

*Dear Shareholders,*

*In 2009 the international financial crisis that had originated in 2007 spread to the real economy, causing a deep global recession. In Europe and in Italy, in particular, the Gross Domestic Product shrank to an extent without precedent in the last decades. The sharp reduction in production and trade flows put stability at risk and in some cases jeopardized the survival of many businesses throughout the world.*

*This economic scenario had a negative impact on almost all business sectors, including the ones in which our Group operates, with the exception of healthcare. The energy sector recorded the first drop in world energy consumption since World War 2. In Italy, the decline on 2008 was almost 7% for electricity and over 8% for gas. Publishing felt the effect of the sharp contraction in advertising, which in our country suffered a double-digit decline (approximately -13% the overall reduction, -22% approximately for the print media), and also of a structural factor that has been affecting the sector for some time, the development of new technology platforms in the market. Last but not least, the automotive component business was hit significantly by the sharp decline in the production of new vehicles in Europe (-18% for cars, -60% for industrial vehicles). By contrast, the healthcare sector was in no way affected by the downturn, thanks to its historically non-cyclical demand, which is influenced by social and health factors such as the gradual aging of the population and the rise in the number of elderly people who are not self-sufficient.*

*One of the few positive factors of the year was the return to normality of the international financial markets, especially in the second half of the year. Today many people expect 2010 to be a year of economic recovery, although there is still plenty of uncertainty, especially in Europe.*

*In such a complex environment the CIR Group closed 2009 with a significant increase in its consolidated net income compared to last year. This was due mainly to the improvement in the result of our financial activities, linked to the recovery of the markets. In terms of revenue and margins, however, despite the higher results obtained by the healthcare business, the Group was negatively affected by the effects of the recession on its other main business sectors.*

*In 2009 we focused on the current portfolio of the Group, which consists of the energy sector (Sorgenia), media (Espresso Group), automotive components (Sogefi), healthcare (KOS, the new name for the former Holding Sanità e Servizi) and financial services (Jupiter Finance and other minor businesses). To counter the severe economic recession, we supported the management of all the operating companies in designing and implementing plans able to adjust costs to the changed levels of activity, without sacrificing business development initiatives. The measures put in place as from the second half of 2008 which continued throughout last year enabled us to obtain some important results during the year, especially in the media and automotive components sectors, which were the hardest hit by the crisis.*

*At the holding level, CIR further strengthened its financial structure, ending the year with an aggregate net financial surplus which was almost treble that at the end of 2008. Our commitment to keeping a sound financial structure will continue in 2010 too. For this reason, and also because*

*of the absence of earnings at parent company level, the Board of Directors will put forward the proposal to the Shareholders' Meeting that no dividend be distributed for the year 2009. This is a difficult choice to make but in such a long phase of uncertainty as the present one we feel that a solid capital structure for the Group must be the top priority.*

*Our share price performed strongly in 2009, after a somewhat lacklustre 2008 for the whole market. During the year our company entered the FTSE/MIB index of the Milan Exchange, which includes stocks with the highest capitalization. The significant increase in the value of our stock does give us satisfaction, but our time horizon remains as always the medium-long term.*

*In summing up the year that recently ended, we should also mention the first degree civil verdict of the Milan Court which ruled that CIR should receive compensation from Fininvest for the "Lodo Mondadori" case, which took place at the beginning of the 1990s. The basis for this compensation was an episode of corruption that took place at that time, which the judges of the Criminal Court have established definitively to have been the case. The civil proceedings are continuing in the Court of Appeal. CIR is awaiting the coming stages of the judicial process convinced that its good reasons will prevail and is strongly determined to uphold these reasons in the interest of the company and of all its shareholders.*

*The results obtained by our Group in the difficult year 2009, not only in economic and financial terms but also in relation to the measures put in place to counter the crisis, are in our view confirmation of the quality of the management team of the operating companies and of the validity of the strategy of focusing on a balanced portfolio of business activities, which we have been following in recent years.*

*2010 is proving to be another challenging year. Despite signs of stabilization and forecasts of a tentative economic recovery in Europe, the economic environment still has numerous factors of uncertainty and risk. Furthermore, in several of the sectors in which we operate the difficulties of the recession are accompanied by structural factors such as excess supply in some segments of the energy market, the development of new technologies in publishing and excess production capacity in Europe in the automotive industry.*

*The actions that we have taken in the last 18 months have made our Group more efficient and competitive in all its sectors of activity. In this way the difficult environment has been an opportunity. The macroeconomic scenario is now posing new challenges. We will continue to work, with commitment and responsibility, to foster the sustainable development of the CIR Group in the long term.*

*The Chief Executive Officer*

*Rodolfo De Benedetti*