

PRESS RELEASE

**CIR: UPDATE ON THE FINANCIAL SITUATION
AND DEBT RESTRUCTURING OF SORGENIA**

Milan, April 1 2014 - CIR S.p.A, following the disclosure it made on February 17 2014 and at the request of Consob, is today releasing some updated information on the financial situation of its subsidiary Sorgenia and the negotiations in progress to restructure the debt of the said company, partly in response to unconfirmed news items that have been circulating in the press in recent weeks.

- Negotiations in progress with the lending banks regarding the restructuring of the debt . Negotiations between Sorgenia and the lending banks are continuing. In particular, a possible standstill and moratorium agreement is being discussed by the lawyers of the parties involved and, alongside this, meetings between the company and the banks are continuing on operating issues, starting from the need to recover an acceptable level of availability of both cash and endorsement credit facilities.
Concerning the discussions between CIR and its lending banks, CIR has confirmed that it is prepared to support the restructuring plan of the Sorgenia group and has informed the banks of the terms and conditions of its proposal. To date this proposal has not been considered as sufficient by the lending banks, who have informed Sorgenia that they are working on a possible alternative deal, which could be implemented if the shareholders are not prepared to take part in the financial restructuring package.
- Limitations and cancellation of credit lines and their impact on the Sorgenia group. Sorgenia management reports that the suspension and cancellation by the banks of their credit lines has led to a significant contraction of the financial resources available to the Sorgenia group. These actions have affected the cash facilities, the commercial advance lines, the endorsement facilities and the credit lines for derivative dealing. The business activity of the Sorgenia group has obviously been negatively affected by these actions. More specifically, the lack of access to credit facilities has led to inefficiency in ordinary operations, which is having repercussions of an economic nature.
- Time horizon for meeting maturing obligations. Sorgenia's management, in line with the indications of the Company's Board of Directors, has implemented a series of actions aimed at preventing the expected cash deficit referred to in the press release of February 17 2014 which was expected to occur by the end of March. Specifically, these actions involved intervening on working capital. For the current month of April the company is engaged in reducing the risk of situations of financial tension, partly through the completion of some extraordinary transactions. It should be noted, however, that there is still a degree of uncertainty as to the completion of these transactions linked to the short time-frames in which they must be effected. The market will be informed promptly of any new risk of a cash shortfall.
- Considerations regarding the "going-concern" status of the Sorgenia group. Maintaining the going-concern status of the Sorgenia group is linked to the recovery of normal banking activity. The outcome of the discussions on the debt restructuring could also have a significant impact.
- Possible early repayment of the CIR bond 2024. For the moment the company has received no notification from the Trustee about a possible early repayment of the bond.

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