



ERG S.p.A
“Fourth Quarter and Full Year 2009 Results”
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Operator:

Good afternoon. This is the Chorus Call Conference operator. Welcome, and thank you for joining the ERG Fourth Quarter and Full Year 2009 Results Conference Call. After the presentation there will be an opportunity to ask questions. At this time, I would like to turn the conference over to Mr. Alessandro Garrone, CEO of ERG. Please go ahead, sir.

Alessandro Garrone:

Thank you. Good afternoon ladies and gentlemen, and welcome to ERG fourth quarter and full year 2009 results. I am here with Luca Bettonte, our General Manager, and Paolo Merli, our Head of Corporate Finance and Investor Relations. And I am sorry for having changed the day and the timing of this webcast.

Let me start with the key financials for Q4 '09, which was again a weak quarter. Q4 adjusted EBITDA at replacement cost came in at €21 million, 69% less year-on-year, including €16 million of insurance reimbursement as regards ISAB Energy incident.

This weak result was mainly penalized by two factors: a refining scenario worse than in Q4 '08, mainly as a result of weakness of diesel (only partly balanced by the improvement in gasoline crack spreads), and secondly the ISAB Energy incident, which was only partly offset by the insurance reimbursement.

The replacement cost net profit was a loss of €27 million, compared to minus €12 million in Q4 '08, which was affected by ISAB Energy incident as well.

The full year 2009 adjusted EBITDA at replacement cost was driven by the same reasons as for Q4, and came in at €92 million, 83% less year-on-year, which includes €78 million of insurance reimbursement for the ISAB Energy incident.

The dividend proposed by the board of meeting today to the shareholders' meeting is €0.4 per share, which means a dividend yield of 4.2% and represents the same dividend as we've proposed for the last four years. As you know, our policy is to keep the dividend constant or increase the dividend if the results and the future perspective are very good. Of course, last year we proposed an extra dividend of €0.50 because of the LUKOIL deal, but that was an extraordinary dividend.

Going back to the results, the replacement cost net profit was a net loss of €80 million, compared to a profit of €84 million for the full year 2008.

Looking at the balance sheet, it shows a leverage of 26% compared to 12% at the end of 2008; the increase in the leverage ratio is mainly due to investments and dividends paid in 2009, only partly offset by operating cash flows and full cash-in of insurance reimbursement for a total amount of €250 million.

The net financial position closed at €662 million at year-end, and at 586 if adjusted for the 51% cash in ISAB balance sheet, which is cash-positive. It's worth to say that our

balance sheet remains strong notwithstanding the challenging trading environment in 2009.

And now over to Luca, who will lead you through the Q4 and full year results in details. Thank you.

Luca Bettonte:

Good afternoon everybody and thanks for coming. As usual, we start by analyzing our economic results.

Replacement cost EBITDA: Q4 '09 is €21 million versus Q4 '08 at 66, and 92 for 2009 full year versus 540 in 2008. Easy to say: lower results compared to 2008 both on a quarterly and yearly basis.

On a quarterly basis, we had a decrease driven mainly by worse performance in coastal refining and in the integrated downstream. While power and gas reported stronger results compared to the same period of 2008, and the same did renewables: the results have been better than in Q4 '08, thanks mainly to the contribution of the new wind farms, Faeto and Vicari.

Looking at the annual results, we had a worse scenario that penalized all of our activities. So, the decrease of the results is mainly due to the worst performance, again of the coastal and inland refining, power and gas and also downstream. As far as downstream is concerned, it is worth remembering that 2009 has been affected by the launch of ERG Mobile project, whose cost of about €14 million impacted the year.

In any case, on the positive side I'd like to underline that we had a good contribution from the marketing activities, mainly in terms of volumes within the integrated downstream (despite the economic crisis and the lower associated margins) and renewables, in any case better than last year on a full year basis, thanks to the increased capacity as I mentioned, and despite the lower price scenarios and the limitation stemming from the general maintenance activities made on the national grid by Terna.

Looking at the lower parts of the profit and loss, adjusted EBITDA at replacement cost on quarterly basis was minus 32 this year versus plus 14 last year, and minus 92 this year on a full-year basis, compared to 336 last year. Remember that EBITDA at replacement cost doesn't include the gain/loss on inventory.

As usual, on this chart I think it's worth commenting just a couple of rows. The first is non-characteristic items: we had €48 million positive this year, mainly related to the insurance reimbursement regarding the property damage for ISAB Energy incident, for the Q4 and also for the full year. The main impact is stemming from this reimbursement.

In terms of net income from equity investments, as usual here we have items pertaining mainly to ISAB and inland refineries, while talking about net financial income/ expenses,

Q4 '09 is minus 9 versus plus 51 in the Q4 '08, and minus 18 versus minus 3 compared on annual basis.

Talking about the quarterly performance, it seems it has been worst, but you should remember that last year we had about €80 million gain related to the hedging on oil inventory contributed to ISAB. Net of this extra item, we posted a positive performance of about €20 million comparing the two quarters 2009 versus 2008. The main reasons are lower financial charges (thanks to a lower interest rate and to a lower net financial position on average during the year), and negative foreign exchange differences of about €7 million we had last year.

The same situation, of course with a larger magnitude, has to be noted with reference to the full year results: we had minus 18 versus minus 3, with the minus 3 affected by the plus €102 million gain, stemming again from the hedging on the oil inventory contributed. So the difference is again positive, and again it is due to the lower financial charges, which reflects lower interest rates and lower net financial position, then positive interest accrued on cash of LUKOIL operation for about €15 million. Last year we had a positive foreign exchange difference of about €10 million and also losses on derivatives on crack spreads for about €15 million. So some items are linked to some extraordinary impact of some transaction in the last year. But it is important to say that this year we had a positive outcome compared to last year, mainly thanks to the lower net financial position associated with lower interest rates.

Okay, now we can move forward and analyze each of our business lines. As usual the first is the coastal refining key figures. Adjusted replacement cost EBITDA on a quarterly basis is minus 21 versus plus 14, and on annual basis minus 43 versus 230. As it is written, results are penalized by the worse scenario.

Gross refining margin on a quarterly basis is down 70% already net of the change in perimeter. The year-on-year decline on quarterly basis is mainly due to a worse price scenario penalized mainly by the weakness of gasoil, and also weaker US dollar versus euro, partially offset by the strength of gasoline, and in particular the better plants performance. And we had the shutdown at the beginning of the year: so we are benefiting nowadays - and of course also in the second part of 2009 - from a better plants performance.

On annual basis, the gross refining margin is down 76%: no different comments from what I have just said with reference to the last quarter of this year.

In terms of refining margin, I think it's important to have a look at what happened in the fourth quarter '09 versus the fourth quarter '08: 2.22 in Q4 '09 versus 4.86 in Q4 '08.

Refining margins were down about \$2.5 per barrel: again, the impact of the very weak scenario we had in the fourth quarter has penalized particularly the middle distillate cracks (that are important for our refinery), just partially offset by the improved plants performances, as I mentioned before.

In any case, I think it's worth to underline that the ISAB refinery premium against the EMC benchmark was about \$3 per barrel during the quarter, showing a better performance compared to the industry. So, let's say that we have a good plant performing very well in a worse scenario unfortunately, and this premium has been - to a lower extent - a bit lower: \$2.25 per barrel, also on an annual basis. So again: good plants after the turnaround in a worse scenario.

Talking about the integrated downstream: replacement cost EBITDA on a quarterly basis was 22 million versus 56, and on annual basis 88 versus 145.

On a quarterly basis, overall the EBITDA has been weaker due to lower margins - both in retail and wholesale - and costs related to the ERG Mobile projects startup, as I mentioned before.

Of course, you should remember that in the same quarter of last year results for retail and wholesale were particularly high due to the scenario, the particular conditions that we explained in the last year.

Inland refining and logistics, now: EBITDA is worse than in the same quarter last year, due again to a negative price scenario.

On an annual basis, the results for marketing are lower than in the previous year: we had in any case satisfactory retail results, which were in line with 2008 and driven mainly by increased sales and lower costs despite the lower margins. Again - let me repeat - the costs relating to the ERG Mobile projects start-up (about €14 million negative) and worse results in wholesale activity due to lower industry margins and to lower ERG volumes. Inland refining and logistics: again - I have to repeat - the worse scenario affected our sales performance.

In terms of marketing and volumes, let me remember that domestic industry in the fourth quarter '09 has shown consumptions roughly in line with the same quarter of last year. To the contrary, in 2009 industry demand is still overall down by 1%. On the other side, ERG volumes in Q4 '09 and in 2009 were higher than in the corresponding periods of the previous year. As a result, we increased our market share to 7.2% in Q4 '09 and 7.13% in 2009. So these are the positive outcomes - at least in terms of volumes - in a scenario of lowered margins.

For the inland refining I have to repeat myself. Refining margins went down because of the unfavorable refining scenario, and also the volumes processed came down this year, by 7% on a quarterly basis and by 13% on annual basis. The processing reduction is due to lower margins and thus lower runs as well as the Rome turnaround in the first quarter of '09 (last year we had a turnaround for Sarpom refinery).

Moving now to the Power portion of our business: Replacement cost EBITDA on a quarterly basis was plus 12 versus minus 11 (so a positive outcome), whilst on annual

basis €66 million versus €165 million. Net capacity utilization: on a quarterly basis 45% versus 23%, while on annual basis 43% versus 74%. Of course when we comment about our performance relating to ISAB Energy, you should remember that in 2008 we had the incident on 13th of October that affected the capacity of the plant in Q4 2008 and the 2009 performance in full.

On a quarterly basis in any case the better results we had reflect the full versus partial shutdown of ISAB Energy plant, as a result of the incident occurred last year. Q4 '09 EBITDA at replacement cost also benefited by €16 million of insurance reimbursement while it was zero the same quarter last year (when we had the incident, so of course the impact was at the most).

On annual basis, we had of course vice versa a sharp decrease that is the consequence of the last year incident again - in terms of net capacity utilization - that affected operations along with the lower CIP6 tariff, as it is written on the chart.

ERG Power and Gas and NuCe: replacement cost EBITDA is on a quarterly basis 8 versus 9, on annual basis minus 11 versus plus 16. On quarterly basis EBITDA was just slightly below last year, as a result of two components: the lower contribution from Turbogas and other NuCe South Plants sold to ERGMed and then contributed to ISAB last year in the transaction we did with LUKOIL, partially offset by the contribution of the first train of the new CCGT we had this year.

On annual basis the decrease of the result is mainly due again to the lower contribution from Turbogas and other NuCe South Plants, as well as a worse industrial performance, of old plants that we had to use, just partially offset by the first train of new CCGT in Q4. Of course this effect - I am referring to the old plants that we had to use - should phase out in 2010 as the new CCGT should be in full force next month.

Let's move now to renewables very quickly, because yesterday there has been the webcast of the company. Just to remember that the replacement cost EBITDA on a quarterly basis was plus 9 this year versus plus 6 last year, and plus 23 in 2009 full year versus €17 million in last year. So positive results.

On a quarterly basis the reason has to do with the higher production both in France and in Italy, which benefited from the contribution - as I mentioned at the beginning of my speech - of the new wind farms (Vicari and Faeto), just partially offset by the problems stemming from Terna activities on the grid. Overall the same reasons apply for the full year.

Investments: €407 million in 2009 versus 354 in 2008. Investments were some 15% above compared to the previous year, mainly as a result of the higher investments in power and gas and renewables associated with the final stage of the construction of the new CCGT and advancement of the ERG Renew business plan, which is in line with what we announced last year.

On the other side, lower investments in the integrated downstream sector, mainly due to the phase-out of the re-styling program, while coastal refining investment was slightly lower, in line with our guidance.

And last, cash flow statement: I think we posted a good performance in terms of net financial position control. We move from €274 million debt with the leverage of 12% to €662 million debt with a leverage of 26%. But, if you deduct €76 million pertaining to the Group that are now in the financial statement of ISAB S.r.l., we land at €586 million.

We note positive cash flow from operation of about €68 million, also including the insurance reimbursement of €250 million that has been booked in the cash flow from operation. As you know, we finalized and cashed from the insurance companies the reimbursement of the damage occurred with reference to the ISAB Energy incident.

In terms of cash-out, tax payment mainly related to the 2008 fiscal year, and CapEx and dividend, distributed for €299 million and €133 million. The positive dynamic of working capital benefited from either the rise in oil price, green certificate reimbursement (€21 million), CO2 reimbursement of €10 million, and - last but not least – let me remind you that we cashed about €50 million CO2 reimbursement relating to ISAB Energy in the first weeks of 2010.

So let me say, I think a good performance in terms of keeping under control our net financial position in this particularly worse scenario. I will now get back to the Chief Executive on to conclude.

Alessandro Garrone:

Thank you Luca. Now the last slides: the first is on the economic guidance for 2010. As you can see, we are positive on all our businesses compared of course to the 2009: in particular, as far as our coastal refining is concerned, in 2010 we are not going to have any shutdown scheduled, and we expect a recovery in margins, as we already see now, even if the environment is still challenging.

As far as integrated downstream is concerned, of course looking at the existing perimeter - and not considering the TotalERG perimeter, that should start in the last quarter this year - we have increased already our market shares, and we will still continue to do that. And, as Luca said, in 2010 we are going to have less cost associated with the ERG Mobile project.

For the thermoelectric, we will have a full contribution of the new CCGT plant as of the second quarter of this year, and also the full contribution of the ISAB Energy after the reconstruction, so as of the third quarter of 2010. So the guidance for the thermoelectric production for the full year is about 6 terawatt hour: 3 for ISAB Energy, and 3 for the CCGT.

And lastly for the renewables: we have a rise in electricity production due to the new plants and the new installed capacity, even if we still see constraints due to the limitation in the national grid by Terna and also for maintenance work on our wind farm. But in general the guidance for renewables is positive compared to 2009.

In the next three slides, I will focus on the ERG Renew business plan and on CapEx guidance in general for 2010, and – in the last slide - on the strategy of the Group.

Looking at the renewable business plan presented yesterday in the webcast for the 2009 results, the objective is to reach an installed capacity of about 430 megawatt by 2013. So this will double the ERG Renew installed capacity today.

It's worth to say that 2010 is an important year, because we have 102 megawatt to add on our capacity and these megawatt will be installed by year-end, most in Italy and part in France. All in all, we expect 229 megawatt of additions throughout the period of the plan. It is important to say that the largest part of this plant expansion is already in the authorized or under construction stage, so it's a very real plan. To fuel this growth, which will make ERG Renew one of the main player in Italy, a strong capital expenditure program has been set, totaling €254 million within the next three years.

As a result of this, we expect to generate a €90 million EBITDA in 2013, with an implied average growth rate of about 41%. I would also like to add that the ERG Group is strongly committed to support ERG Renew financially. And we had also a formal commitment to finance €169 million for the 2010 CapEx plan of ERG Renew.

And last but not least, I'm personally confident that Pietro Giordano, the new Chairman of ERG Renew, after having done a great job in supporting the Group in its restructuring of our portfolio finalized through two important joint ventures (as you remember: the LUKOIL joint venture and TOTAL joint venture), could now help all the management team of ERG Renew in order to succeed in its growth strategy.

Looking at the CapEx guidance for 2010 for all the Group: if you look at this chart, you can see that overall capital expenditure is set to be about 20% lower than 2009 and also about 14% lower than that presented last May regarding the 2010 CapEx. I'd like to underline that compared to previous guidance for 2010, oil investments - which means both coastal refining and integrated downstream - has been reduced by about 25%, in light of a new capital streamlining strategy reflecting the weak oil margin scenario.

In the renewable business, we leveraged some cost efficiency and reshaped the Fossa del Lupo field, thus saving some money. A small variation takes place also in the thermoelectric business, due to some carry over from 2009.

Now the last slide: some remarks on the strategy moving forward. We have summed up six moves we made, or we are making, to have a better strategic positioning for the years to come. On the integrated downstream side, we signed an important agreement with TOTAL that will drive costs and revenue synergies for more than €20 million - for

the ERG share of the joint venture - within three or four years. This agreement has of course a strong industrial rationale, allowing us to enhance our industrial role in this field.

Internally, we launched a Group re-structuring for the sake of simplicity by creating two business units - oil/power business unit and a general management direction - and at the same time saving around €5 million per year, and speeding up our decision processes.

Also on the thermoelectric, the new 480 megawatt CCGT - which has a €330 million project financing - is entering the ramp-up stage, and its full contribution will start as of Q2 this year.

ISAB Energy has already fully cashed in the due reimbursement and is completing the re-construction plan to be fully operative by June 2010, as the plan was.

As far as gas is concerned, we would expect by June 2010 Sicilian local Authorities "Conferenza dei Servizi" to deliberate on the final authorization for Ionio Gas project.

About the last point - the renewables business - as we said, this year will be a key year for this business that will see a massive strengthening in 2010 accompanied by a constant growth until 2013. On top of this plan, we are defining our expansion strategy abroad, with the aim to build up a well balanced and a geographically diversified portfolio. This is also to reduce and mitigate the regulatory risk of the business.

I would like also to add that the trend of the operational performance and safety indexes has been very good in 2009, and I am confident that this will continue in the future.

So thank you very much for your attention; now we are ready to take your questions.

Questions & Answers

Operator:

Excuse me, this is the Chorus Call Conference operator. We will now begin the questions and answers session. The first question is from Alex Marie of Exane. Please go ahead.

Alex Marie:

Hello. I got three questions please. Firstly, in your press release you mentioned buyback of Treasury Shares: could you please just confirm that this is a renewal of the existing authorization? Second question on your integrated downstream: now that this is merged, and given that the Rome refinery is small and simple, shall we expect the closure of this refinery? And finally, on your debt: could you please give us a split of fixed versus variable interest rates?

Alessandro Garrone:

On the buyback: yes, we will ask the shareholders' meeting just to renew the authorization we had already on the buyback. So no particular program, just to have the flexibility in order to buyback shares: nothing more than the routine, let's say. On the downstream joint venture: of course, now we have to start the joint venture first of all. Before that, we have to wait for the clearance of the Antitrust and - as we said - we have to plan all the integration and optimization of the two businesses, including the inland refining business, which means also the Rome refinery. But no program at the moment: we really need to sit together and to work on the future plan, also on the Rome refinery, but as far as we don't have the joint venture it's quite difficult to make a detailed plan. I ask Luca to answer your third question on the interest rates.

Luca Bettonte

Okay, in terms of the interest rates: the largest portion— let's say more than 70% - with the variable interest rates, while 30% is on the fixed side.

Alex Marie:

Thank you.

Operator:

Next question is from Paolo Citi of Intermonte. Please go ahead.

Paolo Citi:

Hello, good afternoon everyone. Just two questions on the coastal refining segment. The first one is on fixed costs: I calculated, if I'm correct, roughly 270 million fixed costs, clearly for 100% refinery, is it correct? And then if you can give a guidance in terms of fixed costs evolution, for this year and also going forward? And second question again on the coastal refining: I was wondering if you managed some de-stocking as in Q3, and if you could quantify potential positive impact on your margins. Thanks.

Alessandro Garrone:

Yes, hello Paolo. On the refinery fixed costs: let's say they are roughly in line with the previous year, but I can try to elaborate a little bit more. The fixed costs in the coastal refining segment were partly related to the refinery and another part is related to ERGMed, which is the shareholder of the refinery. The part related to the refinery are in line with previous year on like for like basis. The part related to ERG Med are also in line notwithstanding the fact that we have now only 51% of the refinery thus resulting in higher costs on a like-for-like basis. The unitary fixed costs, as you all probably have seen, have increased further compared to the previous year, because of course we have reduced our volumes. It's worth to say that we have launched - together with LUKOIL in the ISAB refinery and also in ERGMed - a project to reduce significantly the fixed costs of the refinery in the next few years. We will give you more details of the results of this costs reduction when we will present the four-year business plan in the forthcoming months.

Now the second question about the de-stocking in the fourth quarter: the value of this de-stocking was roughly €10 million.

Operator:

Next question is from Ryan Kauppila of Nomura. Please go ahead.

Ryan Kauppila:

Good evening. Just on the CIP6: having not seen anything of late, I was wondering if you had ever been contacted by the government, or if you had any sort of contingency plans in place, if they did eliminate the CIP6 program?

Alessandro Garrone:

It's too early to say: there is a work in progress, we will see what the government will ask, so we have submitted a non binding proposal, and we will see, but again: the work is in progress. At the moment, we have really no visibility on what is going to happen, but we are working with that.

Ryan Kauppila:

Okay, great. Thanks.

Alessandro Garrone:

Thanks.

Operator:

Next question is from Anish Kapadia of UBS. Please go ahead.

Anish Kapadia:

Hi, I have got a couple of questions. Firstly, I just wanted to confirm on the buyback: are you currently intending to do any buyback in 2010? And secondly, in terms of your medium term EBITDA targets, I was wondering if you could update on those, and in particular the €165 million coastal refining target, given the reduced investment you were talking about in our CapEx plan for this year?

Alessandro Garrone:

Yes Anish, good evening. On your first question: again I confirm that we don't have any buyback program for this year, again it's a way to increase the flexibility in order to manage eventually our liquidity, but I mean we would like to allocate our cash primarily in organic growth, or other investment, not in ERG shares.

In terms of the foreseen EBITDA, again we will give much more details when we present the business plan; so at the moment, we are not ready to give any guidance on that, I am sorry.

Anish Kapadia:

Can I just ask a follow up on the wind business, I didn't listen the conference call yesterday, I was just interested in your views on the green certificate prices business: it

looks like you've got quite large, or quite high expectations in terms of increase in green certificate prices, just what is your view in terms of the outcome of the green certificate market, over the coming years?

Paolo Merli:

Hi, Anish, Paolo speaking. Yes: it is true what you said, our all-in price for the Green Energy is going to move from €145 per megawatt hours in 2010, up to about €180 per megawatt hours, in 2013 which - I remind you - is the reference price set by the regulator, which means it is the price to be reached when supply and demand of green certificate will reach a balance. So our implied expectation is the market is going to balance in three years time, as a result of the mandatory quota for green certificate to increase by 0.75 per year, which is a quite important increase. This will drive up green certificates demand in the account, that's why.

Anish Kapadia:

Okay. Thank you.

Operator:

Next question is from Domenico Ghilotti of Equita. Please go ahead.

Domenico Ghilotti:

Good afternoon. I have a question on your tax payment in 2009: does it mean that cash taxes in 2010 will be much lower because they are related to earnings in 2009?

Alessandro Garrone:

Yes, of course you are right, because the tax we are going to pay in 2010 will be related with the results of 2009. You are right.

Domenico Ghilotti:

And can I ask you also the expected evolution in the net financial position in 2010?

Alessandro Garrone:

About that, again I am sorry, but I have to ask you to wait for the business plan presentation.

Domenico Ghilotti:

Okay.

Alessandro Garrone:

And of course, it all depends much on the price scenario: we are elaborating that, and we will give you a better view in the business plan. Thanks.

Domenico Ghilotti:

Okay. Thank you.

Alessandro Garrone:

Thank you.

Operator:

For any further questions please “*” and “1” on your telephone. Next question is from Roberto Ranieri of Banca IMI. Please go ahead.

Roberto Ranieri:

Yes. Good evening gentlemen, two questions please. The first one is on net debt, that has increased and my question is: do you have any target of debt on EBITDA in the mid term, or what is your implied multiple in covenant and if this covenant is based on debt to EBITDA or debt to equity ratio. My second question is on coastal refining business: could you please give us an idea on the Ural/Brent spread, in the fourth quarter of 2009 and on full year basis? And also my final question is about the working capital, just a clarification: I am sorry, I missed the reason of this strong reduction in the working capital and the effect on the net debt at the end of 2009. Thanks very much.

Luca Bettonte

Let me call that a financial question. We don't have a specific target in terms of net financial position. Let's say that, these days, it is important to keep it under control, announcing our performance in terms of net working capital and what we can do on a short-term basis. On a medium term basis, it is important for us to find the most appropriate way to lower investments for our CAPEX and, as you have seen, we have reduced them, and you get the guidance given by the Chief Executive. In terms of ratios, the ratio is certainly quite particular for ERG Group, because we have four different business lines, with the different financial characteristics. If you take for instance the wind business, we are talking about infrastructure business, so the leverage can be quite higher. While on the power and gas, or in the oil industry, we must be more cautious in terms of leverage. With reference to the ratios we have with banks, in the past they were mainly linked to a net financial position versus EBITDA, even though - it's easy for you to understand - it is important not to link such a ratio to a specific data (so year-end or quarterly basis), but on a longer period of time, in order to smooth the peak up and down that can come from the volatility of the scenario featuring our businesses. Now, we are moving mainly versus net debt to equity, in terms of ratios for the banks, because they reflect in a more appropriate manner our financial capability and soundness. You should remember that we still have more than €1.3 billion in our cash. In terms of working capital, I don't have any particular reason apart from what I have already said in terms of a good performance. You should remember that in this year we booked €250 million, as reimbursement from the insurance companies even though booked in the cash flow from operation. Of course, we had the possibility to cash the green certificate reimbursements, the CO2 reimbursements and then you should remember that's a positive impact for us in terms of net working capital. So I am comparing the accounts receivable to the accounts payable, when the oil price rises. This is, as usual, the main item affecting our performance. In case you need any detail, you may ask Paolo who is at your disposal later on to pass you the information that you may need from a pure financial and technical reason and perspective.

Alessandro Garrone:

And Roberto, on your question about the Brent/Ural differential: in the fourth quarter 2009 it has been \$0.62 cents per barrel, compared to the \$1.73 in the fourth quarter last year. And the full year, they are roughly the same: \$0.73 cents in 2009, compared to the \$3.01 per barrel in 2008. So that means that the Ural was really not convenient in 2009. In fact we processed less than 30% of Ural in our refinery, and the differential I said is the total price differential. If you look also at the commercial differential, it was very low - close to zero - so that's why the Ural was not a great crude for us in 2009. So I can say, if you look at the beginning of 2010, this differential is widening a little bit, and also the commercial differential is better than 2009. So it seems that, for 2010, the Ural crude is more interesting than before.

Roberto Ranieri:

Thank you.

Alessandro Garrone:

Thank you.

Operator:

As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. Next question is from Sergio Molisani of Unicredit. Please go ahead.

Sergio Molisani:

Yes. Good afternoon to everybody. Just a question for Alessandro, if I may: you've often said that the "put" option with LUKOIL is a guarantee for you in case of conflict with LUKOIL, but I believe that you are well aware of the fact that the current refining margin condition in your case is destroying value. So you are perfectly aware - I believe that - this is eroding the value creation potential from the "put" option. So try to be more straight forward. Can you tell me if the expectation of the refining scenario going forward is a parameter that you will look at in taking your decision to exercise or not the "put" option? And then another question, on the "put" option: If I remember well, on the occasion of the first installment, the first sale of the refinery, the holding LUKOIL gave you the parent company guarantee for LUKOIL Europe. Can you confirm me that this kind of guarantee is in place also for the second part of the refinery or not? Thank you.

Alessandro Garrone:

Sergio, the parent company guarantee was against the outstanding payments related to the sale of 49% of the refinery. There is no any company guarantee against the PUT.

Sergio Molisani:

Okay, thank you.

Alessandro Garrone:

And again, I have to repeat myself on the first question: of course, we still see the exercise of the "put" just as a safety, in case of important disagreements with our

partner. Said that. of course we will look at the scenario in the future, in order to estimate the value of the “put” compared to the value of the refinery, and we are doing so, and we will do that in the next period. I remind you that the period for the exercise of the “put” is from the end of this year, up to the end of 2014. But again, of course: the future scenario of the refining is one of the driver, in order to evaluate the decision on the exercise of the “put”.

Sergio Molisani:

Okay, thank you, very clear.

Operator:

Once again, there are no more questions.

Alessandro Garrone:

Thanks, okay. Okay, so if there are no other questions, thank you for the attention. The next webcast will be on the 14th of May for the results of the first quarter 2010. Thank you and good bye.

Luca Bettonte:

Goodbye.