PIRELLI

MILAN - APRIL 21 2009

PIRELLI GROUP 1Q09 FINANCIAL RESULTS

Disclaimer

This presentation contains statements that constitute forward-looking statements and does not constitute an offer or solicitation for the sale, purchase or acquisition of securities of any of the companies mentioned and is directed to professionals of the financial community.

These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors. Consequently it is recommended that they be viewed as indicative only.

Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation.

Pirelli & C. SpA undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Pirelli & C. SpA business or acquisition strategy or to reflect the occurrence of unanticipated events.

Statement

The Manager mandated to draft corporate accounting documents of Pirelli & C. SpA, Claudio De Conto, attests – as per art.154-bis, comma 2 of the Testo Unico della Finanza (D.Lgs. 58/1998) – that all the accounting information contained in this presentation correspond to the documented results, books and accounting of the Company.

Agenda

- **Pirelli Group 1Q09 Key messages**
- Pirelli Group 1Q09 Financial Review
- Pirelli Real Estate Results
- Pirelli Tyre Results
- Pirelli Eco Technology
- Appendix

Pirelli Group 1Q09 Key Messages

- **A strong impact by the economic crisis on demand**, but the conditions for a recovery remain (low inflation, low interest rate, low cost of raw materials)
- **Restructuring program in progress** both in Tyre & Real Estate
- **Tyre:** drop in volumes in line with expectations, strong price/mix, de-stocking & raw materials positive effects in 2Q'09
- **Eco-Technology:** homologation in China and Germany about to be concluded. Scouting in Brazil, Portugal and Spain.
- **Real Estate:** the offering related to the 400 €/mln capital increase will start in June 2009
- **Senior Management:** BoD approval of an Incentive Plan strongly correlated to '09-'11 target achievements (on average 40% of the total management remuneration, 64% for top managers)

Pirelli Group 1Q09 vs '09 targets

€/bln

	1Q09	2009 Targets
Group Revenues	1.0	~4.3
EBIT %		
After continuous restructuring	4,5%	4.5-5.0%
NFP	1.3	1.0

(*) Green revenues and Capex information will be completed at the year end

Agenda

- Pirelli Group 1Q09 Key messages
- **Pirelli Group 1Q09 Financial Review**
- Pirelli Real Estate Results
- Pirelli Tyre Results
- Pirelli Eco Technology
- Appendix

Pirelli Group: 1Q09 Key Financial Results

€/mln

	1Q09	1Q08	YoY %
Revenues (Organic)	**1,043.0**	**1.165.3**	**-10.5%** (*)
EBITDA before Restructuring Costs	101.7	172.1	-40.9%
Margin	*9.8%*	*14.4%*	*-4.6pp*
EBIT before Restructuring Costs	50.3	119.9	
Margin	*4.8%*	*10.0%*	*-5.2pp*
Restructuring Costs	(3.5)	(4.8)	
EBIT	**46.8**	**115.1**	
Margin	*4.5%*	*9.6%*	*-5.1pp*
Results from equity participations	0.8	(16.5)	
EBIT post results from equity participations	47.6	98.6	
Total Net Income	1.1	62.4	
Net Income post minorities	**9.5**	**33.8**	
Net Financial Position	**1,278.9**	**851.0**	*+251 €/mln vs. '08YE*
Capex	**42.9**	**47.1**	
Employees	29,662	31,293	*-1,394 vs. FY08*

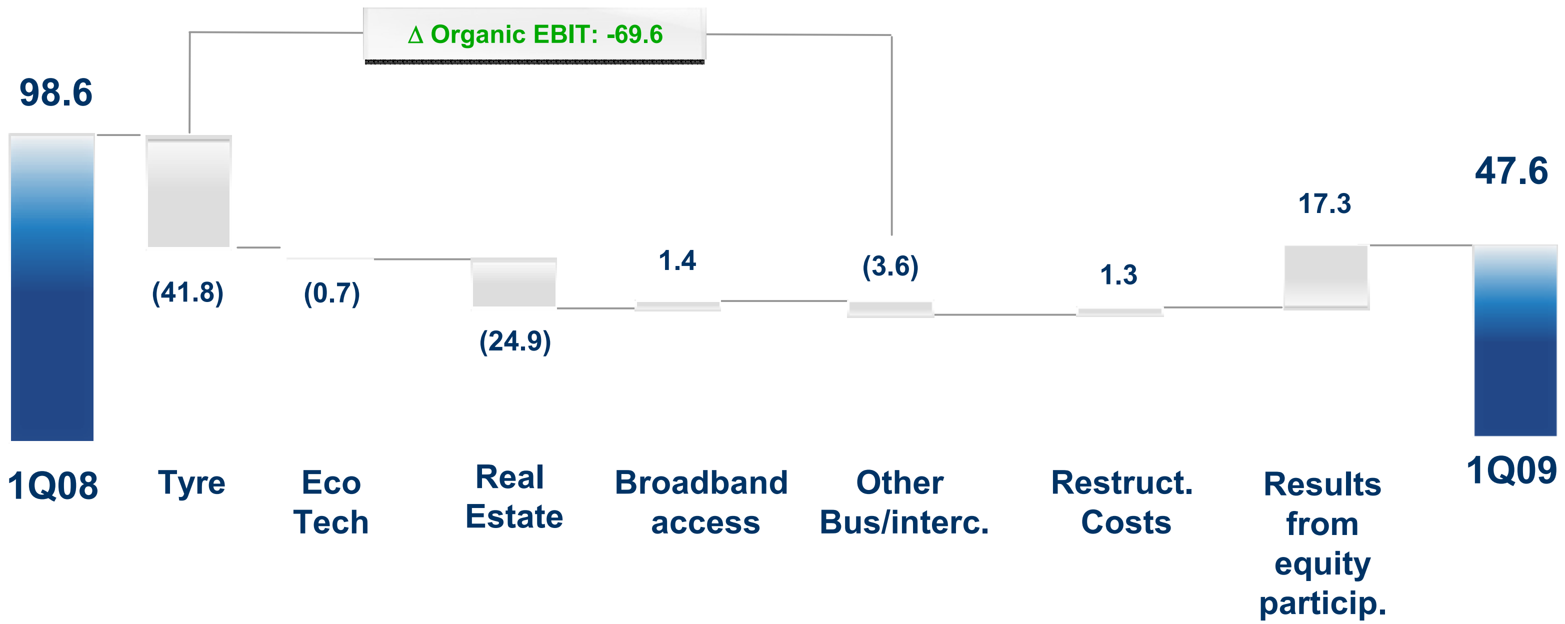
(*) Homogeneous terms variations, not including exchange rate effects

Results Drivers

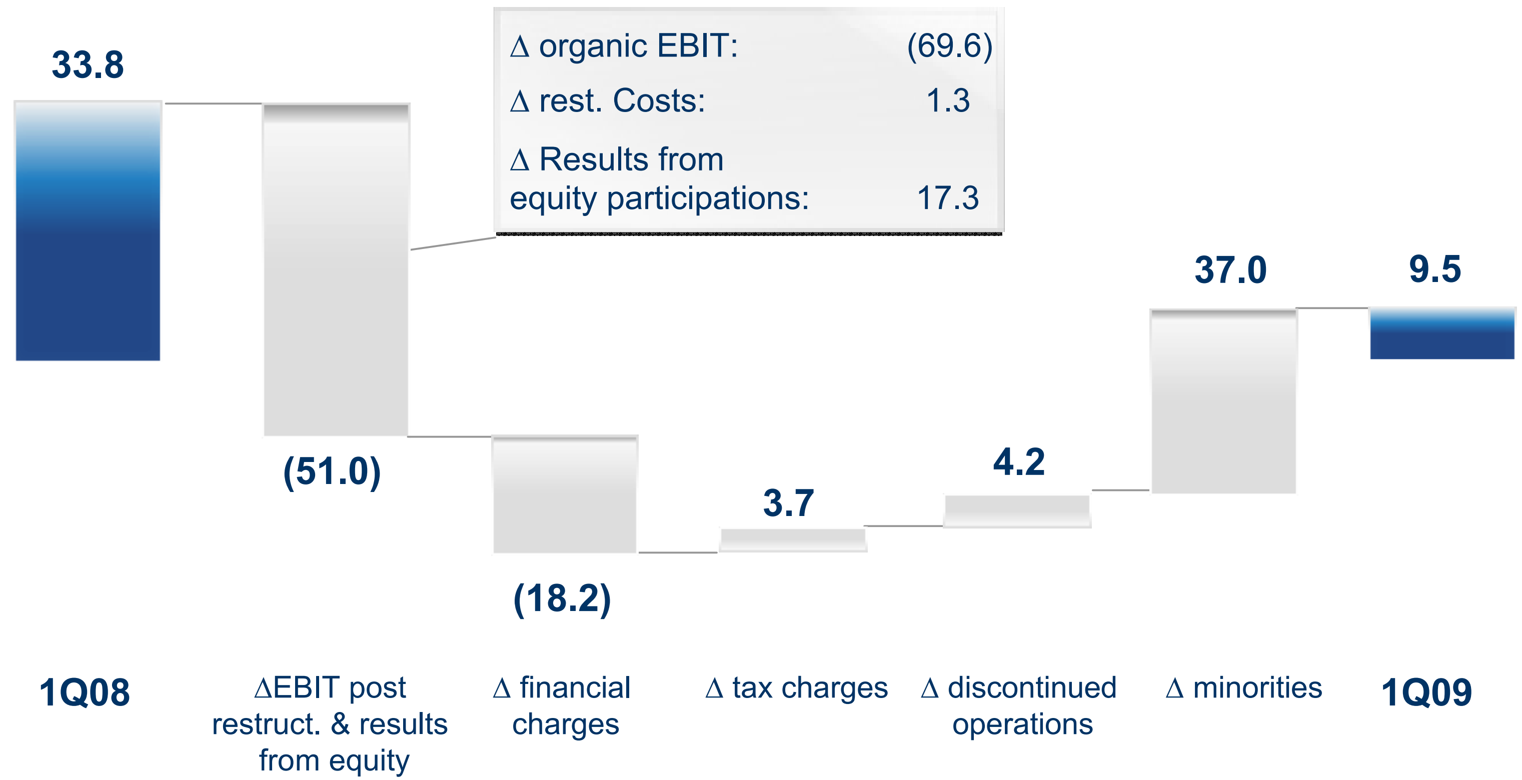
- **Bearish market conditions** for both Tyre & PRE
- **Tyre**: Price mix and efficiencies still offset by high production costs
- **PRE**: cost reduction lead to a QoQ profitability improvement
- **Alcatel-Lucent Submarin** capital gain offset PRE equity partic. results
- **Net Income trend reverted** after 3 consecutive quarters of losses
- Cash absorbtion vs. '08 YE due to:
  - Working Capital seasonality
  - First impact 2008 Restructuring program (45.8 €/mln)
- Both Tyre and PRE **on track on restructuring program**

Pirelli Group: EBIT 1Q09 vs 1Q08
(post restructuring costs and results from equity participations)

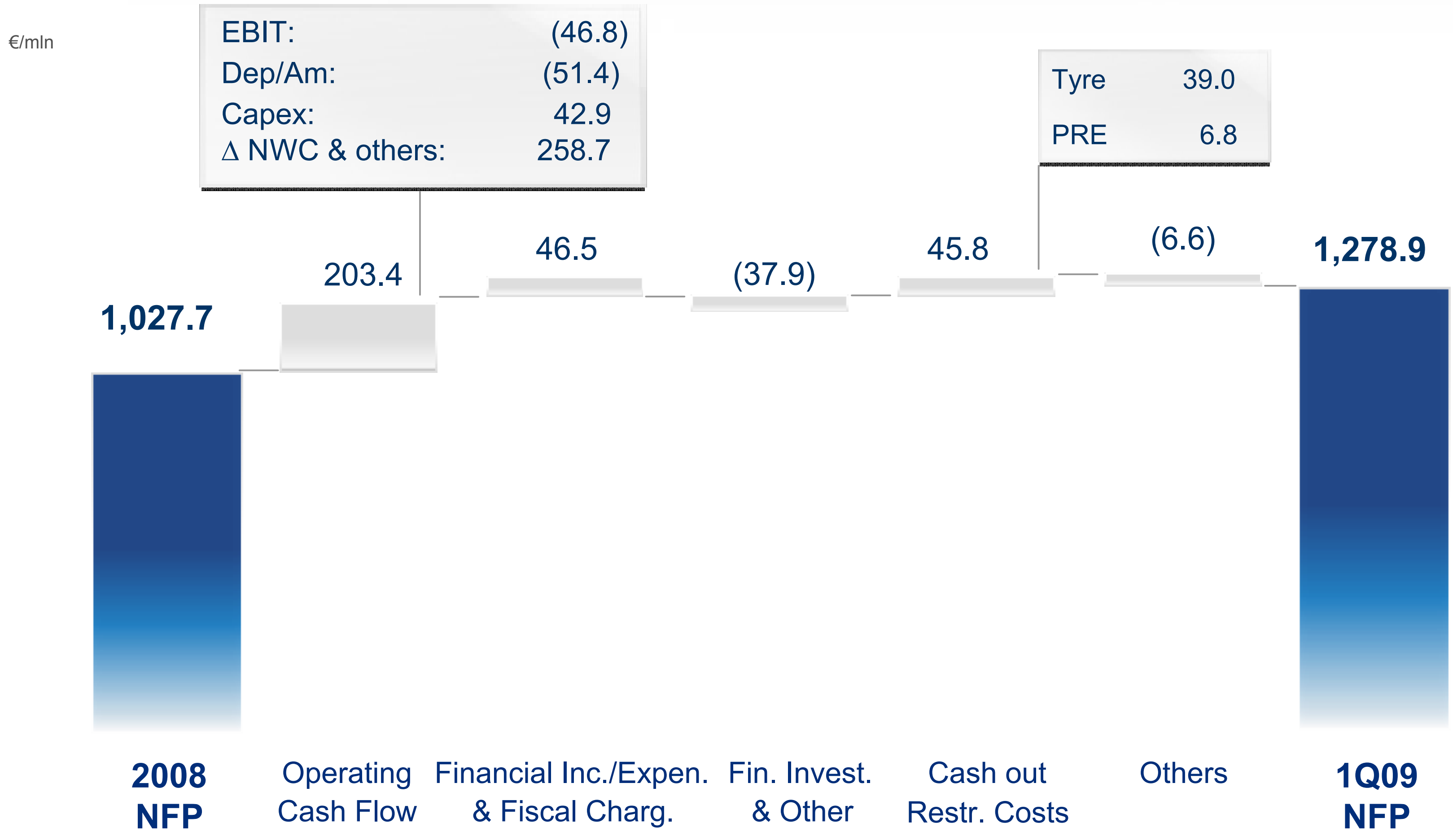
€/mln



Pirelli Group: attributable net income 1Q09 vs 1Q08

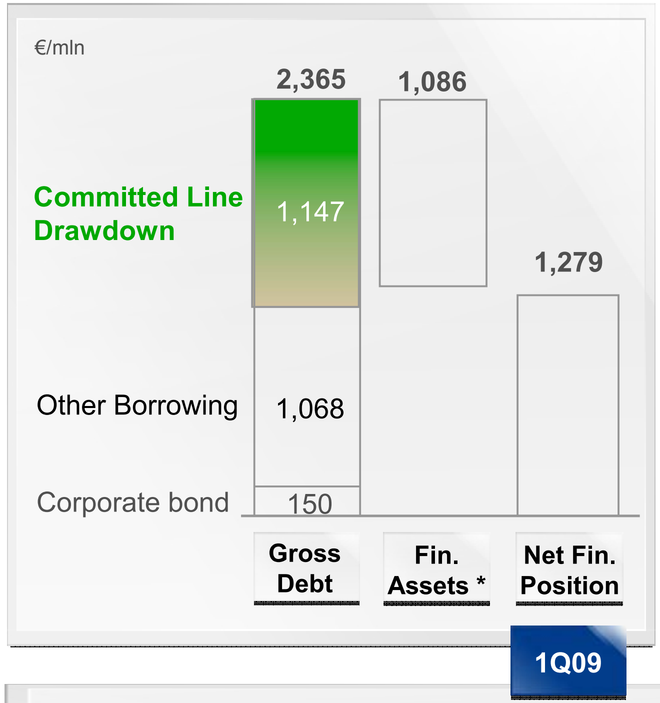


Pirelli Group: 1Q09 net financial position

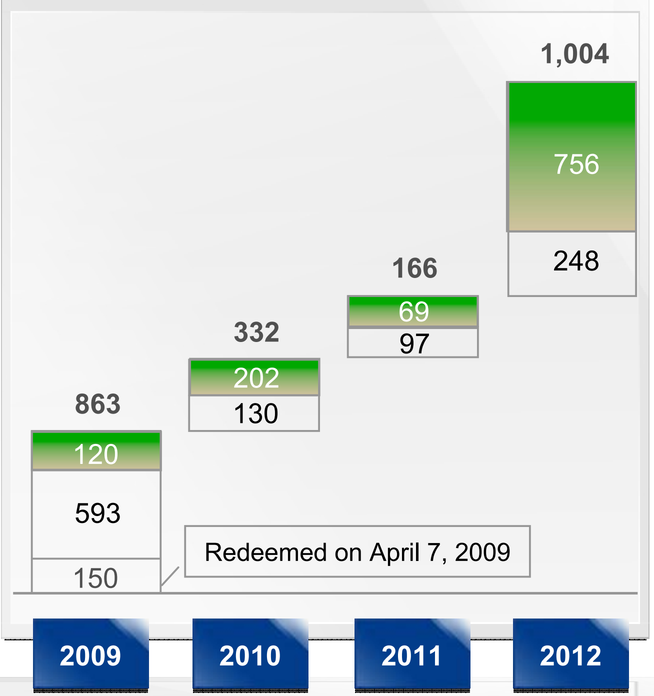


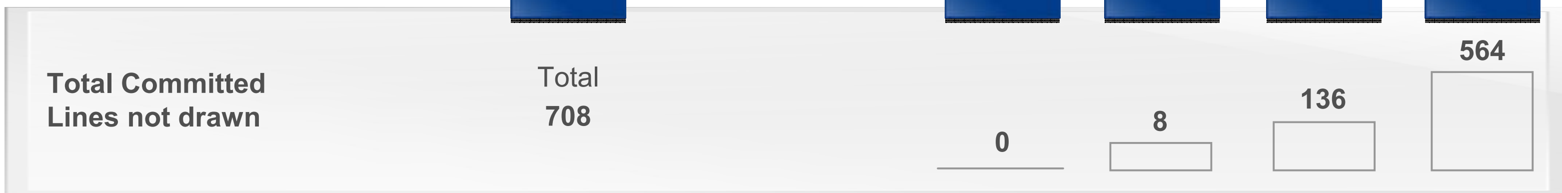
Pirelli Group: Debt Structure as of March 31, 2009

Net Financial Position



Gross Debt Maturity





*Financial receivables,cash and cash equivalents

Agenda

- Pirelli Group 1Q09 Key messages
- Pirelli Group 1Q09 Financial Review
- **Pirelli Real Estate Results**
- Pirelli Tyre Results
- Pirelli Eco Technology
- Appendix

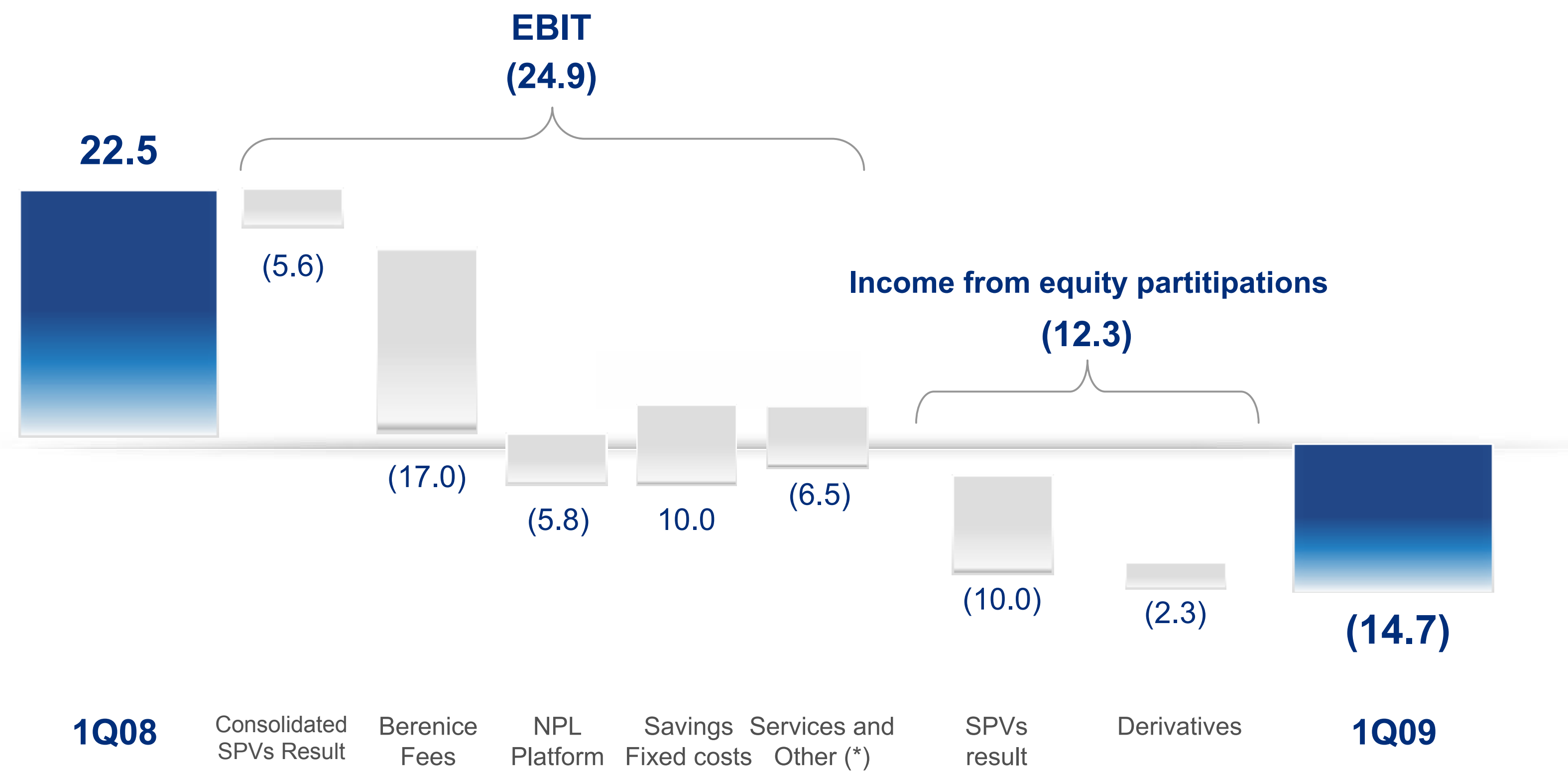
Consolidated Income Statement

€/mln

	1Q09	1Q08
Consolidated Revenues	**53.8**	**74.7**
EBIT before Restructuring costs	(2.2)	22.7
Net Income from Investments	(12.5)	(0.2)
EBIT including net income from investments before Restructuring costs	**(14.7)**	**22.5**
Restructuring Costs	0.0	(2.3)
EBIT including income from equity participations	**(14.7)**	**20.2**
Interest Income from Equity participation	8.5	7.5
EBIT Including income and Interest Income from equity participation	(6.2)	27.7
Financial Charges	(8.3)	(10.0)
PBT	**(14.5)**	**(17.7)**
Income Taxes	(2.1)	(5.4)
Net Result before discontinued operations	(16.6)	12.3
Discontinued operations	0.0	0.7
Net Result before minorities interests	(16.6)	13.0
Minority interests	0.8	(1.4)
Net Result	**(15.8)**	**11.6**
NFP	**309.3**	**300.3**
Net Financial Position excluding Shareholders' loans	**898.4**	**807.8**

Breakdown of EBIT including income from equity participations before Restructuring costs

€/mln

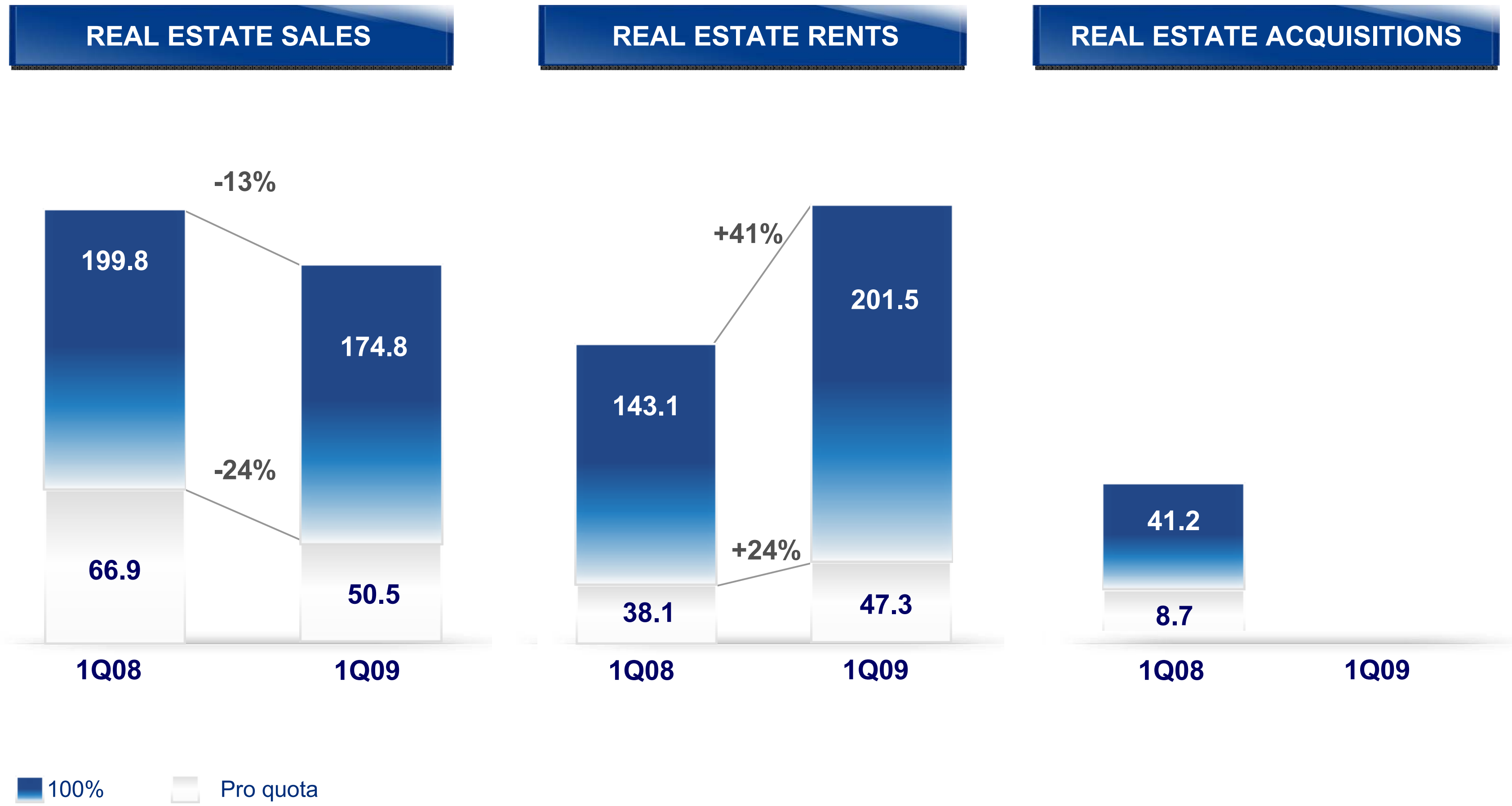


(*) Includes 3.5 €/mln extraordinary income made in 2008

Real Estate Sales, Rents & Acquisitions 100% and Pro Quota

PIRELLI RE
BUILDING THE FUTURE

€/mln



PIRELLI

Cost Saving program for 2009

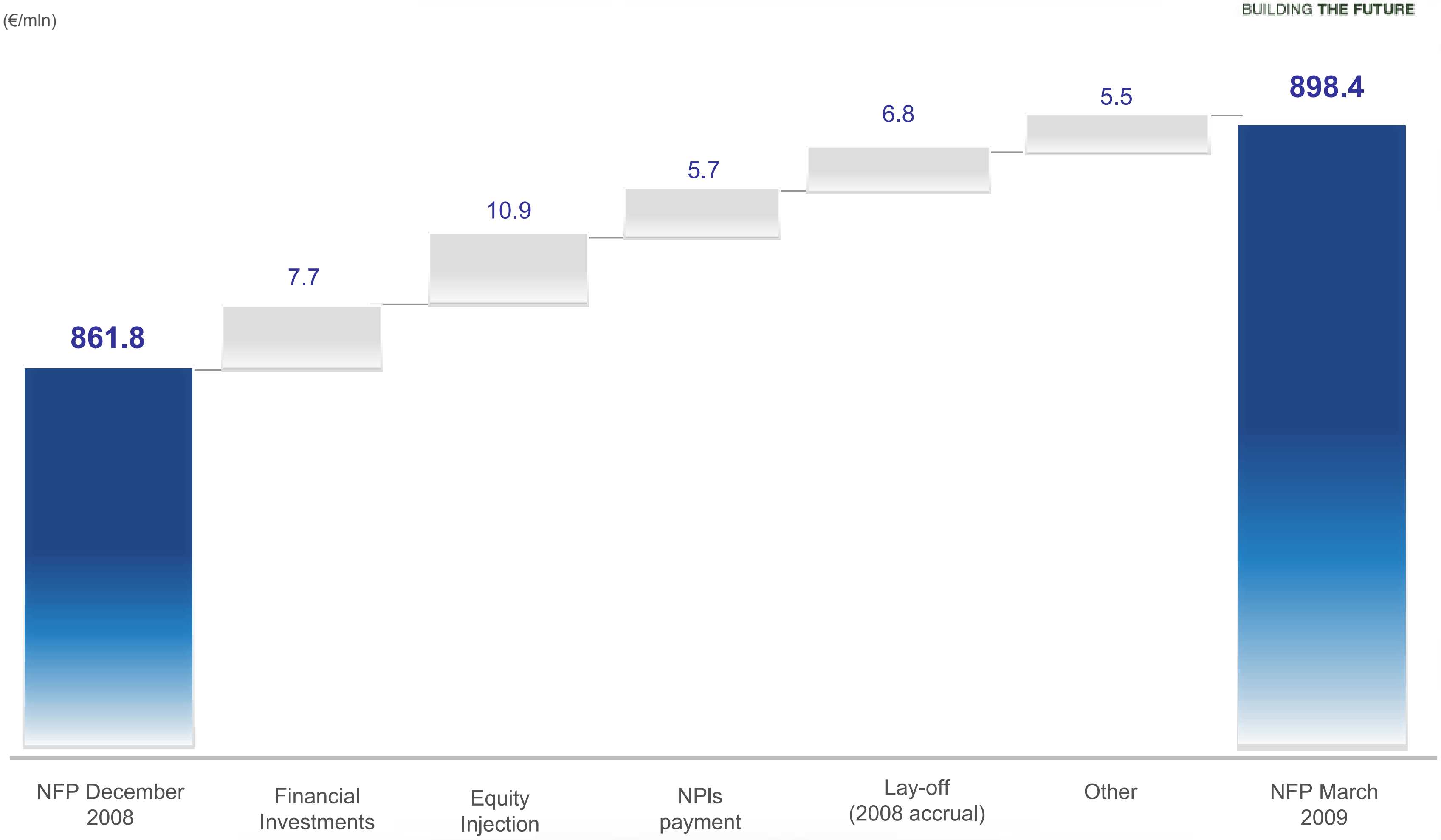
- **In 1Q09 cost saving reached 10 €/mln**

- For FY 2009 we expect total savings for 50 € /mln of which:
  - Labor costs and costs related for approx. 30 € /mln
  - Headquarters /IT & other for approx. 10 € /mln
  - Consulting & Marketing costs for approx. Euro 10 € /mln

- In the savings program actions to reduce holding cost from approx. 30 € /mln to approx. 20 € /mln are included

NFP change excluding shareholders' loans

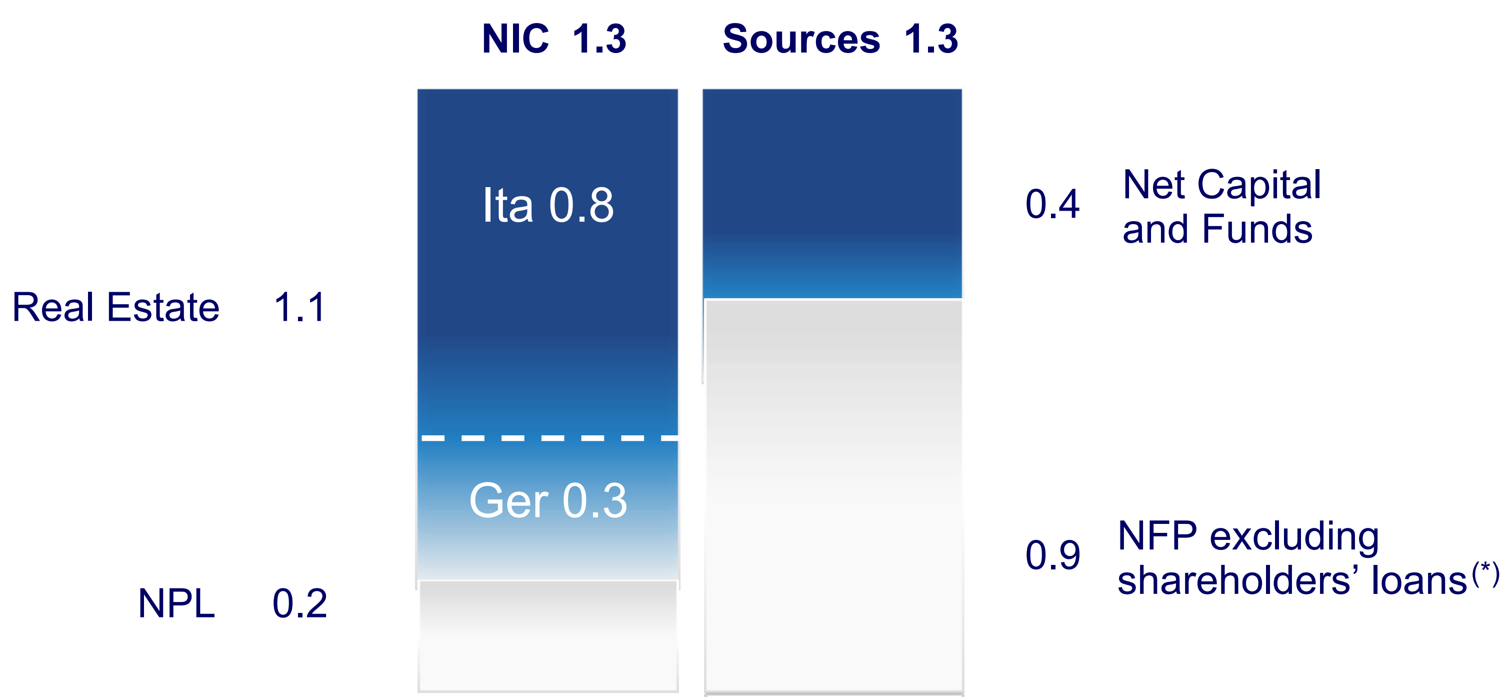
PIRELLI RE
BUILDING THE FUTURE



Net Invested Capital Breakdown excluding shareholders' loans

BUILDING THE FUTURE

€/bln



Real Estate Net Invested Capital (approx 1.1 €/mln) is allocated as follows: 0.8 Italy and 0.3 Germany

(*) Shareholders' loans are 589.1 €/mln in March 2009

Pirelli RE Targets

BUILDING THE FUTURE

As indicated in the three year plan, the company will focus on a turnaround targeting, a positive Operating result including income from equity participations already in 2009

This goal will be achieved through the following actions:

1. Cost cutting and organization reshaping

- Expected savings of around 50 € /mln, through headcounts reduction

2. Strengthening of the capital structure

- Disposal of assets with limited upside potential in the short-term and non core businesses (NPLs)
- Capital increase for 400 € / mln to be launched in June 09

3. Valorisation of income-generating real estate portfolio

- More direct and effective asset management and repositioning of properties with possible change of use

4. Key role of fund management company in Italy

- Search for alliances/partners to enhance the business
- Management of real estate funds for third parties
- Management of disposal programmes by local entities

5. Reinforcing alliances mainly in Germany, with equity interest dilution

- Search for alliances/partners to enhance the business

Agenda

- Pirelli Group 1Q09 Key messages
- Pirelli Group 1Q09 Financial Review
- Pirelli Real Estate Results
- **Pirelli Tyre Results**
- Pirelli Eco Technology
- Appendix

1Q09 Pirelli Tyre performance impacted by negative market trends

€/mln, *Percent*

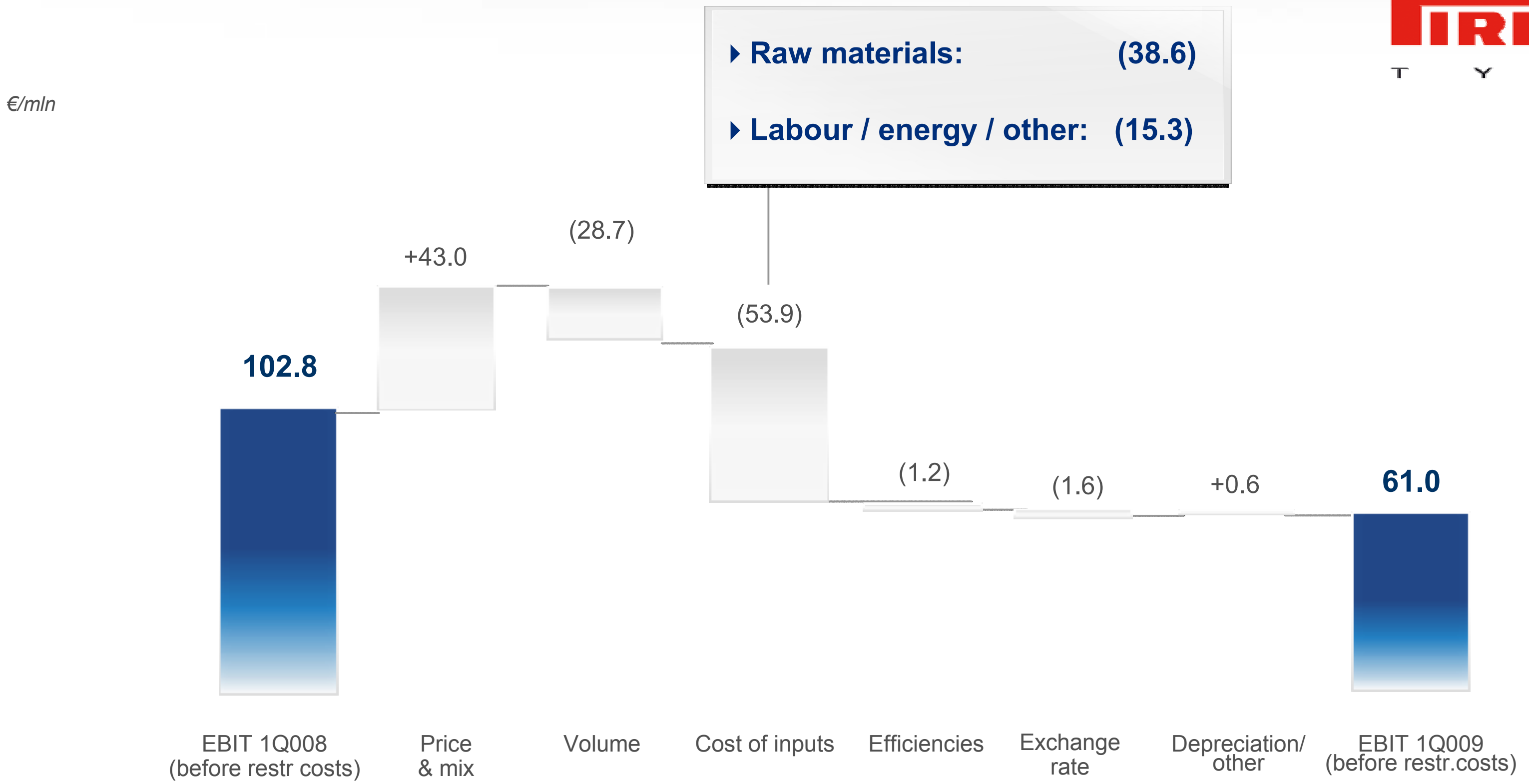
PIRELLI
T Y R E

Profit & Loss	1Q09	1Q08	Δ%
Revenues	926.9	1076.9	*-13.9%*
EBITDA (before restructuring costs)	107.8	151.0	*-28.6%*
margin	*11.6%*	*14.0%*	
EBIT (before restruct.costs)	61.0	102.8	*-40.7%*
margin	*6.6%*	*9.5%*	
EBIT (after restruct.costs)	57.5	100.3	*-42.7%*
Margin	6.2%	9.3%	
Net Income	14.6	57.7	

Δ **Price/Mix**	+6.9%
Δ **Volume**	-18.1%
Δ **Rev.** (*before Exch. rate impact*)	-11.2%
Δ **Exchange Rate**	-2.7%

- Heavy reductions in vehicle production and negative growth in replacement markets, driving organic sales down in 1Q09
- Positive price/mix variation in both Consumer and Industrial segments
- All input costs (raw materials, energy, etc.), still at higher levels when compared with 1Q08

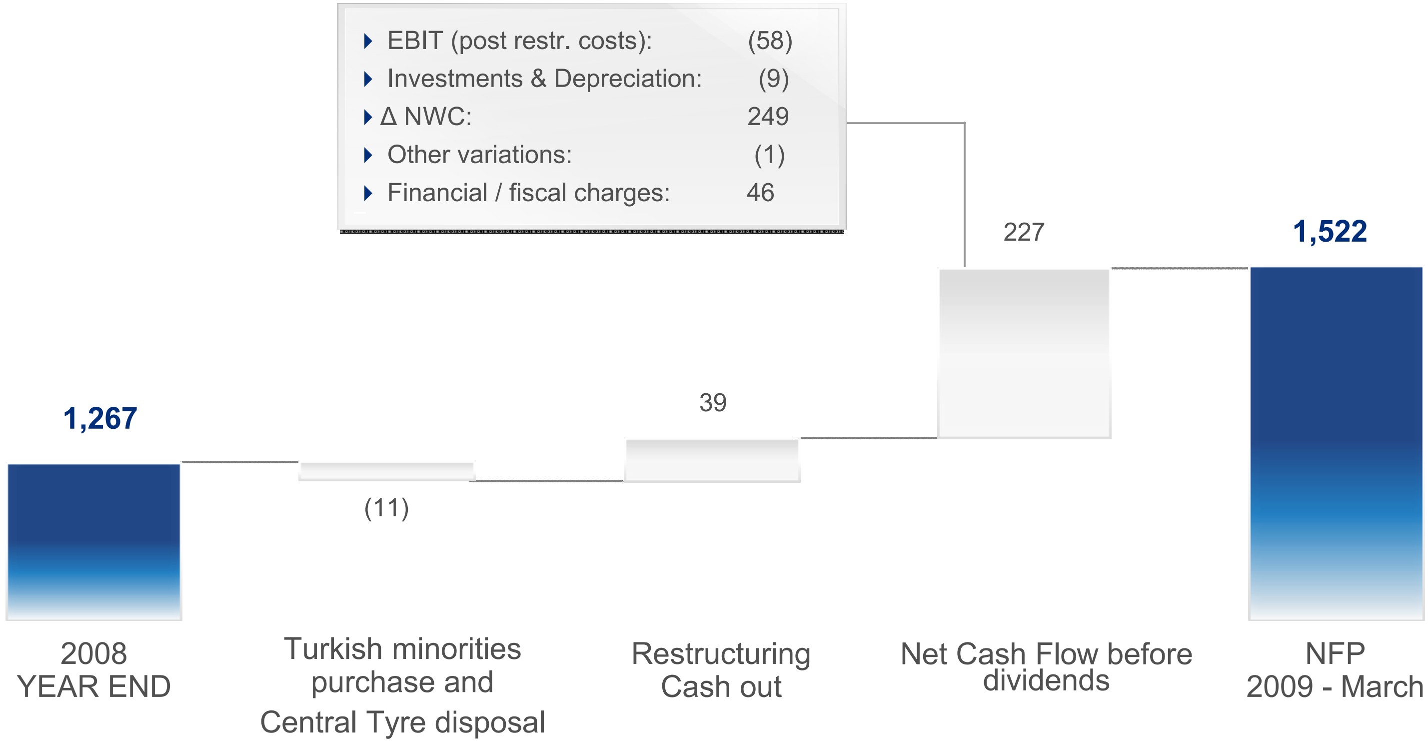
Pirelli Tyre 1Q09 operating performance



- Positive contribution from Price/mix offset by higher production costs (mainly raw materials and energy)
- Efficiencies offset by production slowdown due to lower demand and effective inventory reduction

Pirelli Tyre 1Q09 NFP evolution

€/mln

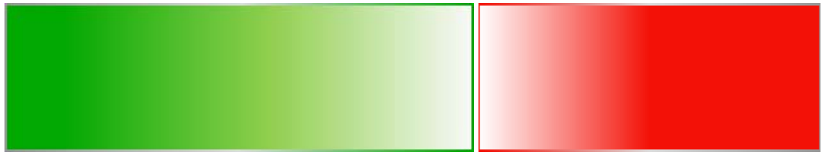


- Negative working capital variation, driven by usual seasonal trends, lower then 2008 (270 €/mln) thanks to inventory reductions partially offset by 2008 lower receivable cash-in and higher payable cash-out

Pirelli Tyre restructuring program in progress

- 100 million Euro was funded in 2008 balance sheet to speed up restructuring in Europe.
- **Restructuring Program Target**: **1,500** people by 2009
  - Spanish Factory shut down expected by year end
  - Settimo (Italy) old car factory shut down expected by year end (to be replaced by new Polo Torinese Project in 2010)
  - Central Tyre (distribution equity in UK) disposal in 1Q

About
900 Done



60% Done **40%** By year-end

- Additional downsizing of 400 blue collars (mainly temp workers) already implemented in 1Q

Consumer Business in Q1 '09

Car tyre shipments, Percent (yoy)

Market trends		Q4 '08	Q1 '09
Europe	OE	-23%	-34%
	Replacement	-9%	-5%
North America	OE	-26%	-49%
	Replacement	-17%	-14%
Mercosur	OE	-26%	-18%
	Replacement	-6%	+1%

Pirelli Economics

€/Mln, Percent

	1Q09	1Q08	Δ%
Revenues	670.5	748.3	*-10.4%*
EBITDA (before Restructuring costs)	77.4	108.7	*-28.8%*
margin	*11.5%*	*14.5%*	
EBIT (before Restructuring costs)	41.9	72.5	*-42.6%*
margin	*6.2%*	*9.7%*	

Δ **Price/Mix**	+6.6%
Δ **Volume**	-14.7%
Δ **Rev.** (*before Exch. rate impact*)	-8.1%
Δ **Exchange Rate**	-2.3%

- Light Vehicle (and Motorcycle) production worsening trends also when compared with 4Q08 low level, with the exception of Mercosur
- Still negative trends in all mature replacement markets, both car and motorcycle, driven by de-stocking at trade more than by end user demand. March trends showing some improvements. Mercosur slightly positive vs 1Q08
- Positive price/mix variation mainly driven, in mature markets, by channel mix (repl. vs. OE) and product mix

Source: Global Insight, Europool, Rma, Anip, Pirelli

Industrial Business in 1Q09

Truck Tyre shipments, Percent (yoy)

Market trends		Q4 '08	Q1 '09
Europe	OE	-23%	-69%
Europe	Replacement	-27%	-33%
Mercosur	OE	-9%	-29%
Mercosur	Replacement	-17%	-26%

€/Mln, Percent

Pirelli Economics

	Q1 09	Q108	Δ%
Revenues	256.4	328.6	*- 22%*
EBITDA (before restructuring costs)	30.4	42.3	*-28.1%*
margin	*11.9%*	*12.9%*	
EBIT (before restructuring costs)	19.1	30.2	*-36.8%*
margin	*7.5%*	*9.2%*	

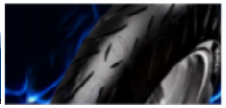
Δ **Price/Mix**	+7.2%
Δ **Volume**	-25.7%
Δ Rev. (before *Exch. rate impact*)	-18.5%
Δ **Exchange Rate**	-3.5%

- Dramatic reduction in medium-heavy vehicle productions worldwide and worsening trend in Replacement markets, also when compared with 4Q08, driven by the overall macroeconomic scenario, with the exception of the Chinese market and some MEA markets
- Positive price/mix variation driven by late 2008 price increases

Source: ANIP, Europool, Pirelli, CRIA

Recent Pirelli Tyre Highlights:

26/01/2009



Pirelli and Metzeler play a leading role at the 6° Annual INTERMOT Motorcycle and Scooter Fair in Cologne and at the 66th EICMA International Bicycle and Motorcycle Exhibition in Milan.
In Cologne Pirelli introduced Angel ST, designed to fit sport-touring motorcycles.

29/01/2009

The Motorsport season starts with the Dakar, where Scorpion Rally takes the podium with KTM.
World Rally Championship, World Superbike and Grand-Am all race with Pirelli Tyres

23/02/2009

Pirelli wins the “2009 Tyre Technology Award for Innovation and Excellence” in Hamburg and is entitled “Manufacturer of the year”

06/03/2009

With PZero and P7 Pirelli leads the Summer Tyre tests of the most prestigious German magazines

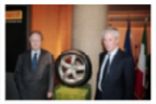
17/03/2009

Pirelli sets seven world records at the Nardò Test Centre with the new Motorcycle tyre Angel St

20/03/2009

Agreement signed for a three-year sponsorship of the Chinese football championship

27/03/ 2009



Rome: Pirelli launches the first tyre “scrapping” program in Italy and introduces the new Cinturato P7, the first “green performance” tyre targetting the high end of the market

31/03/ 2009

The new Racetec on track: Valencia Journalists and dealers test the performance of the new Metzeler tyre for the racing segment.
Metzeler brand wins the Motorrad magazine survey for the second year in a row

Cinturato: introducing the Green Performance tyre

THE MARKET SEGMENT

- **Environment-sensitive consumers** asking for low-impact products

THE TECHNOLOGY

- **Distinctive features** thanks to new bio-materials
  LRR improvement at high performance level

THE PRODUCT

- **The Green Performance tyre** already homologated on the new platforms of **premium OEMs**

Introduction on the EUROPEAN MARKET:

- Presentation to Italian Institutions in Rome
- International Launch Event with 100 journalists + 350 top customers, with self-drive tests at the
- International Circuit of Nardò
- Country presentations in Cinturato relevant markets

Example of Sales ACTIVATION:

- Temporary sales push to increase tyre replacement before summer holidays
- Limited in - SCOPE: only in ITALY, only in some distribution channels
  - PRODUCT RANGE only Cinturato family
  - TIME May, 25 –July, 31
- Mechanics: upon purchase of a set of Cinturato tyres (sell out prices range from 250 € to 1,200 €) the end user gains Agip fuel points worth from 15€ to 60 €

Agenda

- Pirelli Group 1Q09 Key messages
- Pirelli Group 1Q09 Financial Review
- Pirelli Real Estate Results
- Pirelli Tyre Results
- **Pirelli Eco Technology**
- Appendix

Pirelli Eco Technology - Achievements

PIRELLI ECO TECHNOLOGY

- **Solid growth in retrofit systems sales,** in main accessible markets (Italy and Holland)
- **Homologation in Germany and China** expected at beginning second half '09: about to enter promising "emissions controlled" markets
- Scouting activities and new trials in **Brazil, Portugal** & **Spain** starting in May '09
- **New silicon carbide plant in Romania:**
  - ISO 9001 certification obtained
  - fully integrated low cost industrial production started
- **Own distribution and service** operations in 10 European countries, with synergies also with Pirelli Tyre sales reps

Pirelli Eco Technology 1Q09 Key Financial Results

PIRELLI ECO TECHNOLOGY

€/mln

	1Q09	1Q08	YoY
Volumes			
Filters	*903*	*122*	
Gecam (l/mln)	*21.5*	*24.5*	-12.2%
Revenues	**14.3**	**16.6**	**-13.9%**
Filters	*3.5*	*0.5*	
Gecam	*9.0*	*14.7*	
Ebitda	**(2.3)**	**(1.9)**	**n.m.**
Margin	*n.m*	*n.m*	
Ebit	**(2.8)**	**(2.1)**	**n.m.**
Margin	*n.m.*	*n.m.*	
Net income	**(3.4)**	**(2.2)**	
NFP	**26.8**	**8.3**	

Agenda

- Pirelli Group 1Q09 Key messages
- Pirelli Group 1Q09 Financial Review
- Pirelli Real Estate Results
- Pirelli Tyre Results
- Pirelli Eco Technology
- **Appendix**

Pirelli Group – Results as of March 31, 2009

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Tyre		Pirelli Eco Technology		Pirelli Real Estate		Broadband Access		Others		Pirelli & C. Cons.	
	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08
Sales	**926,9**	**1.076,9**	**14,3**	**16,6**	**53,8**	**74,7**	**44,0**	**28,3**	**4,0**	**1,4**	**1.043,0**	**1.197,9**
Δ%		*-13,9%*		*-13,9%*		*-28,0%*		*55,5%*				*-12,9%*
Organic Sales	*926,9*	*1.044,3*	*14,3*	*16,6*	*53,8*	*74,7*	*44,0*	*28,3*	*4,0*	*1,4*	**1.043,0**	**1.165,3**
Δ%		*-11,2%*		*-13,9%*		*-28,0%*						*-10,5%*
EBITDA before Restruct Costs	**107,8**	**151,0**	**(2,3)**	**(1,9)**	**(0,5)**	**24,6**	**2,7**	**1,3**	**(6,0)**	**(2,9)**	**101,7**	**172,1**
% on sales	*11,6%*	*14,0%*	*n.s.*	*n.s.*	*n.s.*	*32,9%*					*9,8%*	*14,4%*
EBITDA	**104,3**	**148,5**	**(2,3)**	**(1,9)**	**(0,5)**	**22,3**	**2,7**	**1,3**	**(6,0)**	**(2,9)**	**98,2**	**167,3**
EBIT before Restruct Costs	**61,0**	**102,8**	**(2,8)**	**(2,1)**	**(2,2)**	**22,7**	**2,5**	**1,1**	**(8,2)**	**(4,6)**	**50,3**	**119,9**
% on sales	*6,6%*	*9,5%*									*4,8%*	*10,0%*
Restructuring Costs	(3,5)	(2,5)				(2,3)					**(3,5)**	**(4,8)**
EBIT	**57,5**	**100,3**	**(2,8)**	**(2,1)**	**(2,2)**	**20,4**	**2,5**	**1,1**	**(8,2)**	**(4,6)**	**46,8**	**115,1**
% on sales	*6,2%*	*9,3%*									*4,5%*	*9,6%*
Δ%		*-42,7%*										*-59,3%*
Result from Equity Participation	3,5	0,1			(12,5)	(0,2)			9,8	(16,4)	**0,8**	**(16,5)**
EBIT post Result from Equity Part.	**61,0**	**100,4**	**(2,8)**	**(2,1)**	**(14,7)**	**20,2**	**2,5**	**1,1**	**1,6**	**(21,0)**	**47,6**	**98,6**
Financial Income/Charges	(23,1)	(15,2)	(0,6)	(0,1)	0,2	(2,5)	0,4	(2,0)	2,9	17,8	**(20,2)**	**(2,0)**
Fiscal Charges	(23,3)	(27,5)	0,0	0,0	(2,1)	(5,4)	(0,1)	(0,1)	(0,8)	3,0	**(26,3)**	**(30,0)**
Net Result before Discont. Oper.	**14,6**	**57,7**	**(3,4)**	**(2,2)**	**(16,6)**	**12,3**	**2,8**	**(1,0)**	**3,7**	**(0,2)**	**1,1**	**66,6**
% on sales	*1,6%*	*5,4%*									*n.s.*	*5,6%*
Discontinued Operations						**0,7**				**(4,9)**	**0,0**	**(4,2)**
Net income	**14,6**	**57,7**	**(3,4)**	**(2,2)**	**(16,6)**	**13,0**	**2,8**	**(1,0)**	**3,7**	**(5,1)**	**1,1**	**62,4**
% on sales	*1,6%*	*5,4%*									*n.s.*	*5,2%*
Attributable Net income					**(15,8)**	**11,6**					**9,5**	**33,8**
Net Financial Position	**1.521,8**	**843,8**	**26,8**	**8,3**	**309,3**	**300,3**	**(32,3)**	**33,4**	**(546,7)**	**(334,8)**	**1.278,9**	**851,0**

Pirelli Group: Net financial position 1Q09 by business

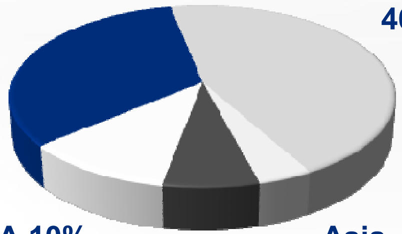
€/mln

	TYRE	PRE	Other Business	Corporate	P&C Group Cons
Gross Debt	**1,844**	**948**	**39**	**611**	**2,365**
to Corporate	518	492	37		
Financial receivables	**(106)**	**(609)**	**(34)**	**(1,049)**	**(721)**
Cash and cash equivalents	**(216)**	**(30)**	**(3)**	**(116)**	**(365)**
Net Financial Position	**1,522**	**309**	**2**	**(554)**	**1,279**

1Q09 Pirelli Tyre

Sales by segment

Sales by region

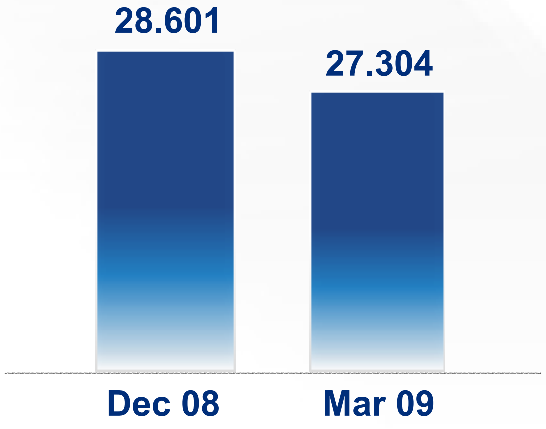


Raw material mix

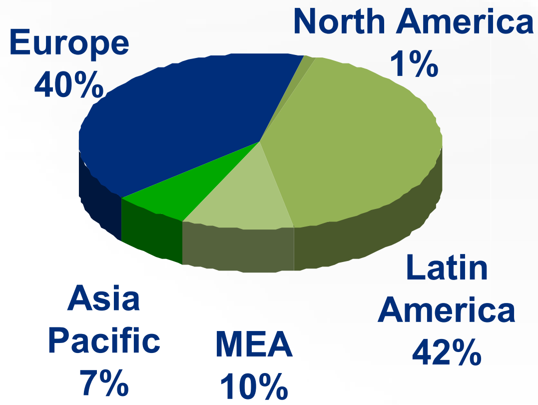
Sales by channel

1Q09 Pirelli Tyre

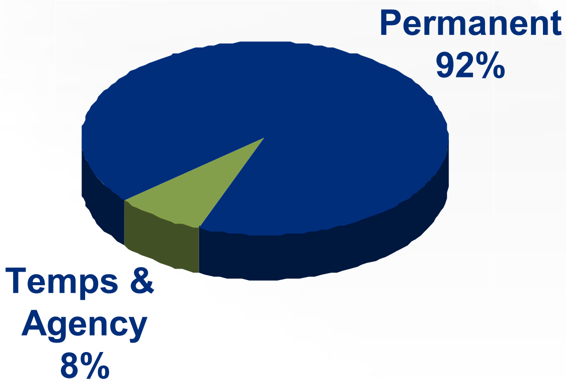
Headcount



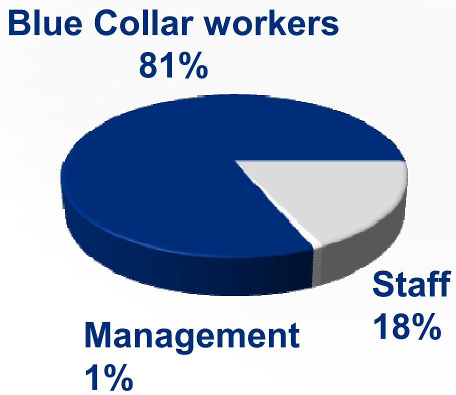
People by region



People by contract



People by cluster



1Q09 Pirelli Tyre factories

U.K.

Burton-on-trent	Car
Carlisle	Car

Italy

Bollate (Mi)	Car
Settimo Torinese	Car
Settimo Torinese	Truck
Figline Valdarno	Steelcord

Germany

Breuberg	Car/Motorcycle
Merzig	Steelcord

Spain

Manresa	Car

Turkey

Izmit	Car/Truck
Izmit	Seelcord

U.S.A.

Rome (GA)	Car

Romania

Slatina	Car
Slatina	Steelcord

Venezuela

Guacara	Car

China

Yanzhou	Car/Truck

Brazil

Campinas	Car
Feira de Santana	Car/Truck
Santo André	Truck
Gravatal	Motorcycle/Truck
Sumaré	Steelcord

Argentina

Merlo	Car

Egypt

Alexandria	Truck

PRE Consolidated Balance Sheet

PIRELLI RE
BUILDING THE FUTURE

€/mln

	1Q09	Dec. 2008	1Q08
Fixed Assets	**555.9**	**589.1**	**869.4**
Of which participations	*374.4*	*405.7*	*582.3*
Of which Goodwill	*137.8*	*137.8*	*222.5*
Net Working Capital	**139.4**	**133.1**	**205.8**
Net Invested Capital	**695.3**	**722.2**	**1,075.2**
Net Equity	320.1	366.4	717.6
Of which Group net equity	*317.1*	*361.7*	*712.0*
Provisions	66.0	66.3	57.3
Net Financial Position	309.3	289.5	300.3
Of which shareholders loans	(589.1)	(572.3)	(507.6)
Total Net financed invested capital	**695.3**	**722.2**	**1,075.2**
Net Financial Position excluding shareholders loans	898.4	861.8	807.9
Net Investment Capital excluding shareholders loans	**1,284.4**	**1,294.5**	**1,582.8**
Gearing	**2.81**	**2.35**	**1.13**

PRE Consolidated Net Cash Flow

PIRELLI RE
BUILDING THE FUTURE

€/mln

	1Q09	1Q08
EBIT including net income investments before Restructuring costs and devaluations	**(2.2)**	**22.7**
Depreciation	1.7	1.9
Change in non-current financial assets	(8.3)	(0.9)
Change in other non-current assets	0.1	(4.6)
Change in Net Working Capital, Provisions and Other	(4.4)	(22.5)
Free cash flow	**(13.1)**	**(3.3)**
Impact of Facility management	0.0	0.3
Payment of Restructuring costs	(6.8)	(0.9)
Financial and tax expenses/income	0.1	(6.6)
Cash Flow before dividents	**(19.8)**	**(10.6)**
Dividents paid by the parent Company	0.0	0.0
Net cash flow	**(19.8)**	**(10.6)**
Increase in share capital	0.0	0.0
Purchase/sale of treasury shares	0.0	0.0
Total cash flow	**(19.8)**	**(10.6)**

PRE Breakdown by Business

PIRELLI RE
BUILDING THE FUTURE

€/mln

1Q09	Total	SPVs and Funds Results	Total Service Platform	Fund & asset MNGT fees	Agency	Property	Facility	NPL Service	Holding/ other
Consolidated Revenues	53.8	6.1	45.4	15.1	6.0	16.4	4.3	3.6	2.3
EBIT before restructuring costs	(2.2)	(0.9)	3.7	5.2	(1.8)	2.7	0.6	(2.9)	(5.0)
Net income from investments	(12.5)	(12.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT including net income from investments	**(14.7)**	**(13.4)**	**3.7**	**5.2**	**(1.8)**	**2.7**	**0.6**	**(2.9)**	**(5.0)**
Interest Income from Equity Participations	8.5	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT including net income from investments and Interest Income from Equity Participations	**(6.2)**	**(4.9)**	**3.7**	**5.2**	**(1.8)**	**2.7**	**0.6**	**(2.9)**	**(5.0)**

1Q08	Total	SPVs and Funds Results	Total Service Platform	Fund & asset MNGT fees	Agency	Property	Facility	NPL Service	Holding/ other
Consolidated Revenues	74.7	19.5	70.9	33.3	7.8	14.4	4.4	11.0	(15.7)
EBIT before restructuring costs	22.7	4.7	21.6	18.4	(2.9)	2.9	0.2	2.9	(3.6)
Net income from investments	(0.2)	(0.2)	0.0	0.0	(0.1)	0.1	0.0	0.0	0.0
EBIT including net income from investments	**22.5**	**4.5**	**21.6**	**18.4**	**(2.9)**	**3.0**	**0.3**	**2.9**	**(3.6)**
Interest Income from Equity Participations	7.5	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT including net income from investments and Interest Income from Equity Participations	**30.0**	**12.0**	**21.6**	**18.4**	**(2.9)**	**3.0**	**0.3**	**2.9**	**(3.6)**

PRE Breakdown by Country

PIRELLI RE
BUILDING THE FUTURE

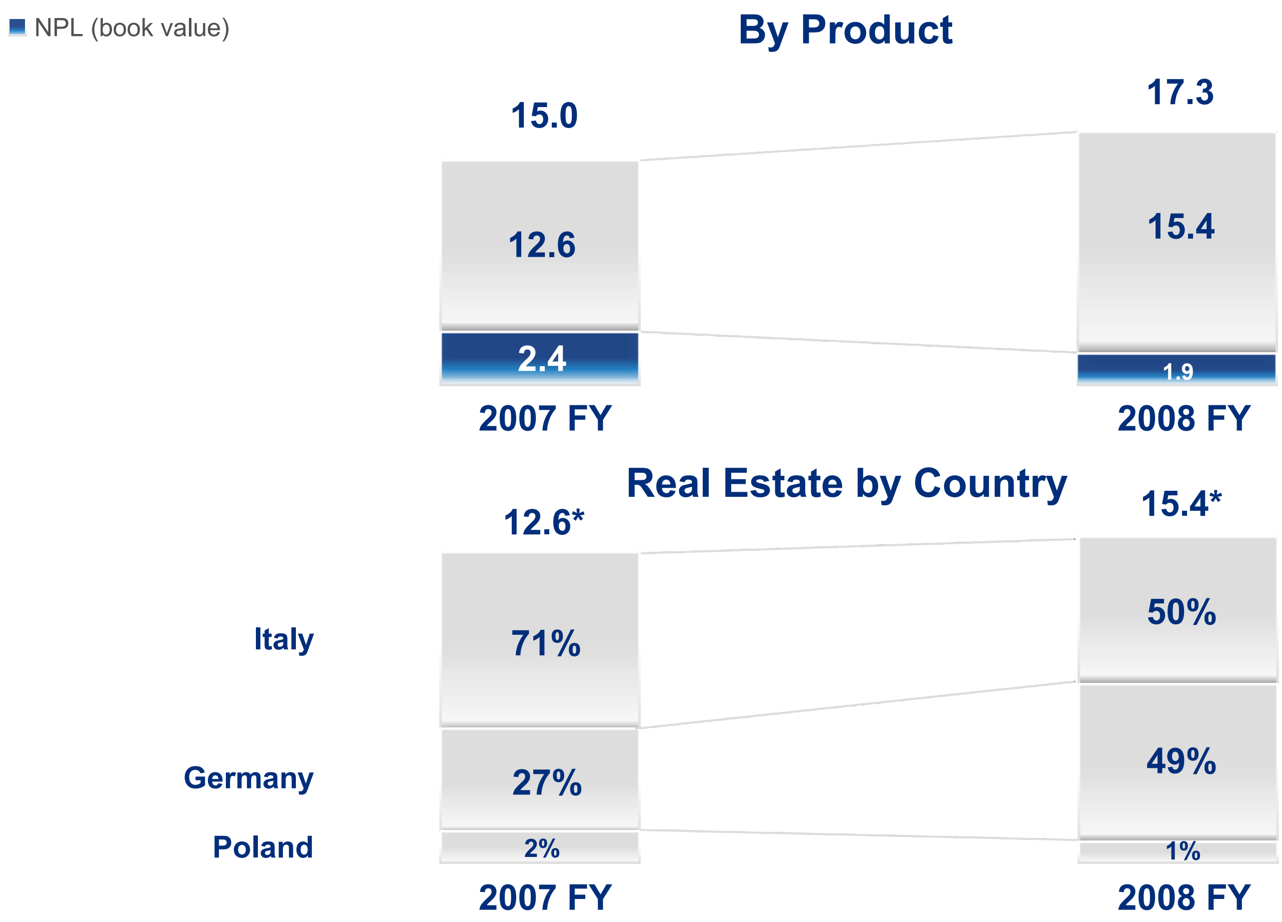
€/mln

	1Q09					
	Total	Italy	Germany	Poland	NPL	**Holding/ other**
Consolidated Revenues	53.8	31.3	13.5	2.3	4.6	2.3
EBIT before restructuring costs	(2.2)	2.4	2.3	0.5	(2.3)	(5.0)
Net income from investments	(12.5)	(8.2)	(7.1)	0.2	2.6	0.0
EBIT including net income from investments	**(14.7)**	**(5.7)**	**(4.8)**	**0.6**	**0.3**	**(5.0)**
Interest Income from Equity Participations	8.5	2.5	3.7	0.5	1.7	0.0
EBIT including net income from investments and Interest Income from Equity Participations	**(6.2)**	**(3.3)**	**(1.0)**	**1.1**	**2.0**	**(5.0)**

	1Q08					
	Total	Italy	Germany	Poland	NPL	**Holding/ other**
Consolidated Revenues	74.7	50.3	13.3	12.9	13.9	(15.7)
EBIT before restructuring costs	(22.7)	16.9	1.7	2.7	5.0	(3.6)
Net income from investments	(0.2)	(1.6)	(3.7)	(0.1)	5.3	0.0
EBIT including net income from investments	**22.5**	**15.4**	**(2.0)**	**2.6**	**10.2**	**(3.6)**
Interest Income from Equity Participations	7.5	2.7	2.5	0.2	2.1	0.0
EBIT including net income from investments and Interest Income from Equity Participations	**30.0**	**18.1**	**0.5**	**2.8**	**12.3**	**(3.6)**

Investment Asset Allocation (Market Value)

€/bln



* *Of which participated by PRE: 12 €/bln in 2007 and 15 €/bln in 2008*

Real Estate Portfolio in Italy (market value)

PIRELLI RE
BUILDING THE FUTURE

By Cluster	2008 FY
€/bln	
100% (market value)	**7.6[1]**
Commercial	67%
‣ Core	(26%)
‣ Yielding	(41%)
Development	16%
‣ Pre-let [2]	(3%)
SoHo for disposal	12%
Residential	5%

Focus on commercial portfolio[3]

€/bln

Core asset: 80% in Rome & Milan

	Core	Yielding	Total
Total portfolio	1.6	2.6	**4.2**
Rent yield	5.7%	7.0%	**6.5%**
Avg. contract duration	6.0	8.3	**7.4**
Occupancy rate	91%	95%	**94%**

Key tenants

Core: ENI, Gruppo Espresso, La Rinascente – Upim, Presidenza del Consiglio, Fintecna, FAO, Alenia, Cisco.

Yielding: ENEL, Telecom Italia, Prada, TNT, Regione Sicilia.

(1) *Italy figures include third parties fund. Book Value equal to 6.8 €/bln*
(2) *Pre Let represents development projects with let rental contract already signed*
(3) *Data is based on Book Value figures (AUM PRE partecipated)*

Real Estate Portfolio in Germany (market value)

PIRELLI RE
BUILDING THE FUTURE

By Cluster	2008 FY
€/bln	
100% (market value)	**7.6**[1]
Commercial	60%
▸ Core	(26%)
▸ Yielding	(34%)
Residential	37%
Pre-let development	3%

Focus on commerc. / resid. Portfolio[2]

€/bln

	Commercial	Residential	Total
Total portfolio	4.6	2.7	**7.3**
Gross yield	6.3%	6.9%	**6.6%**
Contract duration	12.5	n.m.	**-**
Fluctuation [3]	n.m.	12%	**-**
Occupancy rate	98%	94%	**96%**

(1) Book value equals to 7.4 €/bln

(2) Data is based on Book Value figures (AUM PRE Partecipated)

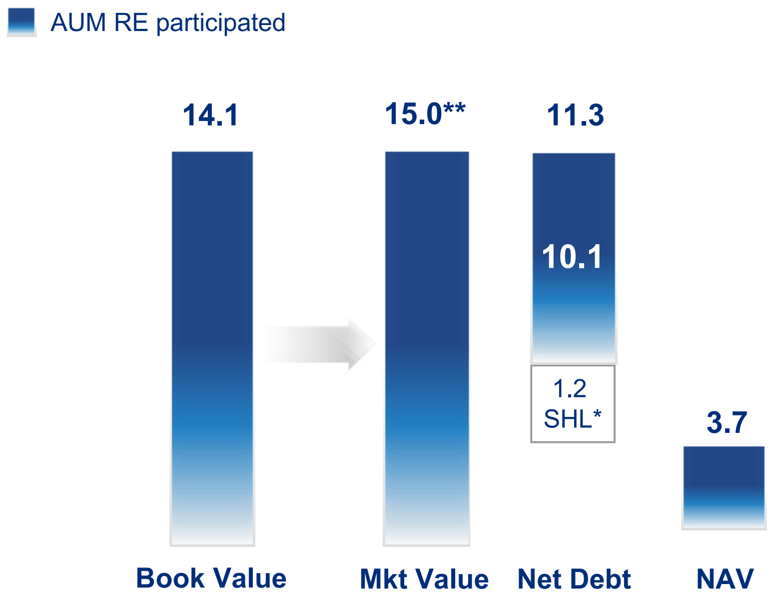
(3) Fluctuation = Tenants rotation on same portfolio

Pirelli Real Estate: Net Asset Value as of Dec. 2008

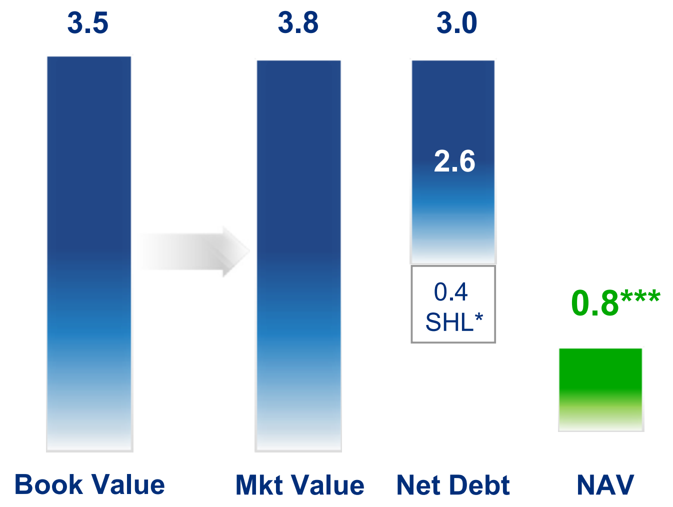
PIRELLI RE
BUILDING THE FUTURE

€/bln

Real Estate NAV at 100%



Real Estate NAV Pro Quota*



- Despite devaluation in 2008, the real estate portfolio shows a pro quota implied capital gain (difference between Market value and Book value) of approx. 260 €/mln, with a total real estate NAV of 0.8 €/bln

** SHL=Shareholders' Loan*
*** Figures include only assets in which PRE owns a stake, while including third party funds management total AUM is 15.4 €/bln (Market Value)*
**** NAV in 2007 was 1.0 €/bln*

Pirelli Broadband Access ’08 Key Financial Results

PIRELLI BROADBAND SOLUTIONS

€/mln

	1Q09	1Q08	YoY
Revenues	**44.0**	**28.3**	**+55.5%**
Ebitda	**2.7**	**1.3**	**+107.6%**
Margin	*6.1%*	*4.6%*	*+1.5pp*
Ebit	**2.5**	**1.1**	**+127.3%**
Margin	*5.6%*	*3.9%*	*+1.7pp*
Net income	**2.8**	**(1.0)**	**n.m.**
NFP	**(32.3)**	**33.4**	**n.m.**