



9M 2007 Group Results
9th November 2007

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

PROPOSALS OF THE BOD TO THE SHAREHOLDERS

- On 25th October 2007, Pirelli & C. SpA, sold its stake in Olimpia with a cash in of €3,329 mn
- The Board of Directors today has approved the proposal of a share capital reimbursement finalized to the distribution of an “extraordinary dividend” for €0.154 per share. At the same time, it has given mandate to the Chairman to begin contacts with Speed Spa to evaluate possible re-purchase of the 38.9% of Pirelli Tyre

CAPITAL REIMBURSEMENT PROPOSAL

- Reduction of the shares par-value from €0.52 to €0.29, with creation of available reserves for €1,235 mn
- Distribution to shareholders of €0.154 per share for a total of €827 mn
- Available reserves for a total amount of €408 mn

TIME TABLE

- 9 November 2007: Approval of the proposal by the BoD and call of Shareholders Meetings
- 12 December 2007: Extraordinary Shareholders Meeting to approve share capital reduction and the distribution of reserves to shareholders
- 14 December 2007: Savings Shareholders Meeting
- Mid-March 2008: Payment of an “extraordinary dividend”

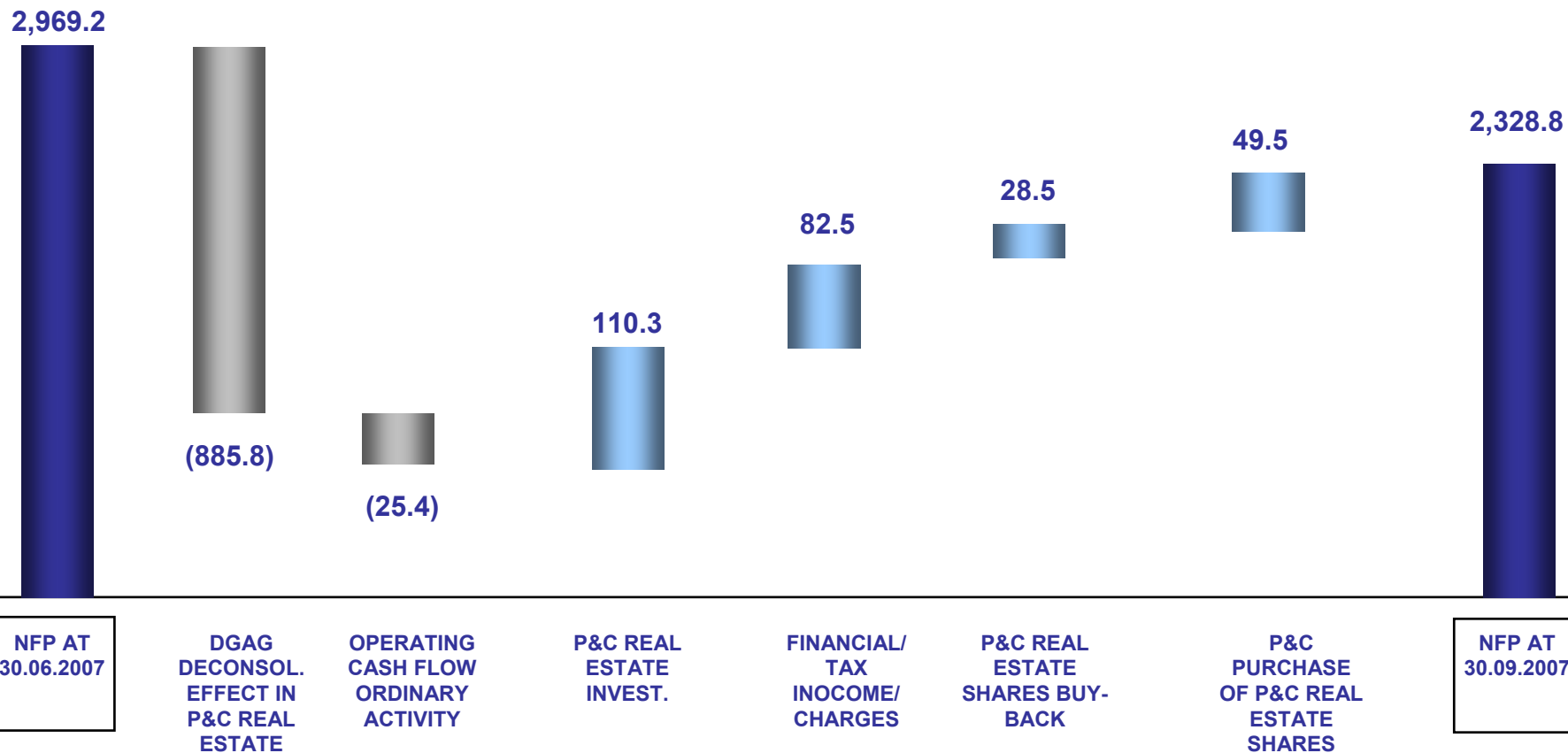
9M 07 PIRELLI GROUP FINANCIAL HIGHLIGHTS

€/mn	9M 07 IAS/IFRS	9M 06 IAS/IFRS	Δ 07/06
Net Sales (as reported)	5,234.4	3,623.1	+44.5%
Net Sales (2007 excluding DGAG effect) (*)	3,951.2	3,587.3	+10.1%
EBIT including Result from Equity Part.	450.0	813.2 (**)	
Net Income (Loss) before Discontinued Operations	207.1	572.5	
<i>% on sales (2007 excluding DGAG effect)</i>	5.2%	15.8%	
Discontinued Operations	36.2	(1,983.0)	
Total Net Income (Loss)	243.3	(1,410.5)	
Attributable Net Income	129.8	(1,472.4)	
Attributable Net Income per Share	0.024	(0.276)	
Net Financial Position	2,328.8	1,430.8	
of which DGAG (Pirelli RE)	93.2		

(*) Same exchange rate and disposal for deconsolidation of DGAG activities in Pirelli RE in 2007

(**) Including €416 mn of capital gain from the private placement of 38.9% of Pirelli Tyre

PIRELLI GROUP NFP VARIATION – 3Q 2007 BALANCE SHEET





PIRELLI

9M 2007 Pirelli Tyre Results

9M 07 PIRELLI TYRE RESULTS

€/mn	9M 07 IAS/IFRS	9M 06 IAS/IFRS	Variation											
Net Sales	3,191.8	2,990.6	+6.7%	<table border="1"> <tr> <td>ΔPrice/mix:</td> <td>+4.5%</td> </tr> <tr> <td>ΔVolumes:</td> <td>+3.5%</td> </tr> <tr> <td>ΔActual Variation:</td> <td>+ 8.0%</td> </tr> <tr> <td>ΔExch. Rates:</td> <td>-1.3%</td> </tr> <tr> <td>ΔTotal:</td> <td>+6.7%</td> </tr> </table>	ΔPrice/mix:	+4.5%	ΔVolumes:	+3.5%	ΔActual Variation:	+ 8.0%	ΔExch. Rates:	-1.3%	ΔTotal:	+6.7%
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ΔActual Variation:	+ 8.0%													
ΔExch. Rates:	-1.3%													
ΔTotal:	+6.7%													
EBITDA	430.6	418.1	+3.0%											
EBITDA margin	13.5%	14.0%												
EBIT	286.2	271.4	+5.5%	<table border="1"> <tr> <td>ΔCommercial Variations:</td> <td>€ 100.0 mn</td> </tr> <tr> <td>ΔEfficiencies:</td> <td>€ 13.4 mn</td> </tr> <tr> <td>ΔUnit. Costs/Other:</td> <td>€ (98.6) mn</td> </tr> <tr> <td>ΔTotal:</td> <td>€ 14.8 mn</td> </tr> </table>	ΔCommercial Variations:	€ 100.0 mn	ΔEfficiencies:	€ 13.4 mn	ΔUnit. Costs/Other:	€ (98.6) mn	ΔTotal:	€ 14.8 mn		
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ΔEfficiencies:	€ 13.4 mn													
ΔUnit. Costs/Other:	€ (98.6) mn													
ΔTotal:	€ 14.8 mn													
EBIT margin	9.0%	9.1%												
Net Income	160.0	153.6	+4.2%											

- Net Sales organic growth still at high level (+8.0%)
- Volumes up 3.5% driven by strong OE demand
- Price/mix up 4.5%, still not offsetting y/y increase of raw mats and energy costs

9M 07 PIRELLI TYRE RESULTS BY BUSINESS SEGMENT

€/mn

		9M 07 IAS/IFRS	9M 06 IAS/IFRS	Variation
CONSUMER	Sales	2,212.2	2,072.0	+6.8%
	EBIT	201.8	188.8	+6.9%
	ROS	9.1%	9.1%	
INDUSTRIAL	Sales	979.6	918.6	+6.6%
	EBIT	84.4	82.6	+2.2%
	ROS	8.6%	9.0%	

- Consumer sales organic growth 8,2%, driven by volumes mainly in the Americas (OE and Repl.) and price /mix everywhere
- Industrial sales organic growth 7,7%, driven by volumes mainly in Rapid Developing Economies and price /mix everywhere
- Profitability is stable on Consumer segment while still suffering from higher costs on Industrial segment

PIRELLI TYRE ONGOING INVESTMENTS



AGENDA



- *November 27, 2007:*
Yanzhou - New Car Tyre Opening Ceremony



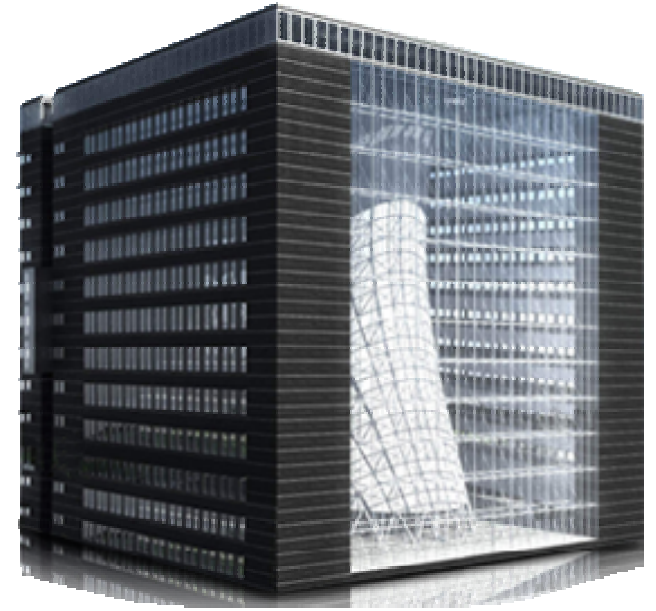
- *November 29, 2007:*
Shanghai - “The Cal 2008” launch



9M 2007 Pirelli Broadband Solutions Results

9M 07 PIRELLI BROADBAND SOLUTIONS RESULTS

	3Q 07	3Q 06	9M 07	9M 06
Net Sales	36.1	29.9	91.9	102.6
Δ%		20.7%		-10.4%
EBITDA	(2.5)	0.0	(8.4)	(0.1)
EBIT	(3.2)	(0.4)	(10.1)	(1.0)
Net Income (loss)	(4.7)	0.8	(12.6)	(2.5)
NFP			46.0	9.0



3Q 2007 Pirelli Real Estate Results

PIRELLI RE RECENT ACHIEVEMENTS

- Assets under Management (Real Estate and NPLs) €15.5 bn, of which around 27% is co-invested by Pirelli RE
- EBIT including Income from Equity Participations, net of DGAG consolidated effects stood at €141,2 million or 22% increased compared with 9 months 2006
- Consolidated Net Income at €95.8 million, + 14% relative to 9 months 2006
- DGAG deconsolidation almost completed, resulting in a net financial position of €337.4 million, compared with €1,094.8 million at end June 2007)
- Full year growth in EBIT including Income from Equity Participations expected to be in line with targets contained in 2006-2008 three year plan (CAGR 10-15%)

9M 07 PIRELLI RE CONSOLIDATED P&L

€/mn	9M 07 IAS/IFRS	9M 06 IAS/IFRS	Δ 07/06 %
Pro-quota Aggregate Revenues (*)	1,071.9	915.1	+17%
Consolidated Revenues (*)	612.5	464.4	
EBIT Incl. Income from Equity Participations (**)	164.0	115.6	
Profit before taxes	123.4	114.6	
Net Attributable Income	95.8	84	+14%

(*) Net of including impact of DGAG assets deconsolidation for €1,283.2m in 9M07

(**) EBIT including income from equity Participations net of DGAG consolidation amounts to 141,2 € mln (+22%) in 2007

9M 07 PIRELLI RE CONSOLIDATED BALANCE SHEET

€/mn	9M 07 IAS/IFRS	9M 07 After DGAG decons.	FY 06 IAS/IFRS
Fixed Assets <i>(of which Investments in Participated Company and Funds)</i>	855.4 569.1	868 582	581.7 426.1
Net Working Capital	256.1	240	283.3
Net Invested Capital	1,111.5	1,108	865.0
Shareholders' Equity <i>(of which Group Shareholders' Equity)</i>	687.8 684.6	688 685	708.7 700.3
Funds	86.3	86	59.9
Net Financial Position <i>(of which DGAG NFP)</i>	337.4 93.2	334 90	96.4
Total	1,111.5	1.108	865.0
NFP not including Shareholders' Loans <i>(of which DGAG NFP not incl. Shareholders' Loans)</i>	926.9 271.0	796 140	430.5
Gearing NFP not including Shareholders' Loans	1.35	1.16	0.61

**WE CONFIRM 2007 INCREASE IN P&L RESULT, WITH A
SOUND FINANCIAL STRUCTURE**

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.

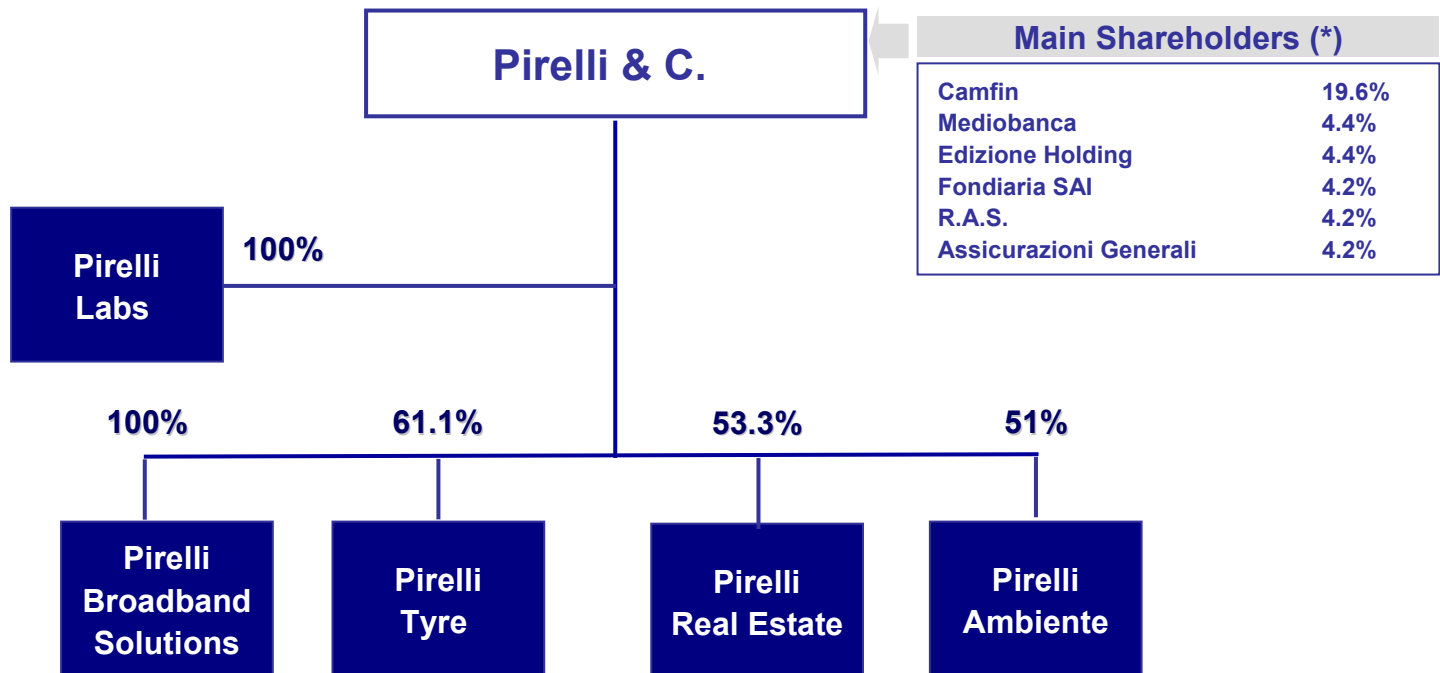
Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors.

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.

BACK-UP SLIDES

PIRELLI NEW GROUP STRUCTURE



(*) The stakes above are only the ones belonging to the Shareholders Agreement of 4th July 2007, which regroups 46.2% of the ordinary share capital. On 12th September 2007, Camfin announced to hold, directly or indirectly, an additional 5.9% stake of Pirelli & C. SpA ordinary share capital

9M 2006 – PIRELLI GROUP RESULTS

€/mn	PIRELLI TYRE		PIRELLI BROADB.SOLUT.		PIRELLI REAL ESTATE		GRUPPO AMBIENTE		ALTRO		GRUPPO PIRELLI &C. CONS.	
	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06
Sales	3,191.8	2,990.6	91.9	102.6	1,895.7	464.4	50.7	54.5	4.3	11.0	5,234.4	3,623.1
Δ %		6.7%		-10.4%		n.s.		-7.0%				44.5%
Δ % Organic Sales		8.0%		-10.4%		31.9%		-7.0%				10.1%
EBITDA	430.6	418.1	(8.4)	(0.1)	33.3	58.9	(4.5)	1.5	(6.0)	(16.4)	445.0	462.0
% on sales (2007 excluding DGAG effect)	13.5%	14.0%									11.3%	12.8%
EBIT	286.2	271.4	(10.1)	(1.0)	26.1	52.3	(5.0)	0.9	(12.0)	(23.9)	285.2	299.7
% on sales	9.0%	9.1%									5.4%	8.3%
% on sales (2007 excluding DGAG effect)											7.2%	8.3%
Result from Equity Participations	0.4	0.3			137.9	63.3			26.5	449.9	164.8	513.5
EBIT post Result from Equity Participation	286.6	271.7	(10.1)	(1.0)	164.0	115.6	(5.0)	0.9	14.5	426.0	450.0	813.2
Financial Income/Charges	(43.2)	(42.3)	(2.5)	(1.0)	(40.5)	(1.0)	(0.3)		(46.8)	(85.0)	(133.3)	(129.3)
EBT	243.4	229.4	(12.6)	(2.0)	123.5	114.6	(5.3)	0.9	(32.3)	341.0	316.7	683.9
Tax Income Charges	(83.4)	(75.8)		(0.5)	(21.0)	(29.2)		(0.4)	(5.2)	(5.5)	(109.6)	(111.4)
Net Result Before Discontinued Operations	160.0	153.6	(12.6)	(2.5)	102.5	85.4	(5.3)	0.5	(37.5)	335.5	207.1	572.5
% on sales (2007 excluding DGAG effect)	5.0%	5.1%									5.2%	15.8%
Discontinued Operations									36.2	(1,983.0)	36.2	(1,983.0)
Net Income	160.0	153.6	(12.6)	(2.5)	102.5	85.4	(5.3)	0.5	(1.3)	(1,647.5)	243.3	(1,410.5)
% on sales (2007 excluding DGAG effect)	5.0%	5.1%									6.2%	n.s.
Attributable Net Income											129.8	(1,472.4)
Net Financial Position	687.0	783.3	46.0	9.0	337.4	94.9	12.8	(0.3)	1,245.6	543.9	2,328.8	1,430.8

(I) includes €1283.2 mn of deconsolidation of DGAG activities, without impact on EBIT

(II) of which DGAG impact on Pirelli Real Estate for € 93.2 mn

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



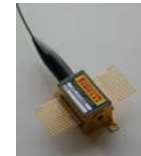
Set Top Box

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



PIRELLI AMBIENTE: ENVIRONMENTAL GROUP'S SOLUTIONS

PIRELLI AMBIENTE
ECO TECHNOLOGY

Gecam TM, Filters



Reducing the
emissions of
particulate in
Diesel Engines

PIRELLI AMBIENTE
RENEWABLE ENERGY

Energy recovery from
municipal solid waste
(SRF-P)



Reducing CO₂
emissions,
developing use of
Renewable Energy
Sources

SOLAR UTILITY SpA
(50% STAKE)

JV in the photovoltaic
energy sector



9M 07 PIRELLI AMBIENTE RESULTS

€/mn	9M 07 IAS/IFRS	9M 06 IAS/IFRS	Variation
Net Sales	50.7	54.5	-7.0%
EBIT	(5.0)	0.9 (*)	<i>n.m.</i>
Net Income	(5.3)	0.5	<i>n.m.</i>

(*) Including €2.9 mn of agreement with RE Energy for CDR

- Sales consolidation of Gecam and start-up of anti-particulate filters for industrial vehicles' diesel
- Set up of industrial production platform for the filters start-up
- Production of high-quality fuel (CDR-P) through a company related to I.D.E.A. Granda project
- Engineering services, due diligence and project management mainly captive