



PRESS RELEASE

MEETING OF THE BOARD OF DIRECTORS OF PIRELLI & C. SPA:

**PIRELLI: RECEIVED PROPOSALS FROM AT&T AND AMÉRICA MÓVIL
FOR THE PURCHASE OF ONE THIRD EACH OF THE CAPITAL OF
OLIMPIA**

MANDATE TO THE CHAIRMAN TO PROCEED WITH NEGOTIATIONS

**TELECOM ITALIA SHARES HELD BY OLIMPIA VALUED AT 2.82 EUROS
PER SHARE**

**RIGHT OF FIRST REFUSAL FOR MEDIOBANCA AND GENERALI:
EXECUTION OF THE TRANSACTION IS SUBJECT TO WAIVER**

PIRELLI AND SINTONIA HAVE A PUT OPTION ON REMAINING STAKE

EXCLUSIVE NEGOTIATIONS UNTIL 30 APRIL

Milan, 1 April 2007 – The Board of Directors of Pirelli & C. S.p.A. met today, due to receipt by the Company of two proposals for the purchase of two stakes in the capital of Olimpia, from U.S.-based telecommunications company AT&T and Mexican mobile phone operator América Móvil.

The proposals are for the acquisition, by each of the two companies, of a participation equal to one third of the share capital of Olimpia.

The Board of Directors of Pirelli & C. evaluated the proposals favorably, giving a mandate to the Chairman to proceed in the negotiations of the relative agreements in the best interest of the Company and of all its shareholders and to ask for the Board's approval of the definitive terms of the transaction.

The valuation of the stakes in Olimpia which are the object of the possible sale would be based on a price per Telecom Italia share equal to 2.82 euros, minus the net debt of Olimpia on the closing date of the transaction, subject to the satisfaction of the terms of the proposal.

The right of first refusal on the Olimpia shares is recognized to Mediobanca and Generali, pursuant to the shareholders' agreement dated 18 October 2006. The execution of the transaction is therefore subject to the lack of exercise of such right of first refusal. Should the right be exercised, an indemnification equal to 16 million euros will be payable to each of AT&T and América Móvil.

In the case the transaction is brought to conclusion, the share capital of Olimpia will be equally subdivided into three quotas among AT&T, América Móvil (in conjunction with

Telefonos de Mexico S.A.B) and the current shareholders, Pirelli & C. and Sintonia. The proposal foresees that, at the outcome of the acquisition, no shareholders' agreement be stipulated among AT&T and América Móvil and Pirelli / Sintonia, whose rights will be regulated exclusively by the by-laws of the company.

AT&T and América Móvil have also expressed their availability to grant to Pirelli and Sintonia a put option on the participation in Olimpia remaining in their possession and on the Telecom Italia shares they own directly (1.36% of ordinary capital for Pirelli, 0.22% for Sintonia), which may be exercised after a year from the acquisition, at the same price recognized at the time of purchase of the original stakes.

The proposals have a duration up to 30 April 2007 and, unless otherwise agreed, they will expire if within that date the relevant purchase agreements have not been executed. Until that date, Pirelli will be bound by an exclusivity obligation in favor of AT&T and América Móvil.

The transaction will be subject to certain conditions, among which the favorable completion of the due diligence, the execution of contractual agreements for the transfer of the shares, obtaining of authorizations from competent authorities, and approval by the respective boards of directors of AT&T, América Móvil and Pirelli.

Pirelli Press Office: +39 02 85354270 – pressoffice@pirelli.com
Pirelli Investor Relations: +39 02 64422949 – ir@pirelli.com
www.pirelli.com