

“ANNEX” to the Management Report

REPORT
ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
pursuant to Art. 123-bis of the Consolidated Law on Finance

(“Traditional” administration and control model)

AUTOSTRADA TORINO-MILANO S.p.A. (“ASTM”)

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GLOSSARY

Code/Code of Conduct: the Code of Conduct of listed companies, as approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A..

Civ. cod./c.c.: the Italian Civil Code.

Board: the Issuer's Board of Directors.

Issuer/ASTM: the issuer of securities referred to in this Report.

Financial Year/year: the financial year referred to in this Report.

Consob Regulation on Issuers: the Regulation issued by Consob by Resolution no. 11971 of 1999 (and subsequent amendments) concerning issuers.

Consob Market Regulation: the Regulation issued by Consob by Resolution no. 16191 of 2007 (and subsequent amendments) concerning markets.

Report: the report on corporate governance and ownership structure that the companies have to prepare pursuant to Article 123-bis of the Consolidated Law on Finance.

Consolidated Law on Finance: the Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance).

1. ISSUER'S PROFILE

The Issuer was incorporated on 28 November 1928, with the aim of building a motorway between Turin and Milan. On 30 November 1929, the Ministerial Agreement for its construction and operation was finally signed.

The motorway was opened on 25 October 1932, after 30 months of work.

The Issuer - that was admitted to listing on the Turin Stock Exchange as from 19 June 1969 - was subsequently listed also on the Milan Stock Exchange as from 25 February 1970.

Following its incorporation, the Company significantly expanded its managed network.

In February 2002 - following the split of ASTM - the company SIAS (Società Iniziative Autostradali e Servizi S.p.A.) was incorporated and listed on the Stock Exchange; the equity investments held in motorway companies refer to SIAS.

As from 1 January 2004, the Issuer transferred to SATAP S.p.A. - in which it held 99.50% of the share capital - the business unit concerning assets, liabilities and legal relations that were directly carried out until that moment within the motorway sector under concession, as well as the licence for the Turin-Milan motorway section.

Afterwards, as a consequence of the corporate reorganisation that was completed in July 2007 – and thanks to which ASTM could increase the equity investment in SIAS, thus achieving 61.705% of the share capital – the equity investments held in the motorway companies' sector – including SATAP S.p.A. – were concentrated within the SIAS Group.

Therefore, at present (and given its new structure) ASTM mainly operates:

- i)* in the motorway sector through the subsidiaries Società Autostrada Torino-Alessandria-Piacenza S.p.A., Autostrada Ligure Toscana S.p.A., Autocamionale della Cisa S.p.A., Società Autostrade Valdostane S.p.A., Autostrada dei Fiori S.p.A., Autostrada Asti-Cuneo S.p.A., Autostrada Torino-Ivrea-Valle d'Aosta S.p.A., which manage approximately 1,053 km of the Italian motorway network. The associated companies Autostrade Sud America s.r.l., Società Italiana per il Traforo Autostradale del Frejus S.p.A., Società Italiana per il Traforo del Gran San Bernardo S.p.A. and Road Link Holding Ltd. manage 358 km of the motorway network in Italy and abroad;
- ii)* in the technology sector, through the subsidiaries SINELEC S.p.A. and Euroimpianti Electronic S.p.A.;
- iii)* in the construction sector (maintenance and enhancement activities of the motorway infrastructure, mainly on behalf of Group licensees), through the subsidiary ABC Costruzioni S.p.A.;
- iv)* in the engineering sector (study, planning and works management for railway and motorway works) through the subsidiaries Sina S.p.A., Sineco S.p.A., Ativa Engineering S.p.A., Cisa Engineering S.p.A..

As prescribed by the “traditional” administration and control model, the Issuer is managed by a Board of Directors and supervised by a Board of Statutory Auditors. These boards have the powers and functions set out by the Italian Civil Code, special laws and the Articles of Association.

The Shareholders' Meeting represents the entirety of the shareholders and takes decisions - on an ordinary and extraordinary basis - on the issues that fall under its responsibilities in compliance with the law.

In November 2010 – upon proposal of the Board of Directors – the Extraordinary Shareholders’ Meeting approved a new version of the Articles of Association, in order to implement the amendments introduced by Legislative Decree no. 27 dated 27 January 2010 concerning the exercise of some rights of listed companies’ shareholders. As shown in the Directors’ Report (which is available on the corporate website, under section “corporate governance”), the amendments mainly meet the need to align with legislative provisions which govern i) the legitimation to intervene during the Meeting, ii) the terms and methods to convene the Meeting; iii) the representation at the Meeting and voting proxies; iv) the re-introduction of the term of 180 days as from the closure of the financial year in order to convene the Annual Meeting; and v) the terms to submit lists for the appointment of corporate offices.

Further amendments – yet not related to the above-mentioned Legislative Decree – involve i) a more precise specification of the systems that can be used to attend the meetings of the Board of Directors at distance; and ii) the assignment to the Board of Directors – in compliance with the provisions set out in Article 2365, paragraph 2 of the Italian Civil Code – of the power to make changes to the Articles of Association in order to comply with any legal requirements in force.

Please refer to the following sections contained in this report for further details on operation, composition and powers of the above-mentioned corporate bodies.

This Report aims at providing description of the corporate governance system and of compliance with the Code, by showing the recommendations that were implemented and those that were considered inapplicable, since they did not comply with the current management and organisational model.

This Report - that was prepared according to the “*Guidelines for drawing up the annual corporate governance report*” (issued by Borsa Italiana in February 2003) and the “*Guide to the compilation of the corporate governance report*” (issued by Assonime and Emittenti Titoli S.p.A. in February 2004) - takes into account the explanatory criteria and methods contained in the “*experimental format*” prepared by Borsa Italiana in February 2008 and subsequently updated in February 2010.

2. INFORMATION ON OWNERSHIP STRUCTURE (pursuant to art. 123-bis, paragraph 1 of the Consolidated Law on Finance)

As at 15/03/2011

a) Share capital structure (pursuant to art. 123-bis, paragraph 1, letter a) of the Consolidated Law on Finance)

The share capital, amounting to EUR 44,000,000 consists of 88,000,000 ordinary shares with a par value of EUR 0.50 each, traded on the MTA, in the FTSE Italia Mid Cap Index.

Pursuant to articles 2359-bis and 2357-ter of the Italian Civil Code, the voting right has been suspended for 3,207,726 treasury shares held by the Company and 21,500 ASTM shares held, as at today’s date, by the subsidiary ATIVA S.p.A..

The Issuer meets the requirements set out in articles 36 and 37 of the Market Regulation concerning the trading of treasury shares on the Italian regulated market.

More specifically, the application requirements set out by the said art. 36 are not met, considering that the Issuer does not have foreign subsidiaries in its investment portfolio.

Similarly, the requirements set out in art. 37 are met, assuming that the Issuer i) which is subject to the management and coordination activities of Argo Finanziaria S.p.A., has sent to the Chamber of Commerce of Turin the notice required by art. 2497-bis of the Italian Civil Code, by the deadlines required by law; ii) has an independent negotiating ability with customers and suppliers; iii) does not have a centralised treasury service; iv) has 7 Directors who meet the independence requirements set out by the Code.

No other financial instruments were issued, which grant the right to subscribe newly-issued shares, nor share-based incentive plans were approved (stock option, stock grant, etc.) that imply increases in share capital (as well as scrip issues).

b) Restrictions on the transfer of securities (pursuant to art. 123-bis, paragraph 1, letter b) of the Consolidated Law on Finance)

There are no restrictions on the transfer of securities, such as limits to the holding of securities or the need to obtain approval by the Issuer or other securities' holders.

Pursuant to art. 6 of the Articles of Association, shares are registered if required by law; otherwise, if fully paid, these can be registered shares or bearer shares, at the choice and expense of the shareholder.

c) Significant equity investments in the share capital (pursuant to art. 123-bis, paragraph 1, letter c) of the Consolidated Law on Finance)

The Persons who hold - directly or indirectly and for more than 2% - the share capital subscribed that is represented by shares with voting rights, according to the records contained in the shareholders' register, as supplemented by the communications received pursuant to art. 120 of the Consolidated Law on Finance and by other available information, are included in the summary of Table 1 contained in the Appendix.

d) Securities granting special rights (pursuant to art. 123-bis, paragraph 1, letter d) of the Consolidated Law on Finance)

The Issuer did not issue securities granting special control rights.

e) Employee shareholding: procedure for the exercise of voting rights (pursuant to art. 123-bis, paragraph 1, letter e) of the Consolidated Law on Finance)

The Issuer did not approve any employee shareholding scheme with regard to its share capital.

f) Restrictions on voting right (pursuant to art. 123-bis, paragraph 1, letter f) of the Consolidated Law on Finance)

There is no restriction on voting right.

The Issuer has only issued ordinary shares and there are no shares with voting rights other than ordinary shares.

g) Agreements between shareholders (pursuant to art. 123-bis, paragraph 1, letter g) of the Consolidated Law on Finance)

No agreement was signed between shareholders, pursuant to art. 122 of the Consolidated Law on Finance.

h) Change of control clauses (pursuant to art. 123-bis, paragraph 1, letter h) of the Consolidated Law on Finance)

The Issuer and its subsidiaries have never signed agreements which become effective, are amended or terminated in case of a change in the control of the contracting company.

i) Powers to increase share capital and authorisations to purchase treasury shares (pursuant to art. 123-bis, paragraph 1, letter m) of the Consolidated Law on Finance)

No powers to increase share capital were granted to the Board, pursuant to art. 2443 of the Italian Civil Code.

The Ordinary Shareholders' Meeting held on 28 April 2010 approved to purchase and dispose of treasury shares.

This authorisation aims at providing Directors with a flexible management and strategic instrument in order to operate on the market, in compliance with current regulations, by supporting security liquidity and stabilising ASTM security price in presence of listing fluctuations that reflect an unusual performance of the security.

Purchase transactions – which are authorised for a period of 18 months as from the date of approval – may be carried out also in more stages, until the maximum number of 17,600,000 ordinary shares with a par value of EUR 0.5 each is achieved. In no case the par value of purchased shares shall be higher than one-fifth of the share capital, also taking into account the shares that should be acquired by subsidiaries (at present, the subsidiary ATIVA holds 21,500 ASTM shares).

The purchase price of each treasury share can neither be lower than the par value, nor higher than the reference price recorded by the security during the trading session of the day prior to the completion of each transaction, increased by 15%.

Purchase transactions – within the limits of distributable profit and available reserves, as resulting from the last duly approved financial statements – are carried out on regulated markets, pursuant to Art. 132, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 and Art. 144-bis, paragraph 1, letter b) of CONSOB Regulation adopted by resolution no. 11971 of 14 May 1999 and subsequent amendments. These transactions shall be carried out according to the operational methods set out in the markets' organisational and management regulations, which shall ensure equal treatment of Shareholders and do not allow the direct matching of purchase proposals with pre-arranged selling proposals.

With regard to the disposal of purchased shares, only the minimum price for third-party sale was defined, that shall not imply negative economic effects for the Company.

The disposal of shares can be carried out – in one or more stages and without time limits – also before completing all purchase transactions. The disposal shall be carried out according to the methods deemed most suitable in the interest of the Company, including – by way of example – disposal on and/or outside the stock exchange and/or on the block market, with an institutional placement.

In case of disposal of all or part of the purchased shares, the unavailable reserve that shall be created in compliance with Art. 2357-ter, paragraph 3 of the Italian Civil Code will be proportionally reduced.

It is not expected that the said purchase of treasury shares is instrumental to a share capital reduction.

I) Management and coordination activities (pursuant to art. 2497 et seq. of the Italian Civil Code)

The Issuer is subject to the management and coordination activities of ARGO FINANZIARIA S.p.A..

It is specified that:

- the information required by Art. 123-bis, paragraph 1, letter i) (“*the agreements between the company and the directors [...] providing for indemnities in case of resignation or removal without just cause or termination following a take over bid*”) is detailed in the report section concerning Directors’ remuneration (Section 9);
- the information required by Art. 123-bis, paragraph 1, letter l) (“*the rules for the appointment and replacement of directors [...], as well as for the amendment of the Articles of Association, if different from the supplementary legal and regulatory rules*”) is detailed in the report section concerning the Board of Directors (Section 4.1).

3. COMPLIANCE (pursuant to art. 123-bis, paragraph 2, letter a) of the Consolidated Law on Finance)

The Issuer’s corporate governance model has always been substantially in line with the Code of Conduct of listed companies, which was issued in 1999 and subsequently updated in July 2002.

On 14 March 2006, the Corporate Governance Committee – in the light of both the evolution in the national and international best practice and the change in the regulatory framework concerning corporate law and protection of savings – issued an updated version of the Code (available on Borsa Italiana’s website: www.borsaitaliana.it), by reviewing the governance principles that should be adopted by listed Issuers by the end of FY 2006.

In December 2006, the Issuer’s Board approved to bring its own corporate model in line with the provisions of the new Code according to a gradual and flexible process that took into account both the structure of the ASTM Group following the corporate reorganisation project completed in July 2007 and the management and organisational models of each single business structure of investee Companies. As described in detail below, the said adjustment process was carried out in 2007 and in January 2008.

The Issuer’s governance model takes into account the company size, the ownership structure, as well as the sector.

The Issuer and its subsidiaries with strategic importance are not subject to foreign law provisions that affect the Issuer’s corporate governance structure.

4. BOARD OF DIRECTORS

4.1. APPOINTMENT AND REPLACEMENT (pursuant to art. 123-bis, paragraph 1, letter l) of the Consolidated Law on Finance)

Pursuant to art. 16 of the Articles of Association, the Issuer is managed by a Board composed of a number of members ranging between seven and fifteen, according to the decision taken by the Shareholders' Meeting, and of a number of independent directors as required by law.

The whole Board of Directors is appointed on the basis of the lists submitted by the Shareholders; the candidates – who are listed by a sequence number – have to comply with the requirements of integrity provided for by applicable law.

Lists can be submitted by the Shareholders who - alone or together with others - hold shares representing the shareholding in the share capital, as set out by law. The legal title to the above-mentioned shareholding shall be proved according to the methods and within the time limits set out by law.

Each Shareholder can draw up or submit only one list; each person entitled to vote may vote only one list. The lists – which include i) information concerning personal and professional details of the candidates; ii) the written acceptance of the candidature and the declaration that the candidate does not belong to other lists; as well as iii) any other document provided for by applicable law – shall be filed with the Registered office according to the terms set out by legal and regulatory provisions, which are stated in the notice of call of the meeting.

The list that does not comply with the above-mentioned provisions shall be considered as “not submitted”.

After having been filed, the lists are also published on the Issuer's website, under section “corporate governance”, as well as on Borsa Italiana's website.

The procedure for the appointment of the Board's members is described below:

- a) four-fifths of the Directors to be appointed are chosen from the list that obtains the majority of votes expressed by the persons entitled to vote, in the order in which they are listed, rounding off in case of fractional number;
- b) the remaining Directors are chosen from other lists; to this purpose, the votes obtained by the lists are subsequently divided by one, two and three, according to the number of Directors who shall be elected. The ratios obtained are progressively assigned to the candidates of each list, according to their related order. The ratios assigned to the candidates of the lists are listed in a single ranking and those with the highest ratios are elected.

If more candidates obtain the same ratio, the one belonging to the list with no Directors - or with the smallest number of Directors - appointed, shall be elected. In the event of a tie in list votes - and therefore in ratios - the Meeting shall vote again and the candidate who obtains the simple majority of votes is elected.

If, for any reason, the appointment of one or more Directors may not be carried out according to the above-mentioned rules, law provisions on the subject shall apply.

If, during the year, one or more Directors resign from office, law provisions shall apply.

If, in case of resignation or other reasons, the majority of Directors appointed by the Meeting fails, the whole Board shall resign and its termination shall be effective from the moment when the Board of Directors will be re-established, following the appointments made by the Meeting that shall be convened as soon as possible.

The Directors are in office for the time agreed by the Meeting (in any case, not more than three years) and can be re-appointed; the persons appointed during this period shall fall from office together with those members who were already in office upon their appointment.

4.2. MEMBERS (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)

The Board in office until 28 April 2010 was appointed by the Ordinary Shareholders' Meeting on 10 May 2007 for the financial years 2007-2008-2009 (i.e. until the approval of the financial statements as at 31 December 2009), according to the 3 filed lists:

- list no. 1 (representing the minority) submitted by Assicurazioni Generali S.p.A., holding 5.011% of the share capital, which includes 3 candidates (Vittorio Rispoli, Ernesto Maria Cattaneo, Vincenzo Macchia);
- list no. 2 (representing the majority) submitted by Argo Finanziaria S.p.A., holding 50.52% of the share capital, which includes 10 candidates (Riccardo Formica, Daniela Gavio, Enrico Arona, Alberto Sacchi, Agostino Spoglianti, Alvaro Spizzica, Giovanni Angioni, Cesare Ferrero, Nanni Fabris, Giuseppe Garofano);
- list no. 3 (representing the minority) submitted by Fondazione Cassa di Risparmio di Torino, holding 2.72% of the share capital, which includes 3 candidates (Maurizio Tosi, Paolo Bonino, Alfredo Cammara).

According to the provision contained in the Articles of Association in force in 2007, the shareholding in the share capital required in order to submit lists was equal to 2%, since the current regulation – according to which the identification of the said thresholds is devolved to Consob's authority – was not yet in force.

Given that, prior to voting, the Shareholders' Meeting set out that the members of the Management Body to be elected should have been 13, and based on the calculation method set out in article 16 of the Articles of Association (which is described in the previous paragraph), the following candidates were elected as Directors: Riccardo Formica (appointed as Chairman during the meeting), Daniela Gavio, Enrico Arona, Alberto Sacchi, Agostino Spoglianti, Alvaro Spizzica, Giovanni Angioni, Cesare Ferrero, Nanni Fabris, Giuseppe Garofano (i.e. all 10 candidates of the list submitted by Argo Finanziaria S.p.A.), Vittorio Rispoli and Ernesto Maria Cattaneo (i.e. the first two candidates of the list submitted by Assicurazioni Generali S.p.A.), Maurizio Tosi (i.e. the first candidate of the list submitted by Fondazione Cassa di Risparmio di Torino).

With regard to voting, out of a total of 53,417,871 shares present at the meeting (equal to 60.702% of the share capital), the list of Argo Finanziaria was voted by 46,584,524 shares, the list of Assicurazioni

Generali was voted by 4,439,276 and the list of Fondazione Cassa di Risparmio di Torino was voted by 2,394,071 shares.

For each voting, the list with the names of the Shareholders and their votes is included in the meeting's minutes of 10 May 2007, that have been published on the website under section "corporate governance".

During the meeting held after the Shareholders' Meeting, the Board appointed Daniela Gavio as Vice-Chairman and Alberto Sacchi as Managing Director, by granting them any related management power.

Afterwards, with letter dated 15 May 2007, the Director Maurizio Tosi resigned from his office, due to new professional commitments.

On 22 May 2007, the Issuer received a letter with which Mr. Paolo Bonino (second candidate in the minority list submitted by Fondazione Cassa di Risparmio di Torino) waived his office as Issuer's Director. Pursuant to Art. 2386 of the Italian Civil Code, and by means of a resolution approved by the Board of Statutory Auditors, the Board – which met on the same day – appointed Mr. Alfredo Cammara as co-opting Director (third candidate in the above-mentioned list), who was subsequently re-appointed by the Shareholders' Meeting held on 27 June 2007.

The Directors G. Angioni, A. Cammara, E. M. Cattaneo, N. Fabris, C. Ferrero, G. Garofano and V. Rispoli are independent, pursuant to application criterion 3.C.1. of the Code.

The Directors A. Cammara, E. M. Cattaneo, C. Ferrero, G. Garofano and V. Rispoli confirmed compliance with the independence requirements set out in art. 148, paragraph 3 of the Consolidated Law on Finance.

Table 2.1 in the appendix includes a summary of the information concerning the members of the said Board and any related Committee.

The Board in office was appointed by the Ordinary Shareholders' Meeting on 28 April 2010 for the financial years 2010-2011-2012 (i.e. until the approval of the financial statements as at 31 December 2012), according to the 3 filed lists:

- list no. 1 (representing the minority) submitted by Assicurazioni Generali S.p.A., holding 4.992% of the share capital, which includes 3 candidates (Sergio Duca, Matteo Rocco, Vittorio Fini);
- list no. 2 (representing the majority) submitted by Argo Finanziaria S.p.A., holding 50.579% of the share capital, which includes 12 candidates (Riccardo Formica, Daniela Gavio, Enrico Arona, Nanni Fabris, Cesare Ferrero, Giuseppe Garofano, Marcello Gavio, Alberto Sacchi, Alvaro Spizzica, Agostino Spoglianti, Luigi Roth, Stefano Viviano);
- list no. 3 (representing the minority) submitted by Fondazione Cassa di Risparmio di Torino, holding 2.59% of the share capital, which includes 1 candidate (Alfredo Cammara).

As compared to the previous round, Ernesto Maria Cattaneo and Vittorio Rispoli (in the list submitted by ASSICURAZIONI GENERALI) and Giovanni Angioni (in the list submitted by ARGO FINANZIARIA) have not been proposed as candidates.

The minimum shareholding in the share capital required in order to submit lists was set out by Consob by means of Resolution no. 17148 of 27 January 2010, and is equal to 2.5%.

Upon presentation, both minority lists also included the statement certifying that no relations existed

with reference shareholders, as set out by the regulatory and legal provisions in force.

Given that, prior to voting, the Shareholders' Meeting set out that the members of the Management Body to be elected should have been 15, and based on the calculation method set out in article 16 of the Articles of Association, the following candidates were elected as Directors: Riccardo Formica (appointed as Chairman during the meeting), Daniela Gavio, Enrico Arona, Nanni Fabris, Cesare Ferrero, Giuseppe Garofano, Marcello Gavio, Alberto Sacchi, Alvaro Spizzica, Agostino Spoglianti, Luigi Roth, Stefano Viviano (i.e. all 12 candidates of the list submitted by Argo Finanziaria S.p.A.), Sergio Duca and Matteo Rocco (i.e. the first two candidates of the list submitted by Assicurazioni Generali S.p.A.), Alfredo Cammara (i.e. the only candidate of the list submitted by Fondazione Cassa di Risparmio di Torino).

With regard to voting, out of a total of 54,296,719 shares present at the meeting (equal to 61.70% of the share capital), the list of Argo Finanziaria was voted by 46,479,798 shares, the list of Assicurazioni Generali was voted by 4,393,276 and the list of Fondazione Cassa di Risparmio di Torino was voted by 2,277,562 shares.

1,146,083 shares voted against and abstained with regard to the three lists.

For each voting, the list with the names of the Shareholders and their votes is included in the meeting's minutes of 28 April 2010, that have been published on the website under section "corporate governance".

The Directors A. Cammara, S. Duca, N. Fabris, C. Ferrero, G. Garofano, M. Rocco and L. Roth are independent, pursuant to application criterion 3.C.1. of the Code.

During the meeting held on 13 May 2010, the Board – having heard the opinion of the Board of Statutory Auditors – acknowledged that all Directors comply with the said requirements, including Mr. C. Ferrero, although he has been in office for more than nine years.

The Directors A. Cammara, S. Duca, C. Ferrero, G. Garofano, M. Rocco and L. Roth stated to be independent, pursuant to article 148, paragraph 3 of the Consolidated Law on Finance.

During the same Board's meeting, two Vice-Chairmen were appointed (D. Gavio and M. Gavio), as well as a Managing Director (E. Arona) and any related management power was granted to them.

As can be inferred from the short bibliographical notes detailed below, the Directors have adequate professional experience - with regard to legal, technical, economic and financial subjects - as well as specific skills through which they actively participate and contribute to the works and decisions of the Board:

Riccardo Formica: (born in Cesana Torinese – TO – on 18/09/1931) - He obtained a degree in Law at the University of Turin. Since 1981, he is Chairman of Autostrada Torino-Milano S.p.A. and plays a major role within the Gavio Group, where he is Director of some Companies. Moreover, he holds top-level positions in national and international Associations operating in the Road, Infrastructure and Transport sectors.

Daniela Gavio: (born in Alessandria on 16/02/1958) - She obtained a degree in Medicine at the University of Genoa. She acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to the motorway concession, logistics and road transport sectors.

Marcello Gavio: (born in Alessandria on 08/10/1967) - After obtaining a diploma as Surveyor at the Istituto Tecnico per Geometri in Tortona, he acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to motorway companies, building, general constructions, logistics and transport sectors.

Alberto Sacchi: (born in Tortona - AL - on 14/03/1960) - He obtained a degree in Economics and Business at the University of Pavia and acquired expertise in corporate management matters mainly within the Gavio Group - where he works since 1984 - with increasing responsibilities in the strategic planning and corporate sectors.

Enrico Arona: (born in Tortona - AL - on 23/01/1944) - After obtaining a diploma in Accountancy, he mainly worked within the Gavio Group, where he follows and coordinates financial activities.

Alfredo Cammara: (born in Villa San Giovanni - RC - on 19/09/1948) – He obtained a degree in Architecture at the Politecnico of Turin. He is enrolled in the Register of Architects of Turin; he is Professor at International Academy of Architecture and member of the “Société Européenne de Culture”. He took part in several art and cultural projects and initiatives, at both national and international level.

Sergio Duca: (born in Milan on 29/03/1947) – He obtained a degree in Economics and Business at the Bocconi University of Milan. He is enrolled in the Register of Chartered Accountants and in the Register of Auditors and he is a technical adviser at the Court. He has extensive knowledge of big Italian Groups (also N.Y.S.E.-listed) and he has held the office of Chairman of PricewaterhouseCoopers S.p.A. for more than ten years. Currently, he is a member of the boards of directors and statutory auditors of major companies (some of which are listed).

Matteo Rocco: (born in Mercato San Severino – SA – on 16/09/1955) – He obtained a degree in Social Sciences (specialising in history and economics) at the University of Urbino. He is enrolled in the Register of Auditors and has extensive knowledge in the management of equity investments, thanks to top-management positions at major banks.

Luigi Roth: (born in Milan on 1/11/1940) – He obtained a degree in Economics and Business at the Bocconi University of Milan. He is enrolled in the Register of Auditors and gained experience in corporate management thanks to top-management positions at major companies (mainly in the transport sector). He is a columnist for several newspapers and operates in the social sector, acting as Director in several charitable foundations.

Nanni Fabris: (born in Milan on 27/05/1938) - He obtained a degree in Economics and Business at the Bocconi University of Milan. He acquired expertise in corporate management (civil engineering and constructions) and in the financial sector.

Cesare Ferrero: (born in Turin on 02/11/1936) - He obtained a degree in Economics and Business at the University of Turin. He is enrolled in the Register of Chartered Accountants and in the Register of Auditors and he is technical adviser at the Court of Turin. He is a chartered accountant, focusing in particular on corporate, contractual and reporting matters. Moreover, he is Director/Auditor of major companies.

Giuseppe Garofano: (born in Nereto - TE - on 25/01/1944) - He obtained a degree in Chemical Engineering at the Politecnico of Milan, as well as a S.D.A. diploma in Business Economics at the Bocconi

University of Milan (Business Administration master). He has a broad professional experience and holds top-level positions in chemical, banking and financial companies.

Alvaro Spizzica: (born in Castiglione del Lago - PG - on 12/05/1943) – He carries out consulting activities for the development of logistics matters within the Gavio Group and holds important positions in transport and intermodal traffic companies.

Agostino Spoglianti: (born in Milan on 27/11/1941) - He obtained a degree in Electrotechnical Engineering (Plants) at the Politecnico of Milan. He is enrolled in the Register of Engineers of Milan. He has been collaborating for many years with the Gavio Group, where he follows the technical coordination of Group's activities in the motorway sector. Moreover, during the years he has constantly followed the complex development of the issues related to the stipulation/renewal of agreements.

Stefano Viviano: (born in Genoa on 21/06/1976) – He obtained a degree in Business Economics (specialising in Finance). He has been working for the Gavio Group since 2005, where he acquired experience especially in the field of Group finance.

The *curricula* of the members of the Board are available on the Issuer's website (under section "corporate governance").

Maximum number of offices held in other companies

During the meeting held on 29 January 2008, and pursuant to the application criterion 1.C.3. of the Code, the Board adopted the procedure aimed at identifying the maximum number of offices as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises. This procedure – available on the website under section "corporate governance" – takes into consideration the level of commitment implied in each position, also with regard to the nature and size of the companies in which offices are held, as well as whether or not these belong to the Issuer's Group.

With reference to the above-mentioned aspects, the definition of large enterprises is provided below:

- a. Italian companies with shares listed on Italian regulated markets or on markets of other European Union countries;
- b. banks, financial brokers pursuant to art. 107 of Legislative Decree no. 385 of 1 September 1993, securities companies (SIM) pursuant to art. 1, paragraph 1, letter e) of the Consolidation Act, investment companies with variable capital (SICAV) pursuant to art. 1, paragraph 1, letter i) of the Consolidation Act, asset-management companies pursuant to art. 1, paragraph 1, letter o) of the Consolidation Act, insurance companies pursuant to art. 1, paragraph 1, letters s), t) and u) of Legislative Decree no. 209 of 7 September 2005, incorporated as companies pursuant to Book V, Title V, Chapters V, VI, and VII of the Italian Civil Code, with shares that are not listed on Italian regulated markets or on markets of other European Union countries;
- c. companies pursuant to Book V, Title V, Chapters V, VI and VII of the Italian Civil Code which - individually or at group level in case they draw up the consolidated financial statements - show i) revenue from sales and services higher than EUR 500 million; and ii) balance sheet assets higher than

EUR 800 million, with shares that are not listed on Italian regulated markets or on markets of other European Union countries.

Having taken into account the commitment implied in each single position, the following maximum limits on administration or control offices that can be held in other large enterprises were defined:

1. Executive Directors with management powers: 4
2. Executive Directors without management powers: 6
3. Non-executive directors: 8

With regard to the calculation of offices:

- those positions held in companies directly and/or indirectly controlled by the Issuer, as well as in its Parents are not taken into account;
- substitute auditor offices are not taken into account;
- in case of offices held in large enterprises belonging to the same group, the “weight” given to each of the offices - except for the first one - is reduced by half and, in any case, the fact of holding several positions within the same group shall not imply a total “weight” higher than 2.

However, the Board is allowed to grant derogations (including temporary ones) with regard to the exceeding of the above-mentioned limits.

The list attached to Table 2.2 in the appendix – that includes a summary of the Boards’ data – shows the offices held by some Directors, in view of the above-mentioned parameters and criteria.

4.3. ROLE OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)

The Board – in office until 28 April 2010 – held 2 meetings that were attended on average by 96.15% of the members and by 92.86% of the independent Directors.

As from the said date, the Board in office held 5 meetings that were attended on average by 96% of the members and by 91.43% of the independent Directors.

The average duration of each meeting was approximately 1 hour.

With regard to FY 2011 - as detailed in the annual schedule of corporate events sent to Borsa Italiana S.p.A. in January 2011 - at least 4 meetings have been forecasted to approve the financial statements, the first and third intermediate management reports, as well as the half-yearly financial report.

Since the beginning of FY 2011, two meetings have already been held, one of which was not included in the above-mentioned schedule.

In compliance with confidentiality principles, in order to allow the Directors to adequately express their opinions, as well as to carry out all necessary assessments and analyses, they are provided – well in advance of each single meeting – with all documents and information on the subjects that shall be approved.

The General Manager takes part in the Board’s meetings and – based on his expertise and knowledge – he contributes to the discussion and examination of the issues that shall be approved. Upon approval of the annual and interim accounting documents, the General Manager also participates as manager in charge of drawing up the corporate accounting documents.

Powers and authorities of the Board

Pursuant to art. 21 of the Articles of Association, the Board is endowed with broad and unrestricted powers for the ordinary and extraordinary administration of the company and has the authority to carry out all actions (including acts of disposal) that it deems necessary to achieve the corporate purpose, with the sole exception of those which the law expressly reserves to the Shareholders' Meeting.

The Management Body is responsible for the examination and approval of strategic, industrial and financial plans of ASTM and its Group; having taken into account the information provided by the Chairman and the Managing Director - also with regard to the exercise of their management powers - the Management Body constantly assesses the general results of operations.

With reference to the specific powers set out by the Code, the Board monitors the adequacy of the organisational, administrative and accounting structure of the Issuer and the subsidiaries with strategic importance (only Sina S.p.A.). SIAS was not included (nor its subsidiaries), based on the provisions issued by Borsa Italiana S.p.A. and contained in the notes to the Code, where *"the principle of management autonomy is guaranteed if the subsidiary is also listed"*.

Moreover, in compliance with the application criterion 9.C.1. of the Code, the Board approved that the examination of the following significant transactions carried out by the Issuer or the subsidiaries and that have an impact on the strategic, economic and financial position and results, shall fall under its responsibilities:

- 1) the issuance of financial instruments, for a total value higher than EUR 10 million;
- 2) the granting of guarantees, for amounts higher than EUR 10 million;
- 3) merger and split-off transactions, where at least one of the involved companies is not a subsidiary of the ASTM Group;
- 4) acquisition or disposal of real estate whose value is equal or higher than EUR 5 million;
- 5) acquisition or disposal of equity investments (in one or more tranches), companies or business units, fixed assets and other assets, whose transaction value is equal or higher than EUR 30 million (for subsidiaries) or EUR 100 million (for ASTM);
- 6) any other transaction that, according to the competent Bodies of a subsidiary, has an impact on the strategic, economic and financial position and results of ASTM S.p.A..

With reference to the above-mentioned aspects - and for a correct implementation of the procedure within the ASTM Group - the Board immediately notified any relevant information.

As regards the decisions taken by the Board on the identification of significant transactions with related parties and implementing procedures, reference should be made to the specific information contained in paragraph 12 "Directors' interests and transactions with related parties".

Assessment on the size, composition and functioning of the Board

In February 2011, pursuant to criterion 1.C.1, letter g) of the Code, the Directors carried out for the third year the assessment of the size, composition and functioning of the Board.

The Directors - with specific reference to corporate operations and the objectives achieved in 2010 - underlined that they took part in corporate management activities and actively contributed to the works and decisions, as confirmed by their continued participation in the meetings.

With regard to the “industrial holding” activity carried out by the Issuer, they confirmed to have adequate professional experience - with regard to legal, technical, economic and financial subjects - through which they ensure all necessary skills and knowledge required to achieve the strategies and purposes of both ASTM and its Group.

The Board – that is constantly updated on the ordinary and extraordinary operations of the Company, on significant events, as well as on initiatives under assessment and those carried out by the Chairman and the Managing Director in the exercise of their management powers – was assisted by the Internal Audit Committee and the Remuneration Committee. Please refer to the following sections contained in this report for further details on their operation.

Having taken into account the economic performance, the Directors gave their favourable opinion on the functioning of the Board and its internal Committees, in line with the assessments for 2007, 2008 and 2009.

Non-competition clause pursuant to art. 2390 of the Italian Civil Code

The Meeting did not grant derogations with regard to the non-competition clause pursuant to art. 2390 of the Italian Civil Code.

4.4. DELEGATED BODIES

Chairman – Managing Director – Vice-Chairmans

As already mentioned above, in order to ensure maximum efficiency in corporate activities, by means of a Board’s resolution dated 13 May 2010, the Chairman and the Managing Director – based on their specific professionalism and the experience gained in the business sector of the Issuer – were granted the same management powers, which shall be exercised with separate signature:

1. carry out all actions included in the corporate purpose, subject to the limitations set out by law, Articles of Association and Code of Conduct, except for the following actions that shall be previously authorised by the Board of Directors:
 - sell, exchange and transfer real estate in incorporated companies or under incorporation;
 - transfer, sell, award and generally dispose of the equity investments held in subsidiaries, so as to reduce the investments below 50.1% of the share capital;
 - allow mortgage registrations, cancellations or annotations;
 - waive legal mortgages;
 - take out secured loans.

Moreover, the Chairman and the Managing Director have the power to appoint and revoke appointment of proxies and attorneys, as well as to promote and support legal actions on behalf of the Company – acting as both claimant or defendant – at any court (civil, penal or administrative) and at any level of jurisdiction.

During the same meeting, the same powers were also granted to the two Vice-Chairmen and shall be

exercised with separate signature and in case of absence or impediment of the Chairman. Up until today, during the appointment no circumstances occurred which led to the exercise of the said powers by the Vice-Chairmen.

In July 2010, the special power of attorney granted to Mr Enrico Arona (at that time holding the office of Director) in February 2008 – concerning the negotiation of financial instruments listed on Italian and/or foreign regulated markets, including those issued by the Issuer – was revoked, given that these powers are currently included in the management powers linked with the office of Managing Director.

General Management

In May 2005, the organisational structure of the Company was implemented with the appointment of a General Manager, Mr. Graziano Settime (Administrative and Financial Manager). Based on the powers granted to him in March 2006, he has to implement the resolutions of the Board of Directors and prepare organisational, financial, industrial and commercial plans of the Company, in compliance with the general guidelines of the Board, which shall be previously examined by the Chairman and/or the Managing Director.

He was also granted powers for the current and ordinary corporate management, with a forecasted cost limit: i) of EUR 100,000 to sign agreements for the purchase, supplies, services, awarding of works, moveable asset exchange transactions and sales, loans, securities; ii) of EUR 1,000,000 for the purchase, sale and subscription of credit instruments and equity investments in other companies; and iii) of EUR 10,000,000 for the subscription and termination of any kind of policies.

Executive Committee (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)

The current organisational and operating structure of the Issuer does not include the Executive Committee.

Information to the Board

In compliance with art. 24 of the Articles of Association, the Chairman and the Managing Director report to the Board of Directors and the Board of Statutory Auditors on the activities carried out in the exercise of their powers, as well as on the overall performance, the outlook and the most significant economic and financial transactions made by the Company or its subsidiaries, during the Board's meetings or directly, in due time and at least on a quarterly basis. In particular, they also report on the transactions in potential conflict of interest.

Moreover, the Board of Directors is notified of the purchase and disposal transactions of corporate equity investments.

4.5. OTHER EXECUTIVE DIRECTORS

In the light of the definition contained in the application criterion 2.C.1. of the Code, in addition to the Chairman and the Managing Director, also the Directors A. Sacchi (Managing Director of the parent company Argo Finanziaria S.p.A.), Marcello Gavio (Chairman of the parent company Aurelia S.p.A.) and Agostino Spoglianti (Chairman of Sina S.p.A., a subsidiary with strategic importance) are executive

directors.

As mentioned above and with regard to their roles, the Chairman and the Managing Director ensure that - in order to allow the Directors to increase their knowledge of corporate facts and dynamics - the Directors and Auditors are provided - well in advance of the meeting (except for those cases of explicit confidentiality, necessity and urgency) - with any document and information necessary to allow them to express on the subjects under assessment.

The Directors and Auditors are constantly and duly informed of the main legal and regulatory developments concerning the Issuer, the Group and corporate bodies.

Moreover, during each meeting the Chairman and the Managing Director report on the initiatives under review, as well as on the operations carried out in the exercise of their powers.

In order for the greatest number of Directors to participate in the corporate activities pursuant to art. 19 of the Articles of Association, it is possible to take part in the meetings by attending at distance, using conference call or videoconference systems that ensure promptness and efficiency of the flow of information.

4.6. INDEPENDENT DIRECTORS

As already mentioned above, 7 out of 15 members of the Board of Directors comply with the independence requirements set out by the Code.

Compliance with these requirements – that was stated upon presentation of the lists, together with the acceptance of the candidature – was subsequently assessed by the Board following the appointment and during the annual periodic assessments held in February 2011.

In the framework of its specific powers and authorities, the Board of Statutory Auditors favourably examined and verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

Independent Directors' Meeting

Pursuant to application criterion 3.C.6. of the Code, the meeting of the Independent Directors was held in November 2010. Following the assessment, they confirmed the favourable opinion – that had already been given for the previous financial years – with regard to the composition and operations of the whole Management Body.

In this context, they expressed their favourable opinion on the existing information flow that enable them to monitor corporate activities and the internal audit system of ASTM and its main subsidiaries, also thanks to the precious cooperation of the corporate management and the responsible staff.

This was possible also thanks to the timely and periodic update on the extraordinary and ordinary management of the Company, on significant events, as well as on the initiatives under assessment and those carried out by the Chairman and the Managing Director in the exercise of their management

powers. To this regard, reference was made to the importance of carrying out operations according to the usual prudence and careful assessment criteria that have been applied up until now.

Reference was also made to the precious contribution given by the Internal Audit Committee, the Remuneration Committee and the Supervisory Body, which have periodically reported on the results of their activities, in the framework of their powers and authorities.

It was acknowledged that corporate operations are carried out on the basis of transparency criteria, according to which the Directors indicate those situations in which they have an interest and express, at the same time, the will to refrain from the discussion and from any related decision. In particular, intragroup transactions have been carried out if requirements were met, pursuant to the “major economic and financial transactions” and “transactions with related parties” procedures adopted by the Company in compliance with the Code.

So to better comply with the transparency and efficiency criteria, the Independent Directors underlined the importance that the Issuer - in view of each single meeting - provides any information well in advance so as to acquire a better knowledge of the issues that shall be examined and approved.

During the year, the Independent Directors - by implementing the Board’s resolution of 4 August 2010 - supported the Managing Director in the finalisation/definition of the new “procedure for transactions with related parties”. This procedure was adopted on 26 November 2010 by the Issuer’s Board - having obtained their favourable opinion - in compliance with Consob regulations (see the following paragraph 12 “*Directors’ interests and transactions with related parties*”).

In order to carry out the said activities, the Independent Directors met two times.

4.7. LEAD INDEPENDENT DIRECTOR

The current organisational structure of the Board, with regard to the distribution and allocation of management powers, complies with the principles contained in the Code. For this reason, there is no need to appoint a lead independent director among independent directors.

5. HANDLING OF CORPORATE INFORMATION

The Chairman and the Managing Director, in cooperation with the General Manager and Administrative and Financial Manager (who is also investor relations’ supervisor), are in charge of the management of corporate information, with particular reference to price-sensitive information.

The external disclosure of documents and information on the Company and its subsidiaries is carried out - in agreement with the Chairman and the Managing Director - by the Board’s Secretariat and the Corporate Bodies’ Office with regard to communications to the relevant Authorities and the Shareholders and by the investor relations’ supervisor for press releases and information to institutional investors.

With the implementation of the “Organisational, management and control models pursuant to Legislative Decree no. 231/01”, the Board adopted the procedure for the “handling of confidential information”, whose disclosure is carried out by means of a network connection with Borsa Italiana S.p.A. (NIS - Network Information System) and whose access is protected by passwords which are only known to the Board’s Secretariat.

With regard to the hypothesis of “insider trading”, as from 1 April 2006 the Issuer and its subsidiaries created a register of individuals who have access to inside information, in accordance with the terms and conditions set out by Consob regulation.

The said register is managed according to a specific IT procedure prepared for that purpose.

With regard to the Internal Dealing procedure - with effect from the above-mentioned date - the internal audit supervisor is responsible for the receipt, management and diffusion on the market of those transactions - equal or higher than EUR 5,000 - carried out with regard to the Issuer’s security and the related financial instruments by “significant parties”, as identified by the current legal requirements.

In order to promptly comply with disclosure requirements, a document entitled “*Transactions carried out by significant parties and persons closely related to them*” was drawn up and given to significant parties. This document contains all legal and regulatory provisions that constitute the regulatory framework, as well as the terms and conditions for communications to Consob, Issuer and market.

In March 2010, the Issuer transmitted via the NIS system 1 internal dealing notice concerning the transaction that has been carried out with regard to the ASTM security by the Director A. Sacchi. The said notice has also been published on the website under section “financial information”.

6. BOARD OF DIRECTORS’ INTERNAL COMMITTEES (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)

Following renewal of the Management Body by the Ordinary Shareholders’ Meeting held on 28 April 2010, the Board – during the meeting held on 13 May 2010 – reappointed the Remuneration Committee and the Internal Audit Committee, which are composed of non-executive and independent directors, pursuant to the provisions contained in the Code.

The Board decided not to appoint the Appointment Committee, for the reasons described below.

7. APPOINTMENT COMMITTEE

In line with the assessments made in the past - and with reference to the Code in force - the Board did not deem it necessary to create an internal Appointment Committee, assuming that the appointment of Directors is carried out by means of list voting, in compliance with the terms and conditions set out in art. 16 of the Articles of Association, which are described in section “4.1 Appointment and replacement”.

8. REMUNERATION COMMITTEE

Composition and functioning (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)

Up until 28 April 2010, the Remuneration Committee was composed of the non-executive Directors G. Angioni, E. M. Cattaneo and A. Spizzica (the first two were independent directors).

The Committee is currently composed of the non-executive independent Directors N. Fabris, C. Ferrero, M. Rocco.

The Committee is convened by the Board’s Secretariat, that also transcribes the minutes of each single meeting.

Pursuant to the application criterion 7.C.4 of the Code, the Directors do not attend the Committee's meetings during which proposals are made to the Board with regard to their remuneration.

In 2010, the Committee held 1 meeting that was attended by all members, who analysed the remuneration of corporate offices following the reappointment of the management body. After the Directors in question left the room, the said proposals were approved by the Board, having obtained the favourable opinion of the Board of Statutory Auditors.

No meeting schedule has been prepared for 2011.

Functions

In compliance with the application criterion 7.C.3. of the Code, the Committee has to i) submit proposals to the Board concerning the remuneration of the Chairman, the Vice-Chairman, the Managing Directors and other directors holding specific offices, by monitoring compliance with the decisions taken by the board; ii) periodically assess the criteria adopted for the remuneration of key management personnel, by monitoring compliance on the basis of the information provided by the Managing Directors; iii) draw up general recommendations on the subject for the Board.

In order to carry out its activities, the Committee - that, to date, has decided not to make use of the advice of external consultants - has access to corporate information and functions, as considered necessary.

The Remuneration Committee does not have a specific spending budget to fulfil its tasks.

9. DIRECTORS' REMUNERATION

The Issuer does not provide for remuneration to executive directors and key management personnel linked to the economic results achieved and/or to the achievement of specific objectives, since its adoption is not envisaged by the current corporate policy.

No share-based incentive plans are envisaged for executive directors and key management personnel.

With reference to the above-mentioned reasons, neither remuneration linked to the economic results achieved by the Issuer, nor share-based incentive plans are expected for non-executive directors.

Directors' indemnity in case of resignation, dismissal or termination of the employment relationship following a take over bid (pursuant to art. 123-bis, paragraph 1, letter i) of the Consolidated Law on Finance)

The Issuer and the Directors did not sign agreements for indemnities in case of resignation, dismissal or termination of the employment following a take over bid.

The Shareholders' Meeting approves the annual fee payable to the members of the Board; this fee is valid also for the financial years following the one for which it was approved, until a new decision is taken by the meeting.

The considerations for those persons holding corporate offices are established by the Board upon proposal of the Committee and having consulted the Board of Statutory Auditors, pursuant to art. 2389 of the Italian Civil Code.

The members of the Board are entitled to reimbursement of the costs incurred to carry out their duties.

10. INTERNAL AUDIT COMMITTEE

Composition and functioning (pursuant to art. 123-bis, paragraph 2, letter d) of the Consolidated Law on Finance)

During the previous administrative appointment, the Internal Audit Committee, that was composed of the non-executive Directors E. M. Cattaneo, C. Ferrero, A. Spizzica (the first two being independent and having deep knowledge of accounting and financial issues) until 28/04/2010, held 2 meetings that were attended by all members.

The members of the current Committee are the non-executive independent Directors S. Duca, C. Ferrero, M. Rocco, who met 2 times in the period from 13/05/2010 to 31/12/2010.

The duration of the meetings was proportionate to the issues dealt with.

The Committee is convened - upon request of its members - by the Board's Secretariat, that also prepares the minutes of the meetings, which are also attended by the Chairman of the Board of Statutory Auditors.

During the meetings, the "internal audit supervisor" reports on his operations.

Having taken into account that the Committee reports to the Board on the results of its quarterly assessments (during the meetings held in order to approve the annual and interim accounting documents), at least 4 meetings have been planned for 2011 (the first one has already been held in March 2011), except for further meetings for any preliminary assessment of transactions with related parties.

Functions

As set out in the Code, the Committee does not only support the Board in carrying out its tasks concerning internal audit matters, but it also supervises the following functions, for which it has access to all necessary corporate information and functions:

- a) together with the manager in charge of drawing up the corporate accounting documents and the auditors, it assesses the correct use of accounting policies and, in case of groups, their uniformity with regard to the preparation of the consolidated financial statements;
- b) on request of the appointed executive director, if any, it expresses opinions on specific aspects concerning the identification of the main corporate risks, as well as the planning, realisation and management of the internal audit committee;
- c) it assesses the action plan prepared by the internal audit supervisors, as well as the periodic reports drawn up by them;
- d) it assesses the proposals made by the Independent Auditors for the audit assignment, as well as the audit plan and the results contained in the report and management letter, if any;
- e) it supervises the effectiveness of the audit process;
- f) it carries out the other tasks assigned by the board of directors.

More specifically, the Committee supports the Board in those activities aimed at periodically assessing the adequacy and the functioning of the internal audit system of the Issuer and the Group.

To this end, the Committee makes use – based on the related action plan – of the reports which are drawn up on a quarterly basis by ASTM and the subsidiaries, and contain the data and information concerning the most representative corporate areas and business segments.

This working method allows to monitor the main significant events of the period under review, the changes in the organisational structures and the sector legislation of each single company, the activities carried out by the independent auditors, the Boards of Statutory Auditors and the Supervisory Bodies. Particular attention is paid to the identification and management of corporate risks, with specific reference to financial and tax risks.

This activity is supported by the powers and authorities of the internal audit supervisor, as well as the results of the assessments made by the Independent Auditors.

In compliance with the procedure concerning transactions with related parties (effective as from 1 January 2011) and as it happened for the previous one that was adopted pursuant to the Code, the Committee has to support the Board's assessment and decision-making activities by analysing in advance any intragroup transaction, upon compliance with the requirements.

The Committee does not have a specific spending budget.

11. INTERNAL AUDIT SYSTEM

The Board of Directors is responsible for the internal audit system. Thanks to the support given by the Committee, it determines its policies and regularly assesses its suitability and effectiveness, ensuring that the main corporate risks are identified and managed in a suitable manner.

In order to monitor the achievement of the Group's strategies and purposes, the Boards of Directors of the investee companies alternatively include the Chairman, the Managing Director and some Issuer's Directors who are expert in specific sectors.

Moreover, the "internal audit supervisor" and the "manager in charge of drawing up the corporate accounting documents", as well as the implementation of the "Project 231" and the "Control model 262" aim at safeguarding the principles of proper and efficient management. Please refer to the following sections contained in this report for further details on these functions and projects.

With reference to the above-mentioned aspects and as part of the assessment made in February 2011, the Board believes that the internal audit system of both the company and the Group is structured and organised so to ensure effectiveness of corporate transactions, reliability of financial information, compliance with current law and safeguard of corporate assets.

With specific regard to the main features of the existing risk management and internal audit systems concerning the (consolidated) financial reporting process, if applicable, reference is made to Annex 1.

11.1. EXECUTIVE DIRECTOR RESPONSIBLE FOR THE INTERNAL AUDIT SYSTEM

On 13 May 2010, the Board – having obtained the favourable opinion of the Internal Audit Committee – approved to entrust the Managing Director E. Arona with the task of monitoring the functions of the internal audit system, based on his specific professional skills acquired in the financial sector. During the previous administrative appointment, this task had been carried out by A. Sacchi, according to the resolution of 29 January 2008.

As regards the tasks to be carried out, in compliance with the guidelines given by the Board, the Managing Director carries out monitoring activities with regard to the identification of corporate risks, taking into account the operating and organisational conditions of both the Issuer and the Group, as well as the legislative and regulatory provisions.

11.2. INTERNAL AUDIT SUPERVISOR

In December 2002, the Issuer set up the internal audit supervisor function.

As from November 2006, Mr. Roberto Sanino was appointed to this function by the Board. Mr. Sanino works for Group Companies, has extensive knowledge of the administrative and management sectors and, in line with the independence principles set out in application criterion 8.C.6., letter b) of the Code, he is not subordinate to any of the heads of the operating divisions, including the administration and finance departments.

While carrying out his duties, the supervisor has direct access to information which are deemed necessary and can make use of the reports that are drawn up by the Group's companies, on the basis of the action plan that was implemented by the internal audit Committee.

Moreover, the supervisor reports directly to the Board of Directors, the Internal Audit Committee and the Auditors. Finally, he is not equipped with financial resources.

As part of the timely and correct application/management of the “procedure for transactions with related parties”, as from 1 January 2011 the supervisor has to identify – with regard to the information received and available and within the dedicated database – ASTM's related parties. In case of problems or difficulties, he can refer to the opinion of the Internal Audit Committee.

Internal Audit function

Taking into account the structure of the ASTM Group and the activities carried out by its main companies – which mainly operate within a regulated sector – to this date, the Issuer did not set up the internal audit function.

As already mentioned in paragraph 11, the Board believes that the functions and organisations that form the current internal audit system (described in this report) is able, among other things, to guarantee compliance with proper management objectives, as well as to ensure any monitoring and recognition purpose set out for the internal audit function.

11.3. ORGANISATIONAL MODEL PURSUANT to Legislative Decree 231/2001

With regard to the “Administrative responsibility of Companies”, the “Project 231” - which was carried out during 2004 - aimed at analysing and adapting the organisational, management and control

instruments of the Company and its significant subsidiaries to the requirements set out in Legislative Decree no. 231/2001.

With regard to the above, both ASTM and the main Group's Companies approved – following specific resolutions – the “Organisational, management and control models pursuant to Legislative Decree 231/01” and the related “Code of Ethics and Code of conduct”. Moreover, a disciplinary system was created to punish failure to comply with the provisions and principles contained in the said documents.

The Models adopted comply with the principles set out in the “Confindustria Guidelines” - which were approved in March 2002 and are considered by the Ministry of Justice as being adequate to achieve the purpose set out in art. 6, paragraph 3 of Legislative Decree 231/01 - and were considered compatible, by the related management bodies, with the achievement of the objectives set out in the regulations on the subject.

The Supervisory Bodies were appointed upon the implementation of the said “Project 231” and are responsible for monitoring the function, effectiveness and observance of the “Models” and updating them. The Bodies are composed of three members (one of whom is the Chairman) who, according to independent judgement principles, report directly to the Board.

Each Body – whose members remain in office for a period similar to that of the Management Body – sets the rules for its own operations and prepares proper regulations.

In carrying out their duties, the Supervisory Bodies work with a major consulting firm that supports them in the periodic assessment procedures established by them.

In 2009, following the analysis carried out in 2008 by the Supervisory Body, the organisational model and the Code of Ethics were updated, in the light of the progressive expansion of the scope of application of Legislative Decree no. 231/2001.

The analysis mainly focused on some specific cases, such as i) market abuse, i.e. “*insider trading*” and “*market manipulation*”; ii) crimes of receiving stolen goods, recycling, use of criminal money or stolen goods; iii) cyber attacks and unlawful processing of data; iv) transnational crime; and v) offences connected with the breach of rules concerning accident prevention, hygiene at work and safety of workers. Following the risk assessment, the adequacy of the current organisational model with regard to the risks described in points i), ii) and iii) above was confirmed. As regards transnational crime (point iv), it was acknowledged that the activities carried out by the Issuer are not characterised by risk profiles, for which there are valid reasons to expect that such crimes are committed in the interest, or to the benefit, of the company.

The adjustment process – which took into account the provisions contained in the new “Confindustria Guidelines” published in March 2008 and approved by the Ministry of Justice – focused on the implementation of the measures concerning safety and hygiene at work.

In February 2011, the Board approved a further update of the above-mentioned documents with regard to the offence of “*soliciting not to make statements or to make untrue statements to the judicial authority*”, since the other types were considered as being less probable (“organised crime offences”, “offences against the industrial and commercial sectors”, “copyright infringement offences”).

The Issuer's Body, that was appointed on 13 May 2010, is made up of the Director Sergio Luca, the Standing Auditor Lionello Jona Celesia and the internal audit supervisor Roberto Sanino.

In 2010, the Body held 4 meetings which were attended by all members and focused, as usual, on the assessment of corporate procedures, with particular reference to the most representative ones. Following the assessment, no observation or comments were made with regard to failure or error in their application.

11.4. INDEPENDENT AUDITORS

Deloitte & Touche S.p.A. – with registered office in Milan, Via Tortona 25, enrolled in the Independent Auditors' Register pursuant to art. 161 of the Consolidated Law on Finance – carries out audit activities for the Issuer, as mandated by the Shareholders' Meeting on 28 April 2009 for the financial years 2009 to 2017, upon justified proposal of the Board of Statutory Auditors.

11.5. MANAGER IN CHARGE OF DRAWING UP THE CORPORATE ACCOUNTING DOCUMENTS

In compliance with art. 21, paragraph 6 of the Articles of Association, on 13 May 2010 the Board – having consulted the Board of Statutory Auditors – re-appointed Mr. Graziano Settime (Administration and Financial Manager of the Issuer) as “manager in charge of drawing up the corporate accounting documents”.

Mr. Settime – who has extensive professional experience in administrative and financial matters and complies with the requirements of integrity required for the position of director – was appointed for the same term of office of the Management Body (i.e. until approval of the 2012 financial statements).

The manager has the power to obtain from the Heads of each corporate department any information relevant to carry out his duties, as well as the power to i) structure and organise - within his own activities - the human resources available; ii) talk to the board of directors and statutory auditors, including the participation *ad audiendum* in the Board's meetings held for the examination and approval of accounting documents; iii) talk to the Internal Audit Committee and the Supervisory Body; iv) take part in the planning of information systems that have an impact on the economic and financial situation.

Moreover, the Board approved funds which can be integrated by the Chairman and/or the Managing Director upon the manager's request, with subsequent ratification by the Board.

With regard to the above, during 2010 the manager monitored the functioning of the “control model 262”, which was implemented in 2007 – according to a top-down approach – within ASTM and its main subsidiaries, in order to achieve compliance with administrative-accounting procedures concerning the tasks governed by art. 154-bis of the Consolidated Law on Finance.

Moreover, the implementation of the said model also entailed the appointment of specific managers by all Group companies involved.

With a view to the optimisation of controls within the funds made available to each Manager, the assessment of the correct application of the said procedures was carried out, like in previous years, with the help of the consulting firm Protiviti s.r.l., based on the plan drawn up by each single Company, according to which tests shall concentrate in the periods dedicated to the preparation of the financial

statements and the half-yearly financial report. The results of these controls mainly confirmed the correct application of the administrative-accounting procedures under review.

The support provided by Protiviti s.r.l. was equal to 37 man/days (11 of which for the activities carried out within ASTM) – in addition to the commitment of Companies' employees – in line with the estimates made at the beginning of the project.

As part of the procedures concerning the “control model 262”, the Managers of all Group Companies transmitted any related “statement” and “certification” concerning annual and interim accounting documents.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

Any Director who has an interest - potential or indirect - in corporate transactions shall promptly and fully inform the Board, showing willingness to withdraw from the meeting or refrain from any discussion and related resolution, in case such interest is considered “relevant” by the other Directors. However, the Board has the power to take the most appropriate decisions in case transactions are carried out at normal market conditions - on the basis of independent experts' appraisals - or if the withdrawal from the meeting of the said Directors upon resolution gives reason to believe that the necessary constituent quorum may not be reached.

With regard to transactions with related parties, until 31 December 2010 the Issuer has applied the procedure that was adopted in January 2008, in compliance with the application criterion 9.C.1 of the Code, after having consulted the Internal Audit Committee.

Based on this procedure (that referred to IAS 24 accounting standard “*Related Party Disclosures*” for the definition of “related party”), after having heard the opinion of the Internal Audit Committee, the Board was the sole responsible for transactions that, regardless of their value, showed atypical or unusual characteristics or that were carried out at non-standardised conditions; “typical” or “usual” transactions were those that, due to their purpose or nature, fell within the normal course of the Company's business and/or did not contain particularly critical elements in relation to the nature of the counterpart, while “standardised” transactions were those concluded under equal conditions with any other party.

In addition to the above-mentioned transactions, the following were also recorded:

- the granting of guarantees, for amounts higher than EUR 2 million;
- transactions dealing with the provision of works and services, collaboration agreements for the exercise and development of corporate activities, for amounts higher than EUR 1 million;
- acquisition or disposal of real estate, equity investments (in one or more tranches), companies or business units, fixed assets and other assets, whose transaction value was equal or higher than EUR 1 million.

In any case, those transactions (carried out by Companies whose financial statements are fully consolidated within those of the ASTM Group) that - although they fell into the above-mentioned category with regard to purpose or value - did not require prior examination by the Board, showed the following additional characteristics:

- are carried out at market conditions and supported by specific assessment and/or opinions of independent experts;
- are “typical” or “usual” or carried out at “standardised” conditions.

As regards the said transactions, the Managing Director reported to the Board.

In 2010, the application requirements of the procedure were not met.

As already mentioned, as from 1 January 2011 the procedure approved by the Board held on 26 November 2010 – given the favourable opinion of a dedicated Committee, which is made up of all Independent Directors in office, and in compliance with Consob Resolution no. 17221 of 12 March 2010, as amended by Consob Resolution no. 17389 of 23 June 2010 – has become effective.

The Board of Statutory Auditors ascertained that the procedure is compliant with the said Resolution and acknowledged that it is adequate in order to ensure substantial and procedural transparency and correctness.

The procedure – which is available on the website under section “corporate governance”, as well as on the Borsa Italiana’s website – sets out i) the amounts that, based on specific materiality indexes, allow to identify small transactions or transactions of lesser or higher importance; ii) the transactions that have been excluded and are not subject to the procedure set out for their approval, except for communication obligations towards Consob, if of greater importance and if typological requirements are met; iii) the transactions carried out by subsidiaries other than SIAS, that will be subject to approval of the ASTM Board, having heard the opinion of the Internal Audit Committee. To this end, and in line with the practice followed in compliance with the previous procedure, the management autonomy of the listed subsidiary SIAS is not affected, according to which the transactions of SIAS and its subsidiaries are neither analysed nor approved in advance.

This category includes:

- a) acquisition or disposal of real estate whose value is higher than EUR 1 million;
- b) merger transactions, spin-off by incorporation or strictly non-proportional spin-off, if a company (which represents related parties’ interests that can be defined as *significant*, as set out in the procedure) takes part in the transaction;
- c) transactions other than those mentioned above, which have a single value higher than EUR 10 million (such as, by way of example only, acquisitions or disposals of equity investments, companies or business units, or granting of guarantees).

For a correct implementation of the procedure within the ASTM Group, any relevant information and operating instructions have been immediately notified to the subsidiaries.

Moreover, for a proper management of the procedure, ASTM’s related parties are recorded in a specific database created on the basis of the register of equity investments and statements made by the related parties.

As already mentioned above, the Internal Audit Committee will give an opinion on the transactions with related parties. For a proper functioning, a replacement system by age has been set out if some members are already involved in specific transactions.

13. AUDITORS' APPOINTMENT

Pursuant to art. 26 of the Articles of Association, the Board of Statutory Auditors is composed of three Standing Auditors - two of whom were appointed by the majority of the Meeting and one by the minority - and of two Substitute Auditors appointed by the Meeting.

In order to appoint a Standing and a Substitute Auditor from the minority group - pursuant to art. 27 of the Articles of Association - the Board of Statutory Auditors is appointed on the basis of the lists submitted by the Shareholders who, alone or together with others, hold shares representing the shareholding in the share capital, as set out by Consob regulations. The legal title to this stake shall be proved within the time limits set out by law.

Each shareholder - as well as those belonging to the same group and those who adhere to a shareholders' agreement concerning Company's shares - cannot submit or vote more than one list, neither through a trust company nor a third party. Each candidate may be included in one list only or is declared ineligible.

Those lists in which candidates are listed by name and marked by a sequence number are composed of two sections: one for the candidates for the office of Standing Auditor and the other for the office of Substitute Auditor.

After having been filed, the lists are also published on the Issuer's website, under section "corporate governance", as well as on Borsa Italiana's website.

The declarations by which candidates accept their candidacy and state that there are no reasons for their ineligibility and incompatibility, together with any document required by law, must be deposited with the lists within the prescribed period, that is also indicated in the notice of call; they also confirm they comply with legislative and statutory requirements.

Those candidates who do not comply with the requirements of integrity and professionalism established by law may not be included in the lists.

At least one Standing Auditor and one Substitute Auditor are chosen among those enrolled in the Auditors' Register and shall have exercised legal audit activities for not less than three years.

Those Auditors who do not comply with the said requirement are chosen among those who have three year's experience in:

- a) administration or control activities and executive duties for corporations with a share capital no lower than EUR 2 million; and
- b) professional or tenured university teaching activities in legal, economic, financial and technical-scientific subjects, with regard to the industrial, banking, transport services, logistics, technology and IT sectors; and
- c) management functions at public institutions or administrations operating in the credit, financial, insurance, industrial, transport services, logistics, technology and IT sectors.

The list that does not comply with the said provisions shall be considered as "not submitted".

The procedure for the appointment of Auditors is described below:

1. two standing auditors and one substitute auditor are chosen from the list that obtained the highest number of votes at the Meeting, according to the order in which they are listed in the sections;

2. the other standing auditor and substitute auditor are chosen from the second list that obtained the highest number of votes at the meeting, according to the order in which they are listed in the sections.

In the event of a tie between two or more lists, the eldest Auditors shall be elected until the maximum number of places available is achieved.

The Board of Statutory Auditors shall be chaired by the candidate proposed by the second list (as representative of “minorities”), who obtained the highest number of votes at the meeting; in the event of a tie between two or more lists, the provisions contained in the previous paragraph shall apply.

In case of replacement of an Auditor, the substitute belonging to the same list shall be appointed.

If the appointment cannot be made according to the system detailed above, the Meeting shall resolve according to the simple majority principle.

The Auditor falls from office if he/she does not comply with legislative and statutory requirements.

In case of integration of the Board of Statutory Auditors following termination of office of one of its members for any reason, the Meeting shall resolve according to the simple majority principle and ensure representation on the Board to the minority.

14. AUDITORS

The Board of Statutory Auditors was appointed by the Ordinary Shareholders’ Meeting on 13 May 2008 for the financial years 2008-2009-2010 (i.e. until the approval of the financial statements as at 31 December 2010), based on the 2 filed lists:

- list no. 1 (representing the majority) submitted by the Shareholder Argo Finanziaria S.p.A., holding 50.579% of the share capital, which includes 2 candidates for the office of Standing Auditor (Alfredo Cavanenghi, Lionello Jona Celesia) and 1 candidate for the office of Substitute Auditor (Roberto Coda);
- list no. 2 (representing the minority) submitted by the Shareholder Assicurazioni Generali S.p.A., holding 3.46% of the share capital, which includes 1 candidate for the office of Standing Auditor (Enrico Fazzini) and 1 candidate for the office of Substitute Auditor (Massimo Berni). Upon filing, this list also included the statement certifying that no relations existed with reference shareholders, as set out by the regulatory provisions issued by Consob, implementing art. 148 of the Consolidated Law on Finance.

The shareholding in the share capital required in order to submit lists was set out by Consob by means of Resolution no. 16319 of 29 January 2008, and is equal to 2%.

Given that – according to art. 26 of the Articles of Association – the Board of Statutory Auditors is made up of 3 Standing Auditors and 2 Substitute Auditors, all candidates of the 2 lists were elected, provided that they complied with the independence requirements set out in the application criterion 10.C.2 of the Code.

Pursuant to art. 148, paragraph 2 of the Consolidated Law on Finance, the Board of Statutory Auditors is chaired by the Auditor Enrico Fazzini.

With regard to voting, out of a total of 54,022,571 shares present at the meeting (equal to 61.389% of the

share capital), the list representing the majority was voted by 47,038,005 shares (297,728 shares abstained), while the list representing the minority was voted by 5,322,800 shares. For each voting, the list with the names of the Shareholders and their votes is attached to the meeting's minutes of 13 May 2008, that have been published on the website under section "corporate governance".

The Ordinary Shareholders' Meeting that will be convened to resolve upon the 2010 financial statements, shall appoint the new Board of Statutory Auditors. The stake necessary to submit lists was set out by Consob, by means of Resolution no. 17633 dated 26 January 2011, and is equal to 2%.

Some short bibliographical notes on the members of the Board of Statutory Auditors are detailed below. The related *curricula*, together with their lists, are available on the website (under section "corporate governance"):

Enrico Fazzini: (born in Florence on 15/09/1944) – He obtained a degree in Economics and Business at the University of Florence. He is a chartered accountant and Associate Professor of Tax Law at the University of Florence, as well as professor of Tax Law at the Scuola di Scienze Aziendali of Florence. He is author of numerous publications on tax matters.

Alfredo Cavaneghi: (born in Genoa on 13/03/1935) - He obtained a degree in Law at the University of Genoa. He carries out forensic activities - he is also lawyer for the Supreme Court - and has extensive knowledge of company and insolvency matters.

Lionello Jona Celesia: (born in Turin on 14/06/1936) - He obtained a degree in Economics and Business at the University of Turin. He is a chartered accountant and was Lecturer of Public Accounts and Associate Professor of Tax Law at the University of Turin. He has extensive knowledge of tax and accounting matters.

Massimo Berni: (born in Florence on 13/09/1949) – He obtained a degree in Economics and Business at the University of Florence. He is a chartered accountant and auditor for some private companies.

Roberto Coda: (born in Turin on 03/09/1959) - He obtained a degree in Economics and Business at the University of Turin. He is a chartered accountant, focusing in particular on tax, administrative and contractual matters. As a consultant for the Court of Turin, he is a company evaluator and liquidator.

The Board of Statutory Auditors held 11 meetings during 2010 (their duration varied according to the issues dealt with). The attendance to the meetings was, on average, equal to 96.97% of the members, while all members took part in the seven Board's meetings.

With regard to its institutional tasks and the frequency of its assessments, in 2011 the Board of Statutory Auditors forecasts to meet at least on a quarterly basis. One meeting has been already held since the beginning of the year.

The members of the Board of Statutory Auditors confirmed compliance with the independence requirements set out in the Code, with regard to both the filing of lists upon acceptance of the candidature and in conjunction with the annual periodic assessments (the last one was in February 2011).

If requirements are met, the Auditors shall promptly provide information on the transactions in which - on own account or on behalf of third parties - they have an interest, as provided for by criterion 10.C.4. of the Code.

In compliance with the application criterion 10.C.5. of the Code, the Board of Statutory Auditors supervised the independence of the Independent Auditors, by assessing the nature and entity of the services, other than the audit, provided to the Issuer and its subsidiaries. The results of these controls were published in the annual report to the Shareholders' Meeting of 28 April 2010, pursuant to art. 153 of the Consolidated Law on Finance.

Within its functions, the Board of Statutory Auditors acquires information also through constant and frequent meetings with the Independent Auditors' representatives, the internal audit supervisor and the members of the Board of Statutory Auditors of the subsidiaries.

As provided for by the application criterion 8.C.4. of the Code, the Chairman of the Board of Statutory Auditors takes part in the meetings of the Internal Audit Committee, by reporting to the other Auditors on the works carried out and their results.

Table 3 (included in the Appendix) provides a summary of the data concerning the Board of Statutory Auditors.

15. RELATIONSHIPS WITH SHAREHOLDERS

In order to make the access to information quicker and easier, the Issuer pays particular attention to the creation and updating of its website, with particular reference to "financial information" and "corporate governance". Moreover, the website contains a descriptive profile of the Group and its investee companies, as well as the financial statements, the half-yearly financial report, the intermediate management reports of the Issuer, the Articles of Association, the Regulations for Shareholders' Meetings, press releases and the reports on the issues discussed at the Shareholders' Meetings, including notice of call and related minutes, if required.

For the appointment of Corporate Bodies, the lists of candidates, together with personal and professional details, are also published.

In any case, the Chairman and the Managing Director - in compliance with the procedure concerning the disclosure of documents and information on the Issuer - take any necessary action so to create and promote dialogue with the Shareholders and Institutional Investors, based on the comprehension of reciprocal roles and functions.

As already mentioned above, so to make sure that these relationships are professionally handled and managed, the General Manager and Administrative and Financial Manager of the Company was appointed as investor relations' supervisor, who - also taking into account the principles contained in the "*Guidelines for disclosure of information to the market*" - carries out intense and constant information activities with regard to the results, as well as the growth and development prospects of the Issuer and the Group, through both personal meetings and institutional meetings with investors and analysts, both in Italy and abroad.

The investor relations' supervisor, Mr. Graziano Settime, may be contacted on the following numbers: (tel.: +39 (0)11-4392102 – fax: +39 (0)11-4731691).

With regard to their roles, the Chairman, the Managing Director and the investor relations' supervisor avail themselves of the Board's and Corporate Secretariats, especially as regards communications to the relevant Authorities and Shareholders.

16. SHAREHOLDERS' MEETINGS (pursuant to art. 123-bis, paragraph 2, letter c) of the Consolidated Law on Finance)

In the light of the Articles of Association and the reference legal and regulatory provisions, those persons who sent the company the legitimation notice of the qualified broker – based on the records obtained at the end of the accounting day of the seventh open market day before the date of the Meeting – can take part in the Meeting and express their vote.

The current provisions contained in the Articles of Association do not envisage that shares are unavailable until the meeting is held.

Those who are entitled to vote can be represented at the Meeting by written proxy or proxy sent electronically, in compliance with current regulations.

The Chairman shall ascertain the validity of proxies.

The electronic notification of the proxy shall be made by using the dedicated section of the Company's website or the dedicated e-mail address, according to the methods described in the notice of call.

For each Shareholders' Meeting, the Company can appoint – by specifying it in the notice of call – a person to whom the shareholders can give a proxy with voting instructions on one or all issues on the agenda, according to the methods and terms set out by law and regulations. The proxy is valid only with regard to those issues for which voting instructions have been given.

The Meeting is chaired by the Chairman of the Board of Directors. In case of absence or impediment, it is chaired by a Vice-Chairman or, if both are absent, by another person appointed by the Meeting.

The Chairman appoints the Secretary with the approval of the Meeting and, if necessary, two scrutineers, by choosing them among the shareholders with voting right or their representatives.

In the cases provided for by law, or if deemed appropriate by the Chairman of the Meeting, the minutes are prepared by a Notary Public appointed by the Chairman. In this case, it is not necessary to appoint a Secretary.

The (ordinary and extraordinary) Shareholders' Meeting is duly convened and takes resolutions according to the majorities set out by current regulations.

As of today, the Issuer does not provide for the possibility of taking part in the Meetings by means of audiovisual connection systems, electronic vote or voting by correspondence.

Regulations for Shareholders' Meetings

In 2001, the Issuer adopted the Regulations for Shareholders' Meetings - in line with the model issued by ABI and Assonime - to enable the orderly and proper functioning of meetings.

On 15 November 2010, upon proposal of the Board, the Ordinary Shareholders' Meeting approved to

update the regulations on its functioning, in line with the provisions set out in Legislative Decree no. 27 of 27/01/2010, as it happened for the Articles of Association.

More specifically, the said Regulations govern the operating methods for the Meeting's activities and the exercise of participants' rights. In this regard, the Chairman opens the discussion and calls those members who requested to speak according to a priority order; if necessary, the Chairman may decide that speeches shall be booked in writing, with indication of the subject.

After having provided any personal detail and the number of votes represented - each person who can take part in the meeting has the right to report on each of the issues on the agenda, make observations as well as proposals.

Taking into account the subject and relevance of each single issue - as well as the questions received before the Meeting and the number of persons who want to speak - the Chairman may predetermine the duration of speeches and answers by notifying the participants, so to make sure that works are completed within one single meeting.

For further information on the rules governing the Issuer's meetings, reference should be made to Regulations' provisions published on the website (under section "corporate governance").

Information to the Shareholders

At the meetings, the Board provides the Shareholders with information on the Issuer, in compliance with the regulations on insider trading information.

During the meetings, the Chairman and the Managing Director ensure that the Shareholders are provided with all information necessary or useful for the adoption of resolutions.

More specifically - on the basis of the documents, concerning the points on the agenda, that are given to all participants - they explain the main features of any transaction and resolution that shall be examined and approved by the Shareholders. Moreover, they are available to talk and discuss on the requests made by the participants.

Changes in capitalisation and shareholding structure

The Directors believe that the provisions contained in the Articles of Association concerning percentages for the exercise of the actions and rights for the safeguard of minorities are in line with the current market capitalisation of the ASTM security.

No significant changes in the shareholding structure of the Issuer occurred during the year.

17. FURTHER CORPORATE GOVERNANCE POLICIES (pursuant to art. 123-bis, paragraph 2, letter a) of the Consolidated Law on Finance)

No further corporate governance policies are reported than those detailed in previous paragraphs and currently applied by the Issuer, except for the obligations set out by legal and regulatory provisions.

18. CHANGES OCCURED AFTER YEAR END

After the end of FY 2010, no changes occurred in the Issuer's governance structure.

Tortona, 15 March 2011

TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE
As at 15/03/2011

SHARE CAPITAL STRUCTURE				
	No. of shares	% compared to s.c.	Listed	Rights and obligations
Ordinary shares	88,000,000 ⁽¹⁾	100	MTA (FTSE Italia Mid Cap Index)	
Shares with limited voting right	=	=	=	=
Shares without voting right	=	=	=	=

(1) Pursuant to articles 2359-bis and 2357-ter of the Italian Civil Code, the voting right has been suspended for 3,235,726 treasury shares held by the Company and 21,500 ASTM shares held, as at today's date, by the subsidiary ATIVA S.p.A..

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL			
Declarant	Direct shareholder	% share of ordinary share capital	% share of voting share capital
Aurelia S.p.A.	Aurelia S.p.A.	0.421	0.421
	Argo Finanziaria S.p.A.	50.892	50.892
	Total Group	51.313	51.313
Astm S.p.A.	Astm S.p.A.	3.645 voting right suspended, pursuant to Art. 2357-ter of the Italian Civil Code	3.645 voting right suspended, pursuant to Art. 2357-ter of the Italian Civil Code
	Ativa S.p.A.	0.024 voting right suspended, pursuant to Art. 2359-bis of the Italian Civil Code	0.024 voting right suspended, pursuant to Art. 2359-bis of the Italian Civil Code
	Total Group	3.669	3.669
Lazard Asset Management LCC	Lazard Asset Management LCC	9.981	9.981
Assicurazioni Generali S.p.A.	Assicurazioni Generali S.p.A.	2.874	2.874
	Alleanza Toro S.p.A.	1.984	1.984
	INA Assitalia S.p.A.	0.091	0.091
	Genertel S.p.A.	0.011	0.011
	Intesa Vita S.p.A.	0.024	0.024
	Genertellife S.p.A.	0.008	0.008
	Total Group	4.992	4.992

TABLE 2.1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES UNTIL 28/04/2010

Board of Directors											Internal Audit Committee		Remuneration Committee ⁽²⁾	
Office held	Members	In office since	In office until	List (M/m) [*]	Executive	Non-executive	Independent, pursuant to the Code	Independent pursuant to the Consolidated Law on Finance	(%) ^{**}	No. of other offices ^{***}	****	(%) ^{**}	****	(%) ^{**}
01) Chairman	FORMICA Riccardo	10/05/2007	Approval of 2009 financial statements	M	x				100	3				
02) Vice-Chairman	GAVIO Daniela	10/05/2007	Approval of 2009 financial statements	M	x				100	3				
03) Managing Dir.	SACCHI Alberto	10/05/2007	Approval of 2009 financial statements	M	x				100	3				
04) Director	ANGIONI Giovanni	10/05/2007	Approval of 2009 financial statements	M		x	x		100	2			x	=
05) Director	ARONA Enrico	10/05/2007	Approval of 2009 financial statements	M	x ⁽¹⁾				100	3				
06) Director	CAMMARA Alfredo	10/05/2007	Approval of 2009 financial statements	m		x	x	x	100	=				
07) Director	CATTANEO E. Maria	10/05/2007	Approval of 2009 financial statements	m		x	x	x	100	1	x	100	x	=
08) Director	FABRIS NANNI	10/05/2007	Approval of 2009 financial statements	M		x	x		100	1				
09) Director	FERRERO Cesare	10/05/2007	Approval of 2009 financial statements	M		x	x	x	100	5	x	100		
10) Director	GAROFANO Giuseppe	10/05/2007	Approval of 2009 financial statements	M		x	x	x	100	4				
11) Director	RISPOLI Vittorio	10/05/2007	Approval of 2009 financial statements	m		x	x	x	50	6				
12) Director	SPIZZICA Alvaro	10/05/2007	Approval of 2009 financial statements	M		x			100	=	x	100	x	=
13) Director	SPOGLIANTI Agostino	10/05/2007	Approval of 2009 financial statements	M	x ⁽¹⁾				100	1				
Quorum required in order to submit lists during the last appointment: 2%														
No. of meetings held during FY 2010					Board of Directors: 2			Internal Audit Committee: 2			Remuneration Committee: =			

NOTES

* “M/m” indicates if the member has been elected by the list voted by the majority (M) or by a minority (m).

** This column shows the percentage of directors’ attendance to the meetings of the Board of Directors and the Committees (no. of attendances/no. of meetings held during the term of office of the person in question).

*** This column shows the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises, based on the data collected in 2010 for the “report on corporate governance and ownership structure” concerning FY 2009, to which reference is made for the whole list of the said offices.

**** In this column, the “X” indicates if the member of the Board of Directors belongs to the Committee.

⁽¹⁾ According to application criterion 2.C.1 of the Code, E. Arona (according to a special power of attorney for the negotiation of listed financial instruments, including those issued by the Issuer and for the office held in the parent company Argo Finanziaria S.p.A. as Group’s financial officer) and A. Spoglianti (Chairman of the subsidiary with “strategic importance” Sina S.p.A.) were executive directors.

⁽²⁾ The Remuneration Committee did not hold any meeting until 28/04/2010.

TABLE 2.2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES IN OFFICE AS FROM 28/04/2010

Board of Directors											Internal Audit Committee		Remuneration Committee	
Office held	Members	In office since	In office until	List (M/m) *	Executive	Non-executive	Independent, pursuant to the Code	Independent pursuant to the Consolidated Law on Finance	(%) **	No. of other offices ***	****	(%) **	****	(%) **
01) Chairman	FORMICA Riccardo	28/04/2010	Approval of 2012 financial statements	M	x				100	3				
02) Vice-Chairman	GAVIO Daniela	28/04/2010	Approval of 2012 financial statements	M	x				100	4				
03) Vice-Chairman	GAVIO Marcello	28/04/2010	Approval of 2012 financial statements	M	x				100	2				
04) Managing Director	ARONA Enrico	28/04/2010	Approval of 2012 financial statements	M	x				100	4				
05) Director	CAMMARA Alfredo	28/04/2010	Approval of 2012 financial statements	m		x	x	x	100	=				
06) Director	DUCA Sergio	28/04/2010	Approval of 2012 financial statements	m		x	x	x	100	3	x	100		
07) Director	FABRIS NANNI	28/04/2010	Approval of 2012 financial statements	M		x	x		100	1			x	100
08) Director	FERRERO Cesare	28/04/2010	Approval of 2012 financial statements	M		x	x	x	40	5	x	100	x	100
09) Director	GAROFANO Giuseppe	28/04/2010	Approval of 2012 financial statements	M		x	x	x	100	3				
10) Director	ROCCO Matteo	28/04/2010	Approval of 2012 financial statements	m		x	x	x	100	1	x	100	x	100
11) Director	ROTH Luigi	28/04/2010	Approval of 2012 financial statements	m		x	x	x	100	6				
12) Director	SACCHI Alberto	28/04/2010	Approval of 2012 financial statements	M	x				100	5				
13) Director	SPIZZICA Alvaro	28/04/2010	Approval of 2012 financial statements	M		x			100	=				
14) Director	SPOGLIANTI Agostino	28/04/2010	Approval of 2012 financial statements	M	x				100	1				
15) Director	VIVIANO Stefano	28/04/2010	Approval of 2012 financial statements	M		x			100	=				
Quorum required in order to submit lists during the last appointment: 2.5%														
No. of meetings held during FY 2010					Board of Directors: 5			Internal Audit Committee: 2			Remuneration Committee: 1			

NOTES

* "M/m" indicates if the member has been elected by the list voted by the majority (M) or by a minority (m).

** This column shows the percentage of directors' attendance to the meetings of the Board of Directors and the Committees (no. of attendances/no. of meetings held during the term of office of the person in question).

*** This column shows the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises. The following list shows these companies and indicates whether these belong to the group that is under the Issuer's control or of which the Issuer forms part.

**** In this column, the "X" indicates if the member of the Board of Directors belongs to the Committee.

Offices as director or auditor held by some Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises.

Member	Company	Office held
Arona E.	Società Autostrada Torino-Alessandria-Piacenza S.p.A. ⁽¹⁾ Società Autostrada Ligure Toscana S.p.A. ⁽¹⁾ Società Iniziative Autostradali e Servizi S.p.A. ⁽¹⁾ Industria e Innovazione S.p.A.	Director Vice-Chairman (vicarious) - Managing Director & E.C. member Director Director and E.C. member
Duca S.	Enel S.p.A. Lottomatica Group Orizzonte SGR	Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Board of Directors
Fabris N.	Società Autostrada Ligure Toscana S.p.A. ⁽¹⁾	Director and E.C. member
Ferrero C.	Iveco S.p.A. Ferrero S.p.A. Ersel Finanziaria S.p.A. Ersel SIM S.p.A. Banca Passadore S.p.A.	Director Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Standing auditor
Formica R.	Prima Industrie S.p.A. Fidia S.p.A. Società Autostrada Torino-Alessandria-Piacenza S.p.A. ⁽¹⁾	Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Director
Gavio D.	Società Iniziative Autostradali e Servizi S.p.A. ⁽¹⁾ Società Autostrada Torino-Alessandria-Piacenza S.p.A. ⁽¹⁾ Società Autostrada Ligure Toscana S.p.A. ⁽¹⁾ Aurelia s.r.l. ⁽²⁾	Director Vice-Chairman Director and E.C. member Director
Gavio M.	Aurelia s.r.l. ⁽²⁾ Impregilo S.p.A.	Managing Director Director and E.C. member
Garofano G.	Industria e Innovazione S.p.A. Alerion Clean Power S.p.A. Reno de Medici S.p.A.	Chairman Vice-Chairman Vice-Chairman
Rocco M.	S.S.I.F. SIGI S.A. (SIM)	Director
Roth Luigi	Terna S.p.A. Telat s.r.l. (Terna Group) Banca Popolare di Roma S.p.A. Meliorbanca S.p.A. Melior Valorizzazioni Immobili s.r.l. (Meliorbanca Group) Pirelli & C. S.p.A.	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Director Chairman of the Board of Directors Director
Sacchi A.	Società Iniziative Autostradali e Servizi S.p.A. ⁽¹⁾ Impregilo S.p.A. Società Autostrada Ligure Toscana S.p.A. ⁽¹⁾ Autostrade Sud America s.r.l. Milano Serravalle-Milano Tangenziali S.p.A.	Managing Director Director Director and E.C. member Director Standing auditor
Spoglianti A.	Società Autostrada Torino-Alessandria-Piacenza S.p.A. ⁽¹⁾	Chairman of the Board of Directors

⁽¹⁾ Issuer's subsidiary.

⁽²⁾ Issuer's parent company.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Office held	Members	In office since	In office until	List (M/m)*	Independent, pursuant to the Code	(%)**	No. of other offices***
Chairman	FAZZINI Enrico	13/05/2008	Approval of 2010 financial statements	m	x	100	19
Standing auditor	JONA CELESIA Lionello	13/05/2008	Approval of 2010 financial statements	M	x	100	23
Standing auditor	CAVANENGGHI Alfredo	13/05/2008	Approval of 2010 financial statements	M	x	90.91	13
Substitute Auditor	BERNI Massimo	13/05/2008	Approval of 2010 financial statements	m	x		10
Substitute Auditor	CODA Roberto	13/05/2008	Approval of 2010 financial statements	M	x		= ⁽¹⁾
Quorum required in order to submit lists during the last appointment: 2%							
No. of meetings held during FY 2010: 11							

NOTES

* "M/m" indicates if the member has been elected by the list voted by the majority (M) or by a minority (m).

** This column shows the percentage of auditors' attendance to the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held during the term of office).

*** This column shows the number of offices as director or auditor held by the person in question and relevant pursuant to Art. 148-bis of the Consolidated Law on Finance, based on the data recorded in February 2011.

⁽¹⁾ He does not hold any position as member of the boards of statutory auditors within issuer Companies.

Paragraph on the “Main features of the existing risk management and internal audit systems with regard to the financial reporting process”, pursuant to Article 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance.

1) Foreword

As already pointed out in the “Report on corporate governance and ownership structure”, the internal audit system of ASTM is made up of functions and organisations that – according to their roles and institutional tasks – allow to achieve the strategic objectives of the Issuer and the ASTM Group, through the constant monitoring and identification of the main corporate risks.

With regard to the financial reporting process, these objectives may be the reliability, accuracy and timeliness of reporting.

Based on the system used – which includes rules, procedures and guidelines – ASTM ensures a suitable information flow and data exchange with its subsidiaries, through constant and timely coordination and update activities.

In this context, reference is made to both the regulation on the application of reference accounting standards (i.e. the Group accounting manual) and the procedures governing the preparation of the Consolidated Financial Statements and the periodic accounting statements, which include those for the management of the consolidation system and intragroup transactions. Any related document is distributed by the Parent Company so that subsidiaries can implement it.

2) Description of the main features of the existing risk management and internal audit system with regard to the financial reporting process

The assessment, monitoring and update of the Internal Audit System with regard to financial reporting includes an analysis (at Group level) of organisational and operating structures according to a risk identification/assessment procedure based on the use of the so-called “risk scoring” method.

Thanks to this activity, assessments can be carried out focusing on those areas characterised by higher risks and/or relevance, or on the risks of major errors (also as a consequence of frauds) in the items of financial statements and any related information document. To this end, the activity aims at:

- identifying and assessing the origin and possibility of major errors in the items of the economic-financial reporting;
- assessing if key controls are adequately defined, so that it is possible to identify – in advance or afterwards – any possible error in the items of the economic-financial reporting;
- assessing control operations based on the assessment of error risks of the financial reporting, focusing testing on higher risk areas.

The risk assessment process adopted allows to identify the organisational structures, processes and any related accounting item, as well as any specific activity that can give rise to major potential

errors. For each administrative-accounting process, testing activities are carried out with regard to the so-called “key controls” that, according to international best practices, can be mainly divided into the following categories:

- controls at Group level or for each single subsidiary, such as the assignment of responsibilities, powers and proxies, the separation of duties and rights to access IT applications;
- controls at process level, such as the issue of authorisations, the implementation of reconciliations and assessments of coherence, etc.. This category includes the controls concerning operational and accounting closure processes. These controls can be *preventive*, with the aim of preventing any anomaly or fraud that could give rise to errors in the financial reporting, or *detective*, aiming at identifying existing anomalies or frauds. These controls can be “manual” or “automatic” (e.g. application controls that refer to the technical and setting features of the information systems supporting business activities).

Testing activities are carried out by a major consulting firm, with the help of the employees of each single subsidiary, by using sampling techniques recognised by international best practices.

The assessment of controls, if deemed appropriate, may involve the identification of compensating controls, corrective actions or improvement plans.

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