

Positive progress in the negotiations

Turin, December 3, 2008. The Board of Directors of Pininfarina S.p.A., met today under the chairmanship of Paolo Pininfarina to review the status of the negotiations carried out with credit institutions with the aim of defining the transactions that will be implemented to recapitalize the Company and reschedule its medium-term and long-term indebtedness.

Subsequent to the extension of the Standstill Agreement to December 31, 2008, Company representatives and their advisors continued to meet with the credit institutions for the purpose of jointly reviewing and discussing the proposals put forth by the Company's advisors.

In the course of the ongoing negotiations, the Company provided the credit institutions with a non-binding Term Sheet that summarizes the terms and conditions for the rescheduling of the outstanding debt and possible alternatives for Company's recapitalization, which will be the subject of a framework agreement that the parties expect to execute later this month. Specifically, the Term Sheet outlines a transaction designed to restore the health of Pininfarina's balance sheet and financial position, which will be implemented in two phases:

- **A first phase**, during which the creditor banks would transfer to Pincar, Pininfarina's majority shareholder, a portion of the loans (180 million euros) owed by Pininfarina and Pincar would forgive these loans in their entirety. In exchange for the transfer of the loans owed by Pininfarina, Pincar would pay the bank a nominal amount and would agree to pay a deferred consideration, the amount of which would vary depending on the price received for the sale of the Pininfarina shares held by Pincar. At the same time, Pincar would retain the services of a top-rated financial institution for the purpose of selling the abovementioned shares. At this point, the implementation of the first phase is expected to occur by December 31, 2008, subject, among other conditions, to a successful Pincar due diligence and the issuance by an independent expert of a certification to the effect that Pininfarina's industrial and financial plan is adequate for the purpose of rebalancing the Company's debt exposure and restoring the health of its financial position. Once the first phase is completed, the rescheduling of the Company's indebtedness would go into effect.

- **A second phase** that could be used to maximize the value of the Pininfarina brand, within the framework of a broader agreement to restructure the Company's indebtedness and/or increase its share capital through a rights offering or through a transaction in which the preemptive rights of shareholders would be suspended.

At present, the relevant departments of credit institutions representing 99.7% of the total debt exposure informed the Company that they received a copy of the Term Sheet and would forward it to their respective governance bodies with decision-making authority, it being understood that all decisions reached independently by the abovementioned governance bodies are final. Moreover, the Company has been advised that the relevant departments of credit institutions representing more than 90% of the total debt exposure will forward the Term Sheet to their with their respective governance bodies with a favorable recommendation.

The Board of Directors agreed to convene an Ordinary Shareholders' Meeting for January 29, 2009, on the first calling, and January 30, 2009, if a second calling is necessary, to fill a vacancy that occurred on the Board of Statutory Auditors on November 14, 2008, when the Statutory Auditor Pier Vittorio Vietti resigned for professional reasons.

Last but not least, in response to rumors in the media that are totally devoid of merit, the Board of Directors forcefully reaffirmed its full confidence in the Company's entire management team and, specifically, in the work performed thus far and the contribution that will be provided in the future by Silvio Angori, COO with



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authority over all the operating activities of all Group companies, with the exception of Pininfarina Extra, and the implementation of the Industrial Plan.

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