PIRELLI & C. REAL ESTATE PRESS RELEASE

Shareholders’ Meeting and Board of Directors Meeting

- APPROVAL OF 2002 FINANCIAL STATEMENTS AND DISTRIBUTION OF DIVIDEND OF 1.25 EURO PER SHARE, YIELDING 6.6% ON AVERAGE PRICE OVER 3 MONTHS AND 4.8% ON IPO PRICE

- NUMBER OF BOARD MEMBERS INCREASES FROM 13 TO 14
  NUMBER OF INDEPENDENT DIRECTORS INCREASES FROM 4 TO 5

- WILLIAM DALE CRIST, FORMER CALPERS’ CHAIRMAN, ONE OF THE LARGEST PENSION FUNDS IN THE US, CURRENT CHAIRMAN OF PACIFIC PENSION INSTITUTE, AND DARIO TREVISAN, BOARD MEMBER OF INTERNATIONAL CORPORATE GOVERNANCE NETWORK, BECOME BOARD MEMBERS

- INTERNAL CONTROL AND CORPORATE GOVERNANCE COMMITTEE COMPRISED ENTIRELY BY INDEPENDENT DIRECTORS

Milan, May 6th, 2003 - The Meeting of Shareholders of Pirelli & C. Real Estate met today and approved the Company’s Financial Statements as at December 31st, 2002. The meeting also passed a resolution for the distribution to shareholders of a dividend of 1.25 Euro per share. The ex-coupon date was set at May 12th and the dividend will be paid as of May 15th, 2003.

In addition the meeting also passed a resolution to increase the number of board members from 13 to 14, appointing William Dale Crist, former Calpers’ Chairman, one of the largest pension funds in the US, currently Chairman of Pacific Pension Institute, as a new independent director bringing the number of independent members of the board from 4 to 5 members.

The Shareholders’ Meeting also passed a resolution authorising the acquisition of its own shares - for a 18-month period - up to the legal limit of 10% of the company’s share capital, subject to revocation of the resolution passed by the
Shareholders’ Meeting of May 20th, 2002, insofar as the latter was not implemented.

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The Shareholders’ Meeting was followed by a meeting of the Board of Directors, which co-opted Dario Trevisan, Board member of International Corporate Governance Network, as a replacement for the outgoing Giampietro Nattino.

Further to the aforementioned nominations, the Board of Directors subsequently revised the Remuneration Committee, substituting Giampietro Nattino with an independent director, Reginald Bartholomew. The Remuneration Committee is now composed of independent directors Reginald Bartholomew and Claudio Recchi and non-executive director Sergio Lamacchia.

With reference to the Internal Control and Corporate Governance Committee, the Board nominated independent director William Dale Crist in substitution of Giampietro Nattino. Furthermore, following Carlo Buora’s resignation from such committee, in order to allow the Company to adhere more closely to recent recommendations regarding corporate governance, the Board nominated independent director Dario Trevisan in substitution. The Internal Control and Corporate Governance Committee is now composed of independent directors William Dale Crist, Livio Strazzera and Dario Trevisan.

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Carlo Puri Negri, Vice Chairman and CEO of Pirelli & C. Real Estate, declared: “The first quarter of 2003 confirms significant growth in profits registered in 2002, growth which represents the basis for the Company’s further development. Our new directors, William Dale Crist and Dario Trevisan, professional figures with qualified experience which in their respective fields of activity represent institutional investor interests, both Italian and international, constitute an additional guarantee of the best corporate governance, particularly given the Company’s objectives of launching real estate funds, in the public and private arena”.

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