PRESS RELEASE

• PIRELLI RE AND MORGAN STANLEY CORPORATE CREDIT GROUP ACQUIRE FROM BNL A PORTFOLIO OF NON PERFORMING LOANS WITH A € 927 MILLION GROSS BOOK VALUE AND A NET BOOK VALUE OF APPROX. € 345 MILLION

• GROSS BOOK VALUE OF PIRELLI RE NPLs UNDER MANAGEMENT INCREASES TO APPROX. € 3,3 BILLION (NET BOOK VALUE OF APPROX. € 1,4 BILLION )

Milan, 30 December 2005 – Pirelli RE and Morgan Stanley Corporate Credit Group, specialized in the purchase and management of corporate credits, have successfully acquired a portfolio of mortgage and corporate loans of BNL with a gross book value of 927 million euro.

The transaction, with a purchase price of approx. 345 million euro, includes NPL’s related to 320 companies, secured by residential, turistic and industrial properties.

The acquired portfolio will be securitized through the special purpose vehicle ICR (8), which already owns a NPLs portfolio with a gross book value of about 366 million euro acquired from BNL at the end of 2004. The payment is expected by the end of February 2006.

With this transaction, the gross book value of Pirelli RE NPLs under management increases to 3,3 billion euro (approx. 1.4 billion of net book value).

Studio Bonelli, Erede e Pappalardo acted as legal advisor.

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