

PRESS RELEASE

BOARD OF DIRECTORS APPROVES RESULTS AT 30 SEPTEMBER 2005

**NET INCOME FROM EQUITY INVESTMENTS €61.7 MILLION VS.
€55.8 MILLION AT 30 SEPTEMBER 2004 (+10.5%)**

**CONSOLIDATED NET INCOME: €38.9 MILLION (€38.2 MILLION FOR
THE SAME PERIOD IN 2004)**

**IMPROVEMENT IN THE DEBT/EQUITY RATIO FROM 0.85 AT THE END
OF 2004 TO 0.55**

Milano, 11 November 2005 – The Board of Directors of Camfin S.p.A. met today and approved the quarterly report at 30 September 2005.

Group operating performance in the first nine months of 2005

The results of the Camfin Group for the first nine months of 2005 and comparison periods were prepared using IAS/IFRS accounting standards.

As indicated in the press releases issued to announce 2004, 1Q 2005, and 1H 2005 results, in addition to the traditional schedules required by Legislative Decree 127/91 and the Consob (Stock Exchange Regulatory Authority hereinafter referred to as “Consob”) Resolution dated 14 April 2005, Camfin has prepared a set of **abridged 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 30 September 2005 shows a net increase from the prior year, increasing from €55.8 million to **€61.7 million (+10.5%)** thanks mainly to **an increase in Pirelli & C. S.p.A.’s profitability** (from €53.2 million in 3Q 2004 to **€66 million**).

As indicated in the press releases issued to announce 1Q and 1H 2005 results, the change in **trading income** (a negative balance of €1.9 million vs. a positive balance of €3.7 million twelve months earlier) is mainly due to the application of the new IAS/IFRS accounting standards which resulted in the exclusion of capital gains, booked in the holding company’s financial statements, generated by the sale of Pirelli & Co. Shares in the first quarter of 2005.

Pre-tax income shows a slight improvement with respect to the same period of 2004 (€38.5 million up from €38.1 million), as does **net consolidated income** (€38.9 million up from €38.2 million).

The Camfin Group's share of **shareholders' equity** was **€920.3 million**, an increase of €363 million with respect to the shareholders' equity (prior to application of IAS 32 and 39) at the end of 2004. The change is mainly due to the positive net income for the period, the capital increase (€221.7 million, net of related expenses), and an increase in Camfin's portion of Pirelli & C's reserves (€66.3 million) resulting from the net equity valuation. The change also includes an increase in the reserves as per application of IAS 32 and 39 in the amount of €33.4 million and the distribution of dividends in the amount of €10.3 million.

Financial fixed assets showed an increase from €1.024 million at 31 December 2004 to €1.411 million primarily due to subscription of Pirelli & C.'s capital increase. At 30 September 2005, the Group held 1,316,716,673 shares – equivalent to a 25.42% stake in common stock), and *Put & Call* options that allow the Group to purchase an additional 0.8% of free floating Pirelli & C. common stock.

The **net consolidated financial position** rose from €474.2 million at 31 December 2004 to €503 million on a like-for-like basis and, due to a recapitalization in the first quarter of 2005, the *debt/equity* ratio changed from 0.83 to 0.55 (see the attached **reconciliation between the net financial position** of the holding system and full consolidated debt).

Significant events subsequent to 30 September 2005

- After the 3Q close, 2,640 Camfin 2003-2006 warrants were exercised resulting in the issue of 660 new shares. As of today, there is an additional free float of 87,495,116 warrants and the share capital is equal to €179,896,282.28 (345,954,389 shares with a nominal value of €0.52).

Outlook for the current fiscal year

Financial operations during the first nine months of 2005 and the earnings growth expected from the main group companies make it possible to confirm the likelihood that the year will close with net consolidated income similar to that of the previous year.

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Finally, the Board of Directors, as permitted in the corporate by-laws, updated article 9 (Shareholders' Meetings) of said by-laws to reflect certain changes. In particular, in light of Consob's (the Italian Stock Exchange regulatory authority) Market Regulations and in accordance with the spirit of the corporate by-laws to simplify shareholder participation, keeping costs and other obligations to a minimum, it will no longer be necessary for the shareholder to provide specific certification, but rather a communication from the intermediary will be sufficient.

Attached are the abridged income statement and balance sheet at 30 September 2005, along with the 2006 Corporate events calendar.

Attachment 1

Abridged consolidated income statement (*)

in €/000

	30/09/2005	30/09/2004
Group's share of result of investments carried at equity	64.554	52.398
Write-down of equity investments	(908)	-
Good will amortization	-	(327)
Trading income	(1.948)	3.748
Net income (loss) from equity investments	61.698	55.819
Net financial charges	(18.052)	(13.916)
Net overheads (including property management)	(5.158)	(3.788)
Pre-tax income (loss)	38.488	38.115
Taxes	388	111
Net income (loss)	38.876	38.226

Abridged consolidated balance sheet (*)

in €/000

	30/09/2005	31/12/2004
Financial fixed assets	1.410.996	1.024.133
Tangible fixed assets	2.249	2.283
Intangible fixed assets	467	214
Net working capital	12.955	8.741
	1.426.667	1.035.371
Shareholders' equity	920.318	557.319
Reserves	3.339	3.873
Net financial position	503.010	474.179
	1.426.667	1.035.371

(*) 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 “holding system’s” net financial position and full consolidated debt:

<i>(in €/000)</i>	30-09-2005	31-12-2004
Consolidated net financial position of holding companies	(503.010)	(474.179)
Operating companies’ net financial positions		
Cam Gas S.p.A.	632	747
Cam Immobiliare S.p.A.	(26.584)	(29.665)
Cam Marine S.r.l.	(29)	(4)
Progetto Assago S.r.l.	2.092	1.889
Full consolidated debt	(526.899)	(501.212)

Corporate Events Calendar:

Below is a calendar of the 2006 Board of Directors' and Shareholders' Meetings:

14 March 2006: Board of Director's meeting to examine the draft Parent Company and consolidated annual reports at 31 December 2005.

The referenced documents will be made available to the public within 90 days of year end. Therefore, as per article 82 of the Consob resolution 11971/99 (and subsequent modifications and amendments), the 4Q 2005 report will not will be made available.

20-21 April 2006 (first and second calls): Shareholders' Meeting to approve annual report for the fiscal year ended on 31 December 2005. As a result, it is likely that any dividend related to FY 2005 year will be paid out in May 2006.

11 May 2006: Board of Directors will meet to examine consolidated results for first quarter 2006.

12 September 2006: Board of Directors will meet to examine consolidated results for first half 2006. The aforementioned report will be made available to the public within 75 days of the half-year close. Therefore, as per article 82 of the Consob Resolution 11971/99 (and subsequent modifications and amendments), the quarterly report for second quarter 2006 report will not be made available.

10 November 2006: Board of Directors will meet to examine consolidated results for first quarter 2006.

Any changes in the dates indicated above will be communicated in as timely a manner as possible.