



CAMFIN SpA

PRESS RELEASE

AGREEMENT REACHED WITH BANK LENDERS FOR STRENGTHENING OF EQUITY STRUCTURE AND DEBT RESCHEDULING.

PROPOSAL FOR CAPITAL INCREASE FOR A TOTAL AMOUNT OF 100 MILLION EUROS, OF WHICH 70 MILLION EUROS IN SHARES, BY THE END OF DECEMBER 2009, AND 30 MILLION EUROS IN WARRANTS WHICH MAY BE EXERCIZED IN 2011

CONTROLLING SHAREHOLDER GPI AND A CONSORTIUM OF BANKS TO FULLY GUARANTEE UNDERWRITING OF CAPITAL INCREASE

BOARD OF DIRECTORS INCREASES TO 15 MEMBERS WITH APPOINTMENT OF 3 NEW DIRECTORS

Milan, 12 June 2009 – The Board of Directors of Camfin, which met today, reviewed and confirmed the agreement reached with bank lenders – in particular Banco Popolare, UniCredit, Banca Monte dei Paschi di Siena, Intesa Sanpaolo, Banca Popolare di Milano, Credito Artigiano, Bnp Paribas and Banca Popolare dell'Emilia Romagna – for rescheduling of the consolidated debt of the Group and for realization of certain related initiatives, with the aim of strengthening the equity and financial profile.

In the negotiation with the bank lenders, Camfin was assisted by Mediobanca as financial advisor.

Debt Rescheduling

The essential points in the agreement, which will be formalized in the next few weeks, are:

1. a capital increase, to be offered in option to shareholders, for a total amount of 100 million euros of which 70 million in shares, to be carried out before the end of 2009, and 30 million in an issue of warrants which may be exercised in 2011. Income from the capital increase will be used to reimburse, pro-quota, the bank lenders;
2. disbursement of a new loan for a total amount of 420 million euros, in substitution of current loans, following completion of the capital increase. The new loan foresees a first installment of 170 million euros with 36 month duration, at a rate calculated at Euribor + 200 basis points, with quarterly interest payments; a second installment of 250 million euros with 72 month duration, at a rate calculated at Euribor + 250 basis points, with quarterly interest payments and repayment in two yearly installments of equal amounts at the end of the fifth and the sixth year. At the end of the third year, the above spread may be readjusted according to the ratio, expressed in percentage terms, between the value of the financial fixed assets of Camfin and the residual principal debt, net of available cash in the portfolio (so-called "Financial Parameter");
3. until disbursement of the new loan, and at the latest on 31 December 2009, the lending banks will not collect payment of capital installments coming due of the existing loans, and will maintain existing credit lines operational (so-called "Standstill").

The agreement also foresees that until 2011 (regarding the 2010 fiscal year) no dividend will be distributed (unless the Financial Parameter is at least 115%) and that before the end of 2012, the 49% stakes held in Pirelli & C. Ambiente SpA and Pirelli & C. EcoTechnology SpA are sold.

Should the remaining debt as of 30 June 2012 not be less than the lesser of 250 million euros or a level that ensures a Financial Parameter of 115%, possible further actions useful to reaching that goal will be taken, in particular, the possible sale of Pirelli & C. shares not belonging to the shareholders' pact.

In addition, in conformity with the agreements reached with the bank lenders, Camfin has proceeded to close the structure of put & call options on Pirelli & C. shares, equal to 1.46% of the share capital, with a positive economic effect of about 7 million euros.

Capital Increase

In consideration of the agreements reached, the Board of Directors resolved to propose to the Shareholders' meeting implementation of a paid divisible capital increase ("*aumento di capitale scindibile a pagamento*"), for a maximum amount of 70 million euros, to be offered in option to shareholders as per article 2441 of the Italian Civil Code in proportion to the number of shares held.

The capital increase, to be carried out by 31 December 2009, will be preceded by elimination of the nominal value of the shares, currently equal to 0.52 euros per share, without changing the share capital. The transaction, which will not affect the value of the shares, will allow for the issuing of new shares at a subscription price coherent with the market performance of the share price, indiscriminately of its book value at the time the transaction is carried out.

Those who underwrite the new shares will receive warrants free of charge, in the ratio of 1 warrant for each ordinary share underwritten, which will give the right to subscribe further Camfin shares, in a reserved capital increase for a maximum amount of 30 million euros, to be carried out in 2011.

Regarding the conditions for the capital increase, it is foreseen that the Shareholders' meeting will give a mandate to the Board to set the number of shares to be issued, the subscription ratio and the issue price on the basis of market conditions prevailing at the time the transaction is launched, in line with usual market procedures for similar transactions.

Controlling shareholder GPI is understood to be committed to underwriting its part of the capital increase, as well as to exercising at maturity the warrants assigned to it. A consortium for this purpose, to include at least Banca MPS, Banco Popolare, Mediobanca and UniCredit, will commit itself to underwriting any remaining part of the capital increase which may not be taken up.

Appointment of Directors

The Board of Directors also resolved to propose increasing the Board from its current 12 members to 15, with appointment of three new directors whose names will be proposed by shareholders directly at the Shareholders' meeting. The proposal is intended, among other things, to put into effect the agreements reached with the bank lenders for rescheduling of the debt, which includes appointment to the Board of Directors of Camfin of a director designated by the bank lenders and agreeable to GPI, in possession of the requirements to be an independent director.

The Shareholders' meeting will also be the occasion to confirm Mauro Rebutto, appointed by the Board to replace Andrea Acutis, who resigned from the position in April 2009.

Calling of Ordinary and Extraordinary Shareholders' Meeting

The Board of Directors gave a mandate to the Chairman to call the Shareholders' meeting, which can be expected to be held during the month of July 2009.

CAMFIN

Camfin is a company listed on the Milan stock exchange that heads a group active in the fields of energy, the environment, and management of investment interests. Present in the Italian energy market since 1915, Camfin progressively developed activities in other sectors with an eye to a strategy of diversification of businesses. Controlled by holding company GPI with a 53.81% stake, Camfin is the shareholder of reference of Pirelli & C. SpA and has holdings in companies active in sustainable mobility and renewable energy.

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