

PRESS RELEASE

Iren Group presents the new 2011-2015 Strategic Plan.

Development strategies to strengthen the position of the Iren Group in the regulated segments (water, waste management and district heating) and optimise growth over the whole energy cycle:

- **Gross Operating Profit of about Euro 1 billion expected for 2015, with annual average growth of more than 10%, including synergies of about Euro 70 million over the lifespan of the Plan;**
- **2011-2015 Investment Plan expected to amount to over Euro 2.4 billion for development of previously initiated significant projects and external growth, supported by no core asset dismissal and specific partnership fulfillment.**

13 December 2010 – The Iren Group presents today the new 2011-2015 Strategic Plan to the financial community.

The Iren Group intends to focus on developing its water, waste management and district heating segments through both internal and external growth in the 2011-2015 period, with special emphasis on the territories it operates in. These are segments that the Group holds a significant competitive advantage in, and where it will be possible to avail of opportunities presented by the developing scenario.

The Group aims to increase its current end-customer base in providing energy (gas and electricity) in the open market segments, and to optimise its gas supply and generation portfolio.

Optimization of cash flow in the gas and electricity networks completes the growth plan for the Group over the next five years, also thanks to the openness to specific partnership. The disposal of non strategic assets will make further resources available to put into the development plan.

The Iren Group intends EBITDA to grow to about Euro 1 billion in 2015 (CAGR 10%) in accordance with these strategies.

The Strategic Plan also provides for an investment plan of over Euro 2.4 billion for 2011-2015 and accumulated synergies over the course of the Plan of Euro 70 million, 70% of which is expected to be made in its first three years.

The estimated Net Financial Position at the end of the Plan will be about Euro 2.5 billion, with a Net Debt/EBITDA ratio down to about 2.5 (3.6 in 2009), thanks to complete balance with the cash flows.

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The following gives a more detailed breakdown by individual business area.

INTEGRATED WATER SERVICE: 30% OF THE GROSS OPERATING PROFIT IN 2015

The commitment of the Iren Group will be focused on creating investment plans in the Liguria and Emilia areas for the five-year period 2011-2015, as a natural progression of the area plans already started up.

The initiatives to take the opportunities to expand in areas that are currently not managed, but which form part of the catchment area, will be very significant also thanks to the consolidation of the operation started up with F2i for the concentration and development of the water segment.

The integrated water service, expected to account for 46% of the growth in Gross Operating Profit of the Group, will achieve sales volumes of 380 million cubic metres, significantly up on the 192 million cubic metres sold in 2009 (+100%), to serve a catchment area of over 4.5 million inhabitants (2.4 million in 2009).

The growth plan provides for making about Euro 1.1 billion in investments over the lifespan of the plan.

WASTE MANAGEMENT: 12% OF THE GROSS OPERATING PROFIT IN 2015

The aim of the Iren Group is to reach 1.8 million tons of urban and special waste treated by 2015 (+98% compared to 2009), thanks mainly to completion of the waste disposal plant system for the areas served where there is a recycling target of at least 60%, in addition to expansion of the business in areas that are not currently managed in the catchment area.

Along with the increased plant capacity, the Iren Group aims to increase its market share in special waste management (+30% in the areas served).

18% of the growth in Gross Operating Profit will be in the waste management segment with an investment plan of Euro 400 million over the five-year period.

ELECTRICAL ENERGY AND HEAT GENERATION: 23% OF THE GROSS OPERATING PROFIT IN 2015

The objectives for the Generation segment are focused on the increase in heat generation capacity from highly efficient cogeneration sources and integration with other sources of internal heat and with potential heat sources coming from the development in the waste management segment by the Group to increase the volumes served through district heating. Heat production expected by 2015 is more than 3 TWh of heat (+26% compared to 2009) and will be mainly created through completion of the 400 MW cogeneration power plant in the north Turin area and maximisation of production efficiency.

The segment plan also provides for completion of the hydroelectric plant system repowering in Valle Orco, and development of production from renewable sources as the lever for development in the area, in addition to completion of other production operations.

An investment plan of about Euro 250 million over the lifespan of the plan is expected for the Generation segment, which is expected to contribute 15% to the increase in Gross Operating Profits.

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ENERGY INFRASTRUCTURES: 24% OF THE GROSS OPERATING PROFIT IN 2015

The Strategic Plan provides that this segment will contribute to about 10% of the growth in the Gross Operating Profit.

The objectives for development provide for completion of the Livorno regasification terminal (OLT), which is expected to start up at the beginning of 2012, with an authorised regasification capacity of 3.75 billion annual cubic metres of natural gas and high possibility of infradaily modulation. Once the terminal has been completed, the Plan provides for a reduction in the participation of the OLT project in accordance with the volumes of gas used by the Group.

The completion of development of the district heating networks in the territory is very significant for the purposes of the Plan. Specifically, expansion of the district heating networks will allow district heating volumes to grow, which will amount to 80 million cubic metres (+27% compared to 2009), confirming the Iren Group's status as leader in this segment in Italy.

Upon completion of the plan, maintenance will be carried out to improve efficiency of the electricity and gas networks and cash flows are also planned to be maximised..

The plan provides for investments of about Euro 600 million in the Energy Infrastructure segment.

MARKET: 7% OF THE GROSS OPERATING PROFIT IN 2015

Thanks to the greater availability of electrical energy and gas from the projects to increase internal generation capacity, and through integration of the gas supply platforms, the Iren Group intends to consolidate its position in northern Italy. This segment is expected to contribute 6% to the Group Gross Operating Profit.

In addition to the consolidation and customer loyalty programs of the current customer base, the Plan defines customer growth objectives in the territories served, exploiting the significant cross-selling potential between electrical energy and gas users, and with respect to the external lines, establishing itself as a centralised provider for medium-sized businesses in the Centre-North, through an investment plan of around Euro 57 million in the five-year period, with a more of 30% increase in the customer base, mainly in the gas segment.

IREN is one of the leading multi-utility companies in Italy, established from the merger between Iride and Enìa, and provides public utility services in the Provinces of Genoa, Turin, Reggio Emilia, Parma and Piacenza. With a multi-business portfolio and leading presence in all the industrial areas (electrical energy, gas, water, waste, district heating and renewable energy) in addition to a good balance between open market activities and regulated activities, IREN is in third place among the multi-utility companies, on a national basis in terms of revenue and Ebitda.

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