PRESS RELEASE

Board of Directors approves results as of March 31 2010

SORGENIA (CIR GROUP): REVENUES 635.9 MILLION EURO, GROSS OPERATING MARGIN 14.4 MILLION EURO

EBITDA was negatively affected for gas by the significant contraction in margins and for electricity by the continuing high congestion costs on the national grid but above all by a breakdown at the Termoli power plant, which was out of action for most of the quarter

Negative net result mainly because of the extraordinary events of the quarter

Gas supply contracts are being renegotiated and will take effect retrospectively and compensation procedures are going ahead for the direct and indirect damages caused by the breakdown at Termoli

Rollout of the business plan continues in conventional and renewable sources: testing starts of the gas turbine at the Lodi plant. In the wind sector, new turbines operating in Molise, construction started of new plant in France and first authorizations obtained in Romania

Milan, April 19 2010 - The **Board of Directors** of **Sorgenia SpA**, the company controlled by the **CIR group** in which the Austrian provider **Verbund** has an interest, met today under the chairmanship of **Rodolfo De Benedetti** to examine the **results of first quarter 2010**.

Highlights of consolidated results of Q1 2010

(in millions of euro)

	Q1 2010	Q1 2009	Δ%
Revenues	**635.9**	682	(6.8)
EBITDA	**14.4**	35.8	(59.8)
Net result	**(12.2)**	12.9	
Net debt	**1,520.6**	1,341 (at 31/12/09)	

Performance of operations

In first quarter 2010 the results of Sorgenia were negatively affected by the significant reduction in gas margins, the continuing tension in selling prices, under downward pressure particularly in the electricity sector, and the high congestion costs on the national electricity grid. In addition to these factors, there was also an exceptional event, the breakdown of the Termoli power plant (Campobasso), which began running normally again only at the end of March. Despite the impact of the price factor, the revenues of the Sorgenia group declined only slightly (-6.8% to 635.9 million euro), underpinned by the rise in sales volumes especially in the electricity sector. The decline in EBITDA, however, was more significant and, apart from the reduction in gas margins and the Termoli shutdown, was also due to higher provisions made for client receivables and to the lower contribution of the subsidiary Tirreno Power.

As far as the **business plan** is concerned, the first ignition tests took place at the new **CCGT (Combined Cycle Gas Turbine) power plant at Bertonico-Turano (Lodi) with an output of approximately 800 MW**. In generation from wind sources, 50% of the **12 MW** plant at **San Martino in Pensilis (Campobasso)** is already up and running, while the remaining 50% will start operating by the end of April. In France building work has begun on the **32 MW** wind park at **Leffincourt**. In photovoltaic generation, construction work has begun on the plant at **Ozieri (Sassari)** with an output of approximately **3 MW**.

Consolidated results

The **sales revenues** of the Sorgenia group for first quarter 2010 came in at **635.9 million** euro, **down** by **6.8%** on the figure for 2009 (682 million euro). Sales volumes of the electricity business rose by 17.3% compared to the same period of last year, while volumes of natural gas sold were substantially unchanged. The rise in volumes partly offset the sharp fall in the unit prices of energy products.

The **gross operating margin** (**EBITDA**) was **14.4 million** euro. The considerable decline from the result of first quarter 2009 (35.8 million euro) was due to the following factors:

- a breakdown at the Termoli power plant at the end of 2009. The plant was fully up and running again only at the end of March. The plant has an insurance policy that covers direct and indirect damage and the company has therefore commenced the claim procedure to get compensation both for the fault at the plant and for its lost earnings;
- the narrowing of the sales margins of natural gas, mainly because of the sourcing costs of existing contracts, the renegotiation of which has been in progress since 2009 and the effects will be retrospective as provided under the agreements;
- higher provisions made for receivables from clients, in relation to the deterioration of the economic situation which became evident in the last year;
- the lower contribution of Tirreno Power, which was in its turn affected by the electricity market scenario;
- the lack of contribution from the new Modugno power plant, which was still in the start-up phase and suffered the effects of the high congestion on the electricity grid.

Of the positive factors affecting EBITDA were the contribution of power generated by renewable sources, which was higher than that obtained in the first quarter of 2009, and a slight increase in the fair value of commodity, exchange rate and interest rate hedging transactions.

The **consolidated net result** was a negative **12.2 million** euro versus net income of 12.9 million euro in the first quarter of 2009. The loss was due partly to the narrower gross operating margin and partly also to the rise in amortization and depreciation because of the start-up of the new generating plants and to the rise in financial expense. In general, the quarter was also affected by the negative impact of green certificates and CO_2 emission rights for approximately 6 million euro, which will be recovered in the following quarters.

Consolidated net financial debt totalled **1,520.6 million** euro at March 31 2010, up from 1,341 million euro at December 31 2009. The change in the quarter was due mainly to investments made in new production capacity, especially in thermoelectric generation. Moreover, during the first quarter the company extended the maturity of two syndicated loan agreements signed in 2007 for a total of 805 million euro from 2012 to 2015, thus further improving its financial structure.

The Sorgenia group had **408 employees** at March 31 2010 (380 at December 31 2009).

Rollout of the business plan

During the first quarter of 2010 implementation continued of the **Business Plan** of the Sorgenia group.

In the field of **thermoelectric** generation, the first ignition tests were carried out on the **Bertonico-Turano Lodigiano CCGT plant (Lodi)**, which is scheduled to start operating in the second half of this year. Work is also proceeding on the construction of the plant at **Aprilia (Latina)**.

In the development of generation from **wind sources**, the wind park at **San Martino in Pensilis (Campobasso)** with an output of **12 MW**, will soon be fully operational. As for **international activity in renewable energies**, in the first quarter the French subsidiary **Société Française d'Eoliennes** started building a **32 MW** wind park at **Leffincourt**, while **Sorgenia Romania** obtained authorization to build an **88 MW** wind park.

In the field of generation from **photovoltaic solar sources**, the subsidiary **Sorgenia Solar** commenced construction of a plant of approximately **3 MW** in the province of **Sassari**. In the field of **renewable energy from biomass**, the company **Sorgenia Bioenergy** has completed construction of a **biomass plant** of approximately **1 MW** situated in the local district of **Castiglione d'Orcia (Siena)**, which is scheduled to start operating by the end of the first half of the year.

Sorgenia group: production capacity in Megawatts

Plants	*In operation or in commissioning*	*In construction*	*Total*
Sorgenia Power (Termoli CCGT)	770		770
Sorgenia Puglia (Modugno CCGT)	800		800
Sorgenia Power (Bertonico-Turano Lodigiano CCGT)	800		800
Sorgenia Power (Aprilia CCGT)		800	800
Tirreno Power (pro-rata 39%)	1,300		1,300
SFE (Wind France)	112	32	144
Wind Italy	81		81
Sorgenia Idro (Hydroelectric)	8		8
Sorgenia Solar (Photovoltaic)	13	3	16
Sorgenia Bioenergy (Biomass)	1		1
Total output (MW)	***3,885***	***835***	***4,719***

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Below are the key figures from the income statement and balance sheet as of March 31 2010 of the Sorgenia group (prepared in accordance with IAS/IFRS).

SORGENIA GROUP

EUR/thousand

RECLASSIFIED BALANCE SHEET	31/03/10	31/12/09
NET FIXED ASSETS	**2,313,914**	**2,194,155**
NET WORKING CAPITAL	**292,537**	**230,934**
Other long term liabilities	(52,770)	(50,261)
NET CAPITAL INVESTED	**2,553,681**	**2,374,828**
SHAREHOLDERS' EQUITY	**1,033,100**	**1,033,818**
- Shareholders' Equity of minority interests	83,954	79,210
- Shareholders' Equity of the Group	**949,146**	**954,608**
NET FINANCIAL DEBT	**1,520,581**	**1,341,010**

RECLASSIFIED INCOME STATEMENT	31/03/10	31/03/2009
TRADE REVENUES	**635,879**	**682,028**
ADDED VALUE	**7,619**	**24,991**
Personnel costs	(9,678)	(8,885)
Adjustments to the value of shareholdings valued at equity	16,440	19,668
EBITDA	**14,381**	**35,773**
OPERATING RESULT	**(1,252)**	**28,368**
NET INCOME/LOSS BEFORE TAXES	**(15,471)**	**20,497**
NET INCOME/LOSS FOR THE PERIOD	(8,966)	18,079
- Net income/loss attributable to minority interests	3,264	5,174
- Net income/loss attributable to the Group	(12,231)	12,904