



PRESS RELEASE

Board approves results for 2006

COFIDE GROUP: 43.7 MILLION OF NET INCOME

Consolidated results for financial year 2006

REVENUES € 4,136.8 million (+22.3%)

EBITDA € 436.4 million (+19.1%)

EBIT € 333.3 million (+22.8%)

NET INCOME € 43.7 million (+9.8%)

Aggregate net financial debt € 26.1 million (€ 26.6 million at December 31 2005)

Consolidated net financial debt € 883 million (€ 487 million at December 31 2005)

Total shareholders' equity € 2,033.6 million (€ 1,906.6 million at December 31 2005)

*Board will propose to the Shareholders the distribution of a dividend of
€ 0.015 (unchanged from 2005) payable as from May 17 2006*

The Board of Directors of **COFIDE-Compagnia Finanziaria De Benedetti SpA**, which met today in Milan under the chairmanship of Mr Carlo De Benedetti, approved the proposed Statutory and Consolidated Financial Statements of the Group for financial year 2006. The Accounts will be submitted to the Annual General Meeting of the Shareholders which has been convened for April 26 2006 at the first calling and for April 27 if a second calling is necessary.

In 2006 COFIDE recorded **consolidated net income** of 43.7 million euro, up by 9.8% from 39.8 million in 2005.

The **consolidated revenues** of COFIDE in 2006 were 4,136.8 million euro, with a rise of 22.3% on 2005 (3,382.7 million). This increase of 754.1 million came mainly from Sorgenia (+690.9 million) and HSS (+45.4 million), companies controlled by the subsidiary CIR.

The **consolidated gross operating margin (EBITDA)** in 2006 rose by 19.1% from 366.5 million (10.8% of revenues) in 2005 to 436.4 million (10.5% of revenues).

The **consolidated operating margin (EBIT)** posted a rise of 22.8% from 271.5 million (8% of revenues) in 2005 to 333.3 million in 2006 (8.1% of revenues).

Consolidated net financial expense amounted to 65.7 million euro, compared with 50.3 million in 2005.

Consolidated net invested capital at December 31 2006 stood at 2,916.6 million euro, up from 2,393.6 million at December 31 2005, with a rise of 523 million mainly due to the substantial investment made during the year by the Sorgenia and HSS groups in particular.

The consolidated net financial position at December 31 2006 showed net debt of 883 million euro (487 million at December 31 2005), resulting from debt of 26.1 million (26.6 million at December 31 2005) for COFIDE and its wholly owned financial subsidiary COFIDE International, a financial surplus for CIR and CIR International of 258.2 million (359.8 million at December 31 2005) and total debt of 1,115.1 million for the operating groups (820.2 million at December 31 2005). The rise of 294.9 million was mainly due to the investment made by the Sorgenia Group for its new power plants and to the acquisition of Anni Azzurri by the HSS Group

The **consolidated shareholders' equity of the Group** rose from 617.2 million euro at December 31 2005 to 667.1 million at December 31 2006 (+49.9 million). **Minority interests** also rose from 1,289.4 million at December 31 2005 to 1,366.5 million at December 31 2006 (+77.1 million). **Total equity** at December 31 2006 stood at 2,033.6 million, up from 1,906.6 million at December 31 2005, with a rise of 127 million after the

distribution of 10.8 million in dividends by COFIDE and a total of 71.4 million by the subsidiaries to their minority shareholders.

At December 31 2006 the COFIDE Group had 11,119 **employees**.

The **Parent Company COFIDE SpA** closed 2006 with net income of 15.1 million euro (15.4 million in 2005) and shareholders' equity of 576.9 million at December 31 2006 (569.3 million at December 31 2005). This change in equity was due to the net income for the year of 15.1 million euro partly offset by the distribution of dividends for 10.8 million.

After the close of financial year 2006, and more precisely on February 23 2007, an agreement was reached with **Merrill Lynch** for the entry of the latter, with a holding of 39%, into the shareholding structure of the subsidiary **Euvis** (the new name adopted by **Società Finanza Attiva**). For COFIDE this agreement represents an important recognition of the innovative vision it had in introducing for the first time in Italy financial solutions already existing for some time in the Anglo-Saxon world, in the form of lifetime mortgages aimed at the third age. Merrill Lynch, which has invested 8 million euro in Euvis through a capital injection, will also give financial support for the actual loans.

Dividend proposal

The Board of Directors will propose that the Shareholders' Meeting approve a dividend of 0.015 euro per share (unchanged from 2005), which will be payable as from May 17 2007. The total dividend payout for 2006 will be approximately 10.8 million euro.

Proposal to revoke and assign a new authorization for the buy-back of own shares

The Board of Directors adopted to put before the Shareholders' Meeting a motion that the authorization of the Board be revoked and that a new authorization be granted to the same Board, for a period of 18 months, to buy back a maximum of 30 million of its own shares, with a maximum disbursement limit of 50 million euro, at a unit price that shall not be more than 10% higher or lower than the benchmark price recorded by the shares in the regulated market on the trading day prior to each individual transaction.

The main reasons for renewing this authorization are, on the one hand, the possibility of investing in the company's shares at prices below their actual value based on the company's equity and income prospects and, on the other hand, the possibility of reducing the average cost of capital for the company.

Proposal for an incentive plan (phantom stock options) for 2007

The Board of Directors also voted to submit an incentive plan for 2007 (phantom stock options) for employees of the Company involving a maximum of 1,600,000 options to the approval of the Shareholders.

Amendment of the Bylaws

The Board of Directors passed a resolution, with a notarial deed, amending the articles of the Company Bylaws on the subject of: a slate method for appointing Directors, appointment procedure for the "Executive responsible for the preparation of accounting and corporate documents" and the appointment as Chairman of the Board of Statutory Auditors of the Auditor nominated by minority shareholders.

The Board of Directors also voted to submit to an Extraordinary Meeting of the Shareholders some further amendments to the Bylaws in order to bring them into line with the new Law on Savings.

Milan, March 13 2007

Below are charts showing highlights from the consolidated and statutory financial statements.

CONTACTS

COFIDE SpA

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COFIDE GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	31.12.2006	31.12.2005
NON-CURRENT ASSETS	2,784,283	2,433,187
INTANGIBLE ASSETS	979,965	891,066
TANGIBLE ASSETS	1,091,673	898,536
REAL-ESTATE INVESTMENTS	18,454	7,794
INVESTMENTS IN COMPANIES VALUED AT EQUITY	214,163	221,042
OTHER EQUITY INVESTMENTS	8,723	8,482
OTHER RECEIVABLES	260,314	261,909
SECURITIES	99,309	61,691
DEFERRED TAXE ASSETS	111,682	82,667
CURRENT ASSETS	3,129,144	2,940,645
INVENTORIES	217,082	162,864
CONTRACTED WORK IN PROGRESS	1,685	933
TRADE RECEIVABLES	996,477	790,744
OTHER RECEIVABLES	276,908	204,537
FINANCIAL RECEIVABLES	21,354	26,513
SECURITIES	715,204	520,727
AVAILABLE-FOR-SALE FINANCIAL ASSETS	429,591	414,392
CASH AND CASH EQUIVALENTS	470,843	819,935
ASSETS HELD FOR DISPOSAL	47,589	17,143
TOTAL ASSETS	5,961,016	5,390,975
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2005	31.12.2005
SHAREHOLDERS' EQUITY	2,033,570	1,906,577
SHARE CAPITAL	359,605	359,605
RESERVES	159,509	141,831
RETAINED EARNINGS (LOSSES)	104,195	75,942
NET INCOME FOR THE YEAR	43,746	39,812
SHAREHOLDERS' EQUITY OF THE GROUP	667,055	617,190
SHAREHOLDERS' EQUITY MINORITY INTERESTS	1,366,515	1,289,387
NON-CURRENT LIABILITIES	2,450,441	2,196,826
BONDS	1,187,750	1,199,251
OTHER BORROWINGS	908,231	654,785
OTHER PAYABLES	1,212	55
DEFERRED TAX LIABILITIES	149,239	135,928
PERSONNEL PROVISIONS	167,328	164,342
PROVISIONS FOR RISKS AND LOSSES	36,681	42,465
CURRENT LIABILITIES	1,440,663	1,274,096
BANK OVERDRAFTS	271,729	54,963
BONDS	--	--
OTHER BORROWINGS	95,565	308,102
TRADE PAYABLES	749,633	650,344
OTHER PAYABLES	276,273	217,081
PROVISIONS FOR RISKS AND LOSSES	47,463	43,606
LIABILITIES HELD FOR DISPOSAL	36,342	13,476
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,961,016	5,390,975

COFIDE GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	2006	2005
TRADE REVENUES	4,136,769	3,382,661
CHANGE IN INVENTORIES	2,206	(1,691)
COSTS FOR PURCHASE OF GOODS	(2,457,254)	(1,818,997)
COSTS FOR SERVICES	(713,864)	(675,369)
PERSONNEL COSTS	(578,016)	(547,433)
OTHER OPERATING INCOME	79,944	91,891
OTHER OPERATING COSTS	(67,579)	(83,148)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	34,154	18,596
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(103,017)	(94,941)
INCOME BEFORE FINANCIAL COMPONENTS AND BEFORE TAXES (E B I T)	333,343	271,569
FINANCIAL INCOME	70,425	87,949
FINANCIAL EXPENSES	(136,187)	(138,279)
DIVIDENDS	3,009	1,446
GAINS FROM TRADING SECURITIES	113,794	108,993
LOSSES FROM TRADING SECURITIES	(71,669)	(81,568)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(17,516)	(548)
INCOME BEFORE TAXES	295,199	249,562
INCOME TAXES	(88,980)	(64,012)
AFTER TAX INCOME FROM OPERATING ACTIVITY	206,219	185,550
INCOME/LOSS FROM DISCONTINUED OPERATIONS	(932)	--
INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	205,287	185,550
- NET INCOME MINORITY INTERESTS	(161,541)	145,738
- NET INCOME OF THE GROUP	43,746	39,812
 BASIC EARNINGS PER SHARE (in euro)	 0.0608	 0.0554
DILUTED EARNINGS PER SHARE (in euro)	0.0608	0.0554

COFIDE GROUP – CONSOLIDATED CASH FLOW STATEMENT
(change in net cash and cash equivalents)

(in thousands of euro)

	2006	2005
OPERATING ACTIVITY		
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS:	205,287	185,550
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	103,017	94,941
PORTION OF THE RESULT OF COMPANIES VALUED AT EQUITY	(34,154)	(18,596)
ACTUARIAL GAINS (LOSSES) ON STOCK OPTION PLANS	9,726	11,000
CHANGE IN PERSONNEL PROVISION AND PROVISIONS FOR RISKS AND LOSSES	1,059	(8,841)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	17,516	548
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES AND PAYABLES	(20,532)	(33,919)
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(174,593)	(90,623)
OTHER CHANGES	39,960	(8,734)
CASH FLOW FROM OPERATING ACTIVITY	147,286	131,326
of which:		
- interest received (paid)	(74,380)	(39,817)
- income tax payments	(44,611)	(92,700)
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF SECURITIES	(223,150)	(243,028)
NET DISBURSEMENT FOR CORPORATE ACQUISITIONS	(73,752)	(119,213)
NET INFLOWS FROM DISPOSALS	637	7,427
PURCHASE OF FIXED ASSETS	(363,426)	(330,575)
CASH FLOW FROM INVESTMENT ACTIVITY	(659,691)	(685,389)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	10,372	26,614
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(16,152)	(45,206)
BONDS	--	(272,353)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	34,567	261,022
FINANCIAL RECEIVABLES - JOINT VENTURES	--	(21,924)
DIVIDENDS PAID OUT	(82,240)	(66,015)
CASH FLOW FROM FUNDING ACTIVITY	(53,453)	(117,862)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(565,858)	(671,925)
NET CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	764,972	1,436,897
NET CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	199,114	764,972

COFIDE – CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(in thousands of euro)</i>	<i>Attributable to shareholders of the Parent Company</i>					<i>Minority interests</i>	<i>Total</i>
	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income (loss) for the year</i>	<i>Total</i>		
BALANCE AT JANUARY 1 2005	359,605	104,933	13,615	74,499	552,652	1,181,567	1,734,219
Capital increases	--	--	--	--	--	26,614	26,614
Dividends to Shareholders	--	--	(9,350)	--	(9,350)	(56,665)	(66,015)
Retained earnings	--	2,822	71,677	(74,499)	--	--	--
Fair value estimation of hedging instruments	--	679	--	--	679	2,036	2,715
Fair value estimation of securities	--	34,143	--	--	34,143	23,557	57,700
Securities fair value reserve recognized to income statement	--	(3,629)	--	--	(3,629)	(3,979)	(7,608)
Effects of equity changes in subsidiaries	--	(7,131)	--	--	(7,131)	(38,861)	(45,992)
Translation differences	--	10,014	--	--	10,014	9,380	19,394
Net income for the year	--	--	--	39,812	39,812	145,738	185,550
BALANCE AT DECEMBER 31 2005	359,605	141,831	75,942	39,812	617,190	1,289,387	1,906,577
Capital increases	--	--	--	--	--	10,372	10,372
Dividends to Shareholders	--	--	(10,788)	--	(10,788)	(71,452)	(82,240)
Retained earnings	--	771	39,041	(39,812)	--	--	--
Fair value estimation of hedging instruments	--	230	--	--	230	605	835
Fair value estimation of securities	--	22,826	--	--	22,826	16,707	39,533
Securities fair value reserve recognized to income statement	--	(10,596)	--	--	(10,596)	(8,774)	(19,370)
Effects of equity changes in subsidiaries	--	16,069	--	--	16,069	(23,735)	(7,666)
Translation differences	--	(11,622)	--	--	(11,622)	(8,136)	(19,758)
Net income for the year	--	--	--	43,746	43,746	161,541	205,287
BALANCE AT DECEMBER 31 2006	359,605	159,509	104,195	43,746	667,055	1,366,515	2,033,570

COFIDE S.p.A. – BALANCE SHEET

(in euro)

ASSETS	31.12.2006	31.12.2005
NON-CURRENT ASSETS	570,613,897	571,317,323
FIXED ASSETS	616,460	553,565
REAL-ESTATE INVESTMENTS	850,377	850,377
INVESTMENTS IN SUBSIDIARIES	568,776,738	568,776,738
OTHER EQUITY INVESTMENTS	192,955	953,014
OTHER RECEIVABLES	177,367	183,629
CURRENT ASSETS	170,714,131	116,611,365
FINANCIAL RECEIVABLES - SUBSIDIARIES	32,791,630	0
OTHER RECEIVABLES	2,671,013	2,699,659
SECURITIES	117,680,365	81,801,026
CASH AND CASH EQUIVALENTS	17,571,123	32,110,680
TOTAL ASSETS	741,328,028	687,928,688
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2006	31.12.2005
SHAREHOLDERS' EQUITY	576,863,179	569,283,982
SHARE CAPITAL	359,604,959	359,604,959
RESERVES	176,600,116	172,579,911
RETAINED EARNINGS (LOSSES)	25,539,780	21,675,460
NET INCOME (LOSS) FOR THE YEAR	15,118,324	15,423,652
NON-CURRENT LIABILITIES	161,979,575	10,096,075
OTHER BORROWINGS	149,717,416	0
OTHER PAYABLES	34,582	34,582
DEFERRED TAXES	11,496,418	9,402,557
PERSONNEL PROVISIONS	731,159	658,936
CURRENT LIABILITIES	2,485,274	108,548,631
BANK OVERDRAFTS	1,265	590
OTHER BORROWINGS	41,033	106,509,985
TRADE PAYABLES	347,215	380,231
OTHER PAYABLES	2,095,761	1,657,825
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	741,328,028	687,928,688

COFIDE S.p.A. – INCOME STATEMENT

(in euro)

	2006	2005
SUNDRY REVENUES AND INCOME	2,004,989	1,816,056
<i>of which: sundry revenues and income from related parties</i>	1,955,000	1,777,000
COSTS FOR PURCHASE OF GOODS	(69,268)	(63,256)
COSTS FOR SERVICES	(2,800,264)	(2,545,774)
<i>of which: costs for services from related parties</i>	(619,200)	(601,200)
PERSONNEL COSTS	(1,654,389)	(1,185,374)
OTHER OPERATING COSTS	(482,476)	(363,560)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(74,439)	(45,925)
OPERATING RESULT	(3,075,847)	(2,387,833)
FINANCIAL INCOME	3,144,162	1,834,854
FINANCIAL EXPENSE	(5,170,762)	(4,029,905)
DIVIDENDS	20,894,631	20,315,131
<i>of which: from related parties</i>	19,394,631	19,265,131
GAINS FROM TRADING SECURITIES	0	31,800
LOSSES FROM TRADING SECURITIES	(102,282)	(296,860)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(490,269)	(59,352)
INCOME / LOSS BEFORE TAXES	15,199,633	15,407,835
INCOME TAXES	(81,309)	15,817
NET INCOME (LOSS) FOR THE YEAR	15,118,324	15,423,652
BASIC EARNINGS PER SHARE	0.0210	0.0214
DILUTED EARNINGS PER SHARE	0.0210	0.0214

COFIDE S.p.A. – CASH FLOW STATEMENT

(in euro)

	2006	2005
OPERATING ACTIVITY		
NET INCOME / (LOSS) FOR THE PERIOD	15,118,324	15,423,652
ADJUSTMENTS:		
AMORTIZATION AND DEPRECIATION	74,439	45,925
PROVISIONS TO PERSONNEL FUNDS NET OF WITHDRAWALS	72,223	67,369
LOSSES / (GAINS) FROM THE SALE OF CURRENT SECURITIES	102,282	265,060
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	490,269	59,352
ADJUSTMENTS TO THE VALUE OF NON-HEDGING DERIVATIVES	- 218,250	- 18,000
DEFERRED AND ADVANCED TAXES ON CHANGES IN FAIR VALUE	81,309	- 15,817
(RISE) REDUCTION IN NET WORKING CAPITAL	- 32,358,064	879,616
CASH FLOW FROM OPERATING ACTIVITY	- 16,637,468	16,707,157
INVESTMENT ACTIVITY		
CHANGE IN INVESTMENTS IN SUBSIDIARIES	0	- 12,670,154
CHANGE IN TANGIBLE ASSETS AND REAL-ESTATE INVESTMENTS	- 137,334	- 10,800
CHANGE IN OTHER FIXED ASSET RECEIVABLES	6,262	832
CASH FLOW FROM INVESTMENT ACTIVITY	- 131,072	- 12,680,122
FUNDING ACTIVITY		
CHANGE IN OTHER BORROWINGS:		
REPAYMENT OF BANK LOAN	- 106,212,452	0
NEW BANK LOAN AGREEMENT	149,717,416	0
OTHER CHANGES	- 38,250	- 110,578
NET CHANGE IN CURRENT SECURITIES	- 30,450,257	32,519,464
DIVIDENDS PAID OUT	- 10,788,149	- 9,349,729
CASH FLOW FROM FUNDING ACTIVITY	2,228,308	23,059,157
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	- 14,540,232	27,086,192
NET CASH AND CASH EQUIVALENTS AT START OF YEAR	32,110,090	5,023,898
NET CASH AND CASH EQUIVALENTS AT CLOSE OF YEAR	17,569,858	32,110,090

COFIDE S.p.A. – CHANGE IN SHAREHOLDERS' EQUITY

(in euro)

	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income (loss) for year</i>	<i>Total</i>
BALANCE AT JANUARY 1 2005	359,604,959	162,247,809	16,398,963	17,448,041	555,699,772
Allocation to reserves of net income for 2004	0	2,821,815	14,626,226	(17,448,041)	0
Distribution to Shareholders	0	0	(9,349,729)	0	(9,349,729)
Adjustment of securities to fair value					
- Change in reserve	0	12,162,408	0	0	12,162,408
- Deferred taxes on change in reserve		(4,652,121)	0	0	(4,652,121)
Result for the year 2005	0	0	0	15,423,652	15,423,652
BALANCE AT DECEMBER 31 2005	359,604,959	172,579,911	21,675,460	15,423,652	569,283,982
Allocation to reserves of net income for 2005	0	771,183	3,864,320	(4,635,503)	0
Distribution to Shareholders	0	0	0	(10,788,149)	(10,788,149)
Adjustment of securities to fair value					
- Change in reserve	0	5,261,574	0	0	5,261,574
- Deferred taxes on change in reserve		(2,012,552)	0	0	(2,012,552)
Result for the year 2006	0	0	0	15,118,324	15,118,324
BALANCE AT DECEMBER 31 2006	359,604,959	176,600,116	25,539,780	15,118,324	576,863,179