



PRESS RELEASE

**PIRELLI: AGREEMENT REACHED FOR REPURCHASE OF STAKE
IN PIRELLI TYRE**

The valuation of 38.9% of Pirelli Tyre held by Speed is 835.5 million euros

Milan, 11 March 2008 - Pirelli & C. SpA communicates that today it reached an agreement to acquire the entire share capital of Speed SpA, a company held by primary financial institutions (Intesa Sanpaolo, Banca Leonardo Group, UniCredit, One Equity Partners –JP Morgan Group, Lehman Brothers and Mediobanca) and holder since August 2006 of 38.9% of Pirelli Tyre SpA, for a cash payment of 434.4 million euros financed by available liquidity. This amount takes into account Speed debt of about 401.1 million euros.

The transaction, therefore, attributes to the 38.9% stake in Pirelli Tyre, the only asset of Speed, an equity value of 835.5 million euros.

The repurchase of the Pirelli Tyre stake, approved today by the Board of Directors of Pirelli & C. SpA, is part of the Group's strategy to refocus on its core businesses announced following the sale of Olimpia. The passage of the Speed shares will take place at the same time as the closing, expected for tomorrow, with the exception of a 19.19% stake, whose transfer to Pirelli is expected to occur in July 2008.

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