

PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES 2007 DRAFT FINANCIAL STATEMENTS:

- **NET INCOME FROM INVESTMENTS: €38.8 MILLION (-290.2 MILLION IN 2006 DUE TO THE WRITE-DOWN OF OLIMPIA BY ASSOCIATED COMPANY PIRELLI & C.)**
- **CONSOLIDATED NET INCOME: POSITIVE FOR SOME €1.7 MILLION (NEGATIVE FOR SOME €326.3 MILLION IN 2006)**
- **CONSOLIDATED NET FINANCIAL POSITION: DEBT OF €455.2 MILLION (INCLUDING EXPECTED CASH IN OF €211.1 MILLION FOLLOWING PIRELLI & C.'S DIVIDEND PAYMENT) VERSUS €583.2 MILLION AT THE END OF 2006**
- **PARENT COMPANY'S NET INCOME: NEGATIVE FOR SOME €27.6 MILLION (WHEN COMPARED TO THE PRIOR YEAR WHICH CLOSED WITH NET INCOME OF €16.7 MILLION, THE FIGURE REFLECTS THE LACK OF A DIVIDEND PAYMENT FROM PIRELLI & C. FOR 2006)**
- **IN LIGHT OF THE FORESEEN PAYMENT OF AN EXTRAORDINARY DIVIDEND BY PIRELLI & C., DISTRIBUTION OF RESERVES OF €51.5 MILLION, EQUAL TO €0.14 PER SHARE, IS PROPOSED**
- **AUTHORIZATION OF A BUYBACK PROGRAM REQUESTED**
- **IN 2008 THE PARENT COMPANY WILL BENEFIT FROM THE PAYMENT OF AN ORDINARY DIVIDEND BY PIRELLI & C.; AN INCREASE IN NET INCOME FROM INVESTMENTS AND A REDUCTION IN FINANCIAL CHARGES SHOULD HAVE A POSITIVE IMPACT ON CONSOLIDATED NET INCOME**

Milan, 26 March 2008 – The **Board of Directors** of **Camfin S.p.A.** met today to examine and approve the consolidated and parent company **draft financial statements** for **FY 2007**.

Group's operating performance in 2007

In 2007, the Camfin Group implemented a **corporate streamlining project** and began to **refocus on the core business**, in order to concentrate the Group's resources on strategic activities (holding in **Pirelli & C. S.p.A.** and the **Gas** and **Environment** sectors). As part of this project, the financial activities and investment in Pirelli & C. S.p.A. are now managed by the Parent Company Camfin S.p.A. while the Gas and Environment businesses report to the subsidiary Cam Partecipazioni S.p.A..

The sale, in December 2007, of the oil trading business, is part of this project. Furthermore, the sale of real estate assets begun in the second half of 2007 continues.

The results of the Camfin Group at 31 December 2007 and comparison periods were prepared using IFRS accounting standards. In addition to the traditional schedules required as per Legislative Decree 127/91 and Consob (Stock Exchange Regulatory Authority hereinafter referred to as "Consob") Regulations, Camfin has prepared a set of **condensed consolidated financial**

statements in which financial holding companies are consolidated on a line-by-line basis and operating and associated companies are carried at net equity.

Net income from equity investments at 31 December 2007 is a **positive €38.8 million (mn)** compared to the negative €290.2 mn reported in 2006, due to the associate Pirelli & C.'s write-down of Olimpia. More in detail, the positive contribution from Pirelli & C. (a positive €41.1 mn) more than compensated for the negative €6.4 mn reported by the activities in the Gas sector (through the stake in Energie Investimenti), due to extraordinary corporate restructuring costs, the unusual weather conditions and one-offs connected to the regulatory framework. The contribution from the equity investment in Energie Investimenti is expected to improve significantly in 2008.

Consolidated net income, despite the increase in financial charges which rose from €23.2 mn to €32.2 mn, is a **positive €1.7 mn**, compared to a negative €326.3 mn in 2006.

Financial fixed assets at 31 December 2007 amounted to **€1,174.6 mn**, basically in line with the figure at 31 December 2006. Please note that the book value of the equity investment in Pirelli & C. S.p.A. will be adjusted to reflect Camfin's portion of the extraordinary distribution by Pirelli & C. S.p.A. but this will not impact the 2008 income statement. At 31 December 2007 the Camfin Group held 1,370,721,796 shares of Pirelli & C. S.p.A., equal to approximately 26.19% of the ordinary share capital. In addition to this stake the Group also holds *Put & Call* options (renewed in December at the same terms and conditions) on an additional 0.85% of Pirelli & C.'s ordinary share capital.

The Group's share of **net equity** totals **€515.9 mn**, compared to €584.7 mn at the end of 2006. The difference is largely attributable to payment of dividends, the Parent Company results and to a change in the associate Pirelli & C.'s reserves.

The **net financial position**, which includes cash in expected from payment of an extraordinary dividend by associated company Pirelli & C. (the Camfin Group's portion equals €211.1 mn), shows debt of **€455.2 mn**, compared to €616.5 mn at 30 September 2007 and €583.2 mn at 31 December 2006. The change, in addition to extraordinary distribution by Pirelli & C, is due primarily to the sale of the stake in Cam Petroli and the net income from the sale of 20% of Energie Investimenti while financial charges, the payout of dividends in the period, the purchase of Pirelli & C. S.p.A shares, and the recapitalization of di Energie Investimenti had a negative impact. The net financial position at 31 December 2007, net the cash in from the extraordinary distribution, amounts to €666.3 mn.

Attached is the **reconciliation of the net financial position** of the "holding system" and full consolidated debt.

Parent company Camfin S.p.A.

Parent company Camfin S.p.A.'s net income shows a loss of **€27.6 mn** (compared to a positive €16.7 mn in 2006), largely attributable to associate company Pirelli & C. S.p.A.'s failure to pay dividends for FY 2006. The loss will be covered through the utilization of existing reserves.

Net equity is €600 mn (€638.6 mn at the end of 2006). The net financial position, which includes cash in expected from payment of an extraordinary dividend by associated company Pirelli & C. (Camfin S.p.A.'s portion equals €210.9 mn) shows debt of €366.6 mn compared to €540.1 mn at 30 September 2007 and €495.4 mn at 31 December 2006. The net financial position at 31 December 2007, net the cash in from the extraordinary distribution, amounts to €577.5 mn.

Calling to order of the Shareholders' Meeting

In light of the forecast cash in of an "extraordinary dividend" from the associated company Pirelli & C. S.p.A. and the subsequent improvement in the Group's financial structure, the Board of Directors, despite the loss reported by the Parent Company in the year, will submit a proposal for a €51.5 mn distribution of reserves, equal to circa €0.14 per share, to the Shareholders' Meeting.

The Board of Directors has resolved to call the ordinary shareholders' meeting for 28 April 2008 (in first call) and for 29 April 2008 (in second call) to approve the 2007 financial statements. The dividend will be payable as from 22 May 2007 (with shares going ex-divi on 19 May 2008).

The shareholders' meeting will also be called upon to nominate a new Board of Directors, to grant the financial audit assignment for the period 2008-2010, authorize a share buyback programme and to vote on amendments to the company's bylaws.

Events subsequent to year-end

No major events took place subsequent to year-end 2007.

Outlook for the current year

In 2008 the Parent Company should benefit, once again, from the payment of an ordinary dividend by the associated company Pirelli & C. S.p.A., while the consolidated results will be positively impacted by the increase in net income from investments and a drop in financial charges which should materialize in the year if no extraordinary events which at present are not predictable take place.

Pursuant to Art. 154-bis, paragraph 2 of the Consolidated Finance Act, Financial Reporting Officer Mr. Roberto Rivellino declares that all figures contained in this press release correspond to the company's records, books and accounting entries.

In the present press release, in addition to the financial aggregates provided for as per the IFRS, there are also aggregates that have yet to be provided for under IFRS (« Non-GAAP Measures »). These aggregates are presented in order to facilitate a better valuation of the Group's operating performance and are not to be considered as alternatives to those provided for under the IFRS. More in detail, the following « Non-GAAP Measures » are utilized:

Net income from equity investments this is an intermediate aggregate that includes operating income and all items reported in the income statement not consolidated on a line-by-line basis, precisely dividends, shares in companies valued at net equity, loss of value in available-for-sale financial assets, capital gains/(losses) from the sale of available-for-sale financial assets. This does not include the fair value valuation of derivatives which are recognized directly in net equity.

Net financial position: this aggregate represents the gross financial debt less cash and cash equivalents, as well as other interest bearing financial receivables.

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In order to provide the most complete disclosure possible regarding the results reported in 2007, attached please find the abridged consolidated financial statements included in the report approved by the Board of Directors. Please note that the attachments are not subject to audit by an independent auditing firm and that the latter has yet to complete its audit of the Parent Company Camfin S.p.A.'s and the consolidated financial statements.

Attachment 1

Condensed consolidated balance sheet (*)

(in €/000)

	31/12/2007	31/12/2006
Financial fixed assets	1,174,585	1,163,761
Plant, property and equipment	265	295
Intangible fixed assets	222	318
Net working capital	8,800	7,540
	1,183,872	1,171,914
Shareholders' equity	515,909	584,679
Funds	1,680	4,069
Net financial position	666,283	583,166
	1,183,872	1,171,914
Net financial position (including "extraordinary dividend" from Pirelli & C.)	455,192	

* With financial holding companies and service companies consolidated on a line-by-line basis and operating companies carried at net equity.

Condensed consolidated income statement (*)

(in €/000)

	31/12/2007	31/12/2006
Group's share of result of investments carried at equity	29.793	(302.103)
Write-downs of equity investments	(740)	(1.726)
Fair value adjustment for financial assets and liabilities	(597)	2.949
Trading income	10.349	10.659
Net income (loss) from equity investments	38.805	(290.221)
Net financial charges	(32.235)	(23.257)
Net overheads	(4.175)	(10.528)
Pre-tax income (loss)	2.395	(324.006)
Current taxes	0	(30)
Deferred taxes	(694)	(2.297)
Net income (loss)	1.701	(326.333)

* With financial holding companies and service companies consolidated on a line-by-line basis and operating companies carried at net equity

Attachment 2

Reconciliation between the holding system's **net financial position** and fully consolidated net debt:

	31/12/2007	31/12/2007	31/12/2006
	including	exceed	
	extraordinary	extraordinary	
	distribution	distribution	
<i>(in €/000)</i>			
Consolidated net financial position of the holding companies	(455.192)	(666.283)	(583.166)
Cam Immobiliare S.p.A.	(24.546)	(24.546)	(25.944)
Perhopolis S.r.l. in liquidation	189	189	2.340
Fully consolidated net debt	(479.549)	(690.640)	(606.770)