



PIRELLI

FY 2007 Group Results

STATEMENT

The Manager mandated to draft corporate accounting documents of Pirelli & C. S.p.A., 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

DISCLAIMER

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

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.

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.

PIRELLI GROUP STRUCTURE

Main Shareholders*

Camfin	20.3%
Mediobanca	4.6%
Edizione Holding	4.6%
Fondiarria SAI	4.4%
Allianz	4.4%
Assicurazioni Generali	4.4%



€/ Mln
 Group Sales: 5,209
 Group Net Invested Capital: 4,113



Sales: 189
 NIC: 2% (sul totale)



Sales: 853
 Net Invested Capital : 26% (sul totale)

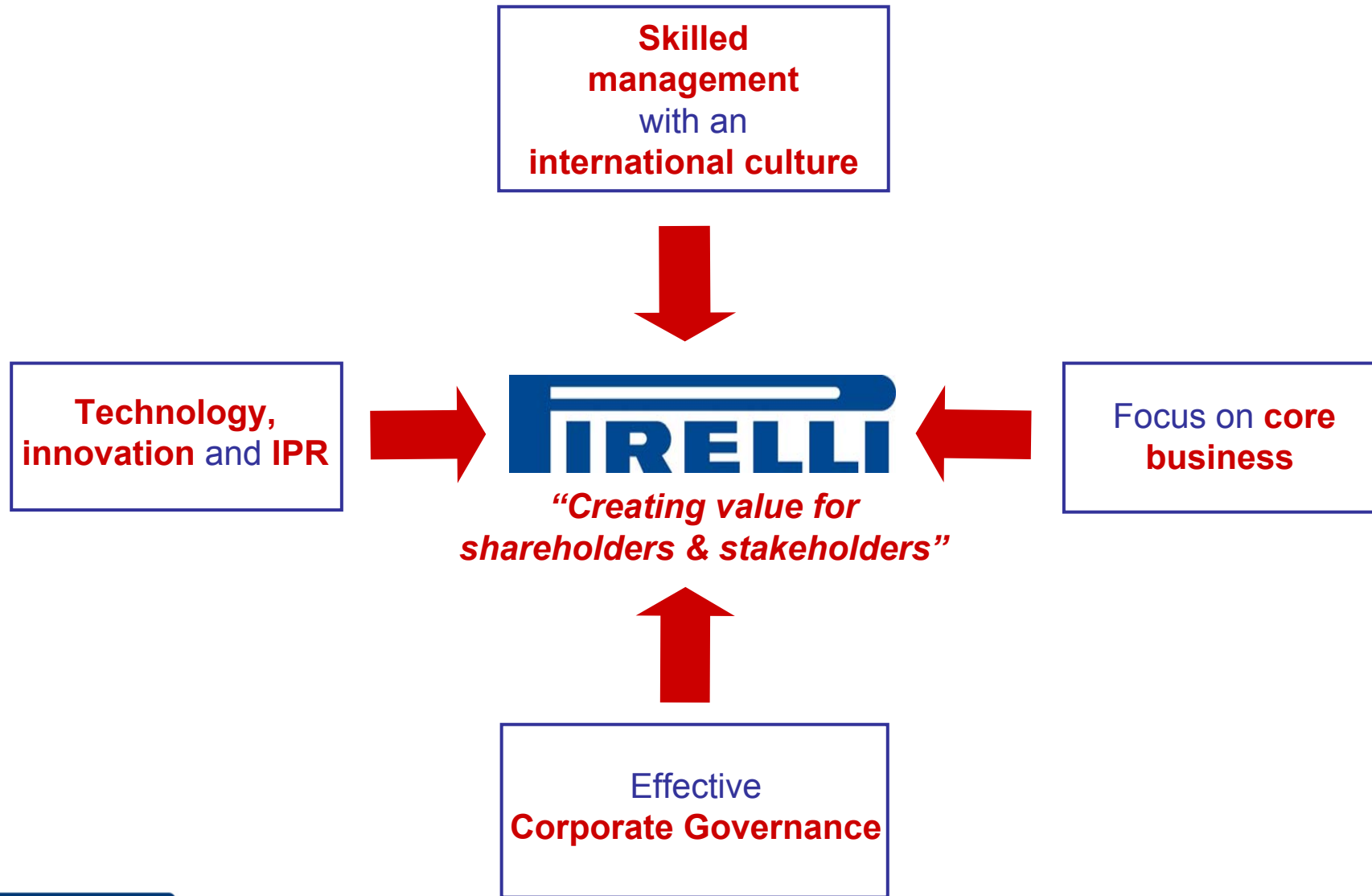


Sales: 4,162
 Net Invested Capital: 51% (sul totale)

* The stakes above are only the ones belonging to the Shareholders Agreement of 20th November 2007, which regroups 46.2% of the ordinary share capital



GROUP MISSION



PIRELLI WORLDWIDE: A GLOBAL COMPANY

30,813 Employees
Approx. 100 Scientists

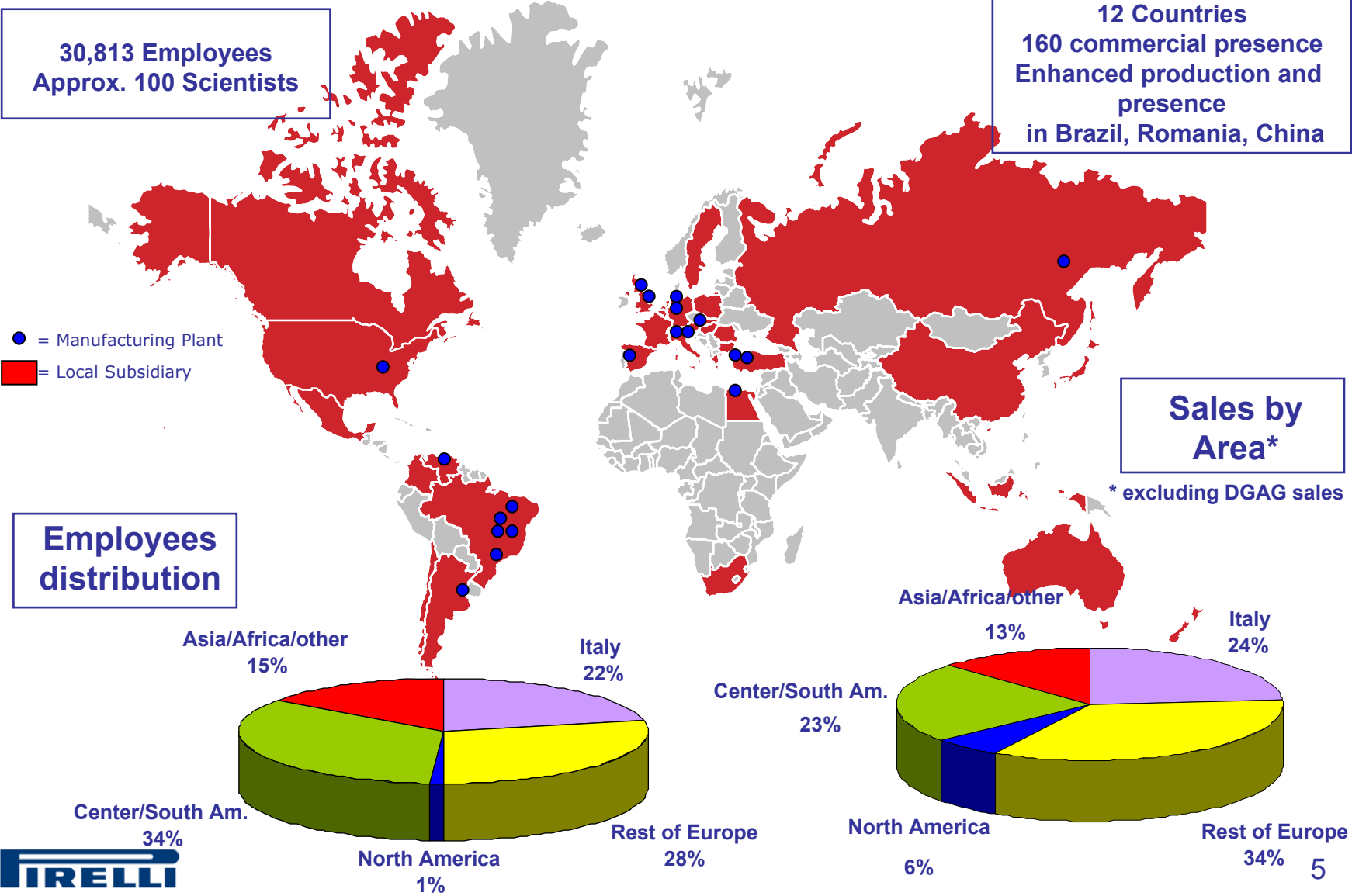
24 Plants
12 Countries
160 commercial presence
Enhanced production and presence
in Brazil, Romania, China

● = Manufacturing Plant
■ = Local Subsidiary

Employees distribution

Sales by Area*

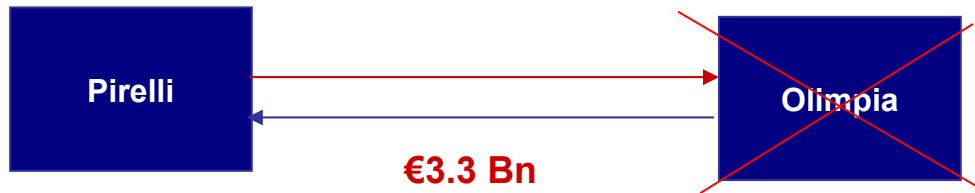
* excluding DGAG sales



KEY EVENTS

- *17th January 2007 - Pirelli & C.: shareholders' agreement renewed until April 2010*
- *12th February 2007 - Pirelli Tyre: syndication of revolving credit line for €675 mn concluded successfully*
- *19th July - Pirelli Tyre opens in Romania new high-technology industrial pole for the automotive sector*
- *25th October - Pirelli and Sintonia: sale of Olimpia for 4.16 billion euros completed*
- *27th November - Pirelli: expansion in China continues with new high performance car tyre factory*
- *17th January 2008 - Launch of Pirelli Cinturato*
- *11th March 2008 - "Buyback" of 38.9% of Pirelli Tyre for an equity value of €835.5 Mln*
- *3rd April 2008 - "Extra dividend" distribution €0.154 per share for a total amount of € 826 Mln.*

CASH IN & CASH OUT

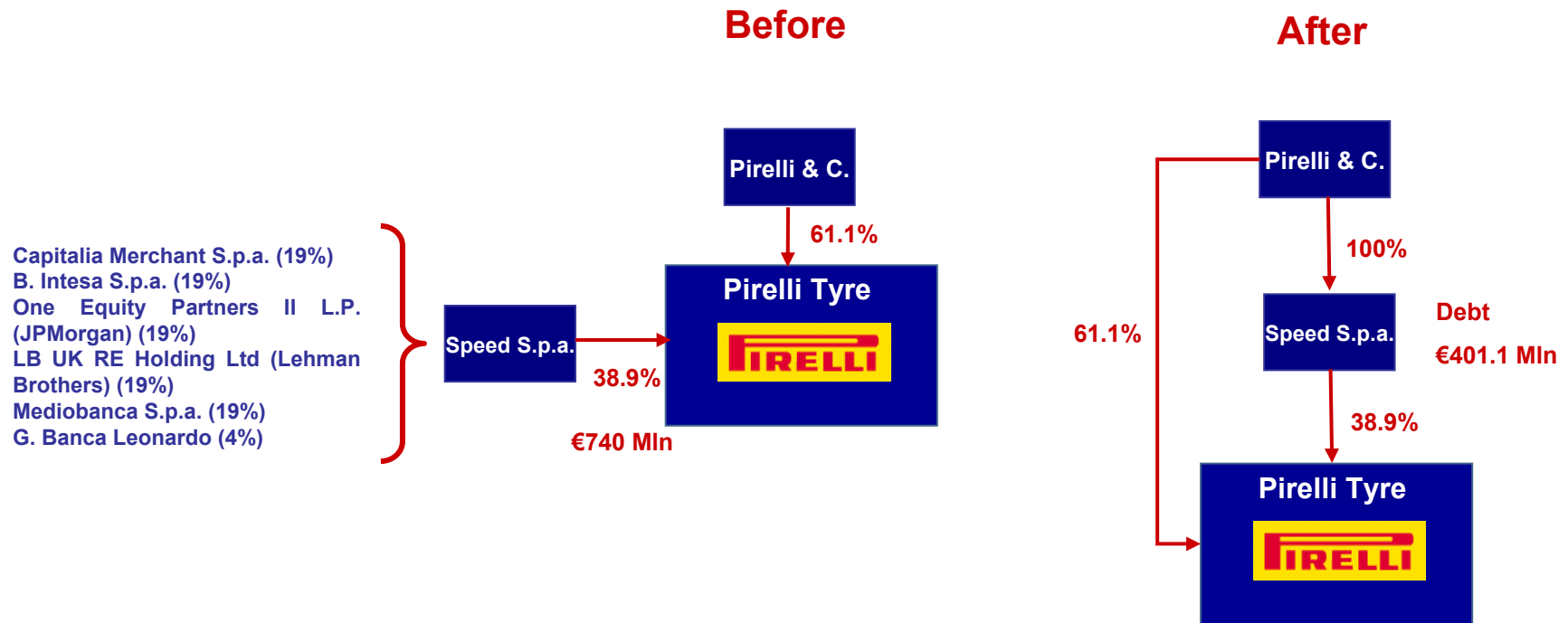


- €3.3 Bn cash destination:
 - €826 Mln for “extraordinary” dividend distribution (€0.154 per share);
 - €434.4 Mln to “buyback” Tyre Minorities;
 - €1.3 Bn to repay corporate debt.
 - € 93.2 Mln (€ 0.0160 per ordinary share; € 0.0728 per saving share*)

Note: Saving shares are entitled to receive a minimum 7% of €0.52 per share for years 2006-2007

*** Inclusive of 2007 dividend for € 0.0364 and the accrued 2006 dividend of € 0.0364 for a total € 0.0728**

“BUYBACK” OF TYRE MINORITIES



CSR : INVESTIGATION AREA



CSR ACHIEVEMENTS

Dow Jones Indexes



Dow Jones Sustainability World
Dow Jones Sustainability STOXX

2008 world Leader in the Autoparts and Tyres Sector

Financial Times Indexes



FTSE4Good Global
FTSE4Good European STOXX

Kempen Indexes



"Pass Status" in
"SNS Socially Responsible Universe"
of KEMPEN Capital Management

Aspi Eurozone® Indexes



Advanced Sustainable
Performance Indexes

Axia Indexes



Axia Ethical Index
Axia Csr Index
Investible Universe of
Axia Euro Ethical Index
Axia Euro Csr Index.



2008 Sector Leader and
Gold Class Company in the
"Sustainability Yearbook 2008"
Presented by SAM and PwC at
World Economic Forum
- January 2008, Davos -



FY 2007 Pirelli Group Financials

FY 07 PIRELLI GROUP RESULTS

€/mn

	FY 07 IAS/IFRS	FY 06 IAS/IFRS	Variation 07/06
Net Sales (as reported)	6,504.5	4,841.2	+34.4%
Net Sales (organic) (*)	5,208.9	4,800.2	+8.5%
EBIT	366.9	401.4	(8.6)%
EBIT margin	7.0%	8.3%	n.m.
EBIT Incl. Income from Eq. Part.(**)	562.2	1,192.1	n.m.
Total Net Income (loss)	323.6	(1,048.8)	n.m.
Attributable Net Income (loss) (***)	164.5	(1,167.4)	n.m.
Net Equity	3,804.1	4,686.6	n.m.
Attributable Net Equity	2,980.2	3,879.6	n.m.
NET FINANCIAL POSITION	(302.1)****	1,979.6	n.m.

(*) At the same exchange rate and excluding the impact of DGAG deconsolidation in Pirelli Real Estate in 2007 (€1,295.6 Mln).

(**) Year 2006 included:

- capital gains from the sale of 38.9% Tyre Minority for €416.4 Mln
- capital gains from the sale of Capitalia Shares for €215.2 Mln.

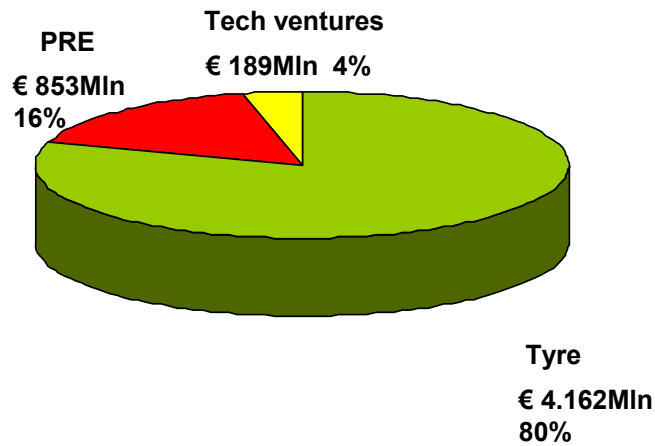
(***) Year 2006 included Olimpia devaluation (€1940 Mln).

(****) Included cash out of €826 Mln for “extra dividend” distribution.



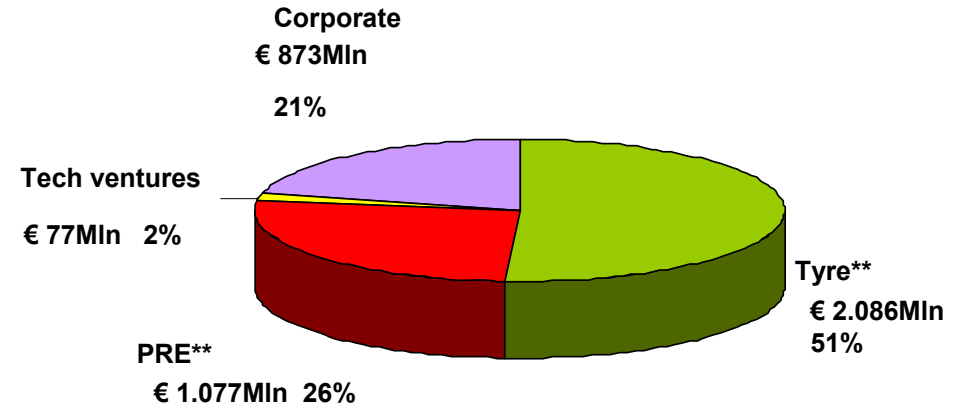
SALES & CONSOLIDATED NET INVESTED CAPITAL BREAKDOWN

FY 2007 Sales Breakdown by Business Segment



Group ROS 7%

FY 2007 Consolidated Net Invested Capital (NIC) Breakdown by Business Segment



Group ROI 14%

(calculated as EBIT inc. Income from Eq. Part.on Average Net Invested Capital excluding Olimpia)

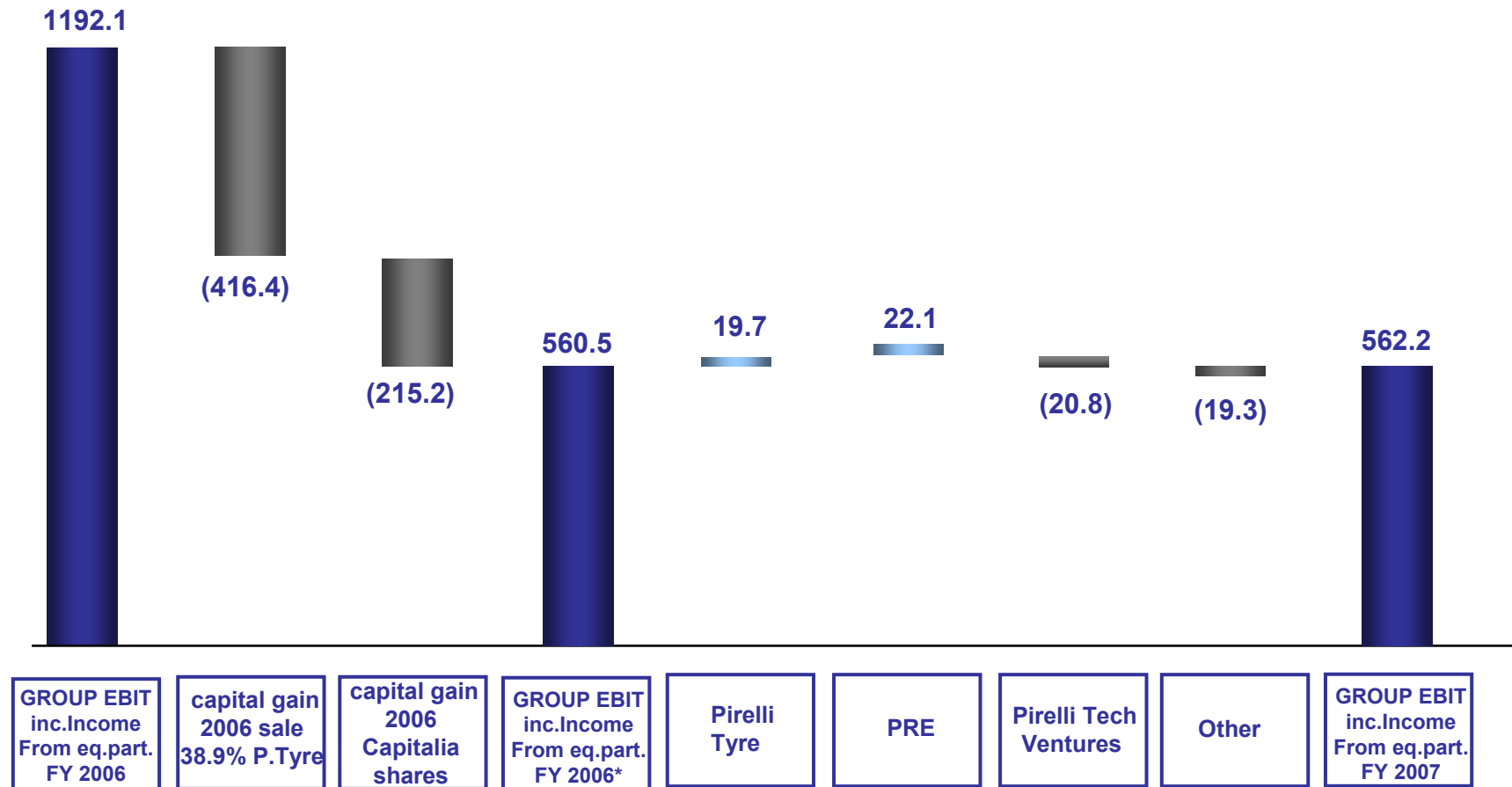
Total Sales*: € 5.208,9 mn
R&D Expenditures: € 173 mn

* excluding the impact of DGAG deconsolidation in Pirelli Real Estate in 2007 (€1,295.6 Mln)

** NIC PRE and NIC P. Tyre are referred to the 100% consolidated amount

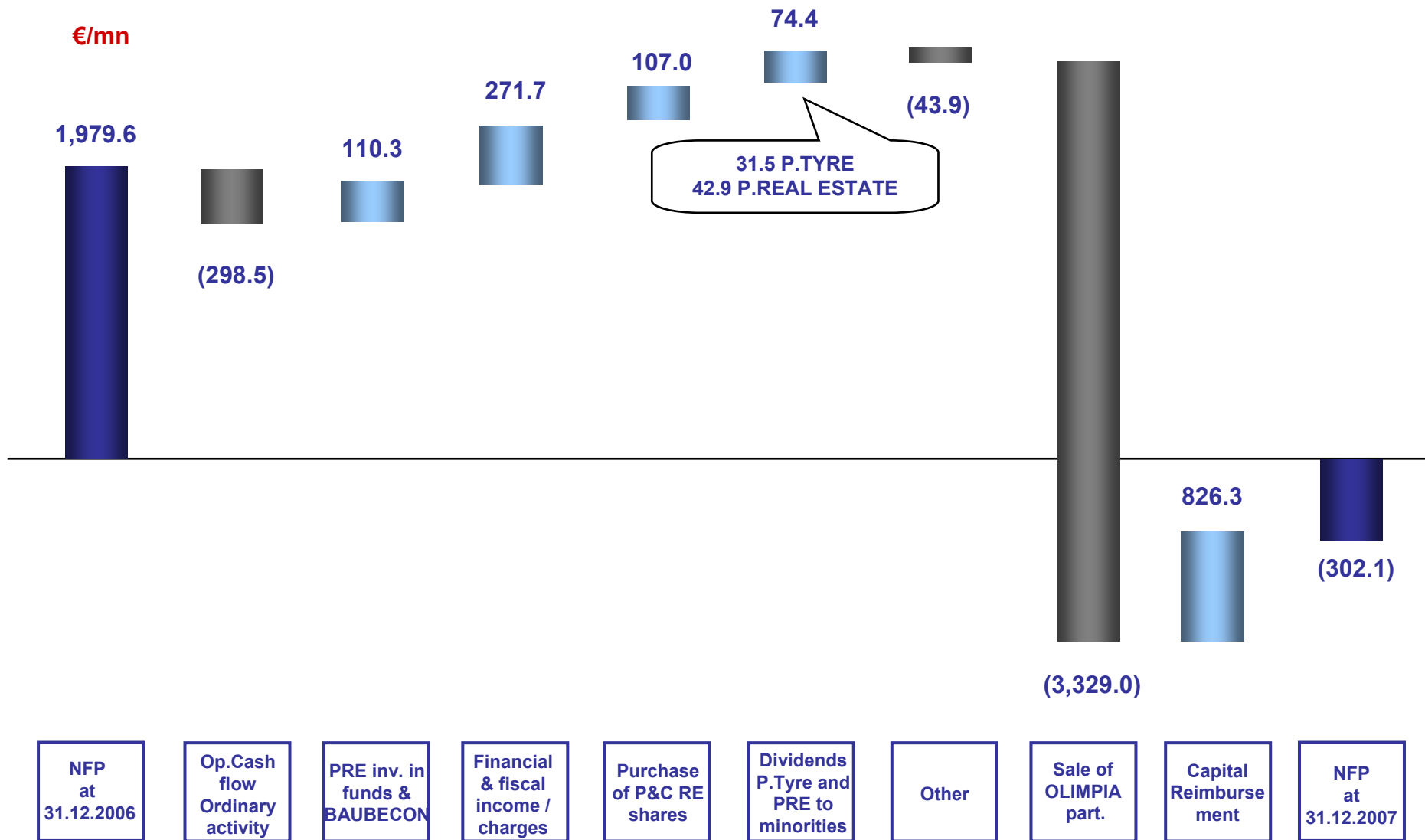
FY 2006 – FY 2007: GROUP EBIT INC. INCOME FROM EQ. PART. VARIATION

€/mn



* Excluding 38.9% P.Tyre and Capitalia disposals

FY 2006 – FY 2007: GROUP NET FINANCIAL POSITION VARIATION





PIRELLI

FY 2007 Pirelli Tyre Results

FY 2007 PIRELLI TYRE RESULTS

€/mn	FY 2007 IAS/IFRS	FY 2006 IAS/IFRS	Variation 07/06
Net Sales	4,161.7	3,949.5	+5.4%
EBITDA	548.6	533.7	+2.8%
EBITDA margin	13.2%	13.5%	
EBIT	358.1	342.3	+4.6%
ROS	8.6%	8.7%	
Net Income	210.5	199.3	+5.6%
Net Financial Position	559.6	601.5	n.m

ΔPrice/mix:	+4.7%
ΔVolumes:	+1.8%
ΔActual Variation:	+6.5%
ΔExch. Rates:	(1.1%)
ΔTotal:	+5.4%

ΔCommercial Variations:	117.7	€ mn
ΔEfficiencies:	15.5	€ mn
ΔUnit Costs/Other:	(117.4)	€ mn
ΔTotal:	15.8	€ mn

- Top line organic growth +6.5%
- Volumes up 1.8% (slower growth due to lower winter sales)
- Price/mix up 4.7%, nearly offsetting strong increase of raw materials and energy costs
- EBIT up 4.6% and net Income up 5.6%

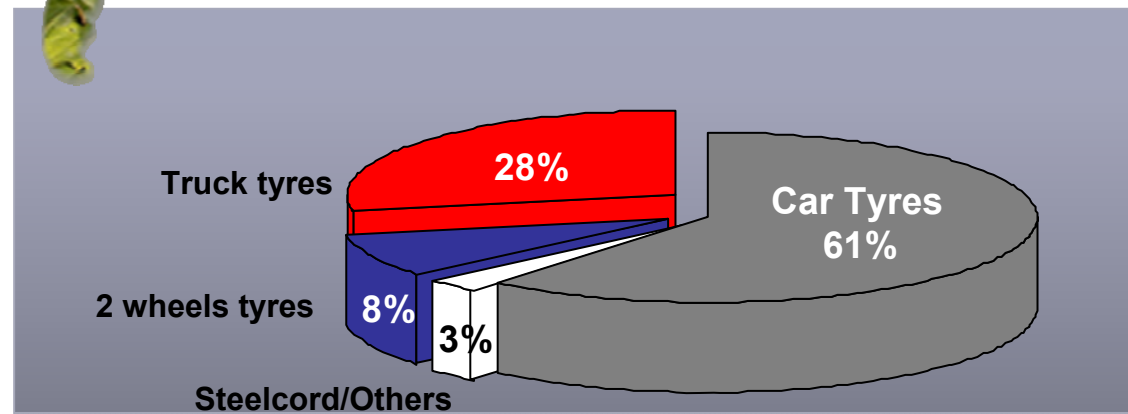
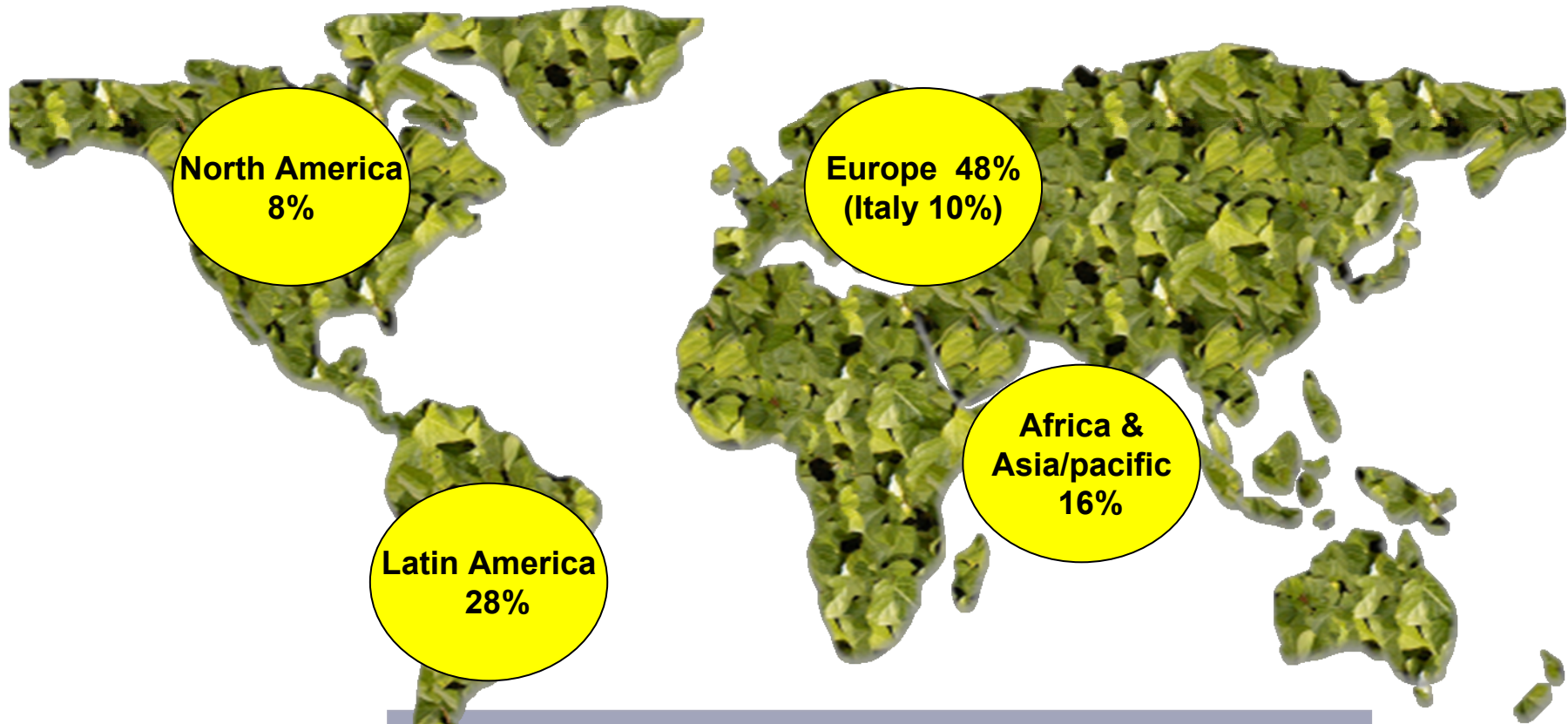
FY 2007 PIRELLI TYRE RESULTS BY BUSINESS SEGMENT

€/mn

	FY 07 IAS/IFRS	FY 06 IAS/IFRS	Variation 07/06	
CONSUMER	Sales	2,861.4	2,735.1	+4.6%
	EBIT	252.5	240.7	+4.9%
	ROS	8.8%	8.8%	
INDUSTRIAL	Sales	1,300.3	1,214.4	+7.1%
	EBIT	105.6	101.7	+3.8%
	ROS	8.1%	8.4%	

- Consumer sales up 4.6% driven by higher OE and Motorcycle sales worldwide
- Consumer ROS stable at 8.8% thanks to price/mix improvements offsetting higher costs
- Industrial sales up 7.1% driven by higher sales mainly in Latin America and China
- Industrial ROS 8.1% linked to the increased natural rubber and steel costs

FY 2007 PIRELLI TYRE SALES MIX



2008 PIRELLI TYRE HIGHLIGHTS

New car tyre plant in China announced in Nov. 2007 with an investment of 100 ml \$.



Agreement signed in Feb. 2008 with the University of Turin and the Piemonte region for the development of research and innovation programmes at the new industrial pole at Settimo Torinese, Italy.

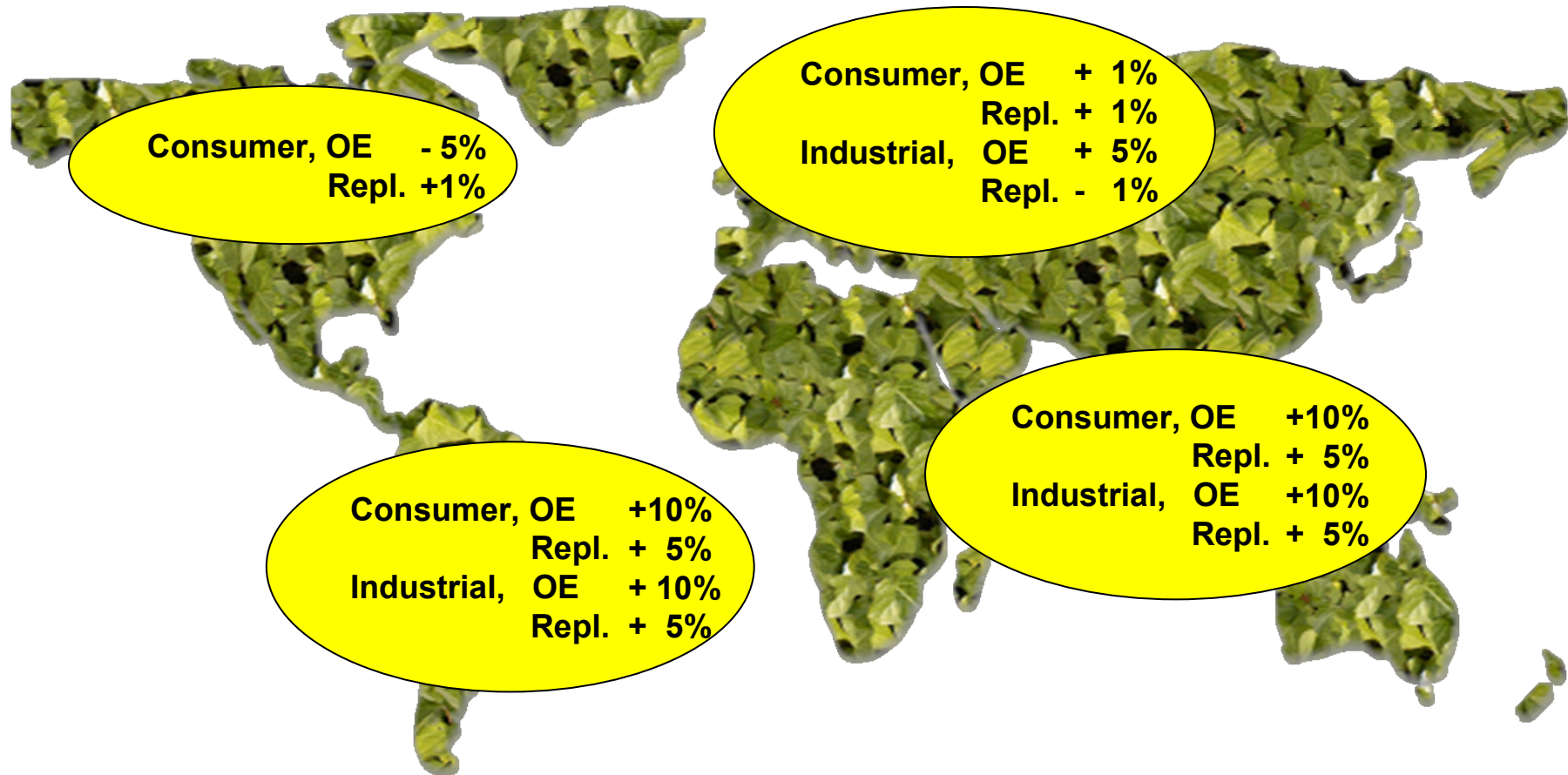
Launch of the new Cinturato P4 and P6, the eco-tyres targeting increased mileage, lower CO2 emissions and HAO elimination. Cinturato P4 and P6 won the recent ADAC tests, with the first place in their segments out of 37 competitors' tyres.



Exclusive tyre supplier to the World Rally Championship, the Grand-Am series in USA and the Superbike World Championship.



2008 PIRELLI TYRE AND MARKET OUTLOOK



Notwithstanding the difficult macroeconomic and tyre business scenario, the escalation of input costs and the strength of the Euro currency, we forecast FY 2008 slightly improved results on previous year



FY 2007 Pirelli Real Estate Results

PIRELLI RE KEY ACHIEVEMENTS

- EBIT including Income from Equity Participations €236.5 Mln (+10%); net of temporary impact of DGAG is in line with last year.
- Assets under Management of €15 Bn (€14.5 Bn at end 2006)
 - Real estate assets: €12.6 Bn, 71% in Italy and 29% in Germany and Poland (14% at end 2006); approx. 80% of AUM in Italy are managed through funds
 - NPLs: €2.4 Bn book value.
- Net Asset Value (excluding NPLs) around €1 Bn, in line with last year.
- Acquisitions of real estate assets and NPLs of approx. €3.3 Bn and sales of approx. €2.3 Bn.
- Management activities (asset management and specialised services) not included in NAV generated revenues of €676 Mln and EBIT including Income from Equity Participations of €126.3 Mln (€80.7 Mln excl. non recurring items).

FY2007 PIRELLI RE CONSOLIDATED P&L

€/mn

	Actual December 2007	Actual December 2006	Variation 07/06
Pro-quota Aggregate Revenues (*)	1,543.1	1,560.0	
Consolidated Revenues (*)	853.1	702.0	
EBIT Incl. Income from Equity Participations	236.5	214.4	10% (**)
Profit before taxes	195.0	211.3	
Net Attributable Income	151.1	159.5	(5%) (***)

(*) 2007 value does not include sales at cost of DGAG assets to the JVs with RREEF and MSREF for €1,295.6 Mln

(**) 0% if considering 2007 result net of DGAG consolidated figures, corresponding to €215.3 Mln

(***) +2% if considering 2007 result net of DGAG consolidated figures, corresponding to €162.8 Mln

FY 2007 PIRELLI RE CONSOLIDATED BALANCE SHEET

€/mn

	Actual December 2007	Actual December 2006
Fixed Assets	886.1	581.7
<i>Of which investments in participated companies</i>	<i>601.3</i>	<i>427.2</i>
<i>Of which goodwill</i>	<i>218.4</i>	<i>93.4</i>
Net Working Capital	190.5	283.3
Net Invested Capital	1,076.6	865.0
Shareholders' Equity	720.1	708.7
<i>Of which Group Shareholders' Equity</i>	<i>715.7</i>	<i>700.3</i>
Funds and Provisions	66.8	59.9
NFP	289.7	96.4
Total	1,076.6	865.0
"Adjusted" NFP (not including Shareholders' Loans)	816.1	430.5
"Adjusted" Gearing	1.13	0.61



PIRELLI

2008 Group Outlook

WE FORECAST 2008 COMBINED OPERATING RESULTS OF OUR BUSINESS IN LINE WITH 2007, WITH A SOUND FINANCIAL STRUCTURE.



**Back up
slides**



FY 2007 Pirelli Tech Ventures

- Ambiente
- Broadband solutions

FY 07 BROADBAND SOLUTIONS RESULTS

€/mn

	FY 07 IAS/IFRS	FY 06 IAS/IFRS	
SALES	117.1	129.4	
EBITDA	(11.1)	1.1	
EBIT	(13.5)	(0.3)	
NET INCOME	(17.4)	(3.3)	

TOTAL

PIRELLI BROADBAND SOLUTIONS: FIELDS OF ACTIVITY

BBA: ENLARGING CLIENTS PORTFOLIO AND PRODUCTS

- ADSL2/2+ deployment on track
- SET-TOP-BOX sales and new tenders



Access Gateway



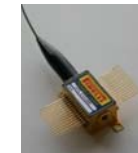
Set Top Box

PHOTONICS: BECOMING A REALITY

- CWDM City 8™ enhancement to 10 Gbits
- DTL and ITLA market sales
- Launch of Transponder MSA300 expected



CWDM City 8™



Dynamically Tunable Laser

EXPANDED CUSTOMER BASIS



TECHNOLOGICAL VENTURES

PIRELLI ECO TECHNOLOGY SpA

- GECAM TM
- ANTIPARTICULATE FILTERS

- Sales consolidation of Gecam TM.
- Developed new business of anti particulate filters with R&D and start-up costs in 2007.
- Start up new factory investment of filters in Romania.

Reducing the emissions of particulate in Diesel Engines

PIRELLI & C. AMBIENTE SpA

- ENERGY RECOVERY FROM SOLID WASTE
- PHOTO VOLTAIC ENERGY
- ENVIRONMENTAL RECLAMATION AND DUE DILIGENCE

- Sales consolidation of high quality fuel through related company IDEA Granda.
- Dec'07: JV agreement with ACEA to enlarge the presence in the business of energy recovery.
- In July set up of Solar Utility SpA, related company for the production of photo voltaic energy.
- Engineering services, due diligence and project management in environmental reclamation (mainly captive).

Reducing CO₂ emissions

PIRELLI FY07 GROUP RESULTS

Euro/Mln	PIRELLI TYRE		PIRELLI REAL ESTATE		PIRELLI BROADB. SOLUTIONS		OTHER BUSINESS		OTHER		PIRELLI & C. CONS. GROUP	
	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06
Sales	4,161.7	3,949.5	2,148.7	(l) 702.0	117.1	129.4	71.4	69.0	5.6	(8.7)	6,504.5	4,841.2
Δ %		5.4%				-9.5%		3.5%				34.4%
Δ % Organic Sales	4,161.7	3,909.0	853.1	702.0	117.1	129.4	71.4	69.0	5.6	(8.7)	5,208.9	4,800.7
Δ %		6.5%		21.5%								8.5%
EBITDA	548.6	533.7	61.8	113.1	(11.1)	1.1	(7.6)	0.5	(10.8)	(34.3)	580.9	614.1
% on sales (2007 excluding DGAG effect)	13.2%	13.5%									11.2%	12.7%
EBIT	358.1	342.3	50.4	103.7	(13.5)	(0.3)	(8.5)	(0.2)	(19.6)	(44.1)	366.9	401.4
% on sales (2007 excluding DGAG effect)	8.6%	8.7%									7.0%	8.3%
Result from Equity Participations and dividends	1.5	(2.4)	186.1	110.7		(1.0)	(0.3)		8.0	51.8	195.3	159.1
Capital gain 2006 Capitalia shares										215.2		215.2
Capital gain 2006 sale 38.9% P.Tyre										416.4		416.4
EBIT post Result from Equity Participation	359.6	339.9	236.5	214.4	(13.5)	(1.3)	(8.8)	(0.2)	(11.6)	639.3	562.2	1,192.1
Financial Income/Charges	(55.2)	(54.1)	(41.5)	(3.1)	(3.9)	(1.6)	(0.5)	(0.1)	(37.1)	(84.2)	(138.2)	(143.1)
Fiscal Income/Charges	(93.9)	(86.5)	(34.1)	(49.3)	0.0	(0.4)	(0.5)	(0.5)	(5.0)	8.9	(133.5)	(127.8)
Net Result Before Discontinued Operations	210.5	199.3	160.9	162.0	(17.4)	(3.3)	(9.8)	(0.8)	(53.7)	564.0	290.5	921.2
% on sales (2007 excluding DGAG effect)	5.1%	5.0%									5.6%	19.0%
Discontinued Operations									33.1	(1,970.0)	33.1	(1,970.0)
Net Income	210.5	199.3	160.9	162.0	(17.4)	(3.3)	(9.8)	(0.8)	(20.6)	(1,406.0)	323.6	(1,048.8)
% on sales (2007 excluding DGAG effect)	5.1%	5.0%									6.2%	n.s.
Attributable Net Income											164.5	(1,167.4)
Net Financial Position	559.6	601.5	289.7	96.4	21.5	13.1	5.6	0.0	(1,178.5)	1,268.6	(302.1)	1,979.6

(l) Includes €1,295.6 mln of deconsolidation of DGAG activities, without impacts on EBIT