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**PRESS RELEASE**

**PLACEMENT OF 8.37% OF PIRELLI RE SHARE CAPITAL TO  
ITALIAN AND FOREIGN INSTITUTIONAL INVESTORS  
SUCCESSFULLY COMPLETED**

**DEMAND LARGELY EXCEEDED OFFER AND FINAL PRICE  
OF PLACEMENT WAS 27.25 EUROS PER SHARE**

**GROSS CAPITAL GAIN OF MORE THAN 56 MILLION EUROS  
IN CONSOLIDATED FINANCIAL STATEMENTS**

*Milan, 28 July 2004* – Pirelli & C. SpA informs that placement to Italian and foreign institutional investors of n. 3,400,000 Pirelli & C. Real Estate SpA ordinary shares – equal to 8.37% of share capital – announced today was successfully completed.

Deutsche Bank AG, London, which was in charge of placement, informed Pirelli & C. SpA that demand of Pirelli & C. Real Estate SpA ordinary shares coming from investors largely exceeded offer and that final price of placement was 27.25 Euros per share.

Pirelli & C. SpA gross capital gain in consolidated financial statements is more than 56 million Euros. Operation settlement will be next 3 August 2004.

Pirelli has agreed with Deutsche Bank AG not to sell any further share of Pirelli & C. Real Estate SpA until 30 April 2005.

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