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PIRELLI: ASSIGNMENT OF THE PIRELLI RE SHARES ON 25 OCTOBER 2010

RESULTING SHARE CAPITAL EQUAL TO EURO 1,377,878,879.78

Milan, 21 October 2010 – Pirelli & C. S.p.A. announces that, following the expiry of the period provided by law, no creditors' objections have been filed with respect to the reduction of the share capital resolved on 15 July 2010 through the assignment to the ordinary and savings shareholders of Pirelli & C. of no. 487,231,561 ordinary shares of Pirelli Re (that will assume as a consequence of such assignment the company name of Prelios S.p.A.) held by the company.

The assignment of the Pirelli Re ordinary shares, in the ratio of one Pirelli Re share for every ordinary and/or savings share of Pirelli & C. held, will begin on 25 October 2010, in accordance with applicable regulations, through the intermediaries participating in the central depository system of Monte Titoli S.p.A.

Therefore, starting from 25 October 2010, Pirelli & C. shares will trade on the Milan Stock Exchange ex-right of assignment.

The value of the Pirelli Re shares to be assigned, for tax purposes, will be equal to the average price of the Pirelli Re shares during the month preceding the date of assignment (*valore normale*); therefore, the exact value will be determined following the assignment.

A portion of the tax value (*valore normale*) of the Pirelli Re shares will qualify as a non-cash dividend which may constitute taxable income of the shareholders and will therefore be subject to taxation pursuant to the ordinary tax rules in force at the time of the assignment, depending on the status of the shareholders, the tax rules of the country of residence and other specific attributes of each shareholder.

Prior to delivery of the Pirelli Re shares, the shareholders of Pirelli & C. that are assignees of Pirelli Re shares will be required to pay an immaterial amount equal to the *imposta sostitutiva* (substitute tax), if applicable, on the portion of the tax value (*valore normale*) of the Pirelli Re shares qualifying as non-cash dividend.

From the date of assignment, the resulting share capital of Pirelli & C. will be equal to euro 1,377,878,879.78, divided into no. 487,991,493 shares with no par value, of which no. 475,740,182 (euro 1,343,286,427.00) ordinary shares and no. 12.251.311 (euro 34,592,452.78) savings shares.

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