



PRESS RELEASE

THE BOARD OF PIRELLI & C. SPA APPROVES 2010 RESULTS

2010 TARGETS TOPPED AGAIN

OPERATING RESULTS HIGHER DUE TO PRICE/MIX AND VOLUME INCREASES

PIRELLI & C. GROUP

- 2010 REVENUES 4,848.4 MILLION EUROS (+19.2% FROM 2009), ABOVE "ABOUT 4.8 BILLION EUROS" TARGET
- OPERATING RESULT (EBIT) AFTER RESTRUCTURING CHARGES OF 407.8 MILLION EUROS, AN INCREASE OF 63.3% FROM 249.7 MILLION EUROS IN 2009; EBIT MARGIN 8.4%, WELL ABOVE "OVER 7.5%" TARGET
- NET PROFIT FOR OPERATING ACTIVITIES 228 MILLION EUROS, ALMOST THREE TIMES THE 77.6 MILLION EUROS POSTED IN 2009
- TOTAL CONSOLIDATED NET PROFIT 4.2 MILLION EUROS (-22.6 MILIONI IN 2009), DESPITE NEGATIVE 223.8 MILLION EURO IMPACT FROM 'DISCONTINUED OPERATIONS' (PIRELLI RE AND PIRELLI BROADBAND SOLUTIONS)
 - NET FINANCIAL POSITION NEGATIVE 455.6 MILLION EUROS (-528.8 MILLION EURO END 2009), SIGNIFICANTLY BETTER THAN "UNDER 700 MILLION EURO" LOW END TARGET

PIRELLI TYRE

- 2010 REVENUES 4,772 MILLION EUROS (+19.5% FROM 2009), AGAINST "OVER 4.7 BILLION EURO" TARGET
- OPERATING RESULT (EBIT) AFTER RESTRUCTURING CHARGES 453.1 MILLION EUROS, AN INCREASE OF 46.9% FROM 308.5 MILLION EUROS IN 2009; EBIT MARGIN BEFORE RESTRUCTURING CHARGES HITS 10% FOR FIRST TIME (8.7% IN 2009), EBIT MARGIN AFTER RESTRUCTURING CHARGES 9.5% (7.7% IN 2009), WELL ABOVE "OVER 8.5%" TARGET
- 2010 CASHFLOW FROM OPERATIONS POSITIVE 167.7 MILLION EUROS, AFTER INVESTMENT OF 405 MILLION EUROS, ALMOST DOUBLE 2009 LEVEL

THE BOARD WILL PROPOSE THE DISTRIBUTION OF A DIVIDEND OF 0.165 EUROS PER ORDINARY SHARE AND 0.229 EUROS PER SAVINGS SHARE

2011 TARGETS

CONSOLIDATED SALES TARGET RAISED FROM “ABOVE 5.15 BILLION EUROS” TO “ABOVE 5.55 BILLION EUROS”, ALSO FACTORING IN SHARPER PRICE RISES TO COUNTER PRIMARY MATERIAL COST INCREASES ABOVE THOSE FORESEEN IN THE INDUSTRIAL PLAN

PROFITABILITY TARGETS CONFIRMED: EBIT MARGIN AFTER GROUP RESTRUCTURING CHARGES 8.5% TO 9.5%, PIRELLI TYRE 9% TO 10%

**INVESTMENT SEEN ABOVE 500 MILLION EUROS;
NET FINANCIAL POSITION SEEN AT NEGATIVE 700 MILLION EURO, APPROXIMATELY**

RENUMERATION POLICY PROPOSED, TO BE PUT TO SHAREHOLDERS’ VOTE DURING RESULTS’ SHAREHOLDER MEETING

PROPOSAL TO NEW BOARD TO INSTITUTE NOMINATIONS COMMITTEE AND STRATEGIES COMMITTEE

Milan, 8 March 2011 - A meeting of the Board of Directors of Pirelli & C. SpA today reviewed and approved the group’s **results for 2010**, a year which saw significant growth at the operating level and all targets set on 14 October 2009 beaten.

The positive operating performance was underpinned by the core tyre business which accounts for 98.4% of Group sales. **Pirelli Tyre** registered sales growth of 19.5% (+16.2% net of exchange rate effects) sustained in particular by price/mix effectiveness (8.9%) and volume growth (+7.3%). Pricing actions compensated for increased production costs, in particular raw material costs. The progressive and strategic shift of the mix towards Premium products, increased volumes and constant attention to improving company efficiency all contributed to the significant increase in Pirelli Tyre’s profitability: in 2010 Ebit before restructuring charges reached 10% of sales for the first time (8.7% in 2009), while Ebit after restructuring charges rose to 9.5% of sales from 7.7% in 2009. The Consumer division contributed to the result with a post-restructuring-charges margin of 9.6% (7.4% in 2009) while the Industrial division’s was 9.2% (8.5% in 2009).

With reference to **group targets**, where the activities of Pirelli Re and Pirelli Broadband Solutions are considered discontinued operations and contribute only to the net result (2009 data were reclassified to enable like-for-like comparison):

- **revenue: 4,848.4 million euros (+19.2% from 2009) compared with “approximately 4.8 billion euro” target. Of this, 37% stemmed from “green” activities (25% at end 2009) compared with a 36% target**
- **Ebit margin after restructuring charges: 8.4% compared with “over 7.5%” target**
- **Net financial position: negative 455.6 million euros, significantly better than “under 700 million euro” target**

Pirelli Tyre, ended the year with:

- **Revenues of 4,772 million euros (+19.5% from 2009) compared with “above 4.7 billion euro” target**
- **Ebit margin after restructuring charges: 9.5% (7.7% in 2009), compared with a “greater than 8.5%” target**

The focus on core tyre sector industrial activities and the transformation of Pirelli into a pure tyre company was completed during the year with the separation of Pirelli RE from the Pirelli & C.

group (finalized on 25 October 2010 with the attribution of Pirelli RE shares to Pirelli shareholders and the voluntary reduction of company capital) and the disposal of Pirelli Broadband Solutions. Despite the negative 223.8 million euro impact of these discontinued operations, the total consolidated net profit on 31 December 2010 was 4.2 million euros compared with a loss of 22.6 million euros in 2009, while the net attributable result was a positive 21.7 million euros, substantially in line with 22.7 million euros of 2009. The **net consolidated result excluding discontinued operations** was a positive 228 million euros, almost three times the 2009 result of 77.6 million euros.

The **consolidated operating result, after restructuring charges** of 24.7 million euros compared with 55.2 million euro in 2009, was 407.8 million euros compared with 249.7 million euro in 2009, equal to 8.4% of revenues compared with 6.1% in 2009. Revenues in 2010 were 4,848.4 million euros, an increase of 16.0% on a like-for-like basis and net of exchange rate effects (4,067.5 million euros in 2009).

The **consolidated net financial position** on 31 December 2010 was negative 455.6 million euros (after dividend payments of 81 million euros) compared with negative 528.8 million euros on 31 December 2009, thanks to inflows from the disposal of non-strategic assets and, above all, the positive contribution of **net operations inflows** from Pirelli Tyre, a positive 167.7 million euros (395.4 million euros in 2009), notwithstanding **investment** that nearly doubled from 2009 (405.0 million euros in 2010 compared with 217.4 million euros), particularly aimed at the increase of production capacity.

It is with noting that in 2010, the value of investments in **research and development** remained at around 3% of sales, one of the highest levels in the sector. This enables the company to continually enrich its patents' portfolio (today numbering over 4,500) and renew its offering of Premium products, as well as continually innovating material-mixing and tyre-building processes in all product segments, and developing alternative materials with lower costs and lower environmental impact.

Pirelli & C. SpA Group

It should be noted that the data relative to the activities of Pirelli Real Estate and Pirelli Broadband Solutions are booked as discontinued operations. To enable like-for-like comparison, the 2009 data have been reclassified.

At the consolidated level, **revenue** on 31 December 2010 totaled 4,848.4 million euros, an increase of 19.2% from 4,067.5 million euros in 2009. In the fourth quarter, in particular, revenues amounted to 1,229.7 million euros, an increase of 16.5% from 1,055.1 million euros in the last quarter 2009.

The **gross operating margin (EBITDA) before restructuring charges** was 653.7 million euros compared with 507.8 million euros in 2009. In the fourth quarter, EBITDA before restructuring charges reached 173.6 million euros, an increase of 15.6% from 150.2 million euros in the fourth quarter 2009.

The **operating result (EBIT) before restructuring charges** was 432.5 million euros compared with 304.9 million euros in 2009, equal to 8.9% of sales, up from 7.5% in 2009. In the fourth quarter, EBIT before restructuring costs was 112.8 million euros compared with 97.3 million euros in the same period a year earlier.

After **full-year restructuring charges** of 24.7 million euros (55.2 million euros in 2009), mainly focused on the rationalization of Pirelli Tyre European staff structures, the **operating result** amounted to 407.8 million euros, with an increase of 63.3% from 249.7 million euros in 2009, and

representing 8.4% of sales compared with 6.1% in 2009. In the fourth quarter, the operating result was 100.5 million euros, an increase of 43.2% from 70.2 million euros a year earlier, a margin of 8.2% compared with 6.7% a year earlier.

Underpinned by the improved operating result, the **net result for ongoing activities** was 228 million euros, almost three times the 77.6 million euros posted in 2009. Factoring in a **net result for discontinued operations** (Pirelli Re and Pirelli Broadband Solutions) of negative 223.8 million euros, the **total net result** was a positive 4.2 million euro compared with a negative 22.6 million euros in 2009. The total net result attributable to Pirelli & C. was a positive 21.7 million euros (0.044 euro per share), substantially in line with 2009's 22.7 million euros.

Consolidated net assets stood at 2,028 million euros on 31 December 2010 compared with 2,494.7 million euros at the end of 2009. **Net assets attributable to Pirelli & C. SpA** on the same date amounted to 1,990.8 million euros compared with 2,175 million euros at the end of 2009. The **group net financial position** on 31 December 2010 was negative 455.6 million euros, an improvement from the negative 528.8 million euros on 31 December 2009. **Investments** over the period, equal to 433 million euros, were focused on increasing production capacity at Pirelli Tyre. On 31 December 2010, untapped committed lines of credit amounted to 1,220 million euros.

On 31 December 2010, **group employees numbered** 29,573 compared with 28,303 on 31 December 2009 applying the same company perimeter, in other words excluding Pirelli Real Estate and Pirelli Broadband Solutions.

The **parent company Pirelli & C. SpA** posted a 2010 net profit of 87.4 million euros compared with a net profit of 112.6 million euros in 2009. The result was impacted (119.7 million euros) by the attribution of former Pirelli Re shares, and partially offset by the net capital gain (16.1 million euros) from the disposal of Pirelli Broadband Solutions.

The Board will propose to shareholders the distribution of a dividend of 0.165 euros per ordinary share and 0.229 euros per savings share. Taking into the considering the regrouping into 1 new share for every 11 shares held in both share categories implemented in 2010, the 2009 dividend was 0.1595 euros per ordinary share and 0.4466 euros per savings share (including the 0.2233 euro dividend relating to 2009 and, as foreseen in the Company bylaws, that of 0.2233 euros which was not assigned for 2008). The dividend payment date is 26 May 2011 (the ex-dividend date 23 May 2011).

Pirelli Tyre

Pirelli Tyre revenues on 31 December 2010 amounted to 4,772.0 million euros, an increase of 19.5% compared with 3,992.9 million euros in 2009. The organic variation net of exchange rate effects, which had a positive impact of 3.3%, was an increase of 16.2%, with a positive contribution from volumes (+7.3%) and price/mix (+8.9%). In the fourth quarter of 2010, sales totaled 1,212.9 million euros, an increase of 17.3%, confirming the year's positive trend. Net of exchange rate effects, organic growth was 14.7%, with increases in both the volume (+3.4%) and price/mix (+11.3%) components.

The **gross operating margin (EBITDA)** before restructuring charges was 684.3 million euros, an increase of 27.2% from 538 million euros in 2009, and equal to 14.3% of sales compared with 13.5% in 2009. In the fourth quarter, EBITDA before restructuring charges was 187.4 million euros, an increase of 21% from 155.2 million euros in the fourth quarter 2009, and rose to 15.5% of sales from 15% a year earlier.

The **operating result (EBIT) before restructuring charges** was 476.3 million euros, an increase of 38% from 345.5 million euros in 2009, representing 10% of sales compared with 8.7% in 2009. In the fourth quarter, EBIT before restructuring charges totaled 129.6 million euros compared with

104.7 million euros in the same period of 2009, rising to 10.7% of sales from 10.1% in the fourth quarter 2009. The increase in profitability was achieved despite a significant increase in the cost of raw materials, especially natural rubber, which had a negative full-year impact of 270 million euros (125 million euros solely in the fourth quarter) and was offset through effective price/mix actions in sales and cost efficiencies.

The 2010 **operating result**, after incurring restructuring charges of 23.2 million euros (37 million euros in 2009) to improve the group's overall cost structure in Europe, was 453.1 million euros, an increase of 46.9% compared with 308.5 million euros in 2009, with a margin 9.5% (7.7% in 2009), significantly better than the "above 8.5%" target announced on 14 October 2010. In the fourth quarter, the operating result after restructuring charges was 118.8 million euros, an increase of 38.5% from 85.8 million euros in the same period of 2009 and equal to 9.8% of sales (8.3% in the same period of 2009).

Net profit on 31 December 2010 amounted to 252.6 million euros compared with 146.6 million euros at the end of 2009. In the fourth quarter, net profit was 76.0 million euros compared with 55.7 million euros in the fourth quarter 2009.

The **net financial position** on 31 December 2010 stood at negative 1,109.9 million euros, after dividend payments to the parent company of 226.6 million euros, an improvement from 1,205.0 million euros on 30 September 2010 (1,027.3 million euros on 31 December 2009).

The **net cash flow from operations** for 2010 was a positive 167.7 million euros (positive 154.2 million euros in the fourth quarter), notwithstanding a significant increase in investments (405 million euros total), almost double the value of amortizations, thanks to the positive results and constant attention to the efficient management of circulating capital. The net total cashflow, before the payment of dividends to the parent company, was positive 144.0 million euros.

Investment in material assets totaled 402 million euros, a significant increase from 217 million euros in 2009, and went mainly towards growth projects in Italy (finalization of the Settimo Torinese production hub), Latin America, Rumania and China.

Pirelli also began the construction of **new factories**: one Mexico to produce vehicle tyres for the local and Nafta markets, and one in China to produce radial motorcycle tyres. Elsewhere, investments will go towards increasing the production mix, the launch of new 'green performance' products, measures ensuring the good health and safety of workers, and environmental management at the factories. The Consumer segment absorbed 78% of investment and the remaining 22% went to the industrial segment mostly in South America and Egypt.

Pirelli Tyre spent 146 million euros on **Research and Development** (133 million euros in 2009), while the whole group's R & D totaled 150 million euros, equal to 3.1% of consolidated sales, confirming the company's top ranking in the sector worldwide in terms of commitment to product and process innovation.

In the **Consumer (car, light truck, moto tyres)** segment, revenues for 2010 totaled 3,300.3 million euros, an increase of 16.7% from 2,827.8 million euros in 2009. Net of exchange rate effects, organic growth in Consumer sales reached 14%, thanks to volume growth of 6.4% and a contribution from the price/mix component of 7.6%. The gross operating margin before restructuring charges was 488.4 million euros, with an increase of 29% compared with the previous year and representing 14.8% of sales. The operating result saw 51% growth compared with the previous year, reaching 317 million euros, equal to 9.6% of sales, up from 7.4% the prior year.

In the fourth quarter 2010, sales totaled 836.5 million euros (+16.2% compared with the same period in 2009), with an organic growth of 13.5% due to higher volumes (+4.2%) and especially price/mix (+9.3%). These factors, together with efficiency measures, enabled the group to offset

the negative impact of higher raw material costs. As a consequence, profit grew substantially both in absolute value (operating result before restructuring costs of 99.9 million euros compared with 73.2 million euros in the fourth quarter 2009) and percentage terms, rising to 11.9% of sales from 10.2% in the same period 2009.

In 2010, the **Original Equipment** channel experienced greater activity in all reference markets, with Europe up 13%, NAFTA up 39% and Mercosur up 13%. The **Replacement** channel (which represents 75% of total sales) also saw growth in all areas compared with 2009, with Europe up 8%, NAFTA up 4% and Mercosur up 11%.

In the **Industrial business (industrial vehicle tyres and steelcord)** 2010 revenues totaled 1,471.7 million euros, an increase of 26.3% from 1,165.1 million euros in 2009. Excluding the exchange rate effect, growth on a like-for-like basis was 21.7%, thanks to a 9.4% volume increase and a positive price/mix contribution of 12.3%. The operating margin before restructuring charges was 195.9 million euros (158.3 million euros in 2009), while the operating result before restructuring charges was 141.7 million euros (111.8 million euros in 2009), equal to 9.6% of sales. The operating result grew to 136.1 million euros (98.7 million euros in 2009), equal to 9.2% of sales compared with 8.5% in 2009.

In the fourth quarter of 2010, sales totaled 376.4 million euros (+19.7% compared with the same period in 2009) and the operating result before restructuring costs was 29.7 million euros (31.5 million euros in fourth quarter 2009), equal to 7.9% of sales compared with 10% in the same period of 2009. This was due to higher raw material costs which are especially significant in the industrial segment because of its greater reliance on natural rubber. With regard to sales, the organic fourth quarter increase (+17.3%) was essentially due to the price/mix component, which made a positive contribution of 15.7% and compensated for higher costs, above all primary materials, while the contribution from the volume component was 1.6%.

In 2010, the **Original Equipment** channel, which represents 25% of total sales, registered increased activity in all reference markets, particularly in Europe (+57%) and Mercosur (+47%)..

In the **Replacement** channel, which represents 75% of total sales, activity increased in all regions compared with 2009, particularly in Europe (+18%) and Mercosur (+23%).

Pirelli Tyre **employees** numbered 28,865 on 31 December 2010 compared with 27,481 at the end of 2009.

Significant events after 31 December 2010

- On 13 January 2010, Pirelli & C. S.p.A. sold its 34.4% stake in CyOptics Inc. for 23.5 million US dollars.
- On 10 February 2011, Pirelli & C. SpA concluded the placement with international institutional investors of an unrated bond issue, on the Eurobond market, for a nominal total value 500 million euros. The placement, in accordance with the Pirelli & C. board's decision of 29 July 2010, is one of a number of actions aimed at optimizing the debt structure by lengthening its average maturity and diversifying funding sources.

2011 Outlook

In accordance with the strategic guidelines of the 2011-2013 Industrial Plan and in a context in which the positive demand trend continues, 2011 will see the company ever more focused on Premium products and the expansion of production capacity, predominantly in countries of rapid economic growth. Excluding unforeseeable events and considering increases in raw material costs higher than foreseen in the Industrial Plan presented in November, price increases will be sharper than initially planned and aimed at recovering the cost difference. The 2011 Group sales target, of which Pirelli Tyre will account for 99%, has been raised from "above 5.15 billion euros" to "above 5.55 billion euros", with the volume component expected to grow by 6% or more

(previous estimate +4%) and the price/mix component by approximately 12% (previous estimate 4%). The profitability target (Ebit after restructuring charges/sales) is expected to be higher than 2010 and in line with the forecast already contained in the Industrial Plan (8.5% to 9.5% for the Group, 9% to 10% for Pirelli Tyre) due to the continuation of the already launched cost efficiency plan. In 2011, investment is seen at over 500 million euros. The net financial position is expected to be negative 700 million euros, approximately.

Shareholders' Meeting and Corporate Governance

The Board of Directors has decided to call a Shareholder Meeting to approve 2010 results on 20 April 2011 (first call) and 21 April 2011 (second call), and no longer on 27 April and 28 April 2011 as previously announced. With the shareholder meeting to approve results, the board's mandate, having fulfilled its term, expires. In ordinary session, the Shareholder Meeting will be called upon to deliberate regarding the nomination of the Board of Directors by voting by slate.

Further, the Company – anticipating expectations (which will come into force next year) contained in the Code of Self-Regulation and more recently in Finance Ministry's *testo unico* – has decided to adopt a General policy of remuneration which will be put to a consultative vote at the next Shareholder Meeting. The Policy contains the guidelines for the definition of the remuneration of executive administrators and management in general. In the policy, in particular, the remuneration mix is defined with indications for the weight of the fixed component, of the short-term variable component (annual bonus) and the medium-to-long term variable component (Long Term Incentive Plan).

In extraordinary session, some modifications to the company bylaws will be put to shareholders, predominantly aimed at the reception into the bylaws some powers foreseen by the legislator with the reception into Italy of the community directive regarding the exercising of certain rights of the shareholders in listed companies (shareholders' rights directive). Also in extraordinary session a voluntary reduction of company capital will be proposed for a sum of 32,498,345.12 euros, in accordance with article 2445 of the civil code, to attribute to net assets. The purpose of the reduction is complete the operation of assignation of Prelios SpA shares (formerly Pirelli RE SpA) effected during the course of 2010 and does not entail any reduction of company assets, the amount of the reduction being destined to net assets having the aim of eliminating the negative reserve generated at the conclusion of the operation of assignation.

At the proposal of the Committee for Internal Audit, Risk and Corporate Governance, the Board of Directors approved the recommendation to the Board of Directors that will be elected by the next shareholder meeting to institute a Nominations and Succession Committee and a Strategies Committee. In particular, the Nominations and Succession Committee should have, among other things, the task of identifying the criteria for eventual management succession plans with the aim of guaranteeing continuity in the business strategy.

The Strategies Committee should support the Chief Executive and the Board of Directors as a whole in the definition of the business's strategic guidelines, as well as the conditions and terms of operation for the operations of major strategic importance.

Conference call

Results for the year ended 31 December 2010 will be explained today, Tuesday 8 March 2011 at 5 PM, in a conference call with the participation of Pirelli & C. SpA Chairman and CEO Marco Tronchetti Provera and other top managers. Journalists will be able to follow the call by telephone, without the ability to ask questions, by dialing **+39.06.3348.5042**. The presentation will also be available in real time via webcast at www.pirelli.com in the Investors section, where the slides will also be available.

The Manager mandated to draft corporate accounting documents of Pirelli & C. S.p.A., Francesco Tanzi, declares – as per art. 154-bis, comma 2 of the Testo Unico della Finanza – that the accounting information contained in this press release corresponds to the documented results, books and accounting registers.

In this press release, in addition to the financial performance measures established by IFRS, certain non-IFRS measures originated from the latter are presented although they are not required by IFRS (“Non-GAAP Measures”). These performance measures are presented for purposes of a better understanding of the trend of operations of the Group and should not be construed as a substitute for the information required by IFRS. Specifically, the “Non- GAAP Measures” used are described as follows:

Gross operating profit (EBITDA): this financial measure is used by the Group as the financial target in internal business plans and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group as a whole and for each single segment, in addition to EBIT. EBITDA is an intermediate performance measure represented by the Operating Income from which amortization of material and immaterial fixed assets are subtracted.

Fixed assets: this is the sum of the items “material fixed assets”, “immaterial fixed assets”, “investments in related companies and JVs”, and “other financial as sets”.

Funds: this is the sum of the items “funds for risks and charges (current and non current)”, “funds for personnel” and “funds for deferred taxes”.

Net working capital: this includes all the other items not included in the two items “net equity” and “net financial position”.

Net financial position: this represents gross financial debt minus cash and other equivalent liquidity, as well as other financial credits.

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Attached are prospectuses related to the profit and loss account, to equity data in summary and to consolidated financial reports. In accordance with Consob Communication no. 6064291 of 28 July 2006, the company notes that these attachments are not subject to review by the auditing company.

PIRELLI & C. S.p.A. GROUP

(million euros)

	12/31/2010	12/31/2009
Sales	4,848.4	4,067.5
Gross operating profit before restructuring expenses	653.7	507.8
% on sales	13.5%	12.5%
Operating profit before restructuring expenses	432.5	304.9
% on sales	8.9%	7.5%
Restructuring expenses	(24.7)	(55.2)
Operating profit	407.8	249.7
% on sales	8.4%	6.1%
Earnings (loss) from investments	23.4	(11.6)
Financial income (expenses)	(65.8)	(70.1)
Income taxes	(137.4)	(90.4)
Income (loss) from continuing operations	228.0	77.6
Discontinued operations	(223.8)	(100.2)
Total income (loss)	4.2	(22.6)
Income (loss) attributable to Pirelli & C. S.p.A.	21.7	22.7
Earnings per share (in euro) (*)	0.044	0.047
Fixed assets	3,164.1	3,596.2
Net working capital	116.7	221.8
Net capital invested	3,280.8	3,818.0
Equity	2,028.0	2,494.7
Funds	797.2	794.5
Net financial (liquidity) / debt position	455.6	528.8
Equity attributable to the equity holders of Pirelli & C. S.p.A.	1,990.8	2,175.0
Equity per share (in euro) (*)	4.080	4.457
Investments in material goods	433.1	225.2
R&D investments	149.7	137.1
% on sales	3.1%	3.4%
Headcount (number at period-end)	29,573	29,570
Factories	20	21
Pirelli & C. shares		
ordinary shares (number in millions)	475.7	5,233.1
of which treasury shares	0.4	3.9
savings shares (number in millions)	12.3	134.8
of which treasury shares	0.4	4.5
Total shares (number in millions)	488.0	5,367.9

(*)the attribution per share in 2009 was reclassified on a like-for-like basis after the grouping of shares subsequent to the shareholders' decision of 15 July 2010 (ratio 1 to 11)

(million euros)

	Tyre		Others (*)		Total	
	2010	2009	2010	2009	2010	2009
Sales	4,772.0	3,992.9	76.4	74.6	4,848.4	4,067.5
exp.	684.3	538.0	(30.6)	(30.2)	653.7	507.8
Operating profit (loss) before restructuring exp.	476.3	345.5	(43.8)	(40.6)	432.5	304.9
Restructuring expenses	(23.2)	(37.0)	(1.5)	(18.2)	(24.7)	(55.2)
Operating profit (loss) (EBIT)	453.1	308.5	(45.3)	(58.8)	407.8	249.7
Earnings (losses) from investments	0.3	4.2	23.1	(15.8)	23.4	(11.6)
Financial income (expenses)	(66.4)	(76.1)	0.6	6.0	(65.8)	(70.1)
Income taxes	(134.4)	(90.0)	(3.0)	(0.4)	(137.4)	(90.4)
Income (loss) from continuing operations	252.6	146.6	(24.6)	(69.0)	228.0	77.6
Income from discontinued operations					(223.8)	(100.2)
Income (loss)					4.2	(22.6)
Net financial position continuing operations	1,109.9	1,027.3	(654.3)	(504.1)	455.6	523.2
Net financial position discontinued operations						5.6
Net financial (liquidity) / debt position					455.6	528.8

(*) The item includes Pirelli Eco Technology group, Pirelli Ambiente group, PZero S.r.l., all the financial companies (including the parent company), the other services companies, and for Sales, items eliminated in the consolidation phase

Cash Flow Statement

(million euros)

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	2010	2009
Operating profit (EBIT) before restructuring exp.	90.2	109.6	119.9	112.8	432.5	304.9
Amortization	51.7	53.7	55.0	60.8	221.2	202.9
Material and Immaterial Investments	(49.9)	(85.2)	(91.5)	(212.0)	(438.6)	(223.8)
Variation working capital/other	(143.5)	42.2	(18.0)	214.5	95.2	211.7
FREE CASH FLOW	(51.5)	120.3	65.4	176.1	310.3	495.7
Financial income/expenses	(17.6)	(22.9)	(14.0)	(11.3)	(65.8)	(70.1)
Income taxes	(30.4)	(40.0)	(40.1)	(26.9)	(137.4)	(90.4)
OPERATING CASH FLOW	(99.5)	57.4	11.3	137.9	107.1	335.2
Financial Investments/divestments	-	-	9.8	21.9	31.7	219.1
Dividends paid out	-	(85.1)	-	-	(85.1)	(2.4)
Cash Out for restructuring	(34.0)	(9.9)	(7.4)	(2.0)	(53.3)	(65.8)
Pirelli Broadbands Solutions net cash flow	(12.1)	0.7	(11.4)	(12.9)	(35.7)	20.7
Pirelli & C. Real Estate net cash flow	(14.0)	(6.5)	(26.5)	88.3	41.3	248.2
Pirelli RE capital increase underwritten by Pirelli & C.	-	-	-	-	-	(231.9)
Exchange rate differences/other	10.0	24.9	16.2	16.1	67.2	(24.2)
NET CASH FLOW	(149.6)	(18.5)	(8.0)	249.3	73.2	498.9