

**PRESS RELEASE**

**INTESA SANPAOLO, UNICREDIT, CLESSIDRA AND NUOVE PARTECIPAZIONI EXECUTE BINDING AGREEMENTS WITH LONG-TERM INVESTMENTS LUXEMBOURG RELATED TO CAMFIN**

**BINDING AGREEMENTS EXECUTED BETWEEN NP, UC, ISP, CLESSIDRA AND LONG-TERM INVESTMENTS LUXEMBOURG S.A. RELATED TO THE ACQUISITION OF THE 50% CAMFIN STAKE FOR A TOTAL CONSIDERATION OF EURO 552.7 MLN**

**CLESSIDRA SELLS LAURO 54 (INDIRECTLY THE 24.06% OF LAURO 61/CAMFIN SHARES) – ISP AND UC SELL EACH 12.97% OF LAURO 61/CAMFIN SHARES**

**CAMFIN WILL BE 50% OWNED BY LONG-TERM INVESTMENTS LUXEMBURG S.A. AND 50% BY A NEWCO (NP, ISP, UC)**

**AFTER THE PARTIAL AND NON-PROPORTIONAL DEMERGER OF NON-PIRELLI SHARES, CAMFIN WILL EXCLUSIVELY OWN ITS STAKE IN PIRELLI**

**THE CLOSING IS EXPECTED BY 30 JUNE 2014**

*Milan, May 24<sup>th</sup> 2014* – Nuove Partecipazioni S.p.A. (“**NP**”), Intesa Sanpaolo S.p.A. (“**ISP**”), Unicredit S.p.A. (“**UC**”), Clessidra SGR S.p.A. on behalf of Fondo Clessidra Capital Partner II (“**Clessidra**”), and Long-Term Investments Luxembourg S.A., a company designated by **Rosneft** Oil Company as investor in Camfin S.p.A. (the “**Strategic Investor**”), hereby announce that, on the date hereof, they executed the binding agreements concerning the transaction referred to in the joint press release dated March 17, 2014.

The Strategic Investor is a wholly owned by Long-Term Investments LLC, a company organized and existing under the laws of the Russian Federation, that is in turn wholly owned on behalf of the Closed-End Long-Term Direct Investment Fund “RFR Long-Term Investments” managed by the Management Company. Neftgarant, an autonomous and independent institutional investor pursuing long-term investment strategies, is the exclusive investor of the Closed-End Long-Term Direct Investment Fund “RFR Long-Term Investments”. The Strategic Investor, the Management Company and Neftgarant undertake that the aforementioned investment structure shall not be changed or modified during 5 years from the date of signing.

The transaction regulated in the term-sheet announced on March 17, 2014, consisted of the establishment of a new joint venture between a Newco (to be participated by NP for an equity shareholding of 80% and each of ISP and UC for an equity shareholding of 10%) and Rosneft, each holding 50% of the equity interest of such joint venture, to be set up for the purpose of holding the Pirelli equity stake currently held by Lauro 61 S.p.A. / Camfin S.p.A. (the “**Transaction**”). To such effect, the above-mentioned term-sheet contemplated the exit of Clessidra, ISP and UC from the joint venture existing up until the date hereof in respect of Lauro 61 S.p.A. / Camfin S.p.A. and the simultaneous partial reinvestment by ISP and UC in such new joint venture.

Further to the negotiations following the execution of the term-sheet, the parties agreed not to establish a new vehicle and maintain ownership of their Pirelli stake/equity shareholding through Camfin which, at the end of the process, will be 50% owned by the Strategic Investor and 50% owned by a Newco, with NP for an equity shareholding of 76% and each ISP and UC for an equity shareholding of 12%.

### **The investment and divestiture transactions necessary to implement the joint venture and the ownership structure deriving therefrom**

The binding agreements determine that the Strategic Investor acquires, for a total consideration of Euro 552.7 million:

- i) from Clessidra the entire share capital of Lauro 54 and, consequently, an indirect 24.06% equity stake in the share capital of Lauro 61/Camfin
- ii) from each ISP and UC acquire a 12.97% equity stake in the share capital of Lauro 61/Camfin.

The considerations - not subject to modifications - were agreed upon between the Strategic Investor, on the one side, and Clessidra, ISP and UC, on the other, based on the originally agreed valuation of each Pirelli share held by Camfin equal to Euro 12. Such valuation does not include the assets and liabilities of Lauro 61 / Camfin other than Pirelli shares, which will be transferred out by way of the demerger transactions described below.

The consideration for each acquisition shall be paid in cash by the Strategic Investor to Clessidra, ISP and UC, respectively, on the closing of the Transaction (the “**Closing**”) upon the transfer of the equity stakes interested by the Transaction.

As a result of the acquisition of such equity stakes, the Strategic Investor shall become the indirect holder (through Lauro 54 and Lauro 61) of 50% of Camfin share capital; the residual 50% Camfin share capital shall be held by NP, IPS and UC. In this respect, in a first phase, NP, ISP and UC will enter into a Shareholders’ agreement with respect to equity stakes held by each of them in Lauro 61 / Camfin (*i.e.* 38.78%, 5.61% and 5.61%, respectively), corresponding to 50% of Camfin share capital; in a second phase, once the corporate reorganization transactions illustrated below are completed, NP, ISP and UC will contribute all such equity stakes in the Newco, which, to such effect, will become the owner of 50% of Camfin share capital, and that – in proportion to the contributions made by each of them – will be participated by NP for a shareholding equal to 76% and by each of ISP and UC for a shareholding equal to 12%.

### **Demerger and simplification of the company structure**

The parties agreed that Camfin activities shall focus exclusively on the management of the Pirelli equity stake. For such purposes, Camfin shall proceed to carry out a partial and non-proportional demerger in favour of a Newco – exclusively participated by NP, ISP and UC – assigning to such Newco the assets and liabilities other than the Pirelli equity stake, *i.e.*, the stake in Prelios and other minor assets.

Upon completion of such demerger, Lauro 61, and possibly Lauro 54, shall be then merged into Camfin.

As a result of all the above-mentioned transactions the Strategic Investor and the Newco shall directly own 50% of Camfin share capital. Camfin, in its turn, shall be the exclusive owner of a 26.19% equity stake in Pirelli.

The parties already agreed upon the technical modalities to implement the partial and non-proportional demerger, as well as the merger, which they believe may be completed by 31.12.2014.

### **The Closing of the transaction**

The Closing of the transaction is subject, in particular, to the perfection of the procedures before the competent Antitrust Authorities, as well as to the absence of any sanctioning order prohibiting the completion of the same.

Such procedures and, accordingly, the Closing are expected to be completed by 30.06.2014.

At the Closing, the new Shareholders' agreement between the Newco (NP, ISP and UC) and the Strategic Investor, containing provisions regarding the governance of Camfin and Pirelli, shall enter into force. Simultaneously, the Shareholders' agreement currently in place between NP, Clessidra, IPS and UC will cease to be effective.

The Shareholders' agreement does not foresee any change as to what already communicated in the term-sheet on March 17, 2014.

Camfin Board of Directors shall be composed of 6 members (to be appointed on the basis of a slate voting system), of whom 3 members to be appointed by the Newco and 3 to be appointed by the Strategic Investor. As to the directors nominated by the Newco, 2 directors (including the Chairman/Chief Executive Officer) shall be appointed by NP and 1 shall be jointly appointed by ISP and UC.

It is foreseen that Pirelli's governance will remain unchanged and centred on the fundamental guiding role of the Board of Directors, in line with international best practices. All strategic matters, the definition of business plans and Pirelli's budget will be submitted to the Board by the Chairman and CEO, and will require majority approval, as is already the case today. The Chairman and CEO indicated by Nuove Partecipazioni will have full powers over the day-to-day management of the company.

Decisions pertaining to Pirelli extraordinary deals (capital increase, mergers/demergers and dissolution of Pirelli or any of its main subsidiaries) shall be subject to the prior consultation among the shareholders of the new joint venture and shall have to be approved by them.

### **Lock-up**

The executed agreements confirmed a 4-year lock-up period starting from the date of the Transaction. Throughout such lock-up period no transfer of Camfin shares or other financial instruments granting the right to purchase or subscribe such shares or any derivatives providing the beneficiary with a long position on such shares shall be allowed. Nonetheless, as customary in similar transactions, transfers of Camfin shares (i) in favour of companies controlling or controlled by the Parties, to the extent that such transfers provide for adequate protection mechanisms in the event that such control relationships ceases to exist, and (ii) among the Parties, shall be permitted.

## **Cessation of the Chief Executive Officer, right to sell and dissolution procedure**

In case the Chairman of the Board of Directors and Chief Executive Officer of Pirelli to be appointed further as a result of the implementation of the Transaction resigns from his office as CEO without the consent of the Strategic Investor, the Strategic Investor shall be entitled to sell all of its Camfin shares to NP for a price ensuring the Strategic Investor to realise an IRR on the investment equal to 10% on the date such resignation is given. In such sale scenario, if so requested by ISP or UC, each of NP, UC and ISP shall receive its **Pro-Rata Interest**<sup>1</sup>.

In case the Chairman of the Board of Directors and Chief Executive Officer of Pirelli ceases to hold his office as CEO for natural causes, the Newco and the Strategic Investor shall consult during a 6-month period in order to reach an agreement on how to proceed in their best respective interests and in the entrepreneurial interest of the Pirelli Group. Should no agreement be found between the Newco and the Strategic Investor, each shall receive its Pro-Rata Interest, and the joint venture shall terminate accordingly. In such scenario the agreements contemplate the consequential pro-rata attribution to each of NP, ISP and UC (in proportion to their respective shareholding in the Newco) of the Pro-Rata Interest attributed to the Newco as a result of the above-illustrated dissolution or demerger transactions.

## **Contractual provisions regarding the appointment of new Pirelli directors**

NP, the Strategic Investor, ISP and UC agreed, also with Clessidra, that – following the Closing – the 4 Pirelli directors appointed by Clessidra and the 2 Pirelli directors appointed by NP shall resign, so as to allow the co-optation by the Board of Directors of Pirelli, in accordance with the applicable governance procedures, of 6 new directors appointed by the Strategic Investor on the basis of the principles set out in the new Shareholders' agreement.

## **Duration and effectiveness of the Shareholders' agreement**

The new Shareholders' agreement shall have duration of 5 years, and shall automatically be renewed for an additional 3 year term in the absence of a no renewal notice. The contractual provisions regarding the Pirelli governance shall have duration of 3 years.

Such contractual provisions shall be deposited and published in compliance with the applicable provisions of law.

## **Advisors for the transaction**

Nuove Partecipazioni and Camfin, for the part of concern to each, were supported by Lazard, UniCredit Corporate & Investment Banking and Banca IMI acting as financial advisors for the organization of the transaction, and Chiomenti law firm for legal matters.

Strategic Investor was supported by PwC acting as advisors for fiscal and accounting matters connected with the investment in Camfin and by Linklaters for legal matters.

Intesa Sanpaolo and UniCredit were supported by the D'Urso Gatti Bianchi law firm for legal matters.

Clessidra was supported by the Pavesi Gitti Verzoni legal firm for legal matters.

---

<sup>1</sup> For the definition of Pro-Rata Interest, please see Appendix, Trade sale, liquidation and exit procedures, page 6.

## **APPENDIX**

### **Camfin Governance**

- (i) Camfin Board of Directors shall be composed of 6 members (to be appointed on the basis of a slate voting system), of whom 3 members to be appointed by the Newco and 3 to be appointed by the Strategic Investor. As to the directors nominated by the Newco, 2 directors (including the Chairman/Chief Executive Officer) shall be appointed by NP and 1 shall be jointly appointed by ISP and UC.
- (ii) Camfin Board of Directors shall be competent for all the company's management activities and shall operate as a Consultation Committee for extraordinary matters (capital increase and decrease transactions, mergers and demergers and dissolution of Pirelli or any of its main subsidiaries) to be resolved by Pirelli's competent corporate bodies.
- (iii) The composition of the slate containing the candidates to be appointed as Pirelli directors and the presentation thereof by Camfin shall occur on the basis of a proceeding whereby, without the need of any Board of Directors' resolution, each of the Camfin directors shall indicate two names in order to define the list of 12 directors to be proposed by Camfin, in compliance with the criteria set out in the Shareholders' agreement.
- (iv) In case of a tied vote in relation to the resolutions adopted by Camfin Board of Directors regarding the refinancing of Camfin indebtedness and of CAM 2012 S.p.A, the Chairman of Camfin has the casting vote.

### **Pirelli Governance**

The agreements regarding the above-described new joint venture confirm that Pirelli governance shall be inspired by the following principles:

- (i) Pirelli Board of Directors shall be composed of 15 members to be appointed on the basis of a slate voting system, of whom 12 directors shall be selected from the list having obtained the majority of the votes and the other 3 directors, in compliance with the applicable provisions, from the other submitted slates. The slate to be submitted by Camfin shall be composed as follows: (a) the Newco shall appoint half of the candidates indicated in the slate (including 2 independent directors), of whom 4 candidates (among whom the Chairman of the Board of Directors and the Chief Executive Officer shall be indicated) shall be nominated by NP and 2 candidates by ISP and UC (i.e. 1 director each), and (b) the Strategic Investor shall appoint the other half of the candidates (including 2 independent directors).
- (ii) The submission of proposals concerning the approval of the Business Plan and the Budget or material amendments thereto shall pertain to the exclusive competence of the Chairman of the Board of Directors and the Chief Executive Officer, who will submit such proposals to Pirelli Board of Directors which, in turn, will resolve with the favourable vote of the majority of the members.
- (iii) The submission of proposals concerning industrial agreements or strategic joint ventures regarding Pirelli or any of its main subsidiaries shall pertain to the exclusive competence of the Chairman of the Board of Directors and the Chief Executive Officer, who will submit such proposals to the Board of Directors after analysis and discussion thereon by the Pirelli Strategic Committee. The approval of the relevant Board resolution shall require the favourable vote of the majority of the members of Pirelli Board of Directors.

- (iv) Resolutions, if any, concerning capital increase or decrease transactions, mergers or demergers or dissolution of Pirelli or any of its main subsidiaries shall be subject to the prior consultation between the Newco and the Strategic Investor at Camfin level, and shall be inspired, however, by the principle consisting in the pursuit of the best entrepreneurial interest of Pirelli and of all its shareholders. In case of agreement between the Newco and the Strategic Investor, such parties will vote in compliance with such agreement, while in the absence of an agreement, they shall procure the relevant resolution not to be approved by the competent body of Pirelli.
- (v) The Chairman of the Board of Directors and the Chief Executive Officer of Pirelli shall be entrusted with the powers for the ordinary management of Pirelli and of the Group of which Pirelli is the parent company.
- (vi) The governance of the Board of Directors shall be centred on the Committees and the procedures currently in force, in respect of which an important role is given to independent directors.
- (vii) In particular, in addition to the Committee for Internal Control, Risks and Corporate Governance, the following committees shall continue to operate: (aa) the Strategies Committee, composed of 7 directors, 2 of whom selected among the directors appointed by the Newco, 2 of those appointed by the Strategic Investor, and 3 being independent directors, (bb) the Appointment and Successions Committee, composed of 4 directors, 2 being independent directors, and (cc) the Remuneration Committee, composed of 3 independent directors.
- (viii) The Parties confirmed their intention to consider, in the best interest of Pirelli and all of its shareholders, whether to adopt a monistic governance system. Such being the case, the governance principles regarding the formation and composition of the Committees would be applied accordingly, whereas the Committee for Internal Control, Risks and Corporate Governance would be replaced by the Management Control Committee, composed of 3 independent directors.

### **Trade sale, liquidation and exit procedures**

Upon expiry of the 4-year lock-up period, if so requested by the Strategic Investor or by the Newco, a procedure for the sale of all Camfin shares or of Pirelli shares owned by Camfin shall be activated. The Parties shall be under the obligation to sell the shares in the context of such procedure only if the Strategic Investor and the Newco reach an agreement in relation thereto, taking into account the best entrepreneurial interest of Pirelli. Should such procedure not be completed within 6 months from the expiry of the lock-up period, both the Strategic Investor and the Newco (or each of the relevant shareholders) shall be entitled to request and obtain the dissolution of Camfin and the attribution to each Party (and/or a wholly owned subsidiary of such shareholder) of its pro-rata shareholding in Pirelli (based on the respective percentage of direct or indirect shareholding in Camfin), together with a pro-rata portion of Camfin indebtedness (hereinafter, such portion of Pirelli shareholding and indebtedness, the “**Pro-Rata Interest**”). Pending such procedure, the Parties (i) shall not transfer their respective shareholding in Camfin and (ii) shall consult to reach a common strategy for the transfer of their shareholding in Camfin (and, indirectly, in Pirelli), with a view to maximizing the proceeds deriving from such transfer, taking however into account the best entrepreneurial interest of Pirelli.

Should the Strategic Investor and the Newco reach an agreement in relation to the transfer, all Camfin shares (and/or all Pirelli shares owned by Camfin) shall be transferred pursuant to such agreement. Should no agreement be reached in relation to such transfer, the Strategic Investor and the Newco shall receive their respective Pro-Rate Interest and, following such attribution, all the agreements among themselves shall cease to be effective, save for possible further agreements entered into during the trade sale or dissolution procedure.

The agreements executed at the Newco level provide for corresponding terms and conditions applicable among NP, ISP and UC, accordingly allowing the pro-rata attribution to each of NP, ISP and UC (in proportion to its respective shareholding in the Newco) of the Pro-Rata Interest attributed to the Newco as a result of the above-illustrated dissolution or demerger transactions.

The evaluation of possible public tender offers launched by third parties over Pirelli shall pertain to the exclusive competence of the Newco and the Strategic Investor, in their capacity as Camfin shareholders. Such evaluations shall be carried out further to previous consultation among all participants, including ISP and UC. No rules are contemplated with respect to the decision that Camfin will adopt in connection therewith. At the Newco level, should Camfin refuse to adhere to the public tender offer, NP, ISP and UC agreed reciprocal put and call option rights (for prices corresponding to such possible public tender offers over Pirelli, taking into account both the Newco and Camfin indebtedness) so as to allow ISP and UC to protect their position as financial investors, without impacting the industrial evaluations which may be carried out by NP and the Strategic Investor.

### **Standstill**

NP, ISP and UC (Newco) and the Strategic Investor assumed a standstill obligation for the whole duration of the Shareholders' agreement related to Camfin, whereby they undertook not to purchase and not to carry out any transaction impacting on Pirelli shares.

*Investor Relations*  
+39.02.87943180  
[investor.relations@intesanpaolo.com](mailto:investor.relations@intesanpaolo.com)

*Media Relations*  
+39.02.87963531  
[stampa@intesanpaolo.com](mailto:stampa@intesanpaolo.com)

[group.intesanpaolo.com](http://group.intesanpaolo.com)