PRESS RELEASE

● AGREEMENT FINALIZED ON €450 MILLION - REVOLVING CREDIT FACILITY, EXPIRING IN 2010

● SYNDICATION SUCCESSFULLY CONCLUDED: PARTICIPATION BY 12 INTERNATIONAL AND 6 ITALIAN BANKS

● AVERAGE DURATION OF EXPOSURE TO BANKS NOW OVER 4 YEARS

Milan, 3 August 2005 – A contract was signed today between Pirelli RE and a syndicate of Italian and international banks regarding a five-year, revolving credit facility amounting to €450 million, on conclusion of the syndication operation announced on June 29, 2005.

Participation applications received during the syndication period exceeded the amount of the loan requested, thus confirming the interest of leading Italian and international banks in the Pirelli RE Group. Indeed, 12 foreign banks, including the three bookrunners and mandated lead arrangers – HSBC Bank, Morgan Stanley Bank and SG Corporate & Investment Banking – and 6 Italian banks, participated in granting the loan.

The Euribor-index linked, variable rate loan has a spread of 65 basis points.

Thanks to this operation Pirelli RE has achieved its objective of optimizing total exposure to the banking system, which now has an average duration of more than 4 years.

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