



## PRESS RELEASE

### **GENERAL MEETING**

- **APPROVES FINANCIAL STATEMENTS FOR 2005**
  - **APPROVES PAYMENT OF A DIVIDEND OF €1.90 PER SHARE**
- **CARLO CROCE ELECTED TO THE BOARD OF DIRECTORS**

*Milan, 12 April 2006* – The General Meeting of the shareholders of Pirelli & C. Real Estate was held today.

The General Meeting approved the financial statements for 2005, with improvement across all key performance indicators. At 31 December 2005 **aggregate revenues** of the Group amount to **€3,507.2m**, marking a **29%** improvement on 2004, and **operating profit including income from equity participations** amounts to **€186.1m**, which is **40%** up on the previous year. Operating profit including income from equity participations has grown at an average compound annual growth rate of 22% over the three-year period 2003-2005. At 31 December 2005 **net profit** amounts to **€145.4m**, marking an increase of 24% (€117.1m at the end of 2004).

The General Meeting approved payment of a **dividend** of **€1.90** per share. The dividend will be paid on 27 April 2006, and the ex dividend date is 24 April 2006.

The General Meeting also elected **Carlo Croce** to the Board of Directors, confirming his earlier co-option as a Non-executive Director by the Board of Directors' meeting of 25 January.

The existing Board of Directors will remain in office until approval of the financial statements for the year ended 31 December 2007.

Finally, the Meeting renewed the authorisation to **purchase treasury shares** up to the legally permitted limit of 10% of the share capital for a further period of 18 months, establishing the related procedures and revoking the previous resolution of 27 April 2005, which had not been implemented.

Attached, the details of the purchase programme for such shares in connection with the stock option plan for employees and Directors.

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Treasury share purchase programme

Pirelli RE announces details of the purchase programme for such shares in connection with the stock option plan for employees and Directors:

- the aim is to equip the Company with the treasury shares necessary to satisfy its obligations under existing share option plans, taking account of the treasury shares currently available for this purpose;
- purchases may be carried out within the limits represented by the distributable earnings and available reserves reported in the latest approved financial statements and, in any event, up to a maximum of no more than €300m;
- treasury shares may be purchased up to the legally permitted limit of 10% of the share capital, at a price per share that may not be more than 15% lower or higher than the average closing stock market prices registered at the close of the three sessions preceding each transaction;
- purchases may be carried out, in one or more instalments, within 18 months of the resolution passed by today's General Meeting – therefore by 11 October 2007 – in accordance with the procedures established by art. 132 of Legislative Decree no. 58 of 24 February 1998 and art. 144-*bis* of CONSOB Resolution no. 11971 of 14 May 1999 (taking account of the specific exemption provided for by paragraph 3 of the above art. 132 of Legislative Decree no. 58/1998) and, in any event, in compliance with all other procedures allowed by the related laws and regulations.

Pirelli RE will make timely market announcements of any subsequent changes and/or additions to the above purchase programme.