

PRESS RELEASE

CAMFIN SPA'S BOARD OF DIRECTORS APPROVES 2008 DRAFT FINANCIAL STATEMENTS:

- **CONSOLIDATED NET INCOME: - €167.1 MILLION (COMPARED TO A POSITIVE €1.7 MILLION IN 2007)**
- **NET INCOME FROM INVESTMENTS: - €131.8 MILLION (COMPARED TO €38.7 MILLION IN 2007)**
- **CONSOLIDATED NET FINANCIAL POSITION: DEBT OF €559.3 MILLION, AN IMPROVEMENT OVER THE € 690.6 MILLION IN 2007 (€533.1 MILLION AT 30 SEPTEMBER 2008)**
- **PARENT COMPANY'S NET INCOME: -€ 203.5 MILLION (-€27.6 MILLION IN 2007): IMPACTED BY THE €165.2 MILLION IMPAIRMENT OF THE EQUITY INVESTMENT IN PIRELLI & C. AS THE SHARE PRICE FELL FROM € 0.67 TO € 0.55 PER SHARE**
- **IN 2009 THE GROUP SHOULD BENEFIT FROM THE MEASURES IMPLEMENTED BY PIRELLI & C., THE MAIN EQUITY INVESTMENT, PRESENTED IN THE THREE YEAR BUSINESS PLAN**
- **CAMFIN STARTED A PROGRAMME BEGUN AIMED AT STRENGTHENING CAMFIN'S BALANCE SHEET AND FINANCIAL STRUCTURE THROUGH DEBT REDUCTION AND RESCHEDULING**
- **DISPOSAL OF EQUITY INVESTMENT IN ENERGIE INVESTIMENTI UNDERWAY**

Milan, 27 March 2009 – The **Board of Directors** of **Camfin S.p.A.** met today to examine and approve the parent company and draft financial statements for **FY 2008**.

Group's operating performance in 2008

Following the reorganization of the Group which was completed in third quarter 2008, the differences between the fully consolidated financial statements and the holding system financial statements (which were used to present the financial statements starting from 31 December 2004) have become substantially irrelevant and, therefore, beginning with the interim management statement at 30 September 2008, the Group will be once again presenting the financial schedules in their complete form.

FY 2008 was heavily impacted by the international financial crisis which had negative repercussions on the Camfin Group due to both the drop in the affiliates' business following the world economic slowdown and the decline of the stock markets which penalized the valuation of the listed assets held by the Parent Company and the main affiliate Pirelli & C.

Net income from investments at 31 December 2008 is **negative** for some **€131.8 million (mn)**, compared to the positive €38.7 mn reported in 2007. The 2008 figure was significantly impacted by the affiliate **Pirelli & C.'s** result, negative for some €412.5 mn, impacted by

restructuring charges of €144.2 mn, the impairment of real estate assets of €136 mn and the impairment of financial assets of €263 mn.

Energie Investimenti, holding of the joint venture with GDF Suez in the natural gas sector of which Camfin holds 40%, reports noticeable improvement in EBITDA which is a positive €12.9 million compared to a negative €3.3 million in 2007. Due to extraordinary charges, net income rises only from a loss of €15.4 mn to a loss of €17.4 mn .

Net of financial charges, basically in line with the prior year at €33.4 mn, **consolidated net income** is negative for some €167.1 mn compared to the positive €1.7 mn in 2007.

With regard to the balance sheet, **financial fixed assets** at 31 December 2008 amount to €760.1 mn, a drop over the €1,183.4 mn recorded at 31 December 2007. In this regard, please note that the book value of the equity investment in Pirelli & C. fell from €1,089.7 mn to €670.6 mn following the extraordinary distribution of reserves in April 2008 and the decrease of net equity in the year.

At 31 December 2008, 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 on an additional 1.46% of Pirelli & C.'s ordinary share capital which expired in December 2008, were renewed until the end of March 2009 and after through June 2009, on the same amount of shares, as reported in the section related to the outlook for current year.

The Group's portion of **net equity** totals **€201.1 mn**, compared to €515.9 mn at the end of 2007. The difference is largely attributable to the drop in the valuation of Pirelli & C, to the Parent Company's results and to the distribution of reserves.

The **net financial position** at year-end 2008 shows debt of **€559.3 mn**, an improvement when compared to the €690.6 mn at year-end 2007. The change in the period is primarily attributable to the extraordinary distribution made by affiliate Pirelli & C. (the Camfin Group's portion of which amounted to €211.1 mn). The change over 30 September 2008, when net debt totalled €533 mn is, rather, attributable to the drop in Pirelli & C.'s share price which had a negative impact on the fair value of the above mentioned Put&Call options and the financial charges due in the period.

With regard to the net financial position at 31 December 2008, annexed to this press release, please note that part of the financial debt (€270 mn) was reclassified from medium-long term debt to short term debt; this reclassification caused by a breach of some contractual covenants; it was done only to comply with IAS 1 while the banks party to the contract have begun, and in some instances completed, the procedures necessary to issue appropriate waivers to same.

More in general, the company took the steps deemed necessary to guarantee its financial soundness in a timely manner. In light of the expected drop in cash flows in 2009 due to Pirelli & C. S.p.A.'s announcement not to pay dividend, Camfin implemented a programme designed to strengthen the Group's balance sheet by both gradually reducing and extending the expiration of the financial debt. The main shareholder has also indicated that it will continue to support the Company in the manner deemed most appropriate going forward.

In light of the above, we expect that the Company and the Group will be able to reach a financial-economic stability as per the programme. The initial results of the steps taken thus far to reduce debt - through the disposal of non strategic assets – and the rescheduling of debt over a longer period support our view.

Parent company Camfin S.p.A.

Parent company Camfin S.p.A.'s net income at 31 December 2008 shows a loss of €203.5 mn compared to a loss of €27.6 mn in 2007.

The Parent Company's loss for the year, which will be covered by existing reserves, is attributable to debt financing charges, to the above mentioned adjustment to the fair value of the Put&Call options on Pirelli & C. shares and, above all, to the impairment of the equity investment in Pirelli & C.. The book value of the Pirelli & C. shares held in the portfolio fell from €0.67 to €0.55 per share resulting in a negative impact of €165.2 mn.

At the end of 2008 the Parent Company's **net equity** amounts to €345.1 mn versus €600 mn at year-end 2007. The **net financial position** shows debt of €480.3 mn compared to €577.5 mn at 31 December 2007. The net debt at 30 September 2008 amounted to €451 mn.

Calling to order of the Shareholders' Meeting

The Board of Directors has resolved to call the Ordinary Shareholders' Meeting for 28 April (in first call) and for 29 April (in second call) to approve the 2008 financial statements, to appoint the Board of Statutory Auditors and to renew the authorization of the share buyback program.

The shareholders' meeting will also be called upon to, pursuant to Art. 109 of Legislative Decree. N. 385/1993 and Art.5, paragraph 2, of the Ministry of Economics' Decree n. 516/1998, to resolve on the position of director Roberto Haggiag.

In an extraordinary session, shareholders will also be called upon to approve the proposal to renew the Board of Directors' power to increase share capital and issue convertible bonds pursuant to Articles 2443 and 2420-ter of the Italian Civil Code.

Events subsequent to year-end

- On 20 March 2009 the expiring Put & Call options on Pirelli & C. shares were renewed on the same total amount (76,144,826 shares equal to approximately 1.46% of the ordinary share capital). More in detail, Camfin renegotiated a call option on 76,144,826 shares exercisable if the stock price is higher € 0.185 per share. Furthermore, Camfin renegotiated a put option on the same amount of shares exercisable if the stock price falls below €0.1625 per share.
- In the quarter Camfin, with the support of Mediobanca, implemented the initiatives described above aimed at strengthening the Group's balance sheet and financial structure and contacted its primary lender in order to reschedule debt.
- The Company started the disposal process of the 40% interest in Energie Investimenti, holding of the joint venture with GDF Suez in the natural gas sales sector.

Outlook for the current year

While the Camfin Group will not receive dividends from Pirelli & C., it will likely benefit from the measures included in the latter's 2009-2011 business plan presented last February, as well as the sale of the interest in Energie Investimenti.

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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Camfin Press Office – Tel. +39 02 64424270
Camfin Investor Relations – Tel. +39 02 72582417 – ir@gruppocamfin.it
www.gruppocamfin.it

In order to provide the most complete disclosure possible regarding the FY08 results, attached please find the abridged consolidated financial statements included in the Directors' Report approved by the Board of Directors. Please note that these attachments are not subject to audit by an independent auditing firm and that the latter has yet to complete its examination of the Parent Company's and the consolidated financial statements.

Attachment 1

Condensed consolidated balance sheet

(in €/000)

	31/12/2008	31/12/2007
Financial fixed assets	760.104	1.183.430
Plant, property and equipment	291	265
Intangible fixed assets	111	222
Net working capital	5.296	23.822
	765.802	1.207.739
Shareholders' equity	201.121	515.909
Funds	5.357	1.190
Net financial position	559.324	690.640
	765.802	1.207.739

Condensed consolidated income statement

(in €/000)

INCOME STATEMENT	31/12/2008	31/12/2007
Group's share of results in investments carried at equity	(105.399)	29.698
Dividends received from other investments	23	0
Impairment of equity investments	(417)	(740)
Fair value adjustment for financial assets and liabilities	(3.815)	(595)
Trading income	(22.240)	10.348
Net income (loss) from equity investments	(131.848)	38.711
Net financial charges	(33.375)	(33.221)
Net overheads	(6.209)	(6.891)
Extraordinary charges and income	6.073	3.250
Pre-tax income (loss)	(165.359)	1.849
Deferred taxes	(1.711)	(148)
Net income (loss)	(167.070)	1.701

Camfin's share of results in investments carried at equity

(in €/000)

	31/12/2008	31/12/2007
Pirelli & C. S.p.A.	(88.737)	41.106
Pirelli & C. Ambiente S.p.A.	(1.987)	(4.974)
Pirelli & C. Eco Technology S.p.A.	(6.190)	(5)
Energie Investimenti S.p.A.	(8.027)	(6.397)
Fondo Vivaldi	(458)	-
Others	-	(32)
	(105.399)	29.698

Consolidated net financial position

(in €/000)

	31/12/2008	31/12/2007
Amounts owed banks and other financiers	(489.354)	(249.914)
Interest income and other financial payables	1.051	115
Financial assets booked at fair value in the income statement	138	200
Cash and cash equivalents	15.955	6.670
Financial liabilities booked at fair value in the income statement	(2.013)	(2.602)
Medium term financial payables	(96.701)	(458.449)
Net financial debt	(570.924)	(703.980)
Non current financial assets	11.600	11.600
Financial assets booked at fair value in the income statement	-	1.740
Total net financial position	(559.324)	(690.640)

Note: Part of the financial debt (€270 mn) was reclassified from medium-long term debt to short term debt; this reclassification was caused by the breach of some contractual covenants but as it was done only to comply with IAS 1 the banks party to the contract have begun, and in some instances completed, the procedures necessary to issue waivers to same.