



PRESS RELEASE

**SORGENIA: AGREEMENT REACHED FOR A
CAPITAL INCREASE OF 200 MILLION EURO IN 2008
AND A FURTHER INCREASE OF 150 MILLION IN 2009**

The **CIR Group** informs that an agreement has been reached on a capital increase for **SORGENIA SpA** of an amount of 200 million euro.

The capital increase, which will be wholly subscribed by the Austrian Group **Verbund**, CIR's historical partner in the **SORGENIA** Group since it was founded, does not involve any changes in the control structure of **SORGENIA**, the main asset of CIR, whose presence in the Group today has a central role that is being strongly reaffirmed with this deal.

In signing this agreement, CIR and Verbund confirm the value of their partnership and their commitment to guaranteeing **SORGENIA** adequate sources of funding for the roll-out of its ambitious development plan.

The capital increase, which will be subscribed by Verbund Italia – a company wholly owned by Verbund – and which will be finalized by the end of July 2008, will be based on a valuation of the equity of **SORGENIA SpA**, before the increase, of 3.3 billion euro.

After this deal, the shareholding structure of the **SORGENIA Group** will be as follows:

- **SORGENIA HOLDING** will have the following shareholders: CIR with 68.13% and Verbund Italia with 31.87%
- **SORGENIA SpA** will have the following shareholders: **SORGENIA Holding** with 79.52%, Verbund Italia with 16%, Banca MPS with 1.14%, and management with 3.34%.

As a result of this capital increase, CIR's direct and indirect control of **SORGENIA SpA** will change from 57.46% to 54.18%.

Moreover, in order to guarantee that the current development plan of **Sorgenia** will be adequately financed, in 2009 Verbund will fully subscribe a further capital increase in **SORGENIA Holding**, for an amount of 150 million euro based on a valuation of **SORGENIA** before the increase of 3.9 billion euro.

To this end, by the end of July 2008 Verbund will underwrite a bond that will be issued by **SORGENIA Holding** and will be convertible, at the request of Verbund or of the issuer, into shares in **SORGENIA Holding**. During the month of August 2009 both Verbund and **SORGENIA Holding** may exercise their conversion rights.

Even this further capital increase will not change the control structure of the group which will see CIR continue in its commitment as majority shareholder in the years to come.

CIR's direct and indirect control of **SORGENIA SpA** will change from approximately 54% to approximately 52%.

The presentation to the financial community of **SORGENIA Industrial Plan** will take place on Thursday July 3 2008.

Rodolfo De Benedetti, Chief Executive Officer of CIR and Chairman of SORGENIA, has made the following statement: *“The deal agreed upon today confirms yet again the validity of the choice made originally by the CIR Group, committed more than ever in the long term as controlling shareholder of SORGENIA. Nine years of continuing successes in the market have resulted in a creation of value, starting from zero, which is unique in Europe in the energy sector. Results which, thanks to high levels of managerial competence underpinned by the business commitment of the shareholders, will grow over the next few years, boosted by an ever more extensive commercial network and a constantly developing portfolio of generating assets. To our partner Verbund, who has worked alongside us in building this business from the very beginning, goes our appreciation for their constant commitment while we would like to extend our heartfelt thanks to the management and all the staff of Sorgenia, the main contributors to these successes.”*

SORGENIA GROUP

The Business Plan of the Sorgenia Group involves a significant development of the activities in the power generating sector, with particular attention being dedicated to sources with a low environmental impact and to renewables. The industrial objectives of the Plan include building four combined cycle gas fired power plants in Italy (CCGTs, each with a capacity of 770 MW), repowering the plants of the subsidiary Tirreno Power, building 450 MW of wind plants and making investments in the photovoltaic sector.

Regarding generation from wind sources, the construction of the new Italian plants is continuing, for an installed capacity of approximately 70 MW, while the acquisition in France of Société Française d'Eoliennes (SFE) in December 2007 has enabled the Sorgenia Group to add to its wind generating portfolio 100 MW already installed, 39 MW authorized and soon to be built and 1,000 MW at various stages of development.

In the solar energy sector, there are now nine photovoltaic plants with active connections to the national electricity grid, each plant with a capacity of approximately 1 MW.

Regarding the Sorgenia Group's plan of investment in thermoelectric plants, work is continuing on the construction of the combined cycle plant at Modugno (Puglia), which is scheduled to start operating by the end of 2008. The repowering plan of Tirreno Power is also proceeding according to schedule.

LNG Med Gas Terminal, the company 69.77% controlled by Fin Gas Srl, which is an equal share joint venture between Iride and Sorgenia, has already obtained the favourable VIA decree (environmental impact assessment) for building the largest regasification terminal in Italy (12 billion cubic metres) at Gioia Tauro (Calabria).

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