PRESS RELEASE

COFIDE GROUP: SHAREHOLDERS APPROVE FINANCIAL STATEMENTS FOR 2006 NET INCOME 43.7 MILLION EURO

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 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)

Approved distribution of dividend of € 0.015 (unchanged from 2005)
Board of Directors renewed
Approved incentive plan for 2007 (phantom stock options)

Today in Turin, under the chairmanship of Mr Carlo De Benedetti, the Ordinary General Meeting was held of the Shareholders of **COFIDE - Compagnia Finanziaria De Benedetti SpA**, which approved the statutory financial statements and examined the consolidated accounts of the Group for the year ended December 31 2006.

In 2006 COFIDE reported **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 totalled 4,136.8 million euro, with a rise of 22.3% on 2005 (3,382.7 million). This increase of 754.1 million was mainly due to the contribution of Sorgenia (+690.9 million) and HSS (+45.4 million), companies controlled by the subsidiary CIR.

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

The **consolidated operating margin (EBIT)** rose by 22.8% from 271.5 million in 2005 to 333.3 million in 2006.

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 substantial investment made 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 net debt of 26.1 million (26.6 million at December 31 2005) for COFIDE and its wholly owned financial subsidiary COFIDE International, a surplus for CIR and CIR International of 258.2 million (359.8 million at December 31 2005) and total debt for the operating groups of 1,115.1 million (820.2 million at December 31 2005). This latter rise of 294.9 million was mainly due to the investments made by the Sorgenia Group for its new power stations and to the acquisition of Anni Azzurri by the HSS group.

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** rose from 1,289.4 million at December 31 2005 to 1,366.5 million at December 31 2006 (+77.1 million). **Total shareholders' 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**.

Parent Company – The Shareholders approved the statutory financial statements of the Parent Company **Cofide SpA,** which 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). The equity change was the combined result of a rise comprising the net income for the year of 15.1 million euro, and a reduction resulting from the distribution of dividends for 10.8 million.

After the close of the year 2006, and more precisely on February 23 2007, an agreement was reached with **Merrill Lynch** according to which the latter would enter the capital of the subsidiary **Euvis** (the new name adopted by **Società Finanza Attiva**) with a holding of 39%. This agreement was for COFIDE an important recognition of its innovative vision in being the first to introduce into Italy financial solutions that have been present for some time in Anglo-Saxon countries, i.e. lifetime mortgages for the third age. Merrill Lynch, which has invested 8 million euro in Euvis through a capital increase, will also supply financial assistance for the loan business.

Dividend – The Shareholders' Meeting approved the distribution of 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.

Authorization to buy back shares - The Shareholders' Meeting authorized the Board of Directors, 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 euros, at a unit price that must not be more than 10% higher or lower than the price recorded by the share in the regulated market on the trading day prior to the date of each individual transaction.
The main reasons why this authorization was given are, on the one hand, the possibility of investing in shares in the Company at prices considered lower than their actual intrinsic value, based on the value of its equity and its income prospects, and on the other hand the possibility of reducing the Company's average cost of capital.

Incentive plan for 2007
The Shareholders approved an incentive plan (phantom stock options) for the year 2007 aimed at executives of the Company.

Appointment of the Board of Directors – The Shareholders' Meeting renewed the Board of Directors for the three-year period 2007-2009, appointing as Members of the Board: Carlo De Benedetti, Rodolfo De Benedetti, Roger Abravanel (independent), Giampaolo Brugnoli (independent), Massimo Cremona (independent), Franco Debenedetti, Marco De Benedetti, Pierluigi Ferrero, Franco Girard, Joseph Oughourlian (independent), Roberto Robotti (independent), Paolo Riccardo Rocca (independent), Massimo Segre.

Amendment of the Bylaws
In an extraordinary session, the Shareholders' Meeting amended the Company Bylaws to bring them into line with the terms of Law 262/2005 and subsequent amendments.

The **Board of Directors**, which met after the Shareholders' Meeting, confirmed Carlo De Benedetti as Chairman and Rodolfo De Benedetti as Chief Executive Officer, delegating administrative powers to them.
Following the terms of the Corporate Governance system adopted by the Company, the Board of Directors then nominated the members of the Compensation Committee (Carlo De Benedetti, Paolo Riccardo Rocca and Roger Abravanel), the Internal Control Committee (Giampaolo Brugnoli, Massimo Cremona and Roberto Robotti), the Surveillance Body (Roberto Robotti, Paolo Riccardo Rocca and Giuseppe Gianoglio) and confirmed Director Paolo Riccardo Rocca as Lead Independent Director.
The Board of Directors also verified the requisites of independence of the Directors, qualifying as independent Roger Abravanel, Giampaolo Brugnoli, Massimo Cremona, Joseph Oughourlian, Roberto Robotti and Paolo Riccardo Rocca.

Lastly, the Board of Directors approved the incentive plan (phantom stock options) for the year 2007 for a total of 1,580,000 CIR options in favour of executives of the Company.

The main points of the Regulations of incentive plan 2007 (phantom stock options) are as follows:

- The incentive plan (phantom stock options) has the purpose of rewarding the loyalty of beneficiaries in pursuing the business of the group and provides an incentive which aims to increase their commitment to improving the Company's performance;
- Each option gives the right to receive gross compensation equal to the "difference" between the market value of one CIR share during the exercise period (Normal Value) and the market value of one share at the date of assignation of the option (Initial Value);
- The value of the CIR stock at the moment when the option is assigned (Initial Value) means the simple arithmetic average of the official Stock Exchange prices on days when the stock is actually quoted in the 15 calendar days preceding the date of assignation of the options; the market value of the CIR stock over the exercise period of the option (Normal Value) means the simple arithmetic average of the official Stock Exchange prices on the days between the first and fifteenth days of the month during which each exercise period falls;
- The exercise of the options is not subject to reaching any particular economic or financial results. The Regulations stipulate that the essential condition for exercising the option is continuing to be employed by the Company or one of its subsidiaries as of the date of exercise of the option;
- The options assigned are exercisable from 30/09/2007 to 30/06/2011 for the options of the first tranche and from 31/03/2008 to 31/12/2011 for the options of the second tranche; the final expiry date on which all the options will lose their validity and no longer be exercisable will be 30/09/2017 for the first tranche options and 31/03/2018 for the second tranche options;
- The options are assigned free of charge, are personal, and cannot be transferred by deed between living persons.

Turin, April 27 2007

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