PRESS RELEASE

THE BOARD OF DIRECTORS OF PIRELLI & C. SPA APPROVES DRAFT 2007 FINANCIAL STATEMENTS:

THE GROUP CLOSES 2007 WITH A RETURN TO PROFIT AND A POSITIVE NET FINANCIAL POSITION

DIVIDEND PROPOSED OF 0.0160 EUROS PER ORDINARY SHARE AND 0.0728 EUROS (OF WHICH 0.0364 EUROS RELATING TO 2006) PER SAVINGS SHARE

- **TOTAL REVENUES: 6,504.5 MILLION EUROS. REVENUES ON A LIKE-FOR-LIKE BASIS (EXCLUDING DGAG DECONSOLIDATION AND EXCHANGE RATE EFFECT): 5,208.9 MILLION EUROS (+8.5%)**

- **EBIT INCLUDING INCOME FROM EQUITY PARTICIPATIONS: 562.2 MILLION EUROS (560.5 MILLION EUROS IN 2006, NET OF CAPITAL GAINS FROM SALES OF PIRELLI TYRE AND CAPITALIA STAKES; 1,192.1 MILLION EUROS INCLUDING THE CAPITAL GAINS)**

- **ATTRIBUTABLE NET INCOME: 164.5 MILLION EUROS (-1,167.4 MILLION EUROS IN 2006 WITH OLIMPIA WRITEDOWN)**

- **NET FINANCIAL POSITION: POSITIVE FOR 302.1 MILLION EUROS (THE FIGURE TAKES INTO ACCOUNT THE EXPECTED PAYMENT OF APPROXIMATELY 826 MILLION EUROS FOR THE "EXTRAORDINARY DIVIDEND" TO BE DISTRIBUTED SHORTLY), COMPARED WITH NET DEBT OF 1,979.6 MILLION EUROS AT END 2006**

- **PIRELLI TYRE: REVENUES 4,161.7 MILLION EUROS (+6.5% ON A LIKE-FOR-LIKE BASIS), EBIT 358.1 MILLION EUROS (+4.6%), NET INCOME 210.5 MILLION EUROS (+5.6%)**

- **PIRELLI RE: PRO-QUOTA AGGREGATE REVENUES (EXCLUDING DGAG DECONSOLIDATION) 1,543.1 MILLION EUROS (IN LINE WITH 2006), EBIT INCLUDING INCOME FROM EQUITY PARTICIPATIONS 236.5 MILLION EUROS (+10%), NET INCOME 151.1 MILLION EUROS (-5%)**

- **FOR 2008 THE PIRELLI & C. SPA GROUP EXPECTS OVERALL ORDINARY RESULTS OF ITS BUSINESSES TO BE IN LINE WITH THE PREVIOUS YEAR**

Milan, 26 March 2008 – The **Board of Directors** of **Pirelli & C. SpA**, which met today, examined and approved the **draft financial statements** for **2007**.

During the course of 2007, the **Pirelli & C. SpA Group** continued on a **path of growth** and **international expansion** in its core businesses, in particular in the tyre and real estate businesses, and **strengthened** its **equity** and **financial structure**, thanks in part to the income obtained from the sale of the stake in Olimpia, the company which owned about 18% of the ordinary share capital of Telecom Italia. In the consolidated financial statements as of 31 December, these results manifested themselves in **three indicators**: a **return to profit** following the loss reported in 2006 due to the writedown of Olimpia, **surpassing the ceiling of 5 billion euros in revenues** (net of sales from deconsolidation of the DGAG real estate business in Germany) and **reducing to zero the net debt of the Group**, which closed 2007 with a **positive net financial position** of more than **300 million** euros (the figure takes into account the expected payment of about 826 million euros for the "extraordinary dividend" soon to be distributed).

The sale of the stake in Olimpia for 3,329 million euros, completed during the fiscal year, allowed Pirelli to **focus further on its core businesses** and to carry out a **plan for distribution of resources to shareholders** and **optimizing the equity structure.**

In terms of business performance in 2007, in **industrial activities Pirelli Tyre** registered **revenue growth** on a like-for-like basis of **6.5%, exceeding the 4 billion euro threshold**, and an **increase in operating income** (**+4.6%**), despite the level of raw materials costs reached, higher than 2006 levels. During the year, Pirelli Tyre launched a **new manufacturing unit** for car tyres in **China** and **expanded** and **consolidated** the activities of the **new industrial pole** in **Romania**, with the goal of **strengthening its presence in the markets** of the **Far East** and **Central-Eastern Europe**.

In **real estate**, despite difficulties in the global market, **Pirelli RE** closed 2007 with **growth of 10% in EBIT including income from equity participations** (in line with end 2006 net of the effects of the temporary consolidation of DGAG). Consolidated net income was 5% lower than in 2006 (+2% net of the effects of the temporary consolidation of DGAG). In 2007, in addition, the company made **another important acquisition in Germany** and **started up activities in Romania and Bulgaria. Assets under management** at market value reached **15 billion** euros, **up 3%** compared with 2006 (14.5 billion euros), placing Pirelli RE among the **top asset managers in Continental Europe.**

In **new businesses,** activities in **broadband access** and **second generation photonics** showed a **contraction of revenues and margins** due to falling investments in the world telecommunications market. **Investments in research and development** continued nevertheless, in particular in photonics, where phases of product qualification were completed by important operators.
Activities in the **environmental** sector and in **sustainable mobility** registered sales **growth with still negative profitability**, due especially to industrial investments in the new business of particulate filters.

Pirelli & C. SpA Group

At consolidated level, **revenues** as of 31 December 2007 were equal to **6,504.5 million** euros, **up 34.4%** compared with 4,841.2 million euros in 2006. Excluding the non-recurring effect of sales relating to the deconsolidation of real estate assets of **DGAG**, **revenues** exceeded the threshold of 5 billion euros and were equal to **5,208.9 million** euros, with an **increase** of **7.6%** compared with 2006. Taking into account exchange rate effects, **growth on a like-for-like basis** was **8.5%**.

EBITDA amounted to **580.9 million** euros, **down 5.4%** compared with 614.1 million euros in 2006. **EBIT**, equal to **366.9 million** euros, **fell 8.6%** from 401.4 million euros in 2006. Compared with 2006, at the level of EBITDA and EBIT, the contribution of real estate activities decreased, though on the other hand real estate registered a significant increase in the result from equity participations. In 2006, operating results included non-recurring costs of 13.5 million euros relating to the planned IPO of Pirelli Tyre.

EBIT including income from equity participations, which included the effect of the results of companies valued according to the shareholders' equity method, and the dividends from the other non-consolidated equity participations, amounted to **562.2 million** euros. The figure was slightly higher than in 2006 (560.5 million euros), considered net of the extraordinary component represented by the capital gains obtained in the previous fiscal year from the sales of 38.9% of Pirelli Tyre (416.4 million euros) and of the stake in Capitalia (215.2 million euros). Including those capital gains, the operating income including income from equity participations in 2006 was equal to 1,192.1 million euros.

The impact from the stake in **Olimpia**, following the sale agreement between Pirelli/Sintonia and Telco closed on 25 October 2007, was considered on the basis of IFRS as *discontinued operations* (businesses sold) and contributed only to the net result. The impact of Olimpia on the net result of 2007 was negative for 54 million euros and was linked to alignment of the value of the company to the sale price (3,329 million euros for the 80% stake held by Pirelli), compared with a negative figure of 1,940 million euros as of 31 December 2006 (due mainly to the writedown which occurred in the third quarter). Among the discontinued operations, the capital gain linked to the sale of warrants on Prysmian (Lux) to Goldman Sachs, which occurred in the first quarter of 2007 (91 million euros), is also included, as well as an adjustment of 4 million euros of the funds set aside relative to the guarantees made following the sale of the cables business.

Total net income was **positive** for **323.6 million** euros, compared with a loss of 1,048.8 million euros in 2006.

Attributable net income of Pirelli & C. SpA was **positive** for **164.5 million** euros, compared with a loss of 1,167.4 million euros in 2006.

The **net result of the parent company** Pirelli & C. SpA was **positive** for **100.7 million** euros, compared with a loss of 1,642.3 million euros in 2006.

Consolidated shareholders' equity as of 31 December 2007 was **3,804.1 million** euros, compared with 4,686.6 million euros at the end of 2006. **Attributable shareholders' equity** of Pirelli & C. SpA as of the same date was **2,980.2 million** euros (0.56 euros per share), compared with 3,879.6 million euros at end 2006. The shareholders' equity figure at end 2007 reflected the reduction consequent to the "extraordinary dividend" resolved upon, with a value of about 826 million euros (0.154 euros per share), approved by the shareholders' meetings in December 2007.

The **net financial position** of the Group as of 31 December 2007 was **positive** for **302.1 million** euros. The figure takes into account the expected payment of about 826 million euros for the "extraordinary dividend" soon to be distributed (payment 3 April 2008, ex dividend 31 March 2008), approved by Shareholders' meetings in December 2007. The net financial position of the Group was negative for 2,328.8 million euros as of 30 September 2007 and for 1,979.6 million euros as of 31 December 2006. The sale of the stake in Olimpia, closed during the fourth quarter of 2007, had a positive impact on the net financial position of the Group for 3,329 million euros.

The **net financial position at corporate level** as of 31 December 2007 was **positive** for **1,178.5 million** euros.

In 2007 the **Group's focus on research and innovation activities** continued, with costs equal to **173 million** euros (about 4% of sales revenue of industrial activities).

The **personnel** of the Group as of 31 December 2007 counted **30,813** compared with 28,617 as of 31 December 2006, with an **increase** of 2,196 units, linked mainly to expansion of the tyre and real estate businesses.

Pirelli Tyre

Revenues of **Pirelli Tyre** as of 31 December 2007 **exceeded a ceiling of 4 billion** euros and stood at **4,161.7 million** euros, with an **increase** of **5.4%** compared with 3,949.5 million euros at end 2006 (organic growth, net of exchange rate effects, was **6.5%**). The increase in revenues was driven by greater volumes (+1.8%), despite the non-brilliant performance of the winter tyre segment in Western Europe in the fourth quarter, and especially by price/mix (+4.7%), thanks to the greater and greater focus on high value added segments. The exchange rate component was negative (-1.1%), mainly due to dollar depreciation.

EBITDA amounted to **548.6 million** euros (**13.2%** of sales), **up 2.8%** compared with 533.7 million euros in 2006.

Operating income was **358.1 million** euros, **up 4.6%** compared with 342.3 million euros in 2006, with a **ROS** of **8.6%**, essentially in line with the previous year. The increase in volumes and in price/mix, combined with actions for greater productivity and cost containment, more than compensated, in absolute value, for the increase in price of production factors and the negative exchange rate effect. Despite efficiency actions taken, the company maintained a **high level of investment in research and development.**

Net income as of 31 December 2007 amounted to **210.5 million** euros, **up 5.6%** compared with 199.3 million euros in 2006.

The **net financial position** was **negative** for **559.6 million** euros, a reduction compared with the 601.5 million euros as of 31 December 2006 after the dividend payment of about 70 million euros, which shows the company's continuous attention to generation of liquidity even in the presence of a greater level of investments than in the previous year.

As of 31 December 2007, **employees** of Pirelli Tyre counted **27,224** (of which 13% temporary workers), compared with 25,169 (of which 13% temporary) as of 31 December 2006, thanks to growth of the businesses in South America and especially in the new industrial facilities in Romania and China.

In the ***Consumer*** business (*Car/Light Truck tyres* and *Motorcycle tyres*), 2007 revenues amounted to about 2,862 million euros (+4.6%), while operating income from ordinary business amounted to 252.5 million euros (+4.9%), with a ROS of 8.8%.

In the *Car/Light Truck* segment, Pirelli grew in North America, in a context of stable demand in replacement tyres and falling demand in original equipment, and benefited from an increase in demand in South America. In Europe volume growth occurred in original equipment and in premium segments, with the exception of winter tyres. There was also a significant improvement in Asia, Africa and the Pacific, coherent with the investments underway in those areas. In the car segment, in addition, the year was characterized by the previously mentioned investment in the new manufacturing unit in Yanzhou (China) and by the launch on the world market of PZero The Hero, the new high-performance tyre for "supercars".

In the *Motorcycle* segment, 2007 sales rose at a rate higher than the market average, which in any case represented an increase over 2006. In original equipment, the sales trend was positive particularly in South America and in Europe, while in the replacement segment the most significant growth occurred in the Americas, in Europe and in Japan.

In the ***Industrial*** business (*tyres for Industrial Vehicles and Steelcord)*, revenues were equal to about 1,300 million euros (+7.1%) while operating income from ordinary business amounted to 105.6 million euros (+3.8%). The ROS stood at 8.1%, slightly down (-0.3%) compared with 2006 mainly due to an increase in costs of natural rubber and of steel, not totally compensated by the price/mix trend.

In the segment *tyres for Industrial Vehicles* there was growth in European markets, in particular in original equipment and in premium lines, driven in part by development of Eastern European countries. Growth was even more significant in South America and China.

In the *Steelcord* segment, sales volumes grew 4% compared with 2006.

Pirelli RE

Pirelli RE is an **alternative asset manager specialized in the real estate sector**. It manages funds and companies that own real estate and non performing loans in which it co-invests through minority stakes, aligning its interests with those of investors, and to which it provides, as well as to other third-party clients, a full range of specialized real estate services. The Group's principal activities are: originating investment opportunities based on the different types of real estate products (residential, commercial and non performing loans) and geographic location (Italy, Central and Eastern Europe), performing management services and supplying quality services (integrated facility management, property management, credit servicing and agency) through specific companies.

For the purpose of interpreting the results reported below, it should be noted that **pro-quota aggregate revenues** and **EBIT including income from equity participations** are the most important indicators of the Group's performance, expressing its share of turnover and trend in earnings respectively.

Pro-quota aggregate revenues, net of the component relating to the DGAG deconsolidation (equal to 1,295.6 million euros), amounted to **1,543.1 million** euros, substantially in line with the 1,560 million euros of the previous year. **Consolidated revenues**, net of the component relating to DGAG deconsolidation, amounted to 853.1 million euros, compared with 702 million euros as of 31 December 2006. Total consolidated revenues amounted to 2,148.7 million euros.

EBIT including income from equity participations amounted to **236.5 million** euros, **up 10%** compared with the previous year. Net of the effects of the temporary consolidation of DGAG, this result was equal to 215.3 million euros, in line with end 2006.

Attributable **net income** amounted to **151.1 million** euros (-5% compared with 159.5 million euros the previous year). Net of the effects of the temporary consolidation of DGAG, net income amounted to 162.8 million euros (+2%).

The **net financial position** at end 2007 was **negative** for **289.7 million** euros, compared with a negative figure of 337.4 million euros at the end of September and of 96.4 million euros as of 31 December 2006. The increase with respect to the previous year reflects the investments made during the period, the distribution of dividends, the share buyback and the purchases of stakes in funds.

Employees of Pirelli RE as of 31 December 2007 counted **2,980** (including 298 employees linked to the platform of BauBeCon, whose consolidation will be completed in 2008, and 24 temporary workers) compared to 1,864 at the end of 2006. The greater number (1,116 employees) can be attributed to growth in Germany, Poland and in other Eastern European countries, to the acquisition of the company Ingest Facility, and to growth of the NPL business.

The **co-investment business** registered pro-quota aggregate revenues of 802.6 million euros (997.9 million euros in 2006). EBIT including income from equity participations amounted to 143.1 million euros, in line with the previous year.

Overall **management activities** (asset management and specialized services) generated revenues of 676 million euros (480 million euros the previous year), thanks in particular to the acquisition of Ingest Facility. EBIT including income from equity participations amounted to 126.5 million euros (102.9 million euros in 2006).

For further information on the performance of the real estate business please refer to the press release issued on 6 March by Pirelli & C. Real Estate.

Pirelli Broadband Solutions

Revenues as of 31 December 2007 amounted to **117.1 million** euros, **down 9.5%** compared with 129.4 million euros in 2006. In the second half, nevertheless, sales of Pirelli Broadband Solutions registered an **increase** of **8.1%** compared with the previous year, inverting the negative trend of the first two quarters. The overall variation compared with the 2006 figure is related to the different product mix in broadband access and to the temporary slowdown of demand in the world market of telecommunications infrastructure.

Operating result was negative for **13.5 million** euros, compared with a substantial break-even in 2006. **Research costs** sustained for next generation photonics for development and customization of products also weighed on the change in operating income, in addition to the contraction in revenues and relating margins.

The **net result** was negative for **17.4 million** euros, compared with -3.3 million euros in 2006.

Employees as of 31 December 2007 counted **196**, compared with a headcount of 166 at the end of 2006.

In the ***broadband access*** business, the product portfolio composed of the access gateway, set-top-box, extender, dual mode phone and remote management platforms lines was consolidated. 2007, in particular, was characterized by acceleration of the set-top-box line, partly thanks obtaining important certifications and to the commercial launch of IPTV by the major telephone operators. In the access gateway line, "small business" routers were developed, which will be launched commercially in 2008.

In the ***photonics*** business, the most significant event in 2007 was signature of a supply agreement with Alcatel-Lucent for supply of optical modules. In the field of optical components, supply of tunable lasers continued in small volumes in North America and the Far East. Completion of qualification phases with some important operators allows the company to expect an increase in volumes for these products starting in early 2008. In optical systems, 2007 registered a decline in sales of Coarse WDM, especially due to a slowdown in investments in IPTV networks. The company nevertheless sold more than 2,200 apparatuses in Europe and the United States. A new release of the product, with greater functionalities, was launched in the last quarter of 2007.

In the broadband access and photonics sectors, in addition, at the beginning of 2008 the Group started a reorganization process of the businesses, setting up **PGT Photonics**, a company active in next generation photonics created from integrating the photonics unit of Pirelli Broadband Solutions and the Optical Innovation division of Pirelli Labs. At the same time, **Pirelli Broadband Solutions** will concentrate on the broadband access business. This will allow the Group to operate through autonomous companies focused in two sectors that are more and more different from each other, also in order to take advantage of possible future opportunities, and to create further synergies between research activities and those of development and marketing and sales.

Other businesses

The other activities of the Group, in the sectors of **renewable energy** (**Pirelli Ambiente**) and **sustainable mobility** (**Pirelli Eco Technology**) reached as of 31 December 2007 **revenues** of **71.4 million** euros, **up 3.5%** compared with 69 million euros in 2006.

The **operating result** as of 31 December 2007, negative for **8.5 million** euros, was affected in particular by the start-up costs of the new business of manufacturing and sales of particulate filters. In 2006, the operating result had reached substantial break-even, mainly thanks to extraordinary components.

The **net result** was **negative** for **9.8 million** euros, compared with a negative figure of 0.8 million euros in 2006.

Employees as of 31 December counted **95**, compared with a headcount of 52 units as of 31 December 2006.

Sales revenue of these businesses is mainly related to sale of low environmental impact fuel Gecam-the "white diesel", including in the French market through the subsidiary Gecam France, and to development of the new line of business of particulate filters for reduction of diesel vehicle emissions. In 2007 work began on the new particulate filter factory for original equipment in the county of Gorj in Romania, which will begin operating in the second half of 2008.

Production of renewable energy from waste with CDR-Q continues, thanks in part to the new collaboration with ACEA, as does site remediation. In 2007, finally, Solar Utility SpA, a 50/50 joint venture with Global Cleantech Capital, active in the photovoltaic sector, was set up.

Calling of Shareholders' Meeting and dividend proposal

The Board of Directors will propose to the Shareholders' Meeting payment of a total dividend of about 93.2 million euros. The proposal for dividend distribution will be articulated as follows: 0.0160 euros per ordinary share and 0.0728 euros per savings share. The unit dividend attributed to the savings shares is inclusive of the 2007 dividend (0.0364 euros) and, as per the company's By-laws, of the dividend not assigned for the 2006 fiscal year (0.0364 euros). Calculation of the privilege owed to the savings shares, as previously announced, was done on the basis of a nominal value of 0.52 euros per share.

The Board resolved to call for 28 April (on first call) and 29 April (on second call) the Shareholders' Meeting for approval of the financial statements for 2007; the dividend will be paid on 22 May 2008 (ex dividend 19 May 2008).

The Shareholders' Meeting will also be called upon to pass resolutions regarding the appointment of the Board of Directors, the conferral of a mandate for 2008-2016 auditing, a new authorization for purchase and sale of treasury shares, and certain amendments to the By-laws.

Prospects for the current year

Pirelli Tyre, notwithstanding the difficulties in the world economy and in the sector, continuing increases in prices of production factors, and strengthening of the euro, forecasts slightly improved results compared with 2007.

Pirelli RE, taking into account the general economic and financial scenario, expects EBIT including income from equity participations for 2008 to be in line with the previous year, net of impact of DGAG.

For 2008, therefore, the **Pirelli & C. SpA Group** expects overall ordinary results for its businesses in line with the previous year, assuming no external elements of an extraordinary nature unpredictable as of today.

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Luciano Gobbi, General Manager and Chief Finance and Strategic Planning Officer, will leave the Company. Chairman Marco Tronchetti Provera, on behalf of the Board of Directors and of the Company, thanked him for having contributed in a determining way to the Company's growth in over 22 years of activity within the Group. Following Mr. Gobbi's departure, the functions of finance and strategic planning management will be attributed to the direction of the General Manager and Chief Operating Officer, Claudio De Conto.

Relevant facts which occurred after 31 December 2007

On 17 January 2008, Pirelli presented the new “Cinturato”. The tyre that made its mark on traveling style in Italy and worldwide starting in the mid 1950s was re-proposed in a new version focusing on cutting edge technology, safety and eco-sustainability.

On 22 February 2008, the Piedmont Region, the Turin Province, the Municipality of Settimo Torinese, the Politecnico di Torino University and the Pirelli Group signed a collaboration agreement for development of research and innovation programs in the context of a project to build a new Pirelli industrial pole in the Settimo territory. The investment expected by Pirelli in Settimo Torinese amounts to about 140 million euros.

On 28 February 2008, Pirelli RE SGR signed with First Atlantic RE SGR an agreement for transfer of management of Berenice Fondo Uffici, with the agreement of Zwinger which holds more than 90% of the quotas. This latter agreed to pay Pirelli RE SGR 17 million euros and to buy 5% of the quotas held by the SGR, for a total of 19.6 million euros.

On 11 March 2008, Pirelli & C. SpA reached an agreement for purchase of the entire share capital of Speed SpA (a company that since August 2006 has held 38.9% of the share capital of Pirelli Tyre SpA) for a cash payment of 434.4 million euros. The amount takes into account Speed debt of 401.1 million euros.

On 19 March 2008, a consortium set up by RREEF, GREF (Generali Group), Borletti Group and Pirelli RE signed a binding agreement with Karstadt Quelle AG (Arcandor Group) to acquire 49% of Highstreet, an investment company that holds the majority of real estate rented to German department stores.

Bonds maturing in the 18 months following 31 December 2007

On 21 October 2008, the bond loan issued in 1998 at a fixed rate of 4.875% by Pirelli & C. SpA, with a value of 500 million euros, will expire.

On 7 April 2009, the bond loan issued in 1999 at a fixed rate of 5.125% by Pirelli & C. SpA, with a value of 150 million euros, will expire.

Conference call

The results of operations as of 31 December 2007 will be illustrated today at 5:00 p.m. during a conference call in which the Chairman of Pirelli & C. SpA, Marco Tronchetti Provera, will intervene.
Journalists will be able to follow the presentation by telephone, without the possibility to ask questions, by calling the number **+39 06 33485042**.
The presentation will also be available via webcast – in real time – on the website www.pirelli.com, in the Investor Relations section, where it will be possible to consult the slides.

The Manager mandated to draft corporate accounting documents of Pirelli & C. S.p.A., Claudio De Conto, 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 the Operating Income. The Gross Operating Profit is an intermediate performance measure represented by the Operating Income from which depreciation and amortization are subtracted.

Income from participations: income from participations consists of all the effects recorded in the income statement referring to investments that are not consolidated line-by-line. These include dividends, the share of the earnings (losses) of companies accounted for using the equity method, impairment losses of available-for sale financial assets and gains (losses) on the disposal of available-for-sale financial assets.
Movements in the fair value of assets available-for-sale that are recognized directly in equity are excluded.

Net financial position: this performance measure is represented by the gross financial debt less cash and cash equivalents as well as other interest-earning financial receivables.

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In order to allow for more complete information on the results obtained in 2007, attached are summary consolidated figures included in the Report approved by the Board of Directors. It should be noted that these figures are not subject to verification by the auditing company and that this latter has not yet completed its review of the parent company Pirelli & C. SpA financial statements or of the consolidated financial statements.

Attachment 1

PIRELLI & C. S.p.A. GROUP (million euros)			
	31/12/2007		31/12/2006
. Sales	**6,504.5**	*	4,841.2
. Sales (excluding deconsolidation DGAG)	**5,208.9**		4,841.2
. EBITDA	**580.9**		614.1
% on sales (excluding DGAG)	**11.2%**		12.7%
. EBIT	**366.9**		401.4
% on sales (excluding DGAG)	**7.0%**		8.3%
. Income from equity participations	**195.3**		790.7
. Operat. income incl. income from equity part.	**562.2**		1,192.1
. Financial charges/income	**(138.2)**		(143.1)
. Tax charges	**(133.5)**		(127.8)
. Net profit operat. activities	**290.5**		921.2
% on sales (excluding deconsolidation DGAG)	**5.6%**		19.0%
. Net profit discontinued operations	**33.1**		(1,970.0)
. Total net profit	**323.6**		(1,048.8)
. Net profit attributable to Pirelli & C. S.p.A.	**164.5**		(1,167.4)
. Attributable net profit per share (in euro)	**0.031**		(0.217)
. Shareholders' equity	**3,804.1**		4,686.6
. Shareholders' equity attributable to Pirelli & C. S.p.A.	**2,980.2**		3,879.6
. Shareholders' equity per share (in euro)	**0.555**		0.723
. Net financial position (assets)/liabilities	**(302.1)**		1,979.6
. Investments	**287**		255
. R&D investments	**173**		171
. Employees n. (at the end of the period)	**30,813**		28,617
. Number of plants	**24**		24
Pirelli & C. shares in circulation			
. ordinary (n. million)	5,233.1		5,233.1
. savings (n. million)	134.8		134.8
. Total shares in circulation	5,367.9		5,367.9

* of which DGAG deconsolidation impact 1,295.6 million euros

Attachment 2

(million euros)	Tyre	Real Estate		Broadband	Other businesses	Others	TOTAL
				31.12.2007			
. Sales	4,161.7	2,148.7	*	117.1	71.4	5.6	**6,504.5**
. Sales (excluding DGAG)		853.1					**5,208.9**
. EBITDA	548.6	61.8		(11.1)	(7.6)	(10.8)	**580.9**
. EBIT	358.1	50.4		(13.5)	(8.5)	(19.6)	**366.9**
. Income from equity participations	1.5	186.1		-	(0.3)	8.0	**195.3**
. Operating income incl. income from eq. part.	359.6	236.5		(13.5)	(8.8)	(11.6)	**562.2**
. Financial charges/income	(55.2)	(41.5)		(3.9)	(0.5)	(37.1)	**(138.2)**
. Tax charges	(93.9)	(34.1)		0.0	(0.5)	(5.0)	**(133.5)**
. Net result businesses in operation	210.5	160.9		(17.4)	(9.8)	(53.7)	**290.5**
. Net financial position (assets)/liab.	559.6	289.7		21.5	5.6	(1,178.5)	**(302.1)**

* of which DGAG deconsolidation impact 1,295.6 million euros

(million euros)	Tyre	Real Estate	Broadband	Other businesses	Others	TOTAL
				31.12.2006		
. Sales	3,949.5	702.0	129.4	69.0	(8.7)	**4,841.2**
. EBITDA	533.7	113.1	1.1	0.5	(34.3)	**614.1**
. EBIT	342.3	103.7	(0.3)	(0.2)	(44.1)	**401.4**
. Income from equity participations	(2.4)	110.7	(1.0)	-	683.4	**790.7**
. Operating income incl. income from eq. part.	339.9	214.4	(1.3)	(0.2)	639.3	**1,192.1**
. Financial charges/income	(54.1)	(3.1)	(1.6)	(0.1)	(84.2)	**(143.1)**
. Tax charges	(86.5)	(49.3)	(0.4)	(0.5)	8.9	**(127.8)**
. Net result businesses in operation	199.3	162.0	(3.3)	(0.8)	564.0	**921.2**
. Net financial position (assets)/liab.	601.5	96.4	13.1	0.0	1,268.6	**1,979.6**