

Pirelli S.p.A. & Bell S.A. Joint Press Release

July 28, 2001 (Milan, Italy) - The Board of Directors of Pirelli S.p.A. met today and resolved to give its Chairman, Mr. Marco Tronchetti Provera, the go-ahead for proceeding with the formalization of the agreements with Bell S.A. relating to the purchase by Pirelli S.p.A., in agreement with Edizione Holding S.p.A., of the equity investment of around 23% in the capital of Olivetti S.p.A. currently held by Bell S.A. The expected purchase price is around € 7 bn (approximately € 4.17 per share).

Bell shareholders unanimously resolved to accept the offer submitted by Pirelli S.p.A. in agreement with Edizione Holding S.p.A.

Under the agreement between Pirelli and Edizione Holding S.p.A., said equity investment will be taken over through an SPV jointly held by Pirelli (approx. 60%) and Edizione Holding S.p.A. (approx. 40%) to which the Olivetti shares held by the two groups (i.e., approx. 1.80% by Pirelli and approx. 1.84% by Edizione Holding S.p.A. respectively) will be contributed. As a result, the equity investment of this spv in Olivetti will be in the region of 27% and the average share price will be around € 4.

The financial requirement of Pirelli for this investment (approximately € 4.5 bn) will be covered by the proceeds from the well-known extraordinary sale to Cisco Systems and Corning Inc. of the TLC optical systems and components businesses as well as from other loan transactions. The Group's indebtedness will not, however, exceed its "physiological" levels.

This acquisition is part of the business strategy of the Pirelli Group, markedly focused on the TLC sector.

Bell shareholders welcomed the offer, in consideration of the entrepreneurial skills of the purchasers, and expressed their warmest appreciation for the managing director of Olivetti, Mr. Roberto Colaninno, for the work done and the value created through his management of the Group. For the purposes of this transaction, Pirelli has been assisted by Lazard and Merrill Lynch International while Bell S.A. has been assisted by J. P. Morgan.

The deal will be executed after obtaining the required authorizations from competent authorities.

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