

PRESS RELEASE

**THE BOARD OF DIRECTORS OF CIR  
HAS APPROVED THE PARTIAL AND PROPORTIONAL SPIN-OFF  
OF CIR'S NON MEDIA BUSINESS**

- **The businesses in the areas of utilities (Sorgenia), automotive components (Sogefi), healthcare (Holding Sanità e Servizi) and financial services (Jupiter, Oakwood, CIR International and Ciga/Medinvest) will be assigned to a new company, to be listed on the MTA market.**
- **CIR will maintain its controlling stake in Gruppo Editoriale L'Espresso.**
- **Each shareholder of CIR will receive shares of the new company, in proportion to their shares in CIR.**

The Board of Directors, chaired by Mr. Carlo De Benedetti, has approved the partial and proportional spin-off of CIR, separating the media businesses from the other activities of the CIR Group.

The spin-off reflects the Board of Directors belief that, within the specific industrial model of the group, two different business areas have emerged, each with its own features.

The media sector in general, and the Espresso Group in particular, is characterized by its social and cultural relevance. Due to technological, market and usage pattern changes, this sector is currently experiencing worldwide a period of radical restructuring and transformation of its business.

The CIR activities in the industrial sectors (energy and automotive components) and in the service ones (healthcare and finance) have different characteristics in terms of investments, strategic perspectives, value creation potential. CIR's business model has long been based upon the start-up of new businesses, and the management of the company is directly involved in these areas in order to contribute to the development of their business plans, which - for some of these areas - provide that the bulk of the investments will be concentrated in the next five years.

Through the spin-off, the investments held in the utilities (Sorgenia), automotive components (Sogefi), healthcare (Holding Sanità e Servizi) and financial services (Jupiter, Oakwood, CIR International and Ciga/Medinvest) sectors will be assigned to a new company (the **"newly formed company"**), to be listed on the MTA-Mercato Telematico Azionario, managed by Borsa Italiana. The parent company will maintain its controlling stake in Gruppo Editoriale L'Espresso, as well as other financial assets and liabilities.

Thus, two independent entities will be created, both controlled by Cofide, but each focused on its own business, with its own mission clearly defined and well identifiable by the market. At the same time, two listed securities will be created, allowing investors more focused options.

For the six months to June 30 2008, the investments in the media sector (which will be left with the parent company) achieved a consolidated turnover of EUR 543 million, with a positive gross operating margin of EUR 97 million. The investments in the utilities, automotive components, healthcare and financial services, to be assigned to the newly formed company, achieved a consolidated turnover of EUR 1,821 million, with a positive gross operating margin of EUR 159 million.

**MAIN PRO-FORMA CONSOLIDATED BALANCE SHEET DATA OF THE SPUN-OFF COMPANY AND OF THE BENEFICIARY (BASED ON CIR'S INTERIM BALANCE SHEET AS OF JUNE 30 2008)**

	Parent company		Newly formed company		Total CIR Group	
	€ mln.	%	€ mln.	%	€ mln.	%
Net Invested Capital	1.000,0	100,0%	2.668,5	100,0%	3.668,5	100,0%
Net Shareholders' Equity	606,6	60,7%	1.600,5	60,0%	2.207,1	60,2%
Net Financial Debt	393,4	39,3%	1.068,0	40,0%	1.461,4	39,8%

The above net financial debt includes a positive net financial position of CIR and financial holdings for EUR 154,5 million; that number is composed by net financial debts for EUR 64,5 million related to the parent company and by net financial positive position for EUR 219 million related to the newly formed company.

The spin-off will be carried out through a proportional spin-off (*scissione proporzionale*). Accordingly, CIR's shareholders will receive shares of the newly formed company on the basis of a 1:1 assignment ratio and will receive in the newly formed company the same shareholdings currently held in CIR.

The spin-off will be carried out in favour of a recently incorporated entity, wholly owned by CIR. The Shareholders' Meeting convened to approve the spin-off will also resolve upon the new corporate name of the newly formed company following the spin-off. In the context of the spin-off, the Board of Directors will also propose to the Shareholders' Meeting to resolve upon the cancellation of the nominal value of the shares, the cancellation of the treasury shares held by CIR (corresponding to approximately 5.4% of the issued share capital), and the review of the stock option and phantom stock option plans of the company, consistently with the targets and the effects of the spin-off.

The spin-off will be carried out at book value, based on the interim balance sheet of CIR as of 30 June 2008. To date, it is expected that the shareholders' equity of the parent company will be reduced by approximately EUR 730 million, which will be allocated to nominal capital and available reserves. The parent company will also keep the debt relating to the 2004-2024 bond. Most of the available funds of CIR at the effective date of the spin-off will be left with the parent company. To ensure the best allocation of CIR's financial resources in line with the overall rationale of the transaction, an amount currently estimated between EUR 120 million and 150 million of these available funds will be lent by

the parent company to the newly formed company, at terms and conditions consistent with those of the 2004-2024 bond.

After the spin-off, the Chairman of CIR, Carlo De Benedetti will mainly devote himself to Gruppo Editoriale L'Espresso and will maintain his position of executive Chairman of the company. Carlo De Benedetti will also remain the non-executive Chairman of the parent company, will become the non-executive Chairman of the newly formed company and will maintain his other positions in Cofide.

Rodolfo De Benedetti will become the Managing Director of the newly formed company and will cease to be Managing Director of Cofide (although he will remain member of the Board of Directors), Managing Director and member of the Board of Directors of CIR and member of the Board of Directors of Gruppo Editoriale l'Espresso.

The majority of the directors of the parent company, of the newly formed company and of Gruppo Editoriale L'Espresso will be independent and there will be no overlapping between the three boards, except for Carlo De Benedetti, who will be the Chairman of the Board of Directors of the three companies.

The transaction is a fundamental step in the future further development of CIR's current businesses, consistently with its business model. Given the importance of the transaction and its characteristics, the implementation of the spin-off will in any case be conditional upon the positive assessment of the shareholders. For this purpose, the spin-off scheme will provide that the boards of CIR and of the newly formed company will not carry out the transaction if, at CIR's extraordinary shareholders' meeting convened for the approval of the proposed spin-off: *(i)* the majority of CIR's shareholders attending the meeting, other than the parent company Cofide SpA and its related persons, votes against the proposed spin-off; and *(ii)* such majority represents at least 15% of CIR's issued share capital.

The Board of Directors intends to submit the transaction to the Shareholders' Meeting of CIR for approval around mid October, once the Board of Directors will have authorized the spin-off scheme, with a view to implement the spin-off by the beginning of January 2009. The implementation of the spin-off is, in any case, conditional upon the listing of the shares of the newly formed company on the MTA market. To this end, the management started the appropriate discussions with Borsa Italiana, in order to define the corporate governance structure of the parent company, the newly formed company, Cofide and the other listed companies belonging to the Group, in a way suitable for the subsequent listing of the newly formed company.

CIR is assisted by Mediobanca, as a financial advisor, and by Studio Legale Bonelli Errede Pappalardo as legal and tax advisor. Mediobanca will also act as sponsor of the Beneficiary for the procedure of admission to the listing on the MTA market.

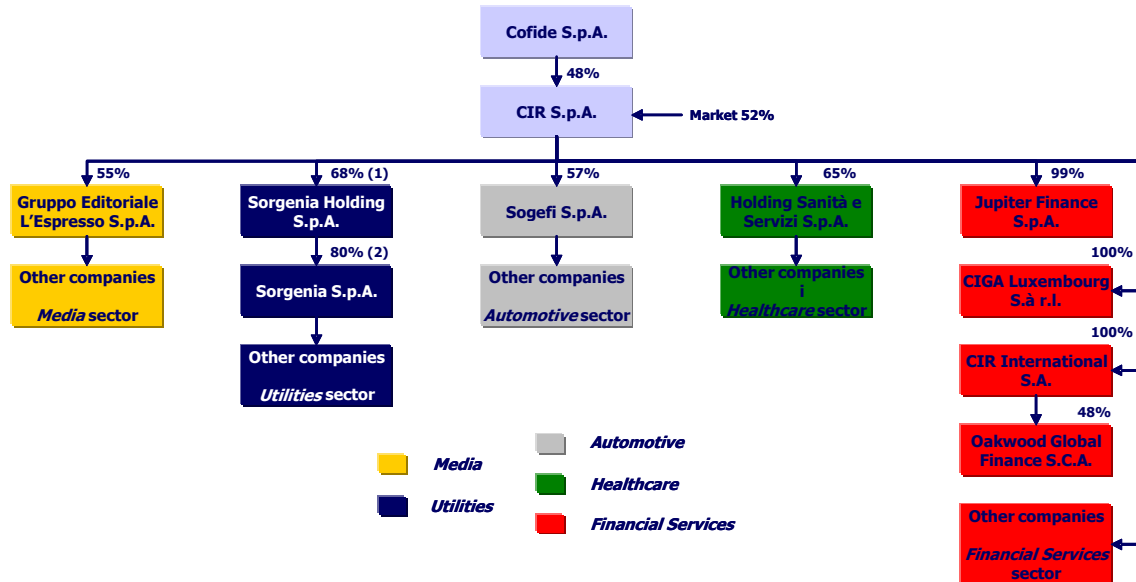
The main terms and conditions of the transaction will be illustrated today by Rodolfo De Benedetti, during a conference call at 3.00 pm. In order to join this conference call, please connect to the website [www.cirgroup.com](http://www.cirgroup.com)

Milan, July 31 2008

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## STRUCTURE OF THE GROUP BEFORE THE SPIN-OFF



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