

**(Translation from the Italian original which remains the definitive version)**

**PRESS RELEASE**

**PINCAR and MAHINDRA & MAHINDRA and TECHMAHINDRA**

**for the sale of PININFARINA S.p.A.**

**Takeover bid and capital increase**

**The Board of Directors of PININFARINA S.p.A. approves the business and financial plan underlying the new Rescheduling Agreement with the lending institutions**

*Turin, 14 December 2015*

Today, Pincar S.r.l. in liquidation, single-member company, (**Pincar**), owner of 22,945,566 ordinary shares, equal to roughly 76.063% of the share capital, and the current controlling shareholder of Pininfarina S.p.A. (**Pininfarina** or the **Company**), in agreement with the Banks (as defined below), signed an investment agreement (the **Investment Agreement**) with Mahindra & Mahindra Ltd. and TechMahindra Ltd. (the **Investors**) relating to a transaction involving Pininfarina (the **Transaction**).

Pursuant to the Investment Agreement, the Investors will purchase all the Pininfarina ordinary shares held by Pincar for a unit price of €1.10 on the closing date. These shares are currently pledged to the Banks and will be released on the closing date. The Investors will subsequently launch a takeover bid for the Pininfarina ordinary shares offering the same price as that offered to Pincar for its shares.

Moreover, under the Investment Agreement, the Investors also undertake to invest €20 million by increasing Pininfarina's share capital before the end of 2016.

The Investors intend to maintain Pininfarina's independence and, therefore, the parties have agreed to define the conditions for keeping Pininfarina's ordinary shares listed on the Italian stock exchange and to confirm, after the closing, Paolo Pininfarina in his current position as the chairman of the Board of Directors.

The Investment Agreement includes other provisions that are typical of this kind of agreement, such as the resignation of the Board of Directors on the closing date, obligations for the transitory period, representations and warranties and indemnification.

In conjunction with the signing of the Investment Agreement and as part of the Transaction, the following agreements have been reached:

- (a) a debt restructuring agreement for Pininfarina, supported by the plan confirmed as per article 67.3 (d) of the bankruptcy law, between Pininfarina and the lending parties and secured creditors: Banca Regionale Europea S.p.A., Intesa Sanpaolo S.p.A., Banca Nazionale del Lavoro S.p.A., UniCredit S.p.A. (formerly UniCredit Banca di Roma S.p.A. and UniCredit Corporate Banking S.p.A.), Banca Monte dei Paschi di Siena S.p.A., Banco Popolare Società Cooperativa, UBI Leasing S.p.A., Monte dei Paschi di Siena Leasing & Factoring, Banca per i Servizi Finanziari alle Imprese S.p.A., Selmabipiemme Leasing S.p.A., UniCredit Leasing S.p.A., BNP Paribas Leasing Solution S.p.A., Release S.p.A., Mediocredito Italiano S.p.A. and Banca IMI S.p.A. (the **Banks**). Under the restructuring agreement, some of the Banks have agreed on the payment of an amount settling and extinguishing Pininfarina's debt to them. Other Banks have arranged a new rescheduling plan with terms and conditions agreed with the Investors. The Investors have provided all the banks with sureties. The debt restructuring agreement will be effective only if the relevant standard conditions are met; and

- (b) a debt restructuring agreement for Pincar pursuant to article 182-bis of the bankruptcy law, which, *inter alia*, provides for the cancellation of part of Pincar's debt to the Banks. The parties to this agreement are the Banks, Pincar and Segi S.r.l. (**Segi**) as Pincar's sole quotaholder;
- (c) Pininfarina's Board of Directors approved new business and financial plans. Under the business plan, Pininfarina will become an excellence design and engineering service provider, offering design to delivery engineering services in various segments: automotive, transport, aerospace, architecture and real estate and consumer goods. Furthermore, the plan focuses on the enhancement of the Pininfarina trademark in the automotive and non-automotive segments through the product branding and co-branding, in full compliance with the Pininfarina trademark's DNA.

Further to Pininfarina's debt restructuring agreement, the financial plan gives certain banks the possibility to see their loans fully settled and cancelled at a discounted amount, whereas other banks are given the opportunity to agree on a debt repayment deferral from 2015 up to 2025 and receive a corporate surety from the Investors securing their loans. Since the rescheduling agreement provides for a grace period from 2015 to 2016, the debt will be repaid to the lending banks starting from 2017. The interest rate will remain unchanged at 0.25% p.a.. The financial plan provides for just one financial covenant to be met beginning from 31 March 2018: consolidated equity at a minimum level of €30,000,000. It also envisages a capital increase of at least €20 million and the benefits arising from the repayment of bank loans and borrowings to those banks choosing to have their loans settled and extinguished (which are approximately 58% of total loans and borrowings).

Moreover, Pininfarina and Mahindra & Mahindra Ltd. will sign a trademark licence agreement that will be effective as from the Transaction's closing date. It will cover the use of the trademarks owned by the Pininfarina group companies for the automotive products of the Mahindra Group. As, when executed, the transaction will be carried out between related parties, it will be treated in accordance with relevant legislation.

The closing is conditional upon a number of conditions, including the effectiveness of Pininfarina's debt restructuring agreement, the authorisation of Pincar's debt restructuring agreement pursuant to article 182-bis of the bankruptcy law and the authorisation of the Transaction by the relevant anti-trust authorities.

The closing is expected in the first half of 2016.

All shareholders and companies of the Pininfarina family under the PIncar's control and Pininfarina's Board of Directors and Board of statutory auditors approved, each insofar it concerns them, the Transaction, acknowledging how important are these significant arrangements for the Pininfarina's ability to continue as a going concern and grow, in line with the traditional values that have assisted it to become a market leader in the Italian design and industrial creativity sectors.

The Pininfarina family and Board of directors take this opportunity to renew their thanks to all employees, the banks and local institutions and all shareholders who have never failed to support Pininfarina over the many years of its glorious history.