



PRESS RELEASE

- **PIRELLI RE AWARDED CONTRACT TO MANAGE A PORTFOLIO OF NON PERFORMING LOANS ORIGINATED BY BANCA ANTONVENETA AND ITS SUBSIDIARY INTERBANCA WORTH APPROX. €2.6 BILLION AT GROSS BOOK VALUE**
- **PIRELLI RE TO COINVEST IN THIS PORTFOLIO WITH A 16.5% INTEREST THROUGH ITS JOINT VENTURE WITH CALYON AND TOGETHER WITH GE; TOTAL ACQUISITION PRICE 530 €M**
- **WITH NPL PORTFOLIO UNDER MANAGEMENT WORTH APPROX. €12 BILLION AT GROSS BOOK VALUE (APPROX. €2.5 BILLION AT NET BOOK VALUE) PIRELLI RE CONSOLIDATES ITS LEADERSHIP IN ITALY, WITH 300 PROFESSIONAL STAFF LOCATED THROUGHOUT THE COUNTRY**

Milan, December 17, 2007 – Pirelli RE has been awarded the contract to manage a **portfolio of non performing loans** originated by Banca Antonveneta and its subsidiary Interbanca, worth approximately **€2.6 billion at gross book value**.

The Group will operate both as **asset manager** and as **special servicer** through **Pirelli RE Credit Servicing**, Italy's leading provider of special servicing.

Pirelli RE is **coinvesting** in the portfolio with a **16.5% interest** through its **joint venture with Calyon SA** (67%- Pirelli RE 33%) while the remaining 50% is purchased by GE. The total acquisition price of the portfolio amounts to €530m, which will be financed for approx. 65% with senior debt granted by Royal Bank of Scotland and Calyon SA and for approx. 35% with mezzanine debt (subscribed by the buyers) and equity.

This operation, involving a portfolio of loans relating to over 20,000 positions, is the second stage in the transaction concluded at the end of last year regarding a portfolio of mortgage and corporate loans worth some €1 billion at gross book value.

As a result of acquiring this new management contract, the gross book value of **non performing loans managed on an exclusive basis by Pirelli RE** has risen to **€12 billion** (approximately €2.5 billion at net book value), thereby consolidating Pirelli RE's position as **market leader in Italy**. Amongst this global amount, **circa €9 billion** (approximately €2 billion at net book value) are managed within the context of the well established **joint venture with Calyon SA**, which is now positioned as one of main investors in the non-performing loans sector in Italy, combining the experience of Pirelli RE in handling NPLs with the international financial skills of the French bank.

The Group has an integrated platform of services, the only one of its kind in Italy, allowing it to manage non performing loans both in and out of court, to value NPL portfolios and

provide master servicing to securitized portfolios (management of data and information flows).

Pirelli RE's **asset management and special servicer platform** boasts **around 300 professional staff** and a **countrywide coverage**, with 7 Pirelli RE Credit Servicing offices located in Milan, Florence, Rome, Naples, Bari, Palermo and Catania. The company intends to **open another 3 offices**, including one in Padua, also in view of the newly-acquired management contract and with the goal of strengthening its business in the north-east of Italy. Its **countrywide coverage** together with the **synergies with the other Pirelli RE Group service companies** represent an important competitive advantage in the business of non performing loans, allowing Pirelli RE to collect around 50% of planned recoveries each year out of court.

This area of business is expected to expand in 2008: apart from **Italy**, whose banking industry is undergoing consolidation, Pirelli RE is focusing on **countries in Central and Eastern Europe** - particularly Germany and Poland - where it intends to develop **platforms for managing NPL portfolios**.

“We are very satisfied of the skills of our management team which have so permitted over the past few years the growth in the NPL business which represents an important part of our activity. We believe we will soon be able to leverage our experience and professional expertise in other European markets”, commented Carlo A. Puri Negri, Pirelli RE's CEO .

Bonelli Erede Pappalardo acted as legal advisors to the Pirelli RE/Calyon joint venture.

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