



PIRELLI

1Q 2008 Group Results

STATEMENT

The Manager mandated to draft corporate accounting documents of Pirelli & C. S.p.A., Claudio De Conto, attests – as per art.154-bis, comma 2 of the Testo Unico della Finanza (D.Lgs. 58/1998) – that all the accounting information contained in this presentation correspond to the documented results, books and accounting of the Company

DISCLAIMER

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

These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company.

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

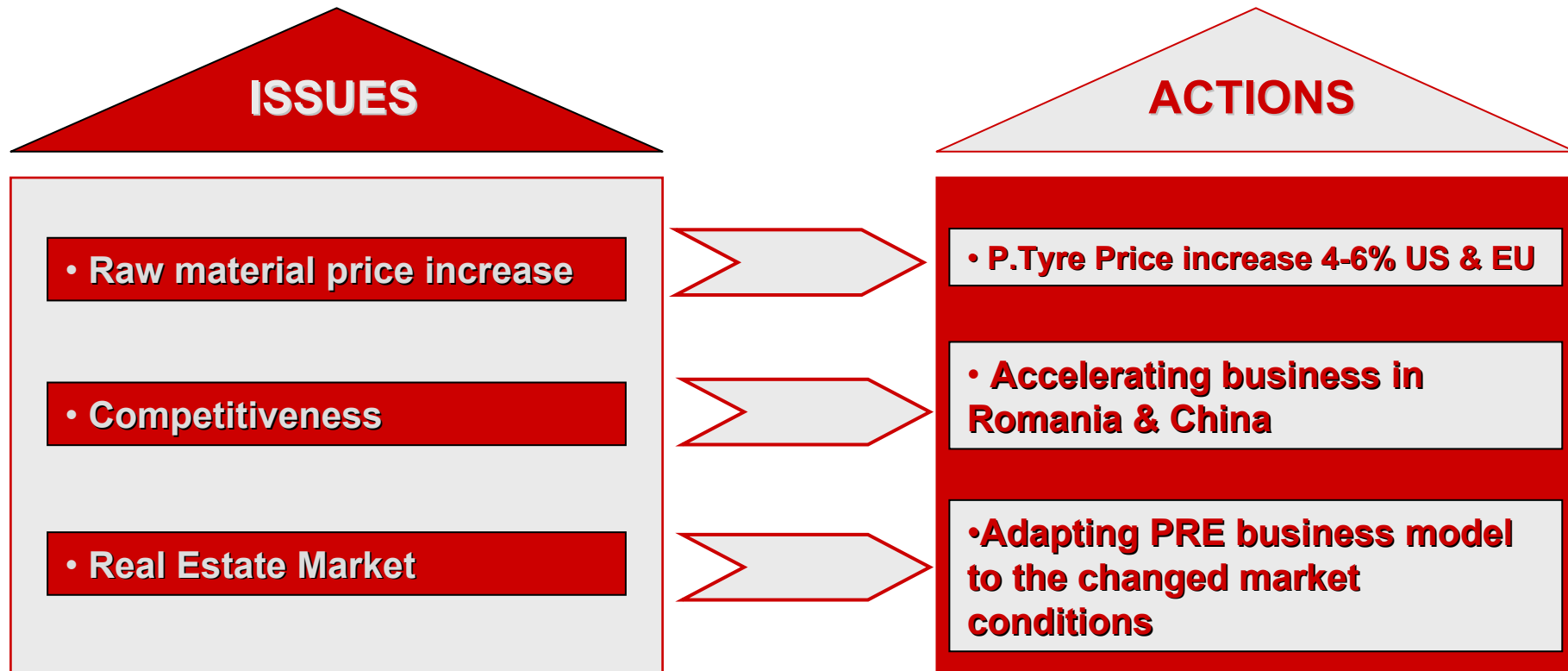
Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation.

Pirelli & C SpA undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Pirelli & C. SpA business or acquisition strategy or to reflect the occurrence of unanticipated events.

KEY EVENTS DURING 1Q 2008

- *16th January – JV A.P.I.C.E. (Pirelli & ACEA)*
- *17th January - Launch of Pirelli Cinturato*
- *1st February– (Notice of the) constitution of a new Company in the Photonic Sector*
- *22th February – Start up of the agreement among Pirelli, Piedmont, Turin, Settimo Torinese and Turin's polytechnic*
- *11th March - "Buyback" of 38.9% of Pirelli Tyre for an equity value of €835.5 Mln*
- *19h 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 2008 - "Extra dividend" distribution €0.154 per share for a total amount of € 826 Mln*
- *4th April – Tyres' price increase (car & track) in Europe*

MARKET CHALLENGING DRIVERS



INVESTING TO GROW

Romania: scheduled 3.5 mln
tyre in 2008 and 5.5 mln in 2009

ACCELERATING BUSINESS

China: scheduled 2 mln tyre in
2008 and 4 mln in 2009 (CAR)

PIRELLI RE KEY STRATEGIC GUIDELINES

In light of the current financial markets, PRE's strategy is focused on the following:

- 1) Increase Total Assets Under Management through fund raising and merging existing third parties portfolios
- 2) Focus on existing core/core plus funds adopting a long term management approach and sales of other non strategic assets
- 3) Strong cost reduction /reorganization program
- 4) Confirm a solid financial structure both at a corporate and assets level



PIRELLI

1Q 2008 Pirelli Group Financials

1Q 08 PIRELLI GROUP RESULTS

€/mn

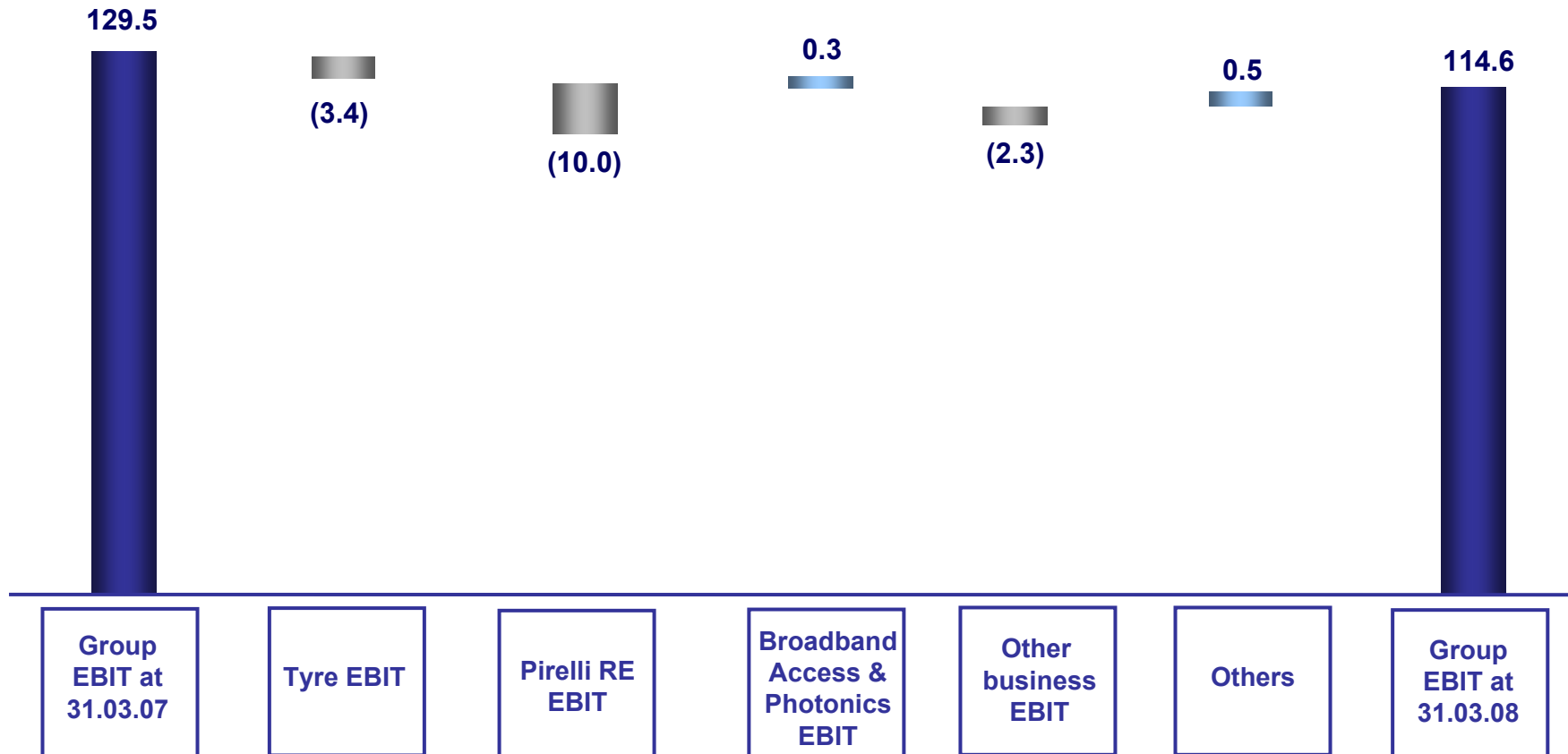
	1Q 08 IAS/IFRS	1Q 07 IAS/IFRS	Δ 08/07
Net Sales (as reported)	1,314.1	1,811.3	-27.4%
Net Sales (2007 excluding DGAG effect) (*)	1,314.1	1,286.9	+2.1%
EBITDA	168.0	181.6	-7.5%
<i>EBITDA margin (2007 excluding DGAG effect)</i>	12.8%	13.9%	
EBIT	114.6	129.5	-11.5%
<i>EBIT margin (2007 excluding DGAG effect)</i>	8.7%	9.9%	
Result from Equity Participations	(15.8)	13.7	
EBIT including Results from Equity Part.	98.8	143.2	-31.0%
Financial Income/Charges	(4.3)	(46.4)	
Tax Charges	(32.1)	(41.5)	
Net Income (Loss) before Discontinuing Operations	62.4	55.3	+12.8%
<i>% on sales (2007 excluding DGAG effect)</i>	4.7%	4.2%	
Discontinued Operations		1.0	
Total Net Income (Loss)	62.4	56.3	+10.8%
Attributable Net Income	33.8	24.2	+39.7%
Net Financial Position	851.0	3,073.8	
of which DGAG (Pirelli RE)		981.0	
Net Equity	3,187.5	4,608.8	
Attributable Net Equity	2,772.5	3,764.2	

(*) Same exchange rate



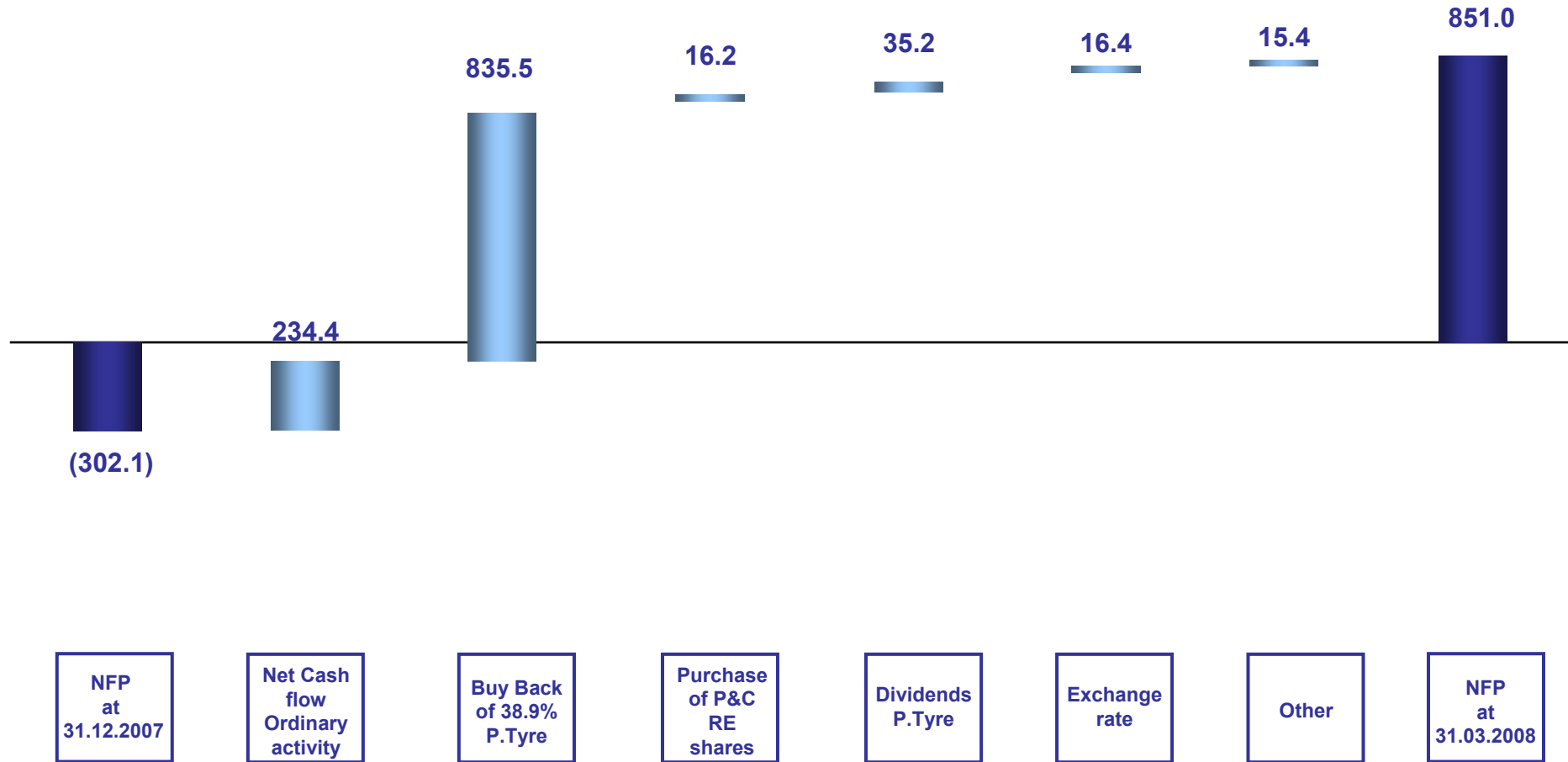
1Q 2007 – 1Q 2008: GROUP EBIT VARIATION

€/mn



GROUP NET FINANCIAL POSITION VARIATION

€/mn





PIRELLI

1Q 2008 Pirelli Tyre Results

1Q 08 PIRELLI TYRE RESULTS

€/mn

	1Q 08 IAS/IFRS	1Q 07 IAS/IFRS	Variation											
Net Sales	1076.9	1060.0	+1.6%	<table border="1"> <tr> <td>ΔPrice/mix:</td> <td>+3.9%</td> </tr> <tr> <td>ΔVolumes:</td> <td>-0.7%</td> </tr> <tr> <td>ΔActual Variation:</td> <td>+3.2%</td> </tr> <tr> <td>ΔExch. Rates:</td> <td>-1.6%</td> </tr> <tr> <td>ΔTotal:</td> <td>+1.6%</td> </tr> </table>	ΔPrice/mix:	+3.9%	ΔVolumes:	-0.7%	ΔActual Variation:	+3.2%	ΔExch. Rates:	-1.6%	ΔTotal:	+1.6%
ΔPrice/mix:	+3.9%													
ΔVolumes:	-0.7%													
ΔActual Variation:	+3.2%													
ΔExch. Rates:	-1.6%													
ΔTotal:	+1.6%													
EBITDA	148.5	150.9												
EBITDA margin	13.8%	14.2%												
EBIT	100.3	103.7	-3.3%	<table border="1"> <tr> <td>ΔCommercial Variations:</td> <td>+24.2</td> </tr> <tr> <td>ΔEfficiencies:</td> <td>- 0.3</td> </tr> <tr> <td>ΔUnit Costs/Other:</td> <td>-27.3</td> </tr> <tr> <td>ΔTotal:</td> <td>- 3.4</td> </tr> </table>	ΔCommercial Variations:	+24.2	ΔEfficiencies:	- 0.3	ΔUnit Costs/Other:	-27.3	ΔTotal:	- 3.4		
ΔCommercial Variations:	+24.2													
ΔEfficiencies:	- 0.3													
ΔUnit Costs/Other:	-27.3													
ΔTotal:	- 3.4													
EBIT margin	9.3%	9.8%												
Net Income	57.7	58.1	-0.7%											

- Top line organic growth up 3,2 %
- Volumes slightly down 0,7 % due to tough comparative figures in Q1 2007 and negative market trends in Europe and North America
- Price/mix up 3.9% notwithstanding aggressive pricing in Europe from major competitors
- EBITDA and EBIT slightly below 2007, also linked to lower 1Q '08 seasonality

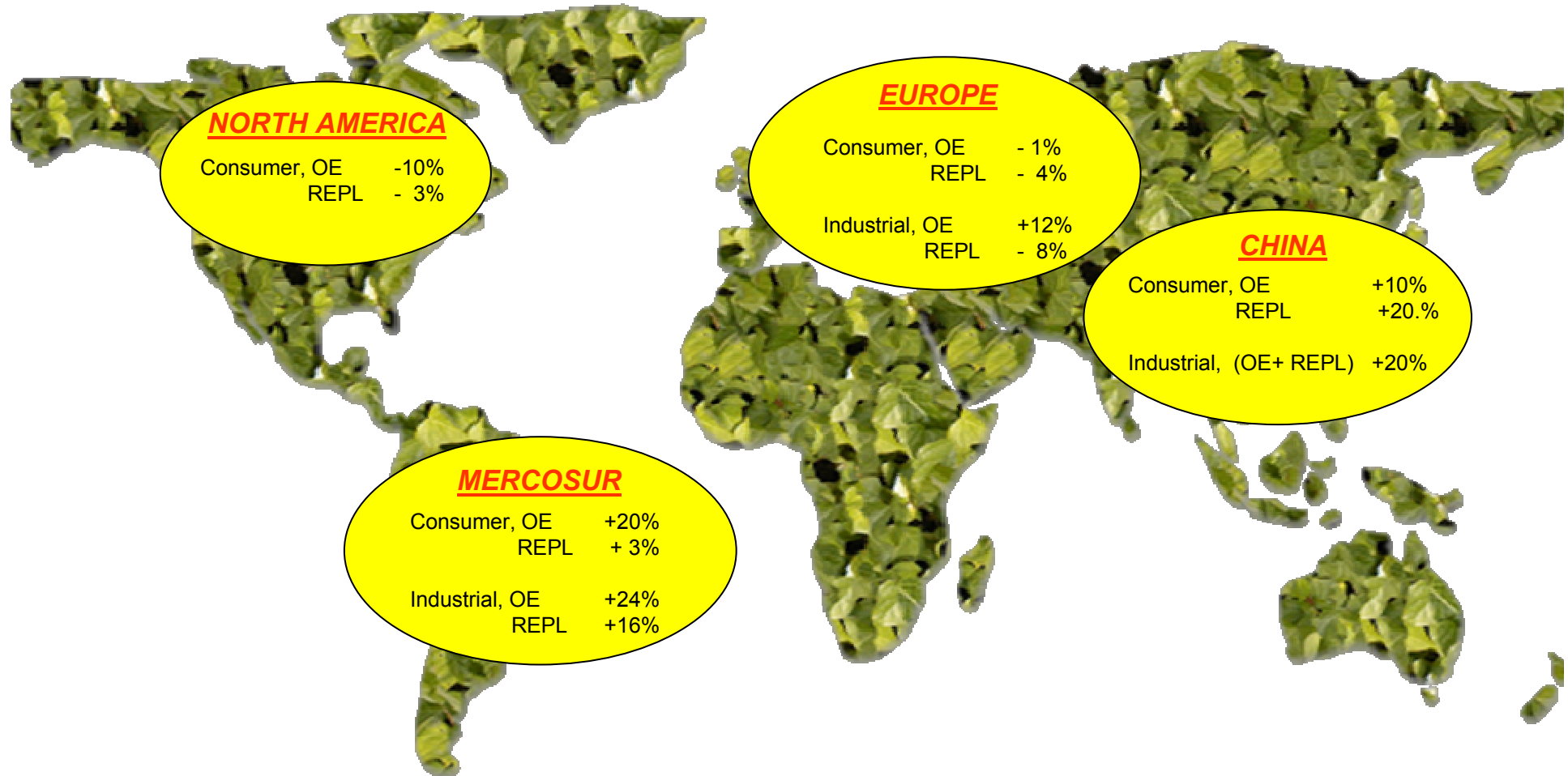
1Q 08 PIRELLI TYRE RESULTS BY BUSINESS SEGMENT

€/mn

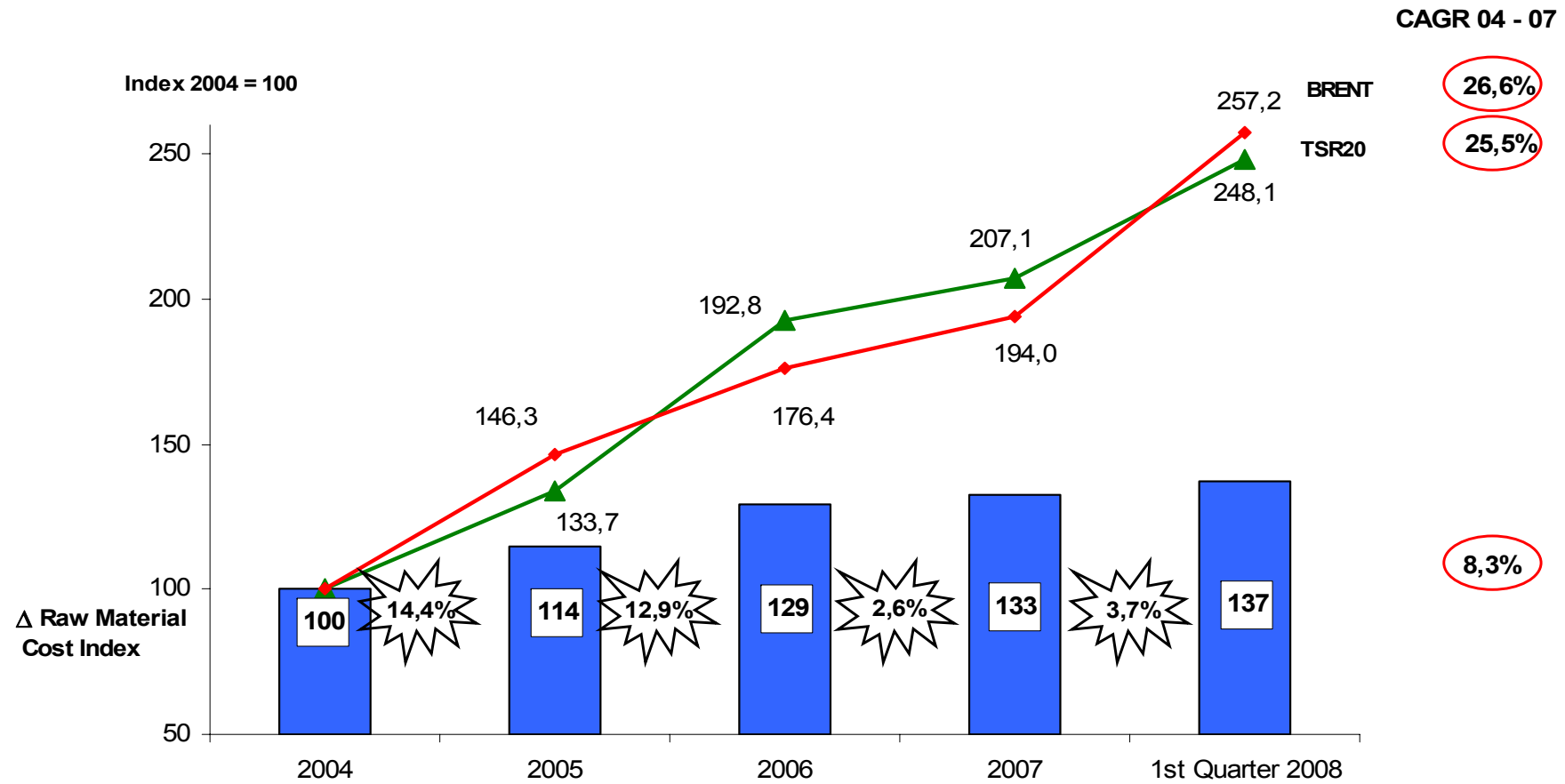
	1Q 08 IAS/IFRS	1Q 07 IAS/IFRS	Variation	
CONSUMER	Sales	748.3	740.3	+1.1%
	EBIT	70.3	77.6	
	ROS	9.4%	10.5%	
INDUSTRIAL	Sales	328.6	319.7	+ 2.8%
	EBIT	30.0	26.1	
	ROS	9.1%	8.2%	

- Consumer sales organic growth up 3,2% driven by two-wheel tyres and Latin America
- Consumer ROS stands at 9.4% because of higher sales to OEM and lower sales to Replacement
- Industrial sales organic growth up 3,3% driven by rapid developing economies
- Industrial ROS up to 9,1% thanks to high saturation

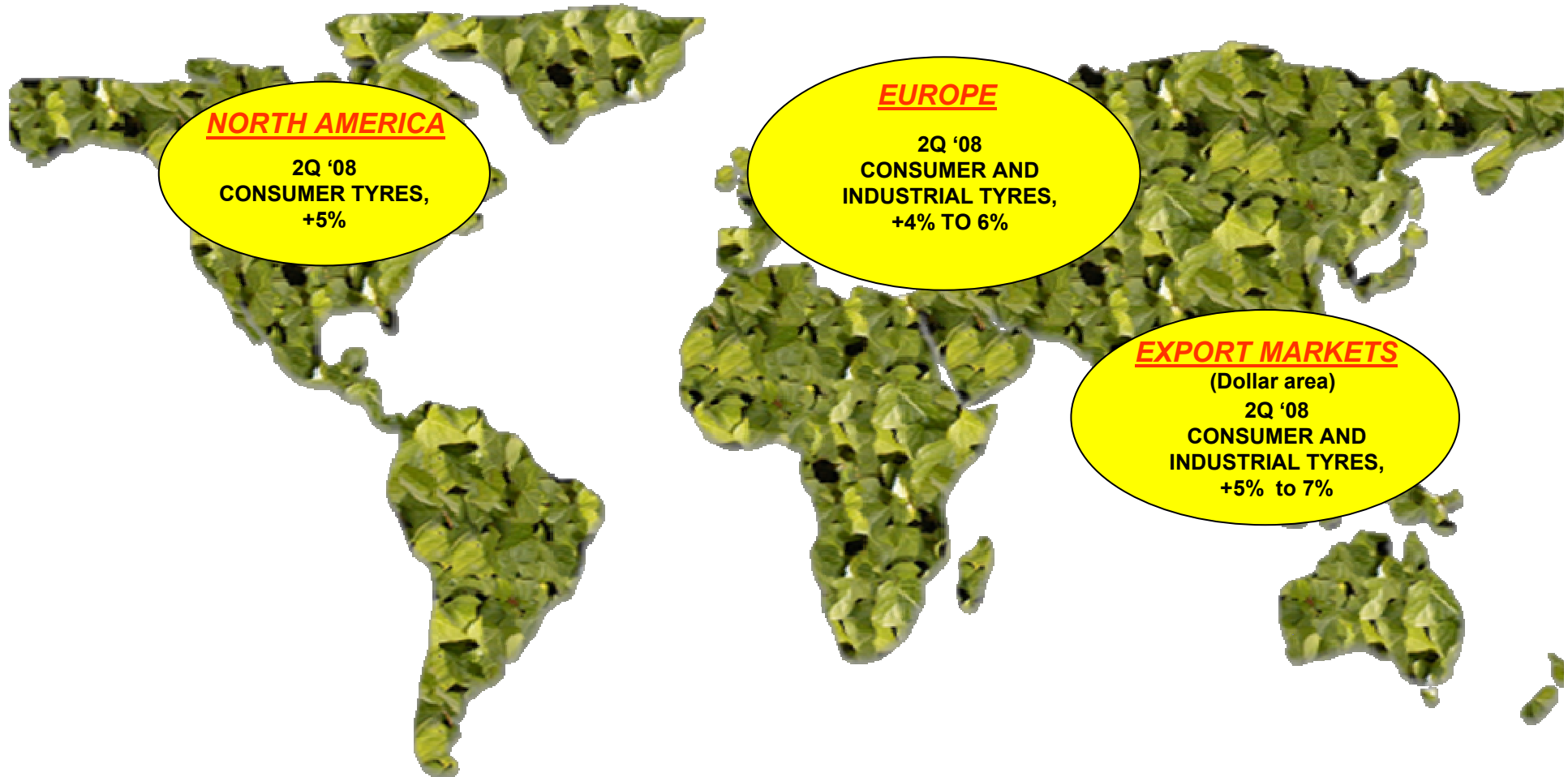
1Q 08 MARKET TRENDS



PIRELLI TYRE: RAW MATERIALS AND ENERGY COST TRENDS



PIRELLI TYRE PRICE ANNOUNCEMENTS WITHIN 2Q '08



1Q 08 PIRELLI TYRE HIGHLIGHTS: CINTURATO

Product Features



Energy™
Efficient



Clean
Air

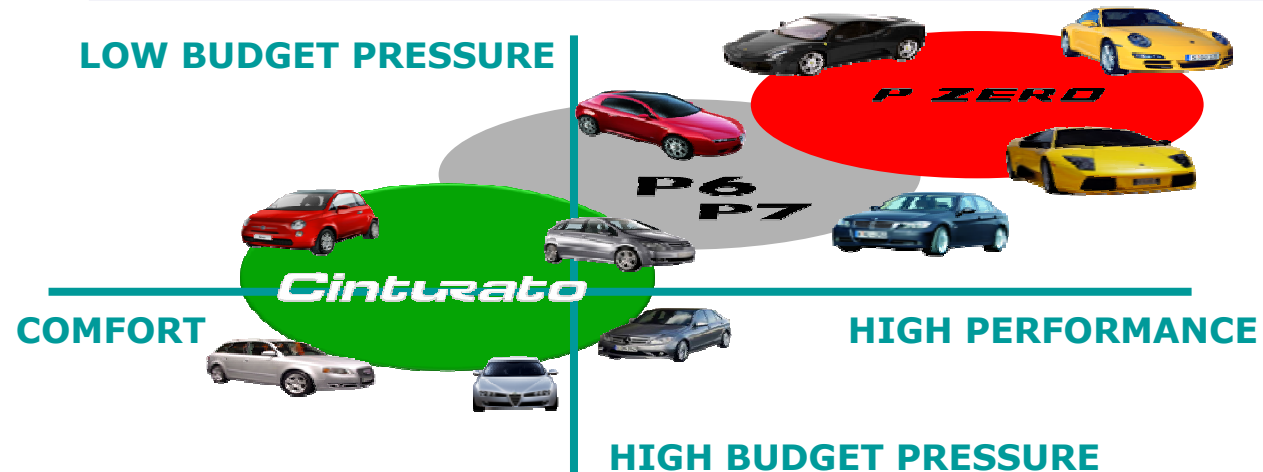


High
Mileage

Cinturato:

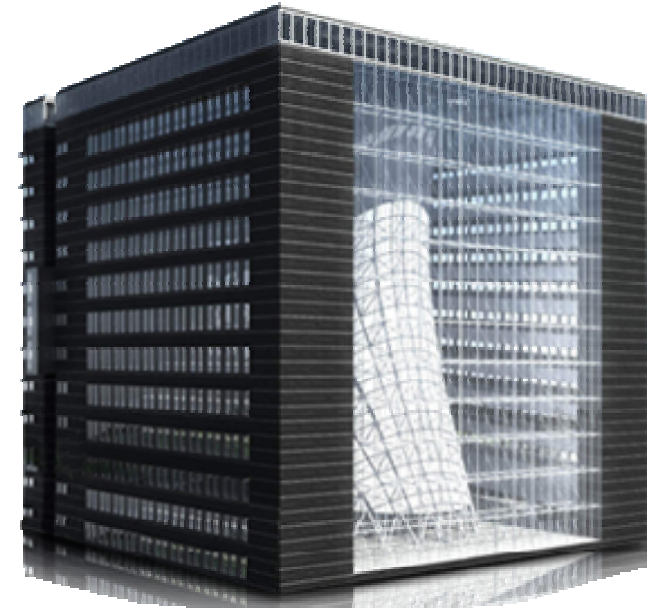
- reduces up to 98 Kgs CO2 emissions in one year (average 15.000 Kms)
- reduces fuel expenses by 54€ per year
- is aromatic oil free
- has 30% higher mileage (tyres last 1 year longer)
- improves aquaplaning up to 25%
- brakes 2m shorter on dry conditions / 4m on wet conditions

Product Positioning



Tests Winner in Germany, Austria, Switzerland, France and Spain

MAGAZINE	ISSUE	TESTED PATTERN	SIZE	TEST VEHICLE	FINAL RESULT	COMMENTS	TEST WINNER
	Mar-08	Cinturato P4	175/65 R 14 T	Ford Fiesta	 TEST WINNER very recommendable	Very well balanced tyre; very good notes in the most relevant fields; the tyre with the best score on treadwear	
	Mar-08	Cinturato P4	175/65 R 14 T	Ford Fiesta	 TEST WINNER		
	Apr-08	Cinturato P4	175/65 R 14 T	-	 TEST WINNER	Very good handling in all weather conditions, very good level of treadwear and environmental compatibility	



1Q 2008 Pirelli Real Estate Results

CONSOLIDATED INCOME STATEMENT

(Values in €/ml)

	MARCH		2007 net of DGAG temporary consolid.	% Change
	2008	2007		
1. Pro Quota Aggregate Revenues (*)	301,0	405,8	374,4	
2. Consolidated Revenues (*)	189,5	201,0	169,6	
3. EBIT before Restructuring Costs	26,8	34,5	22,5	
4. Income from Equity Participations	0,5	12,7	12,7	
5. EBIT incl. IEP before Restructuring Costs	27,3	47,3	35,3	-23%
6. Restructuring Costs	(2,3)	-	0,0	
7. EBIT incl. Income from equity Participations	25,0	47,3	35,3	
8 Interest Income from Participations	7,5	5,6	5,6	
9. EBIT incl. Income and Financial Interest from Partic.	32,5	52,8	40,8	
10. Other Interest Income/ Expenses	(12,0)	(20,6)	(6,1)	
11. P.B.T.	20,5	32,2	34,7	
12. Taxes	(7,5)	(12,4)	(11,5)	
13. Net Income	13,0	19,8	23,2	
14. Minorities' Interests	(1,4)	(0,8)	(0,8)	
15. Group Net Income	11,6	19,0	22,4	-48%

(*) 2007 values do not include sales at cost of DGAG assets to the JVs with REEF and MSREF for €507,6 mln.

INCOME STATEMENT- BREAKDOWN BY AREA OF BUSINESS

(Values in €/ml)

	ACTUAL MARCH 2008						
	TOTAL	INVESTMENT & ASSET MGMT		SPECIALISED SERVICES		OTHER & interelimin.	
		INVESTMENT	I&AM SERV ORDINARY	I&AM SERV. EXTRAORD.	ORDINARY		EXTRAORDINARY
1. Pro-quota Aggregated Revenues	301,0	112,5	37,0	0,0	167,9	0,0	(16,4)
2. Consolidated Revenues (*)	189,5	20,5	37,0	0,0	149,2	0,0	(17,2)
3. EBIT	24,5	4,7	20,0	(2,0)	6,7	(0,3)	(4,5)
4. Income from equity Participations	0,5	(0,2)	0,0	0,0	0,7	0,0	0,0
5. EBIT incl. Income from Equity Participations	25,0	4,5	20,0	(2,0)	7,4	(0,3)	(4,5)

Total Management Services €25,1 mln of which ordinary €27,4 mln

	ACTUAL MARCH 2007						
	TOTAL	INVESTMENT & ASSET MGMT		SPECIALISED SERVICES		OTHER & interelimin.	
		INVESTMENT	I&AM SERV ORDINARY	I&AM SERV. EXTRAORD.	ORDINARY		EXTRAORDINARY
6. Pro-quota Aggregated Revenues (*)	405,8	254,8	27,3	0,0	126,1	0,0	(2,4)
7. Consolidated Revenues (*)	201,0	65,9	27,3	0,0	110,3	0,0	(2,5)
8. EBIT	34,5	18,4	8,3	0,0	13,7	0,0	(5,9)
9. Income from equity Participations	12,7	10,5	1,8	0,0	0,2	0,0	0,2
10. EBIT incl. Income from Equity Participations	47,3	28,9 (**)	10,2	0,0	13,9	0,0	(5,7)

Total Management Services €24,1 mln of which ordinary €24,1 mln

(*) 2007 values do not include sales at cost of DGAG assets to the JVs with REEF and MSREF for €507,6 mln

(**) Excluding DGAG is equal to €16.9 mln



NET DEBT

(Values in €/m)

	MARCH 2008	DECEMBER 2007	MARCH 2007	MARCH 2007 AFTER DGAG DECONSOLID.
Total Net Debt	300,3	289,7	966,9	76
Total Shareholders' Loans	507,6	526,4	332,8	379
Net Debt not incl. shareholders' Loans	807,8	816,1	1.299,7	455
Net Equity	717,6	720,1	725,1	725
Gearing	1,13	1,13	1,79	0,63

PIRELLI RE STRATEGY

In light of the current financial markets, PRE's strategy is focused on the following:

- 1) Increase Assets Under Management from €13 bn (BV) to €17-18 bn (BV) through:
 - Opportunistic / Value added fund raising and merger with existing portfolios for a total of approx. €6.0-7.0 bn (of which €4.6 bn in course of finalization)
 - Sales of approx. €2.0-2.5 bn
- 2) Launch of a two-year cost saving and legal entities streamlining program (with a focus on higher value added activities). Expected savings of approx. €25-30 mln in 2009 and €35-40 mln at regime
- 3) EBIT including net income from equity investments before restructuring costs in line with 2007 net of DGAG temporary consolidation effects
- 4) Confirm a solid financial structure both at a corporate level and in terms of assets under management

PIRELLI RE STRATEGY

FINANCIAL STRUCTURE:

- Corporate Debt Equity target of 1:1 for year end
- Leverage of AUM not higher than the current 70%
- Financial situation of the current portfolio:
 - pro rata net debt Euro 3.1 bn (non recourse)
 - financing falling due (pro quota): €100 mln on average in the three years 2008-2010 (*)
 - average maturity: close to 5years
 - average spread: 115 bps
 - hedging: 83%

(*) Excluding amortisation for approx.€40 mln per year assuming no sales





PIRELLI

1Q 2008 Group Outlook

PIRELLI GROUP OUTLOOK 2008

- **For 2008 the Pirelli & C. SpA Group confirms its forecasts for a result of its businesses in line with last year, net of restructuring costs for real estate activities and assuming no external elements of an extraordinary nature unpredictable as of today.**
- **Pirelli Tyre forecasts slightly improved results compared with 2007.**



PIRELLI

1Q 2008 Back Up Slides

PIRELLI GROUP STRUCTURE AT 31.12.2007

Main Shareholders*

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



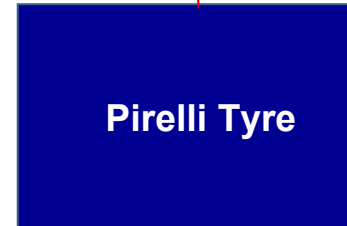
€/ Mln
 Group Sales: 5,209
 Group Net Invested Capital: 4,113



Sales: 189
 NIC: 2% (sul totale)



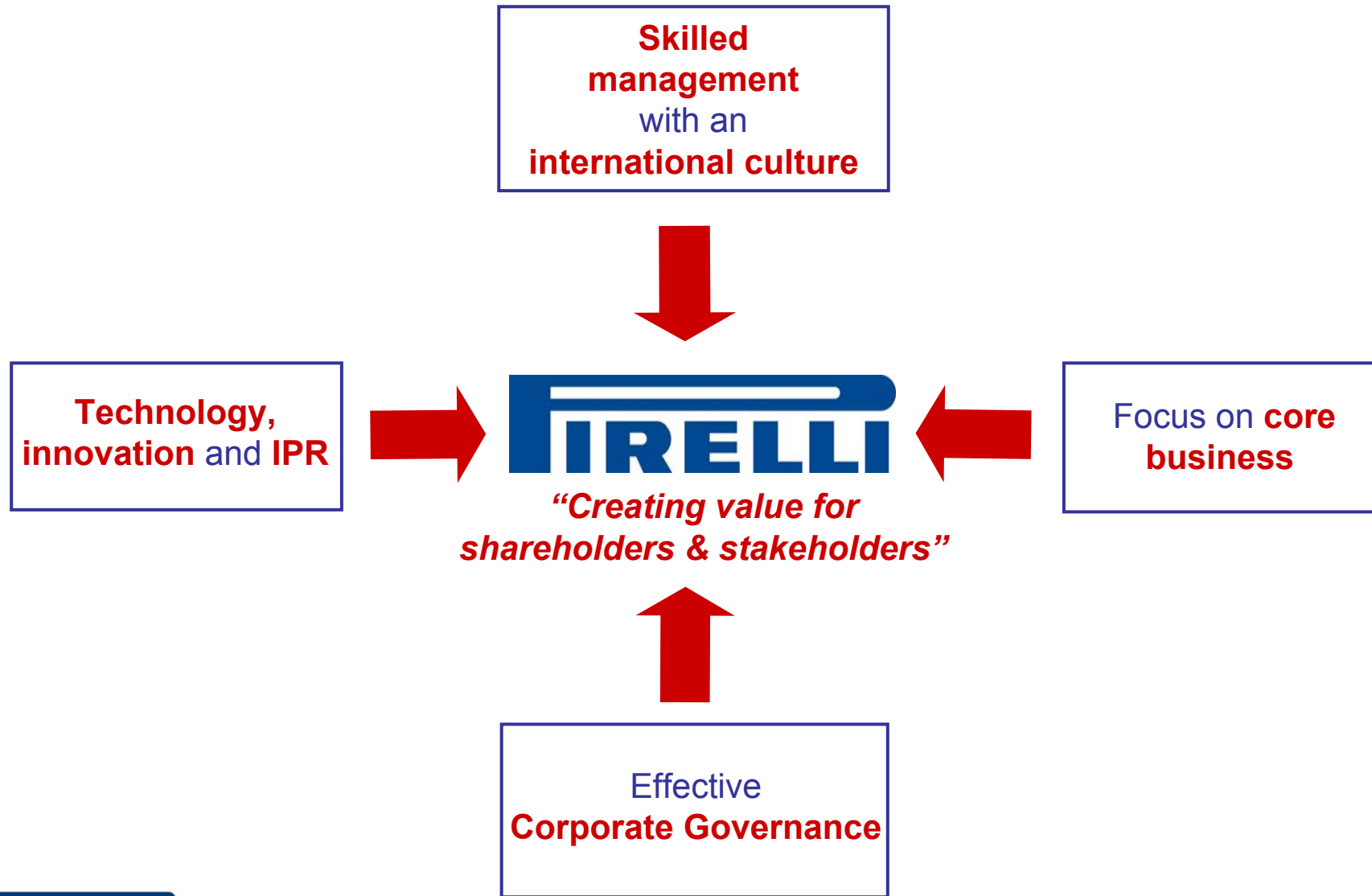
Sales: 853
 Net Invested Capital : 26% (sul totale)



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

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

GROUP MISSION



PIRELLI WORLDWIDE: A GLOBAL COMPANY AT 31.12.2007

30,813 Employees
Approx. 100 Scientists

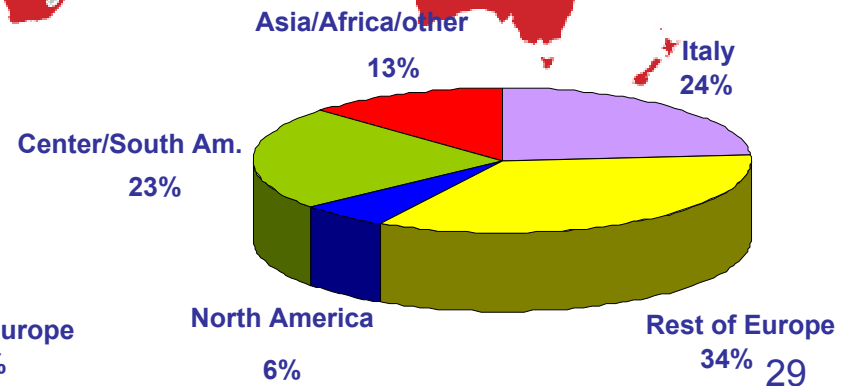
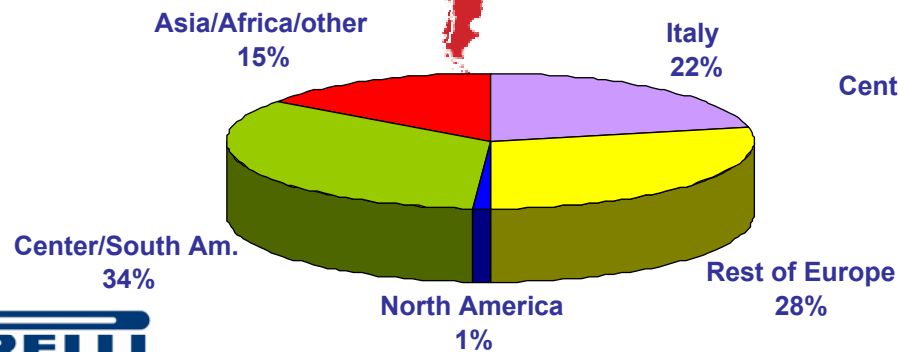
24 Plants
12 Countries
160 commercial presence
Enhanced production and presence
in Brazil, Romania, China

● = Manufacturing Plant
■ = Local Subsidiary

Employees
distribution

Sales by
Area*

* excluding DGAG sales





1Q 2008 Pirelli Tech Ventures

- Ambiente
- Broadband Access & Photonics

1Q 08 BROADBAND ACCESS & PHOTONICS RESULTS

€/mn

	1Q 08 IAS/IFRS	1Q 07 IAS/IFRS	Variation
Net Sales	29.7	25.1	+18.3%
EBITDA	(2.9)	(3.4)	+14.7%
EBITDA margin	<i>n.m.</i>	<i>n.m.</i>	
EBIT	(3.5)	(3.8)	+7.9%
EBIT margin	<i>n.m.</i>	<i>n.m.</i>	
Net Income	(5.9)	(4.2)	

BROADBAND ACCESS & PHOTONICS: 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 consolidation of Gecam™.
- Developed new business of anti particulate filters (R&D and start-up costs in 2007).
- Start up new factory investment of filters in Romania.

Reducing the emissions of particulate in Diesel Engines

PIRELLI & C. AMBIENTE SpA

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

- Sales consolidation of high quality fuel through related company IDEA Granda.
- Dec'07: JV agreement with ACEA to enlarge the presence in the business of energy recovery.
- In July '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 CO₂ emissions

PIRELLI 1Q 2008 GROUP RESULTS

	PIRELLI TYRE		PIRELLI REAL ESTATE		BROADBAND ACCESS & PHOT.		ALTRI BUSINESS		ALTRO		GRUPPO PIRELLI & C. CONS.	
Euro/Mln	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07
Sales	1,076.9	1,060.0	189.5	708.6	29.7	25.1	18.8	17.4	(0.8)	0.2	1,314.1	1,811.3
Δ %		1.6%		n.s.		18.3%		8.0%		n.s.		-27.4%
Organic Sales (*)	1,076.9	1,043.2	189.5	201.0	29.7	25.1	18.8	17.4	(0.8)	0.2	1,314.1	1,286.9
Δ %		3.2%		-5.7%		18.3%		8.0%				2.1%
EBITDA	148.5	150.9	27.2	36.9	(2.9)	(3.4)	(3.8)	(1.5)	(1.0)	(1.3)	168.0	181.6
% on sales	13.8%	14.2%			n.s.	n.s.					12.8%	10.0%
% on sales (2007 excluding DGAG effect)											12.8%	13.9%
EBIT	100.3	103.7	24.5	34.5	(3.5)	(3.8)	(4.0)	(1.7)	(2.7)	(3.2)	114.6	129.5
% on sales	9.3%	9.8%			n.s.	n.s.					8.7%	7.1%
% on sales (2007 excluding DGAG effect)											8.7%	9.9%
Result from Equity Participations	0.1		0.5	12.8			(0.3)		(16.1)	0.9	(15.8)	13.7
EBIT post Result from Equity Participation	100.4	103.7	25.0	47.3	(3.5)	(3.8)	(4.3)	(1.7)	(18.8)	(2.3)	98.8	143.2
Financial Income/Charges	(15.2)	(13.8)	(4.5)	(15.1)	(2.3)	(0.4)	(0.2)	0.0	17.9	(17.1)	(4.3)	(46.4)
EBT	85.2	89.9	20.5	32.2	(5.8)	(4.2)	(4.5)	(1.7)	(0.9)	(19.4)	94.5	96.8
Fiscal Income/Charges	(27.5)	(31.8)	(7.5)	(12.4)	(0.1)	0.0	(0.1)	0.0	3.1	2.7	(32.1)	(41.5)
Net Result Before Discontinued Operations	57.7	58.1	13.0	19.8	(5.9)	(4.2)	(4.6)	(1.7)	2.2	(16.7)	62.4	55.3
% on sales (2007 excluding DGAG effect)	5.4%	5.5%	n.s.	n.s.							4.7%	4.2%
Discontinued Operations (**)										1.0	0.0	1.0
Net Income	57.7	58.1	13.0	19.8	(5.9)	(4.2)	(4.6)	(1.7)	2.2	(15.7)	62.4	56.3
% on sales (2007 excluding DGAG effect)	5.4%	5.5%									4.7%	4.3%
Attributable Net Income											33.8	24.2
Net Financial Position (****)	843.8	734.7	300.3	966.9	39.6	20.5	5.7	3.0	(338.4)	1,348.7	851.0	3,073.8

(*) at organic exchange rates and DGAG sale deconsolidation in P.Real Estate in 2007

(****) 31.03.2007 included DGAG impact in P.Real Estate for 981€/Mln