PRESS RELEASE

ASCOPIAVE: Q12010 results approved by the Board of Directors.

- **Consolidated revenue: € 293.7 million (-17.6% compared to the first three months of 2009)**
- **EBITDA: € 31.5 million (+9.7%)**
- **EBIT: € 26.1 million (+9.0%)**
- **Group Net Profit: € 14.0 million (+16.6%)**

The Board of Directors of Ascopiave S.p.A., chaired by Mr. Gildo Salton, met today, to examine and approve the interim report of Ascopiave Group at 31 March 2010.

Ascopiave Group's Consolidated Results at 31 March 2010

Revenue from Sales

Ascopiave Group closed Q12010 with consolidated revenues of € 293.7 million, compared to € 356.3 million in the same period of 2009 (-17.6%). The increase in turnover, due to the enlarged scope of consolidation of the Group (+21,9 million di Euro) was more than offset by the decrease in revenue on the previous consolidation, mainly due to the decrease in revenue from gas sales both in sales and trading activities as a wholesaler (€ -38.9 million) and on gas sales to the end market (€ -47.8 million).
Although the overall amount of gas sold increased, revenues from gas sales fell, mainly due to the drop in energy prices implied in the indexing formulae of pricing.

EBITDA

Compared to the first quarter of 2009, Ascopiave's EBITDA increased by € 2.8 million (+9.7%), reaching € 31.5 million.

The enlarged scope of consolidation led to a rise in EBITDA of around € 1.8 million. In 2009, there was a € 1.0 million increase in the margins realised on consolidated activities, mainly due to:

- An increase in markups on gas sales (€ +6.3 million);
- A decrease in revenue from distribution (€ -6.5 million), mainly due to the new way of recording it in the accounts, as indicated below;
- The positive contribution made by the balance between residual cost and residual revenue items (+€ 1.2 million).

<u>New Way of Recording Transportation Revenue for the Group's Distribution Companies</u>

In the Interim Report at 31 March 2009, the Group's distribution companies allocated distribution revenue for amounts corresponding to the amount billed to the sale companies in the first quarter of 2009, based on the rate options in force for the year 2007-2008, the application of which was extended by the Authority for the entire first half of the year, initially as an advance (AEEG Resolution no. 159/08) and later by virtue of a subsequent final amendment to the regulation (AEEG Resolution no. 79/09).

Starting from the interim report at 30 September 2009, and therefore also for Q12010, the Group's distribution companies have implemented a new way of recording transportation revenue. In line with the new rules that regulate the determination and application of distribution rates and measurement of natural gas in the "regulatory period", revenue is allocated in constant monthly amounts based on the annual value of the Permitted Revenue Level.

Normalization of the results of the first quarter of 2009 versus the new method of recording transportation revenue

The negative impact of the new method of recording transportation revenue on the profit margins amounts to around € 7.5 million.
This is equal to the difference between the transportation revenue actually allocated for by the Group's distribution companies in the accounts at 31 March 2009 (€ 20.9 million) – net of contributions to national funds managed through the distribution rate – and the value that would have been allocated by adopting the new accounting method, taken as ¼ of the distribution revenue earned by the Group in the calendar year 2009 (€ 13.4 million in the quarter).

Normalizing the income statement of the first quarter of 2009 in view of the new accounting method of transportation revenue, EBITDA at 31 March 2009 would have been around € 21.2 million.
The change in EBITDA in the first quarter of 2010 in view of the normalized profit would be € +10.3 million (+48.6%).

The valuation differences due to the adoption of the new methods of recording transportation revenue on an annual base offset each other

The implementation of the new method of reporting revenue has an impact on determining income results in the year and therefore, on the quarterly interim situations (First Quarter, First Half, Third Quarter), while it has no impact on the results of the entire year.
In the case in point, the temporary negative differences shown in the Interim Report of the first quarter of 2010 (€ -7.5 million) will be completely reabsorbed in the 2010 financial statements.

Trend in the markup of gas sales

The increase in the markup on gas sales, amounting to € 8.5 million (€ 2.2 million of which were attributable to the enlarged scope of consolidation), was due to an increase in the volume of gas sold, and an increase in the average margins, brought about by an improvement in the gas supply economic conditions and a recovery of margins vis-à-vis industrial clients.

EBIT

EBIT for the first quarter of 2010, € 26.1 million, increased by € 2.2 million (+9.0%) compared to the same period of the previous FY.

The enlarged scope of consolidation contributed to the EBIT for the period, to the tune of € 1.5 million.

Normalizing the income statement of the first quarter of 2009 compared with the new method of recording transportation revenue adopted in 2010, operating revenue in the first quarter of 2009

would have stood at € 16.4 million. The increase reported in the first quarter of 2010 versus this normalized result would be € +9.7 million (+59.1%).

Net Profit or Loss

The Group's net result, € 14.0 million, increased by € 2.0 million (+16.6%) compared to the first quarter of 2009, due to an improvement in the results from operations and to the positive contribution of financial income statement items.

Compared to the same period of 2009, the income statement of the first quarter of 2010 showed:

- lower interest expenses (€ +0.3 million), due to the reduction in the interest rates and spreads negotiated with the banks;
- the recording in Q12009 of the mark-to-market value of some derivative financial instruments entered into to hedge the risks associated to the sale of gas and electricity (+1,7 million di Euro);
- a decrease in the result of the affiliate Sinergie Italiane S.r.l. (€ -0.1 million) consolidated at equity.

The increase in taxes (€ +1.7 million) is directly related to higher revenue, against a largely stable tax rate, which increased slightly from 38.9% to 39.2%.

Normalizing the income statement of the first quarter of 2009 compared with the new method of recording transportation revenue adopted in 2010, the net result of the Group in the first quarter of 2009 would have stood at € 6.8 million. The increase reported in the first quarter of 2010 versus this normalized result would be € + 7.2 million (+105.2%).

Application of IFRIC 12

The recognition and valuation criteria adopted for drafting the interim report at 31 March 2010 are the same as those adopted for drafting the yearly financial report, to which reference should be made, except for the recognition and evaluation methods of the "Service Concession Arrangements", following the implementation of IFRIC 12 on 1 January 2010.This interpretation defines the recognition and valuation criteria to be adopted for agreements between the public and private sectors regarding the development, financing, management and maintenance of infrastructures operated under concession. Specifically, IFRIC 12 stipulates that where the grantor controls the infrastructure, regulating/controlling the characteristics of the services provided and the prices to be applied, and maintaining a residual interest in the activity, the concessionaire is entitled to use the infrastructure or financial activity depending on the characteristics of the agreements in place.

Considering the agreements in place in the Group, applying IFRIC 12 exclusively to the natural gas distribution business segment involves classifying the infrastructures under concession as intangible assets; compared with the balance sheet at 31 December, the net book value of the infrastructures relating to concession agreements as IFRIC 12 (€ 294.7 million) was moved from "Property, Plant and Equipment" to "Intangible Assets".

As regards the income statement, this interpretation has had no effect, because:

(i) revenue derived from building and upgrading infrastructures is recorded for the related costs (€ 2.3 million in Q12010), since the pricing structure of services provided under concession and without a benchmark does not allow for a reliable definition of a margin for building/upgrading activities, and investments are therefore recorded as work to order in progress for the same amount as costs incurred; (ii) the process of amortisation of the assets relating to service concession has remained unchanged, and is still calculated by considering the economic benefits expected to derive from the use and the residual value of the infrastructure, as provided for by the regulations.

Group Operations in Q12010

The volumes of gas sold to the end market by fully-consolidated companies in Q12010 amounted to € 452.5 million cubic metres, showing a 21.8% growth compared to the same period of 2009.
The increase in volumes on 2009 scope of consolidation (+26.0 million cubic metres, +7.0%) was supplemented by the enlarged scope of consolidation (+55.0 million cubic metres, +14.8%).

In the first quarter of 2010 the 49% or 51%-consolidated companies sold a total of 282.2 million cubic metres of gas (+31.6 million cubic metres; +12.6%).

Sales activities to the Virtual Exchange Point, to the Entry Point and as a wholesaler involved 230.4 million cubic metres during the period (-56.1 million cubic metres, -19.6%).

At 31 March 2010, the gas customers managed by the fully consolidated companies amounted to approximately 455,100, while the customers of the pro-rata consolidated companies amounted to around 296,000.

As regards gas distribution activities, the gas volumes provided through the networks managed by the Group totalled 413.1 million cubic metres, up by 9.3% compared to Q12009.
Further to the economic crisis and the crisis in the real estate sector, the distribution network provisionally slowed down its development, and, as a result of the new extensions, boasted coverage of about 7,540 kilometres at 31 March 2010.

Investments

During Q12010, the Group made net investments totalling € 6.8 million, mainly for the development, maintenance and upgrading of gas distribution networks and plants and to build and expand the premises in Pieve di Soligo.

Indebtedness, Debt/Net Equity Ratio

The Group net financial position at 31 March 2010 stood at € 106.0 million, up compared to € 82.5 million at 31 March 2009 and to € 79.1 million at 31 December 2009.
More specifically, during Q12010, the € 27.0 million difference in the Net Financial Position was due to:

- Self-financing (profit + amortisation and depreciation + allowances): € +19.4 million;
- Net working capital management: € -39.0 million;
- Net investments: € -6.8 million;
- Asset management: € -0.5 million (treasury shares purchased).

"The changes that take place on the economic landscape in the coming months will be influenced by a persistently difficult economic situation. However, the positive results achieved, combined with the fairly low use of debt, give the group the tranquillity and solidity necessary to overcome this moment of turbulence on financial markets, in a perfectly sound position," remarked the Chairman of Ascopiave Gildo Salton.

At 31 March 2010 the debt/net equity ratio equalled 0.28, still one of the best in the segment.

Statement by the Appointed Executive

Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Law, the Executive appointed to draft corporate accounts, Mr. Cristiano Belliato, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Enclosures

Consolidated accounting schedules, not subject to audit.

Ascopiave Group operates in the natural gas sector, chiefly in distribution and sale to end customers.
In terms of both customer base and quantities of gas sold Ascopiave is currently one of the leading national players in the gas sector.
The Group holds direct licences and consignments to manage its distributing activity in 183 municipalities, serving a pool of users of more than 1 million residents. The Group owns the distribution network it manages, which extends over 7,500 kilometres.
Natural gas is sold through several companies: some of them are subsidiaries in which the Group is the majority shareholder, while in others the Group holds a 49% and 51% interest and joint control with the other shareholders. In total, the subsidiaries provide gas to about 750,000 end clients.
Thanks to its leading role on the market, the Group has been operating as a gas wholesaler and trader since 2007.

Ascopiave has been listed on the STAR division of the Italian Stock Exchange since 12 December 2006.

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Pieve di Soligo, 14 May 2010

Consolidated balance sheet

(€/000)		31.03.2010	31.12.2009
Non-current assets			
Goodwill	(1)	92.225	92.225
Other intangible assets	(2)	321.825	320.857
Tangible fixed assets	(3)	32.932	31.431
Investments	(4)	986	782
Other non-current assets	(5)	3.537	3.686
Deferred tax assets	(6)	11.000	10.950
Total non-current assets		**462.505**	**459.930**
Current assets			
Inventories	(7)	3.889	3.427
Trade receivables	(8)	328.796	187.367
Other current assets	(9)	23.644	20.380
Current financial instruments	(10)	7.084	2.295
Tax credits	(11)	285	623
Cash and cash equivalents	(12)	5.506	20.842
Total current assets		**369.204**	**234.933**
Total assets		**831.709**	**694.863**
Net equity			
Share capital		234.412	234.412
Reserves		132.352	107.545
Profit (losses) for the period		13.969	25.288
Group net equity		**380.733**	**367.245**
Net minority interest		**3.641**	**2.851**
Total net equity	(13)	**384.373**	**370.096**
Non-current liabilities			
Provisions for liabilities and changes	(14)	1.958	476
Employee severance indemnity	(15)	2.918	2.937
Medium/long-term debt	(16)	4.326	4.326
Other non-current liabilities	(17)	14.290	14.149
Non-current financial liabilities	(18)	734	746
Deferred tax liabilities	(19)	26.687	26.905
Total non-current liabilities		**50.913**	**49.540**
Current liabilities			
Payables to banks ad loans	(20)	99.957	94.632
Trade payables	(21)	173.070	151.861
Tax liabilities	(22)	4.623	988
Other current liabilities	(23)	105.154	25.226
Current financial instruments	(24)	13.618	2.519
Total current liabilities		**396.423**	**275.227**
Total liabilities		**447.335**	**324.767**
Total liabilities ad net equity		**831.709**	**694.863**

Consolidated income statement

(thousands of Euro)		1Q2010	1Q2009
Value of production	(25)	**293.668**	**356.260**
Operating costs		**263.429**	**328.499**
Costs of purchases of raw materials -Gas	(26)	210.484	291.799
Costs of purchases of consumables	(27)	11.710	11.075
Cost for services	(28)	33.531	17.588
Personnel costs	(29)	5.057	4.683
Other operating costs	(30)	2.683	3.356
Other income	(31)	37	2
Amortization and depreciation	(32)	4.134	3.816
Operating Result		**26.104**	**23.945**
Financial income	(33)	181	155
Financial charges	(33)	480	2.450
Affiliated compnaie carried at equity	(33)	1.516	1.404
Pre-tax result		**24.289**	**20.245**
Income taxes of the period	(34)	9.532	7.874
Operating result		**14.757**	**12.371**
Profit /loss for teh period		13.969	11.975
Minority interest profit		789	396
Other items of the overall income statement			
Change in the cash Flow Hedge reserves of subsidiaries			
Tax impact of the change in Cash Flow Hedge reserves			
Net change in reserves for affiliates carried at equity		45	3.904
Net result of the period		14.802	16.275
Group overall net result		14.013	15.879
Overall minority net result		789	396
Basic earnings per share		0,06	0,07
Diluted earnings per share		-0,06	-0,07

(In thousands of Euro)	1Q2010	1Q2009
CASH FLOWS GENERATED BY OPERATING ACTIVITIES		
Net income for the Group	**13.969**	**11.976**
Adjustments to reconcile net income to net cash provided by operting activities		
Net income of the other	789	396
Depreciation and amortisation	4.134	3.816
Bads debits	1.306	994
Provision for doubtful accounts	0	1.628
Net change in deferred tax assets and libilities	(268)	(88)
Provision for termination indemnities	(19)	(52)
Net change in other provinsions	11	(145)
Evaluation of joint companies with net assets method	1.516	1.404
Changes in operating assets and liabilities		
Inventories	(462)	(64)
Trade receivables	(142.735)	(111.276)
Other currents assets	(3.264)	1.112
Currents financial assets	(4.789)	(7.650)
Tax receivables and payables	3.973	2.398
Trade payables	21.209	(14.711)
Other currents liabilities	79.928	78.809
Other non-currents assets	150	227
Other non-currents liabilities	141	672
Total adjustments	(38.381)	(42.530)
Net cash provided/(used) by operating activities	**(24.412)**	**(30.555)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to intagible assets	(4.559)	(606)
Additions to property, plant and equipment	(2.045)	(3.447)
Change in investment	(204)	154
Acquisition of subsidiary, net of acquired cash	0	13
Net cah provided/(used) in investing activitis	**(6.808)**	**(3.885)**
Cash flow from financing activities		
Net proceed from capital increase	(12)	(12)
Net changes in short-term bank-borrowings	5.325	71.360
Financial payables to other	11.099	14.723
Share buyback	(527)	(2.851)
Net cash provided/(used) in financing activities	**15.884**	**83.221**
Increase in cash and cash equivalents	(15.336)	48.781
Cash and cash equivalents at beginning of the year afther contribution	**20.842**	**27.565**
Cash and cash equivalents at end of the year	**5.506**	**76.346**
Additional information	**1Q2010**	**1Q2009**
Interest paid	392	480
Taxes paid	0	0

(In thousands of Euro)	Share capital	Legal reserve	Company's own shares	Other reserves	Net result for the period	Group shareholders' equity	net results and shareholders' equity of others	Total shareholders' equity
Balance at 01.01.2010	**234.412**	**46.882**	**(11.747)**	**72.410**	**25.288**	**367.245**	**2.851**	**370.096**
Net income for period					13.969	13.969	789	14.758
Reserve for affiliates carried at equity				46		46		46
Net result of the period				46	13.969	14.015	789	14.804
Allocation of 2009 result				25.288	(25.288)	(0)		(0)
Balance at 31.03.2010	**234.412**	**46.882**	**(12.274)**	**97.744**	**13.969**	**380.733**	**3.640**	**384.373**

(In thousands of Euro)	Share capital	Legal reserve	Company's own shares	Other reserves	Net result for the period	Group shareholders' equity	net results and shareholders' equity of others	Total shareholders' equity
Balance at 01.01.2009	**234.412**	**46.882**	**(5.299)**	**64.661**	**18.452**	**359.109**	**2.324**	**361.433**
Net income for period					11.976	11.976	396	12.371
Reserve for affiliates carried at equity				3.904		3.904		3.904
Net result of the period				**3.904**	**11.976**	**15.880**	**396**	**16.275**
Allocation of 2008 result				18.452	(18.452)	(0)		(0)
Changes in the scope of consolidation				(554)		(554)	675	121
Purchase of and adjustments to treasury shares			(2.850)			(2.850)		(2.850)
Other changes				43		43		43
Balance at 31.03.2009	**234.412**	**46.882**	**(8.149)**	**86.506**	**11.976**	**371.628**	**3.395**	**375.022**