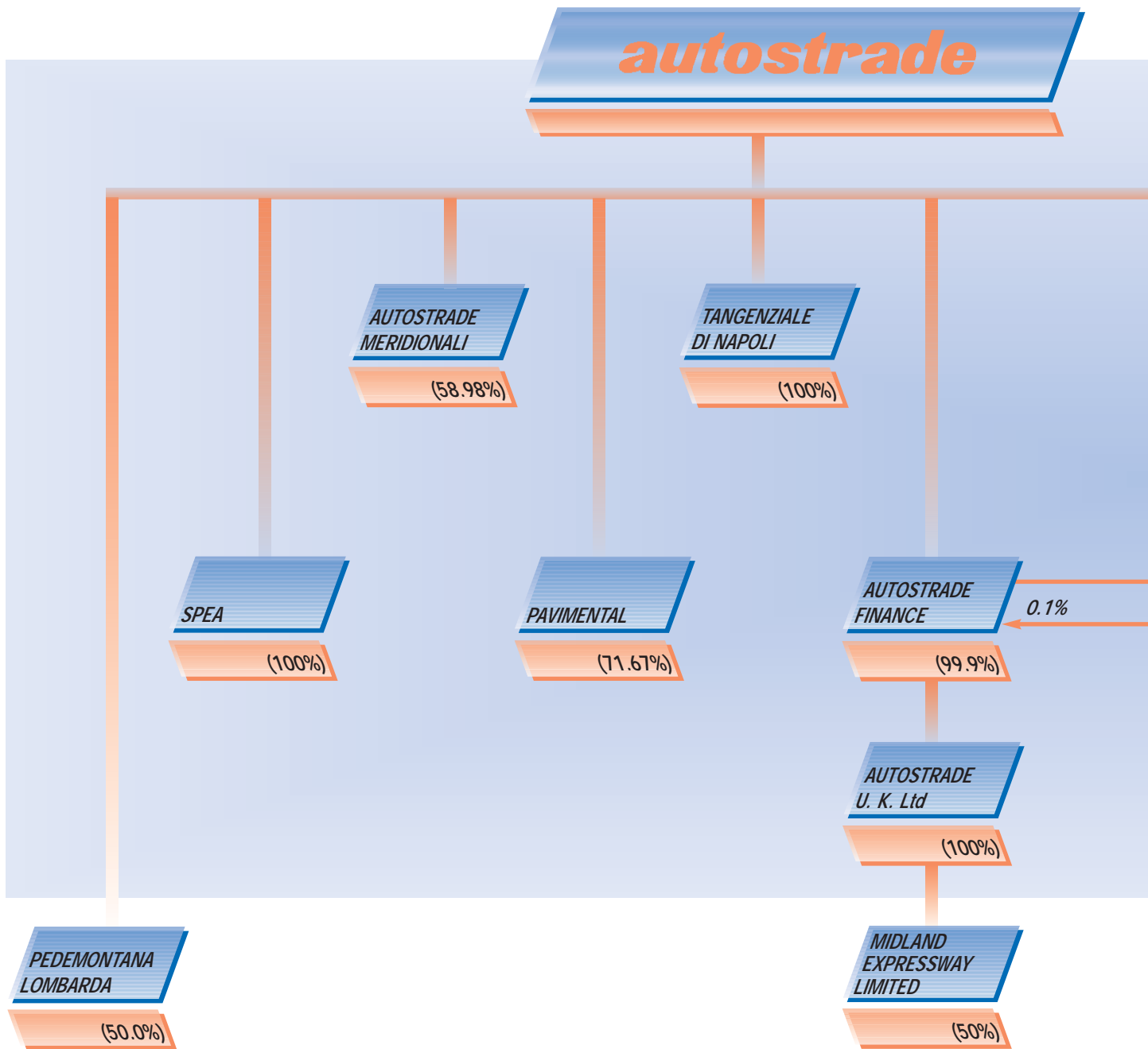
Sitech S.p.A. is the most recent addition to the Group and was incorporated, together with a number of Italy's leading license holders, in order to exploit the Group's network assets via the development of telecommunications services and fixed-line and mobile telephony. The company holds a relative majority in Blu S.p.A., Italy's fourth mobile telephone operator, which recently started operations.

The Group incorporated a new telecommunications company on June 30, 2000, with the aim of focusing in particular on fixed telephony:

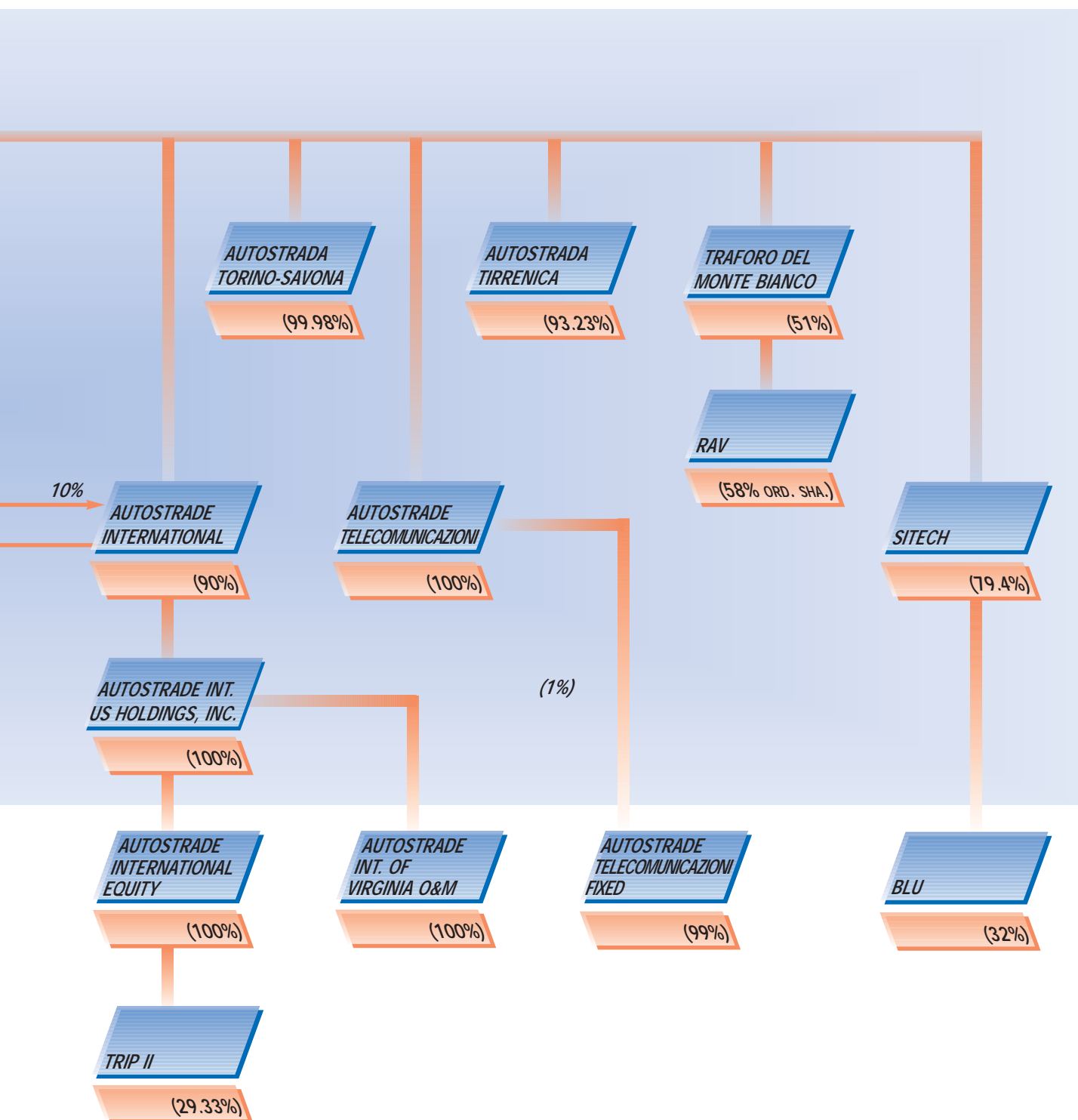
- Autostrade Telecomunicazioni Fixed S.p.A. is 99% owned by Autostrade and 1% owned by Autostrade Telecomunicazioni.

The structure thus created meets the need to fully exploit the Group's tangible and intangible assets in order to consolidate its position in the motorway management sector and diversify into other high growth industries.

STRUCTURE OF THE AUTOSTRAD E GROUP AS OF JUNE 30, 2000



CONSOLIDATED AREA



## 4. MOTORWAY COMPANIES

### 4.1 New concession and tariff adjustments

The first half of 2000 witnessed completion of the process of renewing the concessions granted to Group companies.

#### SIZE OF THE NETWORK HELD CONCESSION BY THE AUTOSTRAD E GROUP AND EXPIRY DATE OF CONCESSIONS

| Company                              | Concession expiry date                   | Length of motorway sections in concession (km) | Of which three or more lanes (km) |
|--------------------------------------|--|--|-----------------------------------|
| Autostrade                           | 2038                                     | 2,854.6  | 904,7                             |
| Torino - Savona                      | 2038                                     | 130.9  |                                   |
| Tangenziale di Napoli                | 2037                                     | 20.2   | 20.2                              |
| RAV                                  | 30 years from the opening of the section | 32.3 (of which 20 open to traffic)             |                                   |
| SAT                                  | 2028                                     | 240 (of which 36.6 open to traffic)            |                                   |
| SAM                                  | 2012                                     | 51.6   |                                   |
| Società Traforo del Monte Bianco (*) | 2035                                     | 7.6 (of which 5.8 open to traffic)             |                                   |

(\*) The company named *Società Italiana per il Traforo del Monte Bianco* (Mont Blanc Tunnel) is regulated by an Italo-French inter-governmental agreement and, as defined by law, the relevant concession is not subject to renewal. The tariff adjustments applied by the company are regulated in a different way from those applied by other motorway concessionaires.

The concessions granted to Autostrade Group companies by ANAS are therefore fully operative. This implies recognition of tariff adjustments on the part of the grantor of the concessions. The tariff adjustments applied by all Autostrade's subsidiaries (with the exception of Traforo del Monte Bianco) were the first to be introduced following a tariff freeze lasting two years, with the most recent change dating back to 1997.

The adjustments applied by the various companies in the Group, which were based on the *price cap* formula established by CIPE regulations and included in the new concession agreements, were of varying entity and came into effect at different dates.

#### TARIFF ADJUSTMENTS APPLIED BY CONCESSIONAIRES

| Company               | With effect from | Tariff change |
|-----------------------|------------------|---------------|
| Autostrade            | January 1, 2000  | 1.55%         |
| SAM                   | May 3, 2000      | 17.7%         |
| Tangenziale di Napoli | May 3, 2000      | 9.98%         |
| Torino-Savona         | May 3, 2000      | 6.2%          |
| RAV                   | March 20, 2000   | 1.2%          |
| SAT                   | May 3, 2000      | 1.2%          |

The new tariff formula applied by Autostrade over the two-year period 1998-1999 establishes that tariffs are to be adjusted on the basis of, among other variables, the government's projected rate of inflation. During both 1998 and 1999 the above rate was 0.5 percentage points below the real inflation rate. The shortfall is expected to exceed 1% in 2000, thus penalizing both the Company and other motorway concessionaires.

### 4.2.1 Traffic and the network

During the first six months of 2000, the distance covered by traffic using the road network managed by Autostrade Group companies rose 3.9% to 21,382.8 million kilometers (20,570.6 million during the first half of 1999). The above figure exceeded all expectations, mainly due to the economic recovery in progress. The increase also reflects the fact that 2000 is a leap year (there was an extra day in February compared to 1999).

This represents strong traffic growth, despite the fact that the closure of the Mont Blanc Tunnel inevitably led to a reduction in traffic using the Aosta-Mont Blanc section of the A5.

#### KILOMETERS COVERED ON THE AUTOSTRADE GROUP'S NETWORK DURING FIRST HALF 2000

| Company                | Light           | % change<br>2000/1999 | Heavy          | % change<br>2000/1999 | Total<br>traffic | % change<br>2000/1999 |
|------------------------|-----------------|-----------------------|----------------|-----------------------|------------------|-----------------------|
| Autostrade             | 14,631.5        | 3.1%                  | 4,995.1        | 6.5%                  | 19,626.6         | 3.9%                  |
| Trafo del Monte Bianco | -               |                       | -              |                       | -                |                       |
| RAV                    | 12.4            | -11.0%                | 1.5            | -69.0%                | 13.9             | -25.9%                |
| Torino-Savona          | 297.0           | 5.2%                  | 62.7           | 10.8%                 | 359.7            | 6.1%                  |
| SAT                    | 70.6            | 5.4%                  | 19.6           | 12.6%                 | 90.2             | 6.9%                  |
| Tangenziale di Napoli  | 481.4           | 2.3%                  | 43.7           | 2.6%                  | 525.1            | 2.3%                  |
| SAM                    | 690.6           | 5.7%                  | 76.7           | 4.0%                  | 767.3            | 5.5%                  |
| <b>Total</b>           | <b>16,183.5</b> | <b>3.2%</b>           | <b>5,199.3</b> | <b>6.4%</b>           | <b>21,382.8</b>  | <b>3.9%</b>           |

The strength of the performance is reflected in the trend for heavy vehicles, which saw an acceleration in growth over the first half of 2000: up 6.4% compared to the first six months of 1999.

A total of 19,627 million kilometers were covered on the Parent Company's network, representing an overall increase of 3.9% with respect to 1999. Growth in heavy traffic was particularly significant at 6.5%, whilst the increase for light traffic was 3.1%.

February, which was a day longer in 2000, saw the biggest increase (10.6%). However, even after standardizing traffic flows in terms of a theoretical daily average vehicle, the increase remains substantial at 6.8%. The other months registering above average growth were January (4.3%) and April (4.7%). The only decreases were seen in the volume of light traffic in May (down 3.2%) and heavy traffic in April (down 0.3%). The latter contraction was the result of holidays during the month (Easter and April 25), which reduced the number of working days. At the same time the number of people on the road during April increased (6.3%), most probably leading to a reduction in traffic during May.



## KILOMETERS COVERED ON AUTOSTRADE'S NETWORK DURING FIRST HALF 2000

| Months   | Light vehicles        |                                | Heavy vehicles        |                                | Total                 |                                |
|----------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|
|          | Km covered (millions) | % change on same month of 1999 | Km covered (millions) | % change on same month of 1999 | Km covered (millions) | % change on same month of 1999 |
| January  | 2,096.5               | 3.2                            | 680.1                 | 7.5                            | 2,776.6               | 4.3                            |
| February | 2,023.4               | 9.3                            | 793.7                 | 14.0                           | 2,817.1               | 10.6                           |
| March    | 2,330.5               | 2.0                            | 904.7                 | 5.8                            | 3,235.2               | 3.0                            |
| April    | 2,758.0               | 6.3                            | 798.1                 | -0.3                           | 3,556.1               | 4.7                            |
| May      | 2,598.8               | -3.2                           | 923.1                 | 9.7                            | 3,521.9               | -0.1                           |
| June     | 2,824.2               | 2.8                            | 895.4                 | 3.3                            | 3,719.6               | 2.9                            |
| Total    | 14,631.5              | 3.1                            | 4,995.1               | 6.5                            | 19,626.6              | 3.9                            |

All the sections of motorway managed by the Company experienced increases in traffic, particularly the A12 Roma-Civitavecchia (7.1%), the Ancona and Canosa section of the A14 Bologna-Taranto (over 7%) and the A23 Udine-Tarvisio (9.8%). The latter stretch of motorway had suffered the impact of the closure of the Tauri Tunnel in Austria between June and August 1999. Less substantial increases were seen on the A16 Naples-Canosa (0.9%), the A4 Milan-Brescia (1.5%, but with growth in light traffic close to zero) and the A10 Genoa-Savona (1.6%).

Traffic projections point to a consolidation of the above growth trend during the second half of 2000, with increases expected to keep pace with those seen in the first half. However, due to the fact that there is less margin for growth during the second half, given that traffic is more intense, the full year increase for 2000 with respect to 1999 is expected to be down on the rate of growth witnessed up to June.

The most important event regarding network infrastructure during the first half of 2000 was the removal, on April 20, of the Savona barrier. Traffic may now join the A6 Turin-Savona, managed by the company of the same name, from the A10 Genoa-Savona, managed by Autostrade, and vice versa without having to stop to pay a toll.

### 4.2.2 Upgrading and extension of the network

Under the new concessions, the Group's concessionaires have committed themselves to carrying out a series of works aimed at upgrading and modernizing the network operated under concession, within a clearly defined context of economic and financial viability. The aim is to provide a service in line with the highest European standards and adequately respond to the growth in traffic.

The principal works either in progress or completed during the six months were:

- the base tunnel for the upgrading of the Bologna-Florence section;
- construction of a third lane of the A1 Milan-Naples between Orte-Fiano and the new toll station at Ponzano Romano-Soratte;
- completion of the widening of the Milan-Laghi between Fiorenza and Gallarate;
- construction of a new toll station at Grottammare on the Adriatic – close to opening;
- the final section of the doubling of the Turin-Savona and the linkroad connecting it to the

- Genoa-Ventimiglia near Savona, involving demolition of the Altare barrier, which took place on April 20, 2000;
- modernization of the Naples-Pompei-Salerno;
- upgrading of the Naples Orbital Motorway;
- construction of the Morgex-Mont Blanc section of the Val d'Aosta Orbital Motorway;
- restoration and improvement of safety levels in the Mont Blanc Tunnel.



*The new linkroad of Savona*

### Upgrading of the Bologna-Florence section

With regard to the pioneer tunnels for the base tunnel, the bridges over the Setta river have been built, as have the access roads, all the entrance works and the pioneer tunnels of the Poggio Civitella tunnels.

Excavation for the pioneer tunnels, which had arrived at 3,880 meters and 3,950 meters for the two lanes on the Bologna side, and 1,040 meters and 940 meters on the Florence side, was suspended following the discovery of methane gas. It was therefore decided to supplement the information obtained via deep-hole readings carried out from above, completed during June, whilst monitoring the stretch of tunnel excavated.

### Third lane of the Orte-Fiano Romano

A total of 5 km of the first section of motorway has been widened and 4 new overpasses are almost complete.

Preparations for the widening of the remaining sections is underway. The work is to be carried out without interrupting traffic, by using an innovative system that guarantees maximum safety. Construction of the artificial tunnel at Pileggi is in progress.

### Widening of the Milan-Laghi

Widening of the following sections is underway: Fiorenza-Lainate interconnection, Lainate - Legnano interchange and Castellanza interchange-Gallarate, which consist in the widening of 3.3 meters in both directions in order to recreate the hard shoulder and build parking areas.

### Other work on Autostrade's network

In addition to the above-mentioned widening schemes, work on the new Florence head office continued during the first half, as did construction of the interchanges directly linking the A1 and A11. Moreover, a number of motorway interchanges are in the process of being upgraded. The principal works regard: the construction and completion of the interchanges for Genoa Airport, which was momentarily halted due to the bankruptcy of the contractor, and the start of work on widening of the Genoa Bolzaneto interchange; work on the upgrading of access to the A26, with completion of the Ghevio interchange; the interchange with the Rome South branch of the city's Orbital Motorway (GRA), in the process of completion.



Torino-Savona motorway:  
doubling works on the  
Fossano-Mondovi section

### Doubling of the Turin-Savona

Work on the alpine section between Rivere and Montecala, including, over a stretch of 5.7 km, approximately 4 km of viaduct (7) and tunnels (6), is nearing completion, whilst work on the last section to be widened, between Fossano and Mondovi (15 km) is in full swing.

### Modernization of the Naples-Pompei-Salerno

The new barrier at Nocera inferiore has been completed and was opened to traffic in March 2000, replacing the terminal barrier at Salerno. Moving the barrier has resolved the problem of frequent traffic congestion and reduce the impact on the city of Salerno, giv-

en that the old barrier was situated close by the city center.

Upgrading of the Cava de' Tirreni interchange has been completed, with a new configuration involving payment of tolls solely to and from Salerno.

Work on adding a third lane to the motorway between the 22<sup>nd</sup> and 25<sup>th</sup> kilometers is also underway, as is work on upgrading the ramps for the Scafati interchange. Work on the Torre del Greco interchange has also begun.

### Val d'Aosta Orbital Motorway

Work on lots 3, 4 and 5 of the Morgex - Mont Blanc section is almost complete. Work on lot 2 was completed last September.

### Restoration and upgrading of the Mont Blanc Tunnel

Assignment of contracts to carry out design and works supervision for the restoration and improvement of safety levels of the tunnel took place during the first half. The executive designs have been approved and tenders called for.

A part of the works to be carried out on restoration of the tunnel were begun in February.

Following cleaning and decontamination of the tunnel, work began on the construction of three garages and connected shelters on the Italian side (lot 0). At the beginning of July the contract for civil engineering work for lot 1 was assigned. This consists in the restoration of the vaulting and slabs in the fire-damaged section and construction of the continuity of the ventilation shafts between Italy and France. At the same time, bids were called for contracts regarding construction of shelters with workshops and access to the ventilation shafts, SOS niches, *carneaux* and ventilation trenches, the restoration of the tunnel's form and drainage.

### 4.2.3 Motorway services

Group companies proceeded with their planned rationalization and reorganization of operations during the first half of 2000, with the aim of raising quality and extending the range of services offered to users.

## ORGANIZATION OF SERVICES ON THE GROUP'S NETWORK

|                                       | Number |
|---------------------------------------|--------|
| Motorway services                     |        |
| Operations centers                    | 15     |
| Toll stations                         | 261    |
| Police units                          | 40     |
| Maintenance posts                     | 83     |
| Winter maintenance areas              | 140    |
| Punto blu customer service points (*) | 120    |
| Service areas                         | 234    |
| Car parks                             | 108    |

(\*) including those located outside the Group's network and Assistance Centers

### Maintenance

Maintenance work was particularly intense during the first half of 2000, with the Parent Company alone carrying out work at 150 sites. Work has been carefully planned, establishing priorities on the basis of the results of monitoring of the network. In addition to work on road resurfacing, major projects included the renovation of bridges, viaducts and tunnels, located above all in Piedmont, Liguria, Tuscany-Emilia areas, the Adriatic and the Apennines near Irpinia.

Replacement of damaged expansion joints went ahead, principally in the Piedmont and Liguria areas, on the Udine-Tarvisio section of motorway and on the Adriatic. Work in Liguria also involved the clearing up of rockslides.

Monitoring proceeded as normal, as did work on drainage and the replacement of fencing.

Significant design work regarding the upgrading of safety barriers was carried out, involving the strengthening and replacement of around 200 km of barrier in Liguria, on the Milan-Bologna, the Bologna-Padua and the Florence-Coast motorways.

A number of road surface maintenance works were carried out (involving approximately 400 km for the Parent Company alone), in order to restore the adherence of the surface to the drainage conglomerate, micromats and surface treatment of roughening, as well as work on relaying.



### Customer assistance

Customer assistance, security and information services, carried out either directly by Group concessionaires or by external bodies, were further developed and improved during the period, via the application of advanced information and telecommunications technologies.

Security throughout the network is the responsibility of the traffic police, who employ specially assigned personnel. Backup, providing cooperation in the event of accidents without injury to people and traffic control services, is supplied by motorway personnel employed by concessionaires. The activities of such personnel were extended and consolidated during the first half of the year.

In order to ensure effective, timely intervention in the event of necessity and prevent, wherever possible, the causes of problems or inconvenience for customers, the Group's concessionaires make use of various monitoring systems:

- weather forecasting equipment, linked to operations centers and digital message panels, which allow for, among other things, the prevention of ice formation on road surfaces (over 200 units located at toll stations and along motorways, with 47 new meteorological stations in the process of being installed);
- cameras for monitoring traffic linked to operations centers and the Information Center in Rome (over 500 installed throughout the network);
- 74 units for measuring traffic flows in real time.

Emergency calls for breakdown services or medical assistance may be made from over 4,000 SOS points distributed throughout the Group's network. Medical assistance is provided by the relevant public services, whilst breakdown services are supplied by ACI's Motorway Breakdown Service and by Europe Assistance VAI.

Operations centers are equipped with special information systems designed to manage breakdown services, and this is integrated with *SIV* (the Group's Traffic Information System). *SIV* is a system that monitors road conditions, gathering and circulating information for motorway users. It provides backup for other forms of communication installed on motorways and for other sources of motorway traffic information:

- over 300 digital message panels installed at toll stations and throughout the network; 64 new panels were installed along the Milan-Brescia motorway during the first half of the year, as part of the monitoring project for this particularly busy stretch of road;
- ISORADIO, run by RAI, transmits over the same FM frequency throughout the network, namely 103.3 (serving 1,600 km of motorway);
- CCISS for "Onda Verde" traffic bulletins;
- the Information Center, providing information round the clock.

Following the installation of the new "Multimedia Production Center", which was opened in 1999 with the aim of producing communication services in-house and improving relations with motorway users,

the number of communications channels has increased and the reliability and speed of information has improved.

### Safety and service quality

In order to evaluate the effectiveness of the initiatives undertaken, the Parent Company Autostrade has introduced a quality system, based around a series of tools designed to monitor the quality of the services provided throughout the motorway network. The feed-back provided will form the basis for ongoing improvement of the services supplied.

The above system of monitoring and evaluating service standards has also enabled the Group to improve toll payment processes, provide better information for customers and extend the degree of automation.

Significant efforts have been made to improve safety throughout the network, particularly on sections carrying large volumes of traffic and where there is a high proportion of heavy vehicles.



*New digital message panels on the Milan-Brescia motorway*

A traffic monitoring and control system has been introduced on the Milan-Brescia motorway, supplying real time information on traffic conditions and estimated average journey times for each section.

Further initiatives relating to safety included the closure of by-passes along motorways, improvements to road signs, particularly those located along the approaches to toll stations, the extension of information services and the increased presence of motorway personnel throughout the network.

There were a total of 3,379 accidents resulting in injury or death on the Autostrade Group's motorway network during the first half of the year, with 200 fatalities and 5,833 injured.

The number of accidents on the Parent Company's network resulting in injury or death totaled 3,122, with the number of injured people amounting to 5,336 and fatalities to 199.

The incidence of accidents leading to injury or death, calculated on the basis of the volume of traffic using the Autostrade Group's motorway network, is 27.3 injuries per 100 million vehicle kilometers and 0.9 death per 100 million vehicle kilometers. The corresponding rates for the Parent Company stand at 27.2, and 1.0, respectively.

## Refreshment areas and fuel stations

The parking, refreshment and refueling services offered to motorway users at the Group's 234 service areas and 108 parking areas were the subject of market research and other initiatives aimed at improving overall quality.

All service area activities are operated by sub-concessionaires who pay royalties to motorway operators on the basis of their volume of sales.

Provisional data reveals an increase in revenues from refreshment services and the sale of non-oil goods with respect to the first half of 1999, in line with the growth in traffic using the network and general price increases.

Sales of complementary products (lottery tickets, newspapers, tobacco products) are substantially unchanged, whilst revenues from hotel and vehicle repair services are down.

Fuel sales were substantially stable.

Overall, *royalties* from service areas totaled Lit. 51.4 billion during the first half (Lit. 48.8 billion for the Parent Company), representing an increase of around 4% with respect to the first six months of 1999.



## Toll collection and payment systems

Further progress was made with regard to introducing innovations in the field of toll collection. Coordinated actions focused on the structure and organization of toll stations, the simplification and standardization of signs, new collection and payment monitoring technologies, and the various forms of payment and their marketing and sale, with particular importance given to *Telepass*.

Final figures of the Parent Company for the first half show that the use of automated toll gates accounted for over 32.5% of payments (27.3% during the first half of 1999), whilst the use of

the Viacard linked to current accounts and Plus, the prepaid Viacard and the Fast-Pay system were in decline. The use of credit cards and automated tellers was on the up. Overall, 55.9% (53.6% as of June 30, 1999) of all payments were effected via automated means.

#### **AUTOSTRADA S.P.A. - TRANSACTIONS BY TYPE OF PAYMENT IN THE 1<sup>ST</sup> HALF 2000**

| Type of payment          | Exit transactions    |       |
|--------------------------|----------------------|-------|
|                          | Value<br>in millions | %     |
| Cash paid to manned gate | 135.1                | 43.2  |
| Automated teller (cash)  | 4.8                  | 1.5   |
| Viacard c/a and Plus     | 28.5                 | 9.1   |
| Telepass                 | 101.5                | 32.5  |
| Prepaid card             | 23.6                 | 7.5   |
| Credit card              | 8.2                  | 2.6   |
| Fastpay                  | 8.1                  | 2.6   |
| Total automated          | 174.7                | 55.9  |
| Other                    | 2.8                  | 0.9   |
| Overall total            | 312.6                | 100.0 |

A total of 1,765,189 telepass units had been installed as of June 30, 2000 (up 16.3% with respect to the end of 1999), of which 687,988 are Family.

The spread of Telepass systems and technology has taken place throughout the network operated by the Group and the motorways managed by other concessionaires, with coverage amounting to 92%. Coverage is expected to be total by 2001.

## 5. SERVICE COMPANIES

During the period, the Group's two motorway services companies, Spea and Pavimental, strengthened their positions in their respective sectors of operation, engineering and road

surfacing. Spea demonstrated an increasing capacity to acquire business outside the Group, with revenues from third party customers now accounting for 40% of the total. Both Spea and Pavimental made further progress with regard to rationalization and productivity.

The first half of 2000 saw Spea acquire a number of important contracts both in Italy and overseas. The most significant was the contract to design and supervise the work on restoring and upgrading the Mont Blanc Tunnel, awarded by "Autoroutes et Tunnel du Mont-Blanc (ATMB)" and "Società Italiana p.A. per il Traforo del Monte Bianco (SITMB)". The contract was won by a temporary consortium set up by Spea and Scetauroute following a European tender.

Outside the Group the company continued to pursue activities aimed at achieving a gradual increase in business from non-government bodies - ANAS, FS, Italferr, Provincial and Municipal Authorities, etc. -, including via the offer of innovative services. As regards overseas markets, Spea currently operates branches and offices in Eastern Europe (Bulgaria, Rumania and Russia), in Morocco and South America (Argentina, Colombia, Peru and Nicaragua), with the aim of consolidating its position by acquiring contracts financed by international bodies.

Over the first half, Spea supplied services with a total value of Lit. 29.8 billion to the Parent Company Autostrade (Lit. 28.5 billion in the first half of 1999). This represents 60.8% of its total revenues.

During the first half, Pavimental proceeded with its equipment review and the modernization of its plant and machinery, with a view to acquiring state-of-the-art technology. This is necessary in order to satisfy the need to concentrate operations in very short periods of time, whilst guaranteeing high standards of quality for its road surfaces. To this end, the company has invested a total of Lit. 5 billion.

Pavimental earned revenues of Lit. 178.8 billion during the first half of 2000, and saw an improvement in its operating income primarily due to a reduction in labor costs. Overhead was also down reflecting the company's success in cutting costs.

### 5.1 Project and maintenance activities

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Activities in this sector are carried out by Autostrade Finance S.A., whose purpose is to aid the Group's companies to gain access to international capital markets.

During the first half of 2000, the company implemented the resolution of an Extraordinary General Meeting of Shareholders held on April 12, 2000 and opted to replace the US dollar with the euro for accounting purposes. This led to the winding up of existing swap transactions involving dollars and, where necessary, their repositioning against the euro. This generated profits on foreign currency dealing of around 3.6 million euro.

During the period, the company continued to manage existing financial transactions and issued further loans to the subsidiary Autostrade UK and Midland Expressway Limited (MEL), a company in which Autostrade UK has a 50% interest. MEL holds the concession to design, finance, construct and manage the planned Birmingham Northern Relief Road (BNRR). It is currently involved in the financial closing of the project (the raising of the necessary finance and the signature of the related contracts).

### 5.2 Finance

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### 5.3 Overseas operations

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The Group's overseas operations consist of the management of the companies that hold toll motorway concessions in the

US and the UK, namely Dulles Greenway (USA) and BNRR (Birmingham Northern Relief Road, in the UK).

In the UK, Autostrade (UK) Limited holds 50% of Midland Expressway Limited, the company that has been granted the concession to design, finance, construct and manage the planned Birmingham Northern Relief Road (BNRR) by the UK's Department of the Environment, Transport and the Regions ("DETR"). The project was approved in 1997 and, after a delay caused by legal action taken by a number of environmental groups (settled out of court in May 1999), the company is about to close negotiation of the loan package. Construction is expected to start at the beginning of 2001.

With the aim of concluding negotiations for the loan and starting construction work, MEL has solicited competitive bids from both lenders and constructors. The selection process for lenders has led to the choice of three banking groups who have been asked to present a proposal for financing the project. Bids were received on June 8, 2000 and assessment is currently underway. As regards the choice of constructor, the company has put the contract out to European tender and has invited two groups of constructors to present bids by July 28, 2000. The grantor of the concession has begun the final stage of compulsory purchase of the land on which the road is to be built. The land is to be handed over to MEL by the end of the current year.

The first half witnessed positive progress in the US, where the Group has an interest in the concession to build and manage the Dulles Greenway in Virginia. This followed the refinancing of the project mid-way through 1999 and the consequent solution of the problems encountered during the early years of the project.

The holding AI Equity, which holds 29.333% of the concessionaire TRIP II, declared a profit for the first half. AI of Virginia, the company wholly owned by AI Holdings, which is responsible for the management and maintenance of the infrastructure on behalf of the concessionaire, reported net income of USD 411,925 (USD 59,263 for the first half of 1999). The concessionaire TRIP II reported an increase in toll revenues (up 37% with respect to the first half of 1999) and traffic (up 19%), as well as a rise in tariffs that did not lead to any reduction in demand. Automated payment systems account for 71% of total tolls on working days and 80% at peak times.

## 6. TELECOMMUNICATIONS

The telecommunications sector represents the area on which the Group's diversification strategy has concentrated over recent years. The companies operating in the sector are Autostrade Telecomunicazioni (100% Autostrade), Sitech (79.4% Autostrade) and Blu (32% Sitech). The first half of 2000 saw significant efforts directed at defining the organization of the sector, resulting in a clear delineation of the activities and areas of responsibility of Group companies. On June 30, 2000, the Group incorporated Autostrade Telecomunicazioni Fixed, with the aim of developing fixed-line telephony. The new company is 99% owned by Autostrade and 1% owned by Autostrade Telecomunicazioni. As of April 2000, responsibility for the development and marketing of services, systems and products in emerging segments of the telecommunications market, applied to transport and the movement of persons and goods, was transferred from Autostrade Telecomunicazioni to the Parent Company Autostrade.

The SDH/WDM transmission network became fully operative during the first half. The network supplies circuits with levels of service, speed of provisioning and flexibility sufficient to position the Group and Autostrade Telecomunicazioni at the top end of the market for domestic broadband transmission. The network's 450 circuits are used by a number of leading domestic and international fixed and mobile telephony providers. The first half also saw the installation of around 38 km of new fiber optic cable in urban and metropolitan areas (Milan, Bergamo, Brescia, Modena, Bologna, Florence, Pescara, Naples and Bari), thereby substantially increasing the number of units installed in the most important markets. This resulted in a significant increase in contracts.

The activities of Sitech, which is owned by Italy's leading motorway companies, were clearly defined, identifying the objectives behind the aggregation of the transmission capacity offered by the motorway network. The aim is to create a backbone from which to develop fixed-line and mobile telephony, achieving new synergies and increasing advantages in terms of efficiency and service quality. The key elements of Sitech's business purpose are therefore linked to the development of information technology, telecommunications and communications services, payment systems and mobility in general. On April 12, 2000, an Extraordinary General Meeting of the shareholders of Sitech resolved to increase the company's share capital from Lit. 100 to 500 billion, authorizing the Board of Directors to effect such increase by January 31, 2001. The operation, amounting to a value of Lit. 500 billion, was carried out on July 20, 2000.

The mobile telephony business is run by Blu SpA., which grew out of the partnership between the Autostrade Group (now Sitech) and British Telecom (20%), Distacom (9%), Edizione Holding (9%), Mediaset (9%), BNL (7%), Italgas (7%) and Palatinus – Caltagirone Group (7%). The company was awarded Italy's fourth mobile license in August 1999.

On May 15, 2000, having completed experimental trials involving selected customers, Blu launched its services on the market, earning its first revenues (Lit. 21.5 billion for the first half). Activities during the period were focused entirely on the completion of preparations for the start-up of services within the established deadline. Installation of the GSM 1800 transmission network proceeded in partnership with Nokia Italia and Nortel Networks, providing coverage of Italy's major cities (Rome, Milan, Bologna, Naples, Turin, Florence, Venice, Genoa and Palermo).

The company has signed an agreement with BNL regarding the supply of trading on line services via mobile telephone. The service will allow users to access stock market and share price information in real time, examine their securities portfolio and effect purchases and sales. All that is

necessary is a normal dual band mobile phone equipped with one of Blu's SIM cards. Blu is also developing a multi-access portal supplying interactive services to customers.

The company has entered into negotiations with Italy's other mobile operators. In March, Blu signed a national roaming agreement with Omnitel. The relevant agreement with TIM was reached at the beginning of July and negotiations with Wind are in progress.

The sales and distribution network has seen the original 800 indirectly managed points of sale at the time of the launch increase to 1,000 by the end of June. At the end of May, the company opened its first directly managed outlet and preparations for the opening of further stores in Rome and Milan got underway. The launch was accompanied by a large-scale advertising and promotional campaign. Customer services were provided by the company's Call Center in Florence and work began on a new Call Center in Palermo.

By the end of July, after only three months since the launch, Blu had attracted a total of around 250,000 customers.

## 7. RESEARCH AND DEVELOPMENT

Research, which is carried out almost exclusively by the Parent Company Autostrade, is of increasing importance in view of the Group's role within Europe and the need to integrate and standardize systems, and arrive at effective common solutions to road transport problems.

This has led Autostrade to participate in numerous European research programs, often putting forward its own proposals for research and assuming the role of leader. A number of such programs are co-financed by the European Commission.

Work on the SIRUUS research project ("Silent Roads for Urban and Extraurban Use"), regarding the complex issue of noise protection, went ahead during the period. The project, which is co-financed by the European Union, was set up on the initiative of Autostrade and is coordinated by the Company.

The project, which began in September 1998, has an overall budget of 3,257,000 ECU (approximately Lit. 6,350 million) and is scheduled to last 40 months. The European Commission is financing 50% of the project.

Further efforts to reduce noise pollution focused on the introduction of ventilated silent windows in the Genoa area, as part of the "Genoa pilot project". A helicopter survey of the country is also being carried out with the aim of mapping noise levels throughout the country, whilst further progress was made in the process of approving the draft legislation drawn up in collaboration with the Ministry of the Environment, regarding identification of the priority actions to be undertaken in order to reduce noise pollution in accordance with Law 447/95.

Autostrade is also part of the consortium set up by companies from several European nations (Denmark, Germany, France, Italy), with the aim of carrying out research into SMART STRUCTURES. The objective is to create innovative instruments (electronic sensors) to measure the state of deterioration of bridges and viaducts as a means of prevention. The project, which began life in September 1998, is due to last a total of 42 months and has a budget of 2,800,000 EURO (approximately Lit. 5 billion), of which 50% is covered by a grant from the European Commission.

The CESARE II project relates to issues connected with the inter-operability of systems and automated toll gates. This is the second phase of a project initiated by ASECAP (the Association of European Toll Motorway Concessionaires) with the aim of defining the characteristics of an automated toll gate system. The objective is to develop a common system for use by members of the Association and then expand its adoption to other European countries.

The first half of the year also witnessed progress on a number of studies and research projects regarding the Company's internal and external environment. These included area surveys, analysis of mobility throughout the network, economic studies, research into tariff issues, surveys of perceived quality and assessment of new business opportunities.

## 8. HUMAN RESOURCES

During the first half of 2000, personnel management and organizational development policies were carried out within the Group aiming at improving efficiency, cost control and flexibility in use of personnel.

In order to optimize the use of synergies within the Autostrade Group measures have been taken in order to rationalize the organization, to establish an operating links with a number of subsidiaries (Tangenziale di Napoli, Autostrade Meridionali, Autostrada Torino-Savona and Autostrada Tirrenica) and the related Section Offices, as well as between the subsidiaries SPEA and Pavimental and Autostrade's Technical Office. Moreover, the operational coordination of some activities (design, contracts, acquisitions, administration, information systems, etc.) of the above-mentioned companies has been assigned to Autostrade S.p.A.

Implementation of the Company's new management information system (SAP R/3) was concluded at the beginning of the year. This is an important instrument of organizational innovation, both at Company and Group level. Its implementation has involved a substantial use of internal and external personnel in the operations necessary to outline, set up and define the system's characteristics before passing on to the operational phase.

Activities connected to the organizational and procedural aspects of the new system and the carrying out of training initiatives continued.

With regard to industrial relations, the first half of 2000 was marked by the successful conclusion of negotiations with labor unions for the renewal of the national collective labor agreement for the motorway sector, which expired on 12.31.1998.

The new agreement signed on February 16 and renewed for the period 1.1.1999 - 12.31.2003 assigns considerable importance to the introduction of new hours for full-time employees allowing for a more flexible organization of labor, the opportunity to utilize temporary and part-time labor, and stricter regulatory controls on part-time and temporary work.

During the first half of 2000 the Autostrade Group's labor costs totaled Lit. 458 billion, down 0.8% compared to the same period of the previous year (Lit. 462 billion), due to the combined effect of a reduction in the average headcount, down from 9,960 in the first half of 1999 to 9,560 for the first six months 2000, and a 3.3% increase in the average unit cost.

With regard to the Parent Company, overall labor costs amounted to Lit. 336 billion, a 0.2% reduction compared to the same period of the previous year (Lit. 337 billion). The change is to be attributable to a 3.3% increase in the average unit cost of labor, essentially ascribable to salary increases linked to the renewal of the collective labor agreement, as well as to the change in productivity bonuses, and to a 3.4% reduction in the average headcount. The latter fell by 246 from 7,234 for the first half of 1999 to 6,988 for the first six months of 2000.

**AUTOSTRADA GROUP - AVERAGE HEADCOUNT DURING FIRST HALF 2000**

| Grade                  | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Absolute change |
|------------------------|---------------------------|---------------------------|-----------------|
| Management             | 170                       | 182                       | -12             |
| White collar           | 3,422                     | 3,363                     | 59              |
| Toll station operators | 4,296                     | 4,573                     | -277            |
| Blue collar            | 1,672                     | 1,842                     | -170            |
| Total                  | 9,560                     | 9,960                     | -400            |

**AUTOSTRADA S.P.A. - AVERAGE HEADCOUNT DURING FIRST HALF 2000**

| Grade                      | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Absolute change |
|----------------------------|---------------------------|---------------------------|-----------------|
| <i>Permanent employees</i> |                           |                           |                 |
| Management                 | 105                       | 114                       | -9              |
| White collar               | 2,290                     | 2,233                     | 57              |
| Toll station operators:    |                           |                           |                 |
| - Station supervisors      | 61                        | 133                       | -72             |
| - Full-time operators      | 2,731                     | 2,838                     | -107            |
| - Part-time operators      | 541                       | 586                       | -45             |
| Blue collar                | 1,060                     | 1,086                     | -26             |
| <i>Temporary employees</i> |                           |                           |                 |
| White collar               | 46                        | 56                        | -10             |
| Toll station operators:    |                           |                           |                 |
| - Full-time operators      | 78                        | 6                         | 72              |
| - Part-time operators      | 15                        | 86                        | -71             |
| - Seasonal full-time       | 44                        | 20                        | 24              |
| - Seasonal part-time       | 9                         | 62                        | -53             |
| Blue collar                | 8                         | 14                        | -6              |
| Total                      | 6,988                     | 7,234                     | -246            |

**AUTOSTRADA GROUP - PERMANENT HEADCOUNT AS OF 6.30.2000**

| Grade                  | June 30, 2000 | December 31, 1999 | Absolute change |
|------------------------|---------------|-------------------|-----------------|
| Management             | 164           | 175               | -11             |
| White collar           | 3,417         | 3,361             | 56              |
| Blue collar            | 1,636         | 1,675             | -39             |
| Total other employees  | 5,217         | 5,211             | 6               |
| Toll station operators | 4,256         | 4,343             | -87             |
| Total                  | 9,473         | 9,554             | -81             |

**AUTOSTRADA S.P.A. - PERMANENT HEADCOUNT AS OF 6.30.2000**

| Grade                  | June 30, 2000 | December 31, 1999 | Absolute change |
|------------------------|---------------|-------------------|-----------------|
| Management             | 102           | 107               | -5              |
| White collar           | 2,383         | 2,327             | 56              |
| Blue collar            | 1,058         | 1,084             | -26             |
| Total other employees  | 3,543         | 3,518             | 25              |
| Toll station operators | 3,471         | 3,568             | -97             |
| Total                  | 7,014         | 7,086             | -72             |

## 9. OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS

### 9.1 Operating results

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At the end of the first half of 2000, *total revenues* amounted to Lit. 1,890 billion, a 4.3% increase over the comparable figure in the previous year. This was due mainly to the higher toll revenues (up Lit. 77 billion) generated by heavier traffic throughout the entire system (up 3.9%) and from the changes in rates applied by the Group's concessionaires. The consolidated figure was obviously affected by the lower revenues collected by Traforo del Monte Bianco and its subsidiary RAV (down Lit. 22 billion), following the accident that caused the temporary shutdown of the Mont Blanc tunnel. On the other hand, *other revenues* were up Lit. 3 billion.

*Revenues from ordinary activities* (Lit. 1,968 billion) rose substantially (4.7%), thanks both to the revenue items discussed above and to the significant volume of capitalized costs (Lit. 77 billion) related mainly to the construction projects carried out by the Group.

The *gross margin* (Lit. 1,450 billion) grew by 4.9%, despite the Lit. 22 billion increase in the use of *raw materials and external services* (Lit 518 billion) related to higher maintenance and job processing. The *gross margin* represented 76.7% of *total revenues* (76.3% in the first half of 1999). *Labor costs* (Lit. 458 billion) dropped (down 0.8%) as a result of the lower average headcount (down 400 employees), partly offset by a higher average unit cost of labor. *Labor costs* accounted for 24.2% of *total revenues* (25.5% in the first half of 1999), resulting in a significant improvement in *Gross Operating Income* (up 7.7%) over the comparable amount for the first half of 1999.

*Operating income* (Lit. 707 billion vs. Lit. 575 billion in the first half of 1999) was affected by a Lit. 10 billion increase in *amortization and depreciation* (Lit. 202 billion), related mainly to a greater number of assets entering service, as well as by a Lit. 56 billion decrease in *Provisions for risks and charges* (Lit. 98 billion), in reference mainly to the lower provisions (net of any use) for the "repair and replacement of assets to be relinquished", given the reduced need to make provisions for future maintenance requirements with respect to the same period in 1999.

The negative balance of *Financial income and expense* (Lit. 93 billion) was basically unchanged. As to the *Adjustments to long-term investments* (Lit. 61 billion), for the first six months of 2000 this item showed a substantial increase, following the write-down of the shareholding in Blu, an associated company, due to the losses posted by the mobile communications start-up.

The balance of *Extraordinary income and expense* yielded income of Lit. 4 billion, in line with the comparable amount of last year.

*Net income for the period*, including minority interests, amounted to Lit. 305 billion (Lit. 261 billion in the first half of 1999), a 17.0% increase (Lit. 44 billion). This was the outcome of better operating results, which were adversely affected only in part by the performance of Blu S.p.A. *Net income for the period* (attributable to the Parent Company) totaled Lit. 311 billion (as against Lit. 257 billion in the first half of 1999), Lit. 54 billion (21.1%) higher than the corresponding figure in 1999.

The *ROI* and *ROE* for the first half, computed on an annual basis, were 18.1% (14.9% for the first half of 1999) and 17.6% (15.5% for the first half of 1999), respectively, while for 1999 as a whole they were 16.0% and 17.4%, respectively.

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT

| (Millions of lire)   | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Year 1999        | Change  |             |
|--|---------------------------|---------------------------|------------------|---|-------------|
|  |                           |                           |                  | 1 <sup>st</sup> half 2000-1 <sup>st</sup> half 1999 |             |
|  |                           |                           |                  | value   | %           |
| <b>A. TOTAL REVENUES</b>   | <b>1,890,050</b>          | <b>1,811,553</b>          | <b>3,798,663</b> | <b>78,497</b>                                       | <b>4.3</b>  |
| Change in inventories of work in progress,<br>semi-finished and finished goods | 281                       |                           | -346             |   |             |
| Capitalization of costs and expenses   | 77,486                    | 67,215                    | 193,444          | 10,271  | 15.3        |
| <b>B. REVENUES FROM ORDINARY ACTIVITIES</b>                                    | <b>1,967,817</b>          | <b>1,878,768</b>          | <b>3,991,761</b> | <b>89,049</b>                                       | <b>4.7</b>  |
| Materials and services consumption   | -517,687                  | -496,357                  | -1,097,224       | -21,330   | 4.3         |
| <b>C. GROSS MARGIN</b>   | <b>1,450,130</b>          | <b>1,382,411</b>          | <b>2,894,537</b> | <b>67,719</b>                                       | <b>4.9</b>  |
| Labor cost   | -457,938                  | -461,680                  | -918,910         | 3,742   | -0.8        |
| <b>D. GROSS OPERATING INCOME</b>   | <b>992,192</b>            | <b>920,731</b>            | <b>1,975,627</b> | <b>71,461</b>                                       | <b>7.7</b>  |
| Amortization, depreciation and write-downs                                     | -201,819                  | -192,088                  | -404,035         | -9,731  | 5.1         |
| Other provisions   | -6,883                    | -5,627                    | -18,136          | -1,256  | 22.3        |
| Provisions for risks and charges   | -98,428                   | -154,325                  | -353,886         | 55,897  | -36.2       |
| Other income (expenses), net   | 21,906                    | 6,139                     | 42,729           | 15,767  | 256.8       |
| <b>E. OPERATING INCOME</b>   | <b>706,968</b>            | <b>574,830</b>            | <b>1,242,299</b> | <b>132,138</b>                                      | <b>23.0</b> |
| Financial income (expenses), net   | -92,930                   | -90,862                   | -172,497         | -2,068  | 2.3         |
| Adjustments to long-term investments   | -60,687                   | -6,592                    | -13,359          | -54,095   | 820.6       |
| <b>F. INCOME BEFORE EXTRAORDINARY<br/>ITEMS AND TAXES</b>                      | <b>553,351</b>            | <b>477,376</b>            | <b>1,056,443</b> | <b>75,975</b>                                       | <b>15.9</b> |
| Extraordinary income (expense), net  | 4,263                     | 4,097                     | 2,986            | 166   | 4.1         |
| <b>G. INCOME BEFORE TAXES</b>  | <b>557,614</b>            | <b>481,473</b>            | <b>1,059,429</b> | <b>76,141</b>                                       | <b>15.8</b> |
| Income taxes expense   | -252,186                  | -220,348                  | -478,007         | -31,838   | 14.4        |
| <b>H. NET INCOME FOR THE PERIOD INCLUDING<br/>MINORITY INTEREST</b>            | <b>305,428</b>            | <b>261,125</b>            | <b>581,422</b>   | <b>44,303</b>                                       | <b>17.0</b> |
| (-) Net income for the period (Minority interest)                              | -5,153                    | 4,580                     | 5,198            | -9,733  | -212.5      |
| <b>I. NET INCOME FOR THE PERIOD</b><br>(Parent Company's interest)             | <b>310,581</b>            | <b>256,545</b>            | <b>576,224</b>   | <b>54,036</b>                                       | <b>21.1</b> |

*Net fixed assets* amounted to Lit. 10,138 billion, a Lit. 21 billion decrease from the comparable figure as of December 31, 1999.

This was due primarily to the negative impact that the write-down of the interest in Blu S.p.A., an associated company, had on *long-term investments*. On the other hand, *tangible fixed assets* rose Lit. 47 billion as a result of the positive difference between investment, net of depreciation, and grants received.

The deficit in *working capital* (Lit. 2,034 billion) declined by Lit. 76 billion from the comparable amount at December 31, 1999, due to lower accounts payable, higher accounts receivable and other assets, partially offset by the provisions made for risks and charges and the increase in other liabilities.

As of June 30, 2000, *shareholders' equity* (Lit. 4,621 billion) was slightly below the level of December 31, 1999 (down Lit. 62 billion), due to the difference between dividends paid out and the net income for the period attributable to both the Parent Company and minority interests.

*Net debt* of Lit. 3,205 billion, representing 41% of *invested capital*, increased by Lit. 113 billion, mainly due to the need to finance the gap between the cash generated from operations and the funds required for dividends and investment outlays.

Medium-and long-term debt totalled Lit. 2,349 billion while net short-term borrowing totalled Lit. 855 billion.

## RECLASSIFIED CONSOLIDATED BALANCE SHEET

| (Millions of lire)                                     | 6.30.2000                | 12.31.1999        | 6.30.1999         | Change                        |
|--|--------------------------|-------------------|-------------------|-------------------------------|
|  |                          |                   |                   | 6.30.2000-12.31.1999<br>value |
| <b>A. FIXED ASSETS</b>                                 |                          |                   |                   |                               |
| Intangible fixed assets                                | 269,404                  | 270,132           | 208,038           | -728                          |
| Tangible fixed assets                                  | 9,611,863                | 9,565,202         | 9,395,840         | 46,661                        |
| Long-term investments                                  | 256,467                  | 323,875           | 266,720           | -67,408                       |
|  | <b>10,137,734</b>        | <b>10,159,209</b> | <b>9,870,598</b>  | <b>-21,475</b>                |
| <b>B. WORKING CAPITAL</b>                              |                          |                   |                   |                               |
| Inventories  | 294,903                  | 272,715           | 336,323           | 22,188                        |
| Trade receivables                                      | 650,777                  | 605,879           | 545,785           | 44,898                        |
| Other assets   | 467,087                  | 436,311           | 459,252           | 30,776                        |
| Trade payables   | -789,956                 | -894,095          | -789,296          | 104,139                       |
| Provision for risks and charges                        | -1,525,686               | -1,436,797        | -1,219,894        | -88,889                       |
| Other liabilities                                      | -1,130,686               | -1,093,612        | -1,118,548        | -37,074                       |
|  | <b>-2,033,561</b>        | <b>-2,109,599</b> | <b>-1,786,378</b> | <b>76,038</b>                 |
| <b>C. INVESTED CAPITAL,</b>                            |                          |                   |                   |                               |
| after deducting current liabilities (A+B)              | <b>8,104,173</b>         | <b>8,049,610</b>  | <b>8,084,220</b>  | <b>54,563</b>                 |
| <b>D. EMPLOYEE</b>                                     |                          |                   |                   |                               |
| SEVERANCE INDEMNITIES                                  | <b>278,518</b>           | <b>274,898</b>    | <b>365,942</b>    | <b>3,620</b>                  |
| <b>E. INVESTED CAPITAL,</b>                            |                          |                   |                   |                               |
| after deducting current liabilities                    |                          |                   |                   |                               |
| and employee severance indemnities (C-D)               | <b>7,825,655</b>         | <b>7,774,712</b>  | <b>7,718,278</b>  | <b>50,943</b>                 |
| covered by   |                          |                   |                   |                               |
| <b>F. SHAREHOLDERS' EQUITY</b>                         |                          |                   |                   |                               |
| Parent Company's interest                              | 3,841,347                | 3,897,110         | 3,577,237         | -55,763                       |
| Minority interest                                      | 779,767                  | 785,622           | 765,901           | -5,855                        |
|  | <b>4,621,114</b>         | <b>4,682,732</b>  | <b>4,343,138</b>  | <b>-61,618</b>                |
| <b>G. MEDIUM AND LONG-TERM DEBT</b>                    |                          |                   |                   |                               |
|  | <b>2,349,438</b>         | <b>2,630,510</b>  | <b>2,954,776</b>  | <b>-281,072</b>               |
| <b>H. SHORT-TERM DEBT</b>                              |                          |                   |                   |                               |
| <b>(CASH AND CASH EQUIVALENTS)</b>                     |                          |                   |                   |                               |
| • short-term debt                                      | 1,324,604                | 943,169           | 964,491           | 381,435                       |
| • cash and cash equivalents<br>and current receivables | -469,501                 | -481,699          | -544,127          | 12,198                        |
|  | <b>855,103</b>           | <b>461,470</b>    | <b>420,364</b>    | <b>393,633</b>                |
| (G+H)  | <b>3,204,541</b>         | <b>3,091,980</b>  | <b>3,375,140</b>  | <b>112,561</b>                |
| <b>I. TOTAL AS IN "E"</b>                              | <b>(F+G+H) 7,825,655</b> | <b>7,774,712</b>  | <b>7,718,278</b>  | <b>50,943</b>                 |

During the first half of 2000 recovery in the EU economies translated into a solid GDP growth, both actual and on an annual basis; on the other hand, commodity prices and the exchange rate of the euro vis-à-vis the US dollar led the European Central Bank to raise interest rates, partly to keep inflation in check. Against this backdrop, our Group showed an overall net indebtedness in the amount of approximately Lit. 3,205 billion, a 5% decrease compared to the Lit. 3,375 billion as of June 30, 1999 and a 3.7% increase over the Lit. 3,092 billion at the end 1999.

As to its maturity profile, this indebtedness consisted of Lit. 2,350 billion, or 73% of the total, in medium-to-long-term debt and Lit. 855 billion, or 27% of the total, in short-term debt.

Concerning interest rates, floating-rate loans accounted for two-thirds of overall net debt; in fact, medium-to-long-term debt included 35% in fixed-rate loans, 54% in floating-rate loans while the remaining 11% reflected interest-free loans payable to the "Central Guarantee Fund for Metropolitan Highways and Railroads". Short-term debt was subject to floating interest rates.

In terms of currencies, 47.4% (Lit. 1,113 billion) of medium-and long-term debt was denominated in lire, 44.5% (Lit. 1,046 billion) in currencies of other EU countries and 8.1% (Lit. 191 billion) in other currencies. Given that the exchange rate between the Lira and other EU currencies, as well as the Euro, is fixed and based on other guarantees provided by the State, the Group's exchange rate risk is moderate.

The tables in the following pages show an analysis of medium-and long-term debt by type of instrument, interest rate and currency.

With respect to the financial transactions for the period under review, noteworthy is that in December 1999 Società Italiana per il Traforo del Monte Bianco obtained a floating-rate loan from Banca Popolare di Milano under an agreement entered into in December 1999, for an amount that, at June 30, 2000, totaled Lit. 9 billion.

Moreover, an analysis of the Statement of Cash Flows reveals that the Lit. 491 billion cash flows from operating activities was Lit. 157 billion lower than the corresponding amount in the first half of 1999 (-24.2%), due primarily to the lower provisions for risks and charges, partially offset by the higher income for the period and the write-down of fixed assets.

At Lit. 304 billion, cash flows for investing activities were basically unchanged from that at the end of the first half of 1999.

The Lit. 214 billion cash flows for financing activities resulted from the difference between a Lit. 16 billion inflow in new loans, a Lit. 72 billion inflow in revenue grants and a Lit. 302 billion outflow to repay loan installments falling due during the period.

Overall, the financing requirements determined by the investment outlays (Lit. 304 billion), by the monetary outflow of the financing activity (Lit. 214 billion) and the dividends paid (Lit. 367 billion) was met in part by the inflow from operating activities (Lit. 491 billion) and in part by short-term borrowings (Lit. 394 billion). As of June 30, 2000, short-term borrowings amounted to Lit. 855 billion, as against Lit. 420 billion at the end of the first half of 1999 and Lit. 461 billion at the end of 1999. This resulted from the difference between a number of payable and receivable items outstanding, mainly checking account balances and overdrafts with banks, amounts due to, and receivable from, subsidiaries not included in the consolidation scope and associated companies, debts outstanding with factoring companies, government securities, bonds and mutual funds, repurchase agreements, cash and cash equivalents and items in transit.

In particular, short-term debt totaled Lit. 1,325 billion, arising mainly from the use of short-term credit lines by the Parent Company, Tangenziale di Napoli, S.A.M., Autostrade Finance, Autostrade Telecomunicazioni, Pavimental, Spea and Sitech, in the form of overdrafts and "hot money" transactions. This component rose largely due to the payment, mainly by the Parent Company, of loan installments falling due during the period, dividends and taxes. During the second half, this short-term exposure will be partially consolidated, in view of a Lit. 82 billion disbursement by Banca di Roma, representing the second tranche of a loan contracted in December 1998 and funded by the EIB, the collection of Lit. 54 billion in state grants under law 662/96 (through finance agreed upon with San Paolo IMI – Crediop on July 19, 2000) and the possible disbursement of the first tranche, for approximately Lit. 194 billion, of a loan for a total of 300 million euro approved by the EIB in December 1999.

Short-term financial assets, totaling Lit. 470 billion, were held mainly by RAV, Traforo Monte Bianco, Autostrade, Autostrada Torino-Savona and SAT, consisting mainly of cash and cash equivalents of Lit. 75 billion, securities totaling Lit. 243 billion (only RAV), amounts receivable from subsidiaries and associated companies amounting to Lit. 7 billion and other financial receivables of Lit. 145 billion.

Finally, at the end of the period under review, the debt-to-equity ratio was 0.69, a decrease vis-à-vis the 0.78 as of June 30, 1999 and a slight increase compared to the 0.66 as of December 31, 1999, as a result of the higher indebtedness for the period.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (Millions of lire)   | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Year 1999        |
|--|---------------------------|---------------------------|------------------|
| <b>A. CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>        | -461,470                  | -150,209                  | -150,209         |
| (net short-term debt - opening balance)                      |                           |                           |                  |
|  | <b>-461,470</b>           | <b>-150,209</b>           | <b>-150,209</b>  |
| <b>B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>         |                           |                           |                  |
| Net income (loss) for the period (Parent Company's interest) | 310,581                   | 256,545                   | 576,224          |
| Change in minority interest                                  | -6,230                    | 531                       | 1,149            |
| Amortization and depreciation                                | 201,819                   | 192,088                   | 404,035          |
| (Gains) Losses on disposal of fixed assets                   | 660                       | -82                       | 1,291            |
| (Revaluation) Write-downs of fixed assets                    | 56,480                    | -54                       | 990              |
| Change in working capital                                    | -76,038                   | 194,544                   | 517,765          |
| Net change in employee severance indemnities                 | 3,620                     | 4,084                     | -86,960          |
|  | <b>490,892</b>            | <b>647,656</b>            | <b>1,414,494</b> |
| <b>C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>         |                           |                           |                  |
| Investment in fixed assets:                                  |                           |                           |                  |
| • intangible   | -11,090                   | -8,217                    | -85,342          |
| • tangible   | -319,722                  | -284,934                  | -716,951         |
| • long-term investment                                       | -17,164                   | -13,583                   | -208,656         |
| Proceeds from disposal or redemption value, of fixed assets  | 43,962                    | 2,783                     | 302,579          |
|  | <b>-304,014</b>           | <b>-303,951</b>           | <b>-708,370</b>  |
| <b>D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES</b>         |                           |                           |                  |
| New loans  | 16,403                    |                           | 71,769           |
| Transfers from Shareholders                                  |                           |                           |                  |
| Capital grants   | 72,008                    | 33,791                    | 83,329           |
| Repayments of loans  | -302,166                  | -375,561                  | -900,393         |
| Share buy-backs  |                           |                           |                  |
|  | <b>-213,755</b>           | <b>-341,770</b>           | <b>-745,295</b>  |
| <b>E. DIVIDENDS PAID</b>                                     | <b>-366,756</b>           | <b>-272,090</b>           | <b>-272,090</b>  |
| <b>F. CASH FLOWS FOR THE PERIOD</b>                          | (B+C+D+E)                 | <b>-393,633</b>           | <b>-270,155</b>  |
|  |                           |                           | <b>-311,261</b>  |
| <b>G. CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>        | (A+F)                     | <b>-855,103</b>           | <b>-420,364</b>  |
| (net short-term debt - closing balance)                      |                           |                           | <b>-461,470</b>  |

## Summary of medium and long-term debt

(Millions of lire)

| Type of debt   | Maturity period | Situation at 6.30.1999 | Situation at 12.31.1999 | Situation at 6.30.2000 |
|--|-----------------|------------------------|-------------------------|------------------------|
| Bonds  | 2000-2004       | 1,393,341              | 1,214,260               | 1,116,663              |
| Mortgages guaranteed by IRI                                | 2000-2002       | 200,019                | 44,090                  | 37,770                 |
| Mortgages with senior statutory lien (1)                   | 2000-2005       | 53,152                 | 75,480                  | 68,547                 |
| Mortgages guaranteed by IRI and with senior statutory lien |                 | 34,441                 | 2,778                   |                        |
| Mortgages issued by IRI from EIB funds with no guarantee   | 2000-2003       | 333,506                | 251,305                 | 208,264                |
| Mortgages issued by banks from EIB funds with no guarantee | 2000-2008       | 242,885                | 281,810                 | 254,110                |
| Mortgages issued by banks with no guarantee                | 2000-2001       | 441,942                | 505,297                 | 408,594                |
| Central Guarantee Fund debt                                | (2)             | 255,490                | 255,490                 | 255,490                |
| <b>TOTAL MEDIUM &amp; LONG-TERM DEBT</b>                   |                 | <b>2,954,776</b>       | <b>2,630,510</b>        | <b>2,349,438</b>       |
| Bonds quoted with a fixed interest rate                    | 2000-2001       | 653,693                | 475,160                 | 377,563                |
| Bonds quoted with a variable interest rate                 | 2000            | 89,648                 | 89,100                  | 89,100                 |
| Bonds not quoted with a fixed interest rate                | 2004            | 50,000                 | 50,000                  | 50,000                 |
| Bonds not quoted with a variable interest rate             | 2002            | 600,000                | 600,000                 | 600,000                |
| Mortgages issued by IRI from EIB fund:                     |                 |                        |                         |                        |
| fixed interest rate  | 2000-2003       | 327,522                | 249,311                 | 208,264                |
| variable interest rate                                     |                 | 5,984                  | 1,994                   |                        |
| Mortgages issued by banks from EIB fund:                   |                 |                        |                         |                        |
| fixed interest rate  | 2000-2007       | 254,627                | 223,794                 | 196,874                |
| variable interest rate                                     | 2000-2008       | 17,143                 | 84,912                  | 82,055                 |
| Mortgages issued directly by banks:                        |                 |                        |                         |                        |
| fixed interest rate  |                 |                        |                         |                        |
| variable interest rate                                     | 2001            | 441,942                | 505,297                 | 399,594                |
| Other debt at variable interest rate                       | 2000-2003       | 258,727                | 95,452                  | 90,498                 |
| Non interest bearing debt                                  | (2)             | 255,490                | 255,490                 | 255,490                |
| <b>TOTAL</b>   |                 | <b>2,954,776</b>       | <b>2,630,510</b>        | <b>2,349,438</b>       |

(1) Consisting of Lire 24,819 million at 30 June 2000 in two bank loans issued under EIB funds, with repayments in the period 2000-2005.

(2) These debts will be reimbursed during the concession period, according to the amortisation plan settled with ANAS.

| Short-term<br>portion<br>6.2001 | REPAYMENTS                          |         |         |        |         |           |
|---------------------------------|-------------------------------------|---------|---------|--------|---------|-----------|
|                                 | Medium & long-term portion maturity |         |         |        |         |           |
|                                 | 6.2002                              | 6.2003  | 6.2004  | 6.2005 | Over    | Total     |
| 466,663                         | 500,000                             | 100,000 | 50,000  |        |         | 650,000   |
| 13,790                          | 15,500                              | 8,480   |         |        |         | 23,980    |
| 15,076                          | 16,851                              | 18,842  | 13,158  | 4,620  |         | 53,471    |
| 115,738                         | 61,721                              | 30,805  |         |        |         | 92,526    |
| 58,993                          | 46,700                              | 45,307  | 47,980  | 18,850 | 36,280  | 195,117   |
| 9,000                           | 399,594                             |         |         |        |         | 399,594   |
| 6,286                           | 3,393                               | 3,393   | 3,393   | 3,393  | 235,632 | 249,204   |
| 685,546                         | 1,043,759                           | 206,827 | 114,531 | 26,863 | 271,912 | 1,663,892 |
| 377,563                         |                                     |         |         |        |         |           |
| 89,100                          |                                     |         | 50,000  |        |         | 50,000    |
|                                 | 500,000                             | 100,000 |         |        |         | 600,000   |
| 115,738                         | 61,721                              | 30,805  |         |        |         | 92,526    |
| 56,045                          | 39,625                              | 38,659  | 41,796  | 11,577 | 9,172   | 140,829   |
| 7,375                           | 11,893                              | 11,893  | 11,893  | 11,893 | 27,108  | 74,680    |
|                                 | 399,594                             |         |         |        |         | 399,594   |
| 33,439                          | 27,533                              | 22,077  | 7,449   |        |         | 57,059    |
| 6,286                           | 3,393                               | 3,393   | 3,393   | 3,393  | 235,632 | 249,204   |
| 685,546                         | 1,043,759                           | 206,827 | 114,531 | 26,863 | 271,912 | 1,663,892 |

### Details of the currency medium and long-term debt

| Currency                                 | Maturity  | Average rate | as of June 30, 1999<br>(millions of lire) |
|--|-----------|--------------|---|
| Italian Lire                             | 2000-2005 | 5.57%        | 1,264,173                                 |
| Euro                                     | 2000-2008 | 5.80%        | 906,320                                   |
| Deutsch Mark                             | 2000-2003 | 5.73%        | 235,462                                   |
| French Franc                             | 2000-2004 | 8.73%        | 116,969                                   |
| Belgian Franc                            | 2000-2007 | 8.85%        | 25,266                                    |
| Dutch Guilder                            | 2000-2007 | 7.20%        | 64,718                                    |
| EMU Currencies                           |           | 5.88%        | 2,612,908                                 |
| USA Dollar                               | 2000-2007 | 9.35%        | 59,003                                    |
| Great Britain Pound                      | 2000-2002 | 10.64%       | 9,786                                     |
| Swiss Franc                              | 2000-2007 | 6.80%        | 214,099                                   |
| Japanese Yen                             | 2000-2002 | 6.06%        | 58,980                                    |
| Non EMU currencies                       |           | 7.22%        | 341,868                                   |
| <b>TOTAL MEDIUM &amp; LONG-TERM DEBT</b> |           | <b>6.03%</b> | <b>2,954,776</b>                          |

| Average rate | as of Dec. 31, 1999<br>(millions of lire) | Average rate | as of June 30, 2000<br>(millions of lire) |
|--------------|---|--------------|---|
| 5.87%        | 1,238,648                                 | 6.02%        | 1,112,488                                 |
| 5.77%        | 909,464                                   | 6.56%        | 795,340                                   |
| 4.48%        | 137,477                                   | 4.62%        | 130,000                                   |
| 8.64%        | 66,743                                    | 8.64%        | 55,747                                    |
| 8.82%        | 24,553                                    | 8.79%        | 21,061                                    |
| 7.19%        | 49,651                                    | 7.20%        | 44,325                                    |
| 5.88%        | 2,426,536                                 | 6.25%        | 2,158,961                                 |
| 9.05%        | 42,386                                    | 9.01%        | 35,484                                    |
| 10.67%       | 6,253                                     | 10.64%       | 5,868                                     |
| 7.20%        | 116,251                                   | 7.04%        | 112,659                                   |
| 5.97%        | 39,084                                    | 5.92%        | 36,466                                    |
| 7.46%        | 203,974                                   | 7.30%        | 190,477                                   |
| 6.01%        | 2,630,510                                 | 6.34%        | 2,349,438                                 |






CONSOLIDATED  
FINANCIAL  
STATEMENTS  
AS OF JUNE 30,  
2000



Basis of consolidation and consolidation principles  
Notes to the Balance Sheet  
Notes to the Income Statement





# BASIS OF CONSOLIDATION, CONSOLIDATION PRINCIPLES, FINANCIAL STATEMENTS USED AND ACCOUNTING POLICIES

## Basis of consolidation

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In addition to the Parent Company "Autostrade Concessioni e Costruzioni Autostrade S.p.A.", those companies are included within the scope of consolidation which are controlled directly and indirectly, as provided for by article 2359, paragraph 1, sub-paragraph 1 of the Italian Civil Code. The scope of consolidation has unchanged with respect to December 31, 1999.

### 1) Companies under direct control

- *Autostrada Torino-Savona S.p.A.*: concessionaire of the highway linking Turin and Savona, in the Liguria region, covering a distance of Km. 130.9 (Autostrade's shareholding: 99.98%)
- *Autostrade Meridionali S.p.A.*: concessionaire of the highway covering the km. 51.6 linking Naples to Pompei and Salerno (Autostrade's shareholding: 58.98%).
- *Tangenziale di Napoli S.p.A.*: concessionaire of the 20.2-km. beltway skirting Naples (Autostrade's shareholding: 100%)
- *Società Autostrada Tirrenica p.A.*: concessionaire of the 238-km. highway link between Livorno and Civitavecchia; open to vehicles for 36.6 km (Autostrade's shareholding: 93.23%).
- *Società Italiana per Azioni per il Traforo del Monte Bianco*: concessionaire of the 5.8-km of the Italian stretch of the Mont Blanc tunnel (Autostrade's shareholding: 51%)
- *Autostrade International S.p.A.*: this company bids for contracts to build and operate, as concessionaire, toll roads, both as a service provider and as a manager and investor. (Autostrade's shareholding: 90%, Autostrade Finance's shareholding: 10%).
- *Pavimental S.p.A.*: this company's main business is to perform maintenance works on the highway system (Autostrade's shareholding: 71.67%).
- *Spea - Ingegneria Europea S.p.A.*: this company performs engineering, planning, work management and supervision activities for the group's highway system (Autostrade's shareholding: 100%).
- *Autostrade Finance SA*: this company's business is to allow group companies to tap international financial markets (Autostrade's shareholding: 99.9%; Autostrade International's shareholding: 0.1%).
- *Autostrade Telecomunicazioni S.p.A.*: this company's business is to manage systems, installations, equipment and infrastructures in the information-technology and telecommunications sectors (Autostrade's shareholding: 100%)
- *Sitech S.p.A.*: this company engages in the purchase and handling of systems to render services in the information-technology, telecommunications and payment-system sectors (Autostrade's shareholding: 79.40%).

### 2) Companies under indirect control

- *Raccordo Autostradale Valle d'Aosta S.p.A.*: concessionaire of the 31.6-km highway link between Aosta and the Mont Blanc Tunnel (direct shareholding held by our subsidiary Traforo del Monte Bianco: 58% of the common shares outstanding), open to vehicles for 20 km.
- *Autostrade International U.S. Holdings; Inc.*: this is a wholly-owned subsidiary of Autostrade International, holding through Autostrade International Equity Inc. a 29.3% stake in Toll Road

Investor Partnership II (TRIP II), the company that built and currently operates the 24-km Dulles Greenway.

It consolidates the accounts of Autostrade International Equity Inc. and Autostrade International of VA O&M Inc.

- *Autostrade U.K. Ltd.*: this is a wholly-owned subsidiary of Autostrade Finance. It has a 50% equity interest in MEL-Midland Expressway Limited, a company that engages in the design, construction and operation of the Birmingham Northern Relief Road, the first toll road in the United Kingdom.

The subsidiaries listed below were not consolidated, due to their irrelevance under article 28 of Legislative Decree 127/91:

a) Pavimental/Pavimental Est: joint venture.

(Pavimental has a direct 70% shareholding)

b) Pavimental Est:

(Pavimental has a 100% shareholding)

c) Consorzio Spea-Tecnic:

(Spea has a 97% shareholding)

d) Autostrade Tlc Fixed S.p.A.:

(Autostrade has a 99% direct shareholding and an indirect 1% shareholding through Autostrade Telecomunicazioni)

The relevant table (pages 60-61) lists the shareholdings as of June 30, 2000 by type (direct or indirect), whether their accounts are consolidated, and, for companies not included within the consolidation scope, the value at which they are carried.

## Financial statements used and consolidation principles

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The financial statements used for the preparation of the consolidated financial statements as of June 30, 2000 were prepared on the basis of the accounts of each companies included in the consolidation scope and were submitted to a limited audit separately (only those who gave the assignment to the Independent Auditors).

The foreign companies' accounts were reclassified in accordance with the formats provided for by the Italian civil code without any effects for the results of operations.

Forms and contents of the balance sheet and the income statement are those provided for by Legislative Decree 127/1991 and transposed into the Italian civil code.

As in the past, the accounts were consolidated as follows:

- a) on a line-by-line basis, adding up all the assets, liabilities, costs and revenues, regardless of any percentage shareholding;
- b) eliminating all balances arising from inter-company transactions;
- c) the book value of the investments in companies included in the consolidation scope were eliminated against the corresponding shareholders' equity amounts. Negative differences resulting from such eliminations (portion of shareholders' equity that exceeds the investment amount) were entered as a reserve in the Group's shareholders' equity; positive differences (value of investment exceeding shareholders' equity) were entered on the asset side as a "consolidation difference" and amortized over a five-year period, in accordance with article 2426, paragraph 6, of the Italian civil code.
- d) showing in the shareholders' equity and in the income statement the share of net income for the period attributable to minority interests;
- e) by translating the amounts of the balance sheets of foreign subsidiaries at the exchange rates prevailing on June 30, 2000 and the amounts of their income statements at the average exchange rates for the first half of 2000. Exchange rate differences were charged to reserves. The exchange rates were provided by the Italian Foreign Exchange Office (average) and the Bank of Italy (end of period).

|         | Average<br>exchange rates<br>1 <sup>st</sup> half of 2000 | Exchange rates<br>June 30, 2000 | Average<br>exchange rates<br>1999 | Exchange rates<br>December 31,<br>1999 | Average<br>exchange rates<br>1 <sup>st</sup> half of 1999 | Exchange rates<br>June 30, 1999 |
|---------|---|---------------------------------|-----------------------------------|--|---|---------------------------------|
| USD/ITL | 2,018.467   | 2,026.2348                      | 1,817.559                         | 1,927.4039                             | 1,778.695   | 1,874.7773                      |
| GBP/ITL | 3,165.049   | 3,062.2647                      | 2,940.056                         | 3,114.4764                             | 2,880.532   | 2,950.2818                      |

The accounting principles utilized to prepare the consolidated financial statements were consistent with those adopted by the Parent Company Autostrade S.p.A. for its semi-annual report. There were a few minor exceptions, with no significant impact on the consolidated accounts, which will be described under the individual items.

## Accounting policies

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The forms and contents of the balance sheet and income statement formats adopted are in keep-

ing with the provisions of articles 2423 ter, 2424, 2424 bis, 2425, 2425 bis of the Italian civil code, the same as those utilized for the 1999 consolidated accounts.

The accounting standards to measure financial statement items, to make adjustments and to translate amounts denominated in foreign currencies are consistent with the provisions of articles 2423 bis (basis of preparation of financial statements) and 2426 (accounting standards). For standards not expressly provided for by article 2426 of the civil code, reference was made to the national and international accounting standards recommended by the Italian Securities and Exchange Commission (CONSOB).

During the period under review, no exceptional case arose which required the application of the departures under article 2423, paragraph 4, of the Italian civil code.

The accounting policies illustrated below were consistent with those adopted to prepare the financial statements for the year ended on December 31, 1999.

Moreover, following the resolution adopted by the shareholder's meeting of the Luxembourg-based Autostrade Finance, effective January 1, 2000 this company will prepare its financial statements in U.S. dollars, thus translating its euro-denominated share capital into that currency.

## Intangible assets

The item *"concessions, licenses, trademarks and similar rights"* included the costs incurred by Tangenziale di Napoli to renew the ANAS concession. The amount entered is equal to that of the grants due from ANAS and is deemed satisfactory. This because the financial plan attached to the new agreement, inclusive of such cost, provides for an adequate return over the period of the new concession.

This cost is amortized on a straight-line basis over the period of the concession.

The other intangible assets were entered at cost or production cost, as determined in accordance with article 2426 paragraph 1 of the Italian civil code and are amortized over their expected useful life. This may vary from 2 to 10 years, depending on the type of cost. This limit is exceeded for concessions and licenses whose costs are amortized over the term of such concessions and licenses.

*Incorporation and expansion costs and research, development and advertising costs* are capitalized and recorded as assets with the consent of the Boards of Auditors of the individual companies, and are amortized over a period not greater than five years.

## Tangible assets

Tangible assets are entered at cost or production cost, as determined in accordance with article 2426, paragraph 1 of the Italian civil code, including monetary revaluations carried out as mandated by law.

Tangible assets are depreciated in accordance with their expected useful lives.

Assets to be relinquished and tangible assets in progress, in particular, include interest charges and costs eligible for capitalization, in accordance with financial reporting and tax

provisions and with national (standard no. 16 of the Italian Accounting Standard Committee) and IAS 23.

Grants received from the Grantor or other State body, in accordance with the law, for assets to be relinquished are deducted from the value of such tangible assets, thus reducing also the depreciation amount (financial or industrial).

Each asset to be relinquished is amortized over its expected useful life (for the concessionaire), which may last either:

- a) until the end of the concession period; or
- b) until such time as it is replaced, whichever comes earlier.

In the former case, the proper depreciation method is the financial one, whereby the asset to be relinquished is expensed out over the term of the concession on a straight-line basis; for the latter case, the industrial method is adopted, whereby such assets are depreciated on the basis of their actual wear and tear.

Assets with a useful life shorter than the term of the concession (light constructions, toll booths and other works) are depreciated by the Parent Company with the industrial method while assets with a useful life longer than the term of the concession are depreciated on a straight-line basis over the unexpired portion of the term (land, buildings, fixed constructions, though the procedure may involve also light constructions, toll booths and other works when their expected useful lives exceeds the concession term); Società Italiana per il Traforo del Monte Bianco adopted the industrial method while the other companies use only the financial method.

Financial depreciation is charged on a straight-line basis, with the exception of Società Autostrada Tirrenica and Tangenziale di Napoli, whose depreciation charges vary on the basis of their financial plans. Raccordo Autostradale Valle d'Aosta, based on the current financial plan, will start charging financial depreciation on a straight-line basis at the time the whole sector under concession commences operations, and will continue throughout the 30-year term of the concession.

The inconsistency between subsidiaries and Parent Company in the way they depreciate assets to be relinquished is not significant, thus no adjustments were made.

Still with reference to assets to be relinquished, taking account of the tax rules governing concessions, financial and industrial depreciation and the provisions for restoration or replacement, taken as a whole, are considered adequate to cover the following charges:

- relinquishment to the State, at the end of the concession term, of the assets to be relinquished with a useful life longer than the concession term;
- replacement of the assets to be relinquished with a useful life shorter than the unexpired portion of the concession term;
- restoration or replacement of the components of the assets to be relinquished due to wear and tear.

Concerning the Parent Company, Autostrade S.p.A., in particular, it should be noted that the above charges and provisions make up for the lack of a return on the works provided for by the financial plan attached to the agreement entered into with ANAS on August 4, 1997. Under the terms of such agreement, the Company undertook to complete new works (for an estimated amount of Lit. 6,400 billion) for which, based on available estimates, the twenty-year extension of the concession does not represent a sufficient payback period.

Since the loss resulting from the economic exploitation of such investments cannot be ascertained, it was deemed appropriate to depreciate such assets in equal installments over the 42-year concession term, starting in fiscal year 1997, when the new agreement was signed and the new investments identified.

The provisions made until June 30, 2000, and throughout the period when the new works are carried out, will be utilized to make adjustments to the financial depreciation charges related to them, starting in the year when these roads are completed and open to the public.

As to maintenance costs, they were charged to income for clarity's sake, as in the past, even though in 1996 provisions began to be made for the restoration and replacement of assets to be relinquished. The income statement has a specific item covering other provisions/uses, showing uses of such provisions for tax-deductible routine maintenance expenses by each company. Assets not to be relinquished held by concessionaire companies, as well as the tangible assets of the other companies included in the consolidation scope, were depreciated in line with the rates approved by the tax authorities. Such depreciation rates were reduced by half for improvements carried out during the period, as they are deemed consistent with the wear and tear and obsolescence of such assets. The only exception is the pieces of equipment provided to drivers to use the Telepass system which, given their low cost per unit, are fully depreciated during the fiscal year they are distributed.

## Long-term investments

Shareholdings in companies not included within the consolidation scope, in associated companies and in other companies were recorded on the basis of the equity method, while irrelevant equity interests were entered at cost.

Noteworthy is that cases of negative shareholders' equity are dealt with by making "*provisions for write-down of participating interests*" in the fund for risks and charges.

## Investment securities

There are recorded at cost, adjusted for any permanent loss of value due to changes in market prices.

## Inventories

- *Raw materials, spares and supplies*. These are entered at the lower of cost or market. The difference in the valuation methods (FIFO, weighted-average cost) adopted by the different companies in the consolidation scope did not result in any significant difference.
- *Contract work in progress*. This is carried out mainly by the Parent Company on behalf of ANAS and local authorities and is entered at cost, which is essentially equal to the relevant amount receivable. This item includes also works carried out on behalf of other companies, which are valued on the basis of the percentage-of-completion method.

## Marketable securities

### *Equity investments*

Equity investments in associated companies and subsidiaries recorded as *marketable securities* refer to companies undergoing liquidation proceedings; they are adjusted to reflect their realizable value as determined on the basis of the last financial position to be liquidated.

### *Fixed-income securities and the like*

Fixed-income securities were entered at the lower of cost and the average price for the month of June, as reported on the stock market or by prime banks (Eurolire securities).

## Receivables

These were recorded at their nominal value either under *long-term investments* or under *current assets*, possibly adjusted to reflect their lower realizable value. *Long-term investments* include the balance of the amount receivable from ANAS.

*Current assets* include prepaid taxes, as determined in the manner described in the section on deferred tax assets and liabilities.

## Provisions for risks and charges

This item included:

- *Provisions for taxes*, related mainly to deferred taxes payable, as determined in the manner described in the section on *deferred tax assets and liabilities*.
- *Provisions for costs of restoration or replacement of assets to be relinquished*, concerning which reference is made to the illustration of accounting policies on *tangible assets*.
- *Provisions for disputes and sundry risks*, established by the Parent Company for possible charges arising from litigation with employees, contractors and from risks related to tax audits, as well as provisions made by Spea and SAM for current litigation and contract risks.
- *Provisions for writing down participating interests*: reference is made to the section on *long-term investments*.
- "*Sundry*" included provisions made by Società per Azioni per il Traforo del Monte Bianco for the costs incurred to restore structures and installations after the accident of March 24, 1999.

## Employee severance indemnities

This item is treated in accordance with article 2120 of the Italian civil code and is consistent with the severance payment rights vested in employees at year end, net of any advance.

## Payables

These were entered at their nominal value. This item includes income taxes payable, as determined in accordance with the laws in force.

## Accruals and deferrals

*Bond discounts and similar charges on loans.* This item refers to discounts and other charges incurred to issue bonds, which are amortized over the term of the bonds or loans they refer to. Accruals and deferrals are items resulting from the adoption of accrual-basis accounting.

## Deferred assets and liabilities

The Autostrade Group applied accounting standard 25, issued by the Italian Accounting Standard Committee, to the financial statements for the years ended on December 31, 1999 and 1998. *Deferred tax liabilities*, recorded under *provisions for taxes*, refer to taxes accrued during the current year and payable in the future; this item does not include any tax arising from the distribution of reserves, as no such action is expected to occur.

*Deferred tax assets*, recorded under *other assets*, represent advance payments of future taxes and are only recorded where there is a reasonable certainty regarding their recoverability in the future.

## Revenues and costs

These are determined on an accrual basis.

Noteworthy is that, due to the interconnection of the road system and the necessary allocation among the different concessionaires, a portion of the tolls collected during the latter part of the first half is based on reasonable estimates.

Income and losses arising from swap transactions, entered into only for hedging purposes, were charged or released to income, together with the charges for the relevant transactions, on an accrual basis.

Revenues from contract works were recorded on the basis of the amounts invoiced or to be invoiced on the basis of the percentage-of-completion method.

## Foreign currency transactions and items

### A. Currencies participating in the Euro

Amounts in the currencies of the EMU countries were translated in the financial statements for the year ended on December 31, 1998 at the fixed conversion rates.

### *B. Other currencies*

Receivables and payables denominated in currencies other than the euro were entered at the exchange rate prevailing at year-end, in accordance with accounting principle 26 issued by the Italian Accounting Standard Committee.

Amounts due to Autostrade Finance by financial entities which, in turn, provided back-to-back loans to the Parent Company Autostrade were eliminated. This entry was offset by a reduction in medium- and long-term debts, removing from the income statement the relevant financial income and charges.

## **Memorandum accounts**

Concerning guarantees given and commitments, it should be noted that:

- guarantees reflect the unpaid balance of the loan or other obligation covered;
- commitments to buy or sell are determined on the basis of any residual obligation to perform under open contracts;
- claims by contractors are entered on the basis of the companies' requests; the valuation of the potential risk for the company reflects a much lower amount, as described in greater detail in the corresponding section.

The following notes to the balance sheet and income statement were prepared in accordance with article 30 of Legislative Decree no. 127 dated April 9, 1991.

## Direct and indirect shareholdings as of June 30, 2000

### SCOPE OF CONSOLIDATION

| Company                                    | Registered office      | Activity   |
|--|------------------------|--|
| <b>SUBSIDIARIES:</b>                       |                        |  |
| Trafo Monte Bianco                         | Pre' Saint Didier (AO) | Tunnel concessionaire                              |
| Tangenziale di Napoli                      | Naples                 | Motorway concessionaire                            |
| Torino - Savona                            | Torin                  | Motorway concessionaire                            |
| Società Autostrada Tirrenica               | Rome                   | Motorway concessionaire                            |
| Società Autostrade Meridionali             | Naples                 | Motorway concessionaire                            |
| Raccordo Autostradale Valle d'Aosta        | Rome                   | Motorway concessionaire                            |
| Autostrade International                   | Rome                   | Motorway concessionaire                            |
| Autostrade International US Holdings, Inc. | Delaware (USA)         | Investm. in USA Motorway concess.                  |
| Autostrade Finance                         | Luxembourg             | Group's Financial Company                          |
| Autostrade U.K.                            | London                 | Financial Company B.N.R.R.                         |
| Autostrade Telecomunicazioni               | Rome                   | Telecommunications                                 |
| Pavimental                                 | Rome                   | Maint. works on the Highway Sys. and Airport       |
| Spea - Ingegneria Europea                  | Milan                  | Engin. & Plan. activ. for the Group's Highway Sys. |
| Sitech                                     | Rome                   | Information-tecn. and Telecommunications           |

### UNCONSOLIDATED SHAREHOLDINGS

| Company                                   | Head office        | Activity  |
|---|--------------------|---|
| <b>SUBSIDIARIES</b>                       |                    |   |
| Pavimental Est                            | Moscow (Russia)    | Maint. works on the highway sys.                      |
| Consorzio Spea-Tecnic                     | Milan              | Engin. & plan. activities for the highway system      |
| J.V. Pavimental/Pavimental Est            | Moscow (Russia)    | Cons. & maint. works on the highway system            |
| Autostrade Tlc Fixed                      | Rome               | Telecommunications                                    |
| <b>ASSOCIATED COMPANIES:</b>              |                    |   |
| Sinco - Pavimental                        | Rome               | Maint. works on the highway sys.                      |
| So.C.Aer.                                 | Reggio Calabria    | Airports  |
| A.Li.Ce.                                  | Turin              | Paving works on the highway sys.                      |
| Co.Te.Co.                                 | Rome               | Const. of the 3 <sup>rd</sup> lane Rome orb. motorway |
| Bajkal Itai Road                          | Irkutsk (Russia)   | Constr. and maint. works on the highway sys.          |
| Società Consortile Arca 88                | Milan              | Restoration of art works                              |
| Consorzio Italtecnasud                    | Rome               | Managing Irpinia earthquake funds                     |
| Consorzio CEA                             | Rome               | Planning and manag. airport works                     |
| Consorzio Acque                           | Rome               | Monitoring hydric resources                           |
| Autostrada Pedemontana Lombarda           | Milan              | Motorway concessionaire                               |
| TRIP II                                   | Virginia (USA)     | Motorway concessionaire                               |
| MEL                                       | London             | Motorway concessionaire                               |
| Blu                                       | Naples             | 4 <sup>th</sup> mobile telecommunications operator    |
| Stipe-Spea Incociv                        | Buenos Aires (Arg) | Managing highway works                                |
| Consorzio Stipe-Spea                      | Buenos Aires (Arg) | Managing highway works                                |
| <b>OTHER COMPANIES</b>                    |                    |   |
| Ertico                                    | Brussels (Belgium) | Transport-related telecommunications                  |
| Compagnia Sviluppo Imprese Sociali        | Rome               | Developing investments                                |
| Centro Intermodale Toscano                | Livorno            | Construction and management intermodal facilities     |
| Other companies and consortia             |                    |   |
| <b>TOTAL UNCONSOLIDATED SHAREHOLDINGS</b> |                    |   |
| <b>CURRENT INVESTMENTS</b>                |                    |   |
| Consorzio ABCD                            | Naples             | Partecip. tender 3 <sup>rd</sup> telephone operator   |
| Telon S.p.A.                              | Naples             | Partecip. tender 3 <sup>rd</sup> telephone operator   |

(1) Lit. 550,000 million in ordinary shares; Lit. 115,000 million in preference shares.

(2) Of ordinary shares.

(3) Value is equal to shareholders' equity, which has been set to zero for reasons shown in the income statement.

|                  |               | SHAREHOLDINGS       |                                       |                          |                                       |
|------------------|---------------|---------------------|---------------------------------------|--------------------------|---------------------------------------|
|                  | Share capital | Direct % Autostrade | Indirect % other company of the Group | Closing date of accounts | Consolidation on a line by-line basis |
| millions of lire | 211,200       | 51,00%              | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 208,800       | 100,00%             | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 311,000       | 99,98%              | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 48,922        | 93,23%              | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 17,500        | 58,98%              | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 665,000 (1)   | -                   | 58,00% (2)                            | 06.30.2000               | YES                                   |
| millions of lire | 39,835        | 90,00%              | 10,00%                                | 06.30.2000               | YES                                   |
| USD              | 43,454,566    | -                   | 100,00%                               | 06.30.2000               | YES                                   |
| Euro             | 50,000,000    | 99,90%              | 0,10%                                 | 06.30.2000               | YES                                   |
| GBP              | 2,001,000     | -                   | 100,00%                               | 06.30.2000               | YES                                   |
| millions of lire | 10,000        | 100,00%             | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 24,244        | 71,67%              | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 10,000        | 100,00%             | -                                     | 06.30.2000               | YES                                   |
| millions of lire | 100,000       | 79,40%              | -                                     | 06.30.2000               | YES                                   |

|                  |               | PARTECIPAZIONE      |                                       | VALUE IN THE CONSOLIDATED FINANCIAL STATEMENTS |        |                  |        |
|------------------|---------------|---------------------|---------------------------------------|--|--------|------------------|--------|
|                  | Share capital | Direct % Autostrade | Indirect % other company of the Group |  |        |                  |        |
| Rouble/millions  | 4,200         | -                   | 100.00%                               | millions of lire                               |        |                  |        |
| millions of lire | 50            | -                   | 97.00%                                | millions of lire                               | 48     |                  |        |
| Rouble/millions  | 0.902         | 70.00%              | millions of lire                      |  |        |                  |        |
| millions of lire | 200           | 99,00%              | 1.00%                                 | millions of lire                               | 200    | millions of lire | 248    |
| millions of lire | 20            | -                   | 48.00%                                | millions of lire                               |        |                  |        |
| millions of lire | 90            | -                   | 40.00%                                | millions of lire                               | 36     |                  |        |
| millions of lire | 20            | -                   | 50.00%                                | millions of lire                               | 10     |                  |        |
| millions of lire | 20            | -                   | 50.00%                                | millions of lire                               | 10     |                  |        |
| Rouble/millions  | 0.561         | -                   | 50.00%                                | millions of lire                               |        |                  |        |
| millions of lire | 50            | -                   | 27.00%                                | millions of lire                               | 13     |                  |        |
| millions of lire | 100           | -                   | 20.00%                                | millions of lire                               | 20     |                  |        |
| millions of lire | 30            | -                   | 50.00%                                | millions of lire                               | 15     |                  |        |
| millions of lire | 77            | -                   | 29.00%                                | millions of lire                               | 23     |                  |        |
| millions of lire | 5,864         | 50.00%              | -                                     | millions of lire                               | 2,630  |                  |        |
| USD              | 54,360,795    | -                   | 29.33%                                | (3) millions of lire                           |        |                  |        |
| GBP              | 1,000         | -                   | 50.00%                                | millions of lire                               | 1      |                  |        |
| millions of lire | 300,000       | -                   | 32.00%                                | millions of lire                               | 43,676 |                  |        |
| USD              | 5,000         | -                   | 35.00%                                | millions of lire                               | 3      |                  |        |
| USD              | 5,000         | -                   | 50.00%                                | millions of lire                               | 4      | millions of lire | 46,441 |
| BEF              | 2,175,000     | -                   | 3.45%                                 | millions of lire                               | 5      |                  |        |
| millions of lire | 23,114        | 1.59%               | -                                     | millions of lire                               | 367    |                  |        |
| millions of lire | 9,087         |                     | 0.91%                                 | millions of lire                               | 98     |                  |        |
|                  |               | millions of lire    | 975                                   | millions of lire                               | 1,445  |                  |        |
|                  |               |                     |                                       |  |        | millions of lire | 48,134 |
| millions of lire | 1,156         | 27.00%              |                                       | millions of lire                               | 137    |                  |        |
| millions of lire | 350,000       | 27.00%              |                                       | millions of lire                               | 91,336 | millions of lire | 91,473 |

# NOTES TO THE BALANCE SHEET

Parentheses include the amounts as of December 31, 1999

## Balance Sheet: assets

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**Fixed assets** Lit. 10.137.734 million (Lit. 10.159.209 million)

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**Intangible fixed assets** Lit. 269.404 million (Lit. 270.132 million)

This item consisted of:

| Millions of lire                         | 6.30.2000      | 12.31.1999     | Change      |
|--|----------------|----------------|-------------|
| Incorporation and expansion costs        | 107            | 225            | -118        |
| Research, development and adverting cost | 3,017          | 3,509          | -492        |
| Patents and copyrights                   | 2,200          | 2,464          | -264        |
| Concessions, licenses and trademarks     | 221,053        | 223,989        | -2,936      |
| Intangible assets under development      | 9,415          | 18,375         | -8,960      |
| Other                                    | 33,612         | 21,570         | 12,042      |
| <b>Total</b>                             | <b>269,404</b> | <b>270,132</b> | <b>-728</b> |

Intangible fixed assets, which fell by Lit. 728 million, resulted mainly from the difference between the investments during the period (Lit. 11,090 million) and the amortization computed in accordance with the aforesaid accounting principles (Lit. 11,818 million). Investments involved mainly concessions, licenses and trademarks, software programs, improvements, work in progress and advances.

Concerning the individual items:

- incorporation and expansion costs (Lit. 107 million) included the unamortized balance of the costs incurred by Group companies for capital increases, and recorded as assets with the consent of their statutory auditors;
- research and development costs (Lit. 3,017 million) referred primarily to projects involving new automatic toll collection methods;
- patents and copyrights (Lit. 2,200 million) included costs incurred to purchase software programs;
- concessions, licenses and trademarks (Lit. 221,053 million) included the reclassification of a Lit. 170,885 million grant due from ANAS to Tangenziale di Napoli. This amount is net of any depreciation charges incurred, representing the cost borne by the company for the thirty-year extension of the concession agreement (2037). The inclusion of this amount under intangible assets is based on the assumption that the financial plan attached to the new agreement provides for an adequate return. During 1999, this item included Lit. 50,500 million for the costs incurred to purchase from Telecom S.p.A. the optical fiber network installed along the road system.
- intangible assets under development and advances (Lit. 9,415 million) included mainly the costs incurred by Società Autostrade Meridionali for the design of roads which are yet to commence operations.

The item "other" includes mainly costs incurred for software programs (Lit. 12,326 million), costs

for works performed on third parties' buildings (Lit. 12,123 million), costs for the technical archives of infrastructures (bridges, viaducts, tunnels etc.), assets to be relinquished (Lit. 5,243 million), improvements in work sites (Lit. 2,002 million), as well as interconnection costs with other concessionaire companies (Lit. 1,870 million).

Table 1 shows details of the changes in the individual items.

### Tangible fixed assets

Lit. 9,611,863 million (Lit. 9,565,202 million)

This item consisted of:

| Millions of lire                               | Assets to be relinquished | Assets not to be relinquished | Total<br>6.30.2000 | Total<br>12.31.1999 |
|--|---------------------------|-------------------------------|--------------------|---------------------|
| Tangible assets                                | 20,230,863                | 677,272                       | 20,908,135         | 20,680,622          |
| Grants assets to be relinquished               | -2,312,286                |                               | -2,312,286         | -2,181,310          |
| Accumulated industrial depreciation            | -1,106,233                | -469,141                      | -1,575,374         | -1,521,472          |
| Accumulated financial depreciation             | -8,291,761                |                               | -8,291,761         | -8,158,510          |
|  | 8,520,583                 | 208,131                       | 8,728,714          | 8,819,330           |
| Tangible assets under development and advances | 1,030,881                 | 39,468                        | 1,070,349          | 992,040             |
| Grants on tangible assets under development    | -187,200                  |                               | -187,200           | -246,168            |
|  | 843,681                   | 39,468                        | 883,149            | 745,872             |
| <b>Total</b>                                   | <b>9,364,264</b>          | <b>247,599</b>                | <b>9,611,863</b>   | <b>9,565,202</b>    |

The Lit. 46,661 million increase resulted mainly from the following changes:

- investments in highway works and other tangible assets for Lit. 319,722 million;
- industrial depreciation charges for Lit. 56,750 million and financial depreciation charges for Lit. 133,251 million;
- grants to Torino-Savona and Raccordo Autostradale Valle d'Aosta for a total of Lit. 72,008 million. Of this amount, Lit. 41,214 million concerned operating assets and Lit. 30,794 million tangible assets under development.

Tangible fixed assets included Lit. 2,630,267 million, representing the balance of the revaluations carried out in accordance with laws 823/73, 576/75, 72/83, 408/90, 413/91.

Table 2 shows the changes in the individual components of tangible assets.

Details of the investments in tangible assets carried out by each company in the first half of 2000 and in the first half of 1999 are provided on pages 66-67.

TABLE No. 1

## Intangible fixed assets (Millions of lire)

| Accounts/subaccounts                                       | 12.31.1999 |              |             |              |                |
|--|------------|--------------|-------------|--------------|----------------|
|  | Cost       | Revaluations | Write-downs | Amortization | Carrying value |
| Incorporation and expansion costs                          | 7,026      |              | -169        | -6,632       | 225            |
| Research, development and advertising costs                | 5,409      |              | -19         | -1,881       | 3,509          |
| Patents and copyrights                                     | 8,669      |              |             | -6,205       | 2,464          |
| Concessions, licences and trademarks                       | 229,892    |              |             | -5,903       | 223,989        |
| Goodwill arising from consolidation (art. 33 Decree127/91) | 9,062      |              | -5,438      | -3,624       |                |
| Intangible assets under development and advances           | 18,617     |              | -242        |              | 18,375         |
| Other:   |            |              |             |              |                |
| leasehold improvements                                     | 16,095     |              |             | -15,764      | 331            |
| software   | 59,106     |              |             | -48,259      | 10,847         |
| technical archives of construction works                   | 45,470     |              |             | -39,787      | 5,683          |
| interconnection motorway                                   | 16,949     |              |             | -14,591      | 2,358          |
| electronic cartography archives                            | 7,973      |              |             | -7,904       | 69             |
| site improvements  | 3,822      |              |             | -1,583       | 2,239          |
| know-how   | 905        |              |             | -862         | 43             |
| charges on leasing contracts                               | 399        |              |             | -399         |                |
|  | 150,719    |              |             | -129,149     | 21,570         |
| Total  | 429,394    |              | -5,868      | -153,394     | 270,132        |

| CHANGES OF THE PERIOD         |                            |                   |                                       |              | 6.30.2000 |              |             |              |                   |
|-------------------------------|----------------------------|-------------------|---------------------------------------|--------------|-----------|--------------|-------------|--------------|-------------------|
| Purchase/<br>internal<br>cost | Disposals/<br>Eliminations | Reclassifications | Write-downs (-)<br>reinstatements (+) | Amortization | Cost      | Revaluations | Write-downs | Amortization | Carrying<br>value |
| 7                             |                            |                   |                                       | -125         | 7,033     |              | -169        | -6,757       | 107               |
|                               |                            |                   |                                       | -492         | 5,409     |              | -19         | -2,373       | 3,017             |
| 458                           |                            | 44                |                                       | -766         | 9,171     |              |             | -6,971       | 2,200             |
|                               |                            |                   |                                       | -2,936       | 229,892   |              |             | -8,839       | 221,053           |
|                               |                            |                   |                                       |              | 9,062     |              | -5,438      | -3,624       |                   |
| 184                           |                            | -9,144            |                                       |              | 9,657     |              | -242        |              | 9,415             |
| 6,735                         |                            | 6,008             |                                       | -951         | 28,838    |              |             | -16,715      | 12,123            |
| 2,509                         |                            | 3,092             |                                       | -4,122       | 64,707    |              |             | -52,381      | 12,326            |
| 1,042                         |                            | 26                |                                       | -1,508       | 54,313    |              |             | -49,070      | 5,243             |
|                               |                            |                   |                                       | -488         | 16,949    |              |             | -15,079      | 1,870             |
|                               |                            | -26               |                                       | -16          | 172       |              |             | -145         | 27                |
| 155                           |                            |                   |                                       | -392         | 3,748     |              |             | -1,746       | 2,002             |
|                               |                            |                   |                                       | -22          | 905       |              |             | -884         | 21                |
|                               |                            |                   |                                       |              | 399       |              |             | -399         |                   |
| 10,441                        |                            | 9,100             |                                       | -7,499       | 170,031   |              |             | -136,419     | 33,612            |
| 11,090                        |                            |                   |                                       | -11,818      | 440,255   |              | -5,868      | -164,983     | 269,404           |

TABLE No. 2

## Tangible fixed assets and related accumulated amortisation (Millions of lire)

| Accounts/<br>Subaccounts                           | 12.31.1999              |           |             |            |   |                          |            |                      |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
|--|-------------------------|-----------|-------------|------------|---|--------------------------|------------|----------------------|--------------------------------|--------------------------|----------------------------|---------|--------------|---------|----------------------------|-------|-------------|---------|----------------------------|-------|
|  | Gross book value        |           |             |            | Grants receiv.<br>for assets<br>subj. to rev. | Accumulated amortisation |            | Net<br>book<br>value | Cost                           |                          |                            |         | Revaluations |         |                            |       | Write-downs |         |                            |       |
|  | Cost                    | Revaluat. | Write-Downs | Total      |   | Industrial               | Financial  |                      | Purchases and<br>internal cost | Transfers<br>and reclass | Disposals/<br>eliminations | Total   | Increase     | Reclass | Disposals/<br>eliminations | Total | Increase    | Reclass | Disposals/<br>eliminations | Total |
|  | Land and<br>buildings : |           |             |            |   |                          |            |                      |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
| Industrial   | 105,235                 | 45,432    |             | 150,667    |   | -61,270                  | 89,397     | 2,284                |                                | -40                      | 2,244                      |         |              |         |                            |       |             |         |                            |       |
| Civil  |                         |           |             |            |   |                          |            |                      |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
| Plant & machines                                   | 80,780                  |           |             | 80,780     |   | -45,732                  | 35,048     | 6,600                |                                | -1,832                   | 4,768                      |         |              |         |                            |       |             |         |                            |       |
| Industrial and<br>commercial<br>equipments         | 223,101                 | 2,498     |             | 225,599    |   | -174,030                 | 51,569     | 8,462                |                                | -1,361                   | 7,101                      |         |              |         |                            |       |             |         |                            |       |
| Assets subject<br>to reversion free<br>of charge:  |                         |           |             |            |   |                          |            |                      |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
| - land   | 577,028                 | 119,539   |             | 696,567    | -12,568                                       | -70                      | -311,730   | 372,199              | 984                            | 126                      | 1,110                      |         |              |         |                            |       |             |         |                            |       |
| - buildings  | 580,622                 | 169,097   | -18         | 749,701    | -22,778                                       | -20,877                  | -327,239   | 378,807              | 5,450                          | 4,755                    | 10,205                     |         |              |         |                            |       |             |         |                            |       |
| - light structures                                 | 117,385                 | 24,071    |             | 141,456    | -579  | -109,912                 | -2,601     | 28,364               | 2,054                          | 1,354                    | 3,408                      |         |              |         |                            |       |             |         |                            |       |
| - fixed construc.<br>structures                    | 14,879,012              | 2,240,705 | -5,761      | 17,113,956 | -2,210,252                                    | -122,150                 | -7,316,910 | 7,464,644            | 30,908                         | 130,189                  | -1                         | 161,096 |              |         |                            |       |             |         |                            |       |
| - other construc.<br>structures                    | 650,859                 | 24,186    |             | 675,045    | 68,111  | -554,443                 | -6,897     | 181,816              | 17,866                         | 775                      | -758                       | 17,883  |              |         |                            |       |             |         |                            |       |
| - toll collection<br>structures                    | 456,591                 | 18        |             | 456,609    | -3,244  | -265,489                 | -90,548    | 97,328               | 6,642                          | 371                      | -11                        | 7,002   |              |         |                            |       |             |         |                            |       |
| - machine shop                                     | 7,497                   | 3,890     |             | 11,387     |   | -7,927                   |            | 3,460                |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
| - other  | 2,744                   |           |             | 2,744      |   |                          |            | 2,744                | 8                              |                          | 8                          |         |              |         |                            |       |             |         |                            |       |
| - additional<br>construction<br>charges            | 182,686                 |           |             | 182,686    |   |                          | -102,585   | 80,101               |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
|  | 17,454,424              | 2,581,506 | -5,779      | 20,030,151 | -2,181,310                                    | -1,080,868               | -8,158,510 | 8,609,463            | 63,912                         | 137,570                  | -770                       | 200,712 |              |         |                            |       |             |         |                            |       |
| Other  | 192,594                 | 831       |             | 193,425    |   | -159,572                 |            | 33,853               | 12,958                         | -270                     | 12,688                     |         |              |         |                            |       |             |         |                            |       |
| Assets under construction<br>and advances          |                         |           |             |            |   |                          |            |                      |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
| Assets under<br>construction:                      |                         |           |             |            |   |                          |            |                      |                                |                          |                            |         |              |         |                            |       |             |         |                            |       |
| • motorways under<br>construction                  | 930,739                 |           | -892        | 929,847    | -246,168                                      |                          |            | 683,679              | 217,642                        | -137,570                 | 80,072                     |         |              |         |                            |       |             |         |                            |       |
| • assets not subj.<br>to rev. under<br>development | 31,902                  |           |             | 31,902     |   |                          |            | 31,902               | 7,567                          | -1                       | 7,566                      |         |              |         |                            |       |             |         |                            |       |
|  | 962,641                 |           | -892        | 961,749    | -246,168                                      |                          |            | 715,581              | 225,209                        | -137,570                 | -1                         | 87,638  |              |         |                            |       |             |         |                            |       |
| Advances to<br>suppliers                           | 30,291                  |           |             | 30,291     |   |                          |            | 30,291               | 297                            | -9,626                   | -9,329                     |         |              |         |                            |       |             |         |                            |       |
|  | 992,932                 |           | -892        | 992,040    | -246,168                                      |                          |            | 745,872              | 225,506                        | -137,570                 | -9,627                     | 78,309  |              |         |                            |       |             |         |                            |       |
|  | 19,049,066              | 2,630,267 | -6,671      | 21,672,662 | -2,427,478                                    | -1,521,472               | -8,158,510 | 9,565,202            | 319,722                        | -13,900                  | 305,822                    |         |              |         |                            |       |             |         |                            |       |

| CHANGES OF THE PERIOD |         |          |                          |          |         |         |           |          |         |          |                  | 6.30.2000  |              |             |   |                          |            |                |           |
|-----------------------|---------|----------|--------------------------|----------|---------|---------|-----------|----------|---------|----------|------------------|------------|--------------|-------------|---|--------------------------|------------|----------------|-----------|
| Grants                |         |          | Accumulated amortization |          |         |         |           |          |         |          | Gross book value |            |              |             | Grants receiv. for assets subj. to reversion dev. | Accumulated amortisation |            | Net book value |           |
| Increase              | Reclass | Total    | Industrial               |          |         |         | Financial |          |         |          | Grand total      | Cost       | Revaluations | Write-downs |   | Total                    | Industrial |                | Financial |
|                       |         |          | Charges                  | Utilised | Reclass | Total   | Charges   | Utilised | Reclass | Total    |                  |            |              |             |   |                          |            |                |           |
|                       |         |          | -2,912                   | 40       |         | -2,872  |           |          |         |          | -628             | 107,479    | 45,432       |             | 152,911   |                          | -64,142    |                | 88,769    |
|                       |         |          | -3,339                   | 1,475    |         | -1,864  |           |          |         |          | 2,904            | 85,548     |              |             | 85,548  |                          | -47,596    |                | 37,952    |
|                       |         |          | -10,591                  | 1,068    |         | -9,523  |           |          |         |          | -2,422           | 230,202    | 2,498        |             | 232,700   |                          | -183,553   |                | 49,147    |
|                       |         |          | -1                       |          |         | -1      | -4,930    |          |         | -4,930   | -3,821           | 578,138    | 119,539      |             | 697,677   | -12,568                  | -71        | -316,660       | 368,378   |
|                       |         |          | -355                     |          |         | -355    | -6,495    |          |         | -6,495   | 3,355            | 590,827    | 169,097      | -18         | 759,906   | -22,778                  | -21,232    | -333,734       | 382,162   |
|                       |         |          | -2,405                   |          |         | -2,405  | -48       |          |         | -48      | 955              | 120,793    | 24,071       |             | 144,864   | -579                     | -112,317   | -2,649         | 29,319    |
| -41,214               | 89,762  | -130,976 | -2,575                   |          |         | -2,575  | -120,178  |          |         | -120,178 | -92,633          | 15,040,108 | 2,240,705    | 5,761       | 17,275,052  | -2,341,228               | -124,725   | -7,437,088     | 7,372,011 |
|                       |         |          | -10,687                  |          |         | -10,687 | -79       |          |         | -79      | 7,117            | 668,742    | 24,186       |             | 692,928   | 68,111                   | -565,130   | -6,976         | 188,933   |
|                       |         |          | -9,133                   |          |         | -9,133  | -467      |          |         | -467     | -2,598           | 463,593    | 18           |             | 463,611   | -3,244                   | -274,622   | -91,015        | 94,730    |
|                       |         |          | -209                     |          |         | -209    |           |          |         |          | -209             | 7,497      | 3,890        |             | 11,387  |                          | -8,136     |                | 3,251     |
|                       |         |          |                          |          |         |         | -1,054    |          |         | -1,054   | -1,054           | 182,686    |              |             | 182,686   |                          |            | -103,639       | 79,047    |
| -41,214               | 89,762  | -130,976 | -25,365                  |          |         | -25,365 | -133,251  |          |         | -133,251 | -88,880          | 17,655,136 | 2,581,506    | -5,779      | 20,230,863  | -2,312,286               | -1,106,233 | -8,291,761     | 8,520,583 |
|                       |         |          | -14,543                  | 265      |         | -14,278 |           |          |         |          | -1,590           | 205,282    | 831          |             | 206,113   |                          | -173,850   |                | 32,263    |
| -30,794               | 89,762  | 58,968   |                          |          |         |         |           |          |         |          | 139,040          | 1,010,811  |              | -892        | 1,009,919   | -187,200                 |            |                | 822,719   |
|                       |         |          |                          |          |         |         |           |          |         |          | 7,566            | 39,468     |              |             | 39,468  |                          |            |                | 39,468    |
| -30,794               | 89,762  | 58,968   |                          |          |         |         |           |          |         |          | 146,606          | 1,050,279  |              | -892        | 1,049,387   | -187,200                 |            |                | 862,187   |
|                       |         |          |                          |          |         |         |           |          |         |          | -9,329           | 20,962     |              |             | 20,962  |                          |            |                | 20,962    |
| -30,794               | 89,762  | 58,968   |                          |          |         |         |           |          |         |          | 137,277          | 1,071,241  |              | -892        | 1,070,349   | -187,200                 |            |                | 883,149   |
| -72,008               |         | -72,008  | 56,750                   | 2,848    |         | -53,902 | -133,251  |          |         | -133,251 | 46,661           | 19,354,888 | 2,630,267    | -6,671      | 21,978,484  | -2,499,486               | -1,575,374 | -8,291,761     | 9,611,863 |

| (Millions of lire)                           | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 |
|--|---------------------------|---------------------------|
| Autostrade S.p.A.                            | 138,034                   | 151,304                   |
| Tangenziale di Napoli S.p.A.                 | 854                       | 1,888                     |
| Autostrada Torino - Savona S.p.A.            | 73,025                    | 59,645                    |
| Società Autostrada Tirrenica p.A.            | 766                       | 210                       |
| Società Autostrade Meridionali p.A.          | 27,334                    | 10,322                    |
| Soc. It. per Az. per il Traforo Monte Bianco | 12,080                    | 555                       |
| Raccordo Autostradale Valle d'Aosta S.p.A.   | 51,991                    | 31,463                    |
| Autostrade International S.p.A               | 1                         | 1                         |
| Autostrade Int. U.S. Holding, Inc.           |                           |                           |
| Autostrade Finance S.A.                      |                           |                           |
| Autostrade U.K.                              |                           |                           |
| Autostrade Telecomunicazioni S.p.A.          | 7,653                     | 25,742                    |
| Pavimental S.p.A.                            | 7,078                     | 3,189                     |
| Spea - Ingegneria Europea S.p.A.             | 906                       | 615                       |
| <b>Total</b>                                 | <b>319,722</b>            | <b>284,934</b>            |

The higher investment figure was due mainly to works by Torino-Savona, Autostrade Meridionali and Raccordo Autostradale Valle d'Aosta to enlarge and complete the stretches under concession and Traforo del Monte Bianco to restore the tunnel.

### Long-term investments

Lit. 256,467 million (Lit. 323,875 million)

This item included:

#### a) Shareholdings

Lit. 48,134 million (Lit. 99,952 million)

- *unconsolidated subsidiaries* for Lit. 248 million. This item included an equity interest in Autostrade Tlc Fixed, a company established to operate in fixed telephony, the majority shareholding in the Spea Tecnic consortium and holdings in Pavimental Est and in the Pavimental/Pavimental Est joint venture, which were entirely written off;
- *associated companies* for Lit. 46,441 million, showing a Lit. 52,324 million decrease, mainly as a result of the write-down of the shareholding in Blu S.p.A., which showed a loss of approximately Lit. 163,513 million for the first half of 2000 due to its start-up activities. The recovery is not expected in the foreseeable future.
- *other companies* for Lit. 1,445 million, reflecting a change due to the acquisition of minor shareholdings by the Parent Company.

The negative net worth of some investments was accounted for by making *provisions for write-down of participating interests*, under provisions for risks and charges. Details are provided in the table below:

Provision for write-down of participating interests (millions of lire)

|                                    |       |
|------------------------------------|-------|
| <u>Unconsolidated subsidiaries</u> |       |
| Pavimental Est                     | 1,113 |
| J.V. Pavimental-Pavimental Est     | 1,455 |
| <u>Other companies</u>             |       |
| Consorzio RFCC                     | 3,434 |
| Total                              | 6,002 |

Changes in shareholdings are summarized in table 3.

**b) Receivables** Lit. 207,333 million (Lit. 195,947 million):

- *Due from associated companies* amounted to Lit. 81,596 million, reflecting sums payable by MEL - Midland Expressway Ltd. to Autostrade Finance SA and Autostrade UK. This item was Lit. 11,822 million higher due to this associated company's higher financing requirements.
- *Due from others: grants and subsidies from government and other public bodies* for Lit. 161 million, representing sums due by ANAS;
- *Due from others: sundry receivables* for a total of Lit. 125,576 million, related mainly to medium- and long-term amounts due from credit institutions, including foreign-currency receivables in the amount of Lit. 74,414 million due to Autostrade Finance SA for its financial activities. This item included also an amount due from tax authorities for the tax advance on employee severance indemnities (Lit. 34,763 million) and loans to employees (Lit. 14,620 million). In order to provide a better picture of the financial position, financial receivables held by Autostrade Finance in the amount of Lit. 435,246 million were eliminated against medium and long-term financial debts for the same amount carried in Autostrade S.p.A.'s books.

**c) Other securities** Lit. 1,000 million (Lit. 27,976 million)

This item included bonds held by Autostrade for Lit. 1,000 million. The Lit. 26,976 million decrease resulted from the repayment of variable-rate bonds held by Autostrade Finance.

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**Current assets** Lit. 1,801,691 million (Lit. 1,738,948 million)

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**Inventories** Lit. 294,903 million (Lit. 272,715 million )

This included mainly *contract work in progress* (Lit. 231,396 million) for public bodies and sundry companies and raw materials and spare parts utilized for maintenance or assembling purposes for a total of Lit. 63,226 million.

The Lit. 22,188 million increase over the corresponding amount at December 31, 1999 was due mainly to the Lit. 20,150 million increment of contract work in progress and to the Lit. 1,990 million rise in inventories.

TABLE No. 3

## Shareholdings included under long-term investments and paid share subscriptions (Millions of lire)

| Account/subaccounts                               | 12.31.1999 |              |             | Carrying value |
|---|------------|--------------|-------------|----------------|
|   | Cost       | Revaluations | Write-downs |                |
| <b>Investments in unconsolidated subsidiaries</b> |            |              |             |                |
| J.V. Pavimental / Pavimental Est                  | 222        |              | -222        |                |
| Consorzio Spea-Tecnic                             | 48         |              |             | 48             |
| Pavimental Est                                    | 3,026      |              | -3,026      |                |
| Autostrade Tlc. Fixed                             |            |              |             |                |
|   | 3,296      |              | -3,248      | 48             |
| <b>Investments in associated companies</b>        |            |              |             |                |
| So.c.aer.   | 36         |              |             | 36             |
| A.li.ce.  | 10         |              |             | 10             |
| Bajkal Ital Road                                  | 3,105      |              | -3,105      |                |
| Soc. Consortile Arca 88                           | 13         |              |             | 13             |
| Consorzio Italtecnasud in liq.                    | 20         |              |             | 20             |
| Consorzio CEA                                     | 15         |              |             | 15             |
| Consorzio Acque                                   | 23         |              |             | 23             |
| Consorzio Stipe-Spea Incociv Ute                  | 3          |              |             | 3              |
| Consorzio Stipe-Spea                              | 3          | 1            |             | 4              |
| Autostrada Pedemontana Lombarda S.p.A.            | 10,000     |              | -7,370      | 2,630          |
| TRIP II   | 14,766     |              | -14,766     |                |
| MEL   | 1          |              |             | 1              |
| Co.Te.Co.   | 10         |              |             | 10             |
| Blu   | 96,000     |              |             | 96,000         |
|   | 124,005    | 1            | -25,241     | 98,765         |
| Investments in other companies                    | 1,174      |              | -35         | 1,139          |
| Paid share subscriptions                          |            |              |             |                |
|   | 128,475    | 1            | -28,524     | 99,952         |

| CHANGES OF THE PERIOD |                   |             |           |  |  |                                | 6.30.2000 |              |             |                  |
|-----------------------|-------------------|-------------|-----------|--|--|--------------------------------|-----------|--------------|-------------|------------------|
| Acquisition           | Riclassifications |             | Disposals | Revaluations<br>(item 4<br>art. 2426 C.C.) | Write-downs (-)<br>Reinstatements<br>(+) | Exchange<br>rate<br>difference | Cost      | Revaluations | Write-downs | Carryng<br>value |
|                       | Cost              | Write-downs |           |  |  |                                |           |              |             |                  |
|                       |                   |             |           |  |  |                                | 222       |              | -222        |                  |
|                       |                   |             |           |  |  |                                | 48        |              |             | 48               |
|                       |                   |             |           |  |  |                                | 3,026     |              | -3,026      |                  |
| 200                   |                   |             |           |  |  |                                | 200       |              |             | 200              |
| 200                   |                   |             |           |  |  |                                | 3,496     |              | -3,248      | 248              |
|                       |                   |             |           |  |  |                                | 36        |              |             | 36               |
|                       |                   |             |           |  |  |                                | 10        |              |             | 10               |
|                       |                   |             |           |  |  |                                | 3,105     |              | -3,105      |                  |
|                       |                   |             |           |  |  |                                | 13        |              |             | 13               |
|                       |                   |             |           |  |  |                                | 20        |              |             | 20               |
|                       |                   |             |           |  |  |                                | 15        |              |             | 15               |
|                       |                   |             |           |  |  |                                | 23        |              |             | 23               |
|                       |                   |             |           |  |  |                                | 3         |              |             | 3                |
|                       |                   |             |           |  |  |                                | 3         | 1            |             | 4                |
|                       |                   |             |           |  |  |                                | 10,000    |              | -7,370      | 2,630            |
|                       |                   |             |           |  |  |                                | 14,766    |              | -14,766     |                  |
|                       |                   |             |           |  |  |                                | 1         |              |             | 1                |
|                       |                   |             |           |  |  |                                | 10        |              |             | 10               |
| 4,181                 |                   |             |           |  | -56,505                                  |                                | 100,181   |              | -56,505     | 43,676           |
| 4,181                 |                   |             |           |  | -56,505                                  |                                | 128,186   | 1            | -81,746     | 46,441           |
| 306                   |                   |             |           |  |  |                                | 1,480     |              | -35         | 1,445            |
|                       |                   |             |           |  |  |                                |           |              |             |                  |
| 4,687                 |                   |             |           |  | -56,505                                  |                                | 133,162   | 1            | -85,029     | 48,134           |

## Receivables

Lit. 1,098,041 million (Lit. 999,262 million)

This item consisted of:

- a) *Trade* (Lit. 626,820 million), attributable mainly to the Parent Company, rose by Lit. 32,406 million due mainly to the change in the amount owed by customers who operate on an open-account basis as well as to an increase in tolls and traffic;
- b) *Due from unconsolidated subsidiaries* (Lit. 7,325 million): this amount refers mainly to trade and financial payables due from Pavimental Est and the Pavimental - Pavimental Est joint venture;
- c) *Due from associated companies* (Lit. 23,665 million): this amount includes trade and financial payables. The Lit. 12,677 million increase is attributable primarily to the Parent Company for the amounts due from Blu S.p.A. for the construction of the call center in Florence;
- d) *Sundry* (Lit. 440,231 million). This item included repurchase agreements and other financial transactions (Lit. 145,209 million), deferred tax assets (Lit. 146,524), amounts receivable from customers for damages inflicted to company property (Lit. 30,750 million), amounts receivable from interconnected companies (Lit. 8,247 million) and other small items for a combined total of Lit. 91,779 million.

## Marketable securities

Lit. 334,046 million (Lit. 366,566 million)

This item included mainly:

### ***"Investments in associated companies"***

Lit. 91,473 million (Lit. 91,473 million)

made up of:

- a) a 27% shareholding in Telon S.p.A., a company undergoing liquidation proceedings, for Lit. 91,336 million. The amount reflects the subscription to 27% of the share capital, adjusted to take into account the estimated losses until the company is liquidated. Noteworthy is that only 3/10 of the subscribed amount, of Lit. 28,388 million, were actually paid, while the balance (Lit. 66,112 million) was recorded under due to associated companies, an item which includes also the sums received as a down payment on the final liquidation amount.;
- b) 27% of the consortium set up by Autostrade, Bell Canada, Distacom, Cofiri & Partners for mobile communications, currently under liquidation proceedings, for Lit. 137 million. This amount represents the contribution to the consortium's capital, net of any estimated losses until the liquidation is completed and any sum received as a down payment on the final liquidation amount.

The above investments by the parent Autostrade were made in relation to the participation in the bid to obtain the license to act as the third mobile-communications carrier in Italy.

### ***"Other"***

Lit. 242,558 million (Lit. 275,078 million)

This item included mainly bonds and shares of mutual funds, held by RAV and, to a limited ex-

tent, Società Autostrade Meridionali as a temporary investment of the excess liquidity prior to employing such resources for the investments under way. The decline was due to the sale of the securities to raise the cash needed for the investment outlays.

**Cash and cash equivalents** Lit. 74,701 million (Lit. 100,405 million)

This item includes bank deposits and tolls collected in late June, and still being counted, and in the process of being credited by the banks.

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**Accrued income and deferred expenses** Lit. 80,577 million (Lit. 57,656 million)

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This item consisted of:

- a) *Bond discounts and similar charges on loans* (Lit. 7,663 million), which fell by Lit. 1,956 million as a result of the amount amortized over the first half of 2000;
- b) *Other accrued income and deferred expenses*, including mainly accrued interest income for Lit. 43,496 million and deferred expenses for Lit. 29,418 million. Deferred expenses were due mainly to the costs incurred to utilize optical fiber cables installed on third parties' highways, which will be expensed out in the future.

The Lit. 24,877 million increase included approximately Lit. 8,180 million in prepaid insurance, license fees and other prepayments by the Parent company and approximately Lit. 17,406 million in accrued interest income receivable by Autostrade Finance.

## CONSOLIDATED RECEIVABLES AND ACCRUED INCOME BY DUE DATE AND CATEGORY

| (millions of lire)  | 6.30.2000        |                |                         |           | 12.31.1999       |                |                         |           |
|---|------------------|----------------|-------------------------|-----------|------------------|----------------|-------------------------|-----------|
|   | Due dates        |                |                         |           | Due dates        |                |                         |           |
|   | Within<br>1 year | 2 to 5<br>year | More<br>than<br>5 years | Total     | Within<br>1 year | 2 to 5<br>year | More<br>than<br>5 years | Total     |
| <b>RECEIVABLES UNDER LONG-TERM INVESTMENTS</b>                    |                  |                |                         |           |                  |                |                         |           |
| Unconsolidated subsidiaries                                       |                  |                |                         |           |                  |                |                         |           |
| Associated companies  | 81,596           |                |                         | 81,596    | 69,774           |                |                         | 69,774    |
| Parent companies  |                  |                |                         |           |                  |                |                         |           |
| Other:  |                  |                |                         |           |                  |                |                         |           |
| • Grants and subsidies from<br>Government and other public bodies |                  | 92             | 69                      | 161       | 23               | 92             | 69                      | 184       |
| • Sundry  | 77,811           | 42,698         | 5,067                   | 125,576   | 72,878           | 47,870         | 5,241                   | 125,989   |
|   | 159,407          | 42,790         | 5,136                   | 207,333   | 72,901           | 117,736        | 5,310                   | 195,947   |
| <b>CURRENT RECEIVABLES</b>  |                  |                |                         |           |                  |                |                         |           |
| <u>Other financial receivables</u>                                |                  |                |                         |           |                  |                |                         |           |
| Unconsolidated subsidiaries                                       | 6,154            |                |                         | 6,154     | 9,688            |                |                         | 9,688     |
| Associated companies  | 879              |                |                         | 879       | 3,401            |                |                         | 3,401     |
| Parent companies  |                  |                |                         |           |                  |                |                         |           |
| Sundry  | 145,209          |                |                         | 145,209   | 93,075           |                |                         | 93,075    |
|   | 152,242          |                |                         | 152,242   | 106,216          |                |                         | 106,216   |
| <u>Trade receivables</u>  |                  |                |                         |           |                  |                |                         |           |
| Customers   | 626,330          | 490            |                         | 626,820   | 594,316          | 46             |                         | 594,362   |
| Unconsolidated subsidiaries                                       | 1,110            | 61             |                         | 1,171     | 3,930            |                |                         | 3,930     |
| Associated companies  | 20,645           | 2,141          |                         | 22,786    | 5,446            | 2,141          |                         | 7,587     |
|   | 648,085          | 2,692          |                         | 650,777   | 603,692          | 2,187          |                         | 605,879   |
| <u>Other receivables</u>  |                  |                |                         |           |                  |                |                         |           |
| Sundry  | 152,379          | 142,639        | 4                       | 295,022   | 149,335          | 137,828        | 4                       | 287,167   |
|   | 152,379          | 142,639        | 4                       | 295,022   | 149,335          | 137,828        | 4                       | 287,167   |
| <b>ACCRUED INCOME</b>   |                  |                |                         |           |                  |                |                         |           |
|   | 43,496           |                |                         | 43,496    | 27,892           |                |                         | 27,892    |
| <b>TOTAL</b>  | 1,155,609        | 188,121        | 5,140                   | 1,348,870 | 960,036          | 257,751        | 5,314                   | 1,223,101 |

## Balance Sheet: shareholders' equity and liabilities

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### Shareholders' equity Lit. 4,621,114 million (Lit. 4,682,732 million)

Shareholders' equity decreased from the corresponding figure at December 31, 1999 mainly due to the difference between the results for the period (Lit. 305,428 million) and dividends paid (Lit. 366,756 million).

Details of the shareholders' equity, including minority interests, are provided below:

| (millions of lire)        | Parent company's interest | Minority interest | Total            |
|---------------------------|---------------------------|-------------------|------------------|
| Share capital             | 1,183,083                 |                   | 1,183,083        |
| Reserves                  | 2,347,683                 | 784,920           | 3,132,603        |
| Net income for the period | 310,581                   | -5,153            | 305,428          |
| <b>Total</b>              | <b>3,841,347</b>          | <b>779,767</b>    | <b>4,621,114</b> |

The statement of changes in the shareholders' equity attributable to the Parent Company, attached to these notes, highlights the changes that took place during the period.

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### Provisions for risks and charges Lit. 1,525,686 million (Lit. 1,436,797 million)

Details of the items included in this fund are provided below :

| Details of the provisions for risks and charges (millions of lire) | 6.30.2000        | 12.31.1999       | Changes       |
|--|------------------|------------------|---------------|
| <u>taxes</u>   | 3,731            | 3,625            | 106           |
| <u>Other:</u>  |                  |                  |               |
| repair or replacement of assets to be relinquished                 | 1,415,562        | 1,317,916        | 97,646        |
| unpaid tolls   | 2,535            | 2,535            |               |
| write-downs of participating interests                             | 6,002            | 9,619            | -3,617        |
| disputes in progress   | 74,144           | 73,843           | 301           |
| sundries   | 23,712           | 29,259           | -5,547        |
| <b>Total</b>   | <b>1,525,686</b> | <b>1,436,797</b> | <b>88,889</b> |

The main changes involved:

- a Lit. 97,646 million increase in the *provisions for costs of restoration or replacement of assets to be relinquished*, net of any use, as a result of the need for Group companies to set aside the necessary sums to cover charges related to this class of assets. These provisions were made mainly to meet the expenses related to the replacement of parts in assets to be relinquished. As illustrated in the section on accounting policies, and consistent with the past, these provisions, the financial depreciation and the industrial depreciation amounts provide an adequate coverage of the charges related to the relinquishment and operation of such assets.

- a Lit. 3,617 million decrease in the *provision for write-down of participating interests* arising from the difference between the losses by the investee company Pavimental Est (Lit. 3,817 million) and the amount set aside to cover the future needs of the R.F.C.C. Consortium (Lit. 200 million).

As to the *provision for disputes in progress*, this involves mainly amounts set aside to cover claims arising from litigation (e.g. personnel, contractors and risks related to any tax dispute). This involves also our subsidiaries Spea (Lit. 8,583 million), for charges related to work in progress and other activities, and SAM (Lit. 750 million) for indemnification risks.

The item *other* includes amounts set aside (Lit. 20,462 million) by Società per il Traforo del Monte Bianco for costs incurred to restore and rebuild equipment and tunnel as well as to demolish and remove the rubble from the accident site.

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**Employee severance indemnities** Lit. 278,518 million (Lit. 274,898 million)

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This item refers to the amount payable to employees as they leave the Group.

The Lit. 3,620 million increase was due mainly to the difference between the use of the provisions for payments made to Group employees and the sums set aside during the period. Details of the changes are provided in the following table:

(millions of lire)

|   |         |
|---|---------|
| Balance at December 31, 1999              | 274,898 |
| Accrual charged in the year               | 22,654  |
| Severance payment/advances paid and other | -19,034 |
| Balance at June 30, 2000                  | 278,518 |

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**Payables** Lit. 5,407,663 million (Lit. 5,416,716 million)

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This item included:

a) *debt*, consisting of *bonds* in the amount of Lit. 1,116,663 million (Lit. 1,214,260 million), *medium- and long-term bank debt* in the amount of Lit. 424,560 million (Lit. 564,993 million), *short-term bank debt* for Lit. 1,234,003 million (Lit. 847,922 million), *amounts due to other financial institutions* for Lit. 808,674 million (Lit. 856,362 million) and to *associated companies* for Lit. 90,142 million (Lit. 90,142 million). Such debt totaled Lit. 3,674,042 million (including short-term and medium-to-long-term debts, net of any intercompany eliminations of Lit. 435,246 million, described in the section on long-term receivables) and showed:

- a Lit. 281,072 million decrease in its medium-to-long-term component, primarily following the repayment of the installments coming due during the period;
- a Lit. 381,435 million increase in short-term debts to meet some liquidity shortfall, before converting it into medium and long-term debt, mainly attributable to the Parent Company,

Amounts due to other financial institutions included, in addition to two loans by Cofiri to the Parent Company for a total of Lit. 594,649 million, an interest-free loan to the central guarantee Fund for metropolitan highways and railroads, related to the subrogation of such Fund in the repayment of loans (Lit. 255,490 million) by Tangenziale di Napoli and Società Autostrada Tirrenica.

Moreover, the *medium and long-term bank debts* included 3 loans outstanding in the total amount of Lit. 68,547 million guaranteed by a lien on the highways and installations under concession. Interest rate and foreign exchange risks are hedged by derivatives, as shown in the table at the end of the section on payables.

- b) *Advances*, which rose by Lit. 17,375 million to Lit. 158,546 million (Lit. 141,171 million), referred mainly to invoices issued by the Parent Company for works to be performed on behalf of third parties;
- c) *Trade*, which fell by Lit. 112,774 million to Lit. 629, 278 million from December 31, 1999 (Lit. 742,052 million), are related to invoices received and other sums payable;
- d) *Amounts due to unconsolidated subsidiaries* for Lit. 1,445 million (Lit. 1,381 million) referred mainly to claims by Pavimental S.p.A. on its subsidiary Pavimental Est;
- e) *Amounts due to associated companies* for a total of Lit. 90,829 million (Lit. 99,633 million) referred mainly to the Lit. 66,112 million in residual share capital subscription payable by the Parent Company to Telon S.p.A., currently under liquidation proceedings, which will be cancelled at the end of such liquidation proceedings and to the Lit. 24,030 million received as a down payment prior to the final distribution. This item declined as a result of the decrease in amounts due to Spea and Pavimental from their associated companies arising from commercial transactions;
- f) *Due to tax authorities*, which fell Lit. 100,408 million to Lit. 143,384 million (Lit. 243,792 million), included amounts payable mainly for corporate income taxes (IRPEG) and for the regional tax on productive activities (IRAP) (Lit. 44,563 million), net of any advance payment, for VAT (Lit. 40,767 million), taxes withheld on salaries and professional fees paid until the end of June 2000, the balance of the debt, net of advance payments, related to the fee surcharges on highway trips in the latter part of the period under review and the concession fee equal to 1% of all tolls collected. The decrease was attributable almost entirely to lower corporate income taxes;
- g) *Due to social security agencies*, which amounted to Lit. 39, 612 million (Lit. 34,095 million), reflected social security contributions to be paid;
- h) *Other payables*, which totaled Lit. 760,669 million (Lit. 671,055 million), consisted mainly of amounts due to highway companies for interconnections for a total of Lit. 476,164 million, security deposits for users that operate on an open-account basis for Lit. 55,817 million, and tolls under settlements for Lit. 154,990 million.

## Autostrade Loans as of June 30, 2000

| Loan                               | Currency | ORIGINAL AMOUNT  |               | BALANCE AT 6.30.2000 |   |  |
|------------------------------------|----------|------------------|---------------|----------------------|---|--|
|                                    |          | Currency         | Lire millions | Currency             | Lire millions<br>(exchange rate<br>at purchase) | Lire millions<br>(exchange rate<br>at 6.30.2000) (1) |
| IMI/EIB 85 1 <sup>st</sup> TR.     | USD      | 10.273.810,46    |               | 748.960,77           |   |  |
|                                    | DEM      | 32.036.852,85    |               | 2.335.486,57         |   |  |
|                                    | CHF      | 7.768.043,75     |               | 566.290,39           |   |  |
|                                    | BEF      | 190.591.438,00   |               | 13.894.115,82        |   |  |
|                                    | JPY      | 1.190.626.181,00 |               | 86.796.648,60        |   |  |
| Total                              |          |                  | 63.000        |                      | 4.593   | 4.822  |
| IMI/EIB 85 2 <sup>nd</sup> TR.     | ITL      | 27.000.000.000   | 27.000        | 1.968.300.000        | 1.968   | 1.968  |
| CREDIOP/EIB 86 1 <sup>st</sup> TR. | DEM      | 14.870.298,36    |               | 1.958.418,30         |   |  |
|                                    | NLG      | 27.633.106,65    |               | 3.639.280,14         |   |  |
|                                    | FRF      | 80.696.202,53    |               | 10.627.689,88        |   |  |
|                                    | JPY      | 1.736.313.762,00 |               | 228.672.522,45       |   |  |
| Total                              |          |                  | 59.500        |                      | 7.836   | 8.228  |
| CREDIOP/EIB 86 2 <sup>nd</sup> TR. | EURO     | 8.666.394,78     |               | 1.286.959,63         |   |  |
|                                    | ITL      | 12.750.000.000   |               | 1.893.375.000        |   |  |
| Total                              |          |                  | 25.500        |                      | 3.787   | 4.385  |
| CREDIOP/EIB 92 1 <sup>st</sup> TR. | USD      | 8.378.942,62     |               | 6.109.924,97         |   |  |
|                                    | NLG      | 13.132.814,02    |               | 9.576.447,99         |   |  |
|                                    | BEF      | 194.940.599,00   |               | 142.150.684,79       |   |  |
|                                    | CHF      | 10.600.086,01    |               | 7.729.582,72         |   |  |
| Total                              |          |                  | 35.000        |                      | 25.522  | 26.798   |
| CREDIOP/EIB 92 2 <sup>nd</sup> TR. | EURO     | 9.773.260,36     | 15.000        | 3.820.367,47         | 5.863   | 7.397  |
| CAS. RISP.PR-PC/EIB                | ITL      | 50.000.000.000   | 50.000        | 29.270.000.000       | 29.270  | 29.270   |
| CARIPLO/EIB 93                     | ITL      | 35.000.000.000   |               | 20.016.500.000       |   |  |
|                                    | EURO     | 18.421.052,63    |               | 10.535.000,99        |   |  |
| Total                              |          |                  | 70.000        |                      | 40.033  | 40.415   |
| CARIPLO/EIB 94                     | FRF      | 173.052.296,40   | 50.000        | 123.490.118,71       | 35.680  | 36.452   |
| CARIPLO/EIB 95                     | ITL      | 20.000.000.000   |               | 14.285.714.286       |   |  |
|                                    | BEF      | 333.889.816,00   |               | 256.661.101,56       |   |  |
| Total                              |          |                  | 40.000        |                      | 29.660  | 26.605   |
| BANCO NAPOLI/EIB 90 1              | ITL      | 25.000.000.000   | 25.000        | 11.777.448.350       | 11.777  | 11.777   |
| BANCO NAPOLI/EIB 90 2              | ITL      | 25.000.000.000   | 25.000        | 13.041.651.602       | 13.042  | 13.042   |
| BANCA DI ROMA/EIB 1998             | EURO     | 35.000.000       | 67.769        | 35.000.000           | 67.769  | 67.769   |
| Total Bank/EIB                     |          |                  |               |                      | 276.801   | 278.930  |

Key: f = fixed  
v = variable

| Interest rate<br>(libor+spread) | Terms of<br>payment | Last<br>installment | Surety bonds<br>and real security | Extent of guarantee<br>against exchange losses |
|---------------------------------|---------------------|---------------------|-----------------------------------|--|
| 9,4450 f                        | semi-annual         | 7.15.2000           |                                   | PARTIAL  |
| 13,9500 f                       | semi-annual         | 7.15.2000           |                                   |  |
| 8,8080 f                        | semi-annual         | 2.20.2001           |                                   | PARTIAL  |
| 9,4000 f                        |                     |                     |                                   |  |
| 14,5000 f                       | semi-annual         | 2.20.2001           |                                   |  |
| 8,3639 f                        | semi-annual         | 2.10.2007           |                                   | PARTIAL  |
| 9,1000 f                        | semi-annual         | 2.10.2002           |                                   |  |
| 9,7500 f                        | annual              | 11.25.2003          |                                   |  |
| 9,4500 f                        |                     |                     |                                   |  |
| 6,7000 f                        | annual              | 12.5.2003           |                                   |  |
| 8,1000 f                        | annual              | 6.10.2004           |                                   |  |
| 4,9200 v                        |                     |                     |                                   |  |
| 8,8000 f                        | annual              | 3.15.2005           |                                   |  |
| 8,8000 f                        | semi-annual         | 12.15.2004          | Senior statutory lien             |  |
| 9,3500 f                        | semi-annual         | 6.15.2005           | Senior statutory lien             |  |
| 3,7250 v                        | semi-annual         | 3.15.2008           |                                   |  |

## Autostrade loans as of June 30, 2000

| Loan       | Currency | ORIGINAL AMOUNT  |               | BALANCE AT 6.30.2000 |   |  |
|------------|----------|------------------|---------------|----------------------|---|--|
|            |          | Currency         | Lire millions | Currency             | Lire millions<br>(exchange rate<br>at purchase) | Lire millions<br>(exchange rate<br>at 6.30.2000) (1) |
| IRI/EIB 4  | USD      | 13,884,953.24    |               | 1,823,094.35         |   |  |
|            | EURO     | 16,945,049.62    |               | 2,224,885.02         |   |  |
|            | DEM      | 10,124,019.23    |               | 1,329,283.74         |   |  |
|            | NLG      | 11,443,985.78    |               | 1,502,595.34         |   |  |
|            | CHF      | 13,938,506.59    |               | 1,830,125.91         |   |  |
|            | ITL      | 30,000,000,000   |               | 3,939,000,000        |   |  |
| Total      |          |                  | 100,000       |                      | 13,130  | 13,130   |
| IRI/EIB 5  | USD      | 8,330,971.95     |               | 1,035,539.81         |   |  |
|            | DEM      | 6,074,411.54     |               | 755,049.36           |   |  |
|            | NLG      | 6,866,391.47     |               | 853,492.47           |   |  |
|            | CHF      | 8,363,103.95     |               | 1,039,533.83         |   |  |
|            | EURO     | 10,167,029.77    |               | 1,263,761.79         |   |  |
|            | ITL      | 18,000,000,000   |               | 2,237,400,000        |   |  |
| Total      |          |                  | 60,000        |                      | 7,458   | 7,458  |
| IRI/EIB 6  | USD      | 5,553,981.30     |               | 729,237.75           |   |  |
|            | EURO     | 6,778,019.85     |               | 889,954.01           |   |  |
|            | DEM      | 4,049,607.69     |               | 531,713.50           |   |  |
|            | NLG      | 4,577,594.31     |               | 601,038.13           |   |  |
|            | CHF      | 5,575,402.63     |               | 732,050.37           |   |  |
|            | ITL      | 12,000,000,000   |               | 1,575,600,000        |   |  |
| Total      |          |                  | 40,000        |                      | 5,252   | 5,252  |
| IRI/EIB 7  | USD      | 5,695,423.32     |               | 1,439,233.48         |   |  |
|            | EURO     | 5,824,434.89     |               | 1,471,834.69         |   |  |
|            | DEM      | 6,065,463.68     |               | 1,532,742.66         |   |  |
|            | NLG      | 17,813,593.47    |               | 4,501,495.08         |   |  |
|            | JPY      | 1,232,249,736.00 |               | 311,389,508.00       |   |  |
|            | ITL      | 18,000,000,000   |               | 4,548,600,000        |   |  |
| Total      |          |                  | 60,000        |                      | 15,162  | 15,162   |
| IRI/EIB 8  | USD      | 3,796,948.88     |               | 910,888.04           |   |  |
|            | EURO     | 3,882,956.59     |               | 931,521.29           |   |  |
|            | DEM      | 4,043,642.45     |               | 970,069.84           |   |  |
|            | NLG      | 11,875,728.98    |               | 2,848,987.38         |   |  |
|            | JPY      | 821,499,824.00   |               | 197,077,810.00       |   |  |
|            | ITL      | 12,000,000,000   |               | 2,878,800,000        |   |  |
| Total      |          |                  | 40,000        |                      | 9,596   | 9,596  |
| IRI/EIB 9  | EURO     | 2,365,472.21     |               | 592,787.35           |   |  |
|            | DEM      | 11,793,611.79    |               | 2,955,479.12         |   |  |
|            | FRF      | 34,345,794.39    |               | 8,607,056.07         |   |  |
|            | NLG      | 11,098,163.25    |               | 2,781,199.71         |   |  |
|            | JPY      | 1,001,487,925.00 |               | 250,972,874.00       |   |  |
|            | ITL      | 15,000,000,000   |               | 3,759,000,000        |   |  |
| Total      |          |                  | 50,000        |                      | 12,530  | 12,530   |
| IRI/EIB 10 | FRF      | 57,187,088.43    |               | 13,496,152.87        |   |  |
|            | EURO     | 3,498,670.50     |               | 825,686.24           |   |  |
|            | DEM      | 17,128,027.68    |               | 4,042,214.53         |   |  |
|            | NLG      | 14,621,137.09    |               | 3,450,588.36         |   |  |
|            | CHF      | 15,021,459.23    |               | 3,545,064.39         |   |  |
|            | ITL      | 22,500,000,000   |               | 5,310,000,000        |   |  |
| Total      |          |                  | 75,000        |                      | 17,700  | 17,700   |

Key: f = fixed

| Interest rate<br>(libor+spread) | Terms of<br>payment | Last<br>installment | Surety bonds<br>and real security | Extent of guarantee<br>against exchange losses |
|---------------------------------|---------------------|---------------------|-----------------------------------|--|
| 8.2801 f                        | annual              | 4.15.2001           |                                   | TOTAL  |
| 8.2801 f                        | annual              | 4.15.2001           |                                   | TOTAL  |
| 8.2801 f                        | annual              | 4.15.2001           |                                   | TOTAL  |
| 8.3310 f                        | annual              | 10.15.2001          |                                   | TOTAL  |
| 8.3310 f                        | annual              | 10.15.2001          |                                   | TOTAL  |
| 8.1135 f                        | annual              | 10.15.2001          |                                   | TOTAL  |
| 7.9738 f                        | annual              | 4.15.2002           |                                   | TOTAL  |

## Autostrade loans as of June 30, 2000

| Loan          | Currency | ORIGINAL AMOUNT   |               | BALANCE AT 6.30.2000 |   |   |
|---------------|----------|-------------------|---------------|----------------------|---|---|
|               |          | Currency          | Lire millions | Currency             | Lire millions<br>(exchange rate<br>at purchase) | Lire millions<br>(exchange rate<br>at 6.30.2000) (1)) |
| IRI/EIB 11    | USD      | 3,349,987.56      |               | 822,421.94           |   |   |
|               | GBP      | 1,621,083.35      |               | 397,975.97           |   |   |
|               | DEM      | 9,938,017.24      |               | 2,439,783.23         |   |   |
|               | NLG      | 17,461,938.43     |               | 4,286,905.88         |   |   |
|               | JPY      | 957,539,943.00    |               | 235,076,056.00       |   |   |
| Total         |          |                   | 35,000        |                      | 8,592   | 8,592   |
| IRI/EIB 13    | USD      | 6,365,763.69      |               | 2,126,801.63         |   |   |
|               | DEM      | 12,631,150.04     |               | 4,220,067.23         |   |   |
|               | NLG      | 25,615,808.61     |               | 8,558,241.67         |   |   |
|               | GBP      | 2,389,024.14      |               | 798,172.95           |   |   |
|               | JPY      | 1,359,399,275.000 |               | 454,175,299.00       |   |   |
| Total         |          |                   | 52,500        |                      | 17,540  | 17,540  |
| IRI/EIB 15    | USD      | 11,298,979.06     |               | 3,764,819.82         |   |   |
|               | DEM      | 37,746,277.61     |               | 12,577,059.69        |   |   |
|               | FRF      | 115,551,275.88    |               | 38,501,685.14        |   |   |
|               | NLG      | 57,234,137.59     |               | 19,070,414.65        |   |   |
|               | JPY      | 3,598,971,722.00  |               | 1,199,177,377.00     |   |   |
| Total         |          |                   | 140,000       |                      | 46,648  | 46,648  |
| IRI/EIB 17    | USD      | 1,277,372.26      |               | 402,755.47           |   |   |
|               | DEM      | 3,343,803.83      |               | 1,054,301.34         |   |   |
|               | FRF      | 5,498,155.83      |               | 1,733,568.54         |   |   |
|               | NLG      | 3,983,187.16      |               | 1,255,898.91         |   |   |
|               | JPY      | 264,616,935.00    |               | 83,433,719.00        |   |   |
| Total         |          |                   | 10,500        |                      | 3,311   | 3,311   |
| IRI/EIB 19    | FRF      | 47,367,223.93     |               | 14,963,306.04        |   |   |
|               | EURO     | 5,774,755.42      |               | 1,824,245.24         |   |   |
|               | DEM      | 22,048,618.13     |               | 6,965,158.47         |   |   |
|               | BEF      | 250,596,659.00    |               | 79,163,484.00        |   |   |
|               | CHF      | 16,742,735.90     |               | 5,289,030.27         |   |   |
| Total         |          |                   | 59,500        |                      | 18,796  | 18,796  |
| IRI/EIB 21    | USD      | 21,214,051.41     |               | 3,431,491.20         |   |   |
|               | DEM      | 41,874,343.32     |               | 6,678,957.76         |   |   |
|               | GBP      | 4,553,093.90      |               | 726,218.47           |   |   |
|               | NLG      | 16,826,401.17     |               | 2,683,810.99         |   |   |
|               | JPY      | 2,547,666,009.00  |               | 406,352,727.00       |   |   |
| Total         |          |                   | 108,500       |                      | 17,306  | 17,306  |
| IRI/EIB 23    | USD      | 22,208,053.07     |               | 3,022,516.02         |   |   |
|               | DEM      | 43,225,128.59     |               | 5,882,940.01         |   |   |
|               | GBP      | 4,699,967.90      |               | 639,665.63           |   |   |
|               | NLG      | 17,369,188.30     |               | 2,363,946.52         |   |   |
|               | JPY      | 2,629,848,784.00  |               | 357,922,420.00       |   |   |
| Total         |          |                   | 112,000       |                      | 15,243  | 15,243  |
| Total IRI/EIB |          |                   |               |                      | 208,264   | 208,264   |

Key: f = fixed

| Interest rate<br>(libor+spread) | Terms of<br>payment | Last<br>installment | Surety bonds<br>and real security | Extent of guarantee<br>against exchange losses |
|---------------------------------|---------------------|---------------------|-----------------------------------|--|
| 7.5208 f                        | annual              | 4.15.2002           |                                   | TOTAL  |
| 7.3140 f                        | annual              | 10.15.2002          |                                   | TOTAL  |
| 7.2520 f                        | annual              | 10.15.2002          |                                   | TOTAL  |
| 7.0964 f                        | annual              | 10.15.2002          |                                   | TOTAL  |
| 7.1513 f                        | annual              | 4.15.2003           |                                   | TOTAL  |
| 7.6355 f                        | annual              | 10.15.2000          |                                   | TOTAL  |
| 7.6355 f                        | annual              | 10.15.2000          |                                   | TOTAL  |

## Autostrade loans as of June 30, 2000

| Loan                        | Currency | ORIGINAL AMOUNT |               | BALANCE AT 6.30.2000 |   |  |
|-----------------------------|----------|-----------------|---------------|----------------------|---|--|
|                             |          | Currency        | Lire millions | Currency             | Lire millions<br>(exchange rate<br>at purchase) | Lire millions<br>(exchange rate<br>at 6.30.2000) (1) |
| CARIPO 1988 (2)             | ITL      | 100,000,000,000 | 100,000       | 43,727,942,763       | 43,728  | 43,721   |
| CRED.FOND.IND.93            | ITL      | 100,000,000,000 | 100,000       | 37,770,000,000       | 37,770  | 37,770   |
| Total Bank/ITL              |          |                 |               |                      | 81,498  | 81,498   |
| BANCO DI NAPOLI 1990        | DEM      | 90,000,000      | 65,887        | 90,000,000           | 65,887  | 73,793   |
| BANCO DI NAPOLI 1990        | CHF      | 76,104,000      | 65,196        | 76,104,000           | 65,196  | 73,019   |
| COFIRI AMSTERDAM 1991       | EURO     | 200,000,000     | 307,554       | 200,000,000          | 307,554   | 344,460  |
| COFIRI AMSTERDAM 1991       | EURO     | 146,341,463     | 223,383       | 146,341,463          | 223,383   | 250,189  |
| MONTE P. DI SIENA 1991      | EURO     | 32,000,000      | 49,225        | 32,000,000           | 49,225  | 55,132   |
| MONTE P. DI SIENA 1991      | EURO     | 22,000,000      | 34,148        | 22,000,000           | 34,148  | 38,246   |
| Total Bank/Foreign currency |          |                 |               |                      | 745,393   | 834,840  |
| Bond loan 1994/2004         | ITL      | 50,000,000,000  | 50,000        | 50,000,000,000       | 50,000  | 50,000   |
| Bond loan 1995/2002         | ITL      | 100,000,000,000 | 100,000       | 100,000,000,000      | 100,000   | 100,000  |
| Bond loan 1997/2002         | ITL      | 500,000,000,000 | 500,000       | 500,000,000,000      | 500,000   | 500,000  |
| Total bonds                 |          |                 | 650,000       | 650,000              |   |  |

Key: f = fixed  
v = variable

| Interest rate<br>(libor+spread) | Terms of<br>payment | Last<br>installment | Surety bonds<br>and real security | Extent of guarantee<br>against exchange<br>losses | Type of<br>loan |
|---------------------------------|---------------------|---------------------|-----------------------------------|---|-----------------|
| 5.7000 v                        | semi-annual         | 12.31.2003          | Senior statutory lien             |   |                 |
| 14.3800 v                       | semi-annual         | 7.30.2002           | IRI                               |   |                 |
| 3.7500 v                        | bullet              | 7.24.2000           |                                   | PARTIAL   | BOND            |
| 7.3625 f                        | bullet              | 7.24.2000           |                                   | PARTIAL   | BOND            |
| 5.4125 v                        | bullet              | 12.20.2001          |                                   | PARTIAL   | DIRECT          |
| 9.6200 f                        | bullet              | 7.3.2001            |                                   | PARTIAL   | BOND            |
| 5.1880 v                        | bullet              | 12.20.2001          |                                   | PARTIAL   | DIRECT          |
| 9.5000 f                        | bullet              | 6.26.2002           |                                   | PARTIAL   | DIRECT          |
|                                 |                     |                     | n. of Bonds                       | Unit value  |                 |
| 9.5000 f                        | bullet              | 2.15.2004           | 50,000,000                        | 1,000   |                 |
| 5.2500 v                        | bullet              | 12.31.2002          | 100,000,000                       | 1,000   |                 |
| 4.49813 v                       | bullet              | 5.6.2002            | 500,000,000                       | 1,000   |                 |

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**MEDIUM AND LONG-TERM AUTOSTRADING LOANS AS OF JUNE 30, 2000**

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| (Millions of lire)           | BALANCE AT 6.30.2000        |                              |
|------------------------------|-----------------------------|------------------------------|
|                              | (exchange rate at purchase) | (exchange rate at 6.30.2000) |
| TOTAL BANKS/EIB              | 276,801                     | 278,930                      |
| TOTAL IRI/EIB                | 208,264                     | 208,264                      |
| TOTAL BANKS/ITL              | 81,498                      | 81,498                       |
| TOTAL BANKS/FOREIGN CURRENCY | 745,393                     | 834,840                      |
| TOTAL BONDS                  | 650,000                     | 650,000                      |
| GRAND TOTAL                  | 1,961,955                   | 2,053,532 (3)                |

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- (1) Considering the exchange rate guarantee.  
(2) Loan covered by collar: CAP 9.35% Floor 7.95% .  
(3) Of which Lire 37,7 billion are covered by IRI guarantee.

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**AUTOSTRADA S.P.A.****ZERO COST COLLAR AS OF 6.30.2000**

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| Description of swap                                | currency | amount of swap agreement | swap maturity | CURRENT RATE | HEDGING                     |
|--|----------|--------------------------|---------------|--------------|-----------------------------|
| <u>COFIRI SIM 97</u><br>(CARIPLO 1988 100 BILLION) | ITL      | 43,727,942,763           | 12.31.2003    | VARIABLE     | CAP 9.35% - FLOOR 7.95% (1) |

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(1) CAP 9.35% higher limit of current rate fluctuation  
FLOOR 7.95% lower limit of current rate fluctuation

**AUTOSTRADA FINANCE S.A.****CURRENCY SWAPS/OUTRIGHT AS OF 6.30.2000**

| Bank  | Currency | Purchase       | SPOT     |                |
|---|----------|----------------|----------|----------------|
|   |          |                | Currency | Sell Euro      |
| <b>Short-term</b>                                       |          |                |          |                |
| Banca di Roma Intl. Lux.<br>(LOAN MEL GBP 15.5 mil.)    | GBP      | 13,551,603.62  | EURO     | 998,737.30     |
| Banca di Roma Intl. Lux.<br>(LOAN MEL GBP 15.5 mil.)    | GBP      | 225,000.00     | EURO     | 375,000.00     |
| Banca di Roma Intl. Lux.<br>(LOAN MEL GBP 4 mil.)       | GBP      | 5,156,194.60   | EURO     | 8,536,746.03   |
| Banca di Roma Intl. Lux.<br>(LOAN AUTOSTRADA U.K. Ltd.) | GBP      | 625,009.80     | EURO     | 998,737.30     |
| <b>Outright</b>   |          |                |          |                |
| Banca di Roma Intl. Lux.<br>(LOAN MEL GBP)              | GBP      | 5,700,000.00   |          |                |
| <b>Medium-term</b>                                      |          |                |          |                |
| Chase Manhattan<br>(LOAN BAYERISCHE 1990-2000)          | CHF      | 76,104,000.00  | DEM      | 90,000,000.00  |
| WestLB<br>(LOAN WESTLB 1991-2001)                       | EURO     | 146,341,463.00 | DEM      | 300,000,000.00 |

| Euro as of 6.30.2000 | Purchase Euro  | FORWARD        |  | Maturity  |
|----------------------|----------------|----------------|--|-----------|
|                      |                | Sell           |  |           |
| 988,470.50           | 993,498.33     | 13,551,603.62  |  | 8.11.2000 |
| 355,843.80           | 371,716.50     | 225,000.00     |  | 8.11.2000 |
| 8,154,666.13         | 8,481,978.29   | 5,156,194.60   |  | 8.18.2000 |
| 988,470.50           | 993,498.33     | 625,009.80     |  | 9.29.2000 |
|                      | 9,348,860.10   | 5,700,000.00   |  | 9.29.2000 |
|                      | 90,000,000.00  | 76,104,000.00  |  | 7.25.2000 |
|                      | 300,000,000.00 | 146,341,463.00 |  | 7.3.2001  |

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**MEDIUM AND LONG-TERM LOANS AS OF 6.30.2000**

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**AUTOSTRAD E FINANCE S.A.**

| Loan                           | ORIGINAL AMOUNT |             | BALANCE AT 6.30.2000 |               |
|--------------------------------|-----------------|-------------|----------------------|---------------|
|                                | Currency        | Currency    | Euro                 | Lire millions |
| BAYERISCHE 1990-2000 DEM 180 M |                 |             |                      |               |
| Bayerische                     | DEM             | 90,000,000  | 46,016,269           | 89,100        |
| swap - CHASE M.                | CHF             | 76,104,000  | 48,859,682           | 94,606        |
| WESTLB 1991-2001 DEM 300 M:    |                 |             |                      |               |
| swap - WESTLB                  | EURO            | 146,341,463 | 146,135,412          | 282,958       |

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| Payment | Last installment | Surety bond and real security | Type of loan |
|---------|------------------|-------------------------------|--------------|
| bullet  | 7.25.2000        | AUTOSTRADA                    | BOND         |
| bullet  | 7.25.2000        | AUTOSTRADA                    | BOND         |
| bullet  | 7.3.2001         | AUTOSTRADA                    | BOND         |

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**Accrued expenses and deferred income** Lit. 187,021 million (Lit. 144,670 million)

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Accrued expenses (Lit. 118,518 million) referred mainly (Lit. 99,073 million) to interest charges payable on loans to the Parent Company and to subsidiaries.

Deferred income (Lit. 68,503 million) referred mainly to leasing fees collected in advance.

The Lit. 42, 351 million increase in this item is attributable entirely to interest payable.

## CONSOLIDATED PAYABLE AND ACCRUED LIABILITIES ANALYSED BY DUE DATE AND CATEGORY

| (millions of lire)               | 6.30.2000        |                |                 |           | 12.31.1999       |                 |                 |           |
|----------------------------------|------------------|----------------|-----------------|-----------|------------------|-----------------|-----------------|-----------|
|                                  | Due dates        |                |                 |           | Due dates        |                 |                 |           |
|                                  | Within<br>1 year | 2 to 5<br>year | Over<br>5 years | Total     | Within<br>1 year | 2 to 5<br>years | Over<br>5 years | Total     |
| <b>MEDIUM AND LONG-TERM DEBT</b> |                  |                |                 |           |                  |                 |                 |           |
| Bonds                            | 466,663          | 650,000        |                 | 1,116,663 | 564,260          | 650,000         |                 | 1,214,260 |
| Banks                            | 96,859           | 291,420        | 36,281          | 424,560   | 195,045          | 319,761         | 50,187          | 564,993   |
| Other financial institutions     | 122,024          | 450,560        | 235,631         | 808,215   | 120,228          | 492,898         | 238,131         | 851,257   |
| Parent companies                 |                  |                |                 |           |                  |                 |                 |           |
|                                  | 685,546          | 1,391,980      | 271,912         | 2,349,438 | 879,533          | 1,462,659       | 288,318         | 2,630,510 |
| <b>SHORT-TERM DEBT</b>           |                  |                |                 |           |                  |                 |                 |           |
| <u>Other financial debts:</u>    |                  |                |                 |           |                  |                 |                 |           |
| Banks                            | 1,234,003        |                |                 | 1,234,003 | 847,922          |                 |                 | 847,922   |
| Unconsolidated subsidiaries      |                  |                |                 |           |                  |                 |                 |           |
| Associated companies             | 90,142           |                |                 | 90,142    | 90,142           |                 |                 | 90,142    |
| Parent companies                 |                  |                |                 |           |                  |                 |                 |           |
| Other financial institutions     | 308              | 151            |                 | 459       | 5,105            |                 |                 | 5,105     |
|                                  | 1,324,453        | 151            |                 | 1,324,604 | 943,169          |                 |                 | 943,169   |
| <u>Trade payables:</u>           |                  |                |                 |           |                  |                 |                 |           |
| Suppliers                        | 618,069          | 11,209         |                 | 629,278   | 722,515          | 19,537          |                 | 742,052   |
| Unconsolidated subsidiaries      | 1,445            |                |                 | 1,445     | 1,381            |                 |                 | 1,381     |
| Associated companies             | 687              |                |                 | 687       | 9,491            |                 |                 | 9,491     |
| Parent companies                 |                  |                |                 |           |                  |                 |                 |           |
|                                  | 620,201          | 11,209         |                 | 631,410   | 733,387          | 19,537          |                 | 752,924   |
| <u>Sundry payables:</u>          |                  |                |                 |           |                  |                 |                 |           |
| Tax authorities                  | 143,280          | 104            |                 | 143,384   | 243,792          |                 |                 | 243,792   |
| Social security agencies         | 39,528           | 84             |                 | 39,612    | 33,958           | 137             |                 | 34,095    |
| Other                            | 760,288          | 381            |                 | 760,669   | 670,794          | 261             |                 | 671,055   |
|                                  | 943,096          | 569            |                 | 943,665   | 948,544          | 398             |                 | 948,942   |
| Total payables (1)               | 3,573,296        | 1,403,909      | 271,912         | 5,249,117 | 3,504,633        | 1,482,594       | 288,318         | 5,275,545 |
| <b>ACCRUED LIABILITIES</b>       |                  |                |                 |           |                  |                 |                 |           |
|                                  | 118,518          |                |                 | 118,518   | 88,308           |                 |                 | 88,308    |
| <b>TOTAL</b>                     | 3,691,814        | 1,403,909      | 271,912         | 5,367,635 | 3,592,941        | 1,482,594       | 288,318         | 5,363,853 |

(1) Not including any advances

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|                            |   |
|----------------------------|---|
| <b>Memorandum accounts</b> | Lit. 4,132,138 million (Lit. 4,375,706 million) |
|----------------------------|---|

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Broken down as follows:

|                                  |  |
|----------------------------------|--|
| <b>Personal guarantees given</b> | Lit. 111,079 million (Lit. 82,095 million) |
|----------------------------------|--|

|   |   |
|---|---|
| <b>Surety bonds on behalf of subsidiaries</b> | Lit. 97,371 million (Lit. 68,407 million) |
|---|---|

This item refers mainly to the surety bonds (Lit. 93,237 million) issued by the Group on behalf of Torino-Savona, Traforo Monte Bianco, RAV, Autostrade Telecomunicazioni and Autostrade International to guarantee VAT receivables for 1998 and 1999 to the Ministry of Finance. The balance is for surety bonds of a lower amount issued to guarantee payments to third parties and to state entities.

|   |   |
|---|---|
| <b>Surety bonds on behalf of associated companies</b> | Lit. 5,424 million (Lit. 5,426 million) |
|---|---|

This item refers to surety bonds provided to Pavimental and Spea on behalf of associated companies.

|  |   |
|--|---|
| <b>Surety bonds provided to others</b> | Lit. 8,284 million (Lit. 8,262 million) |
|--|---|

This item consisted mainly of:

- surety bonds issued by the Parent Company in favor of COFIRI for loans to employees (Lit. 3,756 million);
- surety bonds provided by Pavimental (Lit. 4,307 million) in favor of consortium companies to guarantee contract performance.

|                                    |   |
|------------------------------------|---|
| <b>Commitments to buy and sell</b> | Lit. 1,659,427 million (Lit. 1,985,344 million) |
|------------------------------------|---|

This item referred to group obligations with suppliers and contractors for works to be completed and supplies to be delivered, basically to build new installations and to provide maintenance services to the existing ones. These related mainly to Autostrade S.p.A. (Lit. 1,086,573 million), R.A.V. (Lit. 257,838 million) and Torino-Savona (Lit. 146,221 million).

|              |   |
|--------------|---|
| <b>Other</b> | Lit. 2,361,632 million (Lit. 2,308,267 million) |
|--------------|---|

These consisted mainly of:

- a) performance bonds issued by banks and insurance companies given to Autostrade S.p.A. (Lit. 452,655 million), Torino - Savona (Lit. 452.785 million) and SAM (Lit. 471.275 million) by contractors;
- b) guarantees given by others on behalf of the group, concerning Tangenziale di Napoli (Lit. 112,835 million), given by IRI with respect to the debt payable to the State for the activities of the Central Guarantee Fund;

- c) reserves to be defined with contractors (Lit. 680,368 million), consisting of Lit. 184,463 million related to Autostrade and Lit. 495,905 million to RAV. Based on past experience, the charges to be borne by the companies represent a low percentage of the amounts claimed, and the actual percentage paid varies, depending on the type of work. These charges, however, increase the cost of tangible fixed assets.
- d) other commitments and memorandum accounts.

Moreover, it should be noted that concerning the construction of the Birmingham Northern Relief Road by Midland Expressway Limited (MEL), a company in which Autostrade UK Limited (an indirectly wholly-owned subsidiary) has a 50% equity interest, Autostrade S.p.A. undertook, through the Sponsors' Support Agreement signed together with the other sponsor (Trust Company of Australia Limited) with the British Ministry of the Environment, Regions and Transportation, to ensure MEL's financial viability for it to meet its obligations under the Concession Agreement until the "funding" date.

# NOTES TO THE INCOME STATEMENT

Parentheses include amounts as of the first half of 1999

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|                       |   |
|-----------------------|---|
| <b>Total revenues</b> | Lit. 2,004,543 million (Lit. 1,906,968 million) |
|-----------------------|---|

---

|   |   |
|---|---|
| <b>Revenues from sales and services</b> | Lit. 1,869,882 million (Lit. 1,709,519 million) |
|---|---|

Net revenues from tolls amounted to Lit. 1,725,272 million (86% of the value of production), a 4.6% increase prompted both by a heavier traffic on almost all the highways managed by the group and by the changes in tolls, as explained in the relevant section in the report on operations, in spite of the lack of toll revenues by Traforo del Monte Bianco and the lower revenues by RAV, following the shutdown of the tunnel starting on March 24, 1999.

Other revenues totaled approximately Lit. 144,610 million, consisting mainly of Lit. 51,360 million in fees for service areas, Lit. 36,100 million in revenues generated by the activities involving deferred toll collections and Lit. 55,117 for road, highway and airport works performed for third parties. The increase on the preceding period is attributable mainly to works performed for third parties and to the Viacard – Telepass operations.

|   |   |
|---|---|
| <b>Changes in contract work in progress</b> | Lit. 20,150 million (Lit. 21,018 million) |
|---|---|

This item referred to works performed for ANAS, other state entities and sundry clients. The change was due to the difference between the works delivered and the works performed during the first half.

|   |   |
|---|---|
| <b>Capitalization of costs and expenses</b> | Lit. 77,486 million (Lit. 67,215 million) |
|---|---|

The costs which increased the amount of fixed asset were related mainly to financial charges for Lit. 1,717 million, technical personnel for Lit. 4,755 million, inventories for Lit. 7,329 million and services rendered by the Parent Company, Pavimental and Spea for Lit. 63,678 million.

The increase was mainly due to the capitalization of a greater number of inventories items and to the increase of production or maintenance activities.

|                                  |   |
|----------------------------------|---|
| <b>Other income and revenues</b> | Lit. 36,744 million (Lit. 28,216 million) |
|----------------------------------|---|

This item consisted mainly of *other income* (Lit. 36,467 million), involving sundry revenues, cost recoveries attributable to the Parent Company, and *gains on disposal of fixed assets* (Lit. 259 million).

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|                        |   |
|------------------------|---|
| <b>Operating costs</b> | Lit. 1,297,575 million (Lit. 1,332,138 million) |
|------------------------|---|

---

|   |   |
|---|---|
| <b>Raw materials, ancillary materials and consumables</b> | Lit. 116,919 million (Lit. 139,211 million) |
|---|---|

Costs incurred by Autostrade accounted for 42% of the total while those by Pavimental represented 51%. They were related to the purchase of construction, electric, electronic, paper and

similar materials and products and to the consumption of fuels, lubricants and power. The decrease with respect to the first half of 1999 was due to fewer purchases of construction materials and electronic components.

This item consisted of:

| (Millions of lire)                 |                |
|------------------------------------|----------------|
| Construction materials             | 6,839          |
| Electrical materials               | 12,311         |
| Machine spare part                 | 2,366          |
| Fuel oil, lubricants               | 9,835          |
| Chemical products                  | 1,838          |
| Paper, stationery and similar      | 7,211          |
| Utilities (gas, electricity, etc.) | 15,350         |
| Other raw materials                | 58,333         |
| Sundry                             | 2,836          |
| <b>Total</b>                       | <b>116,919</b> |

## Services

Lit. 368,362 million (Lit. 320,933 million)

This amount referred mainly to construction, insurance, transportation and maintenance activities related to the highway system. The significant change over the corresponding figure for the first half of 1999 was due to the maintenance activities performed by the Group.

This item consisted of:

| (Millions of lire)                      |                |
|---|----------------|
| Construction and similar                | 185,511        |
| Mechanical and electronic maintenance   | 23,708         |
| Transport and similar                   | 39,750         |
| Professional: technical and engineering | 36,000         |
| Professional: legal, notary             | 13,074         |
| Telephone, mailing, telegraph           | 8,787          |
| Insurance and other                     | 8,476          |
| Sundry services                         | 53,056         |
| <b>Total</b>                            | <b>368.362</b> |

## Lease expense, license and concession fee

Lit. 15,845 million (Lit. 16,149 million)

This item included leasing fees for buildings and equipment, licenses, sundry machinery and equipment and concession fees. This amount is basically in line with the corresponding figure of the preceding year.

A breakdown for this item is provided below:

| (Millions of lire)    |               |
|-----------------------|---------------|
| Rentals               | 7,847         |
| Lease expense         | 7,324         |
| Royalties             | 624           |
| Easements and similar | 50            |
| <b>Total</b>          | <b>15,845</b> |

### Labor costs

Lit. 457,938 million (Lit. 461,680 million)

During the first half of 2000, total personnel costs decreased 0.8%, compared to the corresponding figure of the preceding year, due the lower average headcount, partially offset by the average cost per employee as a result, basically, of the new labor agreement for the highway concessionaires. The average headcount by grade was as follows:

|                       | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Changes     |
|-----------------------|---------------------------|---------------------------|-------------|
| Management            | 170                       | 182                       | -12         |
| White collar          | 3,422                     | 3,363                     | 59          |
| Blue collar           | 1,672                     | 1,842                     | -170        |
| Toll station operator | 4,296                     | 4,573                     | -277        |
| <b>Total</b>          | <b>9,560</b>              | <b>9,960</b>              | <b>-400</b> |

### Amortization, depreciation and write-downs

Lit. 208,702 million (Lit. 197,715 million)

This item included:

- amortization* (Lit. 11,818 million): this referred to the amortization of the different intangible assets described in the relevant section in the notes to the balance sheet;
- depreciation* (Lit. 190,001 million): this included the industrial (Lit. 25,365 million) and financial (Lit. 133,251 million) depreciation charges for assets to be relinquished. As to the Parent Company's financial depreciation, this was determined on the basis of the original asset values, net of the 1975 revaluation, and without taking account of the industrial depreciation charged in the preceding fiscal years and utilized to increase the accumulated financial depreciation figure in 1996.

Assets not to be relinquished (Lit. 31,385 million), instead, were depreciated on the basis of their expected useful life, consistent with last year.

- write-down of receivables included in current assets and of liquid funds* (Lit. 6,883 million): this referred to the allowance for doubtful accounts, mainly by the Parent Company.

### Changes in inventories of raw, ancillary and consumable materials

Lit. -1,990 million (Lit. 2,443 million)

The decrease was due to the slight increase in inventories on the corresponding figure as of December 31, 1999.

**Other provisions/uses** Lit. 98,428 million (Lit. 154,325 million)

**Repair or replacement of assets to be relinquished** Lit. 97,647 million (Lit. 154,325 million)

This amount resulted from the following changes:

Provisions for the period Lit. 443,296 million (Lit. 473,701 million)

Provisions for the period were made on the basis of restoration and replacement plans of the assets to be relinquished, considering the size of the funds related to such assets, as indicated in the relevant section of the accounting policies. Moreover, consideration was given to the uses of the original fund for maintenance expenses, as described below.

With respect to the Parent Company, this amount reflects basically:

- The estimated cost to maintain road safety;
- New provisions related to the new works contemplated by the agreement;
- Inflation's impact on the cost of such new works.

Uses of the provisions Lit. -345,649 million (Lit. -319,376 million)

This referred to the use of the amounts set aside for non-routine and routine maintenance operations performed during the year. The latter include also labor costs incurred for such activities.

**Sundry operating costs** Lit. 33,371 million (Lit. 39,682 million)

This item consisted of *losses on disposals* (Lit. 1,258 million), *license fees* (Lit. 18,551 million) and *other costs* (Lit. 13,562 million).

*License fees* included mainly the annual fee on net revenues from tolls and other revenues.

The overall amount declined due primarily to the change in other costs incurred by the parent Company, as a result of compensations paid to contractors following the settlement of some disputes in the first half of 1999.

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**Financial income and expense** Lit. -92,930 (Lit. -90,862 million)

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**Financial income** Lit. 24,963 million (Lit. 22,873 million)

Financial income originated mainly from:

- Income from investments* (Lit. 196 million), representing dividends collected.
- Other financial income from long-term receivables: due from associated companies* (Lit. 3,222 million): this item includes interest on receivables towards MEL.
- Other financial income from long-term receivables: due from others* (Lit. 761 million). This item included, among other things, the revaluation of the tax advance on employee severance in-

demnities. Noteworthy is that income from financial receivables in the amount of Lit. 21,159 million (Lit. 26,461 million in the first half of 1999) held by Autostrade Finance was eliminated against interest payable on back-to-back loans for the same amount to Autostrade.

- d) *Income from marketable securities* (Lit. 7,781 million), generated from the temporary investments of excess liquidity by Group companies.
- e) *Interest and commissions from others and sundry income* (Lit. 12,138 million) were basically unchanged from the corresponding amount in the preceding period.

Financial income included income on swap transactions for Lit. 96 million.

**Interest expense and other financial charges** Lit. -117,893 million (Lit. -113,735 million)

Financial charges originated mainly from amounts payable by the Parent Company and Autostrade Finance.

This item included the Lit. 20,754 million loss on foreign exchange transactions for the repayment of the dollar-denominated loan Autostrade S.p.A. borrowed to acquire Autostrade Finance. The Lit. 4,158 million increase resulted mainly from the difference between the above loss on foreign exchange transactions and the lower average exposure. Financial charges included costs arising from swap transactions for Lit. 2,357 million.

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**Adjustments to long-term investments** Lit. -60,687 million (Lit. -6,592 million)

**Revaluations** Lit. 243 million (Lit. 198 million)

This item referred the revaluation of securities held both as long-term investments and as marketable, due to changes in their market value.

**Write-downs** Lit. -60,930 million (Lit. -6,790 million)

This resulted mainly from the total of:

- the write-down of the shareholding in Blu S.p.A. for Lit. 56,505 million;
- provisions for write-down of participating interests in the amount of Lit. 200 million related to Pavimental Est;
- adjustments to the value of marketable securities in the amount of Lit. 4,225 million.

This item rose by Lit. 54,140 million mainly following the write-down of the equity investment in Blu S.p.A.

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**Extraordinary income and expense** Lit. 4,263 million (Lit. 4,097 million)

**Income** Lit. 24,682 million (Lit. 15,843 million)

This item included the insurance amount collected for the loss of revenues (Lit. 22,251 million)

due to the accident that led to the shutdown of the Mont Blanc tunnel on March 24, 1999. The balance includes mainly extraordinary items related to the adjustment of costs incurred in the preceding years.

**Expense** Lit. -20,419 million (Lit. -11,746 million)

This item reflected mainly expenses incurred by the Parent Company, consisting of pre-retirement incentives to employees (Lit. 15,104 million), accounting for the overall increase, taxes for previous fiscal years (Lit. 2,855 million) and extraordinary expenses (Lit. 2,460 million).

**Income tax expense** Lit. 252,186 million (Lit. 220,348 million)

Income taxes for the period (Lit. 258,328 million for IRPEG and IRAP) were determined on the basis of the estimated tax bill of the individual consolidated companies.

Deferred taxes (Lit. -6,142 million) related to taxed provisions, net of future tax payments for accelerated depreciation to be appropriated from net income.

Net of deferred taxes, the income tax amounted represented a 45.2% tax rate (45.8% in the first half of 1999).

The increase in absolute terms from the corresponding amount in the previous year was due mainly to a higher pre-tax consolidated income.

**Net income for the period including minority interest** Lit. 305,428 million (Lit. 261,125 million)

Net income for the period rose from the corresponding amount in the first half of 1999 as a result of better operating results, partially offset by the losses of the associated company Blu S.p.A.

**Net income from the period attributable to minority interest** Lit. -5,153 million (Lit. 4,580 million)

The negative result is due mainly to the difference between BLU's losses attributable to minority interest (Sitech's shareholders) and the positive result of the other group companies that are not wholly-owned by Autostrade.

**Net income for the period (attributable to Parent Company)** Lit. 310,581 million (Lit. 256,545 million)

Net income for the period rose by 21.1% over the corresponding amount in the preceding year.





# GROUP BALANCE SHEET AND INCOME STATEMENT

Balance Sheet as of 06.30.2000, 12.31.1999 and 06.30.1999 (in millions of lire)  
Income Statement for the first half of 2000, for fiscal year 1999 and for the first half of 1999,  
(in millions of lire)

# CONSOLIDATED BALANCE SHEET

(Millions of Lire)

| ASSETS   | 6.30.2000 |           | 12.31.1999 |           | 6.30.1999  |            |
|--|-----------|-----------|------------|-----------|------------|------------|
| <b>UNPAID SHARE CAPITAL</b>                                    |           |           |            |           |            |            |
| <b>DUE FROM SHAREHOLDERS</b>                                   |           |           |            |           |            |            |
| Called   |           |           |            |           |            |            |
| Uncalled   |           |           |            |           |            |            |
| <b>FIXED ASSETS</b>  |           |           |            |           |            |            |
| <b>Intangible fixed assets</b>                                 |           |           |            |           |            |            |
| Incorporation and expansion costs                              |           | 107       |            | 225       |            | 316        |
| Research, development and advertising costs                    |           | 3,017     |            | 3,509     |            | 89         |
| Patents and copyrights   |           | 2,200     |            | 2,464     |            | 1,573      |
| Concessions, licences and trademarks                           |           | 221,053   |            | 223,989   |            | 175,575    |
| Intangible assets under development and advances               |           | 9,415     |            | 18,375    |            | 10,064     |
| Other  |           | 33,612    | 269,404    | 21,570    | 270,132    | 20,421     |
|  |           |           |            |           |            | 208,038    |
| <b>Tangible fixed assets</b>                                   |           |           |            |           |            |            |
| Land & buildings   |           | 88,769    |            | 89,397    |            | 88,553     |
| Plant & machinery  |           | 37,952    |            | 35,048    |            | 14,590     |
| Industrial and commercial equipment                            |           | 49,147    |            | 51,569    |            | 42,854     |
| Assets to be relinquished                                      |           | 8,520,583 |            | 8,609,463 |            | 8,567,324  |
| Other  |           | 32,263    |            | 33,853    |            | 22,608     |
| Tangible assets under development and advances                 |           |           |            |           |            |            |
| Tangible assets under development:                             |           |           |            |           |            |            |
| • highways under construction                                  |           | 822,719   |            | 683,679   |            | 600,736    |
| • assets not to be relinquished under development              |           | 39,468    |            | 31,902    |            | 41,480     |
|  |           | 862,187   |            | 715,581   |            | 642,216    |
| advances   |           | 20,962    | 883,149    | 30,291    | 745,872    | 17,695     |
|  |           |           | 9,611,863  | 9,565,202 |            | 659,911    |
|  |           |           |            |           |            | 9,395,840  |
| <b>Long-term investments</b>                                   |           |           |            |           |            |            |
| Shareholdings:   |           |           |            |           |            |            |
| Unconsolidated subsidiaries                                    |           | 248       |            | 48        |            | 3,648      |
| Associated companies   |           | 46,441    |            | 98,765    |            | 3,792      |
| Other companies  |           | 1,445     | 48,134     | 1,139     | 99,952     | 1,037      |
|  |           |           |            |           |            | 8,477      |
| Paid share subscriptions                                       |           |           |            |           |            | 4,288      |
|  |           | (*)       |            | (*)       |            |            |
| <b>Receivables:</b>  |           |           |            |           |            |            |
| Due from associated companies                                  |           | 81,596    | 81,596     | 69,774    |            | 62,254     |
| Due from others:   |           |           |            |           |            |            |
| • grants and subsidies from government and other public bodies |           |           | 161        | 23        | 184        | 1,138      |
| • sundry   |           | 77,811    | 125,576    | 72,878    | 125,989    | 13,322     |
|  |           | 159,407   | 207,333    | 72,901    | 195,947    | 163,132    |
|  |           |           |            |           |            | 226,708    |
|  |           |           |            |           |            | 44,712     |
| Other securities   |           |           | 1,000      | 27,976    | 323,875    | 27,247     |
|  |           |           | 256,467    |           |            | 266,720    |
| <b>Total fixed assets</b>                                      |           |           | 10,137,734 |           | 10,159,209 |            |
|  |           |           |            |           |            | 9,870,598  |
| <b>CURRENT ASSETS</b>  |           |           |            |           |            |            |
| <b>Inventories</b>   |           |           |            |           |            |            |
| Raw materials, spares and consumable supplies                  |           |           | 63,226     |           | 61,236     |            |
| Contract work in progress                                      |           |           | 231,396    |           | 211,246    |            |
| Finished goods and goods for resale                            |           |           | 281        |           |            |            |
|  |           |           | 294,903    |           | 233        |            |
| Advances   |           | (**)      |            | (**)      | 272,715    |            |
|  |           |           |            |           |            | 336,323    |
| <b>Receivables</b>   |           |           |            |           |            |            |
| Trade  |           | 490       | 626,820    | 46        | 594,414    | 363        |
| Due from unconsolidated subsidiaries                           |           | 61        | 7,325      |           | 13,618     | 550,643    |
| Due from associated companies                                  |           | 2,141     | 23,665     | 2,141     | 10,988     | 15,424     |
| Due from others:   |           |           |            |           | 2,141      | 5,792      |
| • sundry   |           | 142,643   | 440,231    | 137,832   | 380,242    | 96,841     |
|  |           | 145,335   | 1,098,041  | 140,019   | 999,262    | 96,841     |
|  |           |           |            |           |            | 339,175    |
|  |           |           |            |           |            | 911,034    |
|  |           |           |            |           |            | 99,345     |
| <b>Marketable securities</b>                                   |           |           |            |           |            |            |
| Investments in associated companies                            |           |           | 91,473     |           | 91,473     |            |
| Other marketable securities                                    |           |           | 15         |           | 15         |            |
| Other  |           |           | 242,558    |           | 275,078    |            |
|  |           |           | 334,046    |           | 366,566    |            |
|  |           |           |            |           |            | 91,473     |
|  |           |           |            |           |            | 15         |
|  |           |           |            |           |            | 319,869    |
|  |           |           |            |           |            | 411,357    |
| <b>Cash and cash equivalents</b>                               |           |           |            |           |            |            |
| Bank deposits and postal accounts                              |           |           | 42,955     |           | 73,307     |            |
| Cash and notes on hand   |           |           | 31,746     |           | 27,098     |            |
|  |           |           | 74,701     |           | 100,405    |            |
|  |           |           |            |           |            | 65,000     |
|  |           |           |            |           |            | 33,067     |
|  |           |           |            |           |            | 98,067     |
| <b>Total current assets</b>                                    |           |           | 1,801,691  |           | 1,738,948  |            |
|  |           |           |            |           |            | 1,756,781  |
| <b>ACCRUED INCOME AND DEFERRED EXPENSES</b>                    |           |           |            |           |            |            |
| bond discounts and similar charges on loans                    |           |           | 7,663      |           | 9,619      |            |
| other accrued income and deferred expenses                     |           |           | 72,914     |           | 48,037     |            |
|  |           |           | 80,577     |           | 57,656     |            |
|  |           |           |            |           |            | 11,830     |
|  |           |           |            |           |            | 116,876    |
|  |           |           |            |           |            | 128,706    |
| <b>TOTAL ASSETS</b>  |           |           | 12,020,002 |           | 11,955,813 |            |
|  |           |           |            |           |            | 11,756,085 |

(\*) Due within one year  
(\*\*) Due beyond one year

| SHAREHOLDERS' EQUITY AND LIABILITIES                                      | 6.30.2000 |           |           |                   | 12.31.1999 |         |           |                   | 6.30.1999 |         |           |                   |  |
|---|-----------|-----------|-----------|-------------------|------------|---------|-----------|-------------------|-----------|---------|-----------|-------------------|--|
| <b>SHAREHOLDER'S EQUITY</b>   |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| <b>Parent Company's interest:</b>   |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| Share capital   |           |           | 1,183,083 |                   |            |         | 1,183,083 |                   |           |         | 1,183,000 |                   |  |
| Retained earnings   |           |           | 2,328,614 |                   |            |         | 2,118,734 |                   |           |         | 2,118,623 |                   |  |
| Consolidation reserve (art.33 Decree 127/91)                              |           |           | 19,069    |                   |            |         | 19,069    |                   |           |         | 19,069    |                   |  |
| Net income for the period   |           |           | 310,581   | 3,841,347         |            |         | 576,224   | 3,897,110         |           |         | 256,545   | 3,577,237         |  |
| <b>Minority interest:</b>   |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| Share capital and reserves  |           |           | 784,920   |                   |            |         | 780,424   |                   |           |         | 761,321   |                   |  |
| Net income for the period   |           |           | -5,153    | 779,767           |            |         | 5,198     | 785,622           |           |         | 4,580     | 765,901           |  |
| <b>Total shareholder's equity</b>   |           |           |           | <b>4,621,114</b>  |            |         |           | <b>4,682,732</b>  |           |         |           | <b>4,343,138</b>  |  |
| <b>PROVISIONS FOR RISKS AND CHARGES</b>                                   |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| <b>Taxes</b>  |           |           | 3,731     |                   |            |         | 3,625     |                   |           |         | 3,564     |                   |  |
| <b>Others:</b>  |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| provision for sundry risks  |           |           | 9,644     |                   |            |         | 9,113     |                   |           |         | 4,743     |                   |  |
| provision for costs of repair or replacement of assets to be relinquished |           |           | 1,415,562 |                   |            |         | 1,317,916 |                   |           |         | 1,126,955 |                   |  |
| provision for risks relating to assets to be relinquished                 |           |           |           |                   |            |         |           |                   |           |         | 140       |                   |  |
| provision for unpaid tolls  |           |           | 2,535     |                   |            |         | 2,535     |                   |           |         | 2,535     |                   |  |
| provision for write-downs of participating interests                      |           |           | 6,002     |                   |            |         | 9,619     |                   |           |         | 9,457     |                   |  |
| provision for disputes in progress  |           |           | 64,500    |                   |            |         | 64,730    |                   |           |         | 72,500    |                   |  |
| sundries  |           |           | 23,712    | 1,525,686         |            |         | 29,259    | 1,436,797         |           |         |           | 1,219,894         |  |
| <b>EMPLOYEES SEVERANCE INDEMNITIES</b>                                    |           |           |           | 278,518           |            |         |           | 274,898           |           |         |           | 365,942           |  |
| <b>PAYABLES</b>   |           | (**)      |           |                   |            | (**)    |           |                   |           | (**)    |           |                   |  |
| Bonds   | 650,000   |           | 1,116,663 |                   | 650,000    |         | 1,214,260 |                   | 1,117,452 |         | 1,393,341 |                   |  |
| Banks   |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| medium and long-term debt   | 327,701   | 424,560   |           |                   | 369,948    | 564,993 |           |                   | 94,340    | 377,790 |           |                   |  |
| short-term debt   |           | 1,234,003 | 1,658,563 |                   |            | 847,922 | 1,412,915 |                   |           | 758,243 | 1,136,033 |                   |  |
| Due to other financial institutions                                       | 686,342   |           | 808,674   |                   | 731,029    |         | 856,362   |                   | 1,055,510 |         | 1,299,749 |                   |  |
| Advances  |           |           | 158,546   |                   |            |         | 141,171   |                   |           |         | 193,603   |                   |  |
| Trade   | 11,209    |           | 629,278   |                   | 19,537     |         | 742,052   |                   | 21,537    |         | 589,426   |                   |  |
| Due to unconsolidated subsidiaries  |           |           | 1,445     |                   |            |         | 1,381     |                   |           |         | 1,232     |                   |  |
| Due to associated companies   |           |           | 90,829    |                   |            |         | 99,633    |                   |           |         | 95,179    |                   |  |
| Due to tax authorities:   |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| income taxes  | 104       | 44,563    |           |                   |            | 145,604 |           |                   | 4,619     | 80,301  |           |                   |  |
| other taxes   |           | 98,821    | 143,384   |                   |            | 98,188  | 243,792   |                   |           | 103,520 | 183,821   |                   |  |
| Due to social security agencies   | 84        |           | 39,612    |                   | 137        |         | 34,095    |                   | 116       |         | 43,130    |                   |  |
| Other   | 381       |           | 760,669   | 5,407,663         | 261        |         | 671,055   | 5,416,716         |           |         | 674,766   | 5,610,280         |  |
|   | 1,675,821 |           |           |                   | 1,770,912  |         |           |                   | 2,293,574 |         |           |                   |  |
| <b>ACCRUED EXPENSES AND DEFERRED INCOME</b>                               |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| Accrued expenses and deferred income                                      |           |           |           | 187,021           |            |         |           | 144,670           |           |         |           | 216,831           |  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                         |           |           |           | <b>12,020,002</b> |            |         |           | <b>11,955,813</b> |           |         |           | <b>11,756,085</b> |  |
| <b>MEMORANDUM ACCOUNTS</b>  |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| <b>Personal guarantees given:</b>   |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| Surety bonds on behalf of subsidiaries                                    |           |           | 97,371    |                   |            |         | 68,407    |                   |           |         | 4,642     |                   |  |
| Surety bonds on behalf of associated companies                            |           |           | 5,424     |                   |            |         | 5,426     |                   |           |         | 5,045     |                   |  |
| Surety bonds provided to others   |           |           | 8,284     |                   |            |         | 8,262     |                   |           |         | 8,683     |                   |  |
|   |           |           |           | 111,079           |            |         |           | 82,095            |           |         |           | 18,370            |  |
| <b>Collateral security</b>  |           |           |           |                   |            |         |           |                   |           |         |           |                   |  |
| Commitments to buy and sell   |           |           |           | 1,659,427         |            |         |           | 1,985,344         |           |         |           | 1,649,352         |  |
| Other   |           |           |           | 2,361,632         |            |         |           | 2,308,267         |           |         |           | 2,818,836         |  |
| <b>TOTAL</b>  |           |           |           | <b>4,132,138</b>  |            |         |           | <b>4,375,706</b>  |           |         |           | <b>4,486,558</b>  |  |

# CONSOLIDATED INCOME STATEMENT

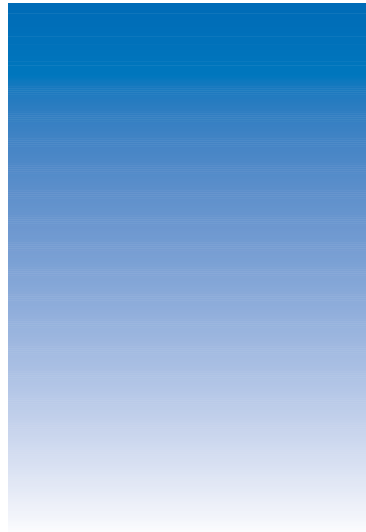
(Millions of Lire)

|   | 1 <sup>st</sup> half 2000 |            | Year 1999 |            | 1 <sup>st</sup> half 1999 |            |
|---|---------------------------|------------|-----------|------------|---------------------------|------------|
| <b>TOTAL REVENUES</b>   |                           |            |           |            |                           |            |
| Revenues from sales and services:   |                           |            |           |            |                           |            |
| gross toll revenues   | 1,800,446                 |            | 3,639,577 |            | 1,721,515                 |            |
| toll quotas to the Government   | -75,174                   |            | -153,225  |            | -72,854                   |            |
| net toll revenues   | 1,725,272                 |            | 3,486,352 |            | 1,648,661                 |            |
| other revenues  | 144,610                   | 1,869,882  | 353,399   | 3,839,751  | 141,858                   | 1,790,519  |
| Changes in contract work in progress  |                           | 20,150     |           | -41,445    |                           | 21,018     |
| Change in inventories   |                           | 281        |           | -346       |                           |            |
| Capitalization of costs and expenses  |                           | 77,486     |           | 193,444    |                           | 67,215     |
| Other income and revenues:  |                           |            |           |            |                           |            |
| revenue grants  | 18                        |            | 357       |            | 16                        |            |
| gains on disposal of fixed assets   | 259                       |            | 1,148     |            | 609                       |            |
| sundry  | 36,467                    |            | 69,798    |            | 27,484                    |            |
| absorption of other provisions  |                           | 36,744     | 9,000     | 80,303     | 107                       | 28,216     |
|   |                           | 2,004,543  |           | 4,071,707  |                           | 1,906,968  |
| <b>OPERATING COSTS</b>  |                           |            |           |            |                           |            |
| Raw materials, ancillary materials and consumables                          |                           | 116,919    |           | 275,522    |                           | 139,211    |
| Services  |                           | 368,362    |           | 748,195    |                           | 320,933    |
| Lease expense, license and concession fees                                  |                           | 15,845     |           | 32,419     |                           | 16,149     |
| Labor costs:  |                           |            |           |            |                           |            |
| salaries and wages  | 326,967                   |            | 649,511   |            | 326,863                   |            |
| social security contributions   | 105,531                   |            | 213,159   |            | 107,114                   |            |
| employee severance indemnities  | 22,654                    |            | 50,338    |            | 24,619                    |            |
| other   | 2,786                     | 457,938    | 5,902     | 918,910    | 3,084                     | 461,680    |
| Amortization, depreciation and write-downs:                                 |                           |            |           |            |                           |            |
| amortization of intangible assets:  |                           |            |           |            |                           |            |
| • other intangible assets   | 11,818                    | 11,818     | 24,111    | 24,111     | 9,210                     | 9,210      |
| • amortization of tangible assets:  |                           |            |           |            |                           |            |
| • industrial assets not to be relinquished:                                 |                           |            |           |            |                           |            |
| - land & buildings  | 2,912                     |            | 5,762     |            | 2,859                     |            |
| - plant & machinery   | 3,339                     |            | 4,698     |            | 1,502                     |            |
| - industrial and commercial equipment                                       | 10,591                    |            | 19,521    |            | 9,453                     |            |
| - other   | 14,543                    |            | 37,312    |            | 17,143                    |            |
| • assets to be relinquished   |                           |            |           |            |                           |            |
| - industrial  | 25,365                    |            | 50,195    |            | 23,233                    |            |
| - financial   | 133,251                   | 190,001    | 262,436   | 379,924    | 128,688                   | 182,878    |
| other fixed asset write-downs   |                           | 201,819    |           | 404,035    |                           | 192,088    |
| provisions for doubtful accounts  |                           | 6,883      |           | 18,117     |                           | 5,627      |
| Changes in inventories of raw materials, ancillary and consumable materials |                           | -1,990     |           | 3,475      |                           | 2,443      |
| Other provisions/reversals:   |                           |            |           |            |                           |            |
| for costs of repair and replacement of assets to be relinquished:           |                           |            |           |            |                           |            |
| • provisions for the period   | 443,296                   |            | 1,014,559 |            | 473,701                   |            |
| • reversals of provisions   | -345,649                  | 97,647     | -669,273  | 345,286    | -319,376                  | 154,325    |
| for sundry litigation and disputes  |                           | 781        |           | 8,600      |                           |            |
| Sundry operating costs:   |                           |            |           |            |                           |            |
| losses on disposal of assets  |                           | 1,258      |           | 3,041      |                           | 978        |
| license fees  |                           | 18,551     |           | 37,613     |                           | 17,621     |
| other costs   |                           | 13,562     |           | 34,176     |                           | 21,083     |
|   |                           | 33,371     |           | 74,830     |                           | 39,682     |
|   |                           | -1,297,575 |           | -2,829,408 |                           | -1,332,138 |
| Operating income  |                           | 706,968    |           | 1,242,299  |                           | 574,830    |

(follows)

|   | 1 <sup>st</sup> half 2000 |         |          | Year 1999 |         |           | 1 <sup>st</sup> half 1999 |         |          |
|---|---------------------------|---------|----------|-----------|---------|-----------|---------------------------|---------|----------|
| <b>FINANCIAL INCOME AND EXPENSE</b>                                 |                           |         |          |           |         |           |                           |         |          |
| Income from investments:  |                           |         |          |           |         |           |                           |         |          |
| profits on sale of equity investments                               |                           |         |          | 287       |         |           | 287                       |         |          |
| Dividends from other  | 196                       |         |          | 75        |         |           | 75                        |         |          |
| Surplus tax credit Subsidiaries/Associated Companies                |                           | 196     |          | 44        | 406     |           |                           | 362     |          |
| Other financial income:   |                           |         |          |           |         |           |                           |         |          |
| from long-term receivables  |                           |         |          |           |         |           |                           |         |          |
| • due from associated companies                                     | 3,222                     |         |          | 4,776     |         |           | 2,679                     |         |          |
| • due from others   | 761                       | 3,983   |          | 1,605     | 6,381   |           | 369                       | 3,048   |          |
| from investment securities  |                           | 529     |          |           | 1,728   |           |                           | 704     |          |
| from marketable securities  |                           | 7,781   |          |           | 13,262  |           |                           | 8,262   |          |
| Interest and commission from others:                                |                           |         |          |           |         |           |                           |         |          |
| • interest and commissions from unconsolidated subsidiaries         | 336                       |         |          | 1,240     |         |           | 955                       |         |          |
| • reversal of provisions for Euro exchange fluctuations             |                           |         |          | 5,448     |         |           |                           |         |          |
| • interest and commissions from others, and sundry financial income | 12,138                    | 12,474  | 24,963   | 21,963    | 28,651  | 50,428    | 9,542                     | 10,497  | 22,873   |
| Interest expense and other financial charges:                       |                           |         |          |           |         |           |                           |         |          |
| interest and commissions to unconsolidated subsidiaries             |                           | 227     |          |           | 168     |           |                           | 145     |          |
| interest and commissions to other and sundry financial expense:     |                           |         |          |           |         |           |                           |         |          |
| • interest and commissions on bonds                                 | 14,290                    |         |          | 83,223    |         |           | 43,608                    |         |          |
| • interest and commissions to banks                                 | 44,790                    |         |          | 45,449    |         |           | 23,801                    |         |          |
| • interest and commissions to other lenders                         | 32,793                    |         |          | 70,728    |         |           | 36,759                    |         |          |
| • exchange losses   | 20,754                    |         |          | 9,995     |         |           | 1,303                     |         |          |
| • interest, commissions and other expenses                          | 5,039                     |         |          | 13,209    |         |           | 8,115                     |         |          |
| • accrual to allowance for interest on overdue receivables          |                           | 117,666 | -117,893 | 153       | 222,757 | -222,925  | 4                         | 113,590 | -113,735 |
| Total financial income and expense                                  |                           |         | -92,930  |           |         | -172,497  |                           |         | -90,862  |
| <b>ADJUSTMENTS TO LONG-TERM INVESTMENTS</b>                         |                           |         |          |           |         |           |                           |         |          |
| Revaluations:   |                           |         |          |           |         |           |                           |         |          |
| investments   |                           |         |          |           | 56      |           |                           |         |          |
| investment securities   | 25                        |         |          |           |         |           | 62                        |         |          |
| marketable securities   | 218                       | 243     |          | 259       | 315     |           | 136                       | 198     |          |
| Write-downs:  |                           |         |          |           |         |           |                           |         |          |
| investments   | 56,705                    |         |          | 7,675     |         |           | 5,307                     |         |          |
| investment securities   |                           |         |          |           |         |           |                           |         |          |
| marketable securities   | 4,225                     | -60,930 |          | 5,999     | -13,674 |           | 1,483                     | -6,790  |          |
| Total adjustments to long-term investments                          |                           |         | -60,687  |           |         | -13,359   |                           |         | -6,592   |
| <b>EXTRAORDINARY INCOME AND EXPENSE</b>                             |                           |         |          |           |         |           |                           |         |          |
| Income  |                           |         |          |           |         |           |                           |         |          |
| contingent and non-existent assets                                  |                           | 23,346  |          |           | 48,514  |           |                           | 15,759  |          |
| extraordinary reversals of provisions                               |                           |         |          |           | 5       |           |                           |         |          |
| sundry extraordinary income   | 1,336                     | 24,682  |          | 54,109    | 102,628 |           | 84                        | 15,843  |          |
| Expense   |                           |         |          |           |         |           |                           |         |          |
| contingent and non-existent liabilities                             |                           | 2,460   |          |           | 25,024  |           |                           | 2,261   |          |
| taxes for previous fiscal years                                     |                           | 2,855   |          |           | 119     |           |                           | 114     |          |
| other noncurring taxes  |                           |         |          |           | 4       |           |                           | 1       |          |
| capital losses on transfer of assets                                |                           |         |          |           | 9,552   |           |                           |         |          |
| incentive bonus (employee redundancy scheme)                        | 15,104                    |         |          | 21,480    |         |           | 9,370                     |         |          |
| extraordinary provisions for liabilities and expenses               |                           |         |          | 26,259    |         |           |                           |         |          |
| sundry extraordinary expense  |                           | -20,419 |          | 17,204    | -99,642 |           |                           | -11,746 |          |
| Total extraordinary income and expense                              |                           |         | 4,263    |           |         | 2,986     |                           |         | 4,097    |
| <b>Income tax expense</b>   |                           |         | 557,614  |           |         | 1,059,429 |                           |         | 481,473  |
| Income taxes  |                           |         |          |           |         |           |                           |         |          |
| Current year  | 258,328                   |         |          | 547,122   |         |           | 220,348                   |         |          |
| Deferred taxes  | -6,142                    | 252,186 |          | -69,115   | 478,007 |           |                           | 220,348 |          |
| Net income for the period including minority interest               |                           |         | 305,428  |           |         | 581,422   |                           |         | 261,125  |
| Net income for the period attributable to minority interest         |                           |         | -5,153   |           |         | 5,198     |                           |         | 4,580    |
| <b>Net income for the period (attributable to Parent Company)</b>   |                           |         | 310,581  |           |         | 576,224   |                           |         | 256,545  |





## OTHER ASPECTS REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of changes in the consolidated shareholders' equity

Reconciliation between the Parent Company's shareholders' equity  
and the consolidated shareholders' equity  
(attributable to the Parent Company)

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (PARENT COMPANY'S INTEREST)

| (Millions of Lire)  | Share capital | Parent Company reserves |                     |               | Total     |
|---|---------------|-------------------------|---------------------|---------------|-----------|
|   |               | Legal reserve           | Revaluation reserve | Other reserve |           |
| <b>Balance at 12.31.1999</b>                                      | 1,183,083     | 132,377                 | 1,258,542           | 321,818       | 1,712,737 |
| <u>Changes:</u>   |               |                         |                     |               |           |
| 1) dividends paid   |               |                         |                     |               |           |
| 2) transfer from reserves   |               |                         |                     |               |           |
| 3) transfers to legal reserve                                     |               | 28,290                  |                     |               | 28,290    |
| 4) transfers to extraordinary reserve                             |               |                         |                     | 170,768       | 170,768   |
| 5) transfers to other reserve                                     |               |                         |                     |               |           |
| a) Società Italiana per Azioni per il<br>Traforo del Monte Bianco |               |                         |                     |               |           |
| b) Autostrade International S.p.A.                                |               |                         |                     |               |           |
| c) Raccordo Autostradale Valle d'Aosta S.p.A.                     |               |                         |                     |               |           |
| d) Autostrade International US Holdings, Inc.                     |               |                         |                     |               |           |
| e) Autostrade Meridionali S.p.A.                                  |               |                         |                     |               |           |
| f) Autostrade Finance S.A.  |               |                         |                     |               |           |
| g) Autostrade U.K. Ltd  |               |                         |                     |               |           |
| h) Autostrade Telecomunicazioni S.p.A.                            |               |                         |                     |               |           |
| i) Pavimental S.p.A.  |               |                         |                     |               |           |
| l) Spea S.p.A.  |               |                         |                     |               |           |
| m) Torino-Savona S.p.A.   |               |                         |                     |               |           |
| n) Società Autostrada Tirrenica p.A.                              |               |                         |                     |               |           |
| o) Sitech S.p.A.  |               |                         |                     |               |           |
| p) Tangenziale di Napoli S.p.A.                                   |               |                         |                     |               |           |
| 6) translation adjustments  |               |                         |                     |               |           |
| 7) other consolidating adjustments                                |               |                         |                     |               |           |
| <b>Net profit for the period</b>                                  |               |                         |                     |               |           |
| <b>Balance at 6.30.2000</b>                                       | 1,183,083     | 160,667                 | 1,258,542           | 492,586       | 1,911,795 |

FOR THE 1<sup>ST</sup> HALF 2000

| Other reserves<br>and retained<br>earnings | Total reserves<br>and retained<br>earnings | Consolidation<br>reserve<br>(art. 33 Decree 127) | Total<br>reserves | Net profit | Total<br>Shareholders'<br>equity |
|--|--|--|-------------------|------------|----------------------------------|
| 405,997                                    | 2,118,734                                  | 19,069   | 2,137,803         | 576,224    | 3,897,110                        |
|  |  |  |                   | -366,756   | -366,756                         |
|  | 28,290                                     |  | 28,290            | -28,290    |                                  |
|  | 170,768                                    |  | 170,768           | -170,768   |                                  |
| -3,102                                     | -3,102                                     |  | -3,102            | 3,102      |                                  |
| -528                                       | -528                                       |  | -528              | 528        |                                  |
| 327  | 327  |  | 327               | -327       |                                  |
| 532  | 532  |  | 532               | -532       |                                  |
| 3,132                                      | 3,132                                      |  | 3,132             | -3,132     |                                  |
| 53   | 53   |  | 53                | -53        |                                  |
| 191  | 191  |  | 191               | -191       |                                  |
| 3,260                                      | 3,260                                      |  | 3,260             | -3,260     |                                  |
| 1,320                                      | 1,320                                      |  | 1,320             | -1,320     |                                  |
| 1,372                                      | 1,372                                      |  | 1,372             | -1,372     |                                  |
| 604  | 604  |  | 604               | -604       |                                  |
| 5,658                                      | 5,658                                      |  | 5,658             | -5,658     |                                  |
| -989                                       | -989                                       |  | -989              | 989        |                                  |
| -1,420                                     | -1,420                                     |  | -1,420            | 1,420      |                                  |
| -567                                       | -567                                       |  | -567              |            | -567                             |
| 979  | 979  |  | 979               |            | 979                              |
|  |  |  |                   | 310,581    | 310,581                          |
| 416,819                                    | 2,328,614                                  | 19,069   | 2,347,683         | 310,581    | 3,841,347                        |

**RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY OF PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY  
(PARENT COMPANY'S INTEREST) 1<sup>ST</sup> HALF 2000**

| (Millions of Lire)  | SHARE CAPITAL AND RESERVES |                  | NET PROFIT FOR THE PERIOD |                | SHAREHOLDERS' EQUITY |                  |
|---|----------------------------|------------------|---------------------------|----------------|----------------------|------------------|
|   | 6.30.2000                  | 12.31.1999       | 6.30.2000                 | 12.31.1999     | 6.30.2000            | 12.31.1999       |
| <b>Parent Company Shareholders' equity</b>  | <b>3,094,878</b>           | <b>2,895,820</b> | <b>285,970</b>            | <b>565,814</b> | <b>3,380,848</b>     | <b>3,461,634</b> |
| Other reserves and retained earnings  |                            |                  |                           |                |                      |                  |
| 1) <u>Consolidation adjustments of the period:</u>  |                            |                  |                           |                |                      |                  |
| - Elimination of dividends Traforo M.Bianco collected by Autostrade   |                            | 3,231            |                           | -3,231         |                      |                  |
| - Elimination of dividends SAM collected by Autostrade  | 1,548                      | 1,187            | -1,548                    | -1,187         |                      |                  |
| - Elimination of dividends Autostrade Finance collected by Autostrade   | 7,642                      | 7,610            | -7,642                    | -7,610         |                      |                  |
| - Elimination of dividends Autostrade Finance collected by A. International   | 8                          | 8                | -8                        | -8             |                      |                  |
| - Elimination of revaluation to provision for write-down of investment in SAT                                       |                            | 5,277            |                           | -5,277         |                      |                  |
| - Elimination of revaluation to provision for write-down of investment in A. International                          | 117                        |                  | -117                      |                |                      |                  |
| - Elimination of accrual to provision for write-down of investment in Aut. International of Autostrade              |                            | -356             |                           | 356            |                      |                  |
| - Elimination of accrual to provision for write-down of investment in Aut. International of A. Finance              | -13                        | -39              | 13                        | 39             |                      |                  |
| - Elimination of revaluation to provision for write-down of investment in Aut. Intern. Holdings of A. International | 834                        | 489              | -834                      | -489           |                      |                  |
| - Elimination of accrual to provision for write-down of investment in Sitech  | -46,866                    |                  | 46,866                    |                |                      |                  |
| - Elimination of revaluation to provision for write-down of investment in Pavimental                                | 2,088                      |                  | -2,088                    |                |                      |                  |
| 2) <u>Post acquisition reserves and profits</u>   |                            |                  |                           |                |                      |                  |
| a) Traforo Monte Bianco   | 184,894                    | 184,764          | 2,854                     | 129            | 187,748              | 184,893          |
| b) Tangenziale di Napoli  | 117,323                    | 118,743          | 1,722                     | -1,420         | 119,045              | 117,323          |
| c) SAT  | 5,658                      | -5,277           | 4,215                     | 10,935         | 9,873                | 5,658            |
| d) Torino - Savona  | 2,065                      | 1,461            | 1,592                     | 604            | 3,657                | 2,065            |
| e) SAM  | 15,040                     | 12,270           | 1,975                     | 4,319          | 17,015               | 16,589           |
| f) RAV  | 58,631                     | 58,305           | 228                       | 327            | 58,859               | 58,632           |
| g) Autostrade International S.p.A.  | -689                       | -124             | 118                       | -434           | -571                 | -558             |
| h) Autostrade International US Holdings, Inc.   | -806                       | -532             | 806                       | 532            |                      |                  |
| i) Autostrade Finance S.A.  | 17,551                     | 16,985           | 11,609                    | 7,671          | 29,160               | 24,656           |
| l) Autostrade U.K.  | 1,395                      | 1,337            | 153                       | 191            | 1,548                | 1,528            |
| m) Autostrade Telecomunicazioni S.p.A.  | 4,835                      | 1,574            | 5,076                     | 3,260          | 9,911                | 4,834            |
| n) Pavimental   | -2,790                     | -2,021           | 3,816                     | 1,320          | 1,026                | -701             |
| o) Spea - Ingegneria Europea  | 2,931                      | 1,559            | 1,228                     | 1,372          | 4,159                | 2,931            |
| p) Sitech   | 45,423                     | -454             | -45,423                   | -989           |                      | -1,443           |
| Total other reserves and retained earnings  | 416,819                    | 405,997          | 24,611                    | 10,410         | 441,430              | 416,407          |
| <u>Consolidation reserve (art. 33 Decree 127/91)</u>  |                            |                  |                           |                |                      |                  |
| a) Traforo Monte Bianco   | 18,614                     | 18,614           |                           |                | 18,614               | 18,614           |
| b) Autostrade Finance S.A.  | 216                        | 216              |                           |                | 216                  | 216              |
| c) Autostrade U.K.  | 158                        | 158              |                           |                | 158                  | 158              |
| d) Spea - Ingegneria Europea  | 81                         | 81               |                           |                | 81                   | 81               |
|   | 19,069                     | 19,069           |                           |                | 19,069               | 19,069           |
| <b>Consolidated shareholders' equity (Parent Company's interest)</b>  | <b>3,530,766</b>           | <b>3,320,886</b> | <b>310,581</b>            | <b>576,224</b> | <b>3,841,347</b>     | <b>3,897,110</b> |



# FINANCIAL STATEMENTS IN EURO

(CONSOB memorandum no. 98083971 dated October 26, 1998)

The financial statements referred to in the above memorandum are attached herewith (balance sheet, income statement, reclassified income statement, reclassified balance sheet and statement of cash flows). Amounts were translated into Euro at the fixed conversion rate of Lit 1,936.27 per euro.

Noteworthy is that the share capital of the Parent Company, Autostrade S.p.A., was translated for its nominal amount, thus without applying, for the time being, the procedure provided for by article 17 of Legislative Decree no. 213 passed in 1998.

# CONSOLIDATED BALANCE SHEET

(Thousands of Euro)

| ASSETS   | 6.30.2000 |           | 12.31.1999 |           | 6.30.1999 |           |
|--|-----------|-----------|------------|-----------|-----------|-----------|
| <b>UNPAID SHARE CAPITAL</b>                                    |           |           |            |           |           |           |
| <b>DUE FROM SHAREHOLDERS</b>                                   |           |           |            |           |           |           |
| Called   |           |           |            |           |           |           |
| Uncalled   |           |           |            |           |           |           |
| <b>FIXED ASSETS</b>  |           |           |            |           |           |           |
| <b>Intangible fixed assets</b>                                 |           |           |            |           |           |           |
| Incorporation and expansion costs                              |           | 55        |            | 116       |           | 163       |
| Research, development and advertising costs                    |           | 1,558     |            | 1,812     |           | 46        |
| Patents and copyrights   |           | 1,136     |            | 1,273     |           | 812       |
| Concessions, licences and trademarks                           |           | 114,165   |            | 115,681   |           | 90,677    |
| Intangible assets under development and advances               |           | 4,862     |            | 9,490     |           | 5,198     |
| Other  |           | 17,360    | 139,136    | 11,140    | 139,512   | 10,547    |
|  |           |           |            |           |           | 107,443   |
| <b>Tangible fixed assets</b>                                   |           |           |            |           |           |           |
| Land & buildings   |           | 45,845    |            | 46,170    |           | 45,734    |
| Plant & machines   |           | 19,601    |            | 18,101    |           | 7,535     |
| Industrial and commercial equipments                           |           | 25,382    |            | 26,633    |           | 22,132    |
| Assets subject to reversion                                    |           | 4,400,514 |            | 4,446,416 |           | 4,424,653 |
| Other  |           | 16,662    |            | 17,484    |           | 11,676    |
| Tangible assets under development and advances                 |           |           |            |           |           |           |
| Tangible assets under development:                             |           |           |            |           |           |           |
| • highways under construction                                  |           | 424,899   |            | 353,091   |           | 310,254   |
| • assets not subject to reversion under development            |           | 20,384    |            | 16,476    |           | 21,423    |
|  |           | 445,283   |            | 369,567   |           | 331,677   |
| Advances   |           | 10,826    | 456,109    | 15,644    | 385,211   | 9,139     |
|  |           |           | 4,964,113  |           | 4,940,015 | 340,816   |
|  |           |           |            |           |           | 4,852,546 |
| <b>Long-term investments</b>                                   |           |           |            |           |           |           |
| Shareholdings:   |           |           |            |           |           |           |
| Unconsolidated subsidiaries                                    |           | 128       |            | 25        |           | 1,883     |
| Associated companies   |           | 23,985    |            | 51,008    |           | 1,957     |
| Other companies  |           | 746       | 24,859     | 588       | 51,621    | 536       |
|  |           |           |            |           |           | 4,376     |
| Paid share subscriptions                                       |           |           |            |           |           | 2,215     |
| Receivables:   |           |           |            |           |           |           |
| Due from associated companies                                  |           | 42,141    | 42,141     |           | 36,035    | 32,152    |
| Due from others:   |           |           |            |           |           |           |
| • grants and subsidies from government and other public bodies |           |           |            | 12        | 95        | 588       |
| • sundry   |           | 40,186    | 64,855     | 37,638    | 65,068    | 84,251    |
|  |           | 82,327    | 107,079    | 37,650    | 101,198   | 117,086   |
| Other securities   |           |           | 516        |           | 14,448    | 14,072    |
|  |           |           | 132,454    |           | 167,267   | 137,749   |
| <b>Total fixed assets</b>                                      |           |           | 5,235,703  |           | 5,246,794 | 5,097,738 |
| <b>CURRENT ASSET</b>   |           |           |            |           |           |           |
| <b>Inventories</b>   |           |           |            |           |           |           |
| Raw materials, ancillary materials and consumables             |           |           | 32,654     |           | 31,625    | 32,159    |
| Contract work in progress                                      |           |           | 119,506    |           | 109,099   | 141,359   |
| Finished goods and goods for resale                            |           |           | 145        |           |           | 179       |
| Advances   |           |           |            |           | 120       |           |
|  |           |           | 152,305    |           | 140,844   | 173,697   |
| <b>Receivables</b>   |           |           |            |           |           |           |
| trade  |           | 253       | 323,725    | 24        | 306,989   | 284,384   |
| Due from unconsolidated subsidiaries                           |           | 32        | 3,783      |           | 7,033     | 7,966     |
| Due from associated companies                                  |           | 1,106     | 12,222     | 1,106     | 5,675     | 2,991     |
| Due from parent company  |           |           |            |           |           |           |
| Due from others:   |           |           |            |           |           |           |
| • sundry   |           | 73,669    | 227,360    | 71,184    | 196,379   | 175,169   |
|  |           | 75,060    | 227,360    | 72,314    | 196,379   | 175,169   |
|  |           |           | 567,090    | 196,379   | 516,076   | 470,510   |
| <b>Marketable securities</b>                                   |           |           |            |           |           |           |
| Investments in associated companies                            |           |           | 47,242     |           | 47,242    | 47,242    |
| Other marketable securities                                    |           |           | 8          |           | 8         | 8         |
| Other  |           |           | 125,271    |           | 142,066   | 165,199   |
|  |           |           | 172,521    |           | 189,316   | 212,449   |
| <b>Cash and cash equivalents</b>                               |           |           |            |           |           |           |
| Bank deposits and postal accounts                              |           |           | 22,184     |           | 37,860    | 33,570    |
| Cash and notes on hand   |           |           | 16,395     |           | 13,995    | 17,078    |
|  |           |           | 38,579     |           | 51,855    | 50,648    |
| <b>Total current assets</b>                                    |           |           | 930,495    |           | 898,091   | 907,304   |
| <b>ACCRUED INCOME AND DEFERRED EXPENSES</b>                    |           |           |            |           |           |           |
| Bond discounts and similar charges on loans                    |           |           | 3,958      |           | 4,968     | 6,110     |
| Other accrued income and deferred expenses                     |           |           | 37,657     | 41,615    | 24,809    | 60,361    |
|  |           |           | 41,615     |           | 29,777    | 66,471    |
| <b>TOTAL ASSETS</b>  |           |           | 6,207,813  |           | 6,174,662 | 6,071,513 |

(\*) Due within one year

(\*\*) Due beyond one year

| SHAREHOLDERS' EQUITY AND LIABILITIES                                      | 6.30.2000 |         |           |           | 12.31.1999 |         |           |           | 6.30.1999 |         |           |           |
|---|-----------|---------|-----------|-----------|------------|---------|-----------|-----------|-----------|---------|-----------|-----------|
| <b>SHAREHOLDER'S EQUITY</b>   |           |         |           |           |            |         |           |           |           |         |           |           |
| <b>Parent Company's interest:</b>   |           |         |           |           |            |         |           |           |           |         |           |           |
| Share capital   |           |         | 611,011   |           |            |         | 611,011   |           |           |         | 610,969   |           |
| Retained earnings   |           |         | 1,202,629 |           |            |         | 1,094,236 |           |           |         | 1,094,178 |           |
| Consolidation reserve (art.33 Decree 127/91)                              |           |         | 9,848     |           |            |         | 9,848     |           |           |         | 9,848     |           |
| Net income for the period   |           |         | 160,402   | 1,983,890 |            |         | 297,594   | 2,012,689 |           |         | 132,494   | 1,847,489 |
| <b>Minority interest:</b>   |           |         |           |           |            |         |           |           |           |         |           |           |
| Share capital and reserves  |           |         | 405,377   |           |            |         | 403,055   |           |           |         | 393,190   |           |
| Net income for the period   |           |         | -2,661    | 402,716   |            |         | 2,685     | 405,740   |           |         | 2,365     | 395,555   |
| <b>Total shareholder's equity</b>   |           |         |           | 2,386,606 |            |         |           | 2,418,429 |           |         |           | 2,243,044 |
| <b>PROVISIONS FOR RISKS AND CHARGES</b>                                   |           |         |           |           |            |         |           |           |           |         |           |           |
| Taxes   |           |         | 1,927     |           |            |         | 1,872     |           |           |         | 1,841     |           |
| Others:   |           |         |           |           |            |         |           |           |           |         |           |           |
| provision for sundry risks  |           |         | 4,981     |           |            |         | 4,706     |           |           |         | 2,450     |           |
| provision for costs of repair or replacement of assets to be relinquished |           |         | 731,077   |           |            |         | 680,647   |           |           |         | 582,024   |           |
| provision for risks related to assets to be relinquished                  |           |         |           |           |            |         |           |           |           |         | 72        |           |
| provision for unpaid tolls  |           |         | 1,309     |           |            |         | 1,309     |           |           |         | 1,309     |           |
| provision for write-downs of participating interests                      |           |         | 3,100     |           |            |         | 4,968     |           |           |         | 4,884     |           |
| provision for disputes in progress  |           |         | 33,311    |           |            |         | 33,430    |           |           |         | 37,443    |           |
| sundries  |           |         | 12,246    | 787,951   |            |         | 15,111    | 742,043   |           |         |           | 630,023   |
| <b>EMPLOYEES SEVERANCE INDEMNITIES</b>                                    |           |         |           | 143,843   |            |         |           | 141,973   |           |         |           | 188,993   |
| <b>PAYABLES</b>   |           | (**)    |           |           |            | (**)    |           |           |           | (**)    |           |           |
| Bonds   | 335,697   |         | 576,708   |           | 335,697    |         | 627,113   |           | 577,116   |         | 719,601   |           |
| Banks   |           |         |           |           |            |         |           |           |           |         |           |           |
| medium and long-term debt   | 169,243   | 219,267 |           |           | 191,062    | 291,795 |           |           | 48,723    | 195,112 |           |           |
| short-term debt   |           | 637,309 | 856,576   |           |            | 437,915 | 729,710   |           |           | 391,600 | 586,712   |           |
| Due to other financial institutions                                       | 354,466   |         | 417,645   |           | 377,545    |         | 442,274   |           | 545,125   |         | 671,264   |           |
| Advances  |           |         | 81,882    |           |            |         | 72,909    |           |           |         | 99,988    |           |
| Trade   | 5,789     |         | 324,995   |           | 10,090     |         | 383,238   |           | 11,123    |         | 304,413   |           |
| Due to unconsolidated subsidiaries  |           |         | 746       |           |            |         | 713       |           |           |         | 636       |           |
| Due to associated companies   |           |         | 46,909    |           |            |         | 51,456    |           |           |         | 49,156    |           |
| Due to tax authorities:   |           |         |           |           |            |         |           |           |           |         |           |           |
| income taxes  | 54        | 23,015  |           |           |            | 75,198  |           |           | 2,386     | 41,472  |           |           |
| other taxes   |           | 51,037  | 74,052    |           |            | 50,710  | 125,908   |           |           | 53,464  | 94,936    |           |
| Due to social security agencies   | 43        |         | 20,458    |           | 71         |         | 17,609    |           | 60        |         | 22,275    |           |
| Other   | 197       |         | 392,854   | 2,792,825 | 135        |         | 346,571   | 2,797,501 |           |         | 348,488   | 2,897,469 |
|   | 865,489   |         |           |           | 914,600    |         |           |           | 1,184,533 |         |           |           |
| <b>ACCRUED EXPENSES AND DEFERRED INCOME</b>                               |           |         |           |           |            |         |           |           |           |         |           |           |
| Accrued expenses and deferred income                                      |           |         |           | 96,588    |            |         |           | 74,716    |           |         |           | 111,984   |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                         |           |         |           | 6,207,813 |            |         |           | 6,174,662 |           |         |           | 6,071,513 |
| <b>MEMORANDUM ACCOUNTS</b>  |           |         |           |           |            |         |           |           |           |         |           |           |
| Personal guarantees given:  |           |         |           |           |            |         |           |           |           |         |           |           |
| Surety bonds on behalf of subsidiaries                                    |           |         | 50,288    |           |            |         | 35,329    |           |           |         | 2,397     |           |
| Surety bonds on behalf of associated companies                            |           |         | 2,801     |           |            |         | 2,802     |           |           |         | 2,606     |           |
| Surety bonds provided to others   |           |         | 4,278     | 57,367    |            |         | 4,267     | 42,398    |           |         | 4,484     | 9,487     |
| Collateral security   |           |         |           |           |            |         |           |           |           |         |           |           |
| Commitments to buy and sell   |           |         |           | 857,023   |            |         |           | 1,025,345 |           |         |           | 851,819   |
| Other   |           |         |           | 1,219,681 |            |         |           | 1,192,120 |           |         |           | 1,455,807 |
| <b>TOTAL</b>  |           |         |           | 2,134,071 |            |         |           | 2,259,863 |           |         |           | 2,317,113 |

# CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

|   | 1 <sup>st</sup> half 2000 |           | Year 1999 |            | 1 <sup>st</sup> half 1999 |          |
|---|---------------------------|-----------|-----------|------------|---------------------------|----------|
| <b>TOTAL REVENUES</b>   |                           |           |           |            |                           |          |
| Revenues from sales and services:   |                           |           |           |            |                           |          |
| gross toll revenues   | 929,852                   |           | 1,879,684 |            | 889,088                   |          |
| toll quotas to the Government   | -38,824                   |           | -79,134   |            | -37,626                   |          |
| net toll revenues   | 891,028                   |           | 1,800,550 |            | 851,462                   |          |
| other revenues  | 74,685                    | 965,713   | 182,515   | 1,983,065  | 73,263                    | 924,725  |
| Changes in contract work in progress  |                           | 10,407    |           | -21,405    |                           | 10,855   |
| Change in inventories   |                           | 145       |           | -179       |                           |          |
| Capitalization of costs and expenses  |                           | 40,018    |           | 99,905     |                           | 34,714   |
| Other income and revenues:  |                           |           |           |            |                           |          |
| revenue grants  | 9                         |           | 184       |            | 8                         |          |
| gains on disposal of fixed assets   | 134                       |           | 593       |            | 315                       |          |
| sundry  | 18,834                    |           | 36,048    |            | 14,194                    |          |
| absorption of other provisions  |                           | 18,977    | 4,648     | 41,473     | 55                        | 14,572   |
|   |                           | 1,035,260 |           | 2,102,859  |                           | 984,866  |
| <b>OPERATING COSTS</b>  |                           |           |           |            |                           |          |
| Raw materials, ancillary materials and consumables                          |                           | 60,384    |           | 142,295    |                           | 71,896   |
| Services  |                           | 190,243   |           | 386,410    |                           | 165,748  |
| Lease expense, license and concession fees                                  |                           | 8,183     |           | 16,743     |                           | 8,340    |
| Labor costs:  |                           |           |           |            |                           |          |
| salaries and wages  | 168,865                   |           | 335,445   |            | 168,811                   |          |
| social security contributions   | 54,502                    |           | 110,087   |            | 55,320                    |          |
| employee severance indemnities  | 11,700                    |           | 25,997    |            | 12,715                    |          |
| other   | 1,439                     | 236,506   | 3,048     | 474,577    | 1,593                     | 238,439  |
| Amortization, depreciation and write-downs:                                 |                           |           |           |            |                           |          |
| amortization of intangible assets:  |                           |           |           |            |                           |          |
| • other intangible assets   | 6,103                     | 6,103     | 12,452    | 12,452     | 4,757                     | 4,757    |
| amortization of tangible assets:  |                           |           |           |            |                           |          |
| • industrial assets not to be relinquished:                                 |                           |           |           |            |                           |          |
| - land & buildings  | 1,504                     |           | 2,976     |            | 1,477                     |          |
| - plant & machinery   | 1,725                     |           | 2,426     |            | 776                       |          |
| - industrial and commercial equipment                                       | 5,470                     |           | 10,082    |            | 4,882                     |          |
| - other   | 7,511                     |           | 19,270    |            | 8,854                     |          |
| • assets to be relinquished:  |                           |           |           |            |                           |          |
| - industrial  | 13,100                    |           | 25,924    |            | 11,999                    |          |
| - financial   | 68,818                    | 98,128    | 135,537   | 196,215    | 66,462                    | 94,450   |
| other fixed asset write-downs   |                           | 104,231   |           | 208,667    |                           | 99,207   |
| provisions for doubtful accounts  |                           | 3,555     |           | 9,357      |                           | 2,906    |
| 102,113   |                           | 107,786   |           | 218,034    |                           | 102,113  |
| Changes in inventories of raw materials, ancillary and consumable materials |                           | -1,029    |           | 1,795      |                           | 1,261    |
| Other provisions/reversals:   |                           |           |           |            |                           |          |
| for costs of repair and replacement of assets to be relinquished:           |                           |           |           |            |                           |          |
| • provisions for the period   | 228,943                   |           | 523,976   |            | 244,646                   |          |
| • reversals of provisions   | -178,513                  | 50,430    | -345,651  | 178,325    | -164,944                  | 79,702   |
| for sundry litigation and disputes  |                           | 403       |           | 4,442      |                           |          |
| 79,702  |                           | 50,833    |           | 182,767    |                           | 79,702   |
| Sundry operating costs:   |                           |           |           |            |                           |          |
| losses on disposal of assets  |                           | 650       |           | 1,571      |                           | 505      |
| license fees  |                           | 9,581     |           | 19,425     |                           | 9,100    |
| other costs   |                           | 7,004     |           | 17,650     |                           | 10,888   |
|   |                           | -670,141  |           | -1,461,267 |                           | -687,992 |
| <b>Operating income</b>   |                           | 365,119   |           | 641,592    |                           | 296,874  |

(follows)

|  | 1 <sup>st</sup> half 2000 |         |         | Year 1999 |         |          | 1 <sup>st</sup> half 1999 |         |         |
|--|---------------------------|---------|---------|-----------|---------|----------|---------------------------|---------|---------|
| <b>FINANCIAL INCOME AND EXPENSE</b>                                |                           |         |         |           |         |          |                           |         |         |
| Income from investments:   |                           |         |         |           |         |          |                           |         |         |
| profits on sale of equity investments                              |                           |         |         | 148       |         |          | 148                       |         |         |
| Dividends from other   | 101                       |         |         | 39        |         |          | 39                        |         |         |
| Surplus tax credit Subsidiaries/Associated Companies               |                           | 101     |         | 23        | 210     |          |                           | 187     |         |
| Other financial income:  |                           |         |         |           |         |          |                           |         |         |
| from long-term receivables   |                           |         |         |           |         |          |                           |         |         |
| • due from associated companies                                    | 1,664                     |         |         | 2,467     |         |          | 1,384                     |         |         |
| • due from others  | 393                       | 2,057   |         | 829       | 3,296   |          | 191                       | 1,575   |         |
| from investment securities   |                           | 273     |         |           | 892     |          |                           | 364     |         |
| from marketable securities   |                           | 4,018   |         |           | 6,849   |          |                           | 4,267   |         |
| Interest and commission from others:                               |                           |         |         |           |         |          |                           |         |         |
| • interest and commissions from unconsolidated subsidiaries        | 174                       |         |         | 640       |         |          | 493                       |         |         |
| • reversal of provisions for Euro exchange fluctuations            |                           |         |         | 2,814     |         |          |                           |         |         |
| • interest and commissions from others and sundry financial income | 6,268                     | 6,442   | 12,891  | 11,343    | 14,797  | 26,044   | 4,928                     | 5,421   | 11,814  |
| Interest expense and other financial charges:                      |                           |         |         |           |         |          |                           |         |         |
| interest and commissions to unconsolidated subsidiaries            |                           | 117     |         |           | 87      |          |                           | 75      |         |
| interest and commissions to other and sundry financial expense:    |                           |         |         |           |         |          |                           |         |         |
| • interest and commissions on bonds                                | 7,380                     |         |         | 42,982    |         |          | 22,522                    |         |         |
| • interest and commissions to banks                                | 23,132                    |         |         | 23,472    |         |          | 12,292                    |         |         |
| • interest and commissions to other lenders                        | 16,936                    |         |         | 36,527    |         |          | 18,984                    |         |         |
| • exchange losses  | 10,719                    |         |         | 5,162     |         |          | 673                       |         |         |
| • interest, commissions and other expenses                         | 2,602                     |         |         | 6,822     |         |          | 4,191                     |         |         |
| • accrual to allowance for interest on overdue receivables         |                           | 60,769  | -60,886 | 79        | 115,044 | -115,131 | 2                         | 58,664  | -58,739 |
| Total financial income and expense                                 |                           |         | -47,995 |           |         | -89,087  |                           |         | -46,925 |
| <b>ADJUSTMENTS TO LONG-TERM INVESTMENTS</b>                        |                           |         |         |           |         |          |                           |         |         |
| Revaluations:  |                           |         |         |           |         |          |                           |         |         |
| investments  |                           |         |         |           | 29      |          |                           |         |         |
| investment securities  | 13                        |         |         |           |         |          | 32                        |         |         |
| marketable securities  | 113                       | 126     |         | 134       | 163     |          | 70                        | 102     |         |
| Write-downs:   |                           |         |         |           |         |          |                           |         |         |
| investments  |                           | 29,286  |         |           | 3,964   |          |                           | 2,741   |         |
| investment securities  |                           |         |         |           |         |          |                           |         |         |
| marketable securities  |                           |         |         |           |         |          |                           |         |         |
| Total adjustments to long-term investments                         |                           | 2,182   | -31,468 |           | 3,098   | -7,062   |                           | 766     | -3,507  |
|  |                           |         | -31,342 |           |         | -6,899   |                           |         | -3,405  |
| <b>EXTRAORDINARY INCOME AND EXPENSE</b>                            |                           |         |         |           |         |          |                           |         |         |
| Income   |                           |         |         |           |         |          |                           |         |         |
| contingent and non-existent assets                                 |                           | 12,057  |         |           | 25,055  |          |                           | 8,139   |         |
| extraordinary reversals of provisions                              |                           |         |         |           | 3       |          |                           |         |         |
| sundry extraordinary income  |                           | 690     | 12,747  |           | 27,945  | 53,003   |                           | 43      | 8,182   |
| Expense  |                           |         |         |           |         |          |                           |         |         |
| contingent and non-existent liabilities                            |                           | 1,270   |         |           | 12,924  |          |                           | 1,168   |         |
| taxes for previous fiscal years                                    |                           | 1,474   |         |           | 61      |          |                           | 59      |         |
| other noncurring taxes   |                           |         |         |           | 2       |          |                           | 1       |         |
| capital losses on transfer of assets                               |                           |         |         |           | 4,933   |          |                           |         |         |
| incentive bonus (employee redundancy scheme)                       |                           | 7,801   |         |           | 11,093  |          |                           | 4,839   |         |
| extraordinary provisions for liabilities and expenses              |                           |         |         |           | 13,562  |          |                           |         |         |
| sundry extraordinary expense                                       |                           |         | -10,545 |           | 8,885   | -51,460  |                           |         | -6,067  |
| Total extraordinary income and expense                             |                           |         | 2,202   |           |         | 1,543    |                           |         | 2,115   |
| <b>Income tax expense</b>  |                           |         | 287,984 |           |         | 547,149  |                           |         | 248,659 |
| Income taxes   |                           |         |         |           |         |          |                           |         |         |
| Current year   |                           | 133,415 |         |           | 282,565 |          |                           | 113,800 |         |
| Deferred taxes   |                           | -3,172  | 130,243 |           | -35,695 | 246,870  |                           |         | 113,800 |
| Net income for the period including minority interest              |                           |         | 157,741 |           |         | 300,279  |                           |         | 134,859 |
| Net income for the period attributable to minority interest        |                           |         | -2,661  |           |         | 2,685    |                           |         | 2,365   |
| <b>Net income for the period (attributable to Parent Company)</b>  |                           |         | 160,402 |           |         | 297,594  |                           |         | 132,494 |

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

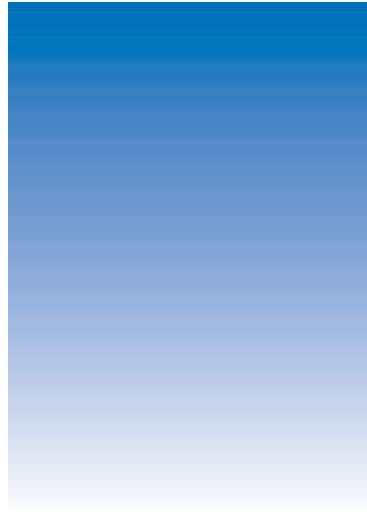
|  | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Year 1999        | Change  |             |
|--|---------------------------|---------------------------|------------------|---|-------------|
|  |                           |                           |                  | 1 <sup>st</sup> half 2000-1 <sup>st</sup> half 1999 |             |
| (Thousands of Euro)  |                           |                           |                  | value   | %           |
| <b>A. TOTAL REVENUES</b>   | <b>976,129</b>            | <b>935,588</b>            | <b>1,961,845</b> | <b>40,541</b>                                       | <b>4.3</b>  |
| Change in inventories of work in progress,<br>semi-finished and finished goods | 145                       |                           | -179             |   |             |
| Capitalization of costs and expenses   | 40,018                    | 34,714                    | 99,905           | 5,304   | 15.3        |
| <b>B. REVENUES FROM ORDINARY ACTIVITIES</b>                                    | <b>1,016,292</b>          | <b>970,302</b>            | <b>2,061,571</b> | <b>45,990</b>                                       | <b>4.7</b>  |
| Materials and services consumption   | -267,363                  | -256,347                  | -566,669         | -11,016   | 4.3         |
| <b>C. GROSS MARGIN</b>   | <b>748,929</b>            | <b>713,955</b>            | <b>1,494,902</b> | <b>34,974</b>                                       | <b>4.9</b>  |
| Labor cost   | -236,505                  | -238,438                  | -474,577         | 1,933   | -0.8        |
| <b>D. GROSS OPERATING INCOME</b>   | <b>512,424</b>            | <b>475,517</b>            | <b>1,020,325</b> | <b>36,907</b>                                       | <b>7.7</b>  |
| Amortization, depreciation and write-downs                                     | -104,231                  | -99,207                   | -208,667         | -5,024  | 5.1         |
| Other provisions   | -3,555                    | -2,906                    | -9,366           | -649  | 22.3        |
| Provisions for risks and charges   | -50,834                   | -79,702                   | -182,767         | 28,868  | -36.2       |
| Other income (expenses), net   | 11,314                    | 3,171                     | 22,068           | 8,143   | 256.8       |
| <b>E. OPERATING INCOME</b>   | <b>365,118</b>            | <b>296,873</b>            | <b>641,593</b>   | <b>68,245</b>                                       | <b>23.0</b> |
| Financial income (expenses), net   | -47,994                   | -46,926                   | -89,087          | -1,068  | 2.3         |
| Adjustments to long-term investments   | -31,342                   | -3,404                    | -6,899           | -27,938   | 820.7       |
| <b>F. INCOME BEFORE EXTRAORDINARY<br/>ITEMS AND TAXES</b>                      | <b>285,782</b>            | <b>246,543</b>            | <b>545,607</b>   | <b>39,239</b>                                       | <b>15.9</b> |
| Extraordinary income (expense), net  | 2,202                     | 2,116                     | 1,542            | 86  | 4.1         |
| <b>G. INCOME BEFORE TAXES</b>  | <b>287,984</b>            | <b>248,659</b>            | <b>547,149</b>   | <b>39,325</b>                                       | <b>15.8</b> |
| Income taxes expense   | -130,243                  | -113,800                  | -246,870         | -16,443   | 14.4        |
| <b>H. NET INCOME FOR THE PERIOD INCLUDING<br/>MINORITY INTERESTS</b>           | <b>157,741</b>            | <b>134,859</b>            | <b>300,279</b>   | <b>22,882</b>                                       | <b>17.0</b> |
| (-) Net income for the period (Minority interests)                             | -2,661                    | 2,365                     | 2,685            | -5,026  | -212.5      |
| <b>I. NET INCOME FOR THE PERIOD</b>  |                           |                           |                  |   |             |
| (Parent Company's interests)   | <b>160,402</b>            | <b>132,494</b>            | <b>297,594</b>   | <b>27,908</b>                                       | <b>21.1</b> |

**RECLASSIFIED CONSOLIDATED BALANCE SHEET**

| (Thousands of Euro)  | 6.30.2000              | 12.31.1999        | 6.30.1999        | 6.30.2000-6.30.1999<br>Change<br>value |
|--|------------------------|-------------------|------------------|--|
|  | <b>A. FIXED ASSETS</b> |                   |                  |  |
| Intangible fixed assets  | 139,136                | 139,512           | 107,443          | -376                                   |
| Tangible fixed assets  | 4,964,113              | 4,940,015         | 4,852,546        | 24,098                                 |
| Long-term investments  | 132,454                | 167,267           | 137,749          | -34,813                                |
|  | <b>5,235,703</b>       | <b>5,246,794</b>  | <b>5,097,738</b> | <b>-11,091</b>                         |
| <b>B. WORKING CAPITAL</b>  |                        |                   |                  |  |
| Inventories  | 152,305                | 140,846           | 173,696          | 11,459                                 |
| Trade receivables  | 336,098                | 312,910           | 281,874          | 23,188                                 |
| Other assets   | 241,230                | 225,336           | 237,184          | 15,894                                 |
| Trade payables   | -407,978               | -461,762          | -407,637         | 53,784                                 |
| Provision for risks and charges  | -787,951               | -742,044          | -630,022         | -45,907                                |
| Other liabilities  | -583,951               | -564,803          | -577,682         | -19,148                                |
|  | <b>-1,050,247</b>      | <b>-1,089,517</b> | <b>-922,587</b>  | <b>39,270</b>                          |
| <b>C. INVESTED CAPITAL,<br/>after deducting current liabilities (A+B)</b>  |                        |                   |                  |  |
|  | <b>4,185,456</b>       | <b>4,157,277</b>  | <b>4,175,151</b> | <b>28,179</b>                          |
| <b>D. EMPLOYEE<br/>SEVERANCE INDEMNITIES</b>   |                        |                   |                  |  |
|  | <b>143,843</b>         | <b>141,973</b>    | <b>188,993</b>   | <b>1,870</b>                           |
| <b>E. INVESTED CAPITAL,<br/>after deducting current liabilities<br/>and employee severance indemnities (C-D)</b> |                        |                   |                  |  |
|  | <b>4,041,613</b>       | <b>4,015,304</b>  | <b>3,986,158</b> | <b>26,309</b>                          |
| covered by:  |                        |                   |                  |  |
| <b>F. SHAREHOLDERS' EQUITY</b>   |                        |                   |                  |  |
| Parent Company's interest  | 1,983,890              | 2,012,689         | 1,847,489        | -28,799                                |
| Minority interest  | 402,716                | 405,740           | 395,555          | -3,024                                 |
|  | <b>2,386,606</b>       | <b>2,418,429</b>  | <b>2,243,044</b> | <b>-31,823</b>                         |
| <b>G. MEDIUM AND<br/>LONG-TERM DEBT</b>  |                        |                   |                  |  |
|  | <b>1,213,383</b>       | <b>1,358,545</b>  | <b>1,526,014</b> | <b>-145,162</b>                        |
| <b>H. SHORT-TERM DEBT<br/>(CASH AND CASH EQUIVALENTS)</b>  |                        |                   |                  |  |
| • short-term debt  | 684,101                | 487,107           | 498,118          | 196,994                                |
| • cash and cash equivalents and current receivables  | -242,477               | -248,777          | -281,018         | 6,300                                  |
|  | <b>441,624</b>         | <b>238,330</b>    | <b>217,100</b>   | <b>203,294</b>                         |
|  | <b>(G+H)</b>           | <b>1,655,007</b>  | <b>1,596,875</b> | <b>58,132</b>                          |
| <b>I. TOTAL AS IN "E"</b>  | <b>(F+G+H)</b>         | <b>4,041,613</b>  | <b>4,015,304</b> | <b>3,986,158</b>                       |
|  |                        | <b>4,041,613</b>  | <b>4,015,304</b> | <b>3,986,158</b>                       |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (Thousands of Euro)  | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Year 1999       |
|--|---------------------------|---------------------------|-----------------|
| <b>A. CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>        | -238,329                  | -77,576                   | -77,576         |
| (net short-term debt - opening balance)                      |                           |                           |                 |
|  | <b>-238,329</b>           | <b>-77,576</b>            | <b>-77,576</b>  |
| <b>B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>         |                           |                           |                 |
| Net income (loss) for the period (Parent Company's interest) | 160,402                   | 132,494                   | 297,594         |
| Change in minority interest                                  | -3,218                    | 275                       | 594             |
| Amortization and depreciation                                | 104,231                   | 99,207                    | 208,667         |
| (Gains) Losses on disposal of fixed assets                   | 341                       | -42                       | 667             |
| (Revaluation) Write-downs of fixed assets                    | 29,169                    | -28                       | 511             |
| Change in working capital                                    | -39,270                   | 100,474                   | 267,403         |
| Net change in employee severance indemnities                 | 1,870                     | 2,109                     | -44,911         |
|  | <b>253,525</b>            | <b>334,489</b>            | <b>730,525</b>  |
| <b>C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>         |                           |                           |                 |
| Investment in fixed assets:                                  |                           |                           |                 |
| • intangible   | -5,728                    | -4,244                    | -44,075         |
| • tangible   | -165,123                  | -147,156                  | -370,274        |
| • long-term investment                                       | -8,864                    | -7,015                    | -107,762        |
| Proceeds from disposal or redemption value, of fixed assets  | 22,704                    | 1,437                     | 156,269         |
|  | <b>-157,011</b>           | <b>-156,978</b>           | <b>-365,842</b> |
| <b>D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES</b>         |                           |                           |                 |
| New loans  | 8,471                     |                           | 37,066          |
| Transfer from Shareholders                                   |                           |                           |                 |
| Capital grants   | 37,189                    | 17,452                    | 43,036          |
| Repayments of loans  | -156,056                  | -193,961                  | -465,014        |
| Share buy-backs  |                           |                           |                 |
|  | <b>-110,396</b>           | <b>-176,509</b>           | <b>-384,912</b> |
| <b>E. DIVIDENDS PAID</b>                                     | <b>-189,414</b>           | <b>-140,523</b>           | <b>-140,523</b> |
| <b>F. CASH FLOWS FOR THE PERIOD (B+C+D+E)</b>                | <b>-203,296</b>           | <b>-139,521</b>           | <b>-160,752</b> |
| <b>G. CASH AND CASH EQUIVALENTS - CLOSING BALANCE (A+F)</b>  | <b>-441,625</b>           | <b>-217,097</b>           | <b>-238,328</b> |
| (net short-term debt - closing balance)                      |                           |                           |                 |



OPERATING RESULTS,  
FINANCIAL POSITION  
AND  
CASH FLOWS  
FOR THE SECOND QUARTER 2000

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT

| (Millions of Lire)  | 2 <sup>nd</sup> quarter 2000 | 2 <sup>nd</sup> quarter 1999 | Change         |             |
|---|------------------------------|------------------------------|----------------|-------------|
|   |                              |                              | value          | %           |
| <b>A. TOTAL REVENUES</b>  | <b>1,039,440</b>             | <b>991,215</b>               | <b>48,225</b>  | <b>4.9</b>  |
| Change in inventories of work in progress, semi-finished and finished goods | 281                          |                              | 281            |             |
| Capitalization of costs and expenses  | 46,854                       | 36,630                       | 10,224         | 27.9        |
| <b>B. REVENUES FROM ORDINARY ACTIVITIES</b>                                 | <b>1,086,575</b>             | <b>1,027,845</b>             | <b>58,730</b>  | <b>5.7</b>  |
| Materials and services consumption  | -298,342                     | -292,867                     | -5,475         | 1.9         |
| <b>C. GROSS MARGIN</b>  | <b>788,233</b>               | <b>734,978</b>               | <b>53,255</b>  | <b>7.2</b>  |
| Labor cost  | -228,365                     | -235,875                     | 7,510          | -3.2        |
| <b>D. GROSS OPERATING INCOME</b>  | <b>559,868</b>               | <b>499,103</b>               | <b>60,765</b>  | <b>12.2</b> |
| Amortization, depreciation and write-downs                                  | -102,970                     | -98,136                      | -4,834         | 4.9         |
| Other provisions  | -2,685                       | -2,880                       | 195            | -6.8        |
| Provisions for risks and charges  | -39,056                      | -86,266                      | 47,210         | -54.7       |
| Other income (expenses), net  | 19,989                       | -495                         | 20,484         | -4.138.2    |
| <b>E. OPERATING INCOME</b>  | <b>435,146</b>               | <b>311,326</b>               | <b>123,820</b> | <b>39.8</b> |
| Financial income (expenses), net  | -54,817                      | -38,784                      | -16,033        | 41.3        |
| Adjustments to long-term investments  | -59,960                      | -3,292                       | -56,668        | 1.721.4     |
| <b>F. INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES</b>                       | <b>320,369</b>               | <b>269,250</b>               | <b>51,119</b>  | <b>19.0</b> |
| Extraordinary income (expense), net   | 4,921                        | 10,518                       | -5,597         | -53.2       |
| <b>G. INCOME BEFORE TAXES</b>   | <b>325,290</b>               | <b>279,768</b>               | <b>45,522</b>  | <b>16.3</b> |
| Income taxes expense  | -142,858                     | -126,187                     | -16,671        | 13.2        |
| <b>H. NET INCOME FOR THE PERIOD INCLUDING MINORITY INTEREST</b>             | <b>182,432</b>               | <b>153,581</b>               | <b>28,851</b>  | <b>18.8</b> |
| (-) Net income for the period (Minority interest)                           | -5,982                       | 2,487                        | -8,469         | -340.5      |
| <b>I. NET INCOME FOR THE PERIOD (Parent Company's interests)</b>            | <b>188,414</b>               | <b>151,094</b>               | <b>37,320</b>  | <b>24.7</b> |

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

| (Thousands of Euro)   | 2 <sup>nd</sup> quarter 2000 | 2 <sup>nd</sup> quarter 1999 | Change        |             |
|---|------------------------------|------------------------------|---------------|-------------|
|   |                              |                              | value         | %           |
| <b>A. TOTAL REVENUES</b>  | <b>536,826</b>               | <b>511,920</b>               | <b>24,906</b> | <b>4.9</b>  |
| Change in inventories of work in progress, semi-finished and finished goods | 145                          |                              |               |             |
| Capitalization of costs and expenses  | 24,198                       | 18,918                       | 5,280         | 27.9        |
| <b>B. REVENUES FROM ORDINARY ACTIVITIES</b>                                 | <b>561,169</b>               | <b>530,838</b>               | <b>30,331</b> | <b>5.7</b>  |
| Materials and services consumption  | -154,081                     | -151,254                     | -2,827        | 1.9         |
| <b>C. GROSS MARGIN</b>  | <b>407,088</b>               | <b>379,584</b>               | <b>27,504</b> | <b>7.2</b>  |
| Labor cost  | -117,940                     | -121,819                     | 3,879         | -3.2        |
| <b>D. GROSS OPERATING INCOME</b>  | <b>289,148</b>               | <b>257,765</b>               | <b>31,383</b> | <b>12.2</b> |
| Amortization, depreciation and write-downs                                  | -53,180                      | -50,683                      | -2,497        | 4.9         |
| Other provisions  | -1,387                       | -1,487                       | 100           | -6.8        |
| Provisions for risks and charges  | -20,171                      | -44,553                      | 24,382        | -54.7       |
| Other income (expenses), net  | 10,324                       | -256                         | 10,580        | -4,132.8    |
| <b>E. OPERATING INCOME</b>  | <b>224,734</b>               | <b>160,786</b>               | <b>63,948</b> | <b>39.8</b> |
| Financial income (expenses), net  | -28,311                      | -20,030                      | -8,281        | 41.3        |
| Adjustments to long-term investments  | -30,966                      | -1,700                       | -29,266       | 1,721.4     |
| <b>F. INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES</b>                       | <b>165,457</b>               | <b>139,056</b>               | <b>26,401</b> | <b>19.0</b> |
| Extraordinary income (expense), net   | 2,541                        | 5,432                        | -2,891        | -53.2       |
| <b>G. INCOME BEFORE TAXES</b>   | <b>167,998</b>               | <b>144,488</b>               | <b>23,510</b> | <b>16.3</b> |
| Income taxes expense  | -73,780                      | -65,170                      | -8,610        | 13.2        |
| <b>H. NET INCOME FOR THE PERIOD INCLUDING MINORITY INTEREST</b>             | <b>94,218</b>                | <b>79,318</b>                | <b>14,900</b> | <b>18.8</b> |
| (-) Net income for the period (Minority interest)                           | -3,089                       | 1,284                        | -4,373        | -340.7      |
| <b>I. NET INCOME FOR THE PERIOD (Parent Company's interest)</b>             | <b>97,307</b>                | <b>78,034</b>                | <b>19,273</b> | <b>24.7</b> |

## RECLASSIFIED CONSOLIDATED BALANCE SHEET

| (Millions of Lire)   | 6.30.2000         | 3.31.2000         | Change<br>value  |
|--|-------------------|-------------------|------------------|
| <b>A. FIXED ASSETS</b>   |                   |                   |                  |
| Intangible fixed assets  | 269,404           | 264,624           | 4,780            |
| Tangible fixed assets  | 9,611,863         | 9,514,780         | 97,083           |
| Long-term investments  | 256,467           | 340,696           | -84,229          |
|  | <b>10,137,734</b> | <b>10,120,100</b> | <b>17,634</b>    |
| <b>B. WORKING CAPITAL</b>  |                   |                   |                  |
| Inventories  | 294,903           | 285,398           | 9,505            |
| Trade receivables  | 650,777           | 602,270           | 48,507           |
| Other assets   | 467,087           | 438,165           | 28,922           |
| Trade payables   | -789,956          | -754,022          | -35,934          |
| Provision for risks and charges  | -1,525,686        | -1,495,922        | -29,764          |
| Other liabilities  | -1,130,686        | -1,215,164        | 84,478           |
|  | <b>-2,033,561</b> | <b>-2,139,275</b> | <b>105,714</b>   |
| <b>C. INVESTED CAPITAL, after deducting current liabilities<br/>(A+B)</b>                                    | <b>8,104,173</b>  | <b>7,980,825</b>  | <b>123,348</b>   |
| <b>D. EMPLOYEE<br/>SEVERANCE INDEMNITIES</b>   | <b>278,518</b>    | <b>274,031</b>    | <b>4,487</b>     |
| <b>E. INVESTED CAPITAL, after deducting current liabilities<br/>and employee severance indemnities (C-D)</b> | <b>-7,825,655</b> | <b>-7,706,794</b> | <b>-118,861</b>  |
| covered by:  |                   |                   |                  |
| <b>F. SHAREHOLDERS' EQUITY</b>   |                   |                   |                  |
| Parent Companys' interest  | 3,841,347         | 4,025,054         | -183,707         |
| Minority interest  | 779,767           | 786,451           | -6,684           |
|  | <b>4,621,114</b>  | <b>4,811,505</b>  | <b>-190,391</b>  |
| <b>G. MEDIUM AND<br/>LONG-TERM DEBT</b>  | <b>2,349,438</b>  | <b>2,615,729</b>  | <b>-266,291</b>  |
| <b>H. SHORT-TERM DEBT<br/>(CASH AND CASH EQUIVALENTS)</b>  |                   |                   |                  |
| • short-term debt  | 1,324,604         | 763,983           | 560,621          |
| • cash and cash equivalents and current receivables  | -469,501          | -484,423          | 14,922           |
|  | <b>855,103</b>    | <b>279,560</b>    | <b>575,543</b>   |
|  | <b>(G+H)</b>      | <b>3,204,541</b>  | <b>2,895,289</b> |
| <b>I. TOTAL AS IN "E"</b>  | <b>(F+G+H)</b>    | <b>7,825,655</b>  | <b>7,706,794</b> |
|  |                   | <b>309,252</b>    | <b>118,861</b>   |

**RECLASSIFIED CONSOLIDATED BALANCE SHEET**

| (Thousands of Euro)  | 6.30.2000         | 3.31.2000         | Change<br>value  |
|--|-------------------|-------------------|------------------|
| <b>A. FIXED ASSETS</b>   |                   |                   |                  |
| Intangible fixed assets  | 139,136           | 136,667           | 2,469            |
| Tangible fixed assets  | 4,964,113         | 4,913,973         | 50,140           |
| Long-term investments  | 132,454           | 175,955           | -43,501          |
|  | <b>5,235,703</b>  | <b>5,226,595</b>  | <b>9,108</b>     |
| <b>B. WORKING CAPITAL</b>  |                   |                   |                  |
| Inventories  | 152,305           | 147,396           | 4,909            |
| Trade receivables  | 336,098           | 311,046           | 25,052           |
| Other assets   | 241,230           | 226,293           | 14,937           |
| Trade payables   | -407,978          | -389,420          | -18,558          |
| Provision for risks and charges  | -787,951          | -772,578          | -15,373          |
| Other liabilities  | -583,951          | -627,580          | 43,629           |
|  | <b>-1,050,247</b> | <b>-1,104,843</b> | <b>54,596</b>    |
| <b>C. INVESTED CAPITAL, after deducting current liabilities<br/>(A+B)</b>                                    | <b>4,185,456</b>  | <b>4,121,752</b>  | <b>63,704</b>    |
| <b>D. EMPLOYEE<br/>SEVERANCE INDEMNITIES</b>   | <b>143,843</b>    | <b>141,525</b>    | <b>2,318</b>     |
| <b>E. INVESTED CAPITAL, after deducting current liabilities<br/>and employee severance indemnities (C-D)</b> | <b>4,041,613</b>  | <b>3,980,227</b>  | <b>61,386</b>    |
| covered by:  |                   |                   |                  |
| <b>F. SHAREHOLDERS' EQUITY</b>   |                   |                   |                  |
| Parent Company's interest  | 1,983,890         | 2,078,767         | -94,877          |
| Minority interest  | 402,716           | 406,168           | -3,452           |
|  | <b>2,386,606</b>  | <b>2,484,935</b>  | <b>-98,329</b>   |
| <b>G. MEDIUM AND<br/>LONG-TERM DEBT</b>  | <b>1,213,383</b>  | <b>1,350,911</b>  | <b>-137,528</b>  |
| <b>H. SHORT-TERM DEBT<br/>(CASH AND CASH EQUIVALENTS)</b>  |                   |                   |                  |
| • short-term debt  | 684,101           | 394,564           | 289,537          |
| • cash and cash equivalents and current receivables  | -242,477          | -250,183          | 7,706            |
|  | <b>441,624</b>    | <b>144,381</b>    | <b>297,243</b>   |
|  | <b>(G+H)</b>      | <b>1,655,007</b>  | <b>1,495,292</b> |
| <b>I. TOTAL AS IN "E"</b>  | <b>(F+G+H)</b>    | <b>4,041,613</b>  | <b>3,980,227</b> |
|  |                   | <b>61,386</b>     |                  |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (Millions of Lire)   | 2 <sup>nd</sup> quarter 2000 | 2 <sup>nd</sup> quarter 1999 |
|--|------------------------------|------------------------------|
| <b>A. CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>        | -279,560                     | -193,350                     |
| (net short-term debt - opening balance)                      |                              |                              |
|  | <b>-279,560</b>              | <b>-193,350</b>              |
| <b>B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>         |                              |                              |
| Net income (loss) for the period (Parent Company's interest) | 188,414                      | 151,094                      |
| Change in minority interest                                  | -7,059                       | -1,562                       |
| Amortization and depreciation                                | 102,970                      | 98,136                       |
| (Gains) Losses on disposal of fixed assets                   | 426                          | 6                            |
| (Revaluation) Write-downs of fixed assets                    | 56,480                       | -54                          |
| Change in working capital                                    | -105,714                     | 203,232                      |
| Net change in employee severance indemnities                 | 4,487                        | 4,819                        |
|  | <b>240,004</b>               | <b>455,671</b>               |
| <b>C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>         |                              |                              |
| Investment in fixed assets:                                  |                              |                              |
| intangible   | -9,912                       | -4,488                       |
| • tangible   | -213,165                     | -192,800                     |
| • long-term investment                                       | -4,317                       | -12,367                      |
| Proceeds from disposal or redemption value, of fixed assets  | 33,180                       | -49,266                      |
|  | <b>-194,214</b>              | <b>-258,921</b>              |
| <b>D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES</b>         |                              |                              |
| New loans  | 2,403                        |                              |
| Capital grants   | 14,276                       | 32,822                       |
| Repayments of loans  | -271,256                     | -184,496                     |
|  | <b>-254,577</b>              | <b>-151,674</b>              |
| <b>E. DIVIDENDS PAID</b>                                     | <b>-366,756</b>              | <b>-272,090</b>              |
| <b>F. CASH FLOWS FOR THE PERIOD</b>                          | <b>(B+C+D+E)</b>             | <b>-575,543</b>              |
|  |                              | <b>-227,014</b>              |
| <b>G. CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>        | <b>(A+F)</b>                 | <b>-855,103</b>              |
| (net short-term debt - closing balance)                      |                              | <b>-420,364</b>              |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (Thousands of Euro)  | 2 <sup>nd</sup> quarter 2000 | 2 <sup>nd</sup> quarter 1999 |
|--|------------------------------|------------------------------|
| <b>A. CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>        | -144,381                     | -99,857                      |
| (net short-term debt - opening balance)                      |                              |                              |
|  | <b>-144,381</b>              | <b>-99,857</b>               |
| <b>B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>         |                              |                              |
| Net income (loss) for the period (Parent Company's interest) | 97,307                       | 78,034                       |
| Change in minority interest                                  | -3,645                       | -806                         |
| Amortization and depreciation                                | 53,180                       | 50,683                       |
| (Gains) Losses on disposal of fixed assets                   | 220                          | 3                            |
| (Revaluation) Write-downs of fixed assets                    | 29,169                       | -28                          |
| Change in working capital                                    | -54,597                      | 104,962                      |
| Net change in employee severance indemnities                 | 2,317                        | 2,489                        |
|  | <b>123,951</b>               | <b>235,337</b>               |
| <b>C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>         |                              |                              |
| Investment in fixed assets:                                  |                              |                              |
| • intangible   | -5,119                       | -2,318                       |
| • tangible   | -110,090                     | -99,572                      |
| • long-term investment                                       | -2,230                       | -6,387                       |
| Proceeds from disposal or redemption value, of fixed assets  | 17,136                       | -25,444                      |
|  | <b>-100,303</b>              | <b>-133,721</b>              |
| <b>D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES</b>         |                              |                              |
| New loans  | 1,241                        |                              |
| Capital grants   | 7,373                        | 16,951                       |
| Repayments of loans  | -140,092                     | -95,284                      |
|  | <b>-131,478</b>              | <b>-78,333</b>               |
| <b>E. DIVIDENDS PAID</b>                                     | <b>-189,414</b>              | <b>-140,523</b>              |
| <b>F. CASH FLOWS FOR THE PERIOD</b>                          | <b>(B+C+D+E)</b>             | <b>-297,244</b>              |
|  |                              | <b>-117,240</b>              |
| <b>G. CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>        | <b>(A+F)</b>                 | <b>-441,625</b>              |
| (net short-term debt - closing balance)                      |                              | <b>-217,097</b>              |





FINANCIAL STATEMENTS  
OF  
AUTOSTRADE S.P.A.

Balance Sheet, Income Statement, Reclassified Income Statement

Reclassified Balance Sheet, Statement of Cash Flows



| SHAREHOLDERS' EQUITY AND LIABILITIES                                      | 6.30.2000 |           |            | 12.31.1999 |           |           | 6.30.1999 |           |           |
|---|-----------|-----------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| <b>SHAREHOLDER'S EQUITY</b>   |           |           |            |            |           |           |           |           |           |
| Share capital   |           |           | 1,183,083  |            |           | 1,183,083 |           |           | 1,183,000 |
| <b>Revaluation reserves</b>   |           |           |            |            |           |           |           |           |           |
| Law No. 72 of March 19, 1983  |           |           | 1,105,666  |            |           | 1,105,666 |           |           | 1,105,666 |
| Law No. 413 of December 30, 1991  |           |           | 152,876    |            |           | 152,876   |           |           | 152,876   |
| <b>Legal reserve</b>  |           |           | 160,667    |            |           | 132,377   |           |           | 132,377   |
| <b>Other reserves</b>   |           |           |            |            |           |           |           |           |           |
| Extraordinary reserve   |           |           | 434,543    |            |           | 263,775   |           |           | 264,475   |
| Capital grants reserve  |           |           | 50,584     |            |           | 50,584    |           |           | 50,584    |
| Capital gains reinvestment reserve  |           |           | 4,567      |            |           | 4,567     |           |           | 4,567     |
| Dividend equalisation reserve   |           |           | 2,275      |            |           | 2,275     |           |           | 2,275     |
| Issue shares reserve as per art. 2349 c.c.                                |           |           | 617        |            |           | 617       |           |           | 617       |
| <b>Net income for the period</b>  |           |           |            |            |           |           |           |           |           |
|   |           |           | 285,970    |            |           | 565,814   |           |           | 252,681   |
|   |           |           | 3,380,848  |            |           | 3,461,634 |           |           | 3,148,501 |
| <b>PROVISION FOR RISKS AND CHARGES</b>                                    |           |           |            |            |           |           |           |           |           |
| Taxes   |           |           | 2,377      |            |           | 2,932     |           |           | 3,487     |
| Others:   |           |           |            |            |           |           |           |           |           |
| provision for costs of repair or replacement of assets to be relinquished |           | 1,319,000 |            |            | 1,224,000 |           |           | 1,040,000 |           |
| provision for exchange fluctuations                                       |           |           |            |            |           |           |           | 13,210    |           |
| provision for disputes in progress  |           | 65,000    | 1,384,000  | 1,386,377  | 65,000    | 1,289,000 | 1,291,932 | 71,000    | 1,124,210 |
| <b>EMPLOYEES SEVERANCE INDEMNITIES</b>                                    |           |           | 220,112    |            |           | 218,021   |           |           | 288,526   |
| <b>PAYABLES</b>   | (**)      |           |            | (**)       |           |           | (**)      |           |           |
| Bonds   | 650,000   |           | 650,000    | 650,000    |           | 750,000   |           |           | 750,033   |
| Banks   |           |           |            |            |           |           |           |           |           |
| medium and long-term debt   | 365,946   | 600,618   |            | 408,194    | 746,051   |           | 900,796   |           |           |
| short-term debt   |           | 1,122,798 | 1,723,416  |            | 754,327   | 1,500,378 | 627,667   | 1,528,463 |           |
| Due to other financial institutions                                       | 687,176   |           | 802,959    | 731,513    |           | 845,954   |           | 1,038,168 |           |
| Advances  |           |           | 145,900    |            |           | 134,274   |           | 182,100   |           |
| Trade   | 8,070     |           | 285,090    | 7,911      |           | 424,140   |           | 287,229   |           |
| Due to subsidiaries   | 3,988     |           | 268,899    | 3,997      |           | 285,570   |           | 361,589   |           |
| Due to associated companies   |           |           | 90,214     |            |           | 90,142    |           | 90,142    |           |
| Due to tax authorities  |           |           |            |            |           |           |           |           |           |
| income taxes  |           | 32,409    |            |            | 140,637   |           | 75,423    |           |           |
| other taxes   |           | 86,153    | 118,562    |            | 76,893    | 217,530   | 82,112    | 157,535   |           |
| Due to social security agencies   |           |           | 28,902     |            |           | 24,441    |           | 33,939    |           |
| Other   |           |           | 769,575    | 4,883,517  |           | 638,957   | 4,911,386 | 624,184   | 5,053,382 |
|   | 1,715,180 |           |            | 1,801,615  |           |           |           |           |           |
| <b>ACCRUED EXPENSES AND DEFERRED INCOME</b>                               |           |           |            |            |           |           |           |           |           |
| Accrued expenses and deferred income                                      |           |           | 143,485    |            |           | 110,721   |           |           | 170,141   |
| <b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>                         |           |           | 10,014,339 |            |           | 9,993,694 |           |           | 9,788,247 |
| <b>MEMORANDUM ACCOUNTS</b>  |           |           |            |            |           |           |           |           |           |
| Personal guarantees given:  |           |           |            |            |           |           |           |           |           |
| Surety:   |           |           |            |            |           |           |           |           |           |
| on behalf of subsidiaries   |           |           | 606,368    |            |           | 561,778   |           | 673,984   |           |
| on behalf of others   |           |           | 3,756      | 610,124    |           | 3,756     | 565,534   | 3,756     | 677,740   |
| Commitments to buy  |           |           | 1,380,361  |            |           | 1,636,995 |           |           | 1,155,259 |
| Other   |           |           | 771,371    |            |           | 751,723   |           |           | 741,288   |
| <b>TOTAL</b>  |           |           | 2,761,856  |            |           | 2,954,252 |           |           | 2,574,287 |

# AUTOSTRADE S.P.A. - INCOME STATEMENT

(Millions of Lire)

|   | 1 <sup>st</sup> half 2000 |                | 1999      |                  | 1 <sup>st</sup> half 1999 |                |
|---|---------------------------|----------------|-----------|------------------|---------------------------|----------------|
| <b>TOTAL REVENUES</b>   |                           |                |           |                  |                           |                |
| Revenues from sales and services:   |                           |                |           |                  |                           |                |
| gross toll revenues   | 1,665,733                 |                | 3,358,569 |                  | 1,576,433                 |                |
| toll quotas to the Government   | -73,579                   |                | -149,951  |                  | -71,462                   |                |
| net toll revenues   | 1,592,154                 |                | 3,208,618 |                  | 1,504,971                 |                |
| other revenues  | 109,012                   | 1,701,166      | 263,076   | 3,471,694        | 98,315                    | 1,603,286      |
| Change in contract works in progress  |                           | 2,542          |           | -43,154          |                           | 5,687          |
| Capitalization of costs and expenses  |                           | 12,176         |           | 35,922           |                           | 17,578         |
| Other income and revenues:  |                           |                |           |                  |                           |                |
| revenue grants  | 18                        |                | 100       |                  | 16                        |                |
| gains on disposal of fixed assets   |                           |                | 756       |                  | 394                       |                |
| sundry  | 38,798                    |                | 74,736    |                  | 29,250                    |                |
| absorption of other provisions  |                           | 38,816         | 9,000     | 84,592           |                           | 29,660         |
|   |                           | 1,754,700      |           | 3,549,054        |                           | 1,656,211      |
| <b>OPERATING COSTS</b>  |                           |                |           |                  |                           |                |
| Raw materials, ancillary materials and consumables                          |                           | 48,563         |           | 130,290          |                           | 59,174         |
| Services  |                           | 375,055        |           | 732,625          |                           | 336,979        |
| Lease expense, license and concession fees                                  |                           | 8,294          |           | 18,199           |                           | 8,699          |
| Labor costs:  |                           |                |           |                  |                           |                |
| salaries and wages  | 240,401                   |                | 476,161   |                  | 239,131                   |                |
| social security contribution  | 76,867                    |                | 154,542   |                  | 77,299                    |                |
| employee severance indemnities  | 16,996                    |                | 37,826    |                  | 18,574                    |                |
| other   | 2,051                     | 336,315        | 4,375     | 672,904          | 2,010                     | 337,014        |
| Amortization, depreciation and write-downs:                                 |                           |                |           |                  |                           |                |
| amortization of intangible assets   |                           | 7,213          |           | 14,366           |                           | 5,332          |
| amortization of tangible assets:  |                           |                |           |                  |                           |                |
| • industrial assets not to be relinquished:                                 |                           |                |           |                  |                           |                |
| - land & buildings  | 1,677                     |                | 3,311     |                  | 1,644                     |                |
| - industrial and commercial equipments                                      | 9,297                     |                | 16,736    |                  | 8,018                     |                |
| - other   | 13,325                    |                | 34,655    |                  | 15,903                    |                |
| • assets to be relinquished:  |                           |                |           |                  |                           |                |
| - industrial  | 22,145                    |                | 43,538    |                  | 19,478                    |                |
| - financial   | 123,624                   | 170,068        | 246,399   | 344,639          | 121,514                   | 166,557        |
| other fixed assets write-downs  |                           | 177,281        |           | 359,005          |                           | 171,889        |
| provisions for doubtful accounts  |                           | 6,436          |           | 16,556           |                           | 4,874          |
| Changes in inventories of raw materials, ancillary and consumable materials |                           | 242            |           | 3,066            |                           | 3,801          |
| Other provisions/reversal   |                           |                |           |                  |                           |                |
| for costs of repair and replacement of assets to be relinquished:           |                           |                |           |                  |                           |                |
| • provisions for the period   | 413,517                   |                | 948,376   |                  | 444,470                   |                |
| • reversal of provisions  | -318,517                  | 95,000         | -614,376  | 334,000          | -294,470                  | 150,000        |
| for sundry litigation and disputes  |                           | 95,000         |           | 3,000            |                           | 150,000        |
| Sundry operating costs:   |                           |                |           |                  |                           |                |
| losses on disposal of assets  |                           | 287            |           | 1,490            |                           | 335            |
| license fees  |                           | 17,203         |           | 34,809           |                           | 16,346         |
| other costs   |                           | 7,806          |           | 25,022           |                           | 15,793         |
|   |                           | -1,072,482     |           | -2,330,966       |                           | -1,104,904     |
| <b>Operating income</b>   |                           | <b>682,218</b> |           | <b>1,218,088</b> |                           | <b>551,307</b> |

(follows)

|   | 1 <sup>st</sup> half 2000 |          | 1999    |           | 1 <sup>st</sup> half 1999 |         |
|---|---------------------------|----------|---------|-----------|---------------------------|---------|
| <b>FINANCIAL INCOME AND EXPENSE</b>                                 |                           |          |         |           |                           |         |
| Income from investments:  |                           |          |         |           |                           |         |
| Dividends from subsidiaries   |                           | 9,190    |         | 12,028    |                           | 4,418   |
| Other investments income  |                           | 909      | 10,099  | 2,882     | 14,910                    | 2,882   |
| 7,300   |                           |          |         |           |                           |         |
| Other financial income:   |                           |          |         |           |                           |         |
| from long-term receivables  |                           |          |         |           |                           |         |
| • due from other  | 700                       | 700      | 1,377   | 1,377     | 690                       | 690     |
| from investments securities   |                           | 22       |         | 45        |                           | 22      |
| 2,534   |                           |          |         |           |                           |         |
| interest and commission from others:                                |                           |          |         |           |                           |         |
| • interest and commission from subsidiaries                         | 132                       |          | 875     |           | 512                       |         |
| • interest and commission from parent companies                     |                           |          | 7       |           | 6                         |         |
| • interest and commissions from others, and sundry financial income | 630                       |          | 7,584   |           | 1,304                     |         |
| • reversal of provision for exchange fluctuations                   |                           | 762      | 5,448   | 13,914    |                           | 1,822   |
| 2,534   |                           |          |         |           |                           |         |
| Interest expenses and other financial charges:                      |                           |          |         |           |                           |         |
| interest and commission to subsidiaries                             |                           | 1,570    |         | 3,141     |                           | 1,680   |
| interest and commission to parent companies                         |                           |          |         | 26,371    |                           | 13,901  |
| interest and commissions to other and sundry financial expenses:    |                           |          |         |           |                           |         |
| • interest and commissions on bonds                                 | 18,037                    |          | 35,926  |           | 19,828                    |         |
| • interest and commissions to banks                                 | 38,605                    |          | 86,434  |           | 45,520                    |         |
| • interest and commissions to other lenders                         | 31,427                    |          | 41,860  |           | 21,498                    |         |
| • exchange losses   | 20,646                    |          | 9,416   |           | 388                       |         |
| • interest, commission and other expenses                           | 4,607                     |          | 7,481   |           | 4,541                     |         |
| • accrual to allowance for interest on overdue receivables          |                           | 113,322  | 153     | 181,270   |                           | 4       |
| -107,360  |                           |          |         |           |                           |         |
| Total financial income and expense                                  |                           | -103,309 |         | -180,536  |                           | -97,526 |
| <b>ADJUSTMENTS TO LONG-TERM INVESTMENTS</b>                         |                           |          |         |           |                           |         |
| Revaluations investments  |                           | 2,205    | 2,205   | 5,277     | 5,277                     | 3,611   |
| Write-downs investments   |                           | -46,866  | -46,866 | -671      | -671                      | -578    |
| Total adjustments to long-term investments                          |                           | -44,661  | -44,661 | 4,606     | 4,606                     | 3,033   |
| <b>EXTRAORDINARY INCOME AND EXPENSE</b>                             |                           |          |         |           |                           |         |
| Income  |                           |          |         |           |                           |         |
| recovery of prior years' taxes                                      |                           |          |         | 462       |                           |         |
| contingent and non-existent assets                                  |                           | 454      | 454     | 42,573    | 43,035                    | 13,896  |
| 13,896  |                           |          |         |           |                           |         |
| Expenses  |                           |          |         |           |                           |         |
| contingent and non-existent liabilities                             |                           | 1,568    |         | 22,777    |                           | 1,425   |
| prior years-taxes   |                           | 2,733    |         | 77        |                           | 77      |
| other noncurring expense  |                           |          |         | 17,187    |                           |         |
| incentive bonus (employee reduction plan)                           |                           | 12,506   | -16,807 | 18,712    | -58,753                   | 8,232   |
| -9,734  |                           |          |         |           |                           |         |
| Total extraordinary income and expense                              |                           | -16,353  | -16,353 | -15,718   | -15,718                   | 4,162   |
| <b>Income taxes</b>   |                           | 517,895  | 517,895 | 1,026,440 | 1,026,440                 | 460,976 |
| Income taxes  |                           |          |         |           |                           |         |
| Current year  |                           | 237,400  | 237,400 | 521,201   | 521,201                   | 229,095 |
| Deferred taxes  |                           | -5,475   | 231,925 | -60,575   | 460,626                   | -20,800 |
| <b>Net income for the period</b>                                    |                           | 285,970  | 285,970 | 565,814   | 565,814                   | 252,681 |

**AUTOSTRADA S.p.A. - RECLASSIFIED INCOME STATEMENT**

| (Millions of Lire)   | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Year 1999        | Change<br>1 <sup>st</sup> half 2000-1 <sup>st</sup> half 1999 |              |
|--|---------------------------|---------------------------|------------------|---|--------------|
|  |                           |                           |                  | value   | %            |
| <b>A. TOTAL REVENUES</b>   | <b>1,703,726</b>          | <b>1,608,989</b>          | <b>3,428,640</b> | <b>94,737</b>   | <b>5.9%</b>  |
| Change in inventories of work in progress,<br>semi-finished and finished goods |                           |                           |                  |   |              |
| Capitalization of costs and expenses   | 12,176                    | 17,578                    | 35,922           | -5,402  | -30.7%       |
| <b>B. REVENUES FROM ORDINARY ACTIVITIES</b>                                    | <b>1,715,902</b>          | <b>1,626,567</b>          | <b>3,464,562</b> | <b>89,335</b>   | <b>5.5%</b>  |
| Materials and services consumption   | -449,357                  | -424,999                  | -918,989         | -24,358   | 5.7%         |
| <b>C. GROSS MARGIN</b>   | <b>1,266,545</b>          | <b>1,201,568</b>          | <b>2,545,573</b> | <b>64,977</b>   | <b>5.4%</b>  |
| Labor cost   | -336,315                  | -337,014                  | -672,904         | 699   | -0.2%        |
| <b>D. GROSS OPERATING INCOME</b>   | <b>930,230</b>            | <b>864,554</b>            | <b>1,872,669</b> | <b>65,676</b>   | <b>7.6%</b>  |
| Amortization, depreciation and write-downs                                     | -177,281                  | -171,889                  | -359,005         | -5,392  | 3.1%         |
| Other provisions   | -6,436                    | -4,874                    | -16,556          | -1,562  | 32.0%        |
| Provisions for risks and charges   | -95,000                   | -150,000                  | -337,000         | 55,000  | -36.7%       |
| Other income (expenses), net   | 30,705                    | 13,516                    | 57,980           | 17,189  | 127.2%       |
| <b>E. OPERATING INCOME</b>   | <b>682,218</b>            | <b>551,307</b>            | <b>1,218,088</b> | <b>130,911</b>  | <b>23.7%</b> |
| Financial income (expenses), net   | -103,309                  | -97,526                   | -180,536         | -5,783  | 5.9%         |
| Adjustments to long-term investments   | -44,661                   | 3,033                     | 4,606            | -47,694   | -1.572.5%    |
| <b>F. INCOME BEFORE EXTRAORDINARY<br/>ITEMS AND TAXES</b>                      | <b>534,248</b>            | <b>456,814</b>            | <b>1,042,158</b> | <b>77,434</b>   | <b>17.0%</b> |
| Extraordinary income (expense), net  | -16,353                   | 4,162                     | -15,718          | -20,515   | -492.9%      |
| <b>G. INCOME BEFORE TAXES</b>  | <b>517,895</b>            | <b>460,976</b>            | <b>1,026,440</b> | <b>56,919</b>   | <b>12.3%</b> |
| Income tax expense   | -231,925                  | -208,295                  | -460,626         | -23,630   | 11.3%        |
| <b>H. NET INCOME FOR THE PERIOD</b>  | <b>285,970</b>            | <b>252,681</b>            | <b>565,814</b>   | <b>33,289</b>   | <b>13.2%</b> |

**AUTOSTRADA S.p.A. - RECLASSIFIED BALANCE SHEET**

| (Millions of Lire)  | 6.30.2000                | 12.31.1999        | 6.30.1999         | Change<br>6.30.2000-12.31.1999 |
|---|--------------------------|-------------------|-------------------|--------------------------------|
| <b>A. FIXED ASSETS</b>  |                          |                   |                   |                                |
| Intangible fixed assets   | 79,414                   | 76,521            | 18,273            | 2,893                          |
| Tangible fixed assets   | 7,976,232                | 8,008,267         | 7,906,674         | -32,035                        |
| Long-term investments   | 710,617                  | 756,078           | 675,988           | -45,461                        |
|   | <b>8,766,263</b>         | <b>8,840,866</b>  | <b>8,600,935</b>  | <b>-74,603</b>                 |
| <b>B. WORKING CAPITAL</b>   |                          |                   |                   |                                |
| Inventories   | 220,866                  | 218,566           | 266,672           | 2,300                          |
| Trade receivables   | 616,021                  | 550,208           | 503,676           | 65,813                         |
| Other assets  | 373,563                  | 354,114           | 367,342           | 19,449                         |
| Trade payables  | -610,322                 | -683,235          | -642,973          | 72,913                         |
| Provision for risks and charges   | -1,386,377               | -1,291,932        | -1,114,487        | -94,445                        |
| Other liabilities   | -1,060,524               | -991,649          | -985,799          | -68,875                        |
|   | <b>-1,846,773</b>        | <b>-1,843,928</b> | <b>-1,605,569</b> | <b>-2,845</b>                  |
| <b>C. INVESTED CAPITAL,<br/>after deducting current liabilities</b>   | <b>(A+B) 6,919,490</b>   | <b>6,996,938</b>  | <b>6,995,366</b>  | <b>-77,448</b>                 |
| <b>D. EMPLOYEES<br/>SEVERANCE INDEMNITIES</b>   | <b>220,112</b>           | <b>218,021</b>    | <b>288,526</b>    | <b>2,091</b>                   |
| <b>E. INVESTED CAPITAL, after deducting<br/>current liabilities and employees<br/>severance indemnities</b> | <b>(C-D) 6,699,378</b>   | <b>6,778,917</b>  | <b>6,706,840</b>  | <b>-79,539</b>                 |
| covered by:   |                          |                   |                   |                                |
| <b>F. SHAREHOLDERS' EQUITY</b>  |                          |                   |                   |                                |
| Share capital   | 1,183,083                | 1,183,083         | 1,183,000         |                                |
| Reserves and retained earnings  | 1,911,795                | 1,712,737         | 1,712,820         | 199,058                        |
| Net income (loss) of the period   | 285,970                  | 565,814           | 252,681           | -279,844                       |
|   | <b>3,380,848</b>         | <b>3,461,634</b>  | <b>3,148,501</b>  | <b>199,058</b>                 |
| <b>G. MEDIUM AND<br/>LONG-TERM DEBT</b>   | <b>2,053,531</b>         | <b>2,342,005</b>  | <b>2,595,599</b>  | <b>-288,474</b>                |
| <b>H. SHORT-TERM DEBT<br/>(CASH AND CASH EQUIVALENTS)</b>   |                          |                   |                   |                                |
| • short-term debt   | 1,302,625                | 1,005,218         | 1,012,362         | 297,407                        |
| • cash and cash equivalents<br>and current receivables  | -37,626                  | -29,940           | -49,622           | -7,686                         |
|   | <b>1,264,999</b>         | <b>975,278</b>    | <b>962,740</b>    | <b>289,721</b>                 |
|   | <b>(G+H) 3,318,530</b>   | <b>3,317,283</b>  | <b>3,558,339</b>  | <b>1,247</b>                   |
| <b>I. TOTAL AS IN "E"</b>   | <b>(F+G+H) 6,699,378</b> | <b>6,778,917</b>  | <b>6,706,840</b>  | <b>-79,539</b>                 |

**AUTOSTRADA S.p.A. - STATEMENT OF CASH FLOWS**

| (Millions of Lire)  | 1 <sup>st</sup> half 2000 | 1 <sup>st</sup> half 1999 | Year 1999        |
|---|---------------------------|---------------------------|------------------|
| <b>A. CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>       | -975,278                  | -753,897                  | -753,897         |
| (net short-term debt - opening balance)                     |                           |                           |                  |
|   | <b>-975,278</b>           | <b>-753,897</b>           | <b>-753,897</b>  |
| <b>B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>        |                           |                           |                  |
| Net income (loss) for the period                            | 285,970                   | 252,681                   | 565,814          |
| Amortization and depreciation                               | 177,281                   | 171,889                   | 359,005          |
| (Gains) Losses on disposal of fixed assets                  |                           | -503                      | 146              |
| (Revaluation) Write-downs of fixed assets                   | 44,661                    | -3,033                    | -4,606           |
| Change in working capital                                   | 2,845                     | 170,908                   | 409,267          |
| Net change in provision for employees severance indemnities | 2,091                     | 2,554                     | -67,951          |
|   | <b>512,848</b>            | <b>594,496</b>            | <b>1,261,675</b> |
| <b>C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>        |                           |                           |                  |
| Investments in fixed assets:                                |                           |                           |                  |
| • intangible  | -10,106                   | -5,876                    | -73,158          |
| • tangible  | -138,033                  | -151,303                  | -437,154         |
| • long-term investment                                      | -1,947                    | -10,199                   | -188,511         |
| Proceeds from disposal or redemption value, of fixed assets | 2,747                     | 2,427                     | 103,367          |
|   | <b>-147,339</b>           | <b>-164,951</b>           | <b>-595,456</b>  |
| <b>D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES</b>        |                           |                           |                  |
| New loans   |                           |                           | 67,769           |
| Transfer from Shareholders                                  |                           |                           |                  |
| Capital grants  |                           | 968                       | 5,350            |
| Repayments of loans   | -288,474                  | -367,266                  | -688,629         |
| Share buy-backs   |                           |                           |                  |
|   | <b>-288,474</b>           | <b>-366,298</b>           | <b>-615,510</b>  |
| <b>E. DIVIDENDS PAID</b>                                    | <b>-366,756</b>           | <b>-272,090</b>           | <b>-272,090</b>  |
| <b>F. CASH INCREASE (DECREASE) FOR THE PERIOD (B+C+D+E)</b> | <b>-289,721</b>           | <b>-208,843</b>           | <b>-221,381</b>  |
| <b>G. CASH AND CASH EQUIVALENTS - CLOSING BALANCE (A+F)</b> | <b>-1,264,999</b>         | <b>-962,740</b>           | <b>-975,278</b>  |
| (net short-term debt - closing balance)                     |                           |                           |                  |





Arthur Andersen SpA

Via Campania 47  
00187 Roma

**Report on the Independent Auditors  
on the Review of the Six – Month Report**

To the Shareholders of  
Autostrade – Concessioni e Costruzioni Autostrade S.p.A.:

1. We have performed a review of the consolidated accounting schedules and the related explanatory notes included in the six-month report as of June 30, 2000 of Autostrade – Concessioni e Costruzioni Autostrade S.p.A. We have also checked the part of the Report related to the information on operations with the sole purpose of verifying the consistency thereof with the rest of the six - month report.
2. Our review was made in accordance with the criteria for reviews recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“CONSOB”) under Resolution No. 10867 of July 31, 1997. The review of the six-month data of certain subsidiaries, the total assets and revenues of which represent approximately 20% and 6%, respectively, of the consolidated amounts, has been performed by other auditing firm, whose reports have been furnished to us. Our review consisted principally of obtaining the information regarding the items reported in the accounting schedules and the consistency of the valuation criteria through discussion with company management and of applying analytical procedures to the data contained in the accounting schedules. Our review did not include those audit procedures such as compliance tests and substantive tests of assets and liabilities and was significantly less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, unlike the auditors’ report accompanying the annual consolidated financial statements, we do not express an opinion on the six - month report.
3. With regard to comparative information related to the annual consolidated financial statements and to the prior year six - month report audited by other auditing firm, reference should be made to their reports issued respectively on March, 31, 2000 and on October 8, 1999.
4. Based on our review we are not aware of any material modifications or additions that should be made to the consolidated accounting schedules and related explanatory notes identified in paragraph 1. of this report, for them to be in conformity with the reporting standard set out by the CONSOB regulation related to six – month report as approved by Resolution No. 11971 of May 14, 1999, and subsequent amendments.

5. We draw your attention to the following information, which is more fully described in the six - month report:
- a. the accumulated financial and industrial depreciation and the provisions for restoration or replacement of assets to be relinquished, taken as a whole, even considering the obligations incurred, are considered adequate to cover the charges related to the relinquishment, the replacement and the restoration of the assets to be relinquished.
  - b. The criteria adopted for the accrual and utilization of the provision for costs of repair or replacement of assets to be relinquished.

Rome, Italy,  
October 6, 2000

**Arthur Andersen SpA**

  
Gianandrea Faccini - Partner

