



MILAN - MARCH 10, 2010

FY '09 PIRELLI RESULTS & 2010 OUTLOOK

Disclaimer

This presentation contains statements that constitute forward-looking statements and does not constitute an offer or solicitation for the sale, purchase or acquisition of securities of any of the companies mentioned and is directed to professionals of the financial community.

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. Consequently it is recommended that they be viewed as indicative only.

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.

Statement

The Manager mandated to draft corporate accounting documents of Pirelli & C. SpA, Francesco Tanzi, 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 FY'09 Results review**
- ▶ 2010 Outlook & Targets
- ▶ Pirelli Tyre & Parts
- ▶ Pirelli Real Estate
- ▶ Appendix



Pirelli FY'09 Key Messages

| Strategic Goals | Actions | Results |
|---|--|--|
| <ul style="list-style-type: none"> ▶ COMPETITIVENESS | <ul style="list-style-type: none"> ▶ We exploited our exposure in emerging markets ▶ Vigorous marketing strategy ▶ Development of new energy-efficient products ▶ Process and product innovation | <ul style="list-style-type: none"> ▶ Consolidated share in all markets, especially in South America ▶ Best tyre market performance in the industry ▶ 25% Green Performance Revenues ▶ 3.3% Tyre R&D costs / revenues |
| <ul style="list-style-type: none"> ▶ LEANER BUSINESS MODEL | <ul style="list-style-type: none"> ▶ Tyre: effective cost reduction initiatives ▶ Real Estate: structure optimisation ▶ Holding reorganisation | <ul style="list-style-type: none"> ▶ Cost savings: 200 € mln (<i>net of exchange rate</i>) ▶ Fixed costs: -29% YoY vs. '09 ▶ Halved costs starting from '10 |
| <ul style="list-style-type: none"> ▶ THE "PORTFOLIO RESHAPING PLAN" | <ul style="list-style-type: none"> ▶ Focus on core business, creation of the "Tyre & Parts" division ▶ Non-strategic financial stakes sold | <ul style="list-style-type: none"> ▶ Greater synergies ▶ ~250€/mln resources to be invested in core business |
| <ul style="list-style-type: none"> ▶ REAL ESTATE BUSINESS TURNAROUND | <ul style="list-style-type: none"> ▶ Refocus, Rebalance, Efficiency | <ul style="list-style-type: none"> ▶ All targets set in May '09 have been achieved |
| <ul style="list-style-type: none"> ▶ STRONG FINANCIAL POSITION | <ul style="list-style-type: none"> ▶ Accurate working capital management | <ul style="list-style-type: none"> ▶ Net debt / EBITDA ratio of 1.2x |



Pirelli FY'09 results vs targets

€/bln

| | FY'09 Targets (Feb.'09) | FY'09 revised Targets (Nov.'09) | FY'09 Results |
|---|----------------------------|------------------------------------|--------------------------|
| Revenues of which "Green Performance" | ~ 4.3 25% | > 4.3 25% | 4.5 25% (+5 p.p. YoY) |
| EBIT % After continuous restructuring* | 4.5-5.0% | ~ 4.5% | 4.9% |
| Capex | 0.7 in '09-'11 plan | | 0.22 |
| NFP | 1.0 | ~ 0.7 | 0.5 |

(*) The 2009-'11 plan announced last February included 30€/mln restructuring costs, that grew to 79.6€/mln during the year.



Pirelli Key Financial Results

€/mln

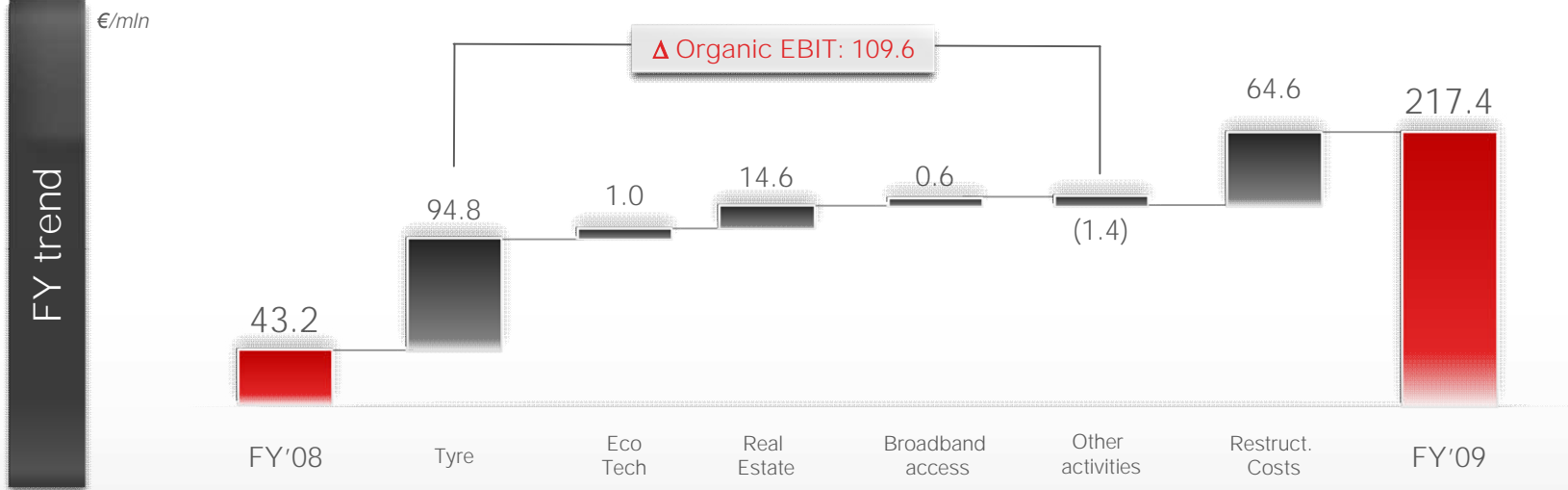
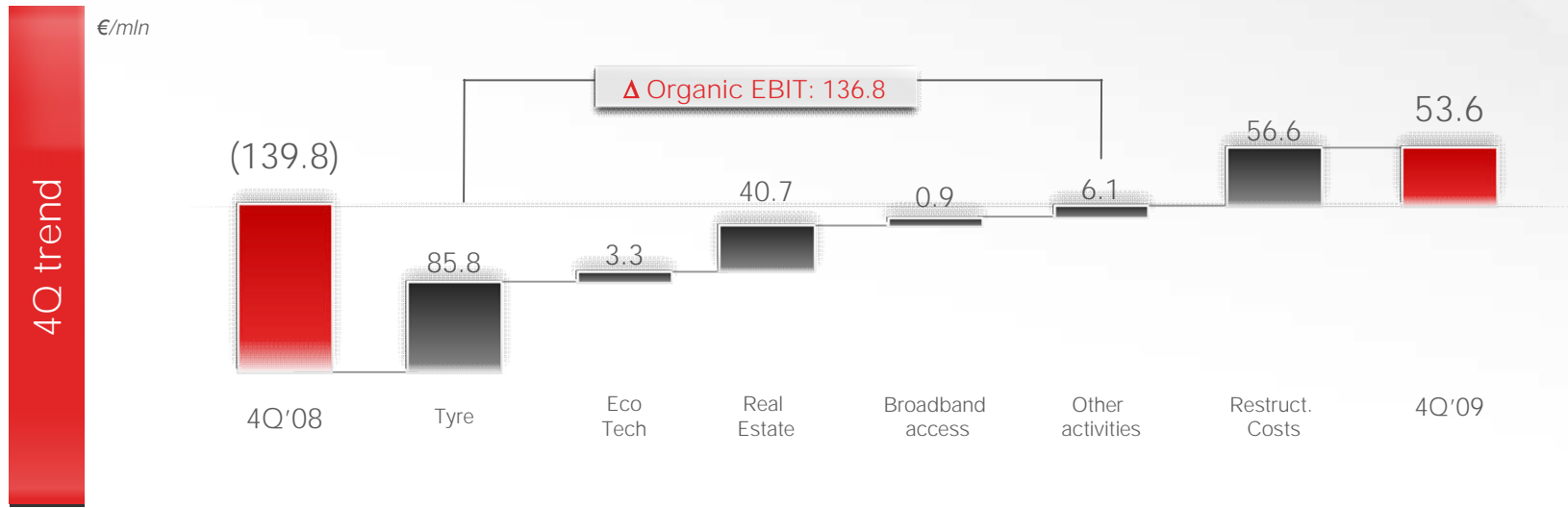
| | FY'09 | FY'08 | Δ YoY | 4Q'09 | 4Q'08 | Δ YoY | 4Q'09 Results Drivers |
|--|----------------|----------------------|-------|--------------------------|-----------------|--------|--|
| Revenues | 4,462.2 | 4,660.2 | -4.2% | 1,154.8 | 992.2 | +16.4% | <ul style="list-style-type: none"> ▶ Tyre top line strong rebound (+18.7% yoy) sustained by market share increase in all major countries ▶ Profitability improvement: <ul style="list-style-type: none"> ▶ Tyre: 10% ebit margin before restruct costs. +7.9pp yoy ▶ PRE: break-even reached at EBIT+IEP before special effects** (FY target achieved) ▶ Tyres and PRE '09 efficiency programs effectively carried out |
| <i>Organic growth (*)</i> | | | -3.3% | | | +11.7% | |
| EBITDA before Restruct. Costs <i>Margin</i> | 508.1 11.4% | 396.1 8.5% | | 146.9 12.7% | 5.1 0.5% | | |
| EBIT before Restruct. Costs <i>Margin</i> | 297.0 6.7% | 187.4 4.0% | | 91.9 8.0% | (44.9) n.m. | | |
| Restructuring Costs | (79.6) | (144.2) | | (38.3) | (94.9) | | |
| EBIT <i>Margin</i> | 217.4 4.9% | 43.2 0.9% | | 53.6 4.6% | (139.8) n.m. | | |
| Devaluation/sale of particip. in listed co. | (17.5) | (267.8) | | - | (112.5) | | |
| Results from equity particip. PRE | (45.1) | (168.5) | | (8.4) | (168.8) | | |
| Other Results from participations | 5.9 | 69.8 | | (10.4) | 0.1 | | |
| Total Net Income | (22.6) | (412.5) | | (13.9) | (376.2) | | |
| Net Income post minorities | 22.7 | (347.5) | | 4.5 | (296.2) | | |
| Net Debt | 528.8 | -498.9 vs. 2008 y.e. | | -162.6 vs. Sep. 30. 2009 | | | <ul style="list-style-type: none"> ▶ Sound cash flow generation through Pirelli Tyre working capital management ▶ Higher capex due to capacity utilization increase |
| Capex | 225 | 311 | | 113 | 94 | | |
| Employees (no. as of 31 Dic. 2009) | 29,570 | -1,486 vs 2008 ye. | | | | | |

(*) Homogeneous terms variations, excluding exchange rate effects and Venezuela high inflation accounting impact

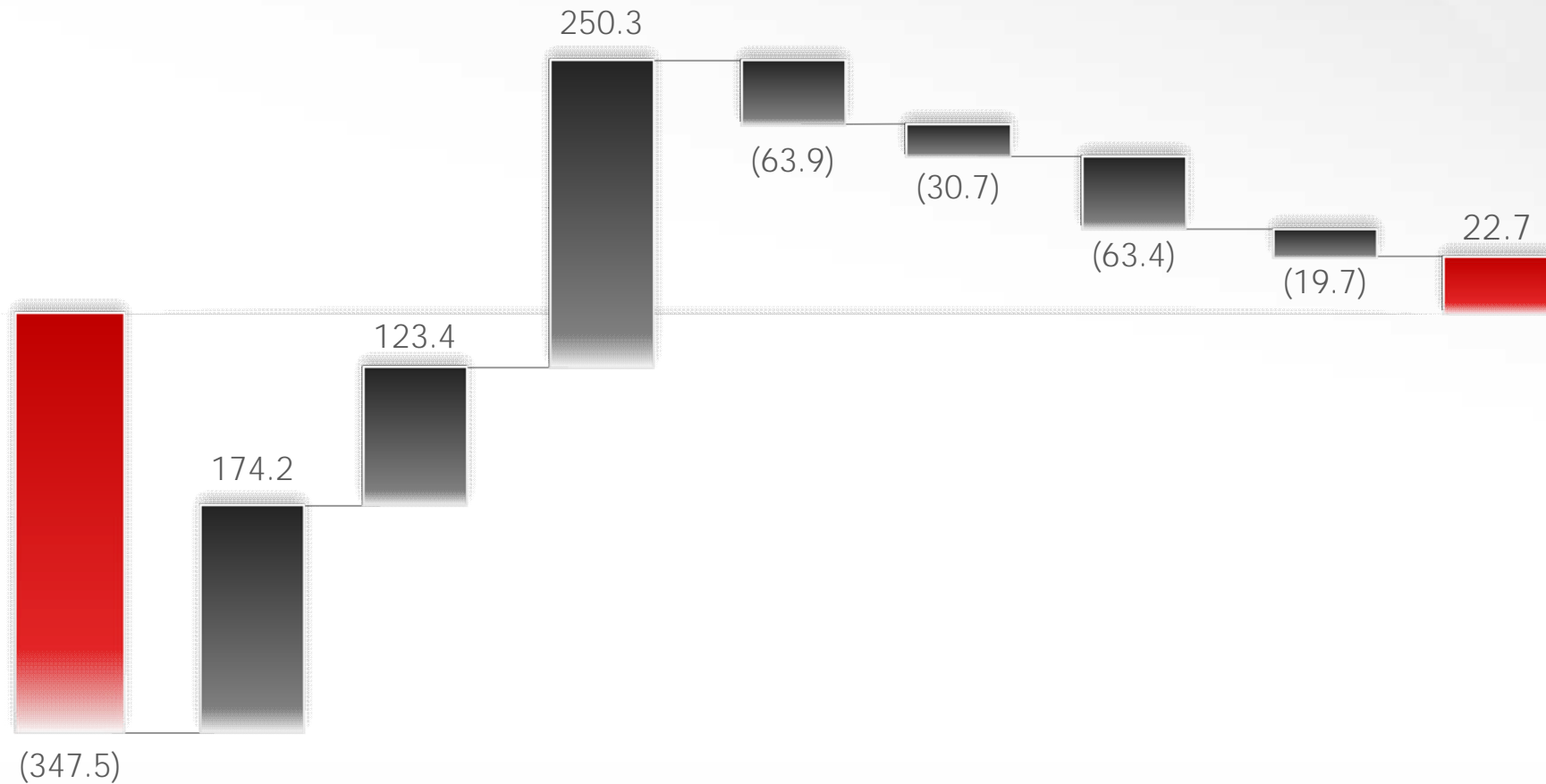
(**) before restructuring costs and property writedowns/revaluation



Pirelli EBIT trend



Pirelli attributable net income FY'09 vs FY'08



FY'08

Δ EBIT

Δ Results from equity particip. PRE

Δ Deval./sale particip. in listed co.

Δ Other results from particip.

Δ financial charges and taxes

Δ discontinued operations

Δ minorities

FY'09



Dividend Proposal

- ▶ Parent Company Net Income: 112.6 €/mln (vs -189.5 €/mln in 2008)
- ▶ Dividend Proposal to be submitted to Pirelli & C. AGM (21 April 2010)

| | DPS | N° of Shares* | Dividends |
|-----------------|---------------|---------------|----------------------------------|
| | | <i>mln</i> | <i>€/mln</i> |
| Ordinary shares | 1.45 €/cent | 5,229 | 75.8 |
| Saving shares | 4.06 €/cent** | 130 | 5.3 |
| | | | 81.1 |
| | | | 72% of parent company Net Income |

▶ Dividend Payment Schedule

- ▶ Coupon Detachment: 24 May, 2010
- ▶ Dividend Payment: starting from 27 May, 2010

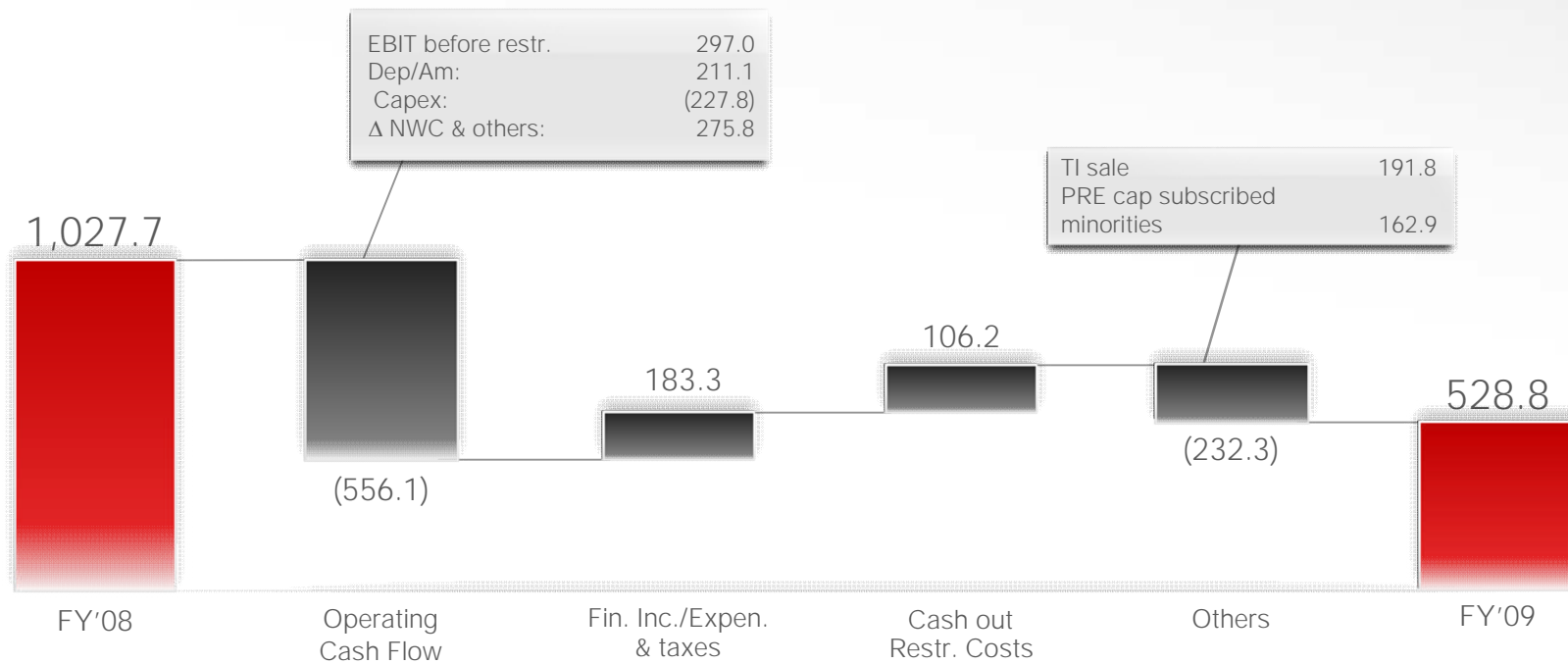
*Net of treasury shares: 3.9mln ordinary shares and 4.5mln savings shares.

**2.03€/cent for the financial year 2008 and 2.03€/cent for the financial year 2009

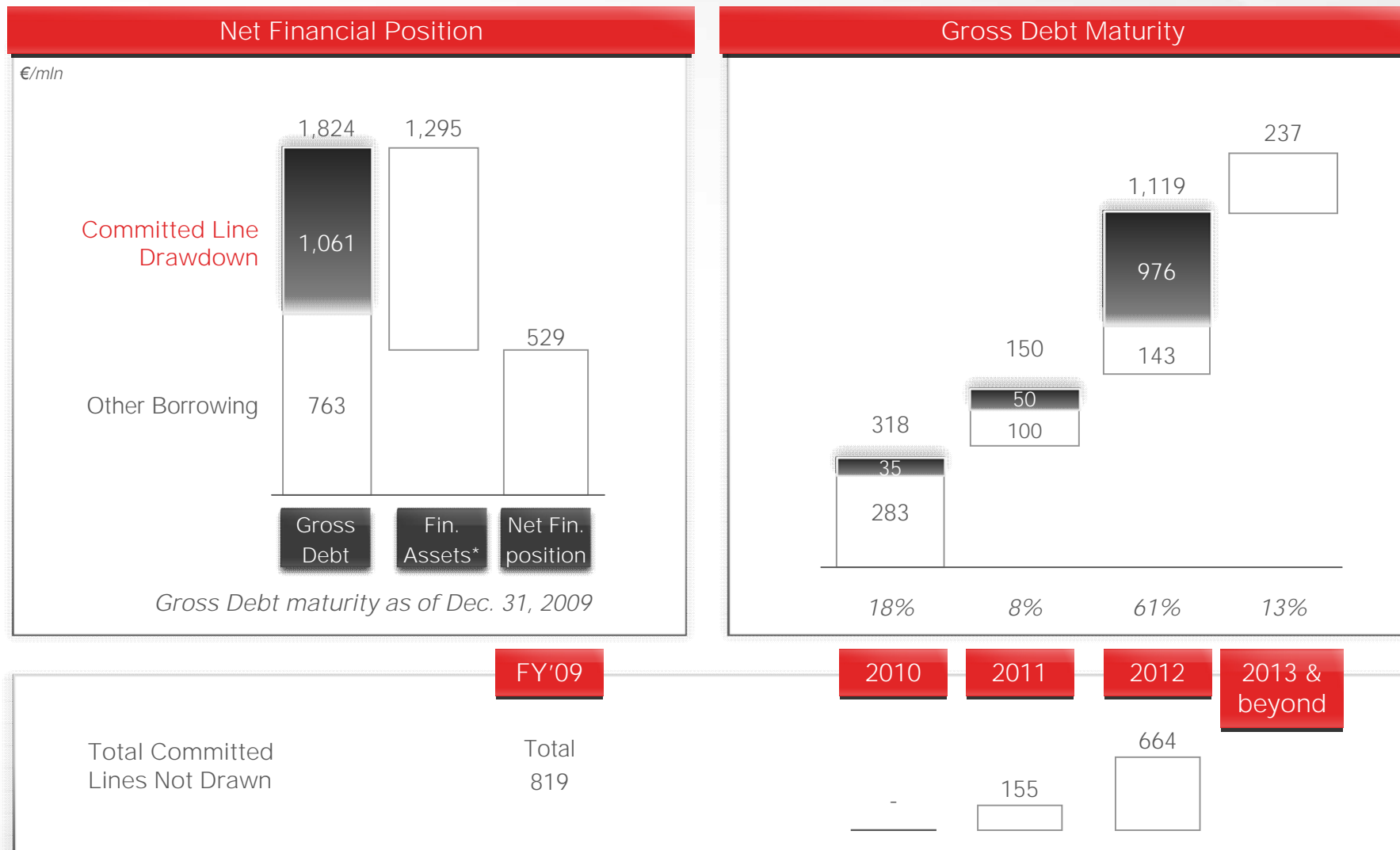


Pirelli FY'09 net financial position

€/mln



Pirelli Debt Structure as of December 31, 2009



*Financial receivables, cash and cash equivalents



Agenda

- ▶  Pirelli FY'09 Results review
- ▶  **2010 Outlook & Targets**
- ▶  Pirelli Tyre & Parts
- ▶  Pirelli Real Estate
- ▶  Appendix



2010 Outlook

Growing with value into a "pure Tyre company, a frontrunner in Green Performance"

Tyre and Parts ready for a new leap forward on a solid ground.

Tyre

- ▶ ongoing growth by business differentiation
- ▶ improvement of our cost competitiveness
- ▶ investments acceleration to build up capacity

Filters

- ▶ exploit domestic & global opportunities deriving from ever stricter anti-pollution regulations

Synergic business (Ambiente & Pzero):

- ▶ breakeven ready to create new business opportunities and enhance brand value

Real Estate ready to bring out intrinsic value:

- ▶ consolidate leadership in Italy as a Fund Management Company
- ▶ continue a derisking approach in Germany & Poland
- ▶ refocus on the services platform to increase recurring profitability
- ▶ maintain a strict financial discipline



Pirelli 2010 - 2011 targets

€/bln

| | 2009 A | 2010 Targets | 2011 Targets ('09-'11plan) |
|--|------------|------------------------|----------------------------|
| Group Revenues of which "Green Performance" | 4.5 25% | 4.7-4.8 33% | 4.7-4.8 40% |
| EBIT % post restructuring | 4.9% | 6.5-7% | ~ 8% |
| Capex | 0.22 | >0.3 0.7 in 3Y plan | |
| NFP | 0.5 | 0.7* | <0.8 before dividends |

New 3Y industrial plan (2011-2013) will be announced before 2010 ye

(*) Including the dividends proposal to be submitted to Pirelli & C. AGM of April 21, 2010



Agenda

- ▶ Pirelli FY'09 Results review
- ▶ 2010 Outlook & Targets
- ▶ **Pirelli Tyre & Parts**
 - ▶ 4Q'09 Results
 - ▶ 2010 Outlook & Targets
- ▶ Pirelli Real Estate
- ▶ Appendix



FY'09 Results: exceeding our targets twice

€/bln



| | FY'09 Targets (Feb.'09) | FY'09 revised Targets (Nov.'09) | FY'09 Results |
|--|----------------------------|------------------------------------|---------------|
| Revenues | 3.8 | ~3.9 | 4.0 |
| EBIT % After continuous restructuring | 6.5/ 7.0% | ≥ 7.0% | 7.7% |
| Cost reduction program | 0.2 | | 0.2 |
| NFP | 1.3* | | 1.0 |

(*) before dividends



4Q'09: The best quarter of the year



- ▶ **Strong top line rebound:** +18.7% yoy thanks to market share increase in all major markets (except Russia) and the exposure to high growth markets (50% of our revenues).

- ▶ **Double-digit margin on both Consumer and Industrial:** 10% EBIT margin before restructuring costs due to:
 - ▶ positive raw material impact (82 €/mln)
 - ▶ cost efficiencies and higher capacity utilisation

- ▶ **Solid cash generation:** 315 €/mln of net operating cash flow in 4Q'09 through:
 - ▶ effective inventory reductions
 - ▶ and tight credit policyWhile increasing significantly investment (over 100€/mln, 50% of FY 2009).



Pirelli Tyre quarterly performance

€/mln



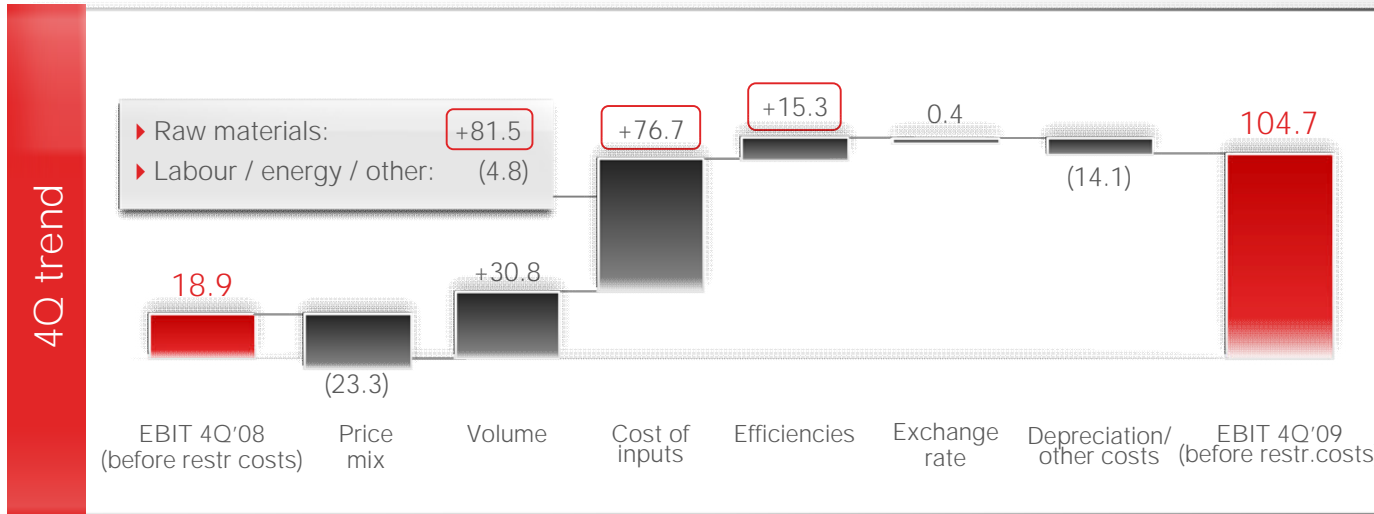
| | 1Q'09 YoY% | | 2Q'09 YoY% | | 3Q'09 YoY% | | 4Q'09 YoY% | | FY'09 YoY% | |
|---------------------------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| Revenues | 926.9 | -13.9% | 989.0 | -9.2% | 1,042.7 | -1.9% | 1,034.3 | +18.7% | 3,992.9 | -2.6% |
| EBITDA (before restruct. costs) | 107.8 | -28.6% | 133.0 | -1.8% | 142.0 | +54.7% | 155.2 | +146.7% | 538.0 | +21.9% |
| margin | 11.6% | -2.4 p.p. | 13.4% | +1.0 p.p. | 13.6% | +5.0 p.p. | 15.0% | +7.8 p.p. | 13.5% | +2.7 p.p. |
| EBIT (before restruct. costs) | 61.0 | -40.7% | 85.5 | -3.1% | 94.3 | +131% | 104.7 | +454.0% | 345.5 | +37.8% |
| margin | 6.6% | -2.9 p.p. | 8.6% | +0.5 p.p. | 9.0% | +5.2 p.p. | 10.1% | +7.9 p.p. | 8.7% | +2.6 p.p. |
| EBIT (after restruct. costs) | 57.5 | -42.7% | 79.3 | -7.5% | 85.9 | n.m. | 85.8 | n.m. | 308.5 | +104.7% |
| margin | 6.2% | -3.1 p.p. | 8.0% | +0.1 p.p. | 8.2% | +6.9 p.p. | 8.3% | n.m. | 7.7% | +4.0 p.p. |
| Net Income | 14.6 | | 39.6 | | 36.7 | | 55.7 | | 146.6 | |

| Revenue drivers | 1Q'09 | 2Q'09 | 3Q'09 | 4Q'09 | FY'09 |
|-----------------------------------|--------|--------|-------|--------|-------|
| Δ Price/Mix | +6.9% | +5.6% | +4.7% | -1.7% | +4.2% |
| Δ Volume | -18.1% | -13.3% | -3.3% | +15.6% | -5.8% |
| Δ Rev. (before exch. rate impact) | -11.2% | -7.7% | +1.4% | +13.9% | -1.6% |
| Δ Exch. Rate | -2.7% | -1.5% | -3.3% | +2.0% | -1.6% |
| High Inflation | | | | +2.8% | +0.6% |



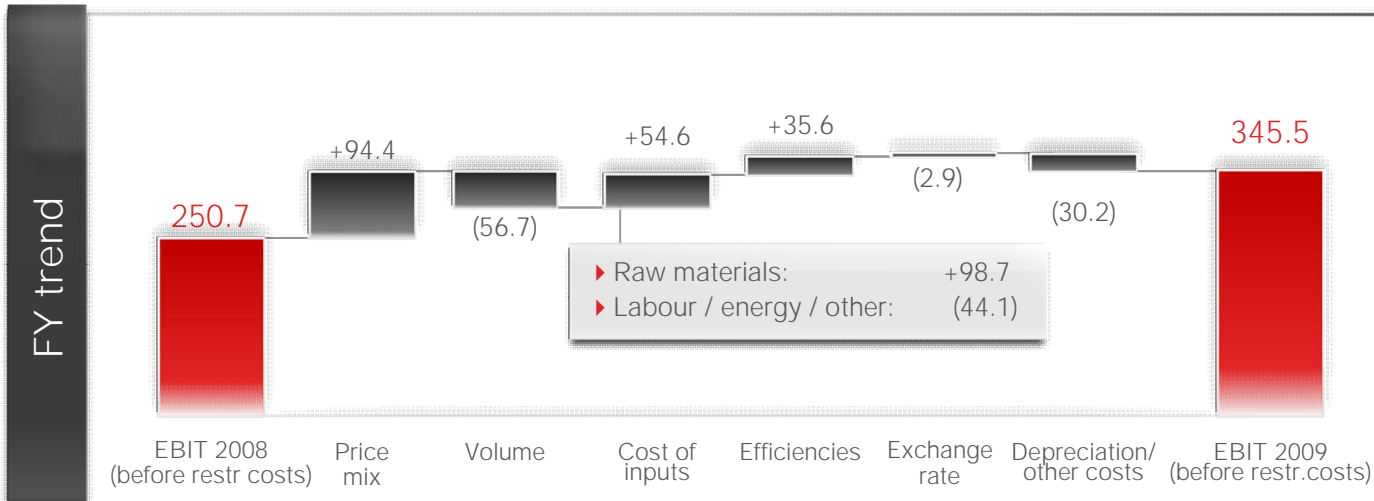
Pirelli Tyre operating performance

€/mln



► **4Q'09 Price/mix trend** reflects a higher comparison base (price/mix +14% in 4Q08) and the increasing OE channel weight in 4Q09 (+4pp yoy)

► **4Q'09 Raw materials:** The highest quarterly price spread yoy



► **4Q'09 cost efficiencies** increasing through higher factory saturation

► **Other Costs** include provisions (12€/mln) for 3Y Senior Management Long Term Incentive Plan

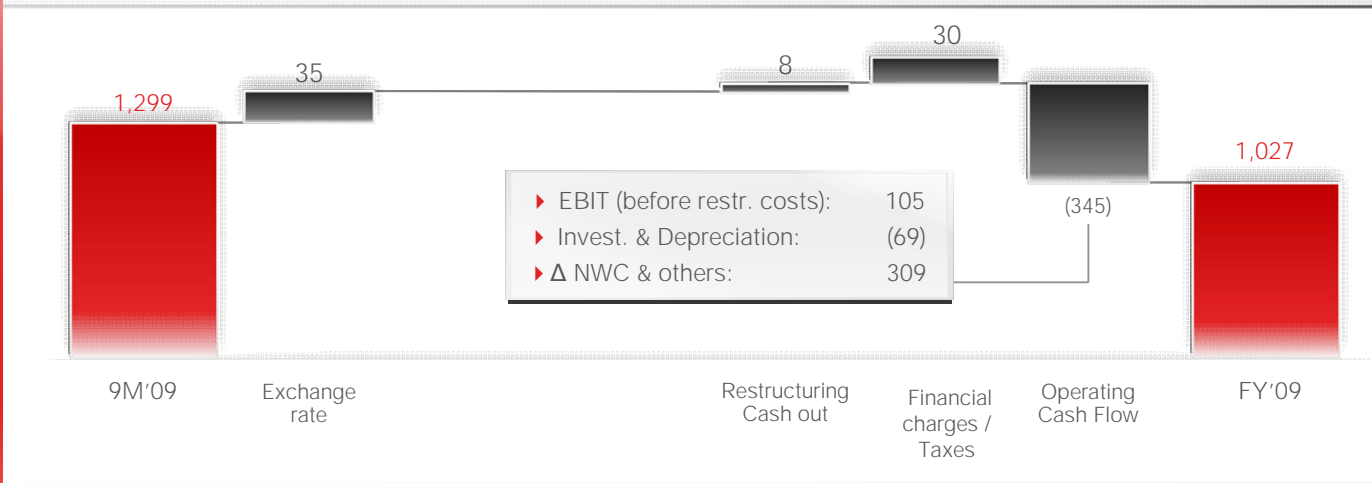


Pirelli Tyre NFP evolution

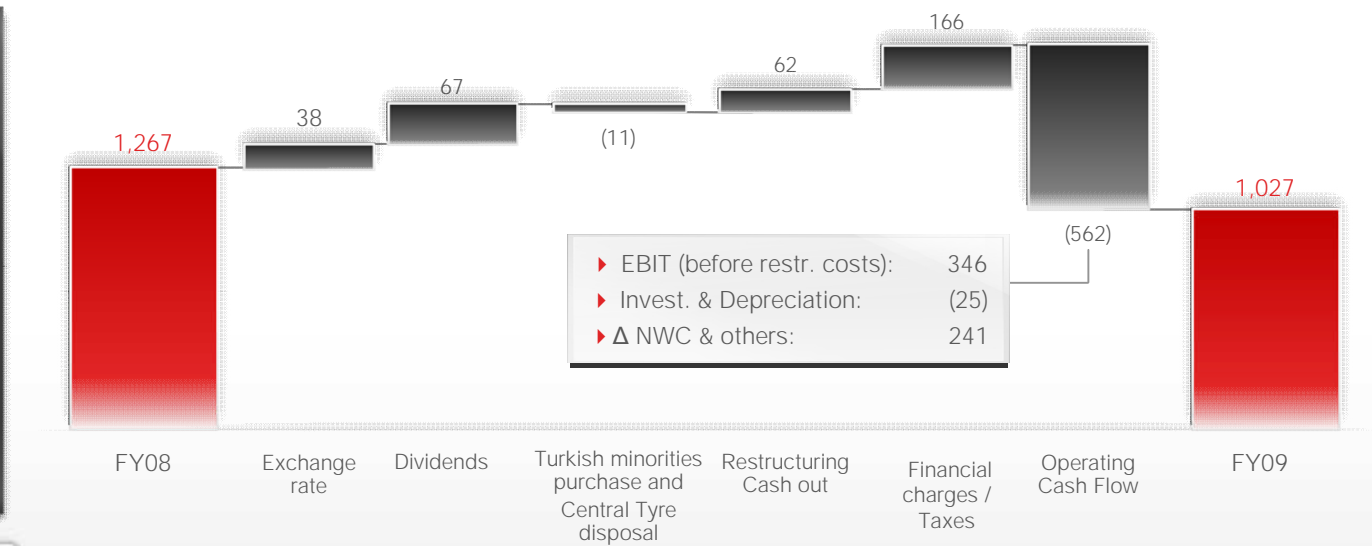
€/mln



4Q trend



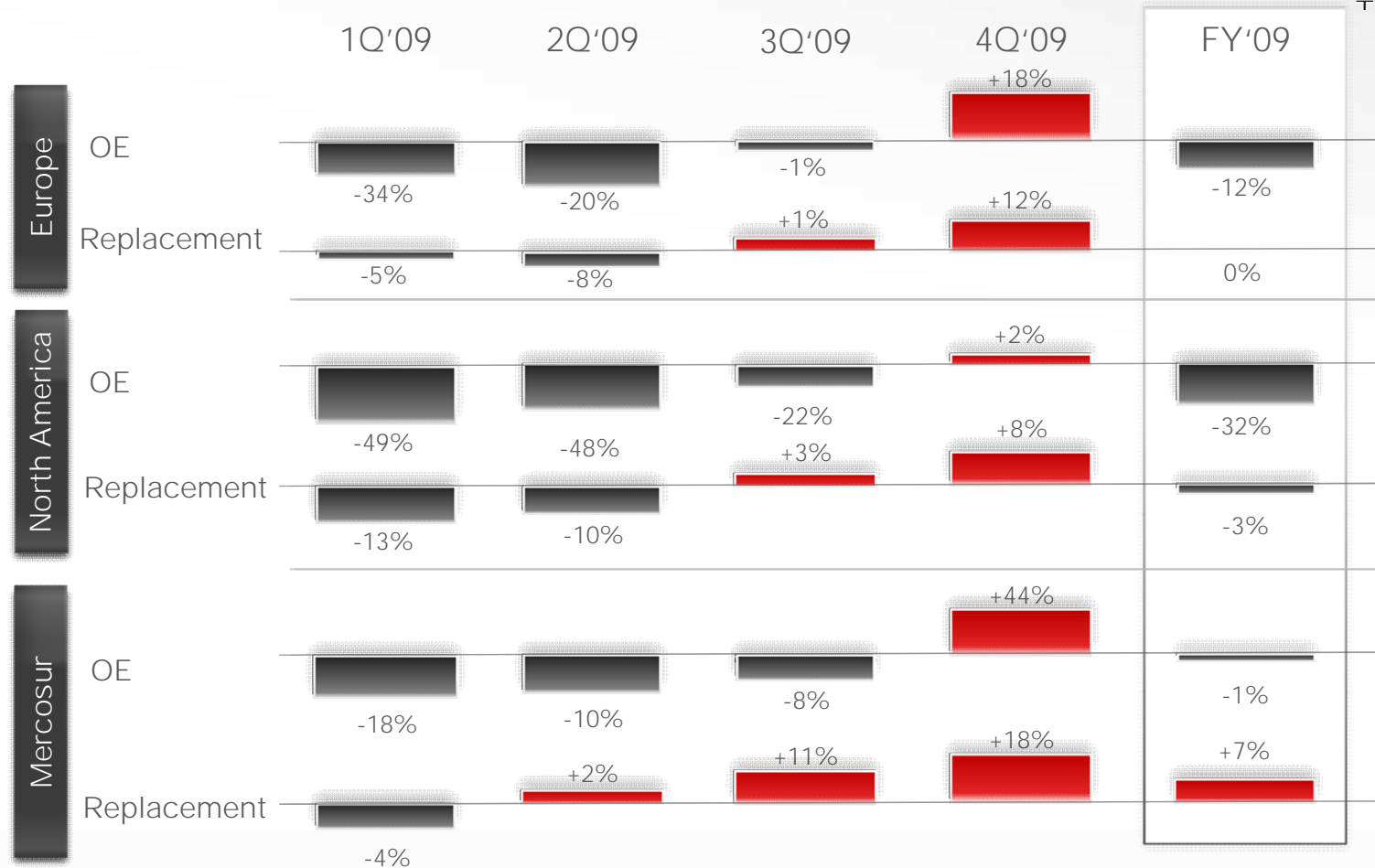
FY trend



Consumer Business: market trends in FY'09

Market trends

Car tyre shipments. % (yoy)



- ▶ OE: Volume rebound in all major markets in 4Q09. Mercosur is leading the trend
- ▶ Replacement: dealer restocking and improving end-user demand

Sources: major external data provider for each region and Pirelli estimates



Consumer Business: Pirelli economics in FY'09

€/mln



| | 1Q '09 YoY% | | 2Q '09 YoY% | | 3Q '09 YoY% | | 4Q '09 YoY% | | FY '09 YoY% | |
|---------------------------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|------------|-------------|-----------|
| Revenues | 670.5 | -10.4% | 701.5 | -6.0% | 736.0 | +3.1% | 719.8 | 21.2% | 2,827.8 | +0.9% |
| EBITDA (before restruct. costs) | 77.4 | -28.8% | 90.4 | +1.1% | 100.3 | +96.7% | 111.6 | +240.2% | 379.7 | +34.7% |
| margin | 11.5% | -3.0 p.p. | 12.9% | +0.9 p.p. | 13.6% | +6.5 p.p. | 15.5% | +10.0 p.p. | 13.4% | +3.3 p.p. |
| EBIT (before restruct. costs) | 41.9 | -42.2% | 54.5 | +1.5% | 64.1 | n.m. | 73.2 | n.m. | 233.7 | +68.0% |
| margin | 6.2% | -3.5 p.p. | 7.8% | +0.6 p.p. | 8.7% | +6.9 p.p. | 10.2% | +10.2 p.p. | 8.3% | +3.3 p.p. |

Highest profitability in 4Q supported by:

- ▶ Winter tyre in Europe
- ▶ Strong sales in South America
- ▶ Lowest input costs vs previous quarters

| | 1Q '09 | 2Q '09 | 3Q '09 | 4Q '09 | FY '09 |
|--|--------------|--------------|--------------|---------------|--------------|
| Revenues drivers | | | | | |
| Δ Price/Mix | +6.6% | +5.1% | +3.6% | -0.9% | +3.9% |
| Δ Volume | -14.7% | -9.8% | +1.7% | +16.4% | -2.7% |
| Δ Rev. (before exch. rate impact) | -8.1% | -4.7% | +5.3% | +15.5% | +1.2% |
| Δ Exch. Rate | -2.3% | -1.3% | -2.2% | +2.7% | -0.9% |
| High Inflation | | | | +3.0% | 0.6% |

▶ Volumes: Increasing demand in all markets, driven by Winter products and OEM

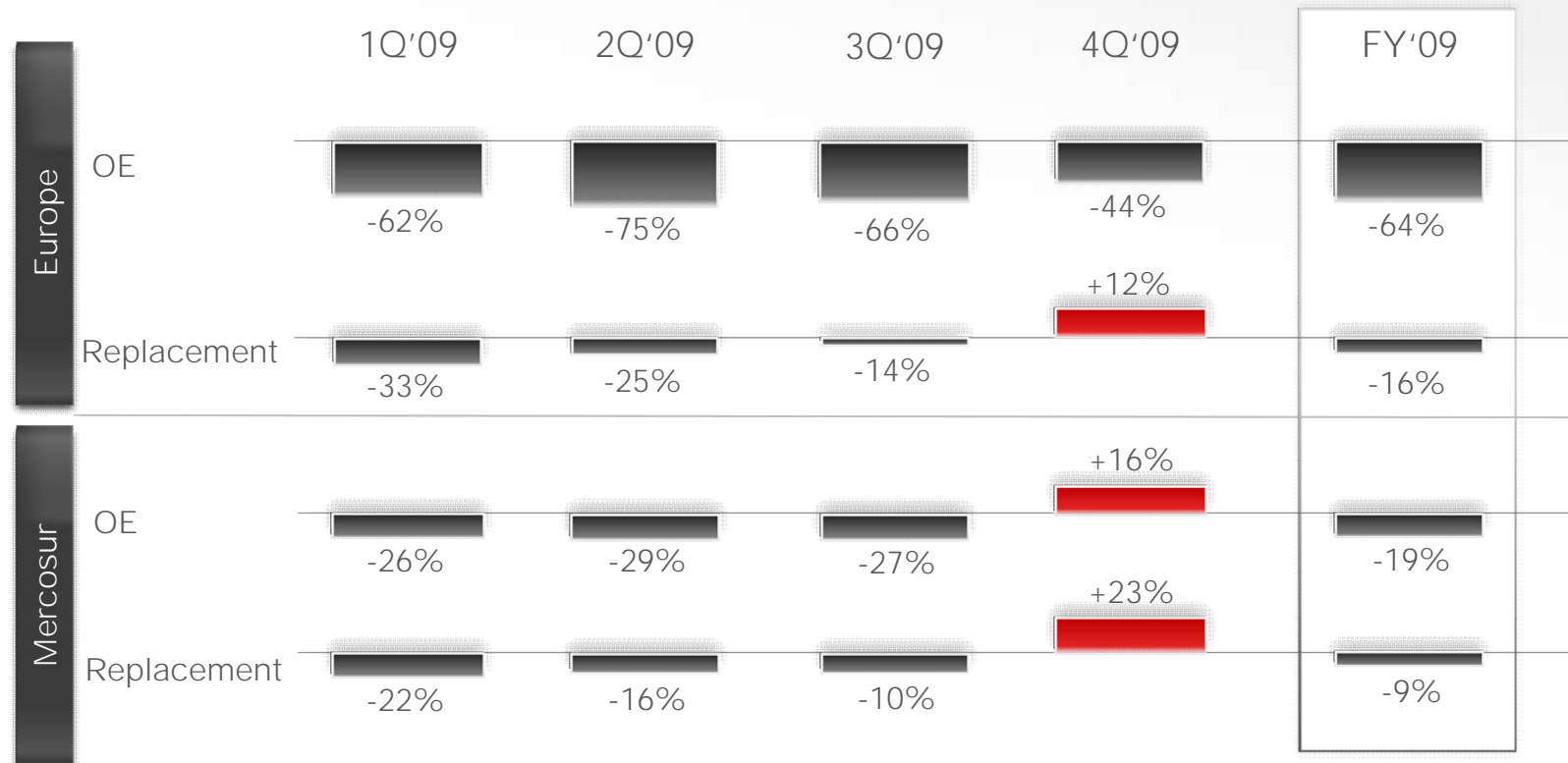
▶ Price/mix: High '08 comparison base (+13.5% in 4Q08) and OE channel higher weight (+4pp yoy)



Industrial Business: market trends in FY'09

Market trends

Car tyre shipments,



- ▶ OE: Mercosur, the first market to recover
- ▶ Replacement: Double-digit growth in both Europe and Mercosur (truck freight data are recovering in mature and emerging countries)

Sources: major external data provider for each region and Pirelli estimates



Industrial Business: Pirelli economics in FY'09

€/mln



| | 1Q '09 | Δ % | 2Q '09 | Δ % | 3Q '09 | Δ % | 4Q '09 | Δ % | FY '09 | Δ % |
|---------------------------------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|---------|-----------|
| Revenues | 256.4 | -22.0% | 287.5 | -16.3% | 306.7 | -12.2% | 314.5 | +13.4% | 1,165.1 | -10.3% |
| EBITDA (before restruct. costs) | 30.4 | -28.1% | 42.6 | -7.6% | 41.7 | +2.2% | 43.6 | +44.9% | 158.3 | -0.6% |
| margin | 11.9% | -1.0 p.p. | 14.8% | +1.4 p.p. | 13.6% | +1.9 p.p. | 13.9% | +3.0 p.p. | 13.6% | +1.3 p.p. |
| EBIT (before restruct. costs) | 19.1 | -36.8% | 31.0 | -10.1% | 30.2 | +7.5% | 31.5 | +67.6% | 111.8 | +0.2% |
| margin | 7.5% | -1.7 p.p. | 10.8% | +0.8 p.p. | 9.8% | +1.8 p.p. | 10.0% | +3.2 p.p. | 9.6% | +1.0 p.p. |

► Strong volumes rebound also driven by fleet restocking and trade

| | 1Q '09 | 2Q '09 | 3Q '09 | 4Q '09 | FY '09 |
|--|---------------|---------------|--------------|---------------|--------------|
| Revenues drivers | | | | | |
| Δ Price/Mix | +7.2% | +6.8% | +7.0% | -3.5% | +5.0% |
| Δ Volume | -25.7% | -20.9% | -13.4% | +14.0% | -12.6% |
| Δ Rev. (before exch. rate impact) | -18.5% | -14.1% | -6.4% | +10.5% | -7.6% |
| Δ Exch. Rate | -3.5% | -2.2% | -5.8% | +0.3% | -3.3% |
| High Inflation | | | | +2.6% | 0.6% |

► Price/mix: -3.5% in 4Q09 vs. +15.6% in 4Q08



Agenda

- ▶ Pirelli FY'09 Results review
- ▶ 2010 Outlook & Targets
- ▶ **Pirelli Tyre & Parts**
 - ▶ 4Q'09 Results
 - ▶ **2010 Outlook & Targets**
- ▶ Pirelli Real Estate
- ▶ Appendix



Our Strategic Guidelines for 2010



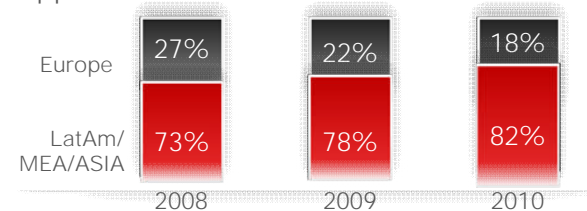
1 A different growth strategy by business

Consumer

- ▶ Pirelli Brand enhancing Premium Segment positioning (>70% of Consumer) in Europe and North America
- ▶ Full exploitation of our potentials in areas of growth (LatAm, China)

Industrial

- ▶ Further exposure in Emerging Markets to best seize growth opportunities



2 Improve our cost competitiveness

Lever

- ▶ Price/mix improvement
- ▶ Cost efficiency program
- ▶ Production increase in low-cost countries

Expected Results

- ▶ **contrast raw materials cost increase** (cost headwind ~200€/mln at current natural rubber price >3,000 \$/ton.)
- ▶ >90% of Industrial (87% in '08)
- ▶ >70% for Consumer (61% in '08) } *a year in advance!*
with one factory closure in 2009 (Spain) and one in 2010 (old Settimo)

3 Accelerate Investments to build up capacity: over 300€/mln in 2010

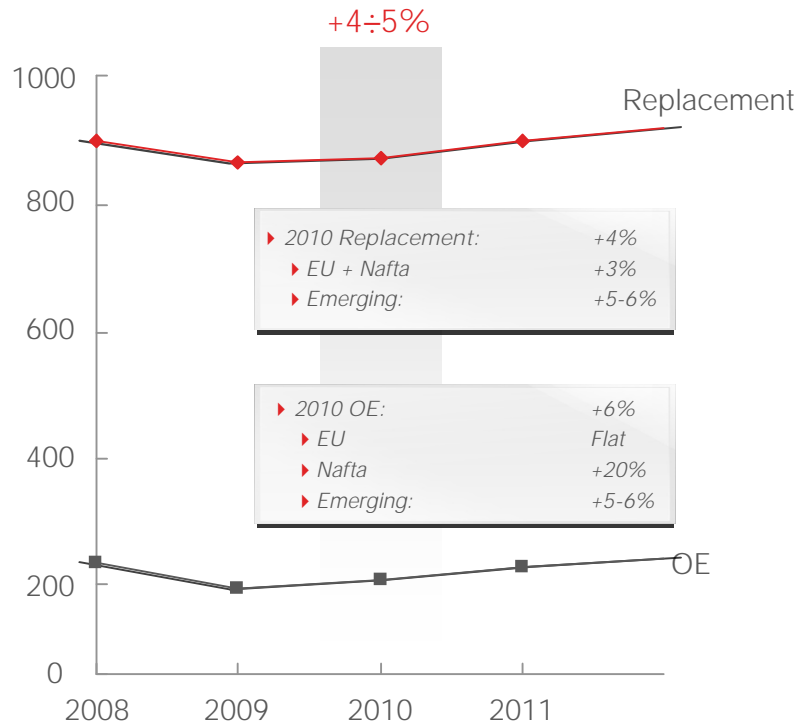


Our growth strategy in the Consumer market ...



Market Outlook

Car tires, Mln pieces



Our Growth Strategy

North America

- ▶ Keep growing our market share in the Replacement segment: new products, new customers, brand pull

EMEA

- ▶ More selective and focused on OEMs, while increasing sales in Replacement with Green Performance products and winter re-stocking

LatAm

- ▶ Consolidate leadership in both OE and Replacement segments

Asia-Pacific

- ▶ Exploit competitive China source to increase coverage and penetration in major APAC markets; initiate OE in China with European premium transplants



Source: LMC. Pirelli estimates

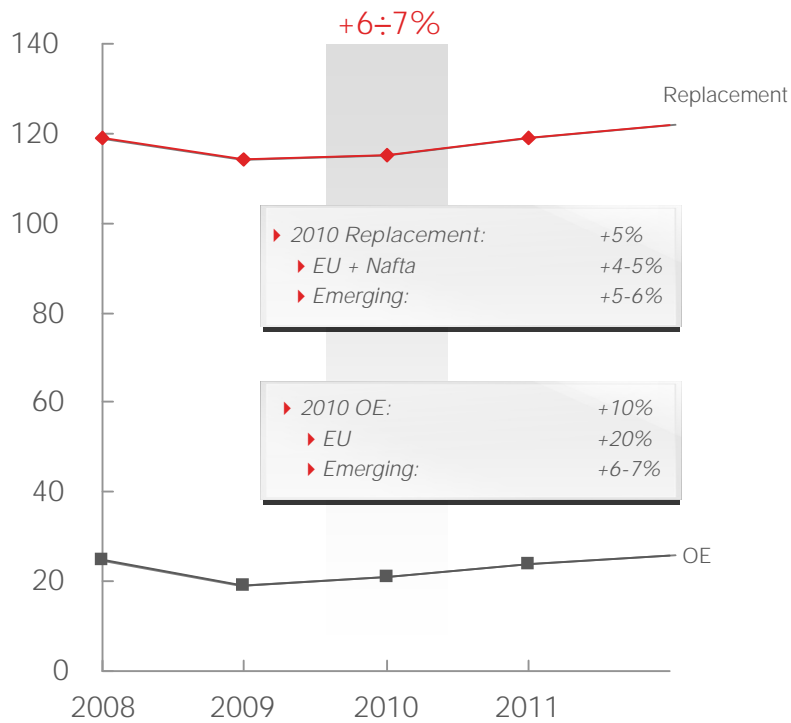


... and in the Industrial market



Market Outlook

Mln pieces. Percent. Radial + truck tires



Our Growth Strategy

Emea

- ▶ Consolidate market recovery

LatAm

- ▶ Consolidate leadership in Mercosur while increasing share in Central America

Asia

- ▶ Focus on Chinese market due to capacity saturation

SteelCord

- ▶ Leverage vertical integration and innovation

Source: LMC. Global Insight. Pirelli estimates



Latin America: present & future leadership



2010 market outlook:

- ▶ Consumer: +3% (OE). +6% (Repl)
- ▶ Industrial: +10% (OE). +6% (Repl)

LEADERSHIP

- ▶ **Regional leadership** with Net Sales of 1.9\$/bln

BEST RANGE

- ▶ **No.1 local OEM** Strategic supplier
- ▶ **The only full range player:** from 2 wheels tyres to Truck to Agro/OTR

No.1 BRAND

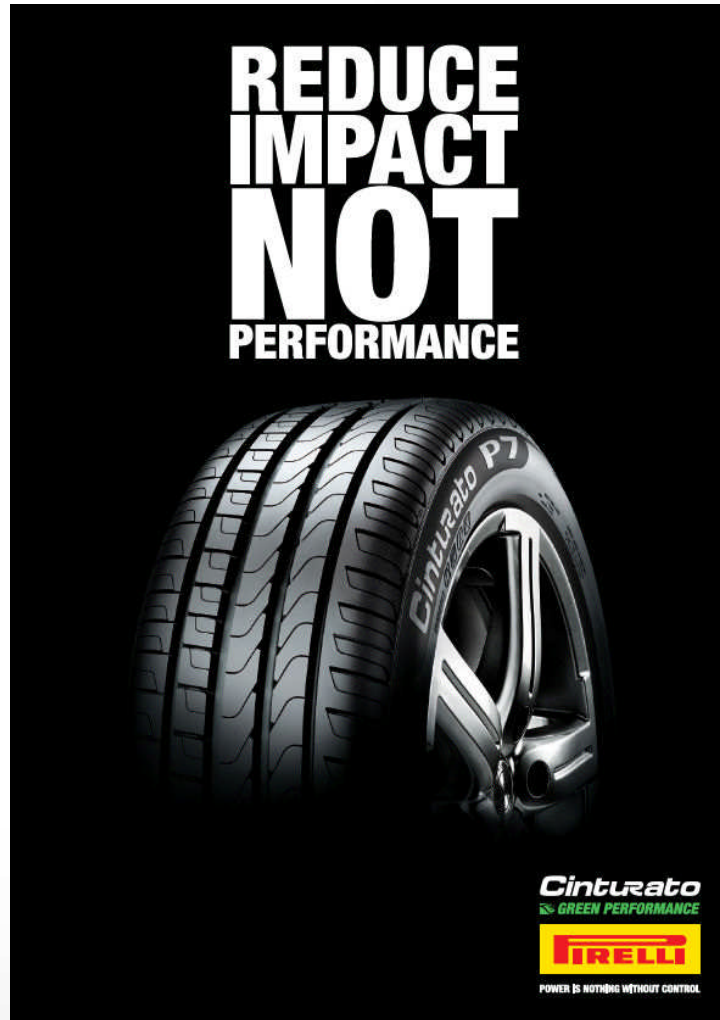
- ▶ **Top of Mind Brand** in Mercosur with **100** yrs of history in Argentina and **80** yrs in Brazil
- ▶ Elected **No.1 brand out of all sectors/brands** in Brazil by male consumers

OUR MAIN STRENGTHS

- ▶ **Strongest Dealers network** and 1st R&D Centre and Proving Ground created in the region
- ▶ **Over 11k** committed and loyal **employees**



Cinturato: introducing the Green Performance concept



THE TECHNOLOGY

- ▶ **Distinctive features** offered by new Patented Pirelli Twinscrew compound mixing process, enhancing **LRR** without compromising performance and safety

THE MARKET

- ▶ 2010 **winner** of the most popular summer tyre tests in Europe (ADAC, OMT, Stiftung Warentest, ...)
- ▶ **Budget and Environment-sensitive consumers**

THE PRODUCTS

- ▶ New **Cinturato P7**, the green performance tyre for premium cars
- ▶ New **Scorpion Verde**, the green performance tyre for SUV & Crossovers



Test Summer 2010 – Pirelli on the top

Cinturato
GREEN PERFORMANCE

Cinturato P7^{XL}

ADACmotorwelt 03/2010
Pirelli Cinturato P7
Dimension 225/45 R17 W/Y
besonders empfehlenswert
17 Sommerreifen im Test
ADAC

www.adac.de



"Very balanced tyre; good on wet and dry surfaces; low fuel consumption; the lowest noise"

Very Recommendable

Cinturato P6

ADACmotorwelt 03/2010
Pirelli Cinturato P6
Dimension 185/65 R15 H
besonders empfehlenswert
19 Sommerreifen im Test
ADAC

www.adac.de



"Very balanced summer tyre with very high mark on wet surface; low wear"

Very Recommendable

Cinturato P7^{XL}

Auto
ZEITUNG
SEHR EMPFEHLENSWERT



205/55R16 91V

"The Pirelli Cinturato P7 demonstrates that tyres optimized for rolling resistance can also come up with a short wet braking distance and with a sporty driving behaviour."

Very Recommendable

Cinturato P7^{XL}



GUTE FAHRT
205/55R16 91V

"...Cinturato P7 competes both handling tests with the best results, drives harmonic on a good grip level as well as with a good steering-response like the Conti. But it is also good in wet-braking and in terms of noise"

Good



Pirelli and Sustainable Performance

- ▶ Worldwide leader in Autoparts and Tyre industry for the third consecutive year



- ▶ Best in class for **Economic, Environmental and Social dimension**; Pirelli rating: 88% (+11pp yoy) vs. Autoparts & Tyre average 48% rating
- ▶ **Excellence Areas:** Health & Safety, Brand Management, Innovation Management, Human Capital development, Labour practice indicators, Talent attraction & retention, Environmental Reporting, Climate Strategy, Standards for Suppliers

- ▶ Included in all major sustainability global indexes:



- ▶ Sector mover 2010 and Gold class Company in the SAM Group and PwC "Sustainability Yearbook"
- ▶ In Sept '09 confirmed for 7 consecutive year

- ▶ Best Italian Company for Corporate Governance - GMI
 - Pirelli international rating: 9/10 vs Automobiles and Parts average 5/10 rating
 - Pirelli Country rating (Italy): 10/10



'09-'11 Pirelli Tyre Cost reduction program update



COST REDUCTION PROGRAMS

Labour

- ▶ 15% **rightsizing** in high-cost countries; bonus and pay freeze for management and staff in 2009

Raw materials

- ▶ 360° purchasing **contracts renegotiation**
- ▶ Selective adoption of "**spot purchases**" to best capture the benefits of price decrease
- ▶ Reduction of **usage and weight**

Other Costs

- ▶ Crash program for the reduction of **discretionary / indirect expenses** (except R&D and marketing)
- ▶ Savings from **lower energy** costs. lower transportation / **logistic rates**

2009 ACHIEVEMENT

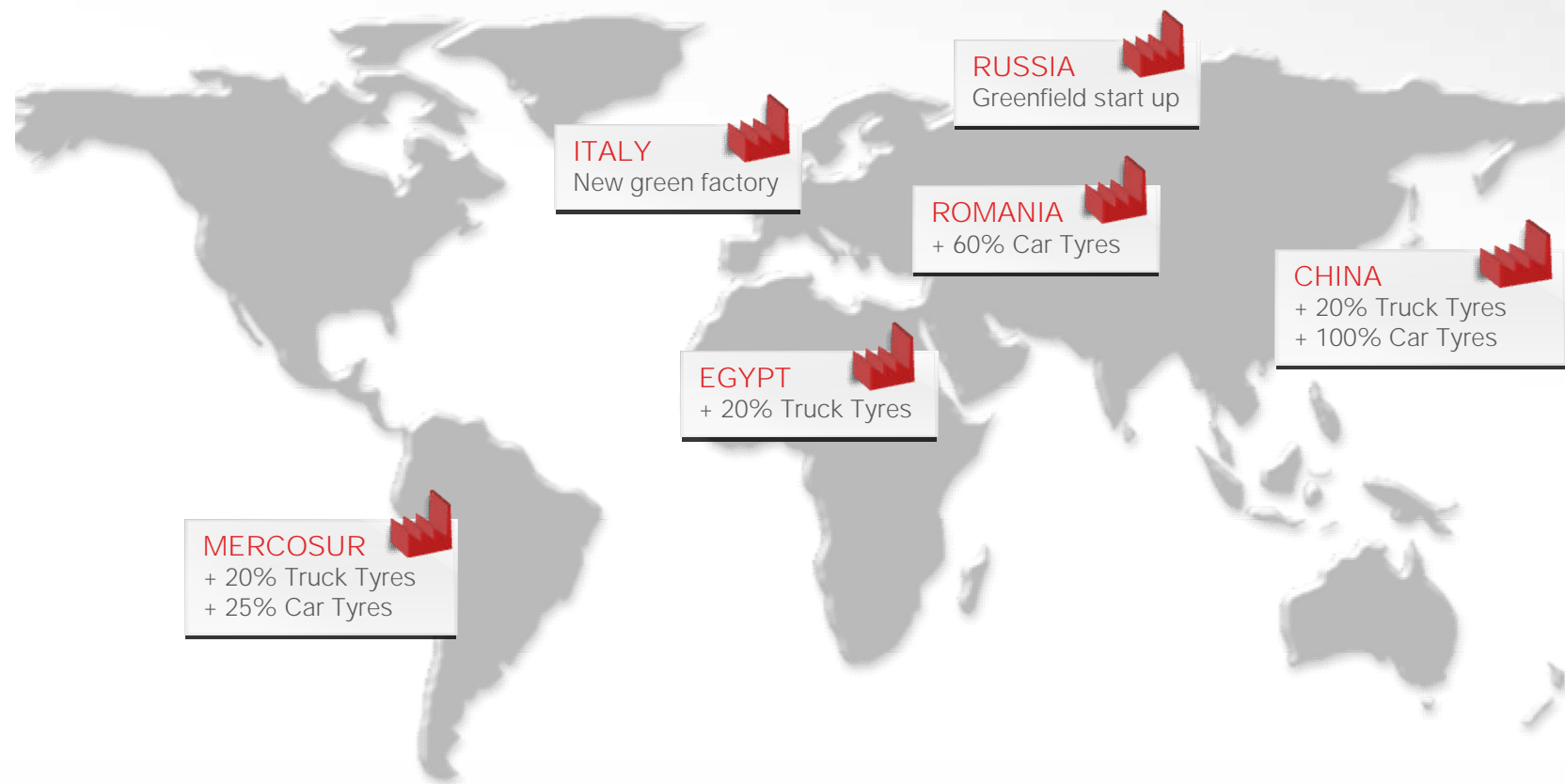
200 €/mln of gross savings in line with 3Y Plan (net of exchange rates)

2010 Target

>60 €/mln of gross savings (before raw materials price increase) in line with 3Y Plan



An accelerated investment plan: key projects (capacity increase from 2009 to 2011)



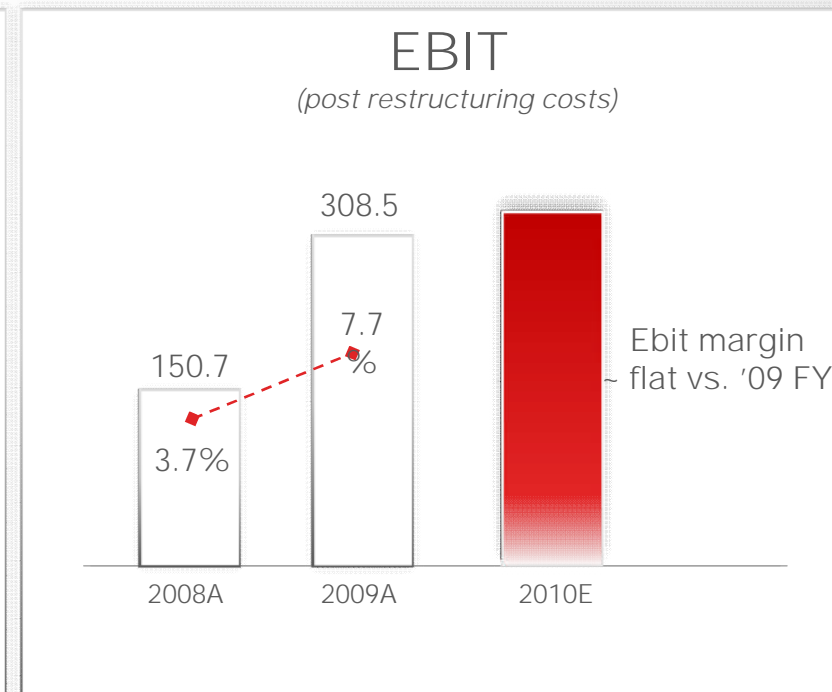
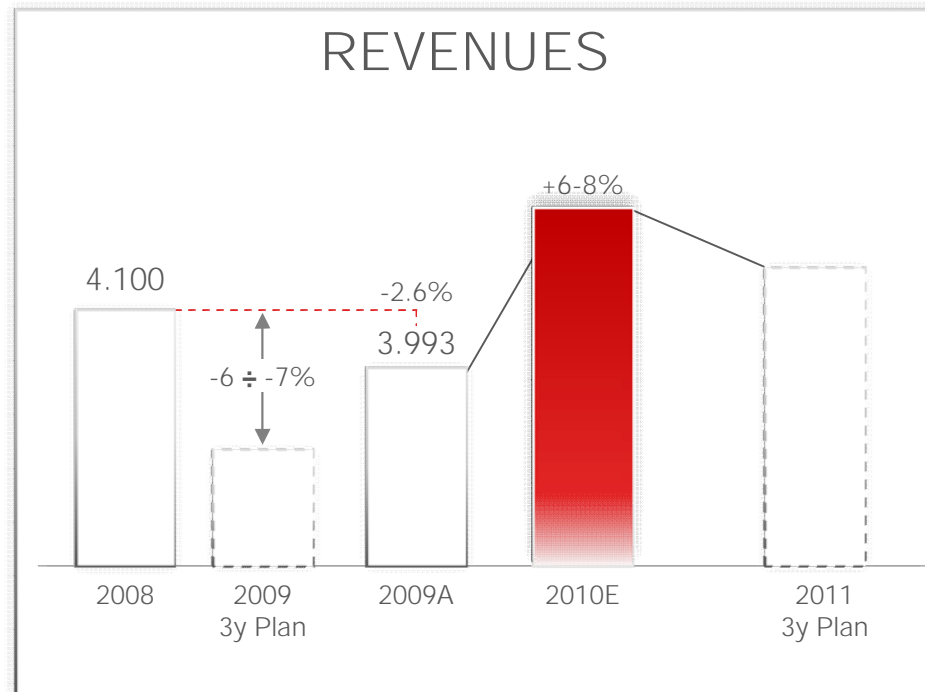
Over 300 €/mln investments in 2010



Pirelli Tyre target 2010



€/mln



Note: at current exchange rates



Pirelli Eco Technology: FY'09 Key Financial Results



€/mln

| | 1Q '09 YoY | | 2Q '09 YoY | | 3Q '09 YoY | | 4Q '09 YoY | | FY '09 YoY | |
|-----------------|------------|--------|------------|--------|------------|--------|------------|--------|------------|------|
| Revenues | 14.3 | -13.9% | 14.0 | -16.7% | 10.5 | -25.5% | 17.8 | +15.6% | 56.6 | -10% |
| <i>of which</i> | | | | | | | | | | |
| <i>Filters</i> | 3.7 | | 4.5 | | 2.7 | | 7.6 | 280% | 18.5 | 236% |
| <i>Gecam</i> | 10.6 | | 9.5 | | 7.8 | | 10.2 | -24% | 38.1 | -34% |
| Ebitda | (2.3) | | (2.1) | | (2.8) | | (1.9) | -63% | (9.1) | -18% |
| Ebit | (2.8) | | (2.7) | | (3.3) | | (2.0) | -62% | (10.8) | -8% |
| Net income | (3.4) | | (3.2) | | (4.1) | | (3.0) | | (13.7) | |
| NFP | 26.8 | | 32.8 | | 42.9 | | 47.2 | | 47.2 | |

- ▶ Delay in low emission zones and traffic restrictions not supporting 2009 sales
- ▶ Rumanian factory at low capacity utilization throughout the year
- ▶ NFP driven by new Investments and low Working Capital rotation



Pirelli Eco Technology outlook



- ▶ Conservative 2010 Filters sales plan, while waiting for decision-making process on DPF adoption in Italy, France, Spain
- ▶ Reduced 2010 Gecam sales plan due to additional taxation in Italy and France
- ▶ Improved efficiency from Rumanian factory
- ▶ Investments linked to new Chinese JV set up
- ▶ Overall double digit sales increase targeting 2010 breakeven and positive cash flow generation



Agenda

- ▶  **Pirelli FY'09 Results review**
- ▶  **2010 Outlook & Targets**
- ▶  **Pirelli Tyre & Parts**
- ▶  **Pirelli Real Estate**
- ▶  **Appendix**



3 Steps Paving the Way for a Turnaround



► We are positioning the company to regain market confidence and capture future sustainable growth as proved by 2009 achievements



2009 Achievements

REFOCUS

- ▶ Management change
- ▶ Business model renewal
 - ▶ Strategic partnership with Intesa Sanpaolo in Fund Management (10% SGR stake)
- ▶ Trading & SOHO* real estate assets disposal of approx. 250 €/mln
- ▶ Non-strategic participations disposal:
 - ▶ 20% UPIM (completed in January 2010)
 - ▶ Italia Turismo (advanced negotiation for disposal)
- ▶ Highstreet** master lease agreement renegotiation
- ▶ Baubecon** debt restructuring under negotiation (vacancy significantly reduced to 4.9%)
- ▶ In Poland scouting for partnership

REBALANCE

- ▶ Gearing from 2.4x (2008) to 0.7x (2009)
- ▶ Capital increase (400 €/mln)
- ▶ New credit facility line (320 €/mln)
- ▶ Reduction of net invested capital through debt restructuring on NPL investment and 20% Credit Servicing disposal
- ▶ Real estate assets disposal in excess of 1 €/bln

EFFICIENCY

- ▶ Fixed cost saving 68 €/mln
- ▶ Headcount rightsizing from 1,473 of 2008 to 1,097 end of 2009
- ▶ Corporate vehicles reduction to about 240 (280 end 2008)

*SOHO (Small Office. Home Office)

**Germany



FY'09 results vs targets

| | FY 2008 | Targets (26 May'09) | Results FY 2009 |
|------------------------------------|-------------|------------------------|--------------------|
| Real Estate Assets Sales | 865€/mln | 1€/bln | 1,031€/mln |
| - Italy | 570€/mln | | 613€/mln |
| - Germany | 185€/mln | | 380€/mln |
| - Poland | 110€/mln | | 38€/mln |
| EBIT + IEP before special effects* | -59.7€/mln | -25/-35€/mln | -26.1€/mln |
| Fixed cost savings | -19€/mln | -50€/mln | -68€/mln |
| NFP (excluding shareholders' loan) | -861,8€/mln | -420€/mln | -445,8€/mln |

(*) before restructuring costs and property writedowns/revaluation



Consolidated Profit and Loss

€/mln

| | | Actual December 2009 | Actual September 2009 | Actual December 2008 |
|--|---|-------------------------|--------------------------|-------------------------|
| Revenues | | 271.7 | 199.2 | 365.1 |
| of which service activities | | 187.3 | 137.4 | 224.3 |
| of which other revenues | | 84.4 | 61.8 | 140.8 |
| EBIT services | | (5.7) | (8.4) | (31.9) |
| Income from equity participations | | 13.5 ¹⁾ | 7.9 | 1.6 |
| Service platform/G&A | A | 7.8 | (0.5) | (30.3) |
| EBIT consolidated investment activities | B | 1.2 | 7.2 | 14.2 |
| Income from equity participations | C | (35.1) | (36.8) | (43.6) |
| Shareholders' loans interests | | 19.5 | 21.2 | 23.0 |
| Investments | | (14.4) ²⁾ | (8.4) | (6.4) |
| EBIT incl. income from equity part. and shareholders' loans interests. | | (6.6) | (8.9) | (36.7) |
| Restructuring costs | | (23.9) | (13.2) | (44.2) |
| Property writedowns/revaluations | | (31.4) | (11.9) | (135.8) |
| EBIT incl. inc. from equity part.after restr. costs. writedown/ reval. | | (61.9) | (34.0) | (216.7) |
| Financial charges | | (35.1) ³⁾ | (19.5) | (49.0) |
| Profit before taxes | | (97.0) | (53.5) | (265.7) |
| Income taxes | | (7.8) | (5.2) | (1.9) |
| Net income before discontinued operations | | (104.8) | (58.7) | (267.6) |
| Discontinued operation | | 0.0 | 0.0 | 74.6 |
| Net income | | (104.8) | (58.7) | (193.0) |
| Minority interests | | 0.5 | 0.8 | (2.0) |
| Net income after minority interests | | (104.3) | (57.9) | (195.0) |
| EBIT incl. income from equity part. (A+B+C) | | (26.1) | (30.2) | (59.7) |

¹⁾ 2009 service platform income from equity participation includes 13.5 €/mln related to 10 % Pirelli RE SGR and 20% Credit Servicing shares disposal

²⁾ 2009 investment result (-14.4 €/mln) includes a loss of 10.5 €/mln in derivatives and impairment of NPLs portfolios (-30.4 €/mln of which -20 €/mln Q4)

³⁾ 2009 financial charges (-35.1 €/mln) include Upim / Rinascente result classified as "held for sale" (approx. -9.1 €/mln)



Segment Report

€/mln

| | Italy | | Germany | | Poland | | NPL | | G&A | | Total | | Delta |
|--|-------------|--------------|--------------|---------------|------------|-------------|---------------|------------|---------------|---------------|--------------|---------------|----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | |
| Service platform | 32.0 | 11.3 | 1.3 | (9.7) | (1.1) | (2.0) | (4.0) | 3.7 | | | 28.2 | 3.3 | } 7.8 } (30.3) |
| G&A | | | | | | | | | (20.5) | (33.5) | (20.5) | (33.5) | |
| Investment | (3.3) | (18.8) | (2.8) | (14.5) | 1.2 | 21.8 | (9.5) | 4.3 | | 0.9 | (14.4) | (6.4) | |
| EBIT including SH Loans interests and income from part. | 28.7 | (7.6) | (1.4) | (24.3) | 0.1 | 19.8 | (13.5) | 8.0 | (20.5) | (32.6) | (6.6) | (36.7) | 30.1 |



Pirelli RE : Key data as of Dec. 2009

€/mln

| | Mkt. Value 100% ¹⁾ | Mkt. Value PRE 26% average | Book Value Quota PRE | UCG Quota PRE ²⁾ | Net Debt Quota PRE ³⁾ | LTV ⁴⁾ | NAV Quota PRE ⁵⁾ | NIC Quota PRE ⁶⁾ | IAS 40% ⁷⁾ |
|-------------------|-------------------------------|----------------------------|----------------------|-----------------------------|----------------------------------|-------------------|-----------------------------|-----------------------------|-----------------------|
| ITALY | 6,753 | 1,893 | 1,757 | 136 | 1,090 | 58% | 803 | 613 | 47% |
| GERMANY | 7,036 | 1,723 | 1,693 | 30 | 1,369 | 79% | 354 | 233 | 53% |
| POLAND | 190 | 72 | 57 | 15 | 28 | 39% | 44 | 20 | 0% |
| TOTAL REAL ESTATE | 13,979 | 3,688 | 3,507 | 181 | 2,487 | 67% | 1,201 | 866 | 49% |

- 1) Participated AUM are assets in which PRE owns a stake
- 2) UCG= Unrealized Capital Gain is the difference between Market Value and Book Value
- 3) Net Debt pro Quota: bank loan and cash
- 4) LTV= Loan to Value is the ratio between Pro quota Net debt and Pro quota Market Value
- 5) The differences between NAV and UCG + NIC (equal to 154 €/mln) is due to other assets and liabilities not included into calculation of real estate NAV
- 6) NIC= Net Invested capital
- 7) Assets under IAS 40 represent assets with long term strategy, booked at Market value

| | |
|------------------|-------|
| NPL (investment) | 104 |
| SERVICES | 203 |
| TOTAL PIRELLI RE | 1,173 |

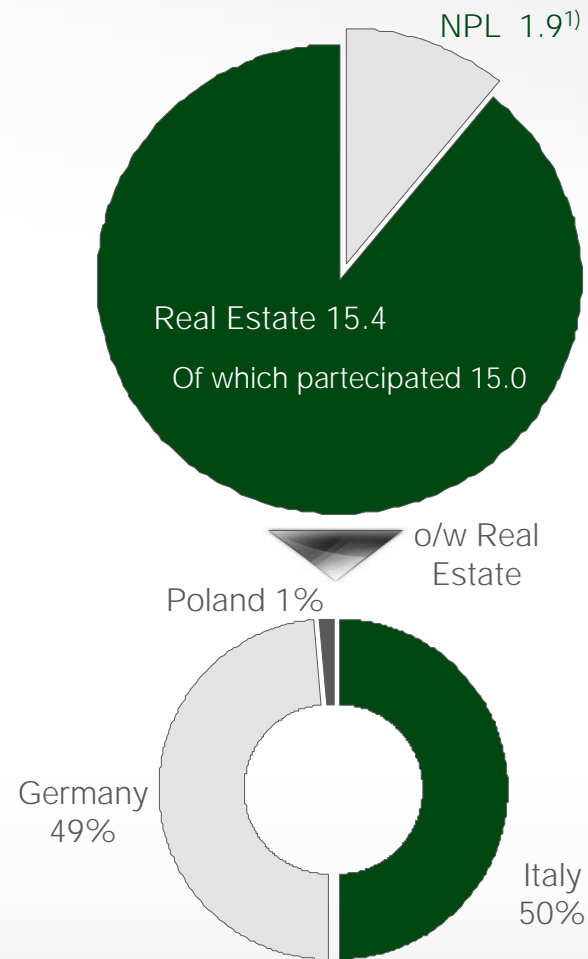
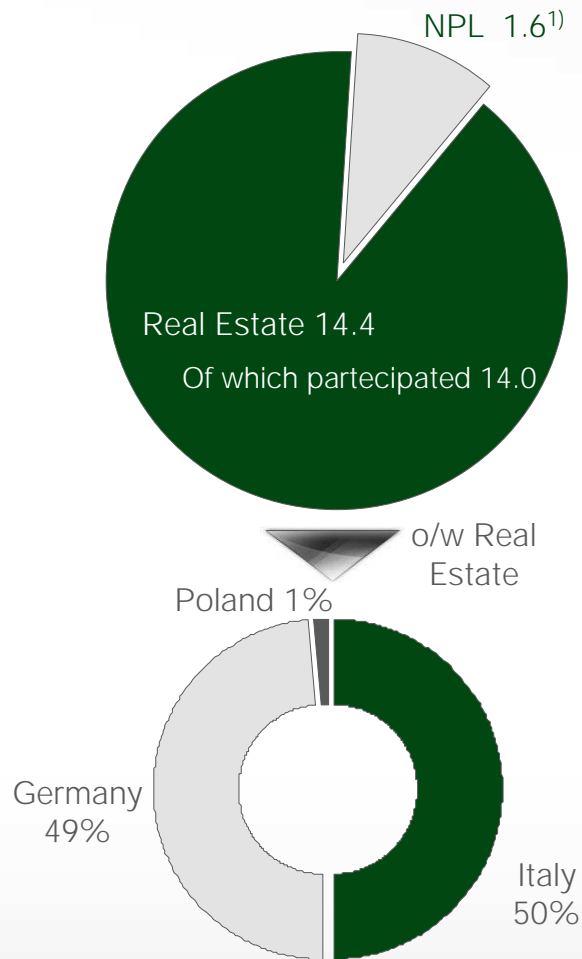


Asset Allocation by Country (Market Value)

€/bln

Market Value Dec. 2009: 16.0 €/bln

Market Value Dec. 2008: 17.3 €/bln



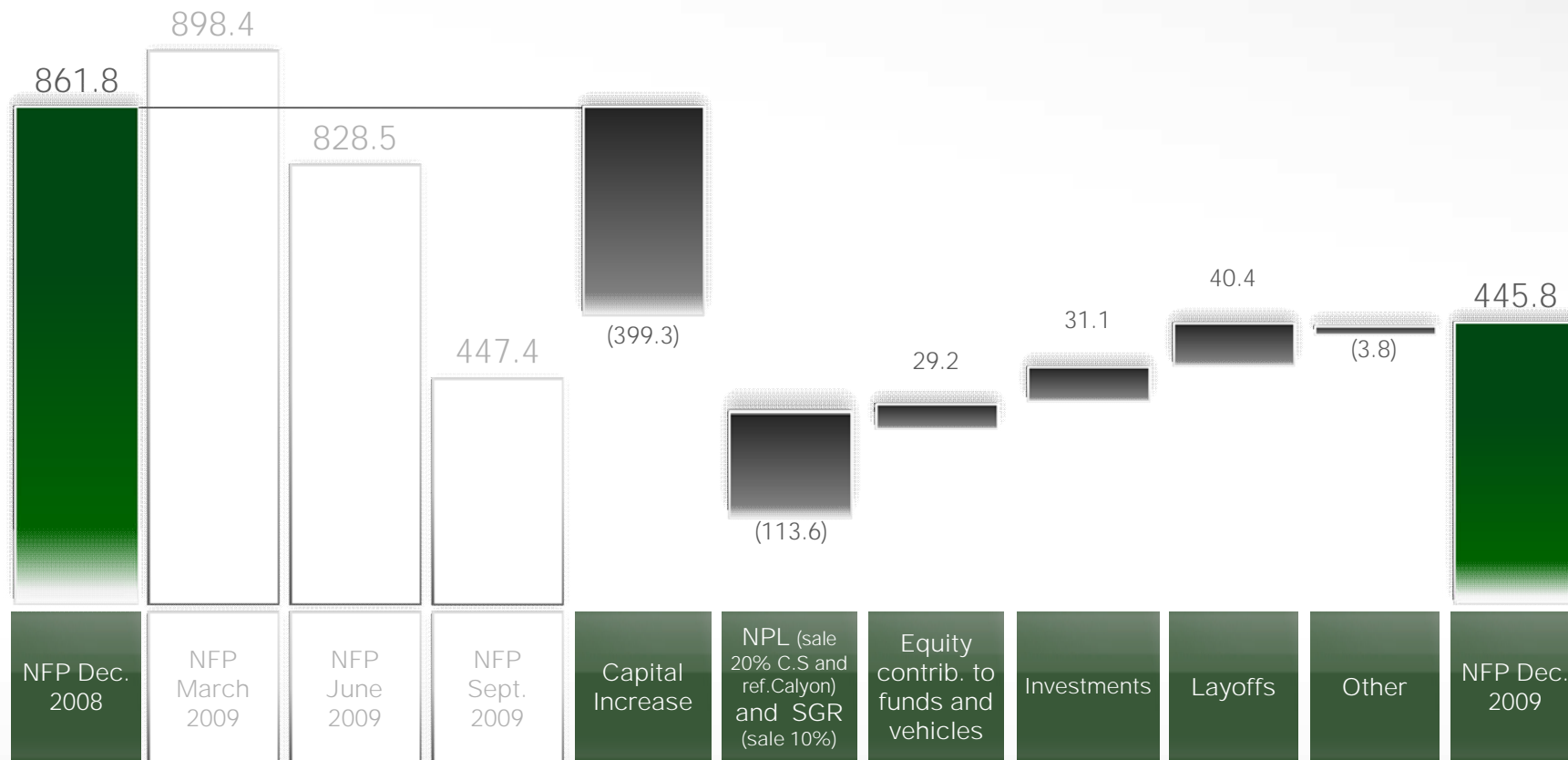
¹⁾NPLs portfolio at Book Value



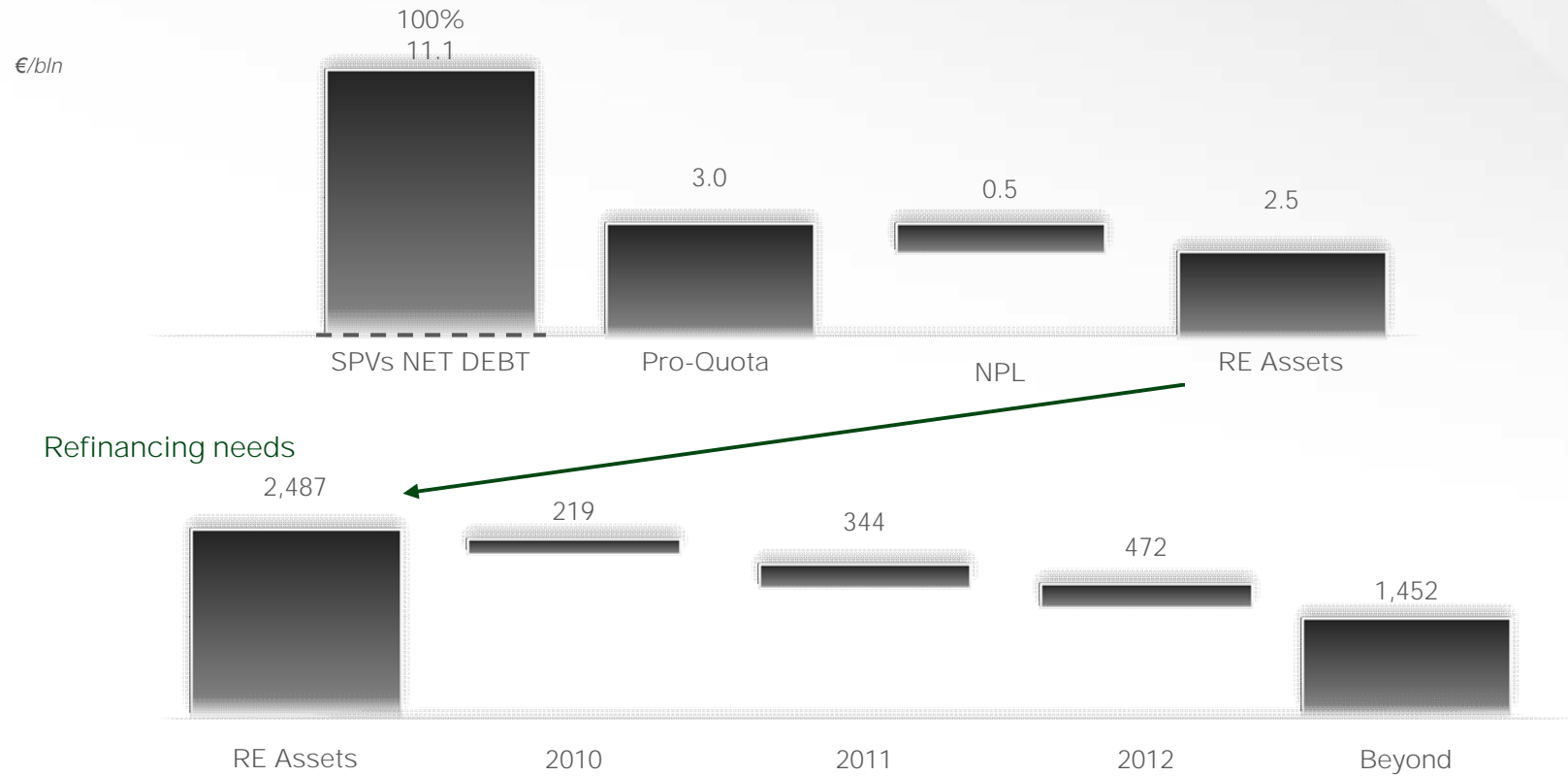
NFP excl. Shareholders' Loans

€/mln

▶ As of end of February, Pirelli RE has committed bank lines amounting to 430 €/mln (in addition to the intercompany facility granted by Pirelli & C.) with an average duration of 25 months



Financial situation of participated vehicles/funds



Bank Loan characteristics (*)

- ▶ Average duration ~ 3,6 years (pro-quota PRE 3,4)
- ▶ Average costs of debt 3.7% (pro-quota PRE 3.8% with avg. spread of 158 bps) (**)
- ▶ 83% interest rate risk hedged (pro-quota PRE 79%)
- ▶ Pro-quota *recourse* guarantees for approx. 45.8€/mln (***)

(*) Excluded NPL and subsidiaries.

(**) Considering the effect of the recent renegotiation of Highstreet debt, average spread pro-quota PRE would increase to 175 bps

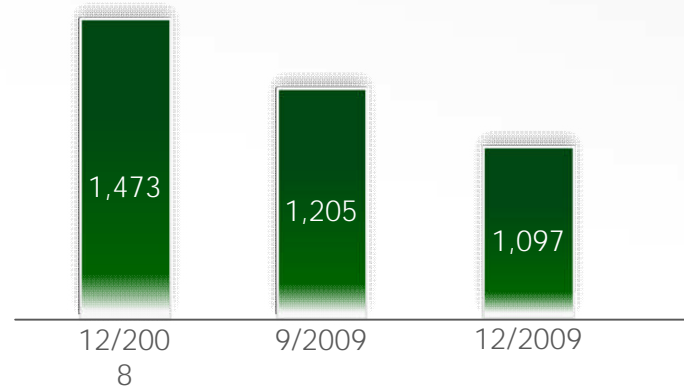
(***) Considering finalized position after December 2009 the amount is equal to approx 41.6 €/mln



Update on Headcount and Cost Savings

€/mln

Headcount decrease



Reduction from 2,956 in 2007 to 1,097 end of 2009

Cost Savings



- Consultancy costs +11
- Marketing costs +5
- Travel Expenses +6
- Headquarters +4
- IT +4
- Other +6



2010 Strategy by country

ITALY

- ▶ Portfolio optimization through active asset management
- ▶ Focusing on Fund management (SGR) leveraging on market leadership to exploit both internal and external growth
- ▶ Revamping the overall service proposition to increase third party market share with integrated and value added offers
- ▶ NPLs: return to profitability managing effectively the existing portfolio

GERMANY

- ▶ On-going de risking / stabilization strategy of both the commercial and residential portfolio
- ▶ For the residential portfolio, we seek partnership/Jv opportunities on the capital markets
- ▶ Services platform: managing existing assets and increasing third party services mandates

POLAND

- ▶ Continue to develop the residential projects in Warsaw and Gdansk
- ▶ Seeking for partnership for the Services and Asset management platforms

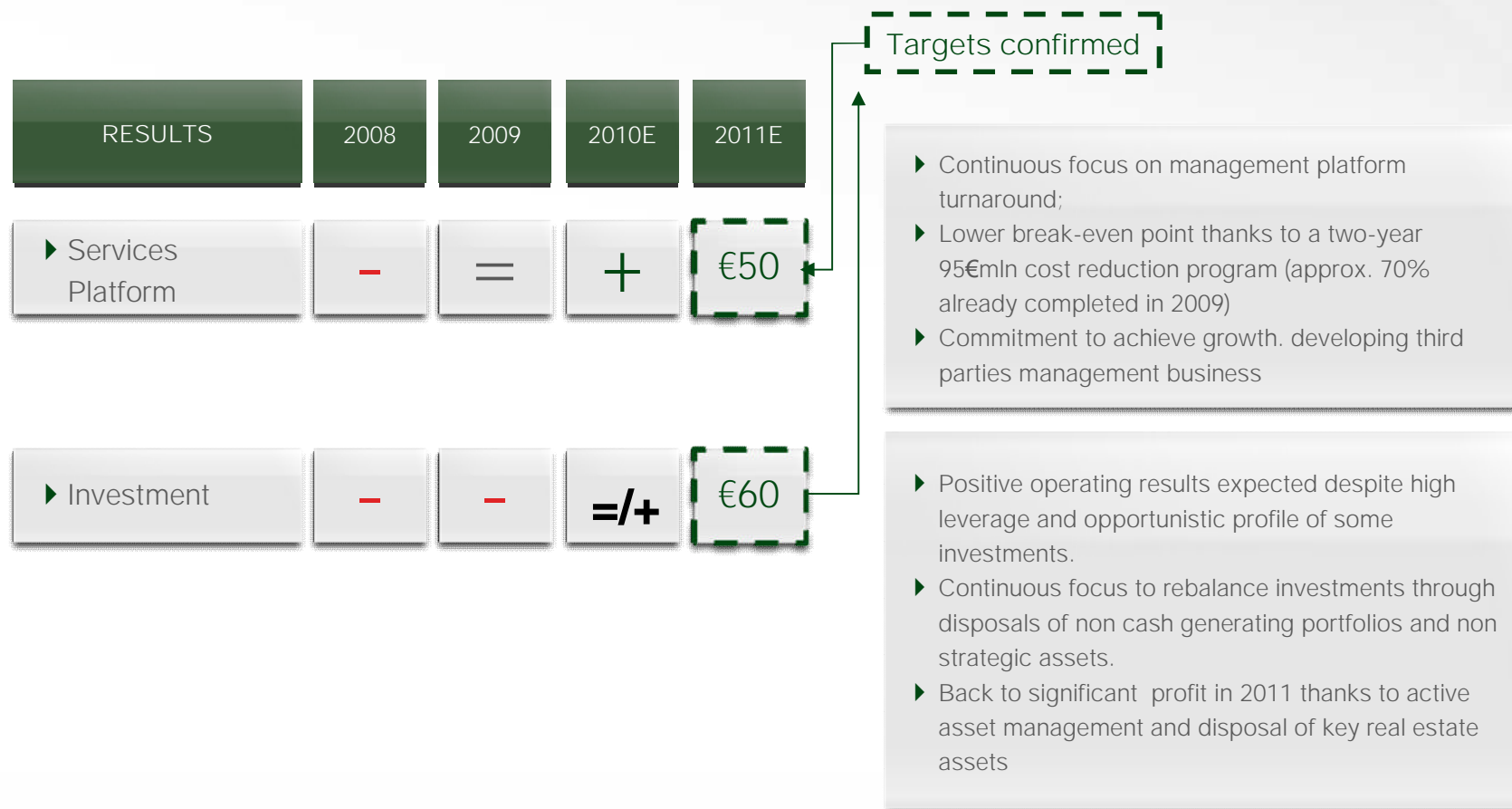


Economic and Financial Targets for 2010

| | | |
|------------------------------------|----------------------|---|
| ▶ Real Estate Assets sales | 1.3 / 1.5 €/bln | <ul style="list-style-type: none"> ▶ Stable AUM with a shift in geographical distribution (increase in Italy and continuous reduction abroad) ▶ Co-investments to 22-23% ▶ Continued disposal effort of low yield "Soho and Trading" assets (~200 €/mln) |
| ▶ EBIT Services platform incl. G&A | 20 / 30 €/mln | <ul style="list-style-type: none"> ▶ Back to profitability at operating level by increasing recurring returns and leveraging on further cost reduction ▶ Focus on Fund Management (SGR) exploiting both organic and external growth ▶ In NPLs increase credits collection and get services back to profitability |
| ▶ Fixed Cost Savings | - 25 / - 30 €/mln | ▶ 60% effect from actions implemented in 2009 |
| ▶ NFP | Substantially stable | ▶ Financial discipline |



Year to come: Profit & Loss trend by activities



** Real estate assets are appraised twice a year by external independent values and values may change accordingly*



Appendix



Pirelli Group – FY'09 Results

Profit & Loss and Net Financial Position by Business Unit

| €/mln | Pirelli | | | | | | | | | | | |
|--|--------------|---------|----------------|--------|---------------------|---------|------------------|--------|---------|---------|--------------------|---------|
| | Pirelli Tyre | | Eco Technology | | Pirelli Real Estate | | Broadband Access | | Others | | Pirelli & C. Cons. | |
| | FY '09 | FY '08 | FY '09 | FY '08 | FY '09 | FY '08 | FY '09 | FY '08 | FY '09 | FY '08 | FY '09 | FY '08 |
| Sales | 3,992.9 | 4,100.2 | 56.6 | 62.9 | 271.7 | 365.1 | 132.1 | 124.6 | 8.9 | 7.4 | 4,462.2 | 4,660.2 |
| Δ% | | -2.6% | | -10.0% | | -25.6% | | 6.0% | | | | -4.2% |
| Δ % on organic sales | | -1.6% | | -10.0% | | -25.6% | | 6.0% | | | | -3.3% |
| EBITDA before Restruct Costs | 538.0 | 441.2 | (9.1) | (11.0) | (5.0) | (17.6) | 5.3 | 4.8 | (21.1) | (21.3) | 508.1 | 396.1 |
| <i>of which property writedowns/reval.</i> | | | | | (7.9) | (9.3) | | | | | (7.9) | (9.3) |
| <i>% on sales</i> | 13.5% | 10.8% | n.s. | n.s. | | | 4.0% | 3.9% | | | 11.4% | 8.5% |
| EBIT before Restruct Costs | 345.5 | 250.7 | (10.8) | (11.8) | (12.4) | (27.0) | 4.5 | 3.9 | (29.8) | (28.4) | 297.0 | 187.4 |
| <i>of which property writedowns/reval.</i> | | | | | (7.9) | (9.3) | | | | | (7.9) | (9.3) |
| <i>% on sales</i> | 8.7% | 6.1% | | | | | 3.4% | 3.1% | | | 6.7% | 4.0% |
| Restructuring Costs | (37.0) | (100.0) | | | (23.9) | (44.2) | (0.5) | | (18.2) | | (79.6) | (144.2) |
| EBIT | 308.5 | 150.7 | (10.8) | (11.8) | (36.3) | (71.2) | 4.0 | 3.9 | (48.0) | (28.4) | 217.4 | 43.2 |
| <i>of which property writedowns/reval.</i> | | | | | (7.9) | (9.3) | | | | | (7.9) | (9.3) |
| <i>% on sales</i> | 7.7% | 3.7% | | | | | 3.0% | 3.1% | | | 4.9% | 0.9% |
| Devaluation/sale of particip.in listed companies | | | | | | | | | (17.5) | (267.8) | (17.5) | (267.8) |
| Results from equity participations | 4.2 | 27.8 | | | (45.1) | (168.5) | | | 1.7 | 42.0 | (39.2) | (98.7) |
| <i>of which property writedowns/reval.</i> | | | | | (23.5) | (126.5) | | | | | (23.5) | (126.5) |
| EBIT incl. income from equity part. | | | | | (26.1) | (59.7) | | | | | | |
| Shareholders' loans interests | | | | | 19.5 | 23.0 | | | | | 19.5 | 23.0 |
| EBIT incl. income from equity part. | | | | | (6.6) | (36.7) | | | | | | |
| and shareholders' loans interests | | | | | | | | | | | | |
| EBIT incl. inc. from equity part.after restr. | | | | | (61.9) | (216.7) | | | | | | |
| costs. writedown/ reval. | | | | | | | | | | | | |
| Other Financial Income/Charges | (76.1) | (82.8) | (2.5) | (1.6) | (35.1) | (49.0) | 0.3 | (2.6) | 8.5 | 33.0 | (104.9) | (103.0) |
| Fiscal Charges | (90.0) | (70.1) | (0.4) | 0.2 | (7.8) | (1.9) | 0.3 | 0.7 | 0.0 | (1.5) | (97.9) | (72.6) |
| Net income before discount. operat | 146.6 | 25.6 | (13.7) | (13.2) | (104.8) | (267.6) | 4.6 | 2.0 | (55.3) | (222.7) | (22.6) | (475.9) |
| <i>% on sales</i> | 3.7% | 0.6% | | | | | | | | | n.s. | n.s. |
| Discontinued Operations | | | | | | 74.6 | | | | (11.2) | 0.0 | 63.4 |
| Net income | 146.6 | 25.6 | (13.7) | (13.2) | (104.8) | (193.0) | 4.6 | 2.0 | (55.3) | (233.9) | (22.6) | (412.5) |
| <i>% on sales</i> | 3.7% | 0.6% | | | | | | | | | n.s. | n.s. |
| Attributable Net income | | | | | (104.5) | (195.0) | | | | | 22.7 | (347.5) |
| Net Financial Position | 1,027.3 | 1,266.8 | 47.2 | 19.0 | 41.3 | 289.5 | (35.7) | (15.0) | (551.3) | (532.6) | 528.8 | 1,027.7 |



Pirelli Group – FY'09 Results

Profit & Loss and Net Financial Position by Business Unit

| €/mln | Pirelli Ambiente | | PZero | | Others | | Total Other | |
|--|------------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|
| | FY '09 | FY '08 | FY '09 | FY '08 | FY '09 | FY '08 | FY '09 | FY '08 |
| Sales | 3.6 | 5.1 | 5.0 | 3.6 | 0.3 | (1.3) | 8.9 | 7.4 |
| Δ% | | -29.4% | | 38.9% | | | | |
| EBITDA before Restruct Costs | (2.3) | (2.5) | (3.7) | (3.9) | (15.1) | (14.9) | (21.1) | (21.3) |
| EBIT before Restruct Costs | (2.4) | (2.6) | (3.8) | (3.9) | (23.6) | (21.9) | (29.8) | (28.4) |
| Restructuring Costs | (1.3) | | | | (16.9) | | (18.2) | 0.0 |
| EBIT | (3.7) | (2.6) | (3.8) | (3.9) | (40.5) | (21.9) | (48.0) | (28.4) |
| Devaluation/sale of particip.in listed companies | | | | | (17.5) | (267.8) | (17.5) | (267.8) |
| Results from equity participations | (1.4) | (1.0) | | | 3.1 | 43.0 | 1.7 | 42.0 |
| Financial Income/Charges | (0.2) | 0.1 | (0.1) | (0.1) | 8.8 | 33.1 | 8.5 | 33.1 |
| Fiscal Charges | 0.0 | (0.1) | 0.0 | 0.0 | 0.0 | (1.5) | 0.0 | (1.6) |
| Net income before discount. operat | (5.3) | (3.6) | (3.9) | (4.0) | (46.1) | (215.1) | (55.3) | (222.7) |
| Discontinued Operations | | | | | | (11.2) | 0.0 | (11.2) |
| Net income | (5.3) | (3.6) | (3.9) | (4.0) | (46.1) | (226.3) | (55.3) | (233.9) |
| Net Financial Position | 44.0 | 3.0 | 3.5 | 1.1 | (598.8) | (536.7) | (551.3) | (532.6) |



Pirelli Group – 4Q'09 Results

Profit & Loss and Net Financial Position by Business Unit

| €/mln | Pirelli | | | | | | | | | | | |
|--|--------------|---------|----------------|--------|---------------------|---------|------------------|--------|---------|---------|--------------------|---------|
| | Pirelli Tyre | | Eco Technology | | Pirelli Real Estate | | Broadband Access | | Others | | Pirelli & C. Cons. | |
| | 4Q '09 | 4Q '08 | 4Q '09 | 4Q '08 | 4Q '09 | 4Q '08 | 4Q '09 | 4Q '08 | 4Q '09 | 4Q '08 | 4Q '09 | 4Q '08 |
| Sales | 1,034.3 | 871.0 | 17.8 | 15.4 | 72.5 | 68.6 | 29.0 | 32.3 | 1.2 | 4.9 | 1,154.8 | 992.2 |
| Δ% | | 18.7% | | 15.6% | | 5.7% | | -10.2% | | | | 16.4% |
| Δ % on organic sales | | 13.9% | | 15.6% | | 5.7% | | -10.2% | | | | 11.7% |
| EBITDA before Restruct Costs | 155.2 | 62.9 | (1.9) | (5.2) | (5.0) | (44.9) | 1.7 | 1.0 | (3.1) | (8.7) | 146.9 | 5.1 |
| <i>of which property writedowns/reval.</i> | | | | | (3.7) | (9.0) | | | | | (3.7) | (9.0) |
| <i>% on sales</i> | 15.0% | 7.2% | | | | | 5.9% | 3.1% | | | 12.7% | 0.5% |
| EBIT before Restruct Costs | 104.7 | 18.9 | (2.0) | (5.3) | (7.0) | (47.7) | 1.6 | 0.7 | (5.4) | (11.5) | 91.9 | (44.9) |
| <i>of which property writedowns/reval.</i> | | | | | (3.7) | (9.0) | | | | | (3.7) | (9.0) |
| <i>% on sales</i> | 10.1% | 2.2% | | | | | 5.5% | 2.2% | | | 8.0% | n.s. |
| Restructuring Costs | (18.9) | (68.3) | 0.0 | 0.0 | (10.7) | (26.6) | (0.5) | 0.0 | (8.2) | 0.0 | (38.3) | (94.9) |
| EBIT | 85.8 | (49.4) | (2.0) | (5.3) | (17.7) | (74.3) | 1.1 | 0.7 | (13.6) | (11.5) | 53.6 | (139.8) |
| <i>of which property writedowns/reval.</i> | | | | | (3.7) | (9.0) | | | | | (3.7) | (9.0) |
| <i>% on sales</i> | 8.3% | n.s. | | | | | 3.8% | 2.2% | | | 4.6% | n.s. |
| Devaluation/sale of particip.in listed companies | | | | | | | | | - | (112.5) | - | (112.5) |
| Results from equity participations | 0.4 | 0.2 | 0.0 | 0.0 | (8.4) | (168.8) | 0.0 | 0.0 | (10.8) | (0.1) | (18.8) | (168.7) |
| <i>of which property writedowns/reval.</i> | | | | | (15.8) | (125.4) | | | | | (15.8) | (125.4) |
| EBIT incl. income from equity part. | | | | | 4.1 | (82.1) | | | | | | |
| Shareholders' loans interests | | | | | (1.8) | (1.1) | | | | | | |
| EBIT incl. income from equity part. | | | | | 2.3 | (83.2) | | | | | (1.8) | (1.1) |
| and shareholders' loans interests | | | | | | | | | | | | |
| EBIT incl. inc. from equity part.after restr. | | | | | (27.9) | (244.2) | | | | | | |
| costs. writedown/ reval. | | | | | | | | | | | | |
| Other Financial Income/Charges | (16.4) | (39.8) | (0.6) | (0.4) | (15.6) | (15.0) | 0.2 | (1.3) | 1.8 | 12.8 | (30.6) | (43.8) |
| Fiscal Charges | (14.1) | 6.3 | (0.4) | 0.2 | (2.6) | 6.3 | (0.2) | 0.3 | 1.0 | 5.1 | (16.3) | 18.3 |
| Net income before discont. operat | 55.7 | (82.7) | (3.0) | (5.5) | (46.1) | (252.9) | 1.1 | (0.3) | (21.6) | (106.2) | (13.9) | (447.6) |
| <i>% on sales</i> | 5.4% | n.s. | | | | | | | | | n.s. | n.s. |
| Discontinued Operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 70.5 | 0.0 | 0.0 | 0.0 | 0.9 | 0.0 | 71.4 |
| Net income | 55.7 | (82.7) | (3.0) | (5.5) | (46.1) | (182.4) | 1.1 | (0.3) | (21.6) | (105.3) | (13.9) | (376.2) |
| <i>% on sales</i> | 5.4% | n.s. | | | | | | | | | n.s. | n.s. |
| Attributable Net income | | | | | (46.4) | (182.1) | | | | | 4.5 | (296.2) |
| Net Financial Position | 1,027.3 | 1,266.8 | 47.2 | 19.0 | 41.3 | 289.5 | (35.7) | (15.0) | (551.3) | (532.6) | 528.8 | 1,027.7 |



Pirelli Group – 9M'09 Results

Profit & Loss and Net Financial Position by Business Unit

| €/mln | Pirelli | | | | | | | | | | | |
|--|--------------|---------|----------------|--------|---------------------|--------|------------------|--------|---------|---------|--------------------|---------|
| | Pirelli Tyre | | Eco Technology | | Pirelli Real Estate | | Broadband Access | | Others | | Pirelli & C. Cons. | |
| | 9M '09 | 9M '08 | 9M '09 | 9M '08 | 9M '09 | 9M '08 | 9M '09 | 9M '08 | 9M '09 | 9M '08 | 9M '09 | 9M '08 |
| Sales | 2,958.6 | 3,229.2 | 38.8 | 47.5 | 199.2 | 296.5 | 103.1 | 92.3 | 7.7 | 2.5 | 3,307.4 | 3,668.0 |
| Δ% | | -8.4% | | -18.3% | | -32.8% | | 11.7% | | | | -9.8% |
| Δ % on organic sales | | -5.8% | | -18.3% | | -32.8% | | 11.7% | | | | -7.7% |
| EBITDA before Restruct Costs | 382.8 | 378.3 | (7.2) | (5.8) | 0.0 | 27.3 | 3.6 | 3.8 | (18.0) | (12.6) | 361.2 | 391.0 |
| <i>of which property writedowns/reval.</i> | | | | | (4.2) | (0.3) | | | | | (4.2) | (0.3) |
| <i>% on sales</i> | 12.9% | 11.7% | | | | | 3.5% | 4.1% | | | 10.9% | 10.7% |
| EBIT before Restruct Costs | 240.8 | 231.8 | (8.8) | (6.5) | (5.4) | 20.7 | 2.9 | 3.2 | (24.4) | (16.9) | 205.1 | (232.3) |
| <i>of which property writedowns/reval.</i> | | | | | (4.2) | (0.3) | | | | | (4.2) | (0.3) |
| <i>% on sales</i> | 8.1% | 7.2% | | | | | 2.8% | 3.5% | | | 6.2% | 6.3% |
| Restructuring Costs | (18.1) | (31.7) | | | (13.2) | (17.6) | | | (10.0) | 0.0 | (41.3) | (49.3) |
| EBIT | 222.7 | 200.1 | (8.8) | (6.5) | (18.6) | 3.1 | 2.9 | 3.2 | (34.4) | (16.9) | 163.8 | 183.0 |
| <i>of which property writedowns/reval.</i> | | | | | (4.2) | (0.3) | | | | | (4.2) | (0.3) |
| <i>% on sales</i> | 7.5% | 6.2% | | | | | | | | | 5.0% | 5.0% |
| Devaluation/sale of particip.in listed companies | | | | | | | | | (17.5) | (155.3) | (17.5) | (155.3) |
| Results from equity participations | 3.8 | 27.6 | | | (36.7) | (0.3) | | | 12.5 | (42.1) | (20.4) | 70.0 |
| <i>of which property writedowns/reval.</i> | | | | | (7.7) | (1.1) | | | | | (7.7) | (1.1) |
| EBIT incl. income from equity part. | | | | | (30.2) | 22.4 | | | | | | |
| Shareholders' loans interests | | | | | 21.3 | 24.1 | | | | | | |
| EBIT incl. income from equity part. | | | | | (8.9) | 46.5 | | | | | 21.3 | 24.1 |
| and shareholders' loans interests | | | | | | | | | | | | |
| EBIT incl. inc. from equity part.after restr. | | | | | (34.0) | 27.5 | | | | | | |
| costs. writedown/ reval. | | | | | | | | | | | | |
| Other Financial Income/Charges | (59.7) | (43.0) | (1.9) | (1.2) | (19.5) | (34.0) | 0.1 | (1.3) | 6.7 | 20.3 | (74.3) | (59.2) |
| Fiscal Charges | (75.9) | (76.4) | 0.0 | 0.0 | (5.2) | (8.2) | 0.5 | 0.4 | (1.0) | (6.7) | (81.6) | (90.9) |
| Net income before discont. operat | 90.9 | 108.3 | (10.7) | (7.7) | (58.7) | (14.7) | 3.5 | 2.3 | (33.7) | (116.5) | (8.7) | (28.3) |
| <i>% on sales</i> | 3.1% | 3.4% | | | | | | | | | n.s. | n.s. |
| Discontinued Operations | | | | | | 4.1 | | | | (12.1) | 0.0 | (8.0) |
| Net income | 90.9 | 108.3 | (10.7) | (7.7) | (58.7) | (10.6) | 3.5 | 2.3 | (33.7) | (128.6) | (8.7) | (36.3) |
| <i>% on sales</i> | 3.1% | 3.4% | | | | | | | | | n.s. | n.s. |
| Attributable Net income | | | | | (57.9) | (12.9) | | | | | 18.2 | (51.3) |
| Net Financial Position | 1,298.6 | 892.4 | 42.9 | 12.8 | (43.5) | 323.8 | (17.9) | 32.0 | (588.7) | (205.3) | 691.4 | 1,055.7 |



Pirelli Balance Sheet

€/mln

| | FY '09 | FY '08 |
|----------------------------------|---------|---------|
| Fixed Assets | 3,596.2 | 3,686.7 |
| Net Working Capital | 203.1 | 397.1 |
| Net Invested Capital | 3,799.3 | 4,083.8 |
| Equity | 2,494.7 | 2,374.4 |
| Provisions | 775.8 | 681.7 |
| Net Financial Position | 528.8 | 1,027.7 |
| Total Assets | 3,799.3 | 4,083.8 |
| Pirelli & C. attributable Equity | 2,175.0 | 2,171.8 |
| Equity per share | 0.405 | 0.405 |

% Net Invested Capital

| | 31.12.2009 | 31.12.2008 |
|-------------|------------|------------|
| P.Tyre | 65.6% | 62.7% |
| P.Eco Tech. | 1.5% | 0.8% |
| P.Real Est. | 20.3% | 18.9% |
| PBS | -0.1% | 0.4% |
| Others | 12.7% | 17.2% |



Pirelli Group Cash Flow

€/mln

| | 1Q '09 | 2Q'09 | 3Q '09 | 4Q'09 | FY'09 |
|---|----------------|--------------|--------------|--------------|--------------|
| EBIT before restructuring costs | 50.3 | 72.0 | 82.8 | 91.9 | 297.0 |
| Depreciation | 51.4 | 52.4 | 52.3 | 55.0 | 211.1 |
| Net investments | (42.9) | (37.4) | (32.0) | (115.5) | (227.8) |
| Working capital/other variations | (262.8) | 96.7 | 84.4 | 357.5 | 275.8 |
| FREE CASH FLOW | (204.0) | 183.7 | 187.5 | 388.9 | 556.1 |
| Financial income (expenses) | (20.2) | (19.2) | (13.6) | (32.4) | (85.4) |
| Tax charges | (26.3) | (19.2) | (36.1) | (16.3) | (97.9) |
| OPERATING CASH FLOW | (250.5) | 145.3 | 137.8 | 340.2 | 372.8 |
| Speed SpA acquisition | - | - | - | - | - |
| Financial investments/divestitures | 37.9 | 78.1 | 129.4 | (26.3) | 219.1 |
| Dividends paid | - | (2.4) | - | - | (2.4) |
| Cash out for restructuring | (45.8) | (25.1) | (15.7) | (19.6) | (106.2) |
| PRE Capital increase subscribed by minorities | - | - | 167.4 | - | 167.4 |
| Exchange rate differentials/Others | 7.2 | (24.6) | (2.7) | (131.7) | (151.8) |
| NET CASH FLOW | (251.2) | 171.3 | 416.2 | 162.6 | 498.9 |



Pirelli Group: Net financial position FY'09 by Business

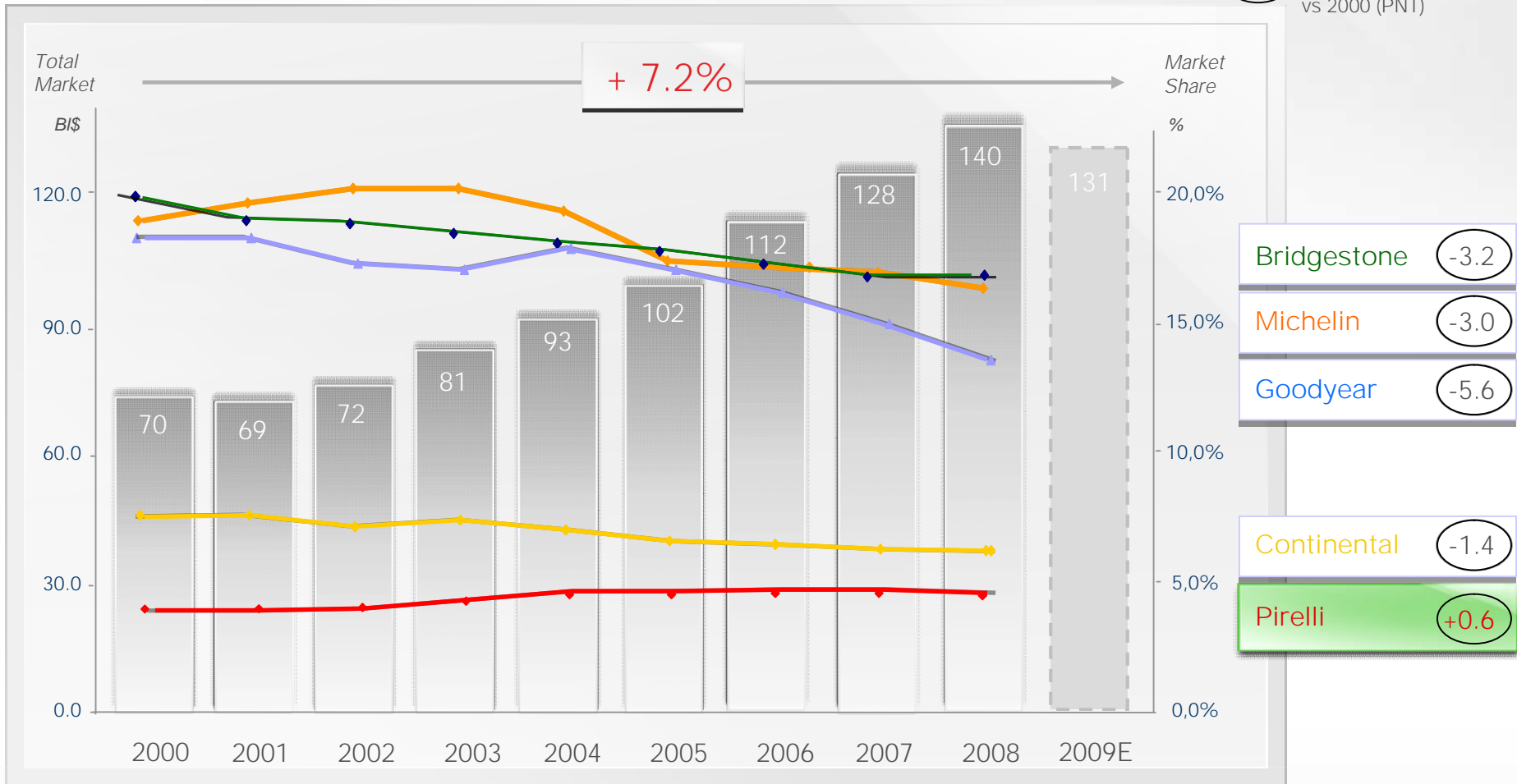
€/mln

| | TYRE | PRE | OTHER BUSINESSES | CORPORATE | PIRELLI GROUP |
|-------------------------------|--------------|-----------|---------------------|--------------|------------------|
| Gross Debt | 1,553 | 489 | 101 | 276 | 1,824 |
| to Corporate | 411 | 72 | 73 | | |
| Financial receivables | (84) | (415) | (37) | (561) | (502) |
| Cash and cash equivalents | (442) | (33) | (4) | (314) | (793) |
| Net Financial Position | 1,027 | 41 | 60 | (599) | 529 |



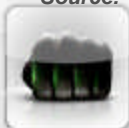
World Tyre Market

○ Delta share 2008 vs 2000 (PNT)



Revenues Market share

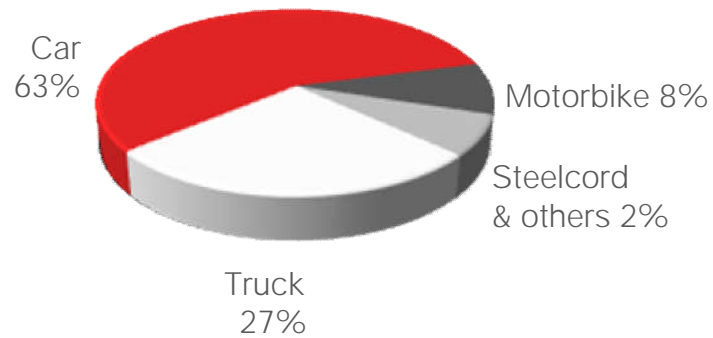
Source: Tire Business reports for 2000-2008 data; 2009 Pirelli estimate



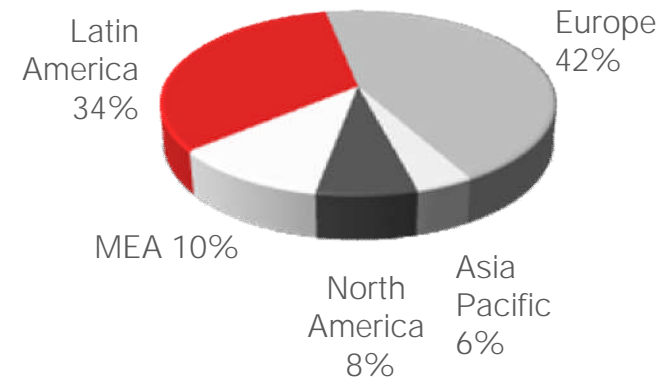
FY'09 Pirelli Tyre Mix



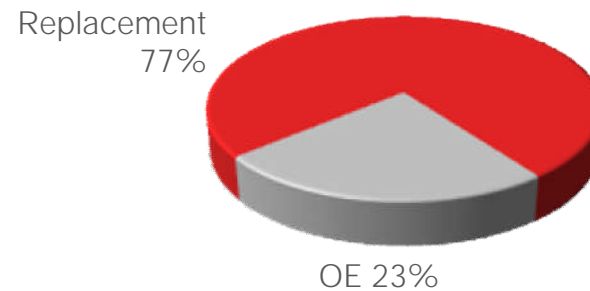
Sales by segment



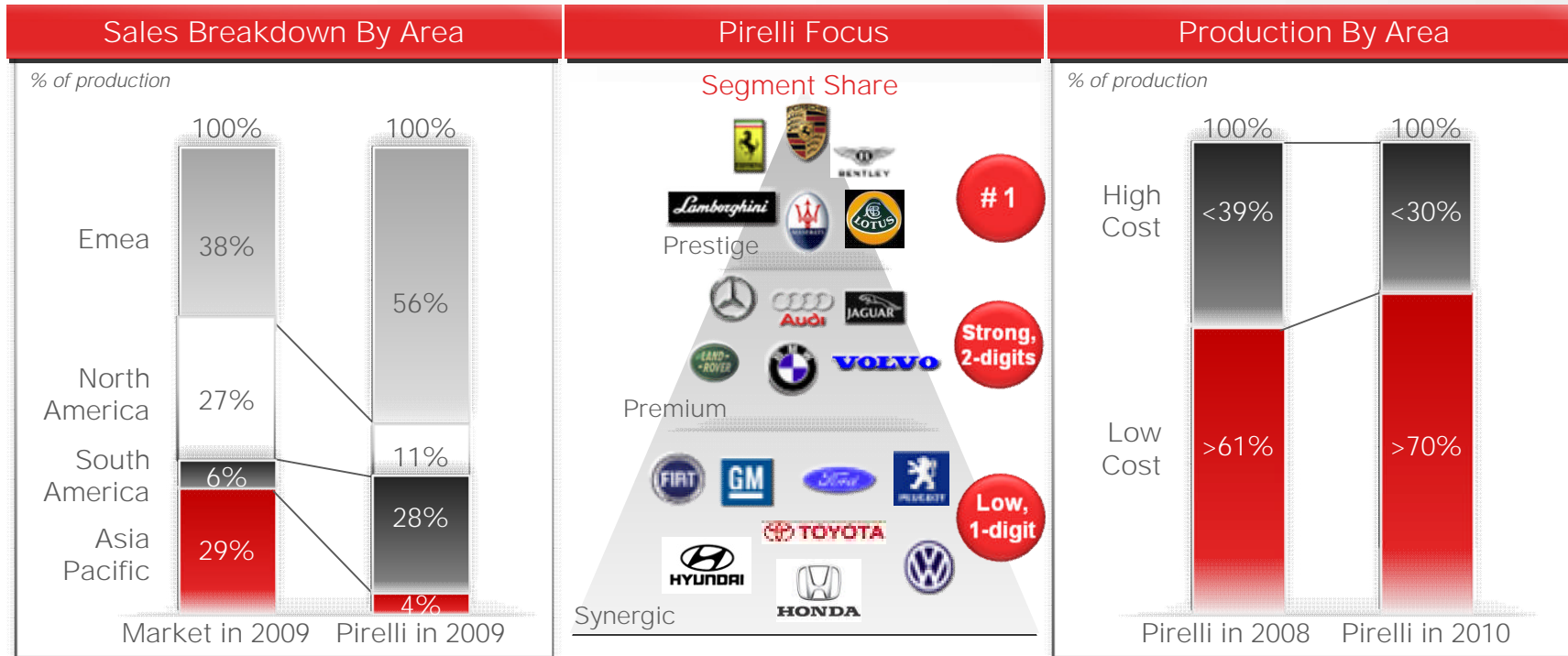
Sales by region



Sales by channel



Pirelli Tyre Selective Positioning in the Consumer Segment

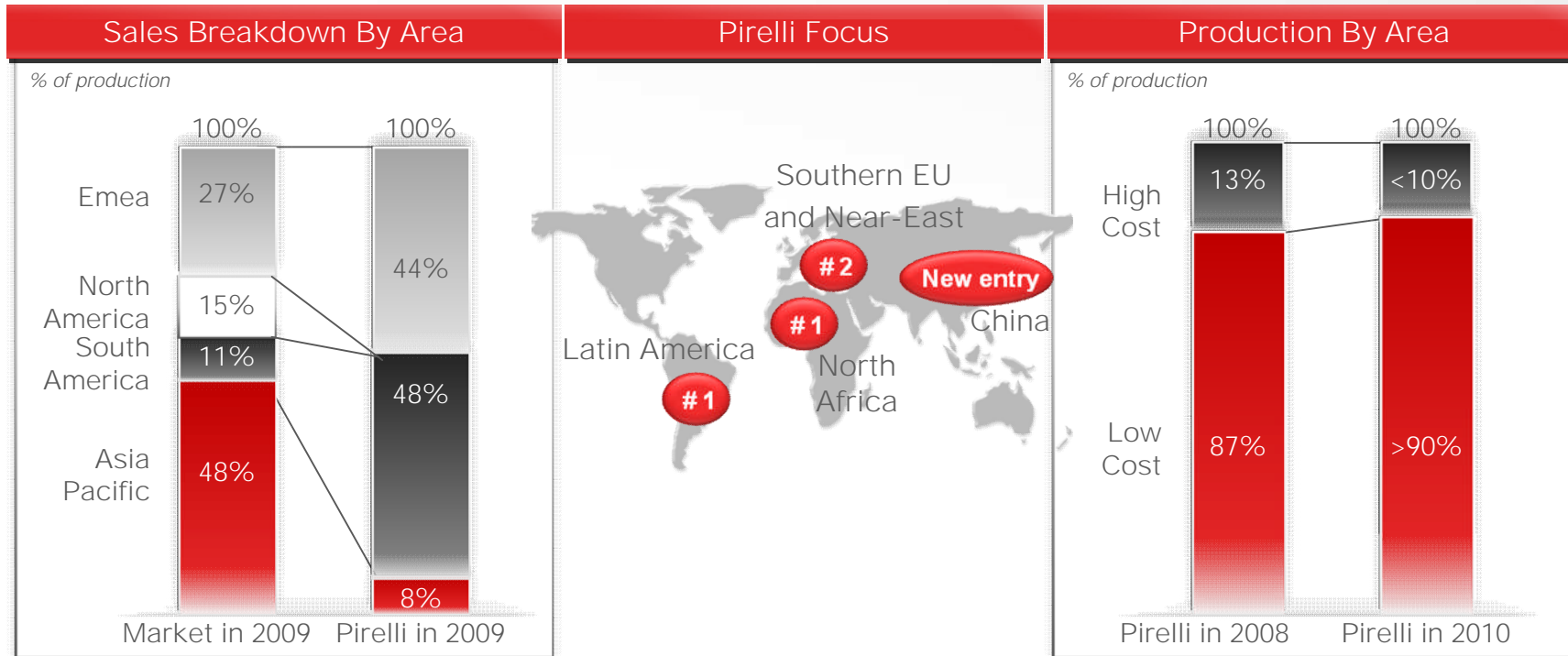


- ▶ Solid foothold in Europe, in prestige/premium segments
- ▶ Low exposure to North America
- ▶ Historical leadership in South America
- ▶ Growth opportunities in Asia-Pacific markets with new China source
- ▶ Leading brand in Prestige niche
- ▶ Development partner of all EU premium car makers
- ▶ Leading supplier to the Automotive Industry in South America
- ▶ Leader in the Motorcycle business with Pirelli and Metzeler Brands
- ▶ Only high-end, high added value products in high cost countries
- ▶ Production Footprint moving forward

Source: Tire Business Report, Pirelli estimates



Industrial Segment: a Unique Competitive Position



- ▶ Sales focus in **high growth areas**
- ▶ No presence in North America

- ▶ **Leading position** in Pirelli key markets
- ▶ **Proprietary steelcord** technology

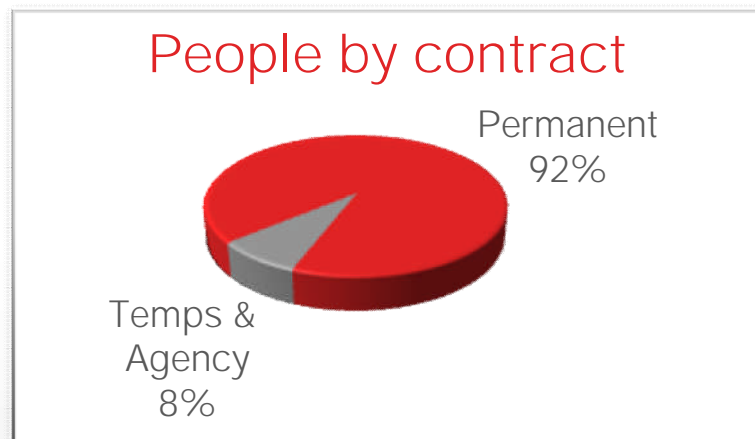
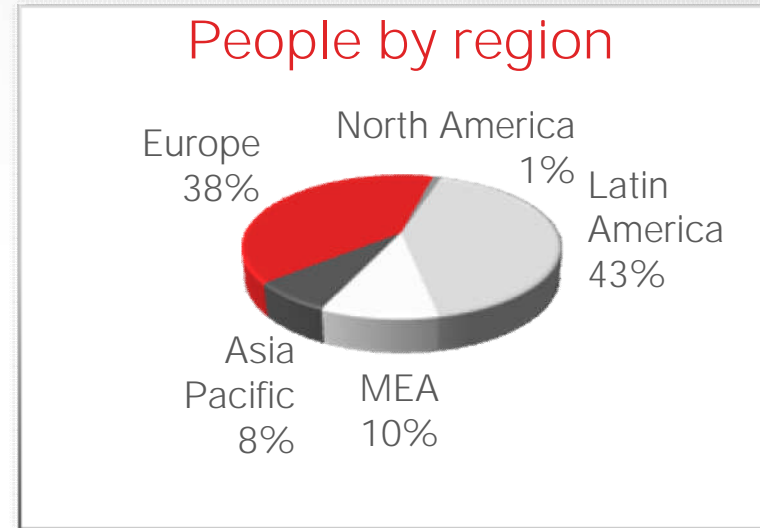
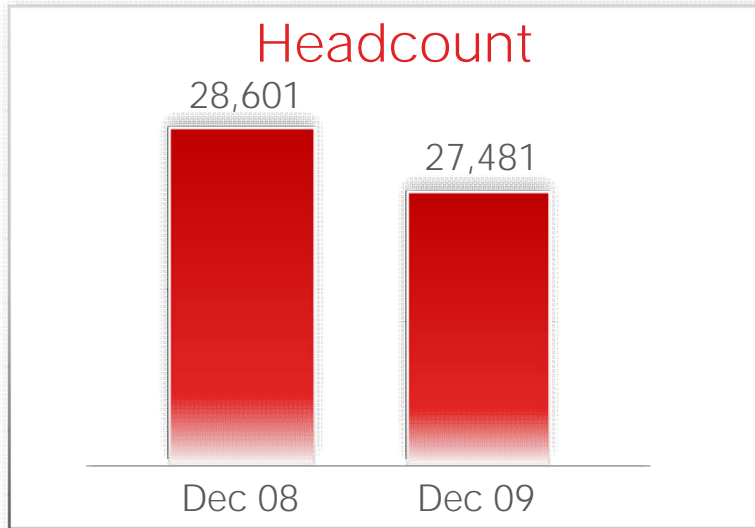
- ▶ **Product cost leadership** supported by a low-cost production base



Source: Tyre Business Report, Pirelli estimates



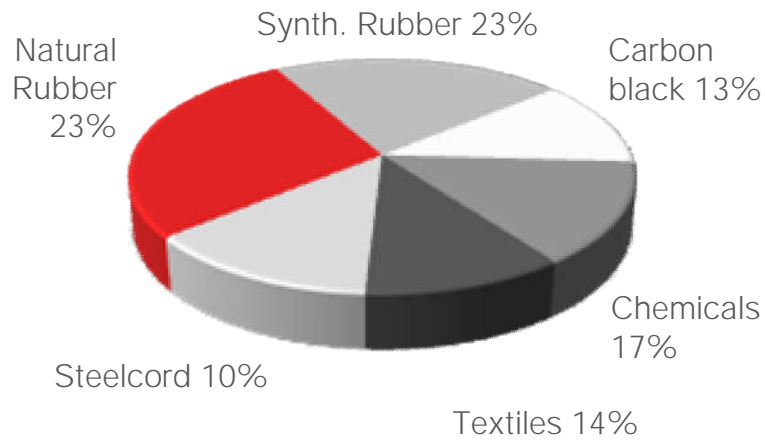
FY'09 Pirelli Tyre People



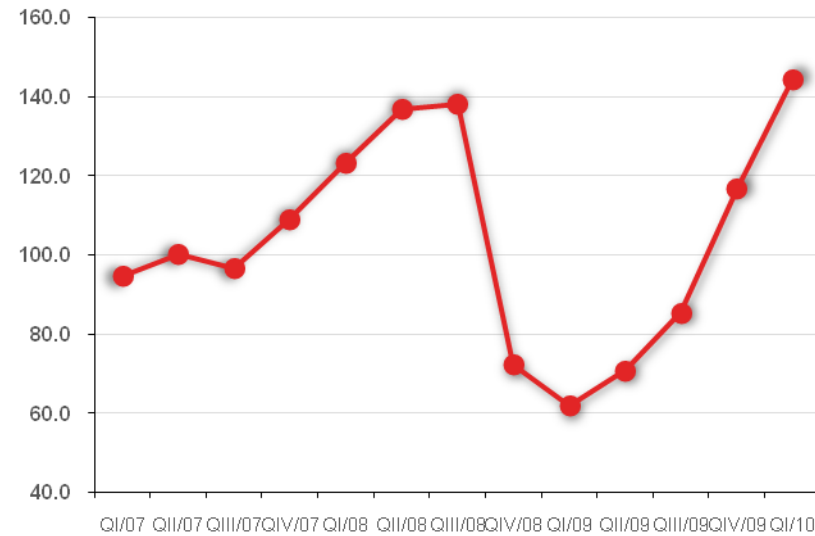
Raw Materials



Pirelli Tyre mix



Natural Rubber price trend



Recent Pirelli Tyre Highlights



26/10/2009



Ben Spies wins the World Superbike Championship in Portugal (Portimao). Pirelli has been the official supplier since 2003 and Diablo tyres ensure the highest performance standards to all competing teams and riders throughout the season

12/11/2009



In the PZero fashion space of Milan during the 67th EICMA, Pirelli launches Diablo Rosso Corsa, a new top-of-the-range product by Pirelli Moto

November 2009



Pirelli Moto and Ducati strengthen their longstanding partnership with an agreement to fit all models with Pirelli motorcycle tyres beginning in January 2010

3/12/2009



Pirelli and Russian Technologies sign an agreement in Rome for the production of tyres and Steelcord in Russia

January 2010



Pirelli wins first prize as one of 2009' best tyre suppliers in the country. P4 Four Season, the key product confirming Pirelli Tyre' growth in Japan, received the award from the largest tyre retailer in the country, Autobacs

January 2010



Pirelli stars with Mikko Hirvonen and Ford in the 2010 Monte Carlo Rally by winning the race ahead of most IRC teams fitted with competitors' tyres

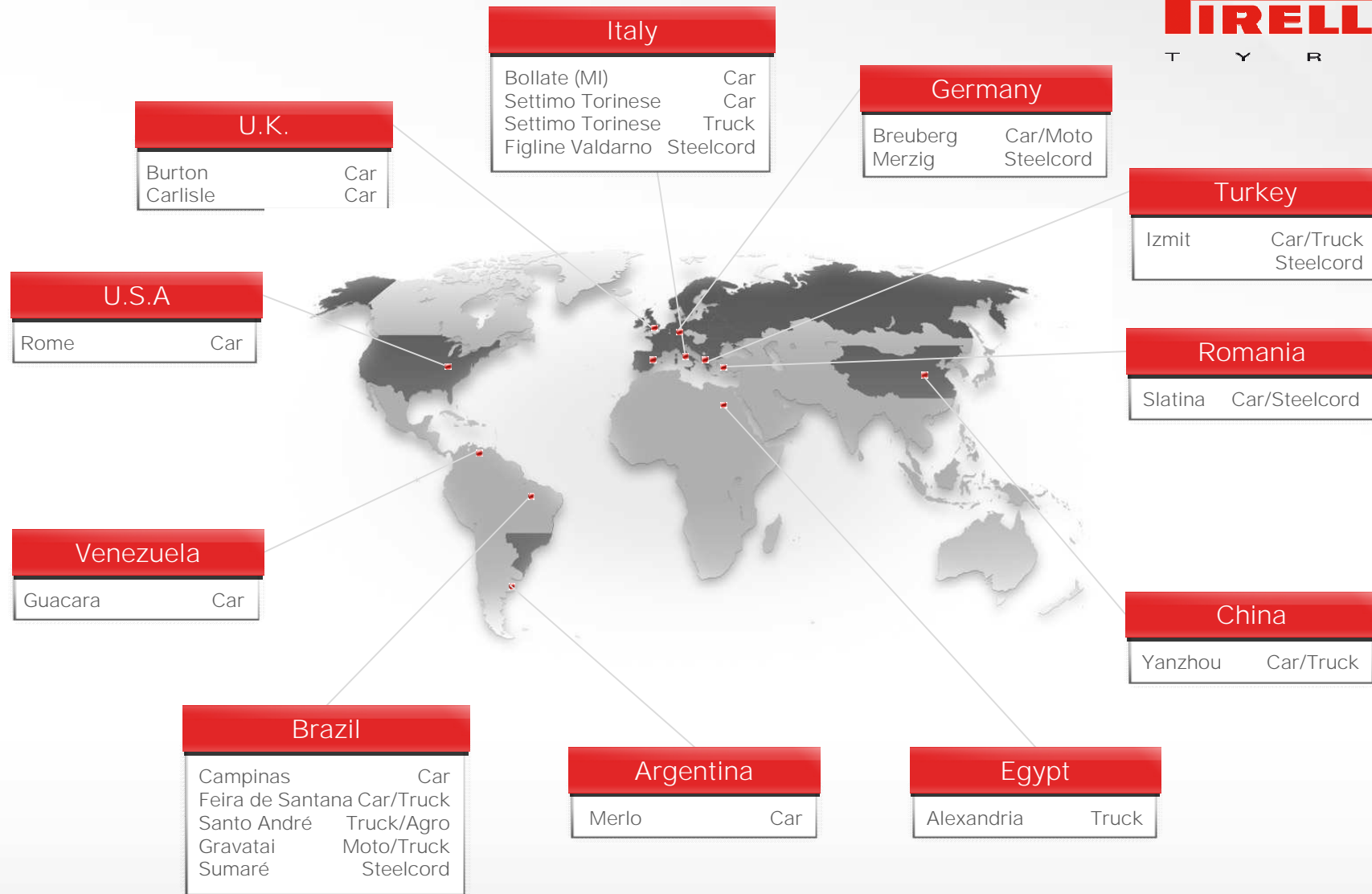
March 2010



Cinturato P7, 2010 winner of the most popular summer tyre tests in Europe (ADAC, OMT, Stiftung Warentest)



Pirelli Tyre: 20 factories in 11 Countries (as of Dec.'09)



Economic Results

Total Pirelli RE

| | December 2009 | September 2009 | December 2008 |
|---|---------------|----------------|---------------|
| €/mln | | | |
| Services Platform/G&A | | | |
| Consolidated revenues | 187.3 | 137.4 | 224.3 |
| Other (*) | 13.4 | 7.9 | 1.6 |
| Total Revenues | 200.7 | 145.3 | 225.9 |
| Services Platform/G&A Result(**) | 7.8 | (0.5) | (30.3) |
| Vehicles & Funds | | | |
| Result from vehicles & funds | (33.9) | (29.7) | (29.4) |
| Shareholders' loans interests | 19.5 | 21.3 | 23.0 |
| Vehicles & Funds Result (**) | (14.4) | (8.4) | (6.4) |
| Total Result (**) | (6.6) | (8.9) | (36.7) |

(*) Includes success fees, promote and capital gain from quota disposals of services companies

(**) "Result" represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest



Economic Results

Italy

€/mln

| | December 2009 | September 2009 | December 2008 |
|---|---------------|----------------|---------------|
| Services Platform | | | |
| Consolidated revenues | 99.7 | 73.9 | 113.6 |
| Other (*) | 11.7 | 6.1 | 17.0 |
| Total Revenues | 111.3 | 80.0 | 130.6 |
| Service Platform Result (**) | 32.0 | 19.5 | 11.3 |
| Vehicles & Funds | | | |
| Result from vehicles & funds | (10.8) | (21.0) | (30.4) |
| Shareholders' loans interests | 7.5 | 5.9 | 11.6 |
| Vehicles & Funds Result (**) | (3.3) | (15.1) | (18.8) |
| Total Result (**) | 28.7 | 4.3 | (7.6) |

(*) Includes success fees, promote and capital gain from quota disposals of services companies

(**) "Result" represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest



Economic Results

Service Platform Italy

| | | December 2009 | September 2009 | December 2008 |
|-------------------|--------------------------------|---------------|----------------|---------------|
| Fund & AM Fee | Consolidated revenues | 43.5 | 32.1 | 48.5 |
| | Other (*) | 11.7 | 6.1 | 17.0 |
| | Total Revenues | 55.2 | 38.2 | 65.5 |
| | Fund AM Fee Result (**) | 26.1 | 16.4 | 17.4 |
| Agency | Consolidated revenues | 27.4 | 17.9 | 24.0 |
| | Other (*) | | | |
| | Total Revenues | 27.4 | 17.9 | 24.0 |
| | Agency Result (**) | (1.8) | (3.7) | (13.6) |
| Property | Consolidated revenues | 28.8 | 23.9 | 41.1 |
| | Other (*) | | | |
| | Total Revenues | 28.8 | 23.9 | 41.1 |
| | Property Result (**) | 7.7 | 6.8 | 7.5 |
| Services Platform | Consolidated revenues | 99.7 | 73.9 | 113.6 |
| | Other (*) | 11.7 | 6.1 | 17.0 |
| | Total Revenues | 111.3 | 80.0 | 130.6 |
| | Result (**) | 32.0 | 19.5 | 11.3 |

(*) Includes success fees, promote and capital gain from quota disposals of services companies

(**) Result** represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest



Economic Results

Germany

€/mln

| | December 2009 | September 2009 | December 2008 |
|-------------------------------|---------------|----------------|---------------|
| Services Platform | | | |
| Consolidated revenues | 58.6 | 44.4 | 61.1 |
| Other (*) | 0.0 | 0.0 | 1.4 |
| Total Revenues | 58.6 | 44.4 | 62.5 |
| Result (**) | 1.3 | 2.2 | (9.7) |
| Vehicles & Funds | | | |
| Result from vehicles & funds | (18.6) | (14.9) | (25.5) |
| Shareholders' loans interests | 15.8 | 12.3 | 11.1 |
| Result (**) | (2.8) | (2.6) | (14.5) |
| Total Result (**) | (1.4) | (0.4) | (24.2) |

(*) Includes success fees, promote and capital gain from quota disposals of services companies

(**) "Result" represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest



Economic Results

Service Platform Germany

| | | December 2009 | September 2009 | December 2008 |
|-------------------|-------------------------|---------------|----------------|---------------|
| Fund & AM Fee | Consolidated revenues | 14.2 | 10.3 | 15.0 |
| | Other (*) | | | |
| | Total Revenues | 14.2 | 10.3 | 15.0 |
| | Fund AM Fee Result (**) | 3.2 | 3.1 | (5.0) |
| Agency | Consolidated revenues | 3.9 | 3.4 | 4.4 |
| | Other (*) | | | (0.1) |
| | Total Revenues | 3.9 | 3.4 | 4.4 |
| | Agency Result (**) | 0.4 | 0.2 | (1.1) |
| Property | Consolidated revenues | 26.8 | 20.2 | 26.2 |
| | Other (*) | | | 1.4 |
| | Total Revenues | 26.8 | 20.2 | 27.6 |
| | Property Result (**) | (2.3) | (1.2) | (1.2) |
| Facility | Consolidated revenues | 13.6 | 10.6 | 15.6 |
| | Other (*) | | | 0.0 |
| | Total Revenues | 13.6 | 10.6 | 15.6 |
| | Facility Result (**) | 0.1 | 0.1 | (2.5) |
| Services Platform | Consolidated revenues | 58.6 | 44.4 | 61.1 |
| | Other (*) | 0.0 | 0.0 | 1.4 |
| | Total Revenues | 58.6 | 44.4 | 62.5 |
| | Result (**) | 1.3 | 2.2 | (9.7) |

(*) Includes success fees, promote and capital gain from quota disposals of services companies

(**) "Result" represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest



Economic Results

Poland

€/mln

| | December 2009 | September 2009 | December 2008 |
|-------------------------------|---------------|----------------|------------------|
| Services Platform | | | |
| Consolidated revenues | 5.3 | 4.0 | 6.8 |
| Other (*) | 0.0 | 0.0 | 0.0 |
| Total Revenues | 5.3 | 4.0 | 6.8 |
| Result (**) | (1.1) | (1.1) | (2.0) |
| Vehicles & Funds | | | |
| Result from vehicles & funds | (1.1) | 0.3 | 20.1 |
| Shareholders' loans interests | 2.2 | 1.7 | 1.6 |
| Result (**) | 1.2 | 2.0 | 21.8(***) |
| Total Poland (**) | 0.1 | 0.9 | 19.8 |

(*) Includes success fees, promote and capital gain from quota disposals of service companies

(**) *Results represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest

(***) Including of Lucchini sale



Economic Results

Services Platform Poland

| | | December 2009 | September 2009 | December 2008 | |
|-------------|-------------------|-----------------------|----------------|---------------|-------|
| €/mln | Fund & AM Fee | Consolidated revenues | 1,8 | 1,6 | 2,8 |
| | | Other (*) | | | |
| | | Total Revenues | 1,8 | 1,6 | 2,8 |
| | | Result (**) | (1.1) | (0.9) | (1.9) |
| | Agency | Consolidated revenues | 1,2 | 0,7 | 1,3 |
| | | Other (*) | | | |
| | | Total Revenues | 1,2 | 0,7 | 1,3 |
| | | Result (**) | 0,1 | (0,4) | (0,2) |
| | Facility | Consolidated revenues | 2,3 | 1,7 | 2,7 |
| | | Other (*) | | | |
| | | Total Revenues | 2,3 | 1,7 | 2,7 |
| | | Result (**) | (0,1) | 0,2 | 0,1 |
| | Services Platform | Consolidated revenues | 5,3 | 4,0 | 6,8 |
| | | Other (*) | 0,0 | 0,0 | 0,0 |
| | | Total Revenues | 5,3 | 4,0 | 6,8 |
| Result (**) | | (1,1) | (1,1) | (2,0) | |

(*) Includes success fees, promote and capital gain from quota disposals of services companies

(**) "Result" represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest



Economic Results

NPL

€/mln

| | December 2009 | September 2009 | December 2008 |
|-------------------------------|---------------|----------------|---------------|
| Services Platform | | | |
| Consolidated revenues | 18.8 | 12.1 | 34.8 |
| Other (*) | 1.8 | 1.8 | 0.0 |
| Total Revenues | 20.6 | 14.0 | 34.8 |
| Result (**) | (4.0) | (5.2) | 3.7 |
| Vehicles & Funds | | | |
| Result from vehicles & funds | (3.5) | 6.0 | 6.4 |
| Shareholders' loans interests | (6.0) | 1.3 | (2.1) |
| Result (**) | (9.5) | 7.3 | 4.3 |
| Total NPL (**) | (13.5) | 2.1 | 8.0 |

(*) Includes success fees, promote and capital gain from quota disposals of services companies

(**) "Result" represents EBIT including income from equity participations before restructuring costs, writedown/revaluations, shareholders' loans interest



Consolidated Balance Sheet

€/mln

| | DECEMBER 2009 | DECEMBER 2008 |
|------------------------------------|---------------|---------------|
| 1 Fixed assets | 654.0 | 589.1 |
| <i>of which participations</i> | 472.3 | 405.7 |
| <i>of which goodwill</i> | 148.1 | 137.8 |
| 2 Net working capital | 114.9 | 133.1 |
| 3 Net invested capital | 768.9 | 722.2 |
| 4 Net equity | 663.1 | 366.4 |
| <i>of which group net equity</i> | 653.4 | 361.7 |
| 5 Funds | 64.5 | 66.3 |
| 6 Net financial position | 41.3 | 289.5 |
| <i>of which shareholders' loan</i> | (404.4) | (572.3) |
| 7 Total sources | 768.9 | 722.2 |
| NFP plus shareholders' loan | 445.8 | 861.8 |
| NIC including shareholders' loan | 1,173.4 | 1,294.5 |
| Gearing | 0.67 | 2.35 |



Consolidated Net Cash Flow

€/mln

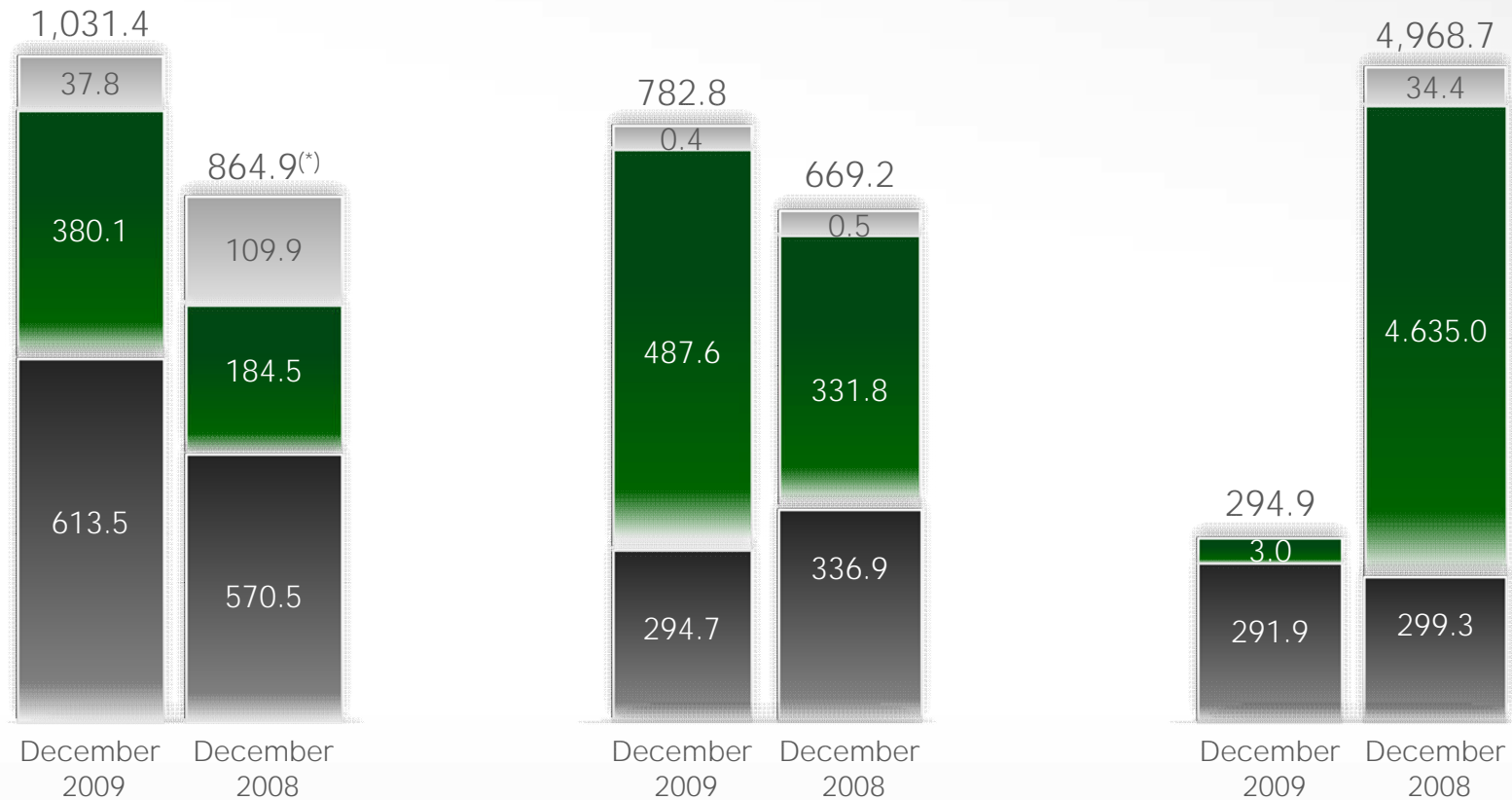
| | Dec-09 | Dec-08 |
|---|---------|--------|
| Ebit + IEP before restructuring costs. writedowns/revaluations | (26.1) | (59.7) |
| Depreciation | 7.4 | 9.5 |
| Change in investments ¹⁾ | (101.2) | 2.6 |
| Change in other fixed assets | (9.9) | (16.8) |
| Change in NWC. funds and other | 41.7 | (2.5) |
| Free cash flow | (88.1) | (67.0) |
| Impact from Facility Mgmt disposal | | 171.2 |
| Restructuring costs | (40.4) | (12.4) |
| Interest revenues /expenses and income | (22.7) | (6.5) |
| Cash flow before dividends | (151.1) | 85.3 |
| Dividend paid | | (85.1) |
| Net cash flow | (151.1) | 0.2 |
| Capital increase | 399.3 | |
| Treasury shares purchase/sale | | |
| Total net cash flow | 248.2 | 0.2 |

¹⁾ Change in investment is impacted by 114.8 of Shareholders' Loans (SHL) / participation reclassification



Real Estate Portfolio: Sales, Rents and Acquisitions by Country

€/mln



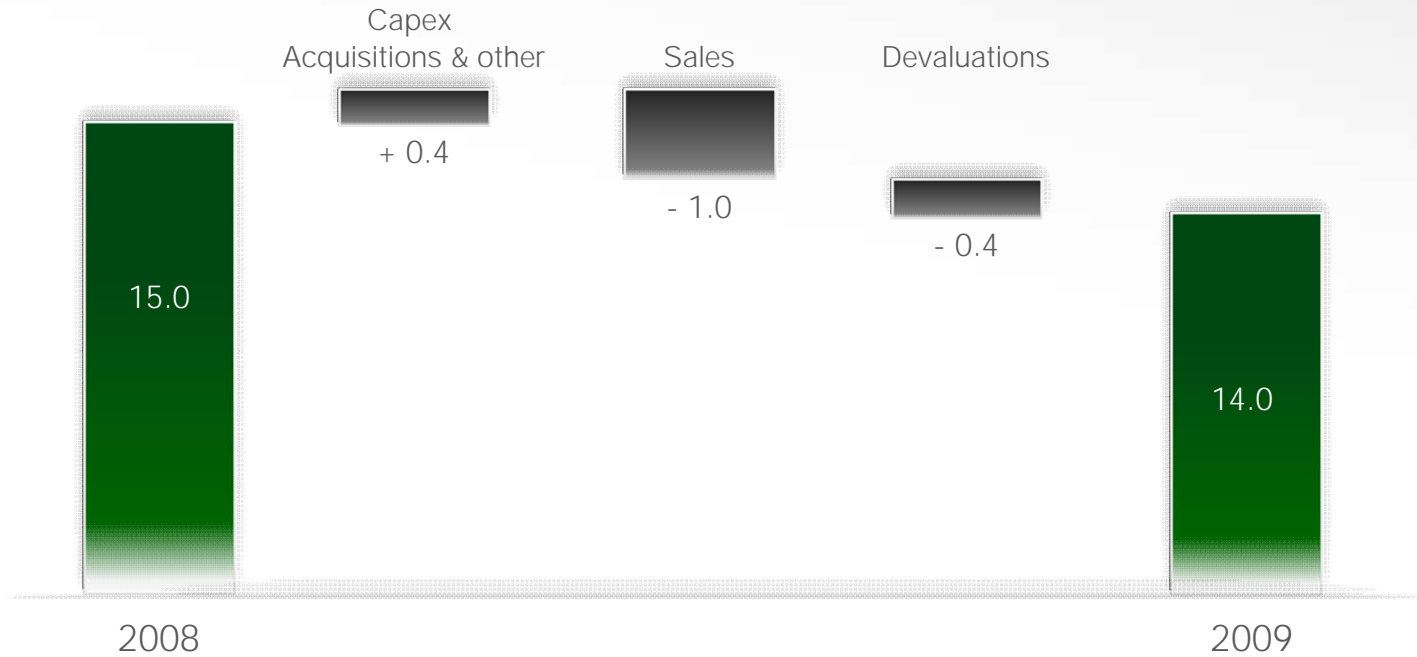
Italy
 Germany
 Poland

(*) 2008 figure includes the sale of REOCO (NPLs) for approx. 4 €/mln



AUM Real Estate Evolution "like for like" (Market Value)

€/bln



- ▶ The valuation of the Real Estate portfolio assessed by experts shows a 2.8% decrease on a "like for like" basis vs. the previous year
- ▶ The Italian, German and Polish portfolios mask a -1.9%, -3.3% and -8.7%, respectively.

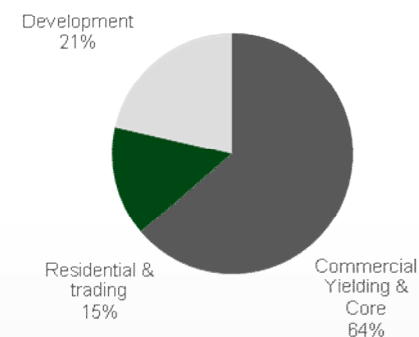


Italy: Real Estate Portfolio Key Data as of Dec. 2009

€/mln

| | Mkt. Value 100% ¹⁾ | Mkt. Value PRE 28% average | BV Quota PRE | UCG Quota PRE | Net Debt Quota PRE | LTV | NAV Quota PRE ²⁾ | NIC Quota PRE |
|------------------------------|-------------------------------|----------------------------|--------------|---------------|--------------------|-----|-----------------------------|---------------|
| ▶ COMMERCIAL YIELDING & CORE | 4,317 | 1,087 | 1,043 | 44 | 627 | 58% | 460 | 416 |
| ▶ TRADING & SOHO | 1,007 | 351 | 298 | 53 | 204 | 58% | 147 | 71 |
| ▶ DEVELOPMENT | 1,429 | 455 | 416 | 39 | 259 | 57% | 196 | 126 |

Italy
 6.8€/bln Participated
 0.4€/bln Not Participated
 7.2€/bln AUM



1) Participated AUM

2) NOTE: The difference between NAV and UCG + NIC (54€/mln) is due to other assets and liabilities not included into the calculation of real estate NAV.

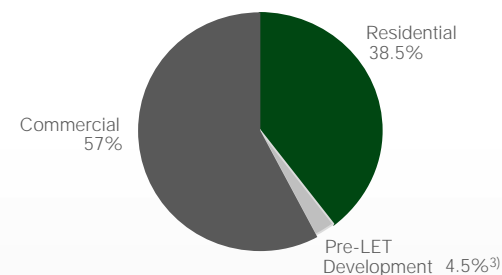


Germany & Poland: Real Estate Portfolio Key Data as of Dec.09

€/mln

| | Mkt. Value 100% ¹⁾ | Mkt. Value PRE 28% average | BV Quota PRE | UCG Quota PRE | Net Debt Quota PRE | LTV | NAV Quota PRE ²⁾ | NIC Quota PRE |
|---------------------------|-------------------------------|----------------------------|--------------|---------------|--------------------|-----|-----------------------------|---------------|
| ▶ DGAG (Residential) | 928 | 380 | 372 | 8 | 264 | 69% | 116 | 87 |
| ▶ BAUBECON (Residential) | 1,566 | 626 | 619 | 7 | 529 | 84% | 97 | 42 |
| ▶ HIGHSTREET (Commercial) | 3,992 | 483 | 476 | 7 | 423 | 87% | 60 | 35 |
| ▶ Other (Germany) | 550 | 234 | 226 | 8 | 153 | 65% | 81 | 68 |
| ▶ Development (Poland) | 190 | 72 | 57 | 15 | 28 | 39% | 44 | 20 |

Germany and Poland
AUM 7.2 €/bln



1) Participated AUM

2) NOTE: The difference between NAV and UCG + NIC (100€/mln) is due to other assets and liabilities not included into the calculation of real estate NAV.

3) Already Let



Participated Real Estate Assets under Management 100%

| €/mln | Quota PRE | Passing Rent | Passing Yield | Vacancy | Book Value | Market Value | Net Debt |
|---|-----------|------------------|---------------|-------------|---------------------|-------------------|--------------------|
| Commercial Core Italy | | 90,431.6 | 5.6% | 10.2% | 1,620,665.3 | 1,745,250 | 1,092,581.6 |
| Fondo TECLA | 44.8% | 38,838.1 | 5.5% | 9.4% | 708,290.0 | 708,290 | 481,846.1 |
| Fondo Cloe | 18.1% | 29,657.9 | 6.7% | 10.7% | 442,053.4 | 546,080 | 262,341.4 |
| FONDO RETAIL & ENTERTAINMENT | 31.6% | 21,935.6 | 4.7% | 13.1% | 470,321.9 | 490,880 | 348,394.1 |
| Commercial Yielding Italy | | 171,376.9 | 7.0% | 6.7% | 2,452,688.5 | 2,572,163 | 1,215,297.8 |
| Fondo FIRPS | 22.0% | 21,290.0 | 7.1% | | 298,789.0 | 303,920 | 193,834.8 |
| TIGLIO 1 | 12.9% | 13,943.0 | 7.4% | 37.3% | 189,574.0 | 215,820 | 115,573.6 |
| Fondo Raissa | 35.0% | 22,216.9 | 6.8% | | 329,089.2 | 334,000 | 136,135.7 |
| Fondo Olinda | 11.3% | 35,064.1 | 6.8% | 3.1% | 517,197.0 | 568,160 | 226,931.3 |
| Dolcetto Tre S.r.l. | 33.0% | 1,426.0 | 10.4% | | 13,675.4 | 19,930 | 10,163.4 |
| PROGETTO PERUGIASrl | 100.0% | 1,586.6 | 4.8% | 1.7% | 32,986.8 | 33,900 | |
| Fondo Armilla | 2.3% | 16,878.3 | 7.5% | | 224,970.0 | 237,900 | 134,078.6 |
| FONDO SPAZIO INDUSTRIALE | 22.1% | 39,963.5 | 7.2% | 2.8% | 553,888.0 | 562,290 | 266,101.0 |
| FONDO HOSPITALITY & LEASURE | 35.0% | 9,010.5 | 8.3% | | 108,956.7 | 112,680 | 79,027.4 |
| ITALIA TURISMO S.p.a. | 16.3% | 9,998.0 | 5.4% | | 183,562.5 | 183,563 | 53,452.2 |
| TOTAL Italy | | 261,808.5 | 6.4% | 7.4% | 4,073,353.8 | 4,317,413 | 2,307,879.4 |
| Commercial Germany | | 277,772.4 | 6.9% | 1.1% | 4,039,089.9 | 4,099,275 | 3,474,364.3 |
| Mistral Properties | 35.0% | 6,606.2 | 6.3% | 11.5% | 104,982.0 | 106,910 | 60,185.4 |
| Highstreet | 12.1% | 271,166.1 | 6.9% | 0.8% | 3,934,107.9 | 3,992,365 | 3,414,178.9 |
| Residential Yielding Germany | | 186,919.0 | 6.8% | 4.7% | 2,741,124.5 | 2,784,114 | 2,186,245.4 |
| DGAG - Residential+Special Properties | 40.0% | 66,385.5 | 7.3% | 2.4% | 908,185.8 | 928,058 | 661,152.0 |
| BIB | 40.0% | 101,851.0 | 6.6% | 4.9% | 1,547,445.2 | 1,566,097 | 1,322,865.0 |
| Small Deal | 49.9% | 18,682.6 | 6.5% | 5.0% | 285,493.6 | 289,959 | 202,228.4 |
| TOTAL Germany | | 464,691.4 | 6.9% | 3.2% | 6,780,214.4 | 6,883,389 | 5,660,609.7 |
| TOTAL YIELDING PORTFOLIO | | 726,499.9 | 6.7% | 4.7% | 10,853,568.2 | 11,200,802 | 7,968,489.2 |
| Residential Small Office House Office ITA | | 16,659.8 | n.m. | n.m. | 864,876.8 | 1,006,546 | 614,335.7 |
| Development ITA | | 2,401.0 | n.m. | n.m. | 1,323,401.9 | 1,429,446 | 915,634.3 |
| Development Germany | | 6,751.0 | n.m. | n.m. | 140,881.5 | 152,740 | 87,007.7 |
| Development Poland | | 404.4 | n.m. | n.m. | 148,439.2 | 189,557 | 68,922.5 |
| OTHER PORTFOLIO | | 26,216.2 | | | 2,477,599.4 | 2,778,289 | 1,685,900.2 |
| GRAND TOTAL REAL ESTATE | | 752,716.0 | | | 13,331,167.6 | 13,979,090 | 9,654,389.4 |

¹⁾ Vacancy calculated on units



Pro-quota Real Estate Assets under Management

| €/mln | Quota PRE | Passing Rent Pro-quota | Passing Yield | Vacancy | Book Value Pro-quota | Market Value Pro-quota | Net Debt Pro-quota |
|---|-----------|---------------------------|------------------|-------------|-------------------------|---------------------------|-----------------------|
| Commercial Core Italy | | 29,699.2 | 5.4% | 9.9% | 545,947.3 | 571,272.5 | 380,221.5 |
| Fondo TECLA | 44.8% | 17,399.4 | 5.5% | 9.4% | 317,313.9 | 317,313.9 | 222,679.6 |
| Fondo Cloe | 18.1% | 5,368.1 | 6.7% | 10.7% | 80,011.7 | 98,840.5 | 47,475.9 |
| FONDO RETAIL & ENTERTAINMENT | 31.6% | 6,931.6 | 4.7% | 13.1% | 148,621.7 | 155,118.1 | 110,066.0 |
| Commercial Yielding Italy | | 34,280.3 | 6.9% | 4.5% | 496,942.5 | 515,366.3 | 246,921.6 |
| Fondo FIRPS | 22.0% | 4,675.3 | 7.1% | | 65,614.1 | 66,740.8 | 50,334.3 |
| TIGLIO 1 | 12.9% | 1,797.3 | 7.4% | 37.3% | 24,436.1 | 27,819.2 | 15,148.4 |
| Fondo Raissa | 35.0% | 7,775.9 | 6.8% | | 115,181.2 | 116,900.0 | 47,647.5 |
| Fondo Olinda | 11.3% | 3,962.2 | 6.8% | 3.1% | 58,443.3 | 64,202.1 | 25,647.8 |
| Dolcetto Tre S.r.l. | 33.0% | 470.6 | 10.4% | | 4,512.9 | 6,576.9 | 3,353.9 |
| PROGETTO PERUGIASrl | 100.0% | 1,586.6 | 4.8% | 1.7% | 32,986.8 | 33,900.0 | |
| Fondo Armilla | 2.3% | 388.2 | 7.5% | | 5,174.3 | 5,471.7 | 3,030.2 |
| FONDO SPAZIO INDUSTRIALE | 22.1% | 8,839.9 | 7.2% | 2.8% | 122,520.0 | 124,378.5 | 58,759.3 |
| FONDO HOSPITALITY & LEASURE | 35.0% | 3,153.7 | 8.3% | | 38,134.8 | 39,438.0 | 27,659.6 |
| ITALIA TURISMO S.p.a. | 16.3% | 1,630.7 | 5.4% | | 29,939.0 | 29,939.0 | 15,340.6 |
| TOTAL Italy | | 63,979.5 | 6.1% | 6.0% | 1,042,889.8 | 1,086,638.8 | 627,143.1 |
| Commercial Germany | | 35,541.8 | 6.8% | 1.7% | 520,653.1 | 528,376.1 | 448,136.8 |
| Mistral Properties | 35.0% | 2,730.7 | 6.1% | 11.5% | 44,626.0 | 45,300.0 | 25,597.7 |
| Highstreet | 12.1% | 32,811.1 | 6.9% | 0.8% | 476,027.1 | 483,076.1 | 422,539.1 |
| Residential Yielding Germany | | 75,559.1 | 6.8% | 4.7% | 1,117,486.6 | | 883,889.6 |
| DGAG - Residential+Special Properties | 40.0% | 26,554.2 | 7.1% | 2.4% | 372,265.1 | 380,213.8 | 264,460.8 |
| BIB | 40.0% | 40,740.4 | 6.6% | 4.9% | 618,978.1 | 626,439.0 | 529,146.0 |
| Small Deal | 49.9% | 8,264.5 | 6.5% | 5.0% | 126,243.4 | 128,285.0 | 90,282.8 |
| TOTAL Germany | | 111,100.9 | 6.8% | 4.2% | 1,638,139.6 | 1,663,313.9 | 1,332,026.4 |
| TOTAL YIELDING PORTFOLIO | | 175,080.4 | 6.5% | 4.8% | 2,681,029.5 | 2,749,952.7 | 1,959,169.5 |
| Residential Small Office House Office ITA | | 5,634.9 | n.m | n.m | 297,982.7 | 350,973.3 | 204,466.5 |
| Development ITA | | 600.3 | | | 416,461.7 | 455,492.2 | 258,824.5 |
| Development Germany | | 2,163.4 | | | 55,198.9 | 60,107.9 | 37,005.6 |
| Development Poland | | 149.3 | | | 56,962.3 | 71,747.7 | 27,620.4 |
| OTHER PORTFOLIO | | 8,547.9 | | | 826,605.5 | 938,321.1 | 527,917.0 |
| GRAND TOTAL REAL ESTATE | | 183,628.3 | | | 3,507,635.0 | 3,688,273.8 | 2,487,086.5 |

¹⁾ Vacancy calculated on units



Consolidated income statement 100% YoY trend

€/mln

| | Total Real Estate Dec.2009 | Total Italy | Total Germany | Total Poland | Total Real Estate Dec.2008 | Total Italy | Total Germany | Total Poland |
|---|-------------------------------|-------------|---------------|--------------|-------------------------------|-------------|---------------|--------------|
| Sales | 1,031.4 | 613.5 | 380.1 | 37.8 | 860.9 | 566.5 | 184.6 | 109.9 |
| Rents | 782.8 | 294.7 | 487.6 | 0.4 | 669.2 | 336.9 | 331.8 | 0.5 |
| capital gain | 143.0 | 66.7 | 68.3 | 8.0 | 171.2 | 108.3 | 28.8 | 34.2 |
| sales fees | (16.0) | (10.7) | (3.9) | (1.5) | (11.5) | (8.2) | (1.5) | (1.8) |
| other costs | (477.4) | (273.9) | (185.2) | (18.3) | (415.4) | (213.5) | (161.6) | (40.3) |
| Capitalized Financial Charges | 29.0 | 23.2 | 0.0 | 5.8 | 41.0 | 29.0 | 2.2 | 9.8 |
| Other Capitalized Costs | 172.6 | 122.9 | 36.3 | 13.4 | 139.5 | 48.8 | 55.8 | 34.8 |
| EBITDA | 634.0 | 223.0 | 403.2 | 7.8 | 593.9 | 301.1 | 255.6 | 37.2 |
| Depreciations | (1.9) | (1.7) | (0.1) | (0.1) | (50.5) | (49.3) | (1.1) | (0.1) |
| Revaluations/Writedown | (316.0) | (45.2) | (268.9) | (2.0) | (598.6) | (198.6) | (396.4) | (3.5) |
| EBIT | 316.3 | 176.1 | 134.2 | 5.9 | (55.2) | 53.2 | (142.0) | 33.6 |
| Interest expenses/revenues bank loans | (522.6) | (171.0) | (345.2) | (6.3) | (525.9) | (262.9) | (256.7) | (6.2) |
| Interest expenses/revenues SHL | (78.5) | (20.6) | (52.4) | (5.6) | (83.6) | (40.7) | (36.8) | (6.1) |
| Derivatives | (28.0) | (12.3) | (15.8) | 0.1 | (58.2) | (26.1) | (31.2) | (0.9) |
| PBT | (312.8) | (27.8) | (279.2) | (5.9) | (722.9) | (276.7) | (466.7) | 20.4 |
| Income taxes | 29.9 | 2.8 | 27.0 | 0.1 | (27.5) | (11.6) | (14.5) | (1.3) |
| Net Income 100% | (283.0) | (24.9) | (252.2) | (5.8) | (750.4) | (288.3) | (481.2) | 19.1 |
| Operating result incl. income from equity part. and writedown/revaluations | (61.7) | (27.1) | (32.8) | (1.9) | (171.6) | (96.4) | (94.0) | 18.7 |
| Writedown/Revaluations | (31.4) | (16.4) | (14.2) | (0.8) | (135.8) | (65.9) | (68.5) | (1.4) |
| Operating result incl. income from equity part. before writedown/revaluations | (30.4) | (10.8) | (18.6) | (1.1) | (35.8) | (30.4) | (25.6) | 20.1 |
| interest income from shareholders' loans | 25.6 | 7.5 | 15.8 | 2.2 | 24.3 | 11.6 | 11.1 | 1.6 |
| Operating result incl. income from equity part. and Shareholders' loans | (4.9) | (3.3) | (2.8) | 1.2 | (11.6) | (18.8) | (14.5) | 21.8 |



Consolidated income statement 100% - December 2009

€/mln

| | Total Real Estate Dec.2009 | Total Italy | Italy | | | Total Germany | Germany | | | Total Poland |
|---|----------------------------|-------------|----------|----------------|-------------|---------------|---------------------|----------------------|-------------|--------------|
| | | | Yeilding | Trading & SOHO | Development | | Yeilding commercial | Yielding residential | Development | |
| Sales | 1,031.4 | 613.5 | 288.5 | 249.0 | 75.9 | 380.1 | 196.9 | 105.7 | 77.5 | 37.8 |
| Rents | 782.8 | 294.7 | 268.0 | 21.2 | 5.5 | 487.6 | 287.6 | 188.3 | 11.7 | 0.4 |
| capital gain | 143.0 | 66.7 | 25.8 | 21.7 | 19.4 | 68.3 | 32.7 | 14.5 | 21.1 | 8.0 |
| sales fees | (16.0) | (10.7) | (5.0) | (5.5) | (0.2) | (3.9) | (1.0) | (2.8) | 0.0 | (1.5) |
| other costs | (477.4) | (273.9) | (155.5) | (30.5) | (87.9) | (185.2) | (74.1) | (80.5) | (30.6) | (18.3) |
| Capitalized Financial Charges | 29.0 | 23.2 | 5.9 | 4.3 | 13.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.8 |
| Other Capitalized Costs | 172.6 | 122.9 | 59.8 | 1.7 | 61.4 | 36.3 | 0.1 | 10.7 | 25.5 | 13.4 |
| EBITDA | 634.0 | 223.0 | 199.0 | 12.9 | 11.2 | 403.2 | 245.4 | 130.2 | 27.6 | 7.8 |
| Depreciations | (1.9) | (1.7) | 0.0 | (0.8) | (0.9) | (0.1) | 0.0 | (0.1) | 0.0 | (0.1) |
| Revaluations/Writedown | (316.0) | (45.2) | 61.1 | (71.2) | (35.0) | (268.9) | (339.5) | 74.6 | (4.0) | (2.0) |
| EBIT | 316.3 | 176.1 | 260.1 | (59.1) | (24.8) | 134.2 | (94.1) | 204.7 | 23.6 | 5.9 |
| Interest expenses/revenues bank loans | (522.6) | (171.0) | (109.8) | (35.1) | (26.1) | (345.2) | (207.2) | (131.3) | (6.7) | (6.3) |
| Interest expenses/revenues SHL | (78.5) | (20.6) | (5.0) | (7.2) | (8.3) | (52.4) | (35.2) | (15.7) | (1.5) | (5.6) |
| Derivatives | (28.0) | (12.3) | (12.1) | (0.2) | 0.0 | (15.8) | (5.7) | (10.1) | 0.0 | 0.1 |
| PBT | (312.8) | (27.8) | 133.2 | (101.7) | (59.2) | (279.2) | (342.2) | 47.6 | 15.4 | (5.9) |
| Income taxes | 29.9 | 2.8 | 3.4 | (1.2) | 0.7 | 27.0 | 46.7 | (11.6) | (8.1) | 0.1 |
| Net Income 100% | (283.0) | (24.9) | 136.5 | (102.9) | (58.5) | (252.2) | (295.5) | 35.9 | 7.3 | (5.8) |
| Operating result incl. income from equity part. and writedown/revaluations | (61.7) | (27.1) | 33.6 | (40.0) | (20.6) | (32.8) | (44.2) | 11.0 | 0.5 | (1.9) |
| Writedown/Revaluations | (31.4) | (16.4) | 23.8 | (22.0) | (18.2) | (14.2) | (45.2) | 30.0 | (2.6) | (0.8) |
| Operating result incl. income from equity part. before writedown/revaluations | (30.4) | (10.8) | 9.8 | (18.0) | (2.4) | (18.6) | 1.0 | (19.0) | 3.1 | (1.1) |
| interest income from shareholders' loans | 25.6 | 7.5 | 1.9 | 2.6 | 2.9 | 15.8 | 9.5 | 6.3 | 0.0 | 2.2 |
| Operating result incl. income from equity part. and Shareholders' loans | (4.9) | (3.3) | 11.7 | (15.4) | 0.5 | (2.8) | 10.5 | (12.7) | 3.1 | 1.2 |



Consolidated income statement 100% - December 2008

€/mln

| | Total Real Estate | Total Italy | Italy | | | | Total Germany | Germany | | | Poland |
|--|----------------------|-------------|----------|----------------|-------------|---------------|---------------|---------------------|----------------------|-------------|--------|
| | | | Yeilding | Trading & SOHO | Development | Non strategic | | Yeilding commercial | Yeilding residential | Development | |
| Sales | 860.9 ^(*) | 566.5 | 234.0 | 189.3 | 143.1 | 0.0 | 184.6 | 48.9 | 34.5 | 101.2 | 109.9 |
| Rents | 669.2 | 336.9 | 294.4 | 26.1 | 3.4 | 12.9 | 331.8 | 136.4 | 189.0 | 6.4 | 0.5 |
| capital gain | 171.2 | 108.3 | 30.9 | 48.8 | 28.5 | 0.0 | 28.8 | 9.3 | 5.2 | 14.2 | 34.2 |
| sales fees | (11.5) | (8.2) | (3.7) | (3.1) | (1.4) | 0.0 | (1.5) | (0.2) | (1.3) | (0.1) | (1.8) |
| other costs | (415.4) | (213.5) | (116.4) | (40.3) | (83.3) | 26.5 | (161.6) | (16.4) | (117.7) | (27.5) | (40.3) |
| Capitalized Financial Charges | 41.0 | 29.0 | 0.6 | 5.5 | 22.8 | 0.0 | 2.2 | 0.0 | 0.0 | 2.2 | 9.8 |
| Other Capitalized Costs | 139.5 | 48.8 | 0.0 | (0.9) | 49.8 | 0.0 | 55.8 | 0.2 | 35.1 | 20.6 | 34.8 |
| EBITDA | 593.9 | 301.1 | 205.9 | 36.0 | 19.8 | 39.4 | 255.6 | 129.3 | 110.4 | 15.9 | 37.2 |
| Depreciations | (50.5) | (49.3) | 0.0 | (0.5) | 0.0 | (48.8) | (1.1) | 0.0 | (1.1) | 0.0 | (0.1) |
| Revaluations/Writedown | (598.6) | (198.6) | (78.1) | (74.6) | (35.9) | (10.0) | (396.4) | (316.8) | (79.6) | 0.0 | (3.5) |
| EBIT | (55.2) | 53.2 | 127.8 | (39.1) | (16.1) | (19.4) | (142.0) | (187.5) | 29.7 | 15.9 | 33.6 |
| Interest expenses/revenues bank loans | (525.9) | (262.9) | (155.4) | (53.3) | (36.1) | (18.1) | (256.7) | (113.1) | (136.3) | (7.4) | (6.2) |
| Interest expenses/revenues SHL | (83.6) | (40.7) | (7.1) | (22.8) | (10.8) | 0.0 | (36.8) | (13.3) | (23.5) | 0.0 | (6.1) |
| Derivatives | (58.2) | (26.1) | (20.2) | (1.6) | (4.3) | 0.0 | (31.2) | (18.7) | (12.6) | 0.0 | (0.9) |
| PBT | (722.9) | (276.7) | (55.0) | (116.9) | (67.3) | (37.5) | (466.7) | (332.5) | (142.7) | 8.5 | 20.4 |
| Income taxes | (27.5) | (11.6) | (1.4) | (6.9) | (3.4) | 0.1 | (14.5) | (9.0) | (5.5) | 0.0 | (1.3) |
| Net Income 100% | (750.4) | (288.3) | (56.4) | (123.8) | (70.7) | (37.4) | (481.2) | (341.5) | (148.2) | 8.5 | 19.1 |
| Operating result incl. Income from equity part. and writedown/revaluation | (171.6) | (96.4) | (19.6) | (40.7) | (29.1) | (6.9) | (94.0) | (43.0) | (53.1) | 2.0 | 18.7 |
| Writedown/Revaluation | (135.8) | (65.9) | (22.4) | (27.1) | (15.5) | (1.0) | (68.5) | (38.8) | (29.7) | 0.0 | (1.4) |
| Operating result incl. Income from equity part. before writedown/revaluation | (35.8) | (30.4) | 2.8 | (13.6) | (13.7) | (5.9) | (25.6) | (4.2) | (23.4) | 2.0 | 20.1 |
| interest income from shareholders' loans | 24.3 | 11.6 | 3.2 | 4.3 | 4.0 | 0.0 | 11.1 | 3.7 | 7.4 | 0.0 | 1.6 |
| Operating result incl. Income from equity part. and Shareholders' loans | (11.6) | (18.8) | 5.9 | (9.3) | (9.6) | (5.9) | (14.5) | (0.5) | (16.0) | 2.0 | 21.8 |

(*) 2008 figures don't include the sale of REOCO (NPLs) for approx. 4 €/mln

