

Good afternoon, ladies and gentlemen, welcome to Pirelli's conference call, in which our Chairman, Mr. Marco Tronchetti Provera, will release first half 2007 group results. I remind you that the Q&A session will follow after the presentation and that you can find the presentation slides and the audio streaming of the event in the investors relation section of the Pirelli website. Now, let me introduce you to Mr. Marco Tronchetti Provera. Thank you.

Good evening, ladies and gentlemen, and thank you for joining us for our conference call. Today we are commenting Pirelli group's first half 07 results. I'll give you an overview of them. And then Mr. Gori will give you some insights of Pirelli Tire results, and Mr. De Conto will develop more on Pirelli Broadband solutions. And, finally, Mr. Puri will go through Pirelli Ambiente and Pirelli Real Estate results. After the presentation a Q&A section will be held. Before going through Pirelli group's results I'd like to remind of any events occurred after the 30th of June 07. On the 19th of July Pirelli presented in Slatina, Romania, the state of the art of the new industrial and technological pole of the group in Romania for the automotive sector. Besides the building of new factories in Romania and China, we are also screening new opportunities in areas of growth like India and Russia. As regards Pirelli Real Estate, in July the public offer of quarters on Tecla fund by Gamma Real Estate, a joint-venture of Morgan Stanley and Pirelli Real Estate, has been closed. Reaching more than 86% of quarters reporting rights. Pirelli Real Estate (...) group also signed a binding agreement for the purchase of 100% of BauBeCon, the German real estate group, from the United States private equity funds. On 27th of July Pirelli acquired 2% of Pirelli Real Estate for 34.4 million, approximately... equal to approximately 40 euro per share. Finally, Pirelli Ambiente and Global Cleantech Capital, a private equity fund specialized in clean energy investments, signed up an agreement to set up solar utilities has created a 50-50 joint-venture in the photovoltaic energies sector. Now we'll go through Pirelli group's first half 07 results.

Preliminarily, 07 results have already been disclosed on the 27th of July. So, quickly let me point out the improvement in net sales, which stood at 2.7... close to 2.7 billion, an increase of 10.6% from first half 06, including sales deriving from the partial deconsolidation of the DGAG by Pirelli Real Estate; the increase is up by 30.7%. EBIT including income from equity participation amounted to 341.6 million, up 10.2% from 310 million on 30th June 06. Net income before discontinued operation was 181.3 million, an increase of 48.6% from 121.9 million at the end of June 06. Total net income including discontinued operations was positive at 198.3 million, there was 108.2 million of attributable net income. Net financial position was negative for 2.9 billion including the DGAG impact for 979 million. You can find further details in the back-up section.

Slide number 4 shows the group EBIT, which, at the end of June 07, was equal to 214 million, substantially in line with the 216 million in first half 07. Pirelli variation were an EBIT of... an increase of 11.7 million in Pirelli Tire. Pirelli Broadband Solutions EBIT variation was negative by 6.3 million. Pirelli Real Estate EBIT variation was negative by 18.2 million, even though for Pirelli Real Estate a significant value is the EBIT resulting... including results from equity participations, a positive variation for 33.1 million. EBIT of other activities was positive for 15.4 million, of which 9 million are non recurring items, and around 6 million of cost efficiencies.

Now I like to show you more in detail the net financial position variation, slide number 5, which, at the end of June 07, amounted to 2.9... 2.969 billion. The main items were the 839 million due to the DGAG deal; 167 million of net cash-flow referring to ordinary activity mainly due to seasonality of working capital in industrial operations; 74 million of dividends to minorities; 91 million of cash-in from Prysmian warrant.

Now I'll give the floor to Mr. Gori for the first half 07 results of Pirelli Tire. Here is Mr. Gori.

Thank you, Mr. Tronchetti and good afternoon to everybody. Pirelli Tire net sales increase to 2 billion and 151.4 million from 2 billion 18.4 million in half... first half 2007; +6.6% year-on-year. Organic growth stood at +8.4%, from both consumer and industrial segments. Volumes were up 2.9% driven by successful OE achievements. EBITDA and EBIT improved with stable ratios at EBIT level; 2007 net income lowered by higher financial costs linked to 2006 financial restructuring.

Slide number 8 illustrates Pirelli Tire main figures by segment. As you are probably aware of consumer segment includes both car and motorcycle tires while for industrial we means truck tires plus steelcord. As you can see, consumer segment accounts for the major part of tire first half 07 results, with sales at 1 billion 492.1 million, +6.4% year-on-year. Consumer sales organic growth was up 8.1%, driven by volumes mainly in the Americas (OE and Replacement) and price/mix everywhere. Consumer EBIT stood at euro 149.1 million, equal to 10% on sales. Coming to the industrial segment, sales amounted to euro 659.3 million, +7.1% from 615.7 million euros in the first half 2006. Industrial sales organic growth was up 9.2% driven by volumes mainly in the emerging markets and price/mix everywhere. Industrial EBIT was in line with euro 57.2 million of previous year still suffering from raw

materials' higher costs in first half 2007. Now Mr. De Conto will go through Pirelli Broadband Solutions results.

Slide 10.

Thank you Mr. Gori, and good-afternoon everybody.

Net sales were 55.8 million, from the 72.7 million of first half 2006. This was mainly due, as far as the BBA business is concerned, to a different purchase in planning by the telecom operators. This has called the same shift from the first to the third quarter, or at least we expect so, so that by the end of September, the gap versus prior year should be reduced. EBIT was negative by 6.9 million, mainly due to the abovementioned sales trend and to the impact of R&D cost in the photonic division, and also to the contraction of margins for all the products of BBA. But focusing on this I'll give you a brief overview of the activities which are taking place at the moment.

As far as the access is concerned, we will be leveraging on new products... we are actually trying to leverage now on these new products, and on new customer especially, especially ... tire 2 and 3.

As far as the products are concerned, we have started sales and tenders of SET-TOP-BOX of which we are one of the few companies in the world, and the only one in Italy, with the Microsoft certification. In the meantime, we are selling an hybrid SET-TOP-BOX, which is MS compliant, that has permitted Telecom Italia to face the rise up of demand in the APTB. We are supporting as usual our customers in finding new solutions and responses to the different requests of the market, of course a high competitive market at the moment, due to the trend of the telecom operators.

Due to this, we are now achieving a good result with our products in many tenders in Europe for possible sales in late 2007 and 2008, which will constitute part of the recovery I was referring to before.

Coming to photonic. The photonic market suffers all over the world a sensible decrease, due to the contraction of investment in infrastructure. In any case, the increase in demand in the IPTV and other IP services should move the telecom to an increase of investment, with a positive effect in all the photonic market. We are working on this to face this evolution by improving the product portfolio in terms of performance. For this reason, our CWDM City 8th will be enhanced from 2.5 to 10 gigabits; and our dynamic tunable laser products after the positive certification by some of the most important players, have been delivered to the main kinds for the final integration in their system and testing and for the first sale, we hope, in the last months of 2007. This acceleration in our learning and in the positive feedback provided by the clients, will allow us to be able to add modules to other offer, and not only components, and consequently deliver to the market our first module of transponder.

Now I give the floor to Mr. Puri for Pirelli Ambiente and Pirelli Real Estate results.

Thank you, good evening to everybody. First of all, let me remind you that the environment business, is still a start-up for our Group, and it's characterized by three main activities: one is the eco technology, that is the production of white diesel Gecam, with a low environmental impact fuel and of diesel particulate filters, both the solutions allow a significant reduction of the emissions of diesel engines; the second one is the renewable energy, which develops solutions for the use of renewable energy, for instance from the recovery of municipal solid waste; the third one we just started, it is a solar utility SpA, that Mr. Tronchetti talked about, where we just signed in July a JV 50-50 with Global Cleantech Capital, and we want to develop the solar utility to operate photovoltaic plans in Italy to produce and sell green energy, where the incentive from the Italian government are quite high. And then we have an activity that we want to sell, that is a Site Remediation, that is working on environmental reclamation and requalification of contaminated sites. That is too complicated in our country.

The numbers are still the numbers of a start-up. The main difference with 2006 is the sale, that we have done last year, to an English company of the license of what we call CDR, so the renewable energy from waste, for 2.9 million, that we don't have this year. Another impact we have this year is the set-up of the production of the platform for the filters and plants that we are building in Romania. Still now the only production we have of CDR, so the recovery of municipality solid waste, is through the participation of 40% in a company called I.D.E.A. Granda, and is on the way a new contract with the municipality in Italy to have a partner that can do the lobbying that we need to develop this project to the Italian administration.

The last one, that we signed last month, is a solar utility. It will start at the end of this year and for the beginning we just plan to invest something in equity around 20-24 million in the next few years.

Now I will go through the results of Real Estate. We have given already the results yesterday, during the conference call. So, I will go very briefly to the main points. For the people who have not heard yesterday.

We have an increase in our asset under management... from... up to 15.5 billion euro, for the first time we have nearly 27% of this portfolio outside Italy, and mainly in Germany and Poland, the rest is in Italy. We have done acquisitions of this part... of this 15.5 for 3 billion, up to a target that we have this year of 4.5; of these 3 billion 2.4 are already completed, and the rest has to be completed in the next months. As was disclosed in July, EBIT, including the income from equity participation, increased by 36% and went up to euro 125 million. In addition to our international expansion, we have done two main... biggest acquisitions: one of the DGAG and the second one of Baubecon. And in less than one year we arrived to own nearly 3 billion of asset under management in Germany; so it's above our 3-year plan target for 2008 and it's positioning our company among the top 5 real estate private players in the country.

The average price for square meter is, roughly, 30% below the replacement cost and is something more than 900 euro per square meter.

Last July, following what we have done in Poland, that was quite a successful start-up, already quite remunerative, we have signed a joint-venture agreement with local banks of Unicredit group, one in Romania and the second one in Bulgaria, that we consider very interesting markets with an increase in demand, a strong demand for good products, especially housing. In our facility management business we have recently called the opportunity to set up a joint-venture with Intesa San Paolo, to help our expansion in Europe, in fact with the support of a strong financial partner we intend to create a European leader in these segments, and our target revenue will be more than 1 billion... this year with the acquisition we have done in the first half of the year of another company, we will reach... we will not be very far from half a million, of turnover.... and we want to reach an EBITDA... from what we have now that is... under 30, and next year we think to be more than 33-35 and to reach 60 million in the medium term.

Looking at our profit and loss account. The aggregate pro-quota revenue increased by 21%, over last year to around 811 million euros, as I already mentioned the EBIT including the equity participation grew up to 125. The result of investment in asset under management fees was only 11 versus 18 of last year, but such amount does not include around 6 million of success fees already accounted in our funds, that at the Pirelli level will be accounted just in the second half of the year. In addition to that, we estimate that there are in our portfolio additional extra fees for success fees... for the portfolio we manage of around 90 million, that will be generated between the second part of the year and the next two years. As regarding the service division, sales increased by 38%, at the EBIT including income from equity participation, and in this regard it's important to point out that to complete all the profit and loss in terms of net profit our company has had a result of 80 million, with a growth of 30%, with respect of the fourth... half of 2006.

Going to the balance sheet figures. The most important highlights are the net financial position that is 1 billion 94 million, the pro forma adjusted net financial position after the deconsolidation of the DGAG that is, we think will be anticipated at the end of September, instead of at the end of the year, will be estimated at approximately 260 million, compared with roughly 100 million of last year. And the increase is... most of the increase is for the payment of dividends. The adjusted net financial position, excluding shareholders loans, reached 1.4 billion and, again, the pro forma adjusted net financial position after the deconsolidation of the DGAG, that is what is important, is estimated around 571 million, compared with 430 at December 2006; the difference, again, is dividend. The pro forma gearing after the deconsolidation is estimated around 0.8, in line with the good line provided for the current year.

Before giving the floor back to Mr. Tronchetti, let me confirm what I've already said yesterday, that we expect to deliver for the entire year an EBIT, including income from equity participation, above what we have set for the three-year plan target, that is 10-15% of kaiger. Thank you.

Thank you, Carlo. As usual, I'd like to close the presentation with a brief outlook: a very brief one. We confirm improvements in 07 results, a sound financial structure that, I remind you, will benefit from the cash-in from the Olimpia sale, cash-in prepared... will be because of the 3.3 billion, out of a disvalue of 4.1 billion. (...) holding will benefit for the 800 million. Thank you, everybody, for joining the presentation, now let's start the Q&A session. Thank you.

Q&A session:

1. Ms. **Carola Bardelli** from **Deutsche Bank**:

Yes. Good afternoon. I'd like to know, if possible, the exact size of the parent company's equity as of the end of June 07. I guess that's the equity on which dividends could be paid, so I wanted to know also if there is a minimum size of equity that you would like to keep going forward. And then a couple of other questions, if I may. So, one is if you would exclude a buy-out of the minorities of the real estate. We saw you bought a 2% stake before this summer. And also I wondered if you have something you can do with the 1.3 billion loss carried forward that you have on your balance sheet. And, finally, a provocative question: I was wondering if there is a plan B for the Olimpia disposal in case the Telco deal was not going to go ahead. I know there is a low probability, but I was wondering if there is potentially a plan B? Thank you very much.

Could you please repeat the first question, because it was very difficult to listen, so also to understand it.

The first one. Okay. It's very easy. It's just the equity size at the end of June for the parent company. So I'm wondering about the number. I think it was 2.9 billion, at the end of March, so I was wondering what the new number was and if you have a minimum of equity that you want to keep going forward, as, you know, the market is speaking of, you know, jumbo dividends from Pirelli, so I was trying to understand what the size could eventually be. Thank you.

So, starting with the first question: the existing equity's 2.9, there is no decision taken, and we underlined many times that no decision will be taken about dividends... dividend policy until the Olimpia deal is finalized. So, in case of a change in the equity, there will be a Board that will make the decision on how the liquidity coming from the deal will be invested. Going to the last question, before leaving the floor to my colleagues for the other questions, the Olimpia cash-in will be definitely used to... at corporate level to reduce the (...) and as you know, at the corporate level is around 1.3 billion. Then, we... I personally said that tires are an interesting business, and then we are ready to discuss a possible buy-back, but we will do it, so we will buy back a 30% that is in the hands of the banks if the price is convenient. So, if there is a good deal for both of us, that's great. So, it could be done. So this is... so, these are the guidelines, and then, anyhow we have to wait to finalize the deal, and then the Board will make the decision in order to use the liquidity coming out of the deal at best, in order to create value for all the shareholders. So, now I give the floor to Carlo Puri to answer the question about real estate that wasn't so understandable, because the line was not very good. So, if you can please repeat the question about real estate?

No, it was actually...

Oh, it was certainly the buy-back... the buy-back of...

Yeah, the buy-back of the real estate.

Yes. So, we did it because what we... there was better opportunity in the market. We were, and we are, convinced that the value of Pirelli Real Estate is affected mainly by the general situation of the market, due to the subprime problem, but that we have nothing to do with this. And so, even the financing of the company, the level of debt is very low, the financing is 80% fixed rate, so we don't have any major... any major problem coming from... coming out of it. So, the... we see that in the future it could even become an opportunity. So that's why we made the buy-back of the shares.

So, could you go on buying more, or is it something you would exclude at this stage?

Who knows?... it depends. If there will be an opportunity that is interesting, we will consider it if it will be convenient for the company... we will see. So, it's... no decision has been taken, and there are no opportunities around.

Okay.

Thank you.

I was wondering about... the last question was about the loss carried forward... I think you have, if I'm not wrong, 1.3 billion of loss carried forward on your balance sheet. Do you see any opportunity... that's at the consolidated level, I think... Do you see any opportunity of using those somehow? Thank you.

I'll leave the floor to Mr. De Conto who will give you the answer.

Thank you.

Unfortunately most of the tax loss is coming from the devaluation and, subsequently, from the sale of Olimpia, where we lost value. According to the Italian tax law, that loss cannot be compensated, so we will not be able to activate... and we cannot use that.

Okay. Thank you.

Thank you.

2. Ms. Monica Bosio from Caboto:

Yes. Good evening. I'd have two questions. One is on the tire segment: is it... would it be possible to quantify future investments in emerging countries such as Russia or India? And the second question relates to the likely cash-in from the Telco deal: do you see the use of part of the cash from Telco in a buy-back on Pirelli SE as a likely scenario? Thank you very much.

First of all, in the investment in tires... so, all the investments we are talking about: Russia, India, are opportunities to build, or to buy factories; the investments we have in mind are around 100 million in each country. So, it's something that can be financed directly without problems by the tire company. The cash-in: the cash-in... it's too early to say, and I don't want to say anything before the discussion has been held inside the Board. So, really... we have to discuss it. Ex dividends... buy-backs... so, it's something... no decision has been taken, and so, as soon as we cash in, we will discuss it with the Board, and we will tell the market.

Okay. Thank you very much.

Thank you.

3. Mr. Martino De Ambrogi from Euromobiliare SIM:

Good evening everybody. The first question's on the tire division: if it's possible to quantify the free cash-flow in the first half taking into account net working capital we don't know, and also the dividend policy... we don't know exactly what the dividend paid this year was. So, for Mr. Gori the first one. The second one is for Mr. Puri. Considering your guidance, in excess of 15% for the current year, what would be the guidance excluding both the capital gain on the facility division and the provisions, the 7 million provision for restructuring that you recorded in the first half. And the third: I understand no decision has already been taken, but there are many options for the reinvestment of the cash. What's your first personal priorities? Thank you.

Okay. So I'm Francesco Gori answering the question about free cash-flow in the first half. It's been positive for around 80-90 million euros.

Okay.

Well, I cannot give any answer about the dividends, of course, because we have to go through the second half, and then the Board will decide.

So you didn't pay dividend in the first half?

Okay. So, I'm Puri, I am going to answer to...

No, only dividends coming from the previous P&L and balance sheet, not from the current one.

Yes, yes. I am referring to the... to what has already been paid in the first half this year on last year's net profit.

It's around 75 million euros.

75? Okay. Thank you.

Okay. I think that what we've done with the facility was not well understood. So I'll try to explain it again. We have bought a company that is called Ingest Facility from FIAT. This company needs to be restructured. The sum of what we had before and the new one gives us the possibility to have a turnover a little bit less... we will have, at the end of this year, a turnover a little bit less than 500 million euros in the facility activity. Already this year we will increase our EBIT a little bit more than 40%, and we think it will be nearly 80 next year. So we think that, still maintaining the control of the company at 51, what we have had as capital gain this year is not an anticipation of the results of the future years, because we have nearly doubled the company, and this gives us the possibility probably to become a point of aggregation of all the company; to give you the size, being the first one in Italy, we have 5% of the market. So, the market in Italy, and the market in continental Europe is very spread out and there is a great possibility for growth, and I think, within this dimension, that is still small, but double than what it was before, the possibility is a lot higher. So, I see from all the comments that you have to see this profit like an anticipation of future dividends. I don't think it's like this. And the growth of... the result of the full... of the whole year, will be, for what we can see today, if no other disasters in the financial market happen, to be better than what we have said of our growth in our three-year plan. So, the growth that we have said is 10-15, and we are saying that it's more than this. If you want to say... the thing that is more appropriate is the growth that we have had in the first six months, if we won't have the DGAG in consolidation for 900 million, that is provisional, because it will go out at the end of September, this growth of 36% will be 21%. And I think this gives you the dimension of how we are running today, and what we can do in the second part of the year. For the other question, I just can answer the same thing the Chairman has said, and I think that as soon as we have the money in the company, we will see all the opportunities we have in front, and for sure we will start from our core business before going to see something else. But it's a lot better to have money in the house and then to think what to do, than to speak about it before. I think this makes a lot of sense. Thank you.

Yes, well... if I may, on...

Going to the last question... what I do prefer... what I do prefer in this time is to be liquid, because I think that the market condition is such that it's very good to be in a position to have liquidity. Then the priorities are the priorities I mentioned before, and then the Board will take the decision on how to use the liquidity. So, this is what I can say... today I cannot say anything more, except that about tires we mentioned many times that price is the issue. If it's convenient, we will do something in the real estate business. If there's something convenient, we can also look at this with a positive attitude. And then, for the decision to give some money back to shareholders, it's something that will be discussed inside the Board, I'm not against it, and the discussion will be open, and we will do what is in the interest of all the shareholders.

Thank you. If I may follow up on Pirelli Real Estate. Well, I assume to have more or less understood what you were explaining on the facility management division deal, but my question was: if we exclude, for the current year, the 42 million of, we can say, non-recurring gains, for the deal this year, and the 7 million... probably 7 point something... of provisions for restructuring, that means you should have 35 million less, more or less, of EBIT including shareholdings at equity this year. So, my question was: what would be the guidance, excluding these, I consider, non-recurring items, for the current year?

The result about fees of asset management and services...

...

So, what... I'll try to repeat it in a more... oh, I was speaking... I was translating... I was translating you, so I made a big confusion... what I think is we can move with the same speed we had in the first semester... normally the second part of the year is stronger than the first part of the year. This is a cycle that always happens like this... so I think we can grow more than 15, close to 20% of EBIT, including results from equity participation. This is what I can answer to you.

Perfect. Thank you.

Or, if you want to see it in another way, if you take out, and we were very precise yesterday in giving numbers... so, of services and in asset management and specialized services, I don't have the number in front of me, but I think I remember well... we couldn't use all the fees of asset management, because they come out of the funds, and even if the balance sheet of the fund that has (...), we cannot have the Pirelli level. So, let's say that in the first months.. in the first six months it was something around 16-17 million, and the service EBIT was around... without extraordinary items, around 21-22. So we can speak about something in the round of 38; the second part of the year normally is a bit stronger, so you have to do something more than double it. And you'll obtain the number you want.

Yes. Yes.

I cannot be any more precise than this, because it would be fantastic to know exactly the number. But this is roughly what comes out. It's more than 38 for sure for the second part of the year.

Perfect. Thank you very much. That's what I needed.

Thank you.

There are no more questions.

4. Ms. **Valentina Romitelli** from **UBS**:

Thank you. Just a clarification on... I would like to check Mr. Gori's indication on dividends from Pirelli tires. Does the 75 million refers to Pirelli parent company stake or does that refer to the whole capital? So it has been the total distributed to your minority shareholders? And the second question always about tires is: could you give us an updated breakup of revenues from original equipments? And after market and how that compares to H106? Thank you.

For what concerns the dividends, we paid around 75 million euros... of course pro quota to the shareholders of Pirelli Tire. And this has gone through the first half... 2007. As far as the OE replacement ratio, this year OEM is slightly higher, on net sales it's around 22%, while last year we stood at 20% on our total net sales.

Thanks.

So, if there are no more questions, I thank you....

Sorry, just a new question from Ms. Carola Bardelli from Deutsche Bank.

5. Ms. **Carola Bardelli** from **Deutsche Bank**:

Okay. Thank you. Sorry to bother you again with numbers, but just a clarification on the press release. I see that... you say that at corporate level the net debt is 1.150, and, so, I was wondering, I think that was 2.168 billion at the year end. So, I was wondering if you could give us some clarification on what happened at that level? Why it has gone down from the 2.1 to 1 point... has it been the dividends paid to the parent...? Can I have some clarification there, please? Thank you.

Well, the answer's very easy. So, if you read the press release, you see that 1.1 is the debt at corporate level, and it's written... the financial position at corporate level at 30th June is 1.150 million euros. If we consider the consolidated balance sheet, then the consolidated debt level is 2.9 billion that will go down thanks to the consolidation of the DGAG...

No, no, no. I'm speaking about the parent company. So I think that the 2.1 was the debt of the parent company at the year end, and 1.15 should be the debt of the parent company again at the end of June. So, I was wondering if there have been payments to the parent company... I know that the holding debt is around 1.3 billion as you were mentioning, but... well, maybe we can take this off line... I mean, I just asked the question because there were no other questions, but maybe we can take it off line, but it's always at the parent company level that I was a bit curious to know what happened in terms of dividend payments...

No, I think that these figures can be discussed openly, not privately, because they are easy to be discussed: one is the corporate level, and another level is the parent company. The parent company is what we call in Italy the "civilistico"... it's the figure you mentioned... at corporate level it's the figure we mentioned before, so the 1.1; so, the difference between parent and corporate can create a misunderstanding, probably, and that's why you see a difference between the two figures.

Oh, okay. So, the 1.3 has gone down to 1.15? Basically that's the...

Yes. That's it. Perfectly.

Okay.

Okay?

Okay.

Thank you.

Thank you very much.

6. Mr. **Giuseppe Puglisi** from **Intermonte**:

Good afternoon to everybody. I have a couple of questions. The first one is related to the corporate debt. I see that it's down, roughly, 100 million euros, with respect to the end of 2006. Can you please give us an indication of what will be the amount of this corporate data at the end of 2007? And my second question is: ...

Sorry... one second, because there is really a bad line. Could you please...

Yes.

...Repeat the question?

I'll try to speak a bit louder. Can you hear me?

And a bit more slowly, because we lose some of the words because of the bad line.

Yes. Yes.

Sorry about it.

Yes. So, my first question regards the corporate debt. It's down, roughly, 100 million euros, with respect to the end of 2006. Can you please give us some indication of what the corporate debt will be at the end of 2007? And my second question is: given that the tire business is a quite cyclical business, and we are seeing some slowdown in the US and maybe also in Europe, what do you expect for 2008? Do you see a strong slowdown, or do you think that it's a momentum that will be... that will remain only in the US? Thank you.

Thank you. So, before the transaction with the banks and Telefonica about Oliimpia, we expect to have between 1.2-1.3 million euros' net debt at corporate level at year end. So that's the figure. The tire business: the tire business... the only place where there is a slowdown for our competitors, not for us, because we are growing, is the United States. We are growing because we are in the upper end of the market, and we are growing quite fast, starting with a small part of the market. The rest of the world is growing fast, Latin America is doing well, and then there are the fast-growing countries where the demand is still strong. Our factories are, let's say, working at full speed. The industrial business could be... could have a bit of a slowdown next year, but this year the business is very strong, mainly in Europe. So, we do not expect any negative effect, and mainly in the segment of the market where we are strong, the upper end of the market... and so we expect the growth will remain two-digits even in 08. And we have to take into account that this year we have been affected by two phenomena: one is that we did accelerate our presence in the OE where the contribution margin is a bit lower, and next year we do not have in mind to accelerate it. So... and the second effect is that we had a growth in the dollar area that has been quite important, and the weakness of the dollar doesn't help. We also grew in Europe, so we don't expect to have any major differences in the market in 08. So, we expect that 08 will continue to be a year of growth.

Okay. Thank you. Thank you. Bye.

Thank you.

There are no more questions.

Thank you.

I confirm: there are no more questions.

Thank you. Thank you to everybody, and good evening.

Ladies and gentlemen, the conference call is over. Thank you very much for your attention.