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PRESS RELEASE

Board approves results of first nine months of 2008

CIR GROUP: 117 MILLION OF NET INCOME
REVENUES UP BY 16.4%
DEMERGER PROPOSAL CANCELLED

Consolidated results as of September 30 2008

Revenues € 3,539.7 million (+16.4%)
EBITDA € 357.1 million (-5.6%)
EBIT € 254.2 million (-11%)
Net income € 117.1 million (116.1 million in the first nine months of 2007)

Aggregate net financial surplus € 60.5 million (112.3 million at December 31 2007)
Consolidated net financial debt € 1,643.5 million (1,333.5 million at December 31 2007)
Total equity € 2,137.1 million (2,041.8 at December 31 2007)

Today in Milan, under the chairmanship of Mr Carlo De Benedetti, the Board of Directors of CIR SpA met to examine the results of the Group as of September 30 2008.

In the first nine months of the year, the CIR Group reported **consolidated net income** of 117.1 million euro, up from 116.1 million in the same period of 2007 (+0.9%).
The net result included non-recurring income of 117.8 million euro, resulting from the subscription of dedicated capital increases in the company Sorgenia (200 million euro by Verbund) and in HSS (40 million euro by Morgan Stanley and CIR). It also included non-recurring expense of 52.6 million euro resulting from the write-down of the investment in the Oakwood group.

The contribution of the operating groups to net income was 62.7 million euro (87 million in the same period of 2007). The decline on last year's figure was due to lower profitability in the period and to non-recurring cost items in the Sogefi group (restructuring charges) and in the Sorgenia group (Robin Hood Tax).
The contribution of the financial subsidiaries was 55.4 million euro (20.3 million in the first nine months of 2007) and consisted of capital gains on the sale of shares in hedge funds by the subsidiary Medinvest for a total of 180 million dollars all of which have been received (160 million were based on the NAV of June 30 and 20 on the NAV of September 30). The performance of Medinvest in the first nine months of the year was a negative 12.3%, which was wholly attributable to the third quarter.

The result of CIR and the financial holding companies in the first nine months of 2008, a negative 66.2 million euro (21.5 million in the same period of 2007), was made up mainly of net financial expense of 20.4 million euro (18.9 million in the first nine months of 2007) and of net losses from trading and valuing securities for 44 million (2.3 million in the first nine months of 2007), due to the adjustment made to the fair value of the part of the assets in the balance sheet invested in bonds, which were penalized by the global crisis in the financial markets. This valuation, which affected securities issued by banks with an A/AA rating, was made without recourse to any of the waivers set out in the new formulation of IAS 39, on the basis of a fair value calculated prudentially taking into account the worsening of the credit default risk of the issuers as well as the lack of liquidity in the market and the fact that it is impossible to get dealing prices for this paper.

In the first nine months of 2008 the **consolidated revenues** of the CIR Group totalled 3,539.7 million euro, with a rise of 16.4% on the same period of 2007 (3,041.9 million).

The **consolidated gross operating margin (EBITDA)** was 357.1 million euro (10.1% of revenues) in the first nine months of 2008, down by 5.6% from 378.4 million (12.4% of revenues) in the same period of 2007.

The **consolidated operating margin (EBIT)** was 254.2 million euro (7.2% of revenues), down by 11% from 285.6 million (9.4% of revenues).

Consolidated net invested capital at September 30 2008 stood at 3,780.6 million euro, compared with 3,375.3 million at December 31 2007, with a rise of 405.3 million due mainly to a rise in working capital and investment in fixed assets in the Sorgenia group.

The **consolidated net financial position** at September 30 2008 showed net debt of 1,643.5 million euro (up from 1,333.5 million at December 31 2007 and 1,461.4 million at June 30 2008), resulting from:

- a financial surplus for CIR and the financial holding companies of 60.5 million euro, down from 112.3 million at December 31 2007. The decline of 51.8 million was due mainly to disbursements made for investment in companies of the group and in own shares for 60.3 million, and to the adjustment made to the fair value of bonds for a negative amount of 67.2 million, partially offset by the positive balance of 101.3 million between dividends received and those paid out;
- total debt in the operating groups of 1,704 million euro, up from 1,445.8 million at December 31 2007. The increase of 258.2 million was due mainly to the higher level of debt of the Sogefi group after the payout of ordinary and extraordinary dividends, and of the Sorgenia group on account of the investments made.

The **consolidated shareholders' equity of the Group** stood at 1,318.8 million euro at September 30 2008, compared to 1,319.9 million at December 31 2007 (1,419.9 million at June 30 2008). **Minority shareholders' equity** stood at 818.3 million at September 30 2008, up from 721.9 million at December 31 2007 (787.2 million at June 30 2008), posting a rise of 96.4 million. **Total equity** rose to 2,137.1 million euro at September 30 2008 from 2,041.8 million at December 31 2007 (2,207.1 million at June 30 2008), with a rise of 95.3 million.

At September 30 2008 the CIR Group had 12,881 **employees,** up from 12,422 at December 31 2007.

Performance of the industrial businesses of the Group as of September 30 2008

UTILITIES

In the first nine months of 2008, the **Sorgenia Group** reported consolidated sales revenues of 1,784.1 million euro, up by 35% from 1,321.5 million in the same period of 2007. Consolidated net income came in at 39.8 million euro at September 30 2008, down from 57.8 million in the first nine months of 2007 (-31.1%). Apart from the impact of the Robin Hood Tax, this decline was mainly due to higher amortization for the new plants that have entered production during this current year and to the higher financial expense resulting from the growth in the average debt over the period. The consolidated net financial position at September 30 2008 showed net debt of 997.4 million euro (904.9 million at December 31 2007).

In the first nine months of the year the roll-out of the **Business Plan** of the Sorgenia Group continued. In wind generation, work continued on the construction of the new plants situated in the local districts of Minervino Murge, Castelnuovo di Conza and San Gregorio Magno, for a total installed capacity of approximately 70 MW. The Molise Region has authorized **Sorgenia** to build and operate another wind plant in the local districts of San Martino in Pensilis and Ururi for a total installed capacity of 12 MW.
In France, through Société Française d'Eoliennes (SFE), the Sorgenia Group has 100 MW of wind generation installed, over 71 MW authorized and soon to be built, and a significant portfolio of projects at various stages of development. The development work of Sorgenia Romania is also continuing with the object of building, operating and maintaining wind parks.
In the photovoltaic sector, a new manufacturing site is to be built at Villacidro (Sardinia), devoted to the production of crystalline silicon photovoltaic modules. As for solar energy generation, at the end of the first nine months of this year there were 10 photovoltaic plants in operation each with an output of around 1 MW, belonging to the subsidiary Sorgenia Solar, while building work is continuing on new plants, again of 1 MW, which should start functioning by the end of 2008.

The establishment of Sorgenia Bioenergy marked the entry of the Sorgenia Group into the biomass sector as indeed did the agreement signed with Toscana Cereali for the development of a 1 MW plant.
In the thermoelectric sector work went ahead on the construction of the combined cycle power plant at Modugno (Puglia), while work is also continuing on a similar plant at Bertonico-Turano Lodigiano (Lombardy). Lastly, with the ruling issued by the Council of State the dispute regarding the power plant planned at Aprilia (Lazio) was definitively settled in a favourable way for Sorgenia.
Regarding the repowering plan of **Tirreno Power,** the new 380 MW combined cycle unit at Napoli Levante is scheduled to start operating by the end of 2008. The Sorgenia Group is continuing to develop important projects to guarantee the diversification of its gas sourcing and to improve the safety of the whole domestic gas network. In particular, the project for building a 12 billion cubic metre regasification terminal at Gioia Tauro (Calabria) by LNG Med Gas Terminal, a company 69.77% controlled by Fin Gas Srl (an equal share joint venture between Sorgenia and Iride), has obtained its Valuation of Environmental Impact (VIA) and is awaiting the Service Conference as the last step in the administrative process.

MEDIA

In the first nine months of 2008 the **Espresso Group** reported consolidated revenues of 762.3 million euro, down from 797.1 million at September 30 2007 (-4.4%), and posted consolidated net income of 43.3 million euro, versus 57.1 million in the same period of last year (-24.1%). At September 30 2008 the net financial position of the Group showed net debt of 283.3 million euro (264.9 million at December 31 2007).
In the first nine months of 2008, advertising revenues totalled 443.5 million euro compared to 465 million in the same period of 2007 (-4.6%). Performance was affected negatively by both the fall in the national commercial advertising in *la Repubblica*, the periodicals and the local newspapers, and the decline in the radio and television sector, while local advertising and internet advertising both rose at above market rates.
Despite a slight fall in revenues and volumes realized, optional add-on products actually increased their profitability and managed to obtain positive results in a sharply contracting market.
One fact that all the titles of the group had in common was the increase in their respective website traffic figures, while their readership indices were either stable or up. Overall these figures give a total of 8.6 million contacts with the media of the group.
Circulation figures varied according to the different titles partly due to changes in certain marketing initiatives. This led to a decline in the circulation of *la Repubblica* and *L'espresso*, titles which nonetheless obtained positive results in terms of readership: the paper maintained its total readership at around 3.1 million and consolidated its ranking as number one Italian news site on the internet; the magazine confirmed its readership figure of 2.4 million. The local papers reached over 3.1 million readers and 1.3 million unique users of their websites, with their circulation figures remaining substantially unchanged.
As far as the radio stations are concerned, while *Radio Deejay* saw a decline in its audience (4.9 million listeners on an average day), *m2o* reported a good performance with more than one and a half million listeners per day, while *Radio Capital* maintained its audience at around 1.6 million listeners on an average day.

AUTOMOTIVE COMPONENTS

The worsening global economic and financial environment did not prevent the **Sogefi Group** from posting a rise of 2% in its consolidated revenues in the first nine months of 2008 compared to the same period of 2007. And this rise would have been 4% if exchange rates had remained unchanged. At the end of September 2008 the consolidated revenues of the Sogefi Group thus came in at 813.3 million euro, up from 797.4 million in the same period of 2007. In the first nine months of 2008, the profitability of Sogefi was penalized by restructuring charges of 8.8 million euro, while the same period of 2007 had benefited from positive items for 9 million euro (sale of a property, revaluation of assets and adjustments to liabilities), only partly offset negatively by costs for acquisitions not made of 4.6 million euro. Consolidated net income came in at 29.6 million euro, down from 41.9 million at September 30 2007.
In the first nine months of 2008, following the payout of 159.5 million euro in ordinary and extraordinary dividends, the net financial debt position of the SOGEFI Group rose to 263.3 million euro at September 30 2008 from 102.8 million at September 30 2007 and 92.4 million at December 31 2007.

HEALTHCARE
In the first nine months of 2008 the **HSS-Holding Sanità e Servizi Group** increased its revenues by 43.2 % on the same period of 2007, reporting consolidated revenues of 179.9 million euro, up from 125.6 million. The gross operating margin (EBITDA) was 21.2 million euro, up by 42.2% compared with the first nine months of 2007 (14.9 million). The consolidated net result was income of 1.1 million euro, after a loss of 0.1 million in the same period of 2007.
In the first nine months of 2008, the HSS Group continued to strengthen its operating subsidiaries and to seek new development opportunities. In particular on October 3 2008 Istituto di Riabilitazione S. Stefano Srl, a company 100% controlled by HSS, finalized the acquisition from Générale de Santé Italia of 100% of the capital of Centro Cardinal Ferrari Srl, a company which manages a hospital specializing in neurological rehabilitation at Fontanellato (Parma).
The HSS Group, which as of today manages a total of 4,823 beds, plus another 500 or so under construction, is active in the management of residences for the elderly, and in the management of hospitals, rehabilitation centres and high-tech facilities inside hospitals.

FINANCIAL SERVICES
AT September 30 2008 **Jupiter Finance**, the company set up at the end of 2005 to acquire non-performing loans from financial institutions and manage them, had purchased portfolios for a total of 156.2 million euro and a gross book value of 1,266.5 million. At the same date receipts amounted to 48.4 million euro, which was above expectations.
A year ago Jupiter Finance also began operating abroad, focusing on certain countries of central and southern Europe: at September 30 2008 four portfolios of receivables had been acquired with a total gross book value of 54 million euro for a purchase price of 13 million.

The **Oakwood Global Finance** Group operates in the financial services sector through the companies Ktesios and Pepper. The drastic worsening of the crisis in the financial markets led to a revision of the development plans of the two companies with the resulting write-down of CIR's investment by 52.6 million euro. The value of this investment was therefore reduced to 20 million euro at September 30 2008.

<u>Performance in third quarter 2008</u>

In the third quarter of 2008, the **CIR Group** reported **consolidated revenues** of 1,175.9 million euro, with a rise of 20.9% from 972.2 million in the third quarter of 2007, this rise being totally attributable to Sorgenia.
Consolidated EBITDA came in at 107.7 million euro, up from 98.7 million in the same period of 2007. **Consolidated EBIT** came to 70.8 million euro, up from 66.5 million. The **consolidated net result** was a loss of 27.2 million euro versus net income of 47.5 million in third quarter 2007, mainly due to the write-down of the investment in Oakwood and to the fair value adjustment of bonds.

From January 1 2008 until today CIR has bought back 3,330,000 of its own shares for a total of 6.4 million euro. As of today there are 42,974,000 own shares being held as treasury stock, equal to 5.43% of capital.

Although the full impact of the global financial crisis and the recession that is under way is not yet clear, there will be negative effects of varying intensity in the sectors in which the Group operates, especially in the automotive and media businesses which are more exposed to fluctuations in demand. The lack of liquidity in the financial markets makes it essential to manage the financial structure of the Group as rigorously as possible. In this environment the companies have taken and will be continuing to take any action necessary to counter the economic and financial effects of the crisis that we are all facing.
In view of the non-recurring income and charges already recorded, the consolidated net result for the whole of 2008 should be higher than that of last year.

The Executive responsible for the preparation of the company's financial statements, Alberto Piaser, hereby declares, in compliance with the terms of paragraph 2 article 154-bis of the Finance Consolidation Act (TUF) that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

As it was authorized to do, the management of CIR has ascertained that conditions do not exist for the demerger transaction to go ahead with the full support of all its stakeholders, as it was hoped, and without costs that in light of the negative evolution of the economic environment and the growing climate of grave uncertainty in the financial markets, would today be unjustified compared to the conditions in which the demerger was initially put forward. The Board of Directors of CIR has therefore decided not to implement the **proposed proportional demerger** of CIR's non media businesses, which has thus been cancelled.

Milan, October 31 2008

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CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	*30.09.2008*	*30.06.2008*	*31.12.2007*
NON-CURRENT ASSETS	**3,652,960**	**3,582,613**	**3,476,271**
INTANGIBLE ASSETS	1,310,161	1,305,984	1,250,196
TANGIBLE ASSETS	1,632,378	1,593,592	1,473,320
INVESTMENT PROPERTY	18,830	18,972	19,259
INVESTMENTS IN COMPANIES VALUED AT EQUITY	269,183	240,189	280,554
OTHER EQUITY INVESTMENTS	12,906	11,996	11,885
OTHER RECEIVABLES	197,211	216,549	251,493
SECURITIES	105,820	95,817	96,534
DEFERRED TAXES	106,471	99,514	93,030
CURRENT ASSETS	**3,074,507**	**3,095,697**	**2,863,062**
INVENTORIES	221,085	207,447	203,967
CONTRACTED WORK IN PROGRESS	3,244	3,261	2,564
TRADE RECEIVABLES	1,218,541	1,241,692	1,070,273
OTHER RECEIVABLES	300,564	267,545	206,441
FINANCIAL RECEIVABLES	38,960	51,273	37,171
SECURITIES	574,339	622,456	275,897
AVAILABLE-FOR-SALE FINANCIAL ASSETS	219,100	339,011	372,622
CASH AND CASH EQUIVALENTS	498,674	363,012	694,127
ASSETS HELD FOR DISPOSAL	6,689	6,692	6,756
TOTAL ASSETS	**6,734,156**	**6,685,002**	**6,346,089**

LIABILITIES AND SHAREHOLDERS' EQUITY	*30.09.2008*	*30.06.2008*	*31.12.2007*
SHAREHOLDERS' EQUITY	**2,137,085**	**2,207,130**	**2,041,793**
CAPITAL ISSUED	395,588	395,588	395,466
less OWN SHARES	(21,487)	(21,487)	(19,822)
SHARE CAPITAL	374,101	374,101	375,644
RESERVES	340,156	414,092	412,983
RETAINED EARNINGS (LOSSES)	487,448	487,448	448,674
NET INCOME FOR THE PERIOD	117,093	144,275	82,580
SHAREHOLDERS' EQUITY OF THE GROUP	**1,318,798**	**1,419,916**	**1,319,881**
MINORITY SHAREHOLDERS' EQUITY	818,287	787,214	721,912
NON-CURRENT LIABILITIES	**2,574,445**	**2,406,353**	**2,812,212**
BOND AND NOTE ISSUES	784,992	774,796	1,189,672
OTHER BORROWINGS	1,429,525	1,275,971	1,281,170
OTHER PAYABLES	1,211	309	286
DEFERRED TAXES	148,872	147,642	139,888
PERSONNEL PROVISIONS	171,531	164,514	159,278
PROVISIONS FOR RISKS AND LOSSES	38,314	43,121	41,918
CURRENT LIABILITIES	**2,022,626**	**2,071,519**	**1,492,084**
BANK OVERDRAFTS	246,961	208,492	92,032
BOND AND NOTE ISSUES	388,294	382,182	--
OTHER BORROWINGS	124,810	195,678	150,425
TRADE PAYABLES	901,528	942,613	941,841
OTHER PAYABLES	294,058	274,116	244,958
PROVISIONS FOR RISKS AND LOSSES	66,975	68,438	62,828
LIABILITIES HELD FOR DISPOSAL	--	--	--
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,734,156**	**6,685,002**	**6,346,089**

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2008	*1/1-30/9 2007*	*III Quarter 2008*	*III Quarter 2007*
SALES REVENUES	3,539,739	3,041,867	1,175,931	972,240
CHANGE IN INVENTORIES	10,363	2,852	2,951	1,159
COSTS FOR PURCHASE OF GOODS	(2,121,013)	(1,668,766)	(747,363)	(531,388)
COSTS FOR SERVICES	(580,571)	(557,234)	(184,175)	(184,872)
PERSONNEL COSTS	(514,146)	(449,014)	(164,430)	(148,453)
OTHER OPERATING INCOME	66,921	43,911	24,352	2,264
OTHER OPERATING COSTS	(79,104)	(59,852)	(27,350)	(19,751)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	34,943	24,613	27,757	7,468
AMORTIZATION, DEPRECIATION & WRITE-DOWNS	(102,883)	(92,758)	(36,838)	(32,198)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	**254,249**	**285,619**	**70,835**	**66,469**
FINANCIAL INCOME	51,936	51,281	18,089	17,550
FINANCIAL EXPENSE	(139,395)	(110,648)	(48,299)	(38,925)
DIVIDENDS	310	619	18	3
GAINS FROM TRADING SECURITIES	200,944	141,690	68,367	92,426
LOSSES FROM TRADING SECURITIES	(10,943)	(76,726)	(505)	(61,417)
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	(100,255)	(5,354)	(95,187)	1,994
INCOME BEFORE TAXES	**256,846**	**286,481**	**13,318**	**78,100**
INCOME TAXES	(66,419)	(81,185)	(8,589)	(4,828)
RESULT AFTER TAXES FROM OPERATING ACTIVITY	**190,427**	**205,296**	**4,729**	**73,272**
NET INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	(444)	--	(147)
NET INCOME FOR PERIOD INCLUDING MINORITY INTERESTS	**190,427**	**204,852**	**4,729**	**73,125**
- NET INCOME MINORITY INTERESTS	(73,334)	(88,704)	(31,911)	(25,564)
- NET INCOME OF THE GROUP	**117,093**	**116,148**	**(27,182)**	**47,561**

CIR GROUP – NET FINANCIAL POSITION

(in thousands of euro)

		30.09.2008	30.06.2008	31.12.2007
A.	Cash and bank deposits	498,674	363,012	694,127
B.	Other cash equivalents	219,100	339,011	372,622
C.	Securities held for trading	574,339	622,456	275,897
D.	**Cash and cash equivalents (A) + (B) + (C)**	1,292,113	1,324,479	1,342,646
E.	**Current financial receivables**	38,960	51,273	37,171
F.	Current bank borrowings	(301,959)	(317,106)	(159,316)
G.	Bond and note issues	(388,294)	(382,182)	--
H.	Current part of non-current debt	(69,756)	(87,008)	(83,141)
I.	Other current borrowings	(56)	(56)	--
J.	**Current financial debt (F) + (G) + (H) + (I)**	(760,065)	(786,352)	(242,457)
K.	**Net current financial position (J) + (E) + (D)**	571,008	589,400	1,137,360
L.	Non-current bank borrowings	(1,278,855)	(1,150,155)	(1,204,348)
M.	Bond and note issues	(784,992)	(774,796)	(1,189,672)
N.	Other non-current payables	(150,670)	(125,816)	(76,822)
O.	**Non-current financial debt (L) + (M) + (N)**	(2,214,517)	(2,050,767)	(2,470,842)
P	**Net financial position (K) + (O)**	(1,643,509)	(1,461,367)	(1,333,482)