

Pirelli Completed the Placing of the Euro 500 Million Bonded Loan

Milan, March 21st, 2002 - Pirelli S.p.A. announces that it completed the placing of the €500 million bonded loan launched today, in compliance with the resolution passed by the Board of Directors at the meeting held on February 8th.

The principle features of the operation are as follows:

Issuer: Pirelli Finance (Luxembourg) S.A.

Guarantor: Pirelli S.p.A.

Amount: 500 million Euro

Maturity: 5 years

Expiry: by April 5th, 2007

Call Option: after 18 months plus one day

Coupon: the bonds will bear annual interest, not payable in advance, at a fixed rate of 6.5% (corresponding to a spread of 175 basis points over the 5-year Mid Euro Interest Rate Swap).

Issue price 98.641

Price at maturity 100

The issue is aimed at re-financing short-term debt, optimising the financial structure of the Group in terms of both rates and expiry dates.

The Pirelli loan will be listed on the Luxembourg stock exchange and is aimed exclusively at professional and institutional Italian and European investors (thus excluding the USA).

BNP Paribas, Mediobanca and Schroder Salomon Smith Barney are joint lead managers and bookrunners on the deal.

DISCLAIMER

Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or its possessions or to a United States person. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended and are subject to U.S. tax law requirements.

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