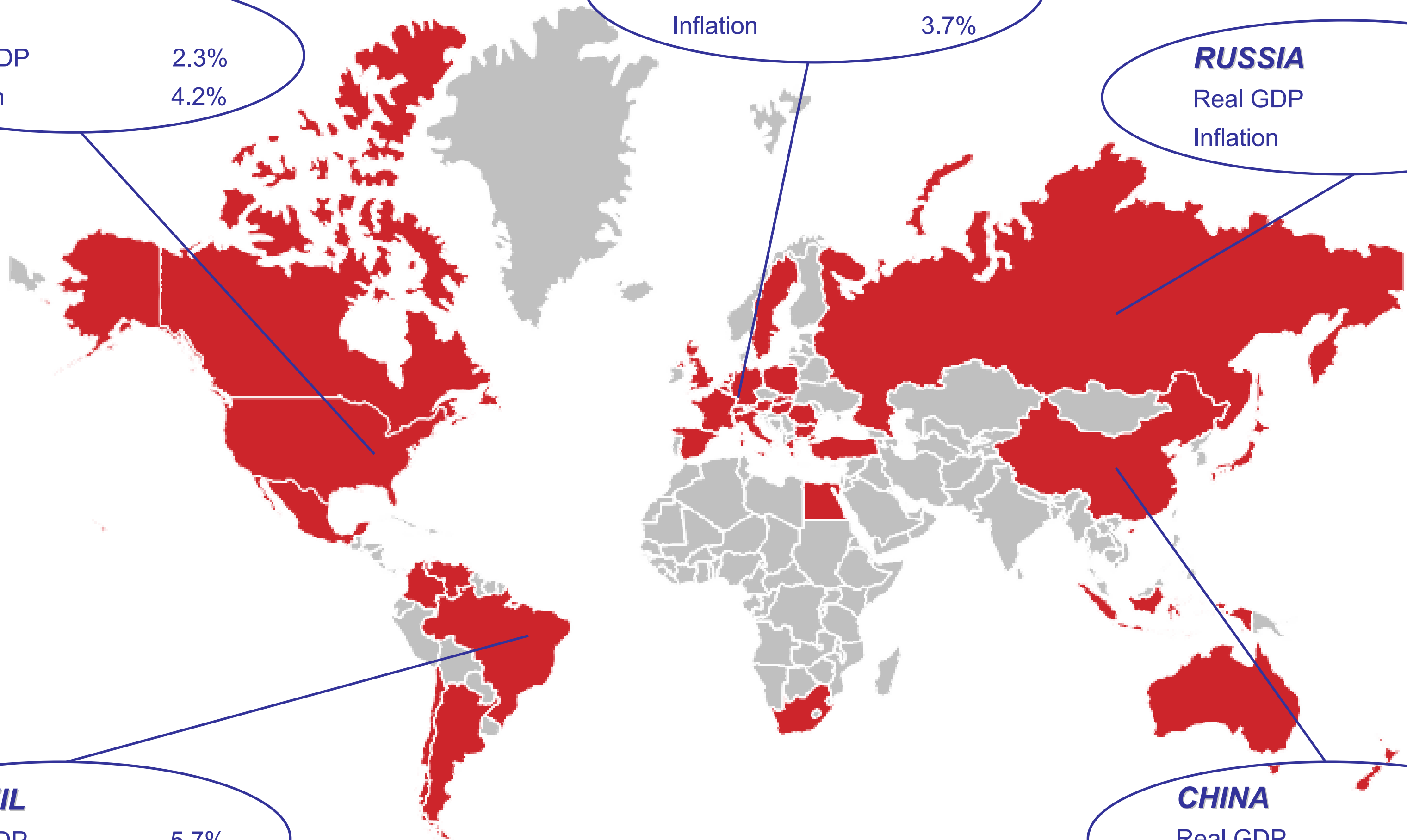
PIRELLI

1H 2008 Group Results
5th August 2008

KEY EVENTS DURING 1H 2008 & UNTIL NOW

- 17th January - Launch of Pirelli Cinturato
- 22nd February - Launch of a new high-tech hub in Settimo Torinese, promoted by Turin's Polytechnic University
- 11th March - "Buyback" of 38.9% of Pirelli Tyre for an equity value of €835.5 Mln
- 19th March - Agreement among RREEF, GREF (Generali Group), Borletti Group, Pirelli RE and Karstadt Quelle AG (Arcandor Group) to purchase the Highstreet's 49%
- 3rd April -"Extra dividend" distribution €0.154 per share for a total amount of € 826 Mln
- 26th May - Growth in Germany with "high-tech" factory
- 3rd June - New investment in Egypt to increase truck manufacturing of 50%
- 10th July - Agreement between the Italian Ministry for the Environment and the Municipality of Beijing to launch a pilot project in Pechino for testing a new kind of filters
- 24th July - PGT & Cyoptics Alliance in Photonics
- 5th August - Jv with Russian Technologies

1H 2008 GLOBAL ECONOMIC SCENARIO



USA

Real GDP	2.3%
Inflation	4.2%

EUROPE

Real GDP	2.1%
Inflation	3.7%

RUSSIA

Real GDP	7.8%
Inflation	13.9%

BRAZIL

Real GDP	5.7%
Inflation	5.1%

CHINA

Real GDP	10.5%
Inflation	7.9%

MARKET CHALLENGING DRIVERS

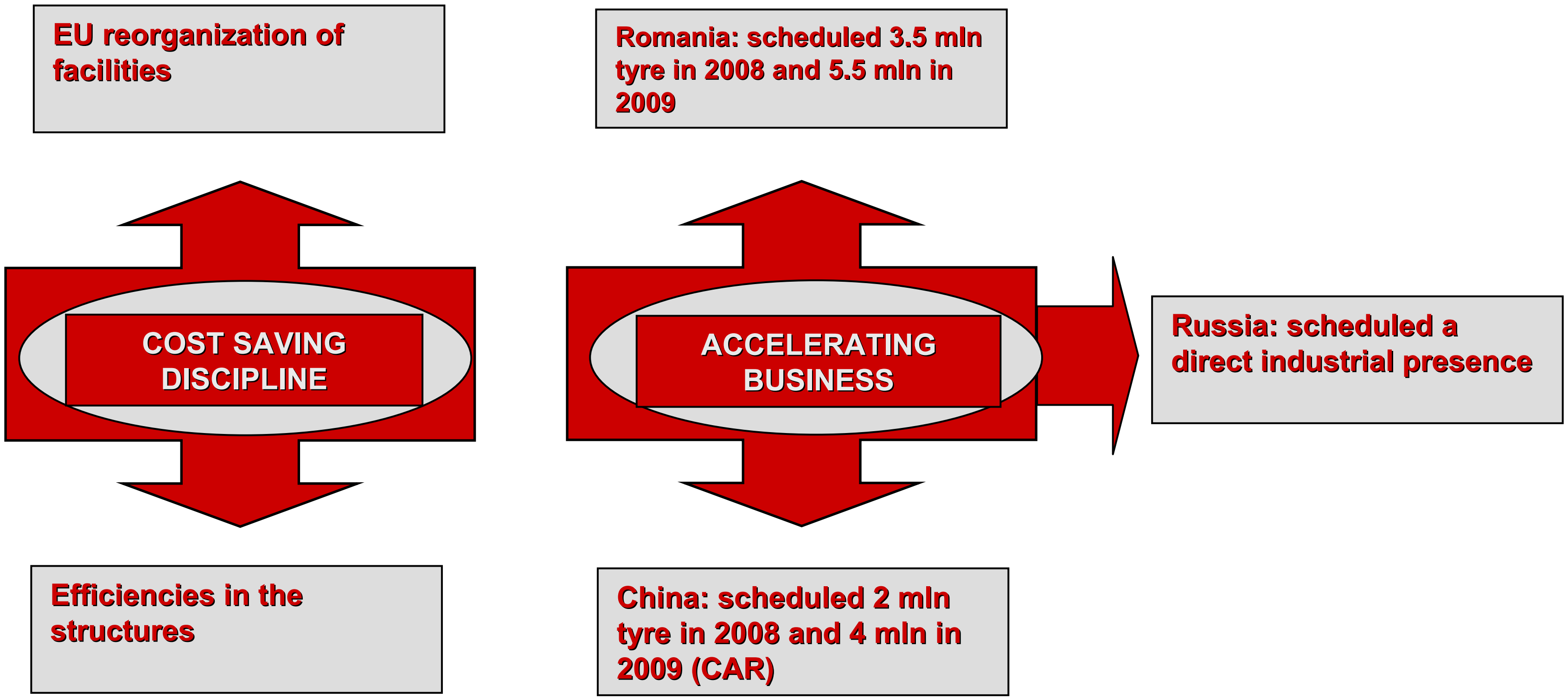
ISSUES

- Slowing demand in EU & US, still strong in LatAm & Asia
- Competitiveness
- Real Estate Market

ACTIONS

- Price increase & cost saving discipline & restructuring
- Accelerating business in Romania, China & Russia
- Forward looking business restructuring

INVESTMENTS & EFFICIENCIES



JOINT VENTURE IN RUSSIA

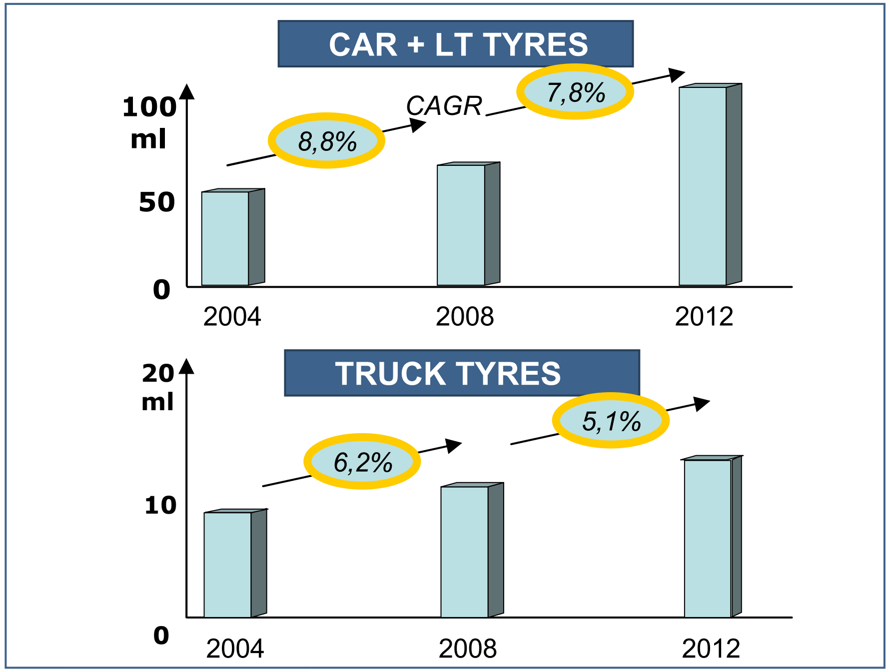
- Pirelli & C. SpA, Russian Technologies State Corporation and the Government of the Samara Region announced an agreement in the context of the Pirelli-Russian Technologies negotiations aiming to set-up an industrial JV in Russia.

- The joint venture will be jointly controlled and in turn will own 100% of a company founded in Russia which will control production and sale of the JV's products.

- The industrial site for tyre production will be located in the territory of the Samara region, in the area of the Togliatti industrial-technological park.

- The Russian company will build a tyre plant with an initial annual capacity of around 4.2 million car LT and Truck tyres.
The investment will amount to approximately 250 million euros.

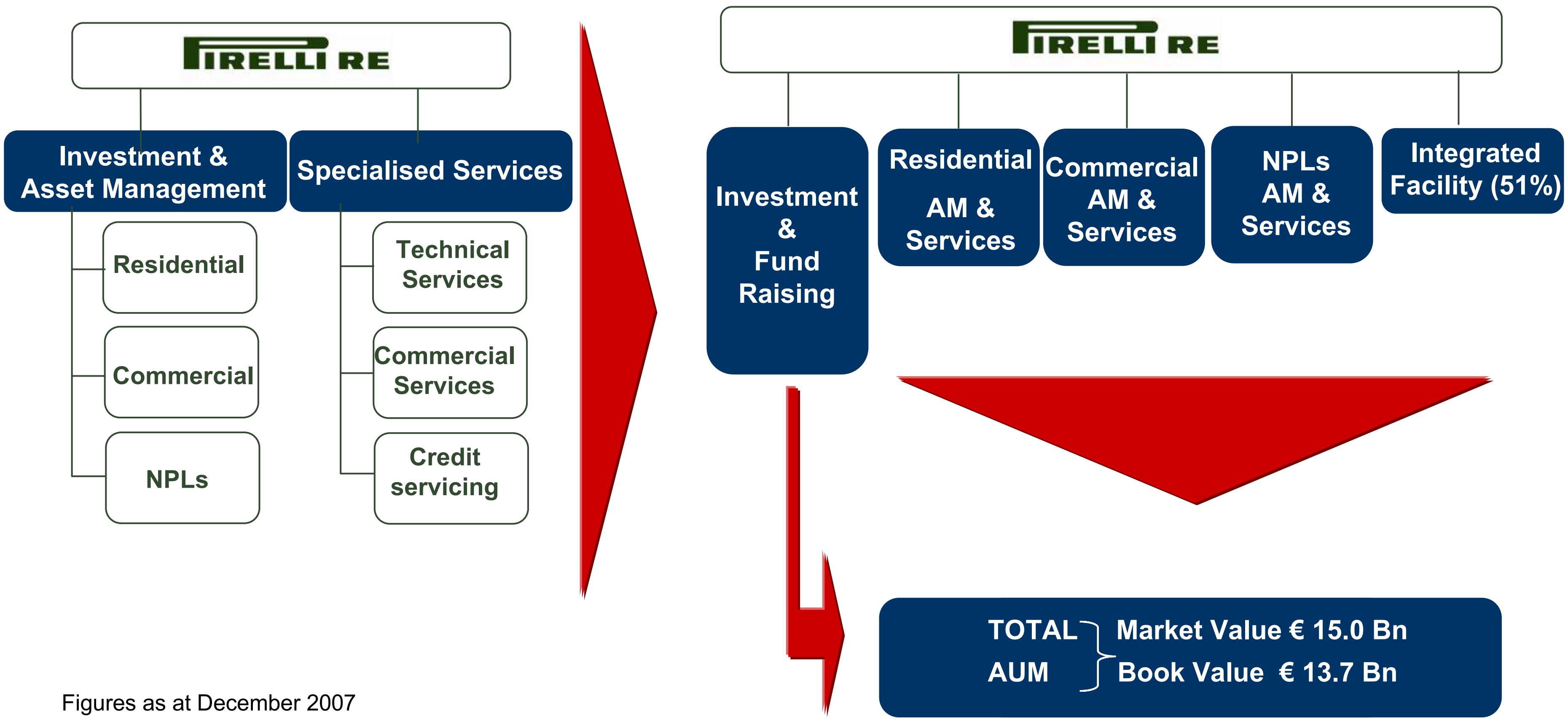
TYRE MARKET EVOLUTION
RUSSIA + CIS



PIRELLI RE EVOLUTION IN THE ORGANIZATION STRUCTURE

OLD ORGANIZATION

NEW ORGANIZATION



Figures as at December 2007

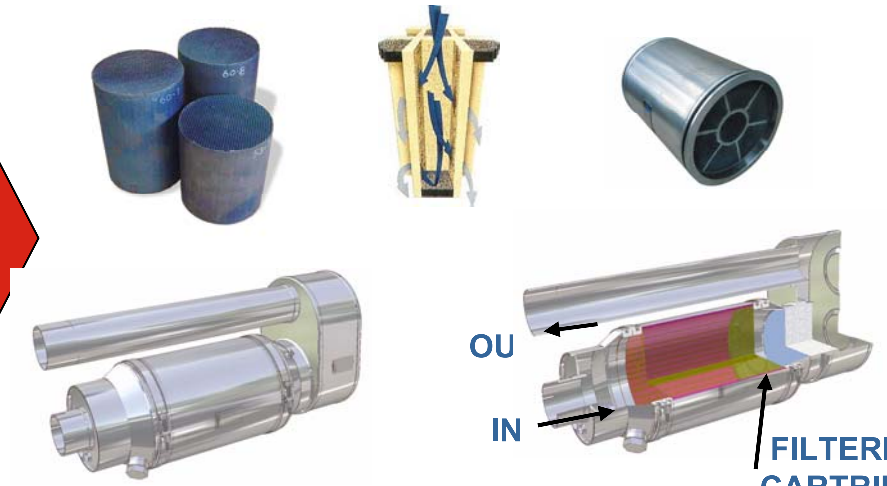
PIRELLI'S PARTICULATE FILTER TECHNOLOGY

SiC Filter

Foreseen a start up of a new factory in Romania for the filters production by end of 2008

10th July 2008: agreement between the Italian Ministry for the Environment and the Municipality of Beijing to launch a pilot project in Pechino for testing a new kind of filters on Beijing buses during the Olympic Games

Feelpure Filtering System



Pirelli Eco Technology produces Silicon Carbide (SiC) filters and Filtering Systems able to reduce by more than 95% particulate emissions from diesel engines

1H 2008 Pirelli Group Financials

CREATING VALUE WITH PHOTONICS

PGT PHOTONICS

Pirelli Group's photonics company: silicon based photonics valued at $ 40 mln including available cash and asset business

+

CYOPTICS

A privately-held US company leader in optical components based on Indium Phosphide technology

=

Strategic alliance in integrated photonics, addressing the future needs of telecommunication networks

The agreement includes:

- PGT valued at $40 mln including cash;
- a capital increase with a cash contribution of $20 mln on CyOptics;
- Stake of approx. 30% in CyOptics.

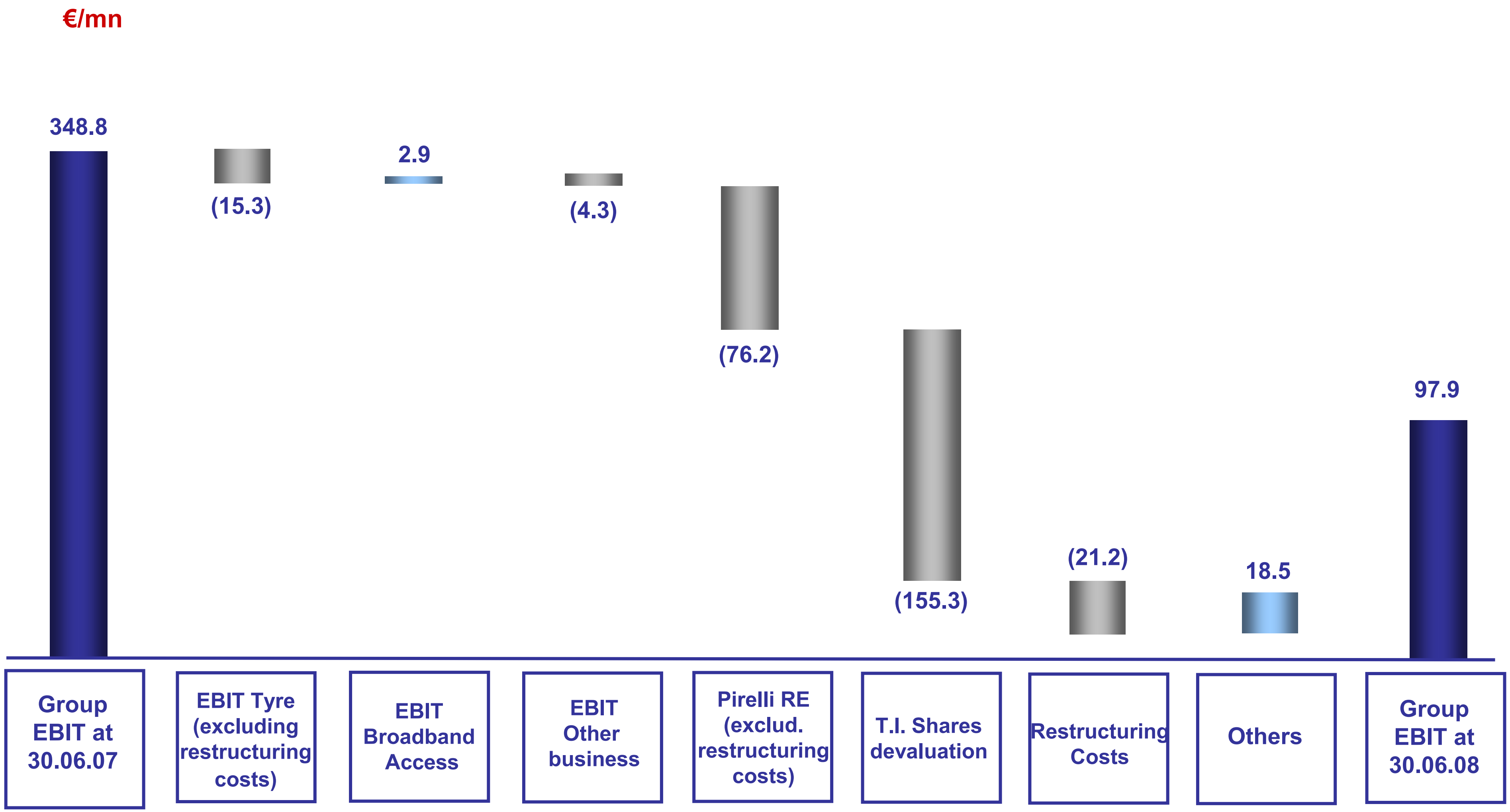
1H 2008 PIRELLI GROUP RESULTS

€/mn

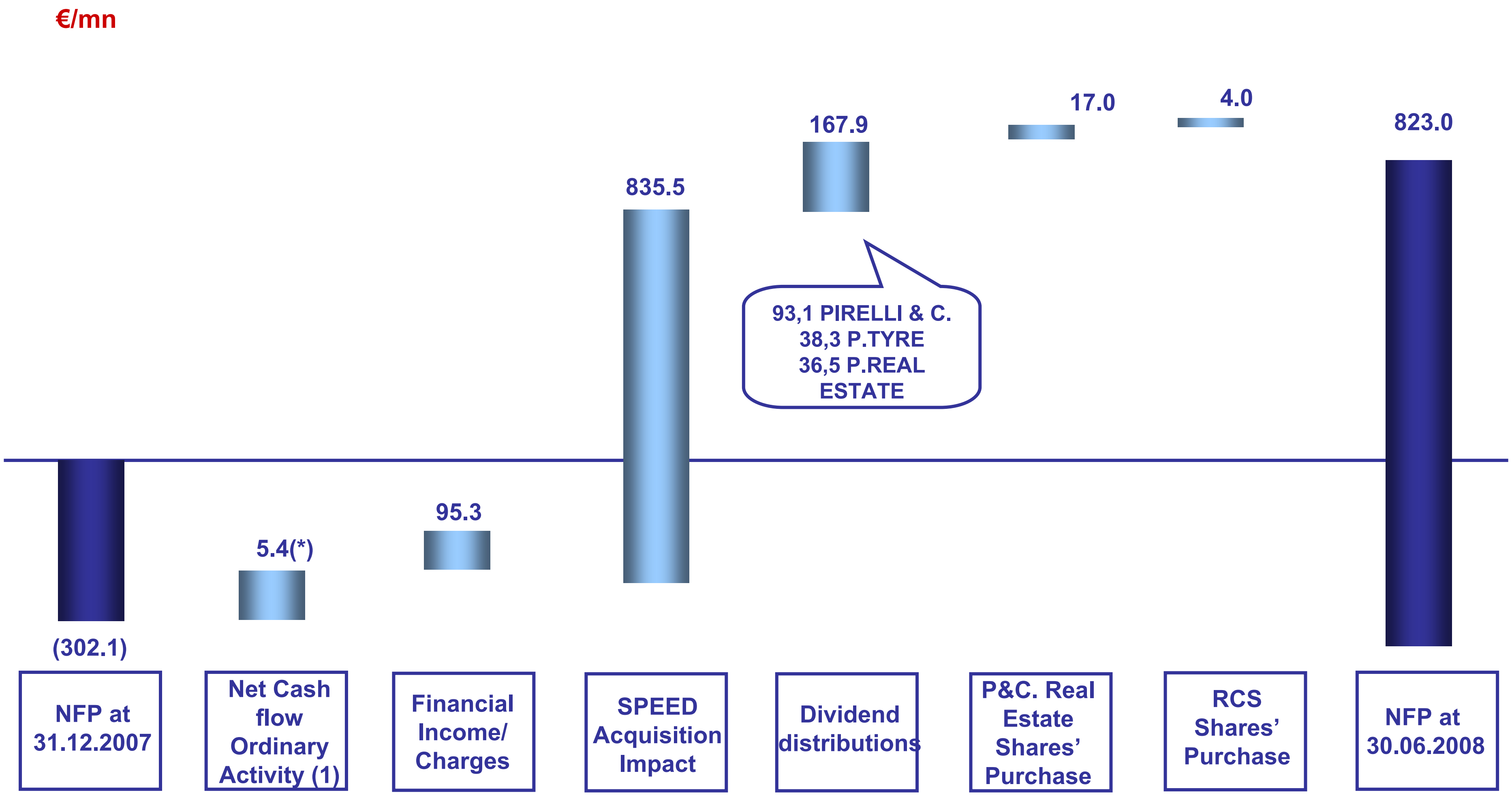
	1H 08 IAS/IFRS	1H 07 IAS/IFRS	Δ 08/07
Net Sales (as reported)	2,685.3	3,192.6	
Net Sales (2007 excluding DGAG effect) (*)	2,685.3	2,614.9	+2.7%
EBIT before restructuring costs	211.5	221.3	-4.4%
Restructuring Costs	(21.2)		
EBIT	190.3	221.3	
Result from Equity Participations	(92.4)(**)	127.5	
EBIT including Results from Equity Participations	97.9	348.8	
Financial Income/Charges	(26.6)	(81.2)	
Fiscal Charges	(68.7)	(79.2)	
Net Income (Loss) before Discontinued Operations	2.6	188.4	
Total Net Income	(9.5)	198.3	
Discontinued Operations	(12.1)	9.9	
Attributable Net Income	(36.2)	108.2	
Net Financial Position	823.0	2,969.2	-72.3%

(*) Same exchange rate
(**)Result mainly due to TI devaluation

1H 2007 – 1H 2008: GROUP EBIT incl. Results from Equity Participations



GROUP NET FINANCIAL POSITION VARIATION



(*) including Facility deconsolidation impact of €102.4 mln

1H 2008 Pirelli Tyre Results

1H 2008 PIRELLI TYRE RESULTS

€/mn

	1H 08 IAS/IFRS	1H 07 IAS/IFRS	Variation
Net Sales	2,166.3	2,151.4	+0,7%
EBITDA Before restructuring costs	286.5	301.7	-5,0%
EBITDA margin Before restructuring costs	*13.2%*	*14.0%*	
EBIT Before restructuring costs	191.0	206.3	-7.4%
EBIT margin Before restructuring costs	*8.8%*	*9.6%*	
EBIT After restructuring costs	186.0	206.3	
Net Income	101.7	117.4	-13.4%

ΔPrice/mix:	+4,3%
ΔVolumes:	-1,3%
ΔActual Variation:	**+3,0%**
ΔExch. Rates:	-2,3%
ΔTotal:	**+0,7%**

Δ Commercial Variations:	+61,1
ΔEfficiencies:	+0,7
ΔUnit Costs/Other:	-77,1
ΔTotal:	**-15,3**

- **Top line organic growth up 3,0 %**
- **Volumes down 1,3 % due to tough comparative figures in 1H 2007 and negative market trends in Europe and North America**
- **Price/mix up 4.3% notwithstanding aggressive pricing in Europe from major competitors**
- **EBITDA and EBIT below 2007, as input costs have been increasing faster than prices**
- **Restructuring costs stand at 5.0 ml/€ in the period**

1H 2008 PIRELLI TYRE RESULTS BY BUSINESS SEGMENT

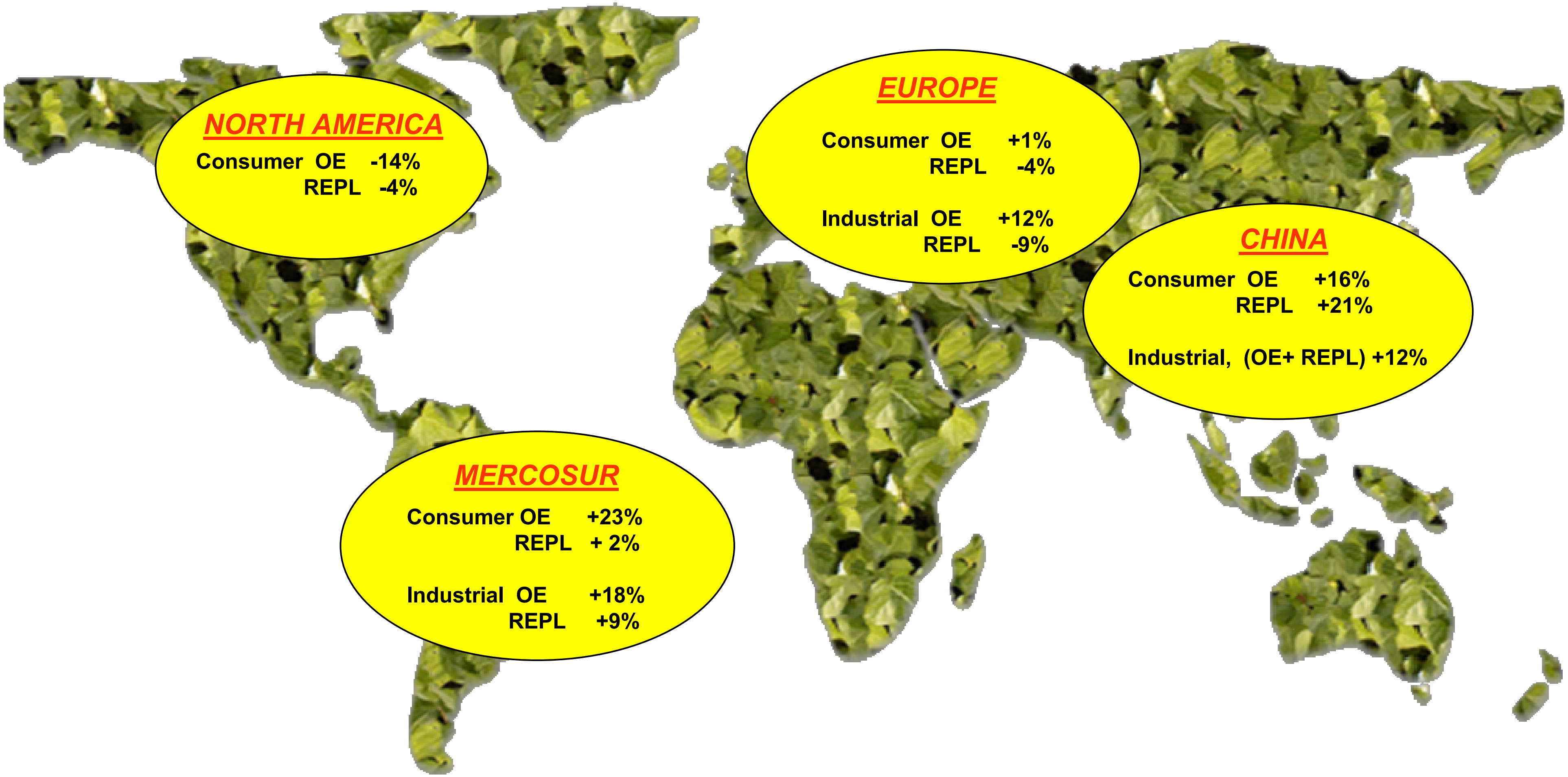
€/mn

		1H 08 IAS/IFRS	1H 07 IAS/IFRS	Variation
CONSUMER	Sales	1,494.3	1,492.1	+0,1%
	EBIT Before restructuring costs *	126.8	149.1	-15%
	ROS	8,5%	10.0%	
INDUSTRIAL	Sales	672	659.3	+ 1,9%
	EBIT	64,2	57.2	+12,2%
	ROS	9,6%	8,7%	

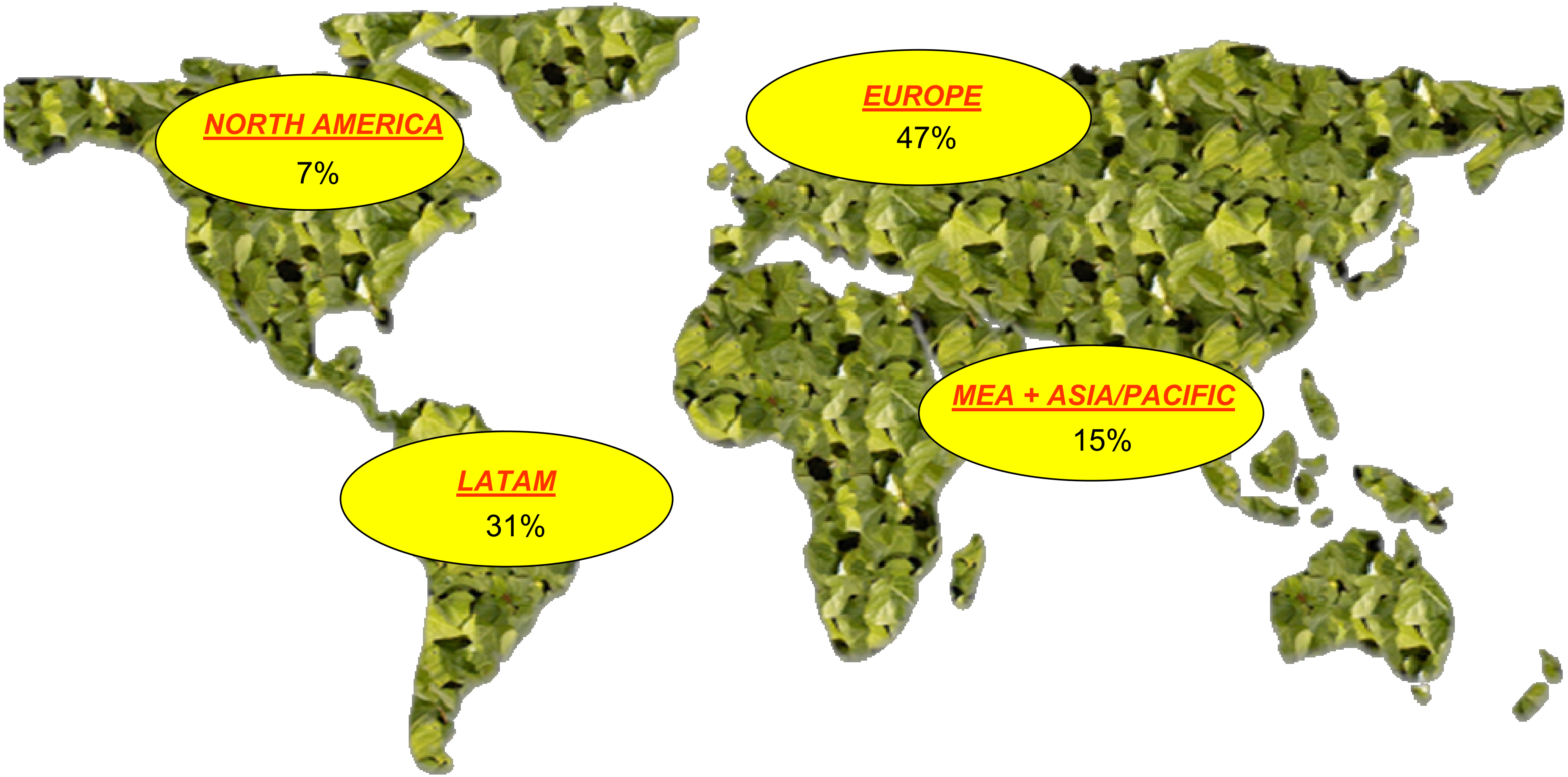
* Restructuring costs 5.0

- Consumer sales organic growth up 3,1% driven by price/mix improvements across the markets
- Consumer ROS down at 8.5% driven by higher sales to OEM: booming OE demand in South America caused shipments from Europe with reduced margins, while building up local additional capacity by end 2008/early 2009
- Industrial sales organic growth up 2,5% driven by rapid developing economies
- Industrial ROS up to 9,6% thanks to high saturation and price increases

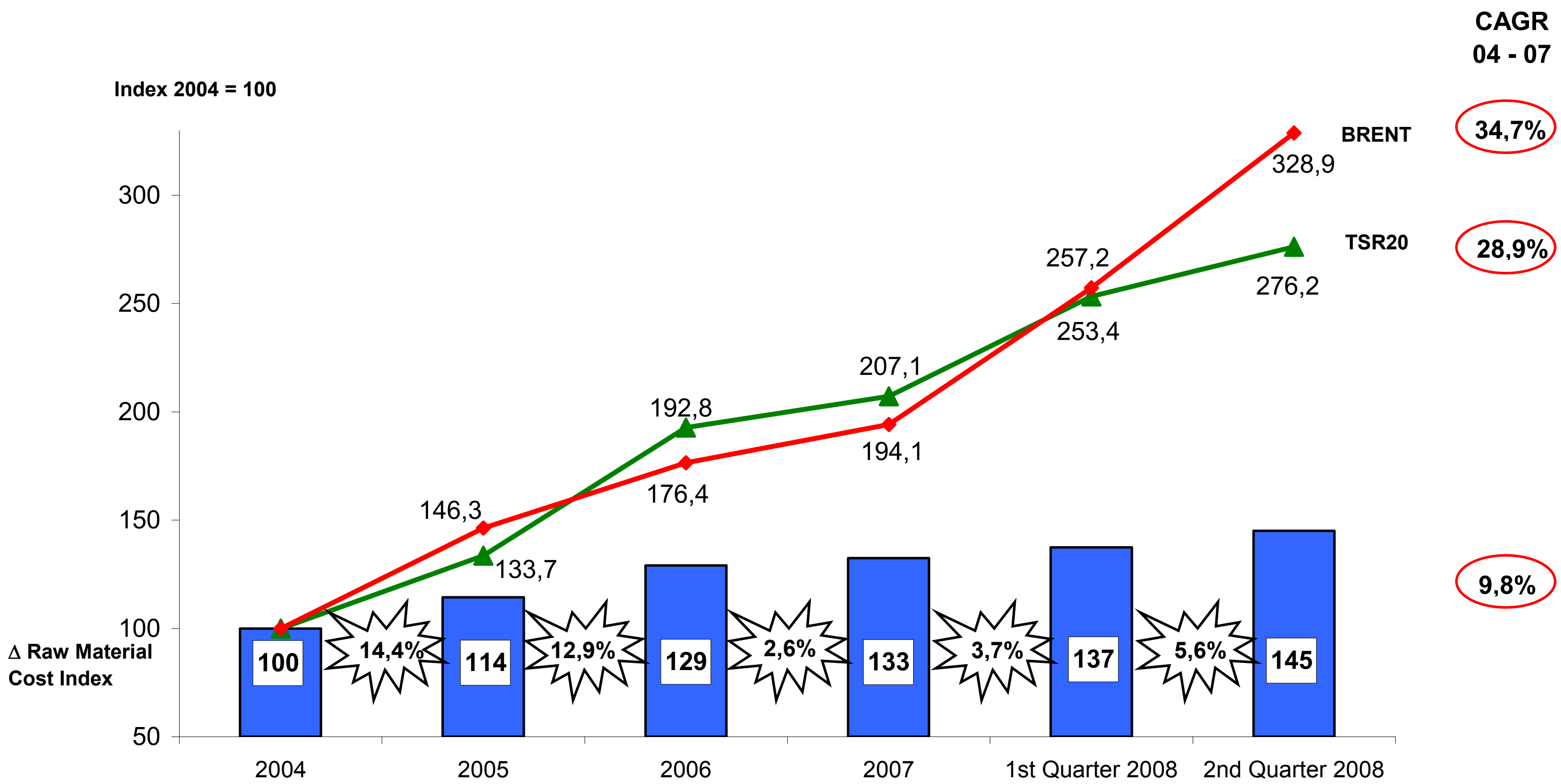
1H 2008 MARKET TRENDS



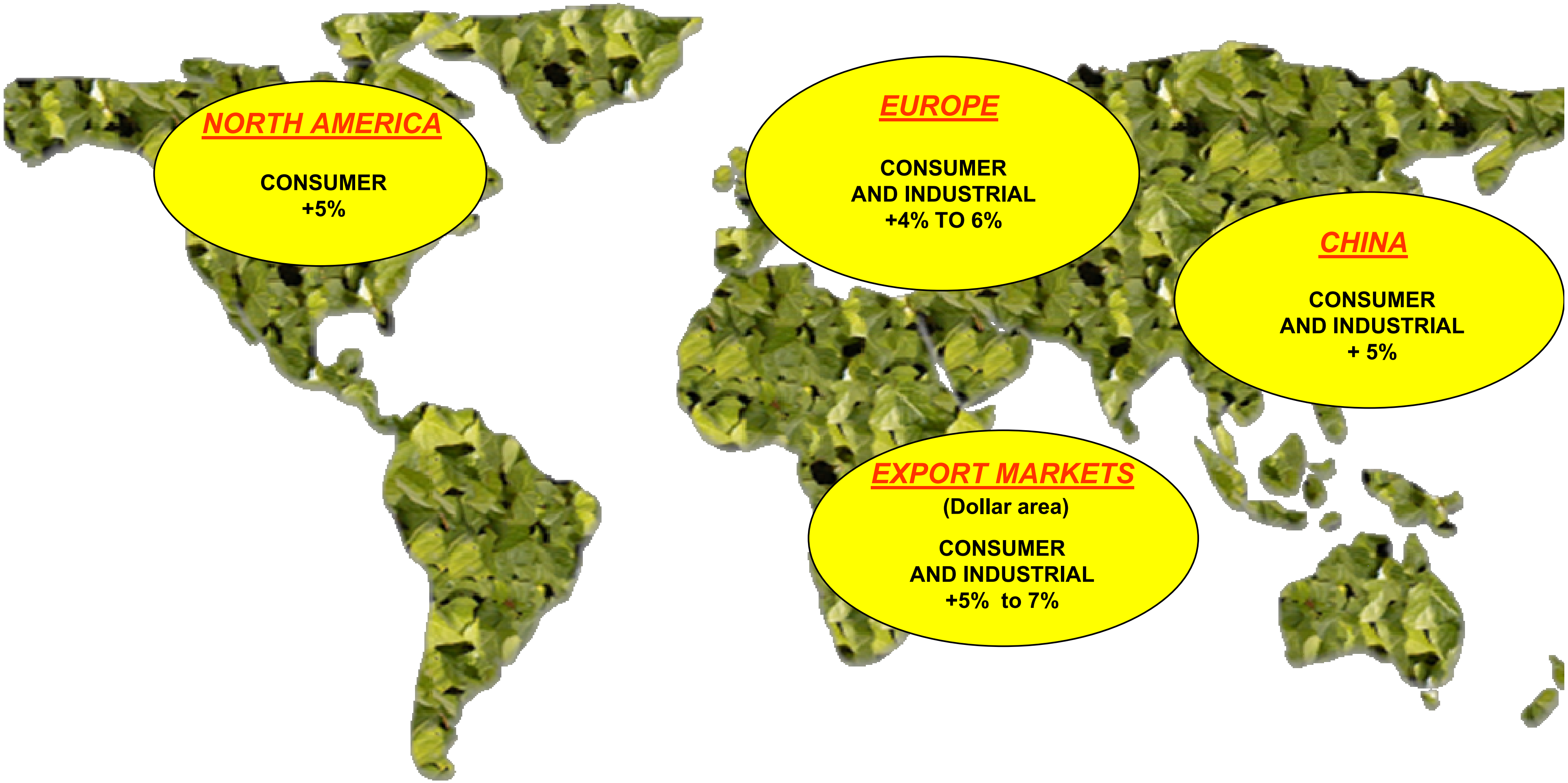
1H 2008 SALES BY REGION



PIRELLI TYRE: RAW MATERIALS AND ENERGY COST TRENDS



PIRELLI TYRE PRICE ANNOUNCEMENTS TO DATE



1H 2008 PIRELLI TYRE HIGHLIGHTS:

Winter Sottozero Serie II

- 100% aromatic oil free
- technologically advanced for road safety and driving pleasure
- P Zero UHP technology together with a dual compound tread pattern (W270 only) for excellent winter performance and optimum high speed control
-- improved aquaplaning performance and allows superior stability and grip
- chosen by premium and prestige OE manufacturers

FH85 Amaranto

-ultra low profile truck tyre ensuring increased loads, volumes and mileage
- all steel zero degree structure and latest generation compounds have been used for improved structural integrity, even wear and driving safety

Scorpion Trail

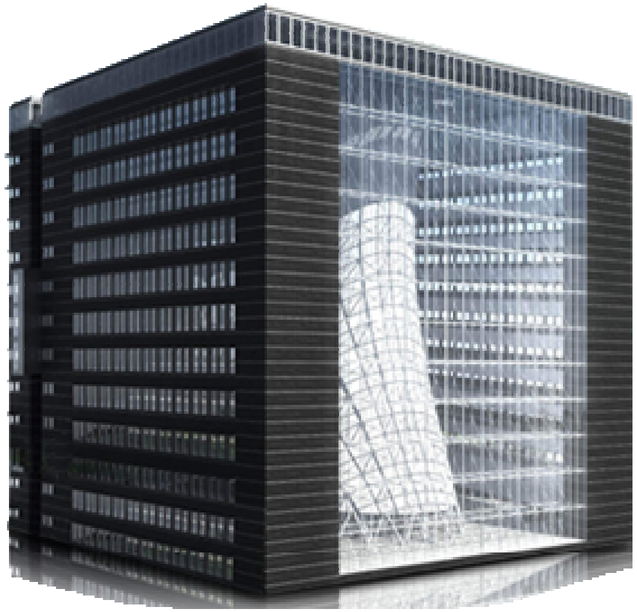
New Enduro street tyre providing outstanding grip, easy handling and adequate off road performance

Metzeler Roadtec Z6 Interact

New Sport Touring product based on the Interact Structure and Compound Technology

Superbike World Championship

Pirelli has been confirmed (mid July) as the exclusive tyre supplier for the three-year period 2010-2012



1H 2008 Pirelli Real Estate Results

PIRELLI RE 1H2008 RESULTS

1) **EBIT including Income from Equity Participations** before Restructuring costs of 49.2 mln Euro (105.7 mln Euro in first half 2007). Excluding fair value adjustments, it amounts to 43.5 mln euro (56.4 mln Euro in first half 2007)

2) **Consolidated Net Income** at 9.0 mln Euro, compared to 80.1 mln Euro as at 30 June 2007

3) **Real Estate NAV** at around 1 bln Euro, with unrealised capital gains of approx. 330 mln Euro

4) **Net Debt** of 270.5 mln Euro (289.7 mln as at December 2007 and 300.3 mln Euro as at March 2008)

5) **Assets under Management** of 18.7 bln Euro (+25% vs 31 December 2007) including "Highstreet" acquisition completed last 28 July

6) Thanks to restructuring actions implemented and if some of negotiations underway are completed, the company thinks it possible to confirm that **full-year EBIT including Income from Equity Participations, before restructuring costs**, will be in line with 2007 (excluding the impact of temporary consolidation of DGAG).

CONSOLIDATED INCOME STATEMENT

(Values in €/ml)

	JUNE 2008	JUNE 2007 net of temporary consolidation of DGAG	Result before fair value adj. 2008	Result before fair value adj. 2007	JUNE 2007
1. Pro Quota Aggregate Revenues (*)	681,3	745,5			811,9
2. Consolidated Revenues (*)	423,4	355,4			421,8
3. EBIT before restructuring costs	29,4	(0,3)			19,4
4. Realised Income from Equity Participations	14,1	56,6			56,6
5. Fair value adj. component of Income from Equity Particip.	5,7	49,3			49,3
6. EBIT incl. Income from Equity Part. before Restruct. costs	49,2	105,7	43,5	56,4	125,4
7. Restructuring costs	(16,2)	0,0			0,0
8. EBIT incl. Income from Equity Participations	33,0	105,7			125,4
9. Interest Income from Equity Participations	13,6	11,1			11,1
10. EBIT incl. Income and Financial Interest from Partic.	46,7	116,8			136,5
11. Other Interest Income/ Expenses	(24,8)	(15,0)			(34,5)
12. P.B.T.	21,9	101,8			101,9
13. Taxes	(10,5)	(12,4)			(16,6)
14. Net Income	11,4	89,4			85,3
15. Minorities' Interest	(2,5)	(1,9)			(5,3)
16. Group Net Income	9,0	87,5			80,1

(*) 2007 values do not include sales at cost of DGAG assets to the JVs with REEF and MSREF for 529,9 € mln.

PIRELLI

CONSOLIDATED BALANCE SHEET

	ACTUAL			
	JUNE 2008	DECEMBER 2007	JUNE 2007	JUNE 2007 Afetr temporary consolidation of DGAG
1. Fixed Assets	817,1	886,1	745,2	757
thereof Participations	*630,3*	*601,3*	*465,1*	*477*
thereof Goodwill	*141,7*	*218,4*	*215,8*	*216*
2. Net Working Capital	183,2	190,5	1.147,0	246
3. Net Invested Capital	1.000,2	1.076,6	1.892,2	1.003
4. Net Equity	657,1	720,1	704,9	705
thereof Group Net Equity	*650,1*	*715,7*	*694,9*	*695*
5. Funds	72,6	66,8	92,5	93
6. Net Debt	270,5	289,7	1.094,8	206
7. Total sources	1000,2	1.076,6	1.892,2	1.003
8. Net Debt gross of Shareholders' Loans	809,8	816,1	1.428,4	571
9. Net Invested Capital gross of Shareholders' Loans	1.539,4	1603,0	2.225,8	1.368

PIRELLI

1H 2008 Group Outlook

PIRELLI GROUP OUTLOOK 2008

- **Pirelli Tyre**: in light of the current market scenario, and of the persistence of inflationary trends on costs of raw materials and production factors, forecasts for the second half EBIT before restructuring charges substantially in line with the same period in 2007. Restructuring actions should also allow the company to present a more efficient structure and manufacturing base, for the benefit of future years.

- **Pirelli RE**, thanks to ongoing restructuring actions, and if some negotiations currently underway are finalized, expects it to be possible to confirm EBIT including equity participations, before restructuring charges, for the full year, in line with that of the previous period (net of the effects of temporary consolidation of DGAG). Given the persistence of a situation of uncertainty in financial markets, and the worsening of the macroeconomic scenario, the company notes that the risks of not closing certain negotiations/transactions could influence the possibility of reaching its targets..

- **Other Group Businesses and Corporate activities** forecasts for 2008 operating results in line with 2007.

PIRELLI

1H 2008 Back Up Slides

GROUP MISSION

Skilled management with an **international culture**

Technology, innovation and **IPR**

Focus on **core business**

"Creating value for shareholders & stakeholders"

Effective **Corporate Governance**

PIRELLI GROUP STRUCTURE AT 31.12.2007

Main Shareholders*

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

Pirelli & C. SpA

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

Pirelli Tech Venture

Sales: 189

NIC: 2% (on the whole)

Pirelli RE

Sales: 853

Net Invested Capital : 26% (on the whole)

Pirelli Tyre

Sales: 4,162

Net Invested Capital: 51% (on the whole)

* 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

PIRELLI 1H 2008 GROUP RESULTS

Euro/Mln	PIRELLI TYRE		PIRELLI REAL ESTATE		BROADBAND ACCESS		OTHER BUSINESS		OTHERS		PIRELLI & C. CONS.	
	30.06.08	30.06.07	30.06.08	30.06.07	30.06.08	30.06.07	30.06.08	30.06.07	30.06.08	30.06.07	30.06.08	30.06.07
Sales	**2.166,3**	**2.151,4**	**423,4**	**951,7**	**63,4**	**51,7**	**36,3**	**35,0**	**(4,1)**	**2,8**	**2.685,3**	**3.192,6**
Δ %		*0,7%*		*-55,5%*		*22,6%*		*3,7%*		*n.s.*		*-15,9%*
Organic Sales (*)	**2.166,3**	**2.103,6**	**423,4**	**421,8**	**63,4**	**51,7**	**36,3**	**35,0**	**(4,1)**	**2,8**	**2.685,3**	**2.614,9**
Δ %		*3,0%*		*0,4%*		*22,6%*		*3,7%*		*n.s.*		*2,7%*
EBITDA before Restruct. Costs.	**286,5**	**301,7**	**35,3**	**24,2**	**3,6**	**0,8**	**(6,8)**	**(2,8)**	**(1,8)**	**2,6**	**316,8**	**326,5**
% on sales (2007 excluding DGAG effect)	*13,2%*	*14,0%*	*8,3%*	*5,7%*							*11,8%*	*12,3%*
EBIT before Restruct. Costs	**191,0**	**206,3**	**29,4**	**19,5**	**3,2**	**0,3**	**(7,4)**	**(3,1)**	**(4,7)**	**(1,7)**	**211,5**	**221,3**
% on sales (2007 excluding DGAG effect)	*8,8%*	*9,6%*									*7,9%*	*8,3%*
Restructuring Costs	(5,0)	0,0	(16,2)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	(21,2)	0,0
EBIT	**186,0**	**206,3**	**13,2**	**19,5**	**3,2**	**0,3**	**(7,4)**	**(3,1)**	**(4,7)**	**(1,7)**	**190,3**	**221,3**
% on sales (2007 excluding DGAG effect)	*8,6%*	*9,6%*									*7,1%*	*8,3%*
Δ %		*-9,8%*		*-32,3%*								*-14,0%*
TI devaluation									(155,3)		(155,3)	0.0
Result from Equity Participation	0,2	0,1	16,5	104,0	0,0	0,0	(0,5)	0,0	23,7	9,4	39,9	113,5
Dividend distributions	0,1	0,3	3,3	1,9	0,0	0,0	0,0	0,0	19,6	11,8	23,0	14,0
EBIT post Result from Eq. Part.before Restruct. Costs	**191,3**	**206,7**	**49,2**	**125,4**	**3,2**	**0,3**	**(7,9)**	**(3,1)**	**(116,7)**	**19,5**	**119,1**	**348,8**
EBIT post Result from Equity Part.	**186,3**	**206,7**	**33,0**	**125,4**	**3,2**	**0,3**	**(7,9)**	**(3,1)**	**(116,7)**	**19,5**	**97,9**	**348,8**
Financial Income/Charges	(29,7)	(28,3)	(11,1)	(23,5)	(2,8)	(1,0)	(0,8)	(0,1)	17,8	(28,3)	(26,6)	(81,2)
EBT	**156,6**	**178,4**	**21,9**	**101,9**	**0,4**	**(0,7)**	**(8,7)**	**(3,2)**	**(98,9)**	**(8,8)**	**71,3**	**267,6**
Fiscal Charges	(54,9)	(61,0)	(10,5)	(16,6)	(0,2)	0,0	(0,1)	0,0	(3,0)	(1,6)	(68,7)	(79,2)
Net Result before Discont. Oper.	**101,7**	**117,4**	**11,4**	**85,3**	**0,2**	**(0,7)**	**(8,8)**	**(3,2)**	**(101,9)**	**(10,4)**	**2,6**	**188,4**
% su vendite (2007 escluso effetto DGAG)	*4,7%*	*5,5%*									*0,1%*	*7,1%*
Discontinued Operations									**(1,2)**	**17,1**	**(12,1)**	**9,9**
Net income	**101,7**	**117,4**	**11,4**	**85,3**	**0,2**	**(0,7)**	**(8,8)**	**(3,2)**	**(103,1)**	**6,7**	**(9,5)**	**198,3**
% on sales (2007 exckuding DGAG effect)	*4,7%*	*5,5%*									*n.s.*	*7,4%*
Attributable Net ncome			***9,0***	***80,1***							***(36,2)***	***108,2***
Net Financial Position (**)	**773,4**	**695,5**	**270,5**	**1.094,8**	**26,7**	**17,9**	**10,2**	**6,3**	**(257,8)**	**1.154,7**	**823,0**	**2.969,2**

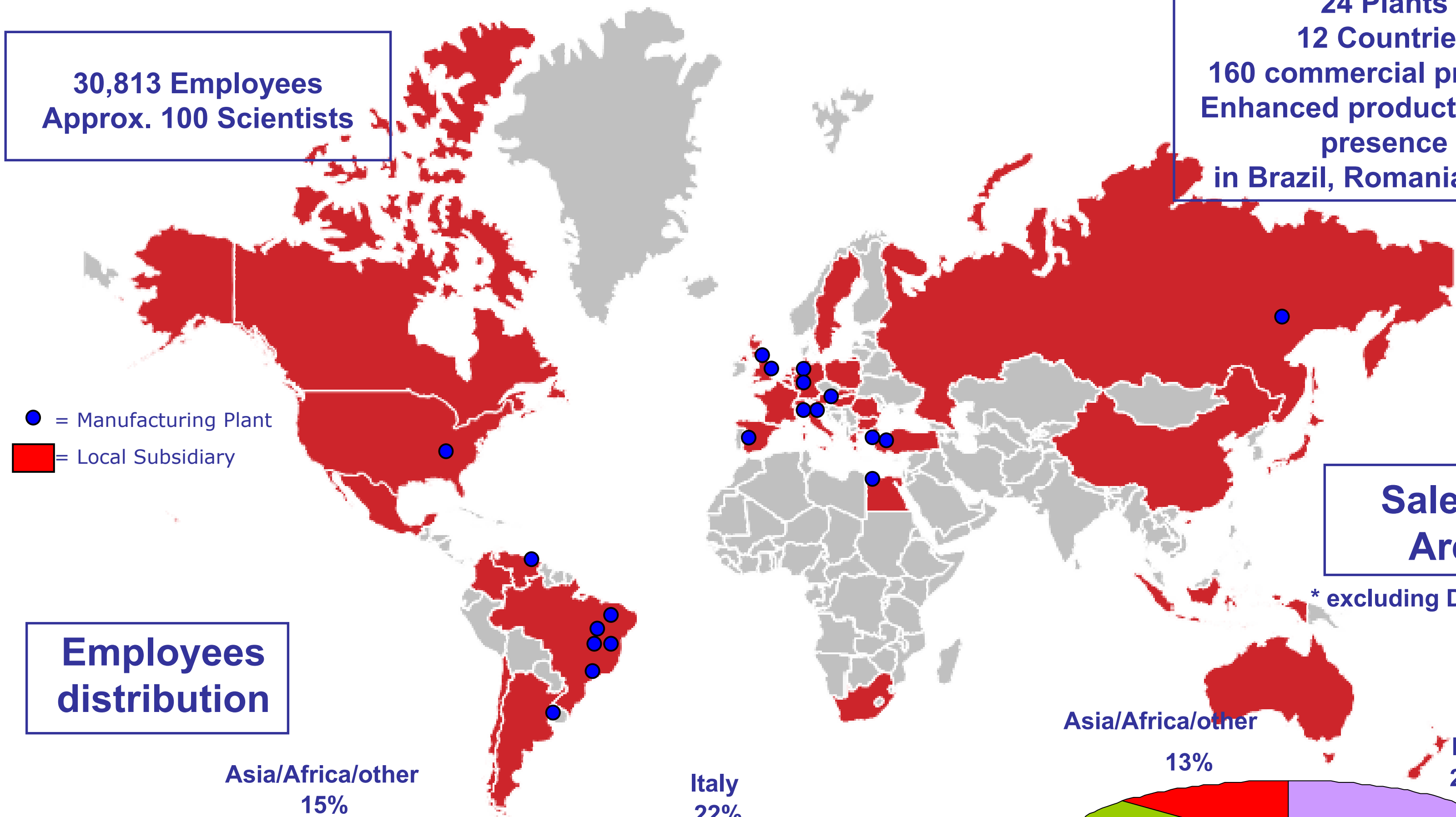
(*) at organic exchange rates and DGAG sale deconsolidation in P. Real Estate

(**) 979 euro/mln DGAG acquisition impact in 2007 in Pirelli Real Estate

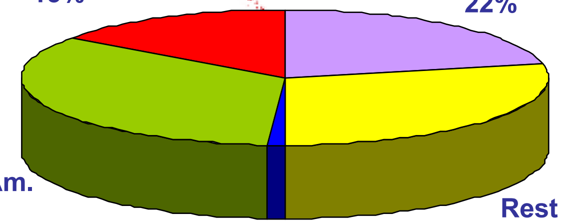
PIRELLI WORLDWIDE: A GLOBAL COMPANY AT 31.12.2007

30,813 Employees
Approx. 100 Scientists

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

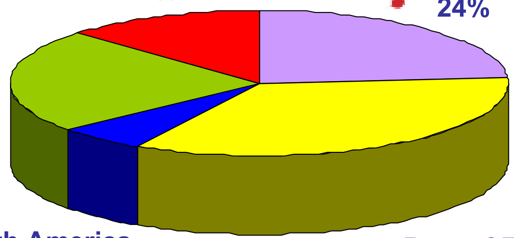


Employees distribution



Sales by Area*

* excluding DGAG sales



1H 2008 Pirelli Tech Ventures

- Ambiente
- Broadband Access & Photonics

1H 2008 BROADBAND ACCESS RESULTS

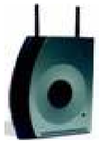
€/mn	1H 08 IAS/IFRS	1H 07 IAS/IFRS	Variation
Net Sales	63.4	51.7	*22.6%*
EBITDA	3.6	0.8	
% on sales	*5.6%*	*1.5%*	
EBIT	3.2	0.3	
% on sales	*5.0%*	*0.6%*	
Financial Income/Charges	(2.8)	(1.0)	
PBT	0.4	(0.7)	
Fiscal Charges	(0.2)	(0.0)	
Net Income	0.2	(0.7)	
Net Financial Position	26.7	17.9	

PIRELLI

BROADBAND ACCESS: FIELDS OF ACTIVITY

BBA: ENLARGING CLIENTS PORTFOLIO AND PRODUCTS

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



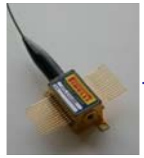
Access Gateway

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 ™
- ANTIPARTICULATE FILTERS

- Sales reduction of Gecam ™, related to renewed running vehicle park in urban transport companies

- Started commercial Activities in main European Countries (UK,NL,F, Scandi, D) for anti particulate filters (Retrofits Systems)

- Installment concluded and Start up new factory investment of filters in Romania.

- Start Homologations Phasis in China

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 '07 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 CO_2 emissions

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.