



PRESS RELEASE

CIR REACHES AN AGREEMENT WITH MERRILL LYNCH TO INVEST IN OAKWOOD FINANCIAL INVESTMENTS THE INTERNATIONAL GROUP ACTIVE IN SPECIALITY FINANCE

*CIR and Merrill Lynch each agree to buy approximately 45% of the company.
CIR's investment will amount to approximately 100 million euro which will come
from its own financial resources. Completion will be by end of January 2007.*

*The deal is subject to the positive result of the due diligence
and to the approval by the European Antitrust Authorities and the Financial Services Regulator*

CIR SpA has reached a preliminary agreement to acquire through its wholly owned financial company CIR International a stake of approximately 45% in **Oakwood Financial Investments**, international company specializing in innovative high-growth retail financial services, based in UK.

Merrill Lynch will at the same time acquire an equal stake to that of CIR, with the aim that they exercise joint control over the group. The remaining capital will be in the hands of minority investors while the management team will have a stake of 1.5%.

The closing of the deal, scheduled to take place by the end of January 2007, is subject to the positive result of the due diligence currently under way and to the approval by the European Antitrust Authorities and by the British and Australian Financial Services Regulators. On completion **CIR** will make a cash injection of approximately 100 million euro, and will undertake to fund the development of new initiatives of the **Oakwood Group** to be decided on jointly with Merrill Lynch, for a further financial commitment estimated at around 50 million euro.

CIR will finance this investment with its own resources.

Oakwood, which is currently structured as an investment fund but which will become a Luxembourg corporation before the completion of the deal, specializes in the creation, acquisition and management of retail financing companies. The company intends to focus on the non-conforming or non-prime borrowing sector, i.e. on borrowers who do not meet the traditional criteria for obtaining mortgages, consumer credit, vehicle loans and leasing solutions.

Oakwood currently operates in the Australian, British and Italian markets through five companies: three of these were set up between 2001 and 2006 by management (Pepper Homeloans in Australia, One World Leasing and Edeus in Britain), while controlling stakes were acquired in the other two (Ktesios in Italy and Blue Motor Finance in UK).

1. **Pepper Homeloans** (www.pepperhomeloans.com.au), founded in 2001 and based in Sydney, is currently the third largest lender of residential non-conforming mortgages in Australia and to date has issued 5 securitizations.
2. **One World Leasing** (www.oneworldleasing.co.uk), set up in 2003, based in Manchester (UK), originates small ticket leases.

3. **Ktesios** (www.ktesios.it), control of which was acquired during 2006, is based in Rome and is one of the leading Italian distributors of salary-secured personal loans.
4. **Blue Motor Finance** (www.bluemotorfinance.co.uk), based in Warrington (UK), originates non-conforming auto loans. Blue's special technology platform enables car dealers to complete the loan process at the point of sale much more quickly. The majority stake in this company was also acquired in 2006.
5. **Edeus** (www.edeus.co.uk), launched in September 2006 and based in Essington (UK), specializes in offering non-conforming residential mortgages. Edeus also uses highly advanced technology that enables brokers to complete mortgages much faster than they could with traditional methods.

While the companies of the **Oakwood Group** all operate independently with their own individual brands and have an in-depth knowledge of their local markets, they are able to achieve significant synergies with a centrally directed strategy and operational support at group level.

The **Oakwood group**, which employs over 400 people in the countries in which it operates, intends to extend its sphere of operations in markets with high growth potential (Italy and Spain in particular), developing new initiatives that build on the experience gained in Australia and UK.

In 2006 the Group is expected to reach a volume of loans originated of approximately 1.1 billion euro.

Commenting on the agreement reached, **Rodolfo De Benedetti**, Chief Executive of CIR, said: *"This investment in Oakwood reinforces our strategy of expanding into high growth businesses with the potential of significant value creation. We are impressed by the results reached so far, by the commitment and the drive of Oakwood's management team, and we are happy to partner with a leading global financial institution like Merrill Lynch".*

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