



MILAN - MARCH 10, 2009

# PIRELLI GROUP 2008 FINANCIAL RESULTS

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## Statement

The Manager mandated to draft corporate accounting documents of Pirelli & C. SpA, 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.

# Agenda

- ▶ **Pirelli Group 2008 Financial Review**
- ▶ Pirelli Tyre Results
- ▶ Pirelli Real Estate Results
- ▶ Appendix

# Pirelli Group: 2008 Key Financial Results

€/mln

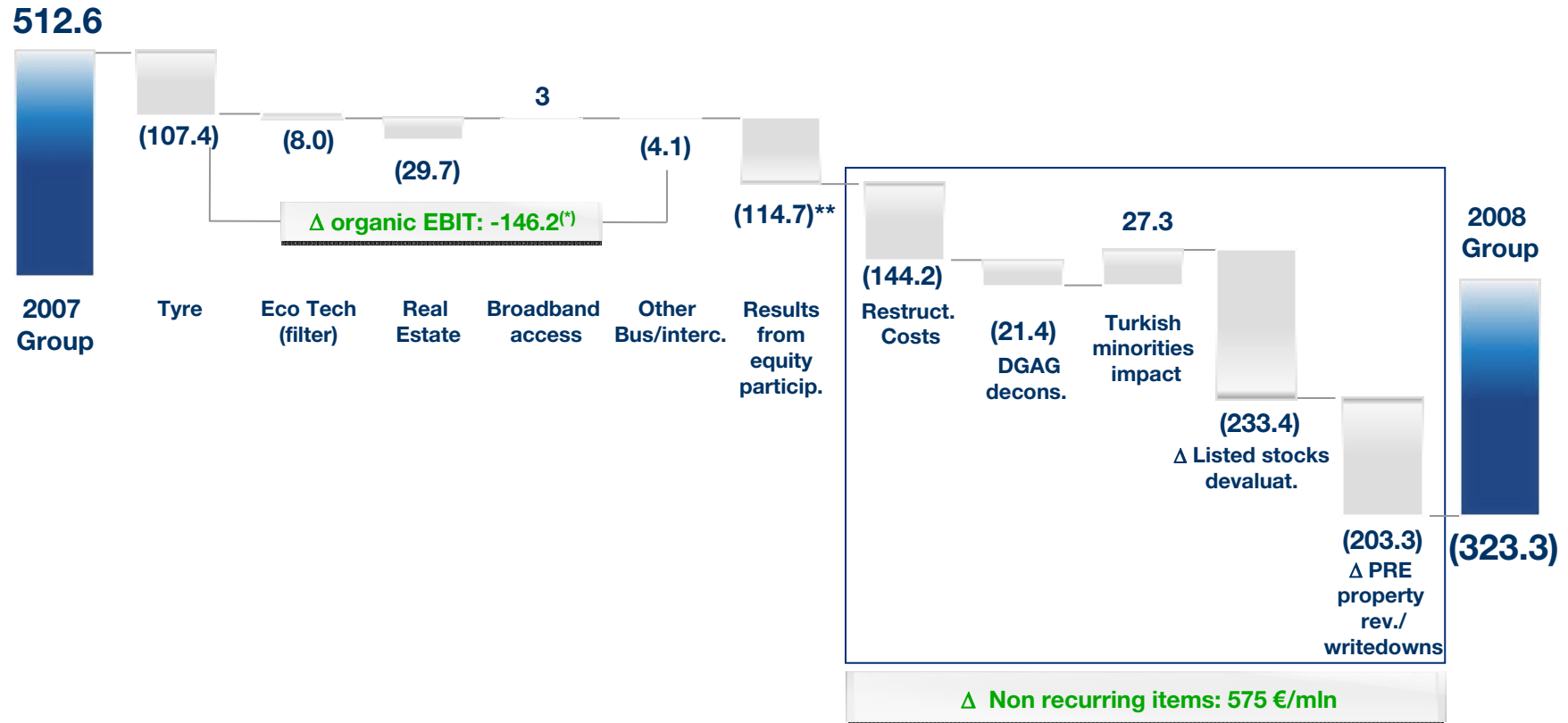
	FY '08	YoY %	4Q '08	YoY %	4Q '08 Results Drivers
<b>Revenues (Organic)</b>	<b>4,660.2</b>	<b>-0.1%<sup>(*)</sup></b>	<b>992.2</b>	<b>-8.5%<sup>(*)</sup></b>	<ul style="list-style-type: none"> <li>▶ Deterioration of market conditions for both Tyre &amp; PRE</li> <li>▶ Manufacturing costs increase (raw materials, energy)</li> <li>▶ Acceleration of restructuring initiatives on both Tyre and PRE</li> <li>▶ Devaluation of listed stocks (108 €/mln in 4Q'08) and of real estate in PRE (136 €/mln)</li> <li>▶ Minorities repurchase in Tyre business</li> <li>▶ 92% in Tyre business (innovation &amp; prod. increase in China &amp; Romania)</li> <li>▶ Mainly on Tyre following the investments in Brazil, China and Romania</li> </ul>
EBITDA before Restructuring Costs	396.1	-30.8%	5.2	-96.0%	
Margin	8.5%	-3.5pp	0.5%	-10.9pp	
<b>EBIT before Restructuring Costs</b>	<b>187.4</b>	<b>-48.5%</b>	<b>(44.8)</b>		
Margin	4.0%	-3.6pp	-		
<b>Restructuring Costs</b>	<b>(144.2)</b>	<b>-</b>	<b>(94.9)</b>	<b>-</b>	
<b>EBIT</b>	<b>43.2</b>	<b>-88.1%</b>	<b>(139.7)</b>		
Margin	0.9%	-6.7pp	-	-21pp	
<b>Results from equity participations</b>	<b>(366.5)</b>		<b>(281.3)</b>		
EBIT post results from equity participations	(323.3)		(421.0)		
Total Net Income	(412.5)		(376.2)		
<b>Net Income post minorities</b>	<b>(347.5)</b>		<b>(296.2)</b>		
<b>Net Financial Position</b>	<b>1,027.7</b>	<b>vs (302.1)</b>			
<b>Capex</b>	<b>311</b>	<b>+8.4%</b>			
<b>R&amp;D Expenditures/sales</b>	<b>3.3%</b>	<b>-0.3pp</b>			
<b>Employees (no.at YE)</b>	<b>31,056</b>	<b>+0.7%</b>			
Factories	23	vs 24			

<sup>(\*)</sup> Homogeneous terms variations, not including exchange rate effects and, in 2007, DGAG assets deconsolidation

# Pirelli Group: EBIT 2008 vs 2007

(post restructuring costs and results from equity participations)

€/mln



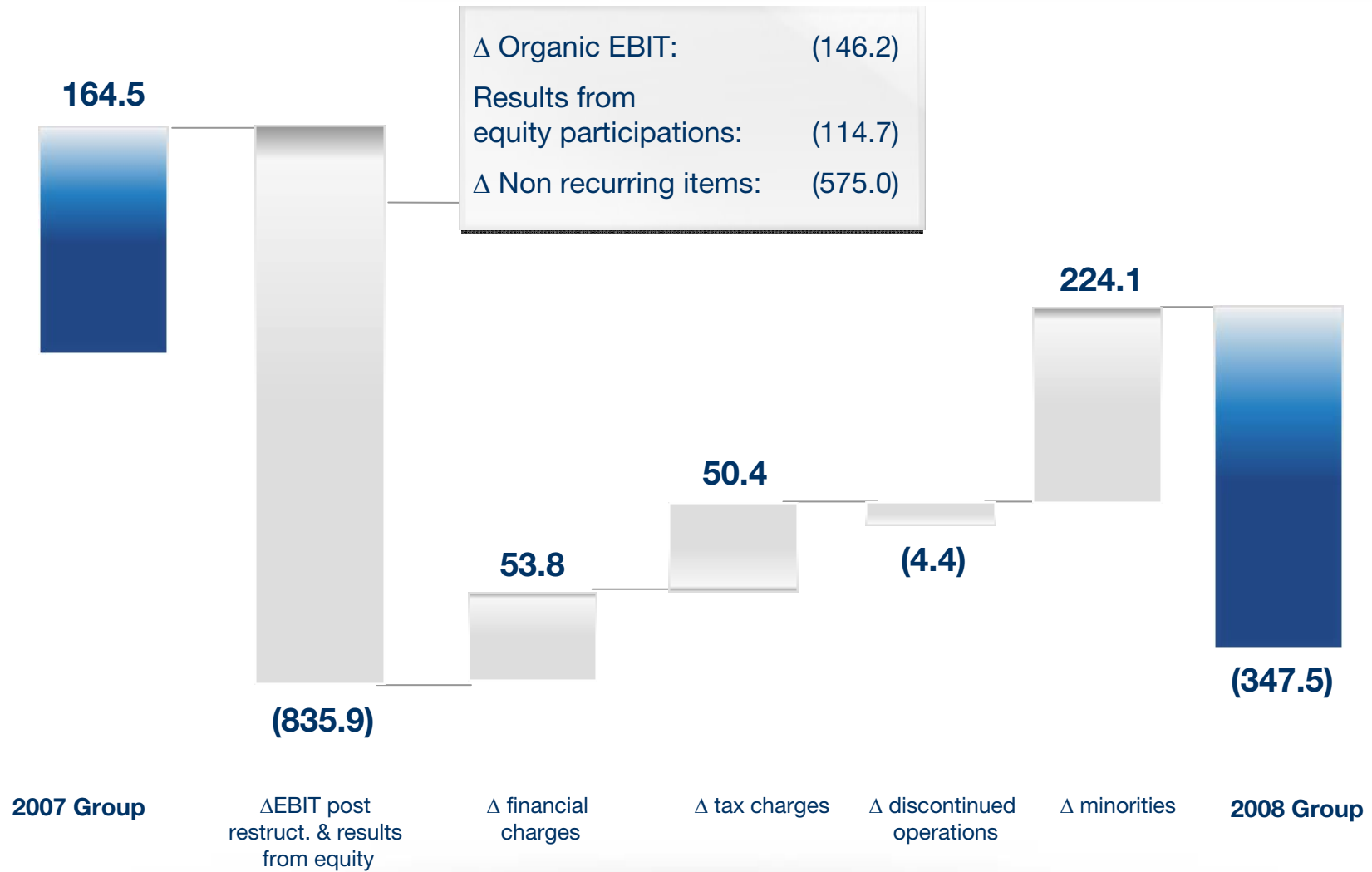
(\*) Δ EBIT before organic item = -176.6 €/mln including DGAG deconsolidation (-21.4 €/mln) and Pirelli RE property writedowns (-9 €/mln)

(\*\*) Of which 113.6 €/mln PRE

## Pirelli Group: analysis of 2008 non recurring items

	2008	2007	Δ YoY
<b>Restructuring Costs</b>	<b>(144.2)</b>	-	<b>(144.2)</b>
▶ Tyre	(100.0)	-	-
▶ PRE	(44.2)	-	-
<b>Listed stocks devaluation</b>	<b>(263.1)</b>	<b>(29.7)</b>	<b>(233.4)</b>
▶ Telecom Italia (177.1 mln shares at 1.149 €)	(173.0)	(22.0)	
▶ RCS (39.1 mln shares at 1.70 €)	(65.7)	-	
▶ Avanex (1.9 mln shares at 0.75 €)	(24.3)	(7.7)	
<b>Pirelli Real Estate property writedowns/ revaluation</b>	<b>(135.8)</b>	<b>67.5</b>	<b>(203.3)</b>
DGAG deconsolidation	(21.4)	-	(21.4)
Turkish minorities	27.3	-	27.3
<b>Total non recurring items</b>	<b>(537.2)</b>	<b>37.8</b>	<b>575.0</b>

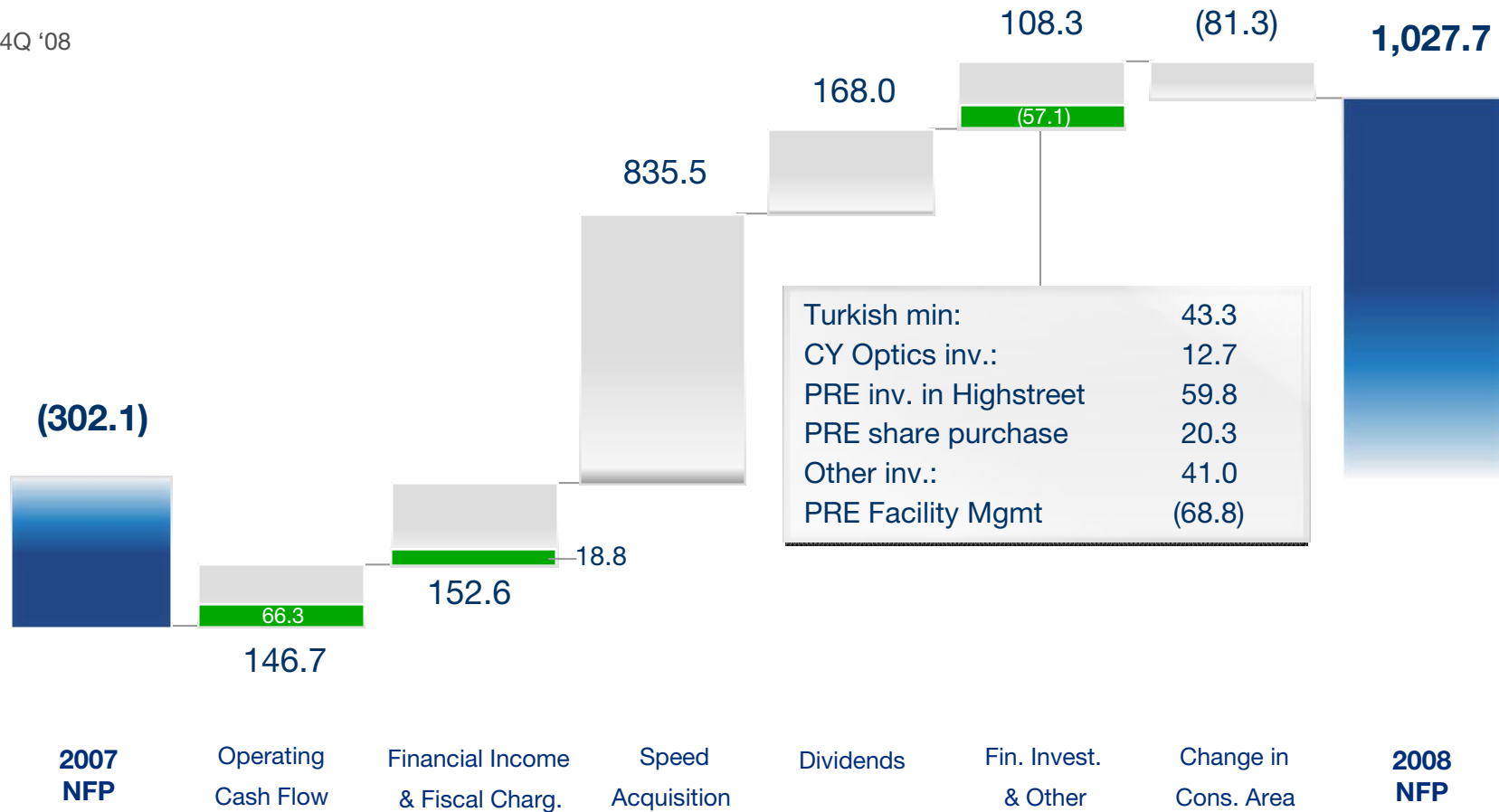
# Pirelli Group: attributable net income 2008 vs 2007



# Pirelli Group: 2008 vs 2007 financial position

€/mln

■ 4Q '08



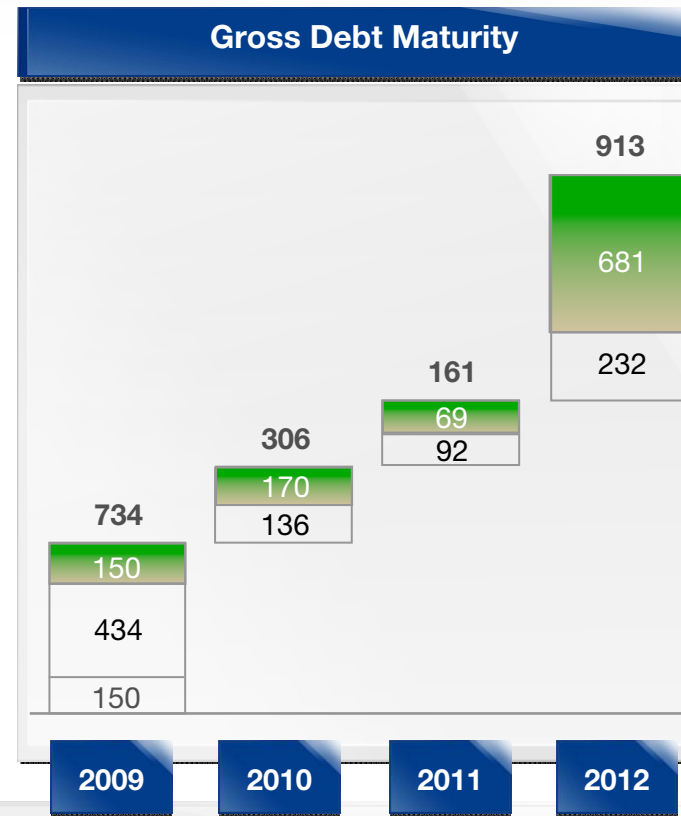
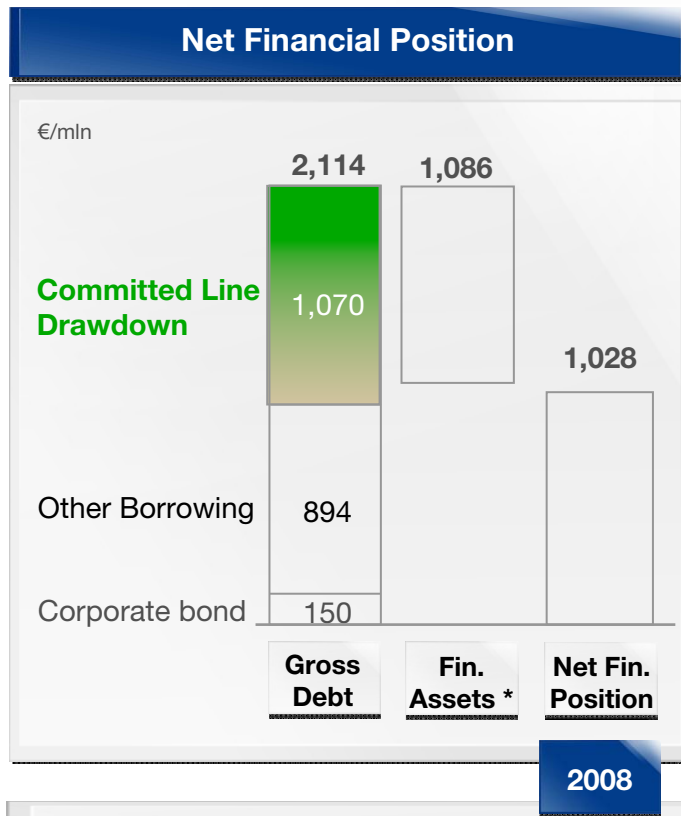


# Pirelli Group: Net financial position 2008 by business

€/mln

	TYRE	PRE	Other Business	Corporate	P&C Group Cons
<b>Gross Debt</b>	<b>1,610</b>	<b>915</b>	<b>29</b>	<b>531</b>	<b>2,114</b>
to Corporate	432	492	27		
<b>Financial receivables</b>	<b>(121)</b>	<b>(590)</b>	<b>(17)</b>	<b>(959)</b>	<b>(716)</b>
<b>Cash and cash equivalents</b>	<b>(222)</b>	<b>(36)</b>	<b>(3)</b>	<b>(109)</b>	<b>(370)</b>
<b>Net Financial Position</b>	<b>1,267</b>	<b>289</b>	<b>9</b>	<b>(537)</b>	<b>1,028</b>

# Pirelli Group: Debt Structure as of Dec. '08



<b>Total Committed Lines not drawn</b>				639
	0	10	136	

\*Financial receivables, cash and cash equivalents

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- ▶ **Pirelli Tyre Results**
- ▶ **Pirelli Real Estate Results**
- ▶ **Appendix**

# 2008 Pirelli Tyre performance was adversely impacted by unforeseeable market conditions



Million €, Percent

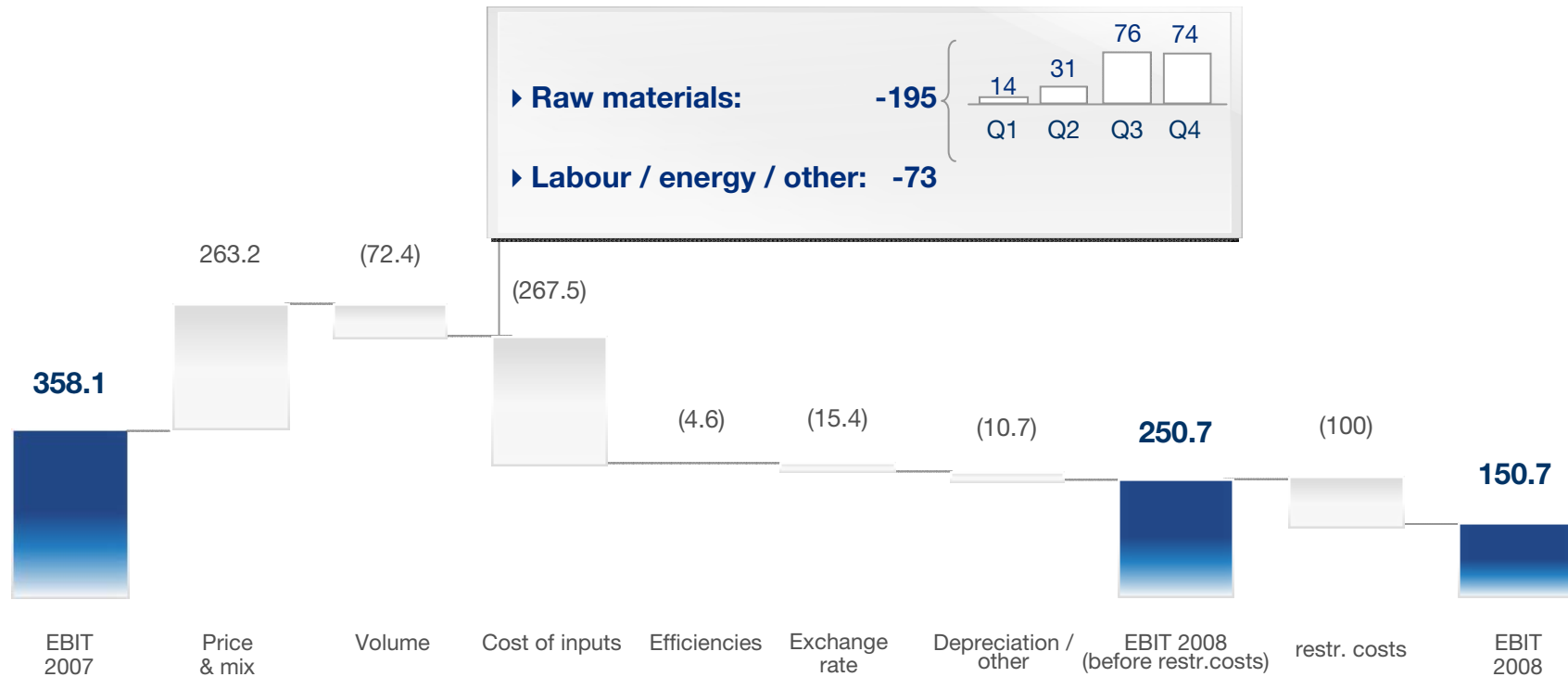
Profit & Loss	2008	2007	Δ%	Δ Price/Mix +7.3%		4Q '08		4Q '07		Δ%		Δ Price/Mix +14.2%	
				Δ Rev. (net of Exch. rate impact) +1.3%	Δ Volume -6.0%							Δ Rev. (net of Exch. rate impact) -5.0%	Δ Volume -19.2%
Revenues	4,100.2	4,161.7	-1.5	Δ Exch.Rate -2.8%		871.0	969.9	-10.2				Δ Exchange Rate -5.2%	
EBITDA (before restructuring costs)	441.2	548.6	-19.6			62.9	118.0	-46.7					
margin	10.8%	13.2%				7.2%	12.2%						
EBIT (before restruct.costs)	250.7	358.1	-30.0	Δ Commercial +190.8		18.9	71.9	-73.7				Δ Commercial +77	
margin	6.1%	8.6%		Δ Efficiencies -4.6		2.2%	7.4%					Δ Efficiencies -1	
EBIT (after restruct.costs)	150.7	358.1	-57.9	Δ Unit costs & other -293.6		(49.4)	73.0					Δ Unit costs & other -129	
Net Income	25.6	210.5				(82.7)	50.5						

- ▶ A **collapse** of the **OE market** and the **deterioration** of the **Industrial business trend** (the most cyclical segment), driving sales down by **10.2%** in Q4
- ▶ A **dramatic increase in all input costs** (raw materials, energy, etc.). 4Q08 raw material cost impact was as high as in Q3
- ▶ Acceleration of **restructuring initiatives: 68 mln € in 4Q08 vs. 32 mln € in 9M08**



# Pirelli Tyre 2008 operating performance

Million €



- ▶ Positive contribution from **Price/mix counterbalanced by volume** decrease and higher **production costs** (mainly raw materials and energy)
- ▶ **Notwithstanding a tough market scenario**, Pirelli maintained a **high focus on innovation** with stable yoy **R&D costs (145 mln € in 2008)**

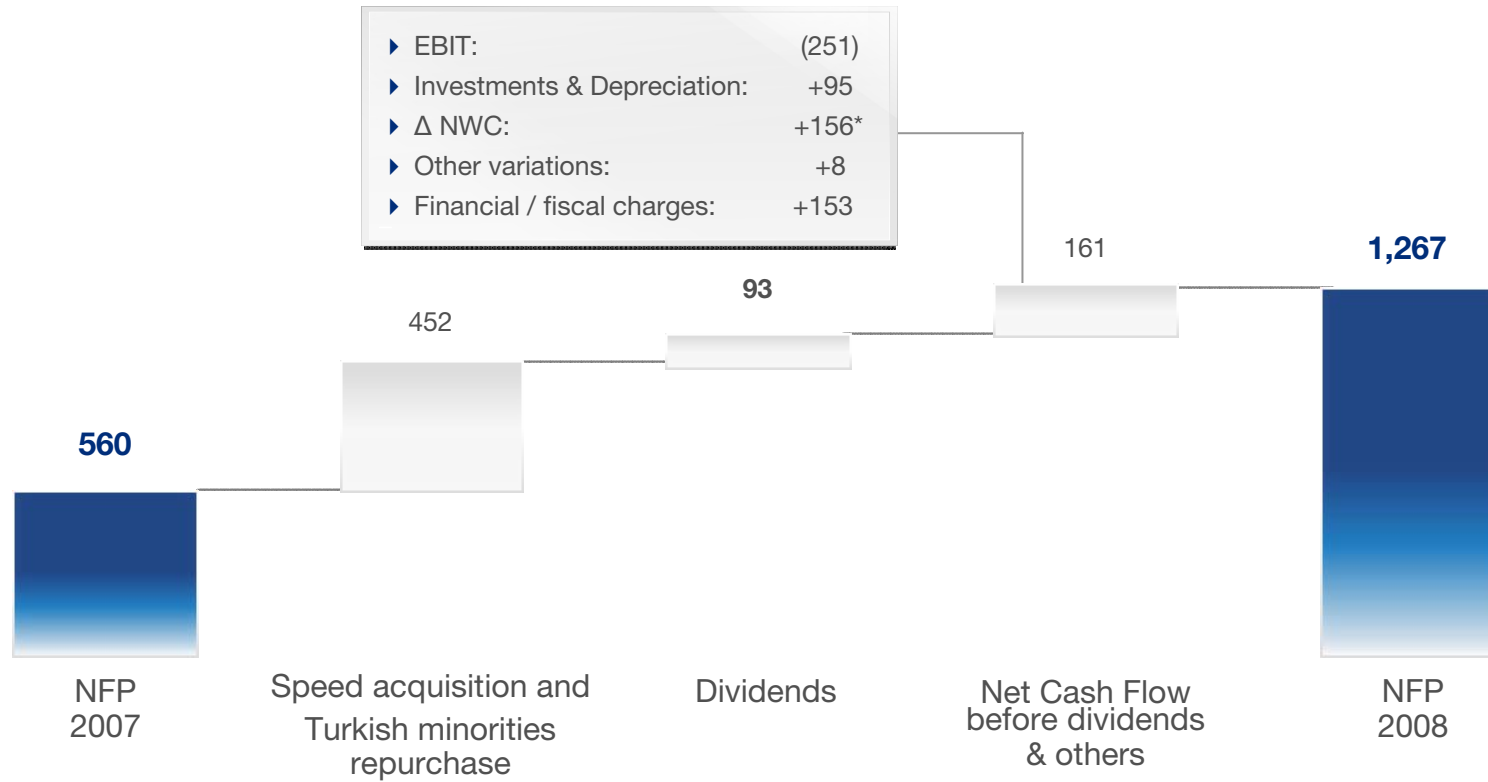


## Pirelli Tyre restructuring program



- ▶ **100 million €** have been **committed to** speed up **restructuring** in Europe:
  - ▶ Headcount reduction in WE (-1,500 people already identified in 2H '08)
  - ▶ Industrial footprint reshaping in WE factories: **the closing down within 2009 of one factory was already announced**
- ▶ Funding required to execute **additional restructuring** is **already included** in 2009-2011 costs / EBIT targets

# Pirelli Tyre 2008 NFP evolution



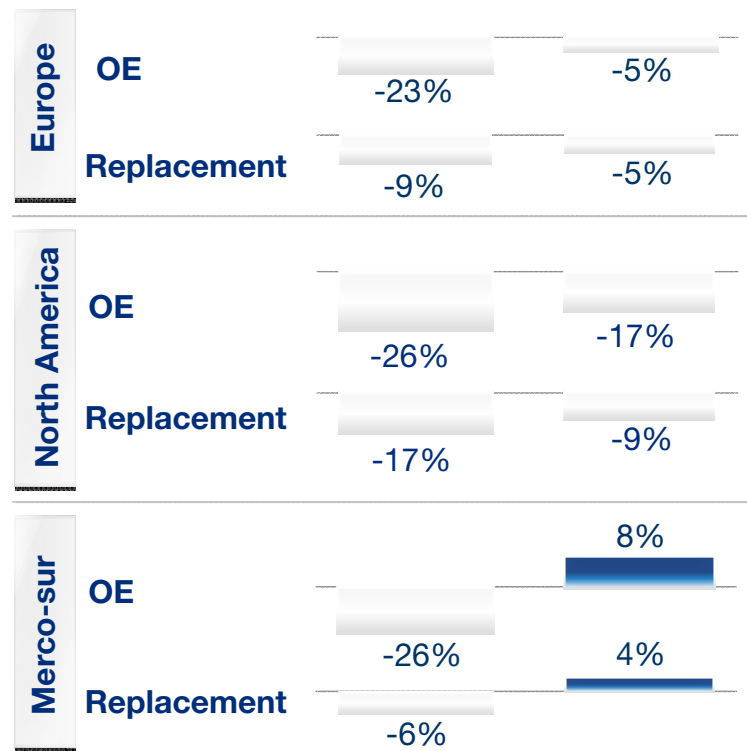
\* of which stock: 212



# Consumer Business in 2008

Car tyre shipments, Percent (yoy)

## 2008 Market



- ▶ Q4 collapse of Light Vehicle production
- ▶ De-stocking at Trade (Replacement channel)

Source: Global Insight, Europool, Rma, Anip, Pirelli



## Pirelli Economics

Million €, Percent

### FY

	FY '08	FY '07	Δ%
Revenues	2,801	2,861	- 2.1
EBITDA (before restructuring costs)	282	393	-28.2
margin	10.1%	13.7%	
EBIT (before restructuring costs)	139	253	-44.9
margin	5.0%	8.8%	

Δ Price/Mix	+6.5%
Δ Volume	-5.8%
Δ Rev. (net of Exch. rate impact)	+0.7%
Δ Exchange Rate	-2.8%

### 4Q

	4Q '08	4Q '07	Δ%
Revenues	594	649	- 8.5
EBITDA (before restructuring costs)	33	85	-61.2
margin	5.5%	13.1%	
EBIT (before restructuring costs)	0.1	51	n.m
margin	0%	7.8%	

Δ Price/Mix	+13.5%
Δ Volume	-17.9%
Δ Rev. (net of Exch. rate impact)	-4.3%
Δ Exchange Rate	-4.1%

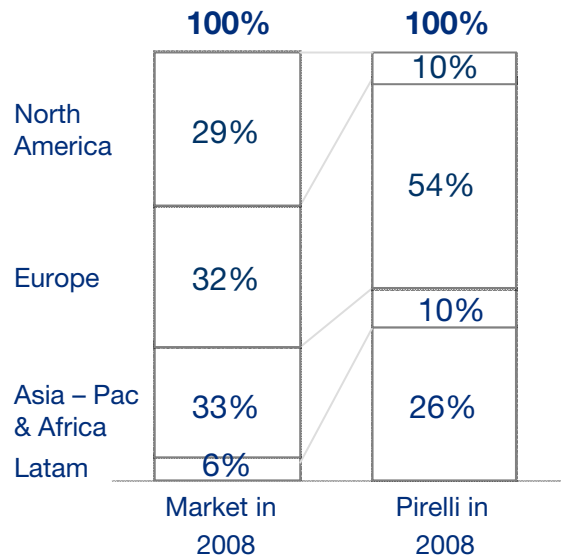


# Pirelli Tyre **positioning** in the consumer business



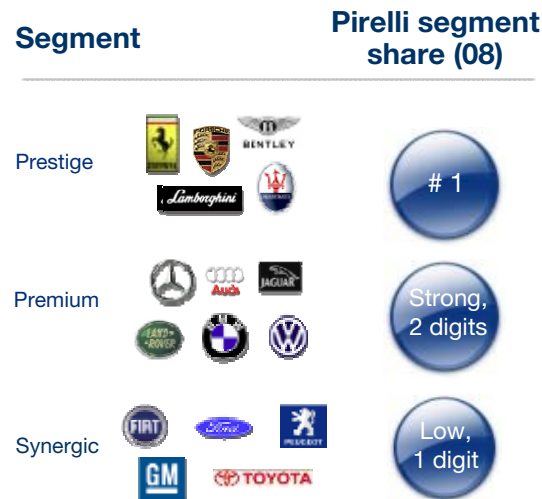
## SALES BREAKDOWN BY AREA

% of sales volume



- ▶ Historical **leadership** in **LatAm**
- ▶ **Low exposure** to North **America**
- ▶ **Solid** foothold in **Europe**, due to high OE pull-through
- ▶ **Growth** opportunities in **Asia-Pacific** markets with new China source

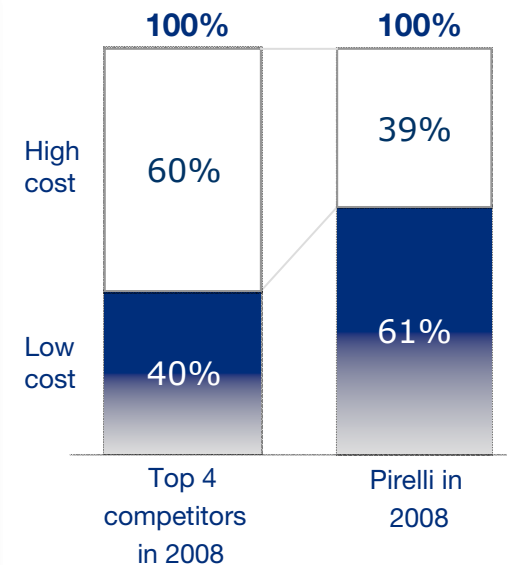
## PIRELLI STRENGTH



- ▶ **Leading** brand in Prestige niche
- ▶ Development partner of **most premium** car makers
- ▶ **Key** supplier to the Automotive Industry in **LatAm** and **Turkey**

## PRODUCTION BY AREA

% of production volume



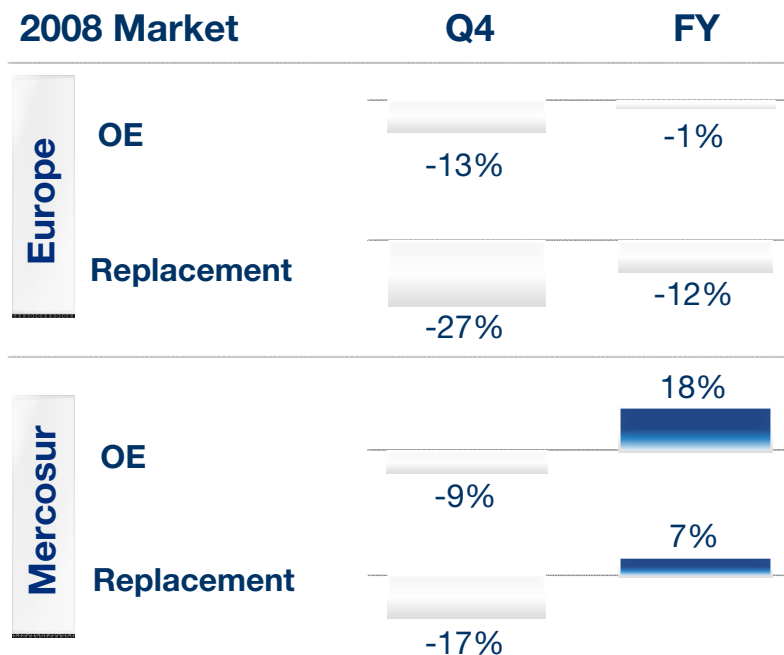
- ▶ **Only high-end**, high added-value products in high-cost countries

Source: Tire Business Report, Pirelli estimates



# Industrial Business in 2008

Truck Tyre shipments, Percent (yoy)



- ▶ **Worsening** trend in **all** OE and Replacement **markets**, including China (Q4: -23% yoy)

Source: ANIP, Europool, Pirelli



Million €, Percent

## Pirelli Economics

### FY

	FY '08	FY '07	Δ%
Revenues	1,299	1,300	- 0.1
EBITDA (before restructuring costs)	159	156	1.9
margin	12.2%	12.0%	
EBIT (before restructuring costs)	112	106	5.7
margin	8.6%	8.1%	

Δ Price/Mix	+9.1%
Δ Volume	-6.6%
Δ Rev. (net of Exch. rate impact)	<b>+2.5%</b>
Δ Exchange Rate	-2.7%

### Q4

	4Q '08	4Q '07	Δ%
Revenues	277	321	- 13.7
EBITDA (before restructuring costs)	30	33	-8.0
margin	10.8%	10.2%	
EBIT (before restructuring costs)	19	21	-9.5
margin	6.8%	6.6%	

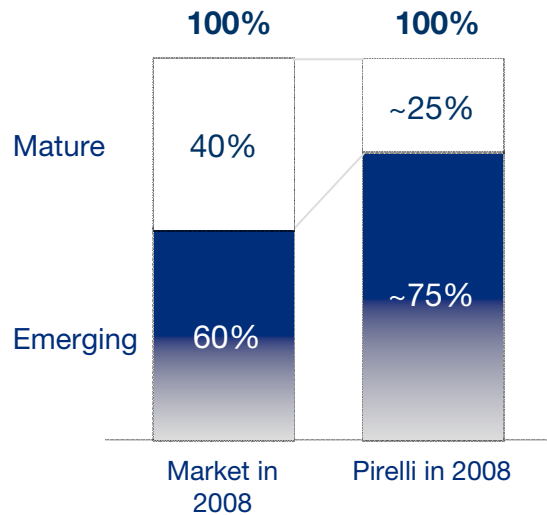
Δ Price/Mix	+15.6%
Δ Volume	-21.7%
Δ Rev. (net of Exch. rate impact)	<b>-6.1%</b>
Δ Exchange Rate	-7.6%

# Industrial Business: a **unique** competitive position



## SALES BREAKDOWN BY AREA

% of sales volume



- ▶ Sales focus in **high growth areas**

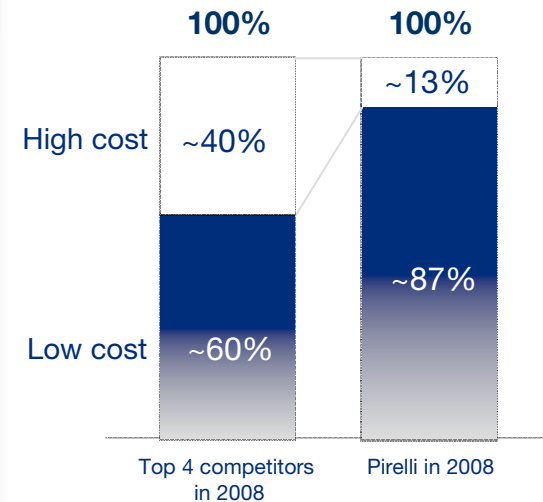
## PIRELLI MARKET STRENGTH

Area	Pirelli rank
Mercosur	#1
Southern EU and Near-East	#2
North Africa	#1
China	<i>new entry</i>

- ▶ **Leading position** in our key markets

## PRODUCTION BY AREA

% of production volume



- ▶ **Product cost leadership** supported by a low-cost production base

Source: TyreBusiness Report, Pirelli estimates



# 4Q 08 Pirelli Tyre Highlights:



06/10/2008



Scorpion ATR: the best choice.  
In the United States the Union of Consumers published the results of 4x4 testing. Pirelli Tyre win on all types of terrain.

06/11/2008



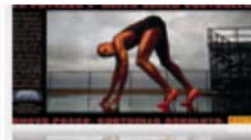
Pirelli is by far the tyre brand best remembered in Brazil. That is the result of the latest "Top of Mind 2008" survey by the Datafolha Institute.

26/11/2008



The Swiss prefer Pirelli tyres. Pirelli is the best brand of the year. It's the readers of the prestigious magazine "Auto Illustrierte" who say so.

05/12/2008



Pirelli is one of the world's 10 best known Italian brands.

12/12/2008



Pirelli Best Tyre Manufacturer of the year. Received in Beijing, the China Auto Service Golden Finger Award, one of the most influential awards in the auto industry.



# Recent Pirelli Tyre Highlights:

26/01/2009



Pirelli and Metzeler play a leading role at the 6<sup>th</sup> Annual INTERMOT Motorcycle and Scooter Fair in Cologne and at 66<sup>th</sup> EICMA, International Bicycle and Motorcycle Exhibition in Milan.  
In Cologne Pirelli introduced Angel ST, designed to fit sport-touring motorcycles.

27/01/2009



Collaboration between Brembo, Marelli and Pirelli to develop avant garde solutions for the international motor industry

29/01/2009



WRC, WSB, Grand-Am, Dakar  
19/1: Pirelli wins the Dakar. Scorpion Rally takes the podium with KTM  
28/1: the 2009 WRC starts in Ireland  
29/1: Pirelli wins in Prototype and GT victory during the Rolex Daytona 24 Hours

23/02/2009



Pirelli wins the “2009 Tire Technology Award for Innovation and Excellence” in Hamburg and is entitled “Manufacturer of the year”

05/03/2009



Pirelli fits ICHANGE, the first zero-emission supercar.  
The Geneva International Motor Show, features the first supercar totally powered by a lithium ion battery, fitted with Pirelli tyres.

06/03/2009



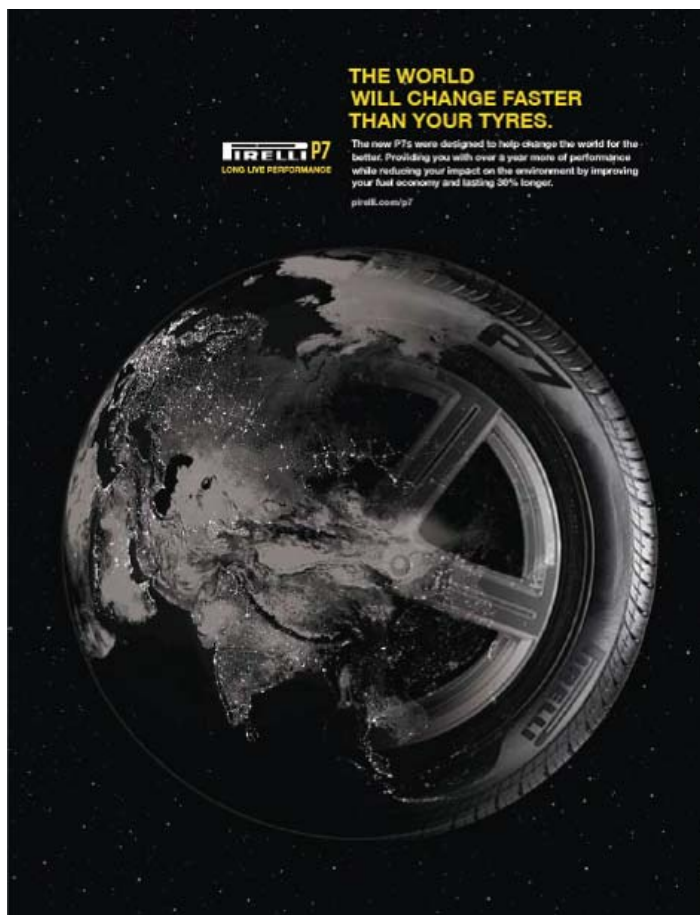
“Beste Marke 2009”, Metzeler doubles up.  
With 68% of the votes, Metzeler wins the Motorrad survey for the second year in a row

09/03/2009



At Geneva International Motor Show, inspired by green performance, Pirelli announces the launch of the new Cinturato and P Zero trofeo tyres

# Cinturato: introducing the Green Performance concept



## THE TECHNOLOGY

- ▶ **Distinctive features** offered by new bio-materials, such as silica derived by rice husk ash, enhancing **LRR performance at lower cost**

## THE SEGMENT

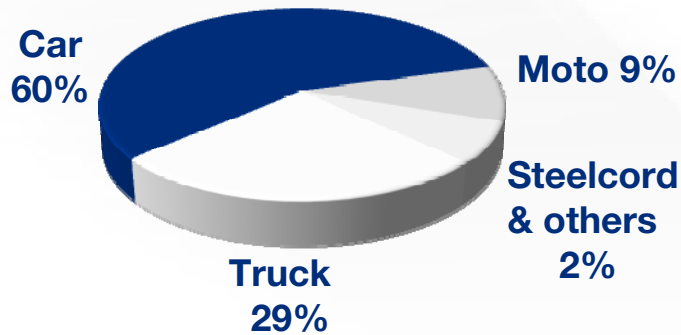
- ▶ **Environment-sensitive consumers** choosing low-impact products

## THE PRODUCTS

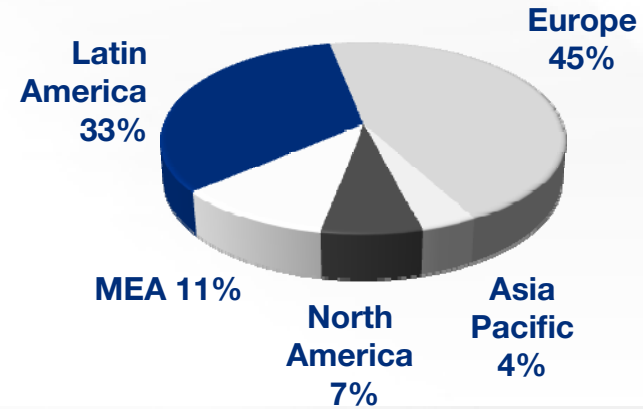
- ▶ New **Cinturato P7**, the green performance tyre for premium cars
- ▶ New **Snowcontrol II**, the green performance tyre for the Winter Season

# 2008 Pirelli Tyre

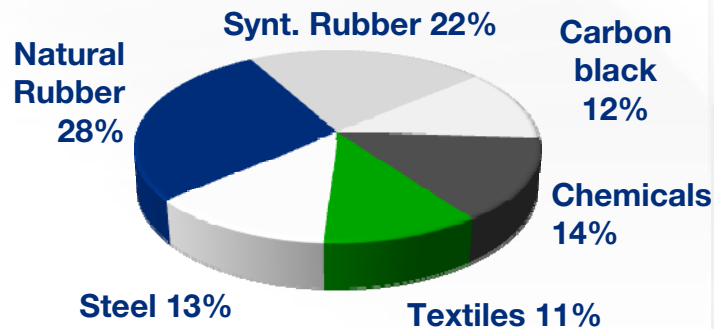
## Sales by segment



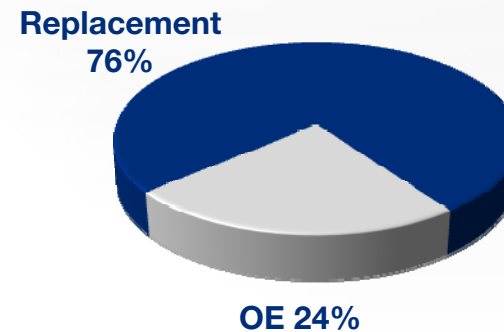
## Sales by region



## Raw material mix



## Sales by channel



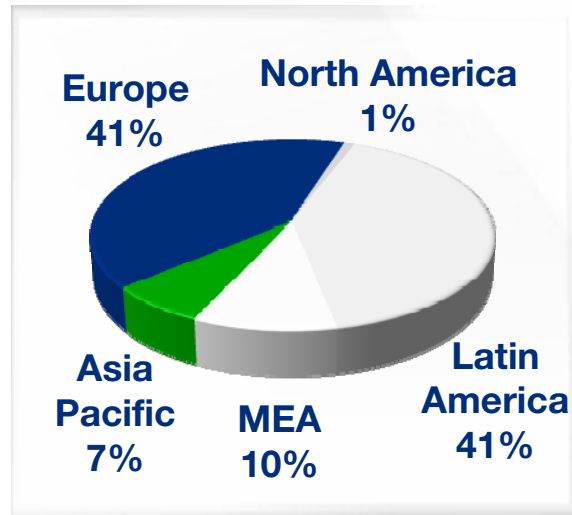
# 2008 Pirelli Tyre factories



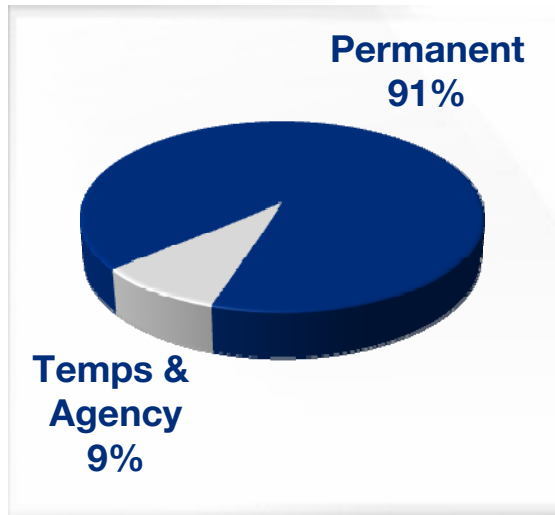


# 2008 Pirelli Tyre

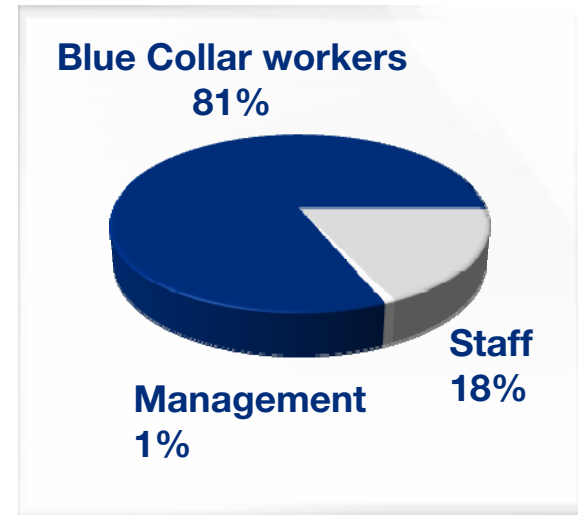
## People by region



## People by contract



## People by cluster



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- ▶ **Pirelli Real Estate Results**
- ▶ **Appendix**

# Consolidated Income Statement

€/mln



	FY '08	2007 Net of temp. consolidation of DGAG	FY '07
Consolidated Revenues (*)	365.1	334.1	428.8
EBIT before restructuring costs and property writedowns/revaluations	(17.7)	12.0	33.4
Net income from investments before property writedowns/revaluations	(42.0)	71.6	71.6
<b>EBIT including net income from investments before restructuring costs and property writedowns/revaluations</b>	<b>(59.7)</b>	<b>83.6</b>	<b>105.1</b>
Restructuring costs	(44.2)	0.0	0.0
Property writedowns/revaluations	(135.8)	67.5	67.5
<b>EBIT including net income from investments</b>	<b>(239.7)</b>	<b>151.1</b>	<b>172.6</b>
Interest Income from Equity participation	23.0	24.1	24.1
EBIT including Income and Interest Income from equity participation	(216.7)	175.3	196.7
Financial charges	(49.0)	(33.6)	(61.6)
<b>PBT</b>	<b>(265.7)</b>	<b>141.7</b>	<b>135.0</b>
Income Taxes	(1.9)	(21.7)	(23.6)
<b>Net Result before discontinued operations</b>	<b>(267.6)</b>	<b>119.9</b>	<b>111.4</b>
Discontinued operations	74.6	49.5	49.5
<b>Net Result Before Minority Interest</b>	<b>(193.0)</b>	<b>169.4</b>	<b>160.9</b>
Minority Interest	(2.0)	(6.7)	(9.7)
<b>Net Result</b>	<b>(195.0)</b>	<b>162.8</b>	<b>151.1</b>

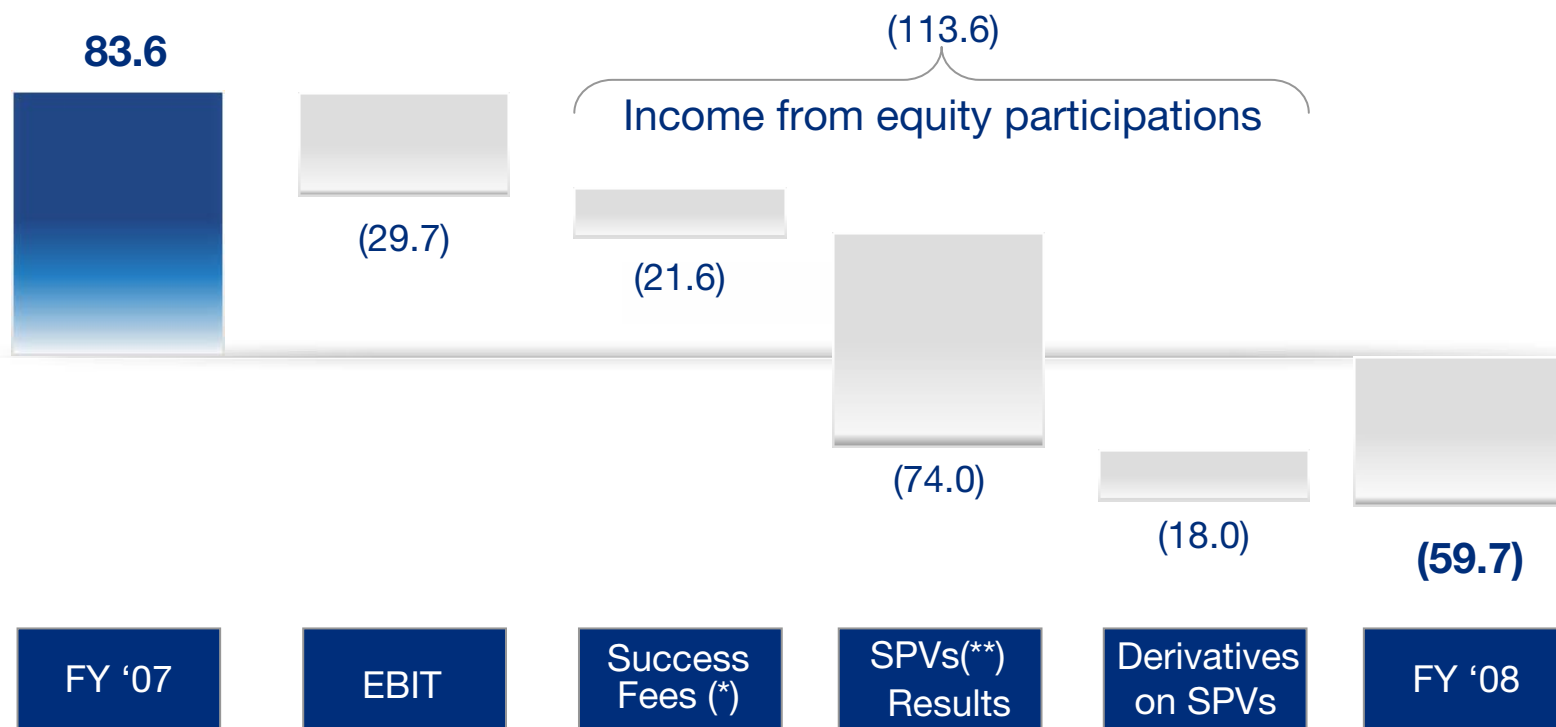
(\*) 2007 values do not include sales of DGAG properties to RREEF and MSREF JV (1,295.6 €/mln)

Note: in 2008 EBIT was 71.2 €/mln o/w: (17.7) €/mln of EBIT before restructuring costs and properties writedowns, (9.3) €/mln of properties writedowns from consolidated assets, (44.2) €/mln of restructuring costs. In 2007 EBIT was 33.1 €/mln o/w (0.3) €/mln properties writedowns, 12.0 €/mln EBIT (net of temporary consolidation of DGAG) and 21.4 €/mln of DGAG contributions.

Note: Facility management result has been accounted as discontinued operation

# Details on 2008 Operating results

€/bn



(\*) Including promote and disposal of 20% stake of the German AM platform

(\*\*) SPVs=special purpose vehicle

# Total Real Estate Sales, Rents and Acquisitions 100% and Pro Quota

€/bln

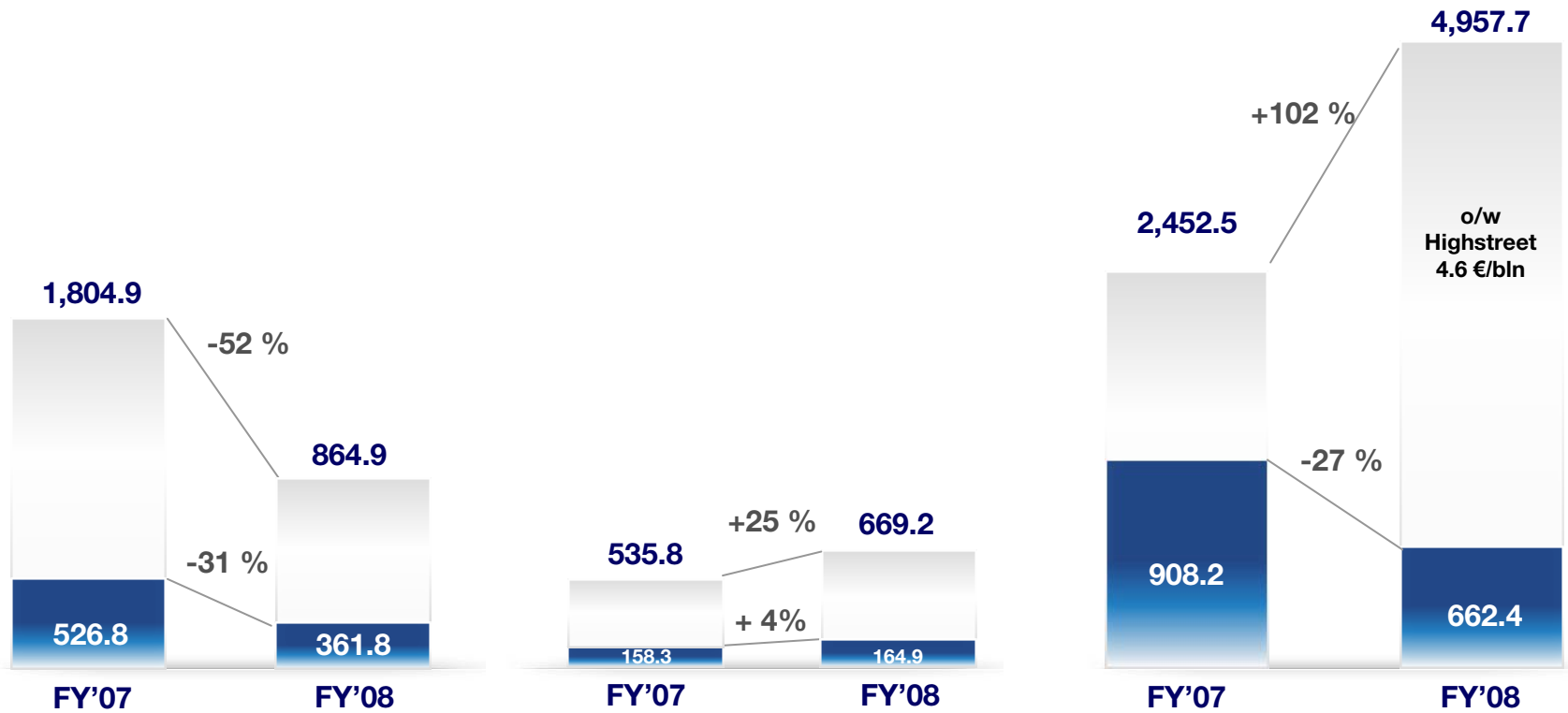


■ Pro quota   ■ 100%

## REAL ESTATE SALES

## REAL ESTATE RENTS

## REAL ESTATE ACQUISITIONS



(\* Sales and rents generated in the Vehicles and Fund are included in the total aggregate revenues of our participated

# Investment Asset Allocation (Market Value)



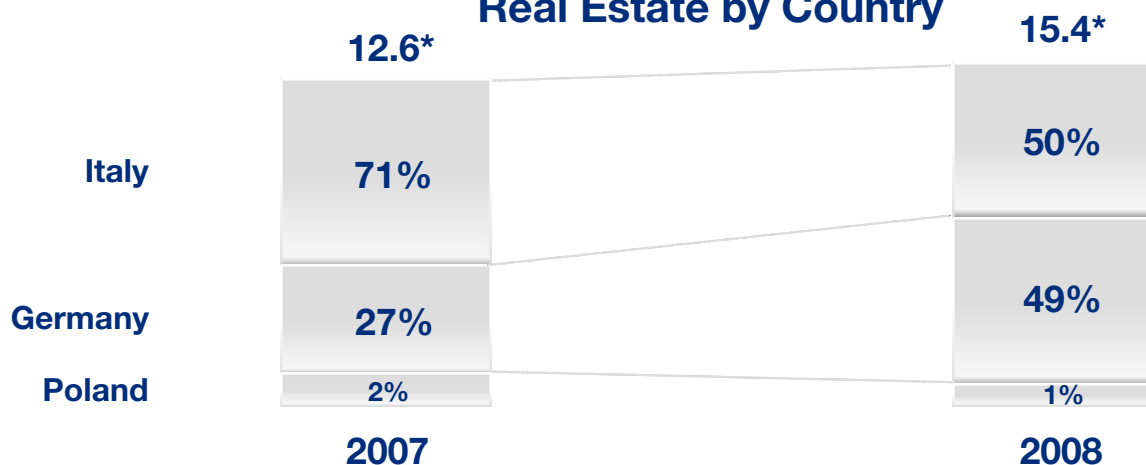
€/bln

■ NPL (book value)

## By Product



## Real Estate by Country



\* Of which participated by PRE: 12 €/bln in 2007 and 15 €/bln in 2008

# Real Estate Portfolio in Italy (market value)



By Cluster	2008
€/bln	
<b>100% (market value)</b>	<b>7.6<sup>(1)</sup></b>
Commercial	67%
▶ Core	(26%)
▶ Yielding	(41%)
Development	16%
▶ Pre-let <sup>(2)</sup>	(3%)
Soho for disposal	12%
Residential	5%

Focus on commercial portfolio <sup>(3)</sup>			
€/bln			
<b>Core asset: 80% in Rome &amp; Milan</b>			
	Core	Yielding	Total
Total portfolio	1.6	2.6	<b>4.2</b>
Rent Yield	5.7%	7.0%	<b>6.5%</b>
Avg. contract duration	6.0	8.3	<b>7.4</b>
Occupancy rates	91%	95%	<b>94%</b>
<b>Key tenants</b>			
<b>Core:</b> ENI, Gruppo Espresso, La Rinascente – Upim, Presidenza del Consiglio, Fintecna, FAO, Alenia, Cisco.			
<b>Yielding:</b> ENEL, Telecom Italia, Prada, TNT, Regione Sicilia.			

<sup>(1)</sup> Italy figures include third parties fund. Book Value equal to 6.8 €/bln  
<sup>(2)</sup> Pre Let represents development projects with let rental contract already signed  
<sup>(3)</sup> Data are based on Book Value figures (AUM PRE participated)



# Real Estate Portfolio in Germany (market value)



By Cluster	2008
€/bln	
<b>100% (market value)</b>	<b>7.6<sup>(1)</sup></b>
Commercial	60%
▶ Core	(26%)
▶ Yielding	(34%)
Residential	37%
Pre-let development	3%

	Focus on commerc. / resid. Portfolio <sup>(2)</sup>		
	€/bln		
	Commercial	Residential	Total
Total portfolio	4.6	2.7	<b>7.3</b>
Gross Yield	6.3%	6.9%	<b>6.6%</b>
Contract duration	12.5	n.m.	-
Fluctuation <sup>(3)</sup>	n.m.	12%	-
Occupancy rates	98%	94%	<b>96%</b>

<sup>(1)</sup> Book value equal to 7.4 €/bln

<sup>(2)</sup> Data are based on Book Value figures (AUM PRE Participated)

<sup>(3)</sup> Fluctuation = Tenants rotation on same portfolio



# Pirelli Real Estate: Net Asset Value as of Dec. 2008

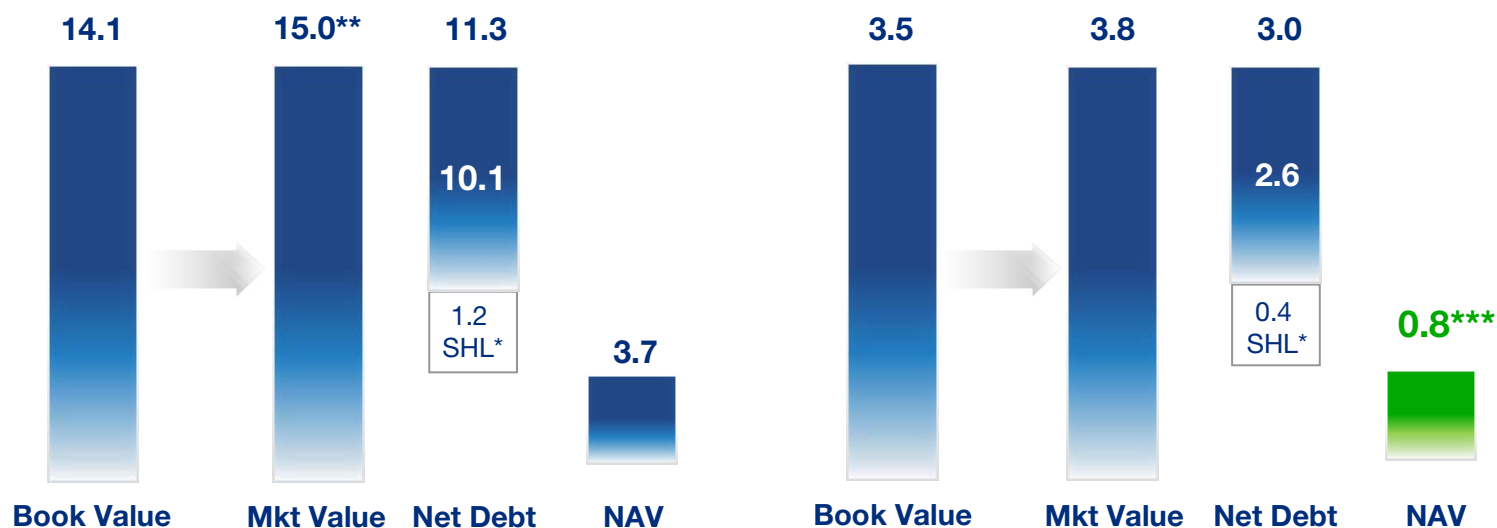


€/bln

## Real Estate NAV at 100%

## Real Estate NAV Pro Quota\*

■ AUM RE participated



- ▶ Despite devaluation in 2008, the real estate portfolio shows a pro quota implied capital gain (difference between Market value and Book value) of approx. 260 €/mln, with a total real estate NAV of 0.8 €/bln

\* SHL=Shareholders' Loan

\*\* Figures include only assets in which PRE owns a stake, while including third party funds management total AUM is 15.4 €/bln (Market Value)

\*\*\* NAV in 2007 was 1.0 €/bln

# Quarterly Evolution of Net Debt excluding shareholders' loans



€/bln

- Net Debt
- Net Debt excluding Shareholders' loans



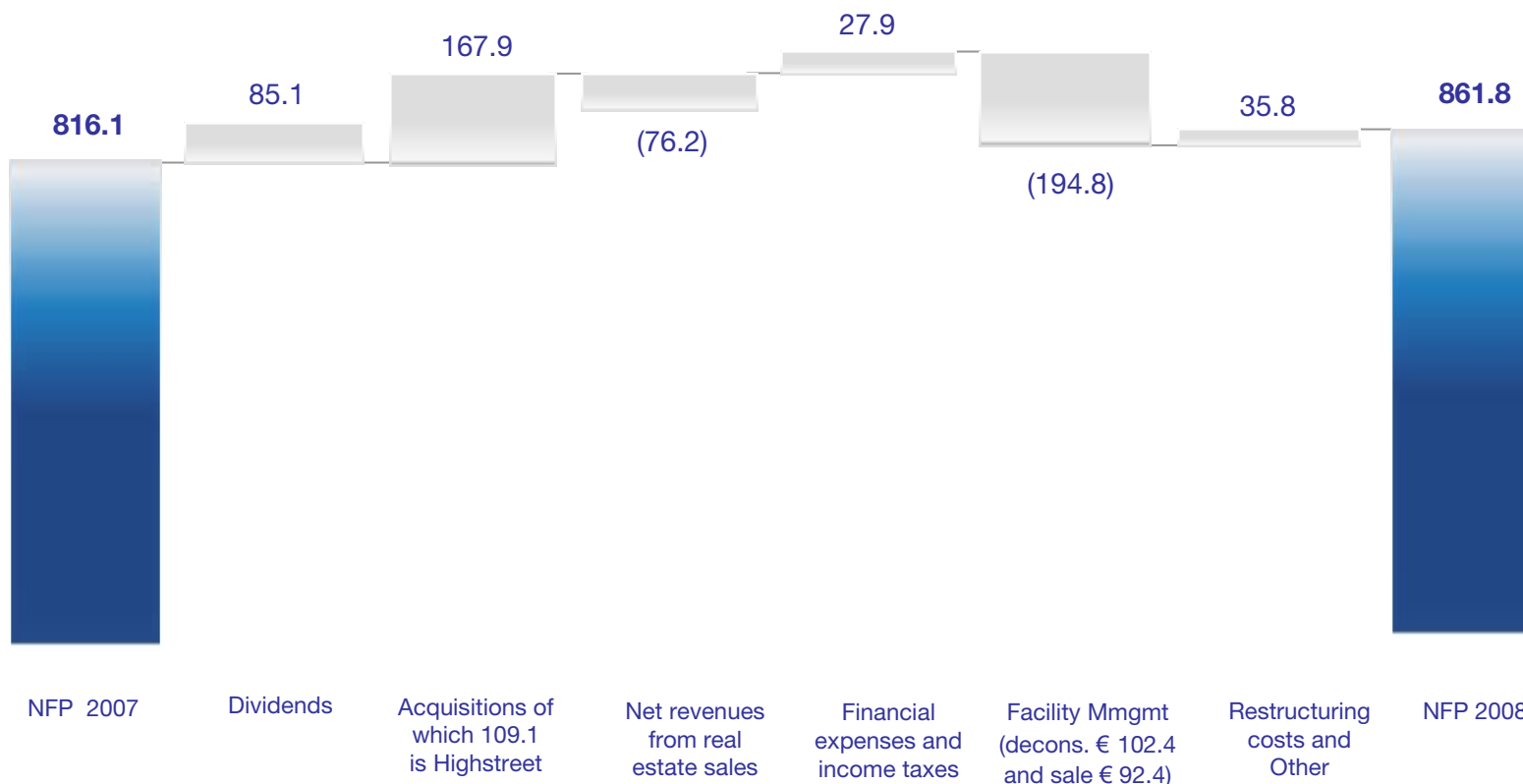
<b>Net Equity*</b>	<b>720.1</b>	<b>366.4</b>
<b>Gearing</b>	<b>1.13</b>	<b>2.35</b>

\* PRE net equity: 715.7 €/mln in 2007, 361.7 €/mln in 2008



# Evolution of Net Debt excluding shareholders' loans

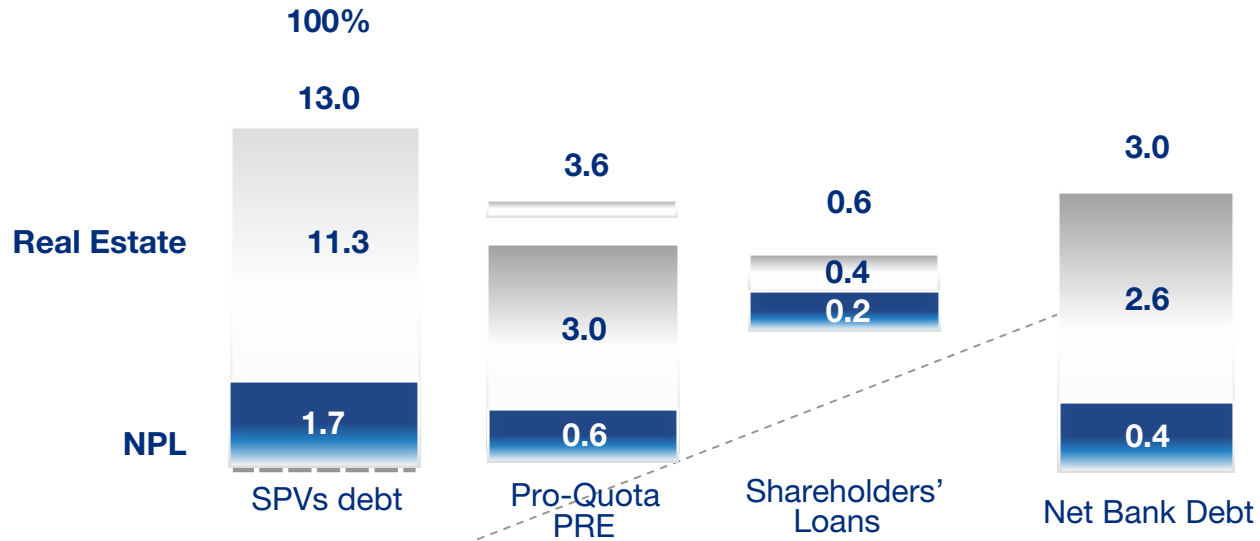
€/mln



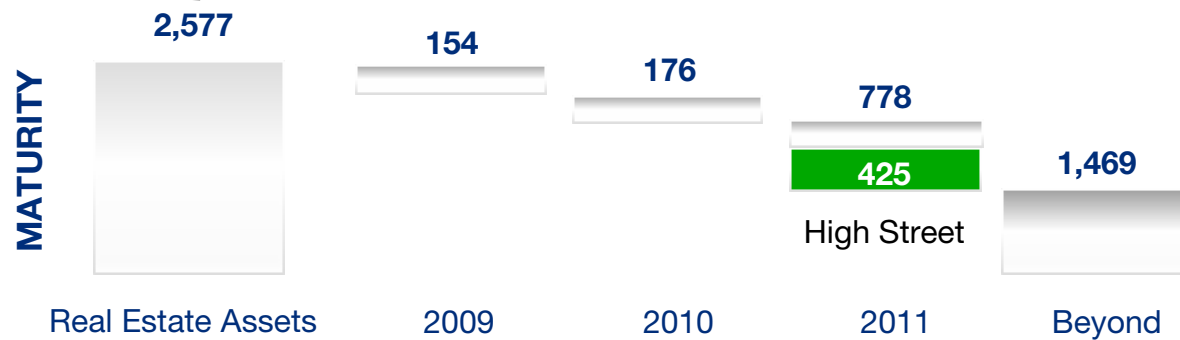
# Financial Situation of Funds/SPVs participated by PRE as of Dec.'08



€/bln



€/mln



# Agenda

- ▶ **Pirelli Group 2008 Financial Review**
- ▶ **Pirelli Tyre Results**
- ▶ **Pirelli Real Estate Results**
- ▶ **Appendix**

# Pirelli & C. Group – Results as of December 31, 2008

## Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Tyre		Pirelli Real Estate		Broadband Access		Others Business		Others		Pirelli & C. Cons.	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
<b>Sales</b>	4,100.2	4,161.7	365.1	1,724.4	124.6	112.5	71.6	71.4	(1.3)	5.6	4,660.2	6,075.6
Δ%		-1.5%				10.8%		0.3%				-23.3%
<b>Organic Sales (*)</b>	4,100.2	4,048.9	365.1	428.8	124.6	112.5	71.6	71.4	(1.3)	5.6	4,660.2	4,667.2
Δ%		1.3%		-14.9%								-0.1%
<b>EBITDA before Restruct Costs</b>	441.2	548.6	(17.6)	40.7	4.8	1.9	(17.4)	(7.6)	(14.9)	(10.8)	396.1	572.8
% on sales (2007 excluding DGAG effect)	10.8%	13.2%	n.m.	9.5%							8.5%	12.0%
<b>EBITDA</b>	341.2	548.6	(61.8)	40.7	4.8	1.9	(17.4)	(7.6)	(14.9)	(10.8)	251.9	572.8
<b>EBIT before Restruct Costs</b>	250.7	358.1	(27.0)	33.1	3.9	0.9	(18.3)	(8.5)	(21.9)	(19.6)	187.4	364.0
% on sales (2007 excluding DGAG effect)	6.1%	8.6%									4.0%	7.6%
Restructuring Costs	(100.0)		(44.2)								(144.2)	
<b>EBIT</b>	150.7	358.1	(71.2)	33.1	3.9	0.9	(18.3)	(8.5)	(21.9)	(19.6)	43.2	364.0
% on sales (2007 excluding DGAG effect)	3.7%	8.6%									0.9%	7.6%
Result from Equity Participation	27.8	1.5	(168.5)	139.4			(1.0)	(0.3)	(224.8)	8.0	(366.5)	148.6
<b>EBIT post Result from Equity Part.</b>	178.5	359.6	(239.7)	172.5	3.9	0.9	(19.3)	(8.8)	(246.7)	(11.6)	(323.3)	512.6
Financial Income/Charges	(82.8)	(55.2)	(26.0)	(37.5)	(2.6)	(3.5)	(1.7)	(0.5)	33.1	(37.1)	(80.0)	(133.8)
Fiscal Charges	(70.1)	(93.9)	(1.9)	(23.6)	0.7		0.2	(0.5)	(1.5)	(5.0)	(72.6)	(123.0)
<b>Net Result before Discont. Oper.</b>	25.6	210.5	(267.6)	111.4	2.0	(2.6)	(20.8)	(9.8)	(215.1)	(53.7)	(475.9)	255.8
% on sales (2007 excluding DGAG effect)	0.6%	5.1%									n.m.	5.4%
<b>Discontinued Operations</b>			74.6	49.5	(10.9)	(14.8)			(0.3)	33.1	63.4	67.8
<b>Net income</b>	25.6	210.5	(193.0)	160.9	(8.9)	(17.4)	(20.8)	(9.8)	(215.4)	(20.6)	(412.5)	323.6
% on sales (2007 excluding DGAG effect)	0.6%	5.1%									n.m.	6.8%
<b>Attributable Net income</b>			(195.0)	151.1							(347.5)	164.5
<b>Net Financial Position</b>	1,266.8	559.6	289.5	289.7	(15.0)	21.5	23.1	5.6	(536.7)	(1,178.5)	1,027.7	(302.1)

(\*) at organic exchange rates and DGAG sale deconsolidation in P. Real Estate in 2007 (1295.6Euro/mln)

# Pirelli & C. Group – 4Q 2008 Results

## Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Tyre		Pirelli Real Estate		Broadband Access		Others Business		Others		Pirelli & C. Cons.	
	Q4 '08	Q4 '07	Q4 '08	Q4 '07	Q4 '08	Q4 '07	Q4 '08	Q4 '07	Q4 '08	Q4 '07	Q4 '08	Q4 '07
<b>Sales</b>	871.0	969.9	68.6	132.3	32.3	25.8	17.5	20.7	2.8	1.3	992.2	1,150.6
Δ%		-10.2%				25.2%		15.5%				-13.7%
<b>Organic Sales (*)</b>	871.0	917.1	68.6	119.9	32.3	25.8	17.5	20.7	2.8	1.3	992.2	1,084.8
Δ%		-5.0%		-42.7%								-8.5%
<b>EBITDA before Restruct Costs</b>	62.9	118.0	(44.8)	21.9	1.0	(0.8)	(7.2)	(3.1)	(6.7)	(4.8)	5.2	131.2
% on sales (2007 excluding DGAG effect)	7.2%	12.2%									0.5%	11.5%
<b>EBIT before Restruct Costs</b>	18.9	71.9	(47.6)	19.5	0.7	(1.1)	(7.3)	(3.5)	(9.5)	(7.6)	(44.8)	79.2
% on sales (2007 excluding DGAG effect)	2.2%	7.4%									-4.5%	6.9%
Restructuring Costs	(68.3)		(26.6)								(94.9)	
<b>EBIT</b>	(49.4)	71.9	(74.2)	19.5	0.7	(1.1)	(7.3)	(3.5)	(9.5)	(7.6)	(139.7)	79.2
% on sales (2007 excluding DGAG effect)	-5.7%	7.4%									-14.1%	6.9%
Result from Equity Participation	0.2	1.1	(169.0)	45.5			(0.3)	(0.3)	(112.2)	(18.5)	(281.3)	27.8
<b>EBIT post Result from Equity Part.</b>	(49.2)	73.0	(243.2)	65.0	0.7	(1.1)	(7.6)	(3.8)	(121.7)	(26.1)	(421.0)	107.0
Financial Income/Charges	(39.8)	(12.0)	(16.1)	(1.4)	(1.3)	(1.0)	(0.4)	(0.2)	12.7	(9.6)	(44.9)	(4.9)
Fiscal Charges	6.3	(10.5)	4.7	(9.7)	0.3		0.4	(0.5)	4.9	0.3	16.6	(20.5)
<b>Net Result before Discont. Oper.</b>	(82.7)	50.5	(254.6)	53.9	(0.3)	(2.1)	(7.6)	(4.5)	(104.1)	(16.5)	(449.3)	81.6
% on sales (2007 excluding DGAG effect)	-9.5%	5.2%									n.m.	7.2%
<b>Discontinued Operations</b>			72.2	4.5					(0.9)	(3.1)	73.1	(1.3)
<b>Net income</b>	(82.7)	50.5	(182.4)	58.4	(0.3)	(2.1)	(7.6)	(4.5)	(103.2)	(19.3)	(376.2)	80.3
% on sales (2007 excluding DGAG effect)	9.5%	5.2%									n.m.	7.1%
<b>Attributable Net income</b>											(296.2)	34.7
<b>Net Financial Position</b>	1,266.8	559.6	289.5	289.7	(15.0)	21.5	23.1	5.6	(536.7)	(1,178.5)	1,027.7	(302.1)

(\*) at organic exchange rates and DGAG sale deconsolidation in P. Real Estate in 2007 (12.4Euro/mln)

# Pirelli & C. Group – Results at September 30, 2008

## Profit & Loss and Net Financial Position – Per Business Unit

€/mln	Pirelli Tyre		Pirelli Real Estate		Broadband Access		Others Business		Others		Pirelli & C. Cons.	
	30.09.08	30.09.07	30.09.08	30.09.07	30.09.08	30.09.07	30.09.08	30.09.07	30.09.08	30.09.07	30.09.08	30.09.07
<b>Sales</b>	<b>3.229,2</b>	<b>3.191,8</b>	<b>296,5</b>	<b>1.592,1</b>	<b>92,3</b>	<b>86,7</b>	<b>54,1</b>	<b>50,7</b>	<b>(4,1)</b>	<b>4,3</b>	<b>3.668,0</b>	<b>4.925,6</b>
Δ%		1,2%		-81,4%		6,5%		6,7%		n.m.		-25,5%
<b>Organic Sales (*)</b>	<b>3.229,2</b>	<b>3.131,9</b>	<b>296,5</b>	<b>308,9</b>	<b>92,3</b>	<b>86,7</b>	<b>54,1</b>	<b>50,7</b>	<b>(4,1)</b>	<b>4,3</b>	<b>3.898,0</b>	<b>3.582,5</b>
Δ%		3,1%		-4,0%		6,5%		6,7%		n.m.		0,8%
<b>EBITDA before Restruct Costs</b>	<b>378,3</b>	<b>430,6</b>	<b>27,2</b>	<b>18,8</b>	<b>3,8</b>	<b>2,7</b>	<b>(10,2)</b>	<b>(4,5)</b>	<b>(8,2)</b>	<b>(6,0)</b>	<b>390,9</b>	<b>441,6</b>
% on sales (2007 excluding DGAG effect)	11,7%	13,5%	6,9%	4,4%							10,7%	12,3%
<b>EBIT before Restruct Costs</b>	<b>231,8</b>	<b>286,2</b>	<b>20,6</b>	<b>13,6</b>	<b>3,2</b>	<b>2,0</b>	<b>(11,0)</b>	<b>(5,0)</b>	<b>(12,4)</b>	<b>(12,0)</b>	<b>232,2</b>	<b>284,8</b>
% on sales (2007 excluding DGAG effect)	7,2%	9,0%									5,9%	7,9%
Restructuring Costs	(31,7)	0,0	(17,6)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	(49,3)	0,0
<b>EBIT</b>	<b>200,1</b>	<b>286,2</b>	<b>3,0</b>	<b>13,6</b>	<b>3,2</b>	<b>2,0</b>	<b>(11,0)</b>	<b>(5,0)</b>	<b>(12,4)</b>	<b>(12,0)</b>	<b>182,9</b>	<b>284,8</b>
% on sales (2007 excluding DGAG effect)	6,2%	9,0%									5,0%	7,9%
Devaluations									(155,3)		(155,3)	0,0
Result from Equity Participation	27,6	0,4	0,5	93,9	0,0	0,0	(0,7)	0,0	42,7	26,5	70,1	120,8
<b>EBIT post Result from Equity Part.</b>	<b>227,7</b>	<b>286,6</b>	<b>3,5</b>	<b>107,5</b>	<b>3,2</b>	<b>2,0</b>	<b>(11,7)</b>	<b>(5,0)</b>	<b>(125,0)</b>	<b>14,5</b>	<b>97,7</b>	<b>405,6</b>
Financial Income/Charges	(43,0)	(43,2)	(9,9)	(36,1)	(1,3)	(2,5)	(1,3)	(0,3)	20,4	(46,8)	(35,1)	(128,9)
Fiscal Charges	(76,4)	(83,4)	(6,6)	(13,9)	0,4	0,0	(0,2)	0,0	(6,4)	(5,2)	(89,2)	(102,5)
<b>Net Result before Discont. Oper.</b>	<b>108,3</b>	<b>160,0</b>	<b>(13,0)</b>	<b>57,5</b>	<b>2,3</b>	<b>(0,5)</b>	<b>(13,2)</b>	<b>(5,3)</b>	<b>(111,0)</b>	<b>(37,5)</b>	<b>(26,6)</b>	<b>174,2</b>
% on sales (2007 excluding DGAG effect)	3,4%	5,0%									n.m.	4,9%
<b>Discontinued Operations</b>			<b>2,4</b>	<b>45,0</b>					<b>(1,2)</b>	<b>36,2</b>	<b>(9,7)</b>	<b>69,1</b>
<b>Net income</b>	<b>108,3</b>	<b>160,0</b>	<b>(10,6)</b>	<b>102,5</b>	<b>2,3</b>	<b>(0,5)</b>	<b>(13,2)</b>	<b>(5,3)</b>	<b>(112,2)</b>	<b>(1,3)</b>	<b>(36,3)</b>	<b>243,3</b>
% on sales (2007 excluding DGAG effect)	3,4%	5,0%									n.m.	6,8%
<b>Attributable Net income</b>			<b>(12,9)</b>	<b>95,8</b>							<b>(51,3)</b>	<b>129,8</b>
<b>Net Financial Position</b>	<b>892,4</b>	<b>687,0</b>	<b>323,8</b>	<b>337,4</b>	<b>32,0</b>	<b>37,6</b>	<b>17,2</b>	<b>12,8</b>	<b>(209,7)</b>	<b>1.254,0</b>	<b>1.055,7</b>	<b>2.328,8</b>

(\*) at organic exchange rates and DGAG sale deconsolidation in P. Real Estate in 2007 (1283.2Euro/mln)



# Pirelli Eco Technology '08 Key Financial Results

€/mln



	2008	2007	YoY
<b>Revenues</b>	<b>62.9*</b>	<b>67.4</b>	<b>-6.7%</b>
<b>Ebitda</b>	<b>(11.0)</b>	<b>(3.0)</b>	<b>n.m.</b>
<i>Margin</i>	<i>n.m.</i>	<i>n.m.</i>	
<b>Ebit</b>	<b>(11.8)**</b>	<b>(3.8)</b>	<b>n.m.</b>
<i>Margin</i>	<i>n.m.</i>	<i>n.m.</i>	
<b>Financial/Income charges</b>	<b>(1.6)</b>	<b>(0.5)</b>	
<b>Tax charges</b>	<b>0.2</b>	<b>(0.5)</b>	
<b>Net income</b>	<b>(13.2)</b>	<b>(4.8)</b>	
<b>NFP</b>	<b>19.0</b>	<b>9.0</b>	

(\*) Includes sales of GECAM, emission of water and diesel for traction (diesel engines) and heating.

(\*\*) Includes start-up costs of 5 €/mln.



# Pirelli Broadband Access '08 Key Financial Results

€/mln



	2008	2007	YoY
<b>Revenues</b>	<b>124.6</b>	<b>112.5</b>	<b>+10.8%</b>
<b>Ebitda</b>	<b>4.8</b>	<b>1.9</b>	<b>+152.6%</b>
<i>Margin</i>	<i>3.8%</i>	<i>1.7%</i>	<i>+2.1pp</i>
<b>Ebit</b>	<b>3.9</b>	<b>0.9</b>	<b>+333.3%</b>
<i>Margin</i>	<i>3.1%</i>	<i>0.8%</i>	<i>+2.3pp</i>
<b>Financial/Income charges</b>	<b>(2.6)</b>	<b>(3.5)</b>	
<b>Tax charges</b>	<b>0.7</b>	<b>0</b>	<b>n.m.</b>
<b>Net income</b>	<b>2.0</b>	<b>(2.6)</b>	<b>n.m.</b>
<b>NFP</b>	<b>(15.0)</b>	<b>21.5</b>	<b>n.m.</b>

