



PRESS RELEASE

PIRELLI RE CAPITAL INCREASE: RIGHTS ISSUE CLOSES WITH SUCCESS

- **99,361% OF NEW SHARES SUBSCRIBED. COMPANY CAPITAL STRUCTURE STRENGTHENED: BASED ON THE LATEST QUARTERLY RESULTS AT 31.03.09 THE DEBT/EQUITY RATIO PASSED FROM 2.8 TO 0.7**
- **PROCEEDS FROM CAPITAL INCREASE WILL BE USED TO REDUCE DEBT AND ENSURE GREATER FLEXIBILITY IN ACHIEVING BUSINESS PLAN OBJECTIVES**
- **THE UNEXERCISED RIGHTS, EQUAL TO 264.768 ON THE SUBSCRIPTION OF 5,1 MILLION SHARES (0,639% OF THE TOTAL) WILL BE OFFERED ON THE MARKET BEGINNING JULY 13TH**

Milan, July 7th, 2009 – Pirelli RE announces the success of the rights issue closing on July 3rd, 2009 of Pirelli RE ordinary shares under the divisible capital increase against payment approved by the extraordinary shareholders' meeting on April 17th, 2009.

During the offer period, commencing on June 15th, 2009 and closed on July 3rd, 2009, a total of **41.142.801** rights were exercised, meaning that **793.468.305** new Pirelli RE ordinary shares have been subscribed, corresponding to approximately **99,361%** of the total shares offered, with an overall value of approximately **€ 396,7 million**.

At the end of the offer period, there are therefore **264.768** unexercised rights to subscribe to a total of **5.106.240** new Pirelli RE ordinary shares, with a value of approximately **€ 2,6 million**.

In compliance with the commitments made and as stated in the prospectus the controlling shareholder, Pirelli & C. S.p.A., has exercised all its rights by subscribing to 463,752,540 new Pirelli RE ordinary shares, corresponding to around 58.07% of the shares offered, with a value of some **€231.9 million**.

Pursuant to art. 2441.3 of the Italian Civil Code, the unexercised rights will be offered on the market by Banca IMI S.p.A. in the trading sessions of July 13th, 14th, 15th, 16th and 17th, 2009.

These rights can be used to subscribe to new Pirelli RE ordinary shares, par value of €0.50, with dividend rights as of January 1st, 2009, at the price of €0.50 per share, in the ratio of 135 new shares for every 7 rights. The new Pirelli RE ordinary shares must be subscribed at an authorized intermediary belonging to the centralized management system of Monte Titoli S.p.A. by July 20th, 2009 at the latest, otherwise the rights will be invalid.

Given the commitment made by Pirelli & C. S.p.A. to exercise in full its rights and the willingness of Pirelli & C. S.p.A. to subscribe the new shares which are unsubscribed at the end of the offer process conducted in accordance with art. 2441.3 of the Italian Civil Code, **Pirelli RE** has decided not to set up an underwriting syndicate.

The capital increase has allowed Pirelli RE to strengthen its capital structure. Based on the latest quarterly results at 31.03.09 the debt/equity ratio come in 0.7 compared to the 2.8 reported at the same date.

As already announced, **Pirelli & C S.p.A. has subscribed its share of the capital increase by converting part of its financial receivables** from the Company into capital.

The rest of the proceeds from the capital increase subscribed by the market (equal to 98,475% of its shares for a total value of approx. 164,9 million euro) **will be used to further reduce debt** allowing greater flexibility in achieving the business plan's objectives.

The offer prospectus can be obtained from Pirelli RE's registered office (Via G. Negri 10, Milan) and from Borsa Italiana S.p.A. (Piazza degli Affari 6, Milan) and from the Pirelli RE website (www.pirellire.com).

Deutsche Bank, Banca IMI, Morgan Stanley and Unicredit acted as the placement agents. Pirelli RE's legal advisors were Bonelli, Erede, Pappalardo and Shearman & Sterling LLP.

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