PRESS RELEASE

PIRELLI RE MANDATES HSBC, MORGAN STANLEY AND SOCIÉTÉ GÉNÉRALE TO ARRANGE €450M SYNDICATED REVOLVING CREDIT FACILITY, MATURING IN 2010

• THE THREE BANKS TO ACT AS MANDATED LEAD ARRANGERS, BOOKRUNNERS AND UNDERWRITERS

• AIM IS THE OPTIMIZATION OF THE COMPANY’S ECONOMIC-FINANCIAL STRUCTURE WITH A LONGER AVERAGE EXPOSURE TOWARDS BANKS

Milan, 29 June 2005 – As part of its plan to improve the Company’s economic-financial structure, today’s meeting of the Board of Directors of Pirelli & C. Real Estate has mandated HSBC Bank plc, Morgan Stanley and Société Générale to syndicate a €450m revolving credit facility, maturing in 2010. The three banks, who have also underwrite the loan, will act as Mandated Lead Arrangers and Bookrunner for the facility.

Closing and completion of the syndication process are expected to take place within the first week of August.

Pirelli RE aims to optimize the exposure towards banks, which as a result of this transaction will have an average maturity of over 48 months.

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