



MILAN - JULY 29, 2010

PIRELLI 1H 2010 RESULTS

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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

Key Messages

 **Pirelli Financial Review**

 **Pirelli Tyre & Parts**

 **Pirelli Real Estate**

 **Appendix**

Pirelli 1H 2010 Key Messages

- ▶ **Pirelli Real Estate Separation Plan fully on track.** Shares assignment within October 2010;
- ▶ **Marked Operating Management improvement** in the Real Estate and above all in the Tyre business;
- ▶ **More expeditious Tyre Investment Plan** to optimize market opportunities and further strengthen position in emerging markets and “high-end” products;
- ▶ **Good debt exposure & fully exploitable financial potentialities;**
- ▶ **Second Target Upgrade** in the last six months.

Pirelli back to F1: fuelling intangible value creation



WHY: After 20 years, Business Model changed

WHY: Top TV event of the year. In 2011, an estimated global audience of 2 bln people, 50% from emerging markets

WHY: F1 and PIRELLI values match perfectly: technological innovation, performance, premium-products and International standing



BUSINESS MODEL

OUTLINE

- ▶ Product and logistic costs and overheads: F1 teams contribution worth over 16mln/euro per year
- ▶ Advertising costs: sponsored by PIRELLI through transfer of existing budget
- ▶ No impact on P&L

EXPECTED RETURN

- ▶ Communication, approximately 25 times the cost (average sponsorship return to Pirelli + 5 times)
- ▶ Strong partnerships with “high-end” makers

ORGANIZATION

- ▶ Brand new F1 Business Unit. International Team with top skills
- ▶ Production in Turkey (Izmit plant)

Agenda

- ▶ Key Messages
- ▶ **Pirelli Financial Review**
- ▶ Pirelli Tyre & Parts
- ▶ Pirelli Real Estate
- ▶ Appendix

Pirelli Key Financial Results

€/mln

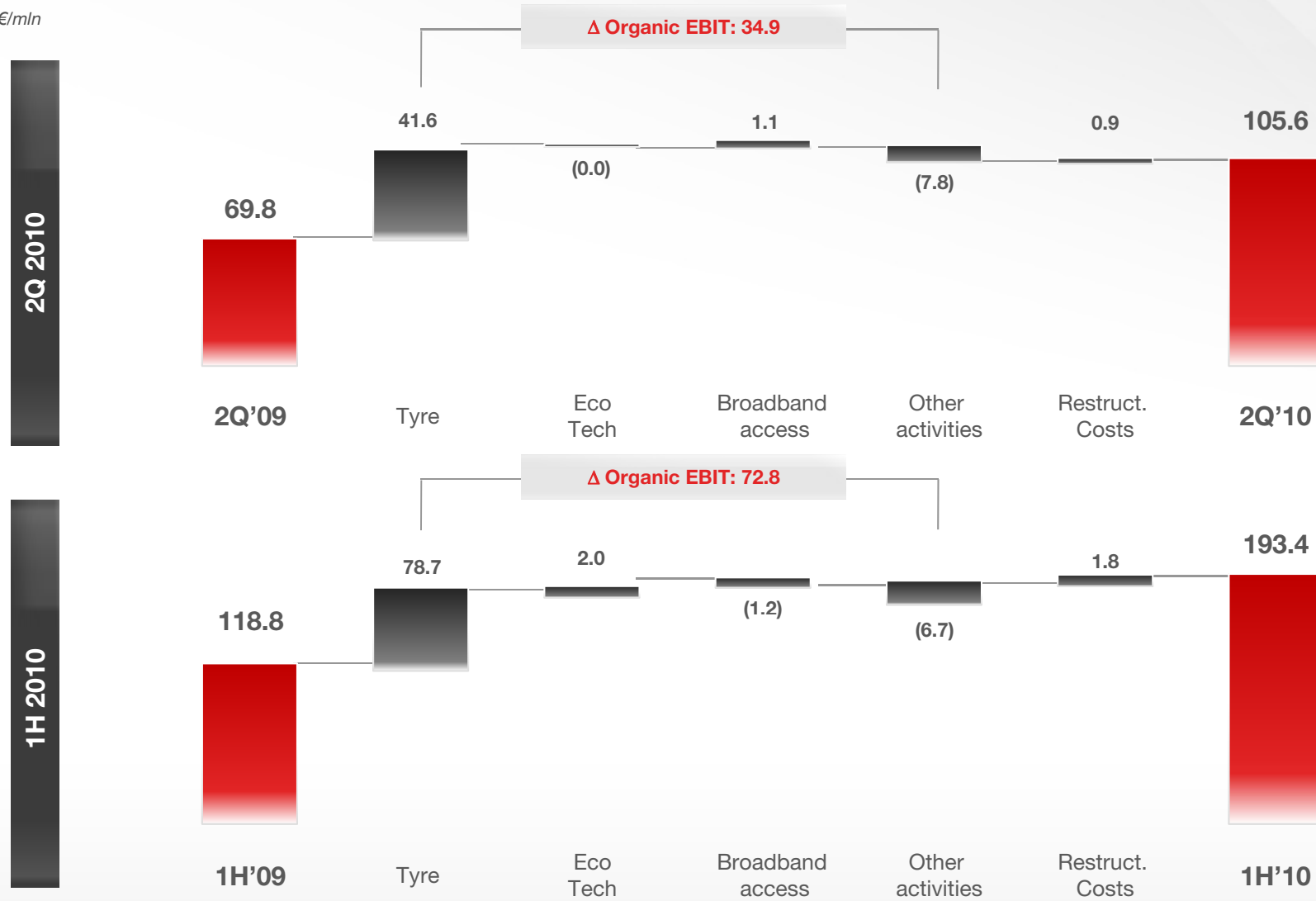
	1H'10	1H'09 restated*	Δ YoY	2Q'10	2Q'09 restated*	Δ YoY	2Q RESULTS KEY DRIVERS
Revenues	2,426.5	2,026.2	+19.8%	1,264.0	1,037.0	+21.9%	<ul style="list-style-type: none"> ▶ Core business “value performance” is driving Pirelli & C top line growth ▶ Profitability back to pre-crisis level despite negative raw materials impact ▶ Pirelli Re adjustment to market value (0.3339€/share vs 0.75€/share) is a non-cash item affecting Net Income ▶ Net Debt almost stable QoQ despite increasing Capex and Dividend payment
<i>Organic growth (**)</i>			+16.8%			+17.0%	
EBITDA before Restruct. Costs	307.1	228.7	+34.3%	164.9	126.5	+30.3%	
<i>Margin</i>	12.7%	11.3%		13.0%	12.2%		
EBIT before Restruct. Costs	201.3	128.5	+56.7%	110.9	76.0	+45.9%	
<i>Margin</i>	8.3%	6.3%		8.8%	7.3%		
Restructuring Costs	(7.9)	(9.7)		(5.3)	(6.2)		
EBIT	193.4	118.8	+62.8%	105.6	69.8	+51.3%	
<i>Margin</i>	8.0%	5.9%	+2.1 p.p.	8.4%	6.7%	+1.7 p.p.	
Income before discontinued operations (Adj. Income)	80.8	30.3		42.9	12.6		
Income from discontinued operations	(256.4)	(42.7)		(257.4)	(26.1)		
Pirelli Re Net Income	(20.4)	(42.7)		(21.4)	(26.1)		
PRE Fair Value adjustment	(202.9)	-		(202.9)	-		
Goodwill write off PRE***	(32.9)	-		(32.9)	-		
Direct Separation costs	(0.2)	-		(0.2)	-		
Net Income post minorities	(165.5)	6.3		(204.7)	(3.2)		
Net Debt	696.9	1,107.6	+168 vs '09 y.e.			+18.5 vs March '10	

(*) Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity

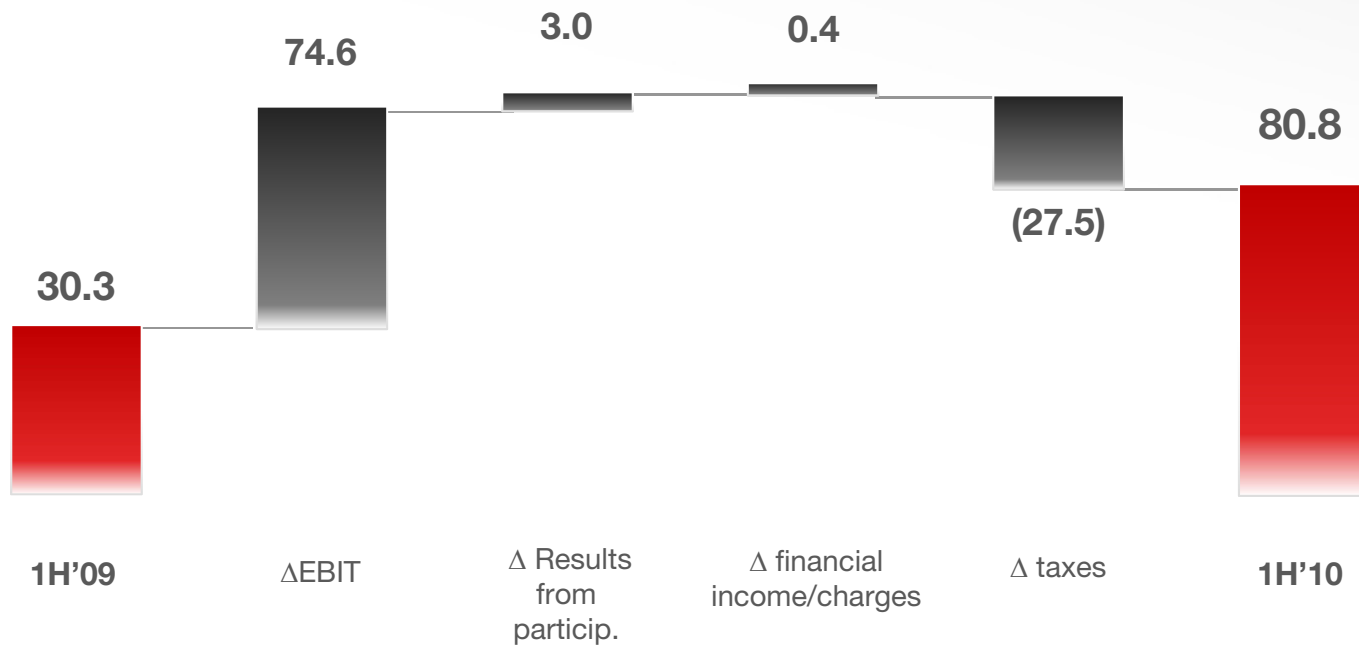
(**) Homogeneous terms variations, excluding exchange rate effects (***) Write off of Goodwill related to 2.6 mln of Pirelli RE shares bought on the market in 2007 and 2008

Pirelli EBIT trend

€/mln

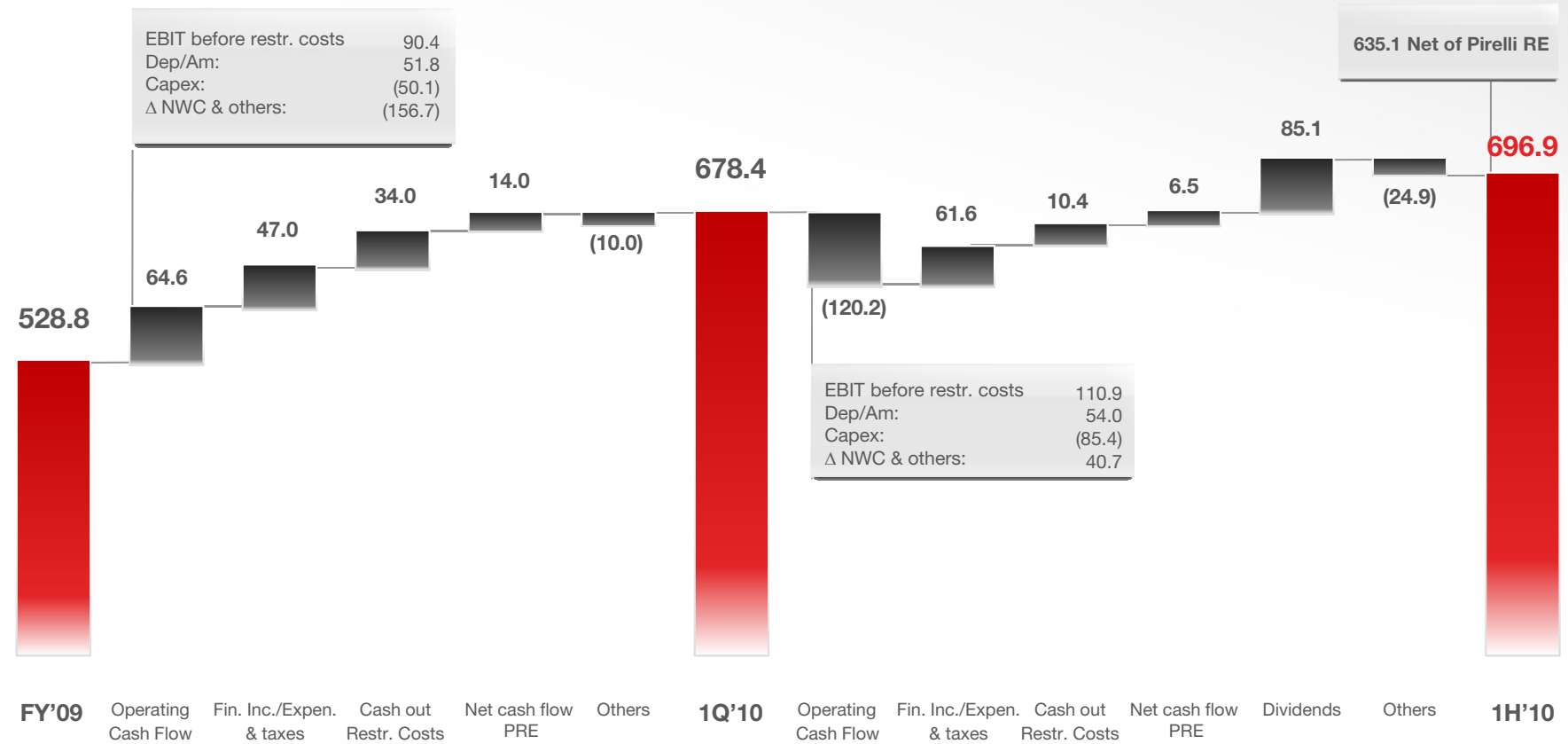


Pirelli Net Income from continuing operations 1H'10 vs 1H'09

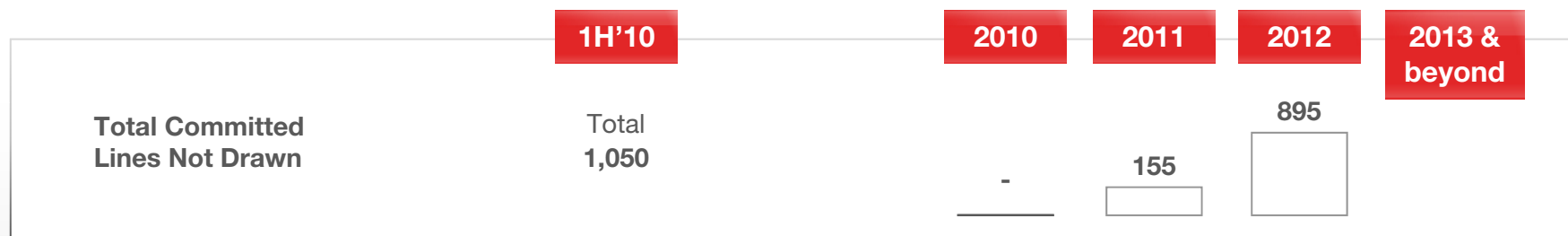
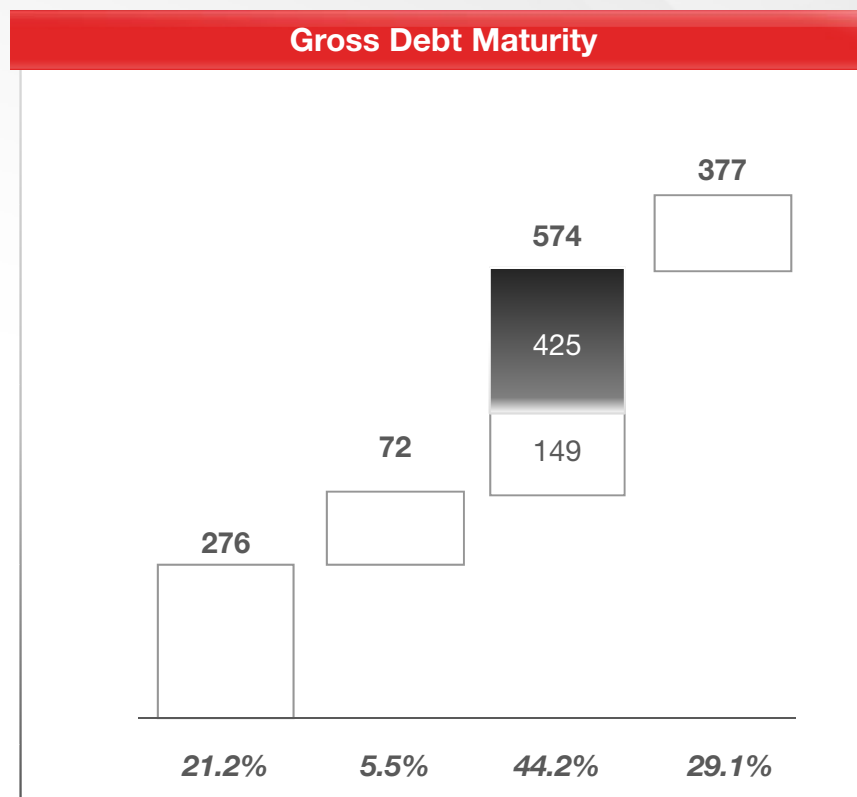
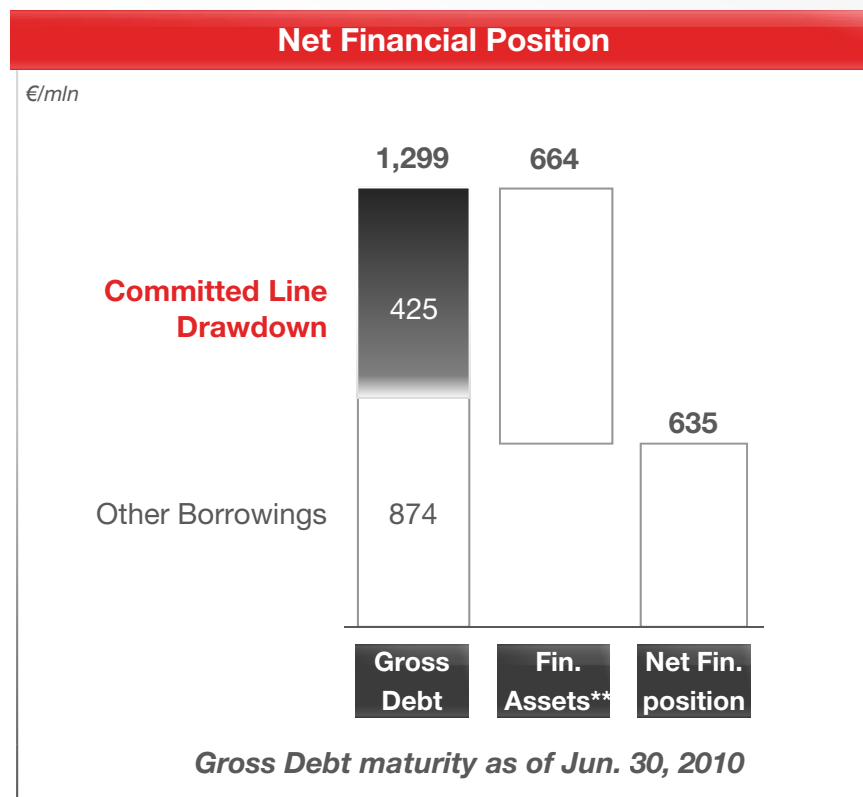


Pirelli 1H'10 Net Financial Position

€/mln



Pirelli Debt Structure as of June 30, 2010*



*Data related to Continuous Operations

**Financial receivables, cash and cash equivalents

Pirelli &C 2010 FY targets update

€/bln

	1H 2010 (restated exc. PRE)	2010 targets excl. PRE (March 10, 2010)	2010 1 st Targets upgrade (May 5, 2010)	2010 2 nd Targets upgrade (July 29, 2010)
Group Revenues	2.4	4.3-4.5	4.6-4.7	4.8-4.9
EBIT % post restructuring	8.0%	6.5-7%	≥6.5%	~7%
Capex	0.14	>0.3	<i>confirmed</i>	>0.35
NFP	0.7	0.7*	<i>confirmed</i>	<i>confirmed</i>

(*) Including 81.1 €/mln cash out for dividends

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Pirelli Tyre performance



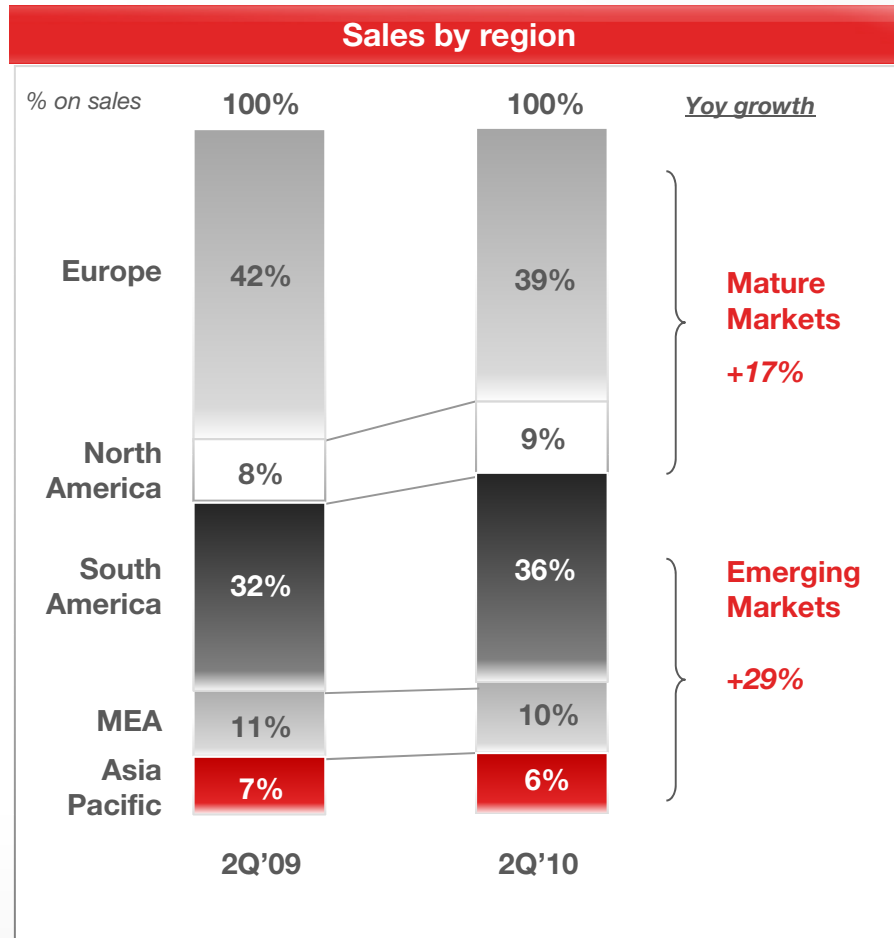
€/mln	1Q'10	YoY%	2Q'10	YoY%	1H'10	YoY%
Revenues	1,110.0	+19.8%	1,215.3	+22.9%	2,325.3	+21.4%
EBITDA (before restruct. costs)	146.4	+35.8%	177.5	+33.5%	323.9	+34.5%
<i>margin</i>	13.2%	+1.6 p.p.	14.6%	+1.2 p.p.	13.9%	+1.3 p.p.
EBIT (before restruct. costs)	98.1	+60.8%	127.1	+48.7%	225.2	+53.7%
<i>margin</i>	8.8%	+2.2 p.p.	10.5%	+1.9 p.p.	9.7%	+2.1 p.p.
EBIT (after restruct. costs)	95.5	+66.1%	121.8	+53.6%	217.3	+58.8%
<i>margin</i>	8.6%	+2.4 p.p.	10.0%	+2.0 p.p.	9.3%	+2.2 p.p.
Net Income	50.1	n.m.	60.3	+52.3%	110.4	+103.7%

	1Q'10	2Q'10	1H'10
Revenue drivers			
Δ Price/Mix	+1.4%	+10.1%	+5.9%
Δ Volume	+17.4%	+7.5%	+12.3%
Δ Rev. (before exch. rate impact)	+18.8%	+17.6%	+18.2%
Δ Exch. Rate	+1.0%	+5.3%	+3.2%

► **High quality operating performance** with a sound combination of **volumes & value**

- Well grounded premium segment position
- Leading pricing policy
- Increased exposure to emerging markets in Q2 (52% of Revenues, +2 pp yoy)
- Highest Ebit ever despite significant raw materials cost impact

Pirelli Tyre: a solid positioning to capture growth



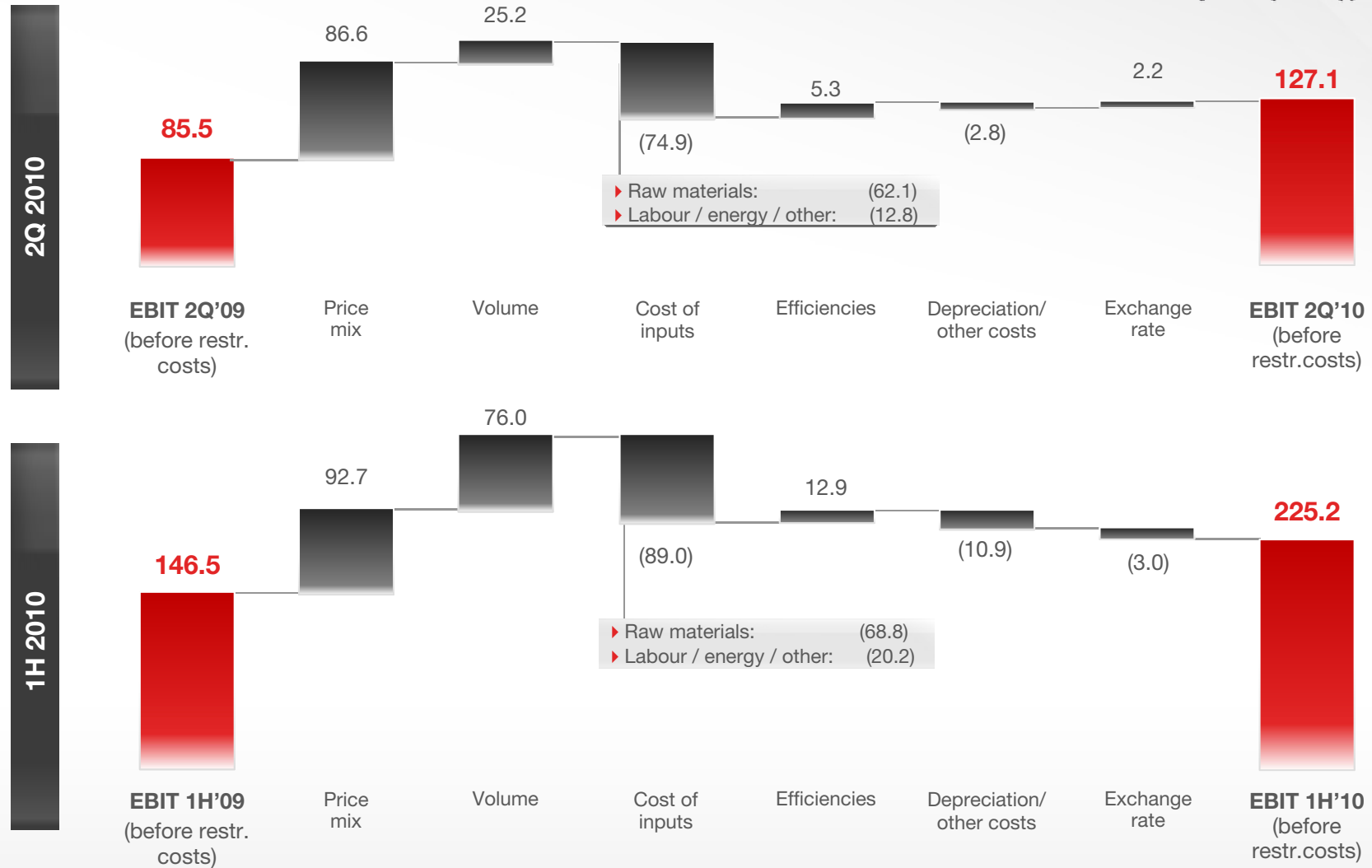
- 2Q'10 Actions and Results**
- Europe**
- ▶ Benefiting from Premium and Prestige OEMs sales increase
 - ▶ Green Performance driving replacement sales
- North America**
- ▶ High double digit revenues growth with a focus on selective customers and OE platforms.
 - ▶ New sales & marketing office in New York in 3Q to promote Pirelli brand
- LatAm**
- ▶ Seizing Industrial segment solid growth on both Replacement and OE
 - ▶ Consolidating leadership
- MEA & Asia-Pacific**
- ▶ Constrained capacity limiting sales



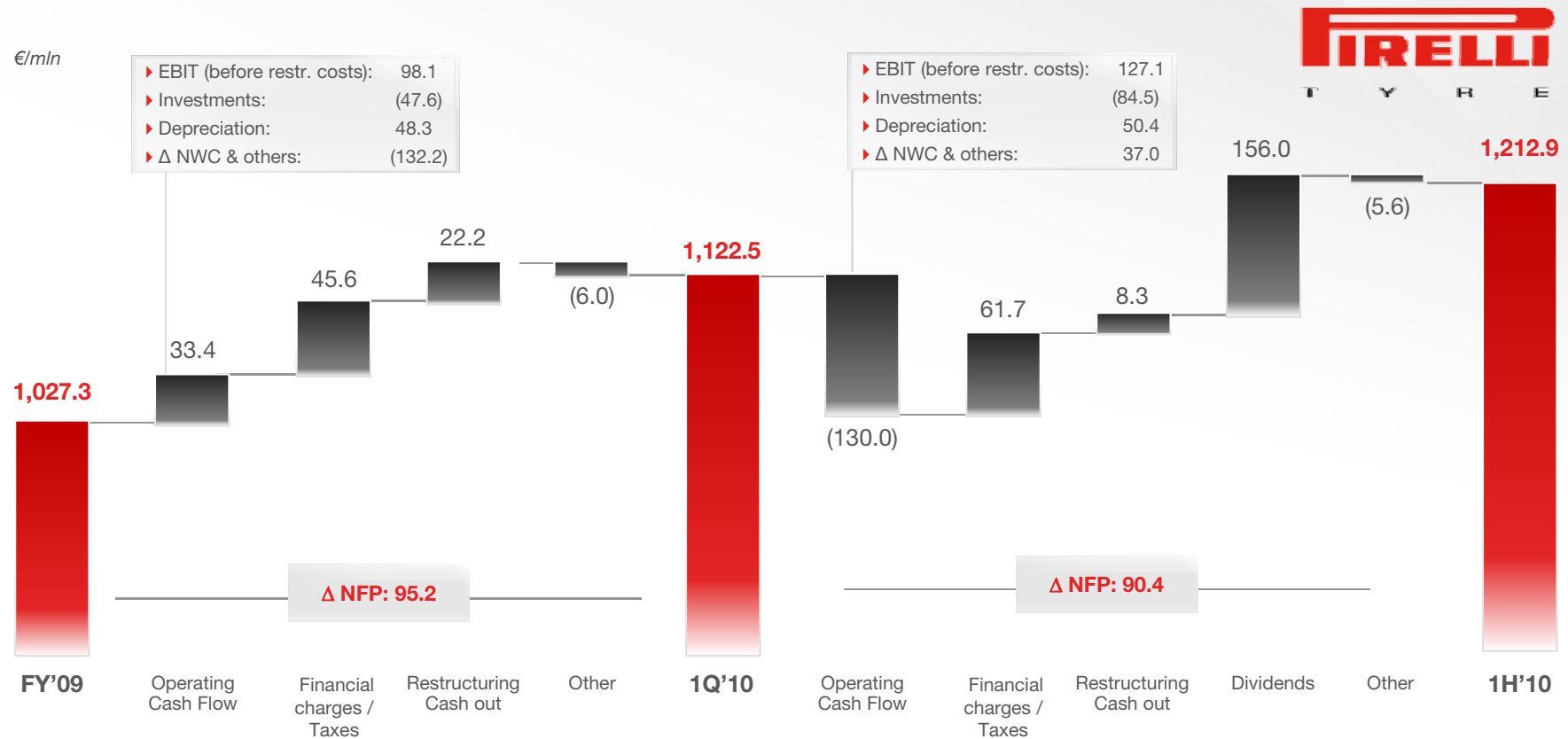
Pirelli Tyre 1H'10 operating performance



€/mln



Pirelli Tyre NFP evolution



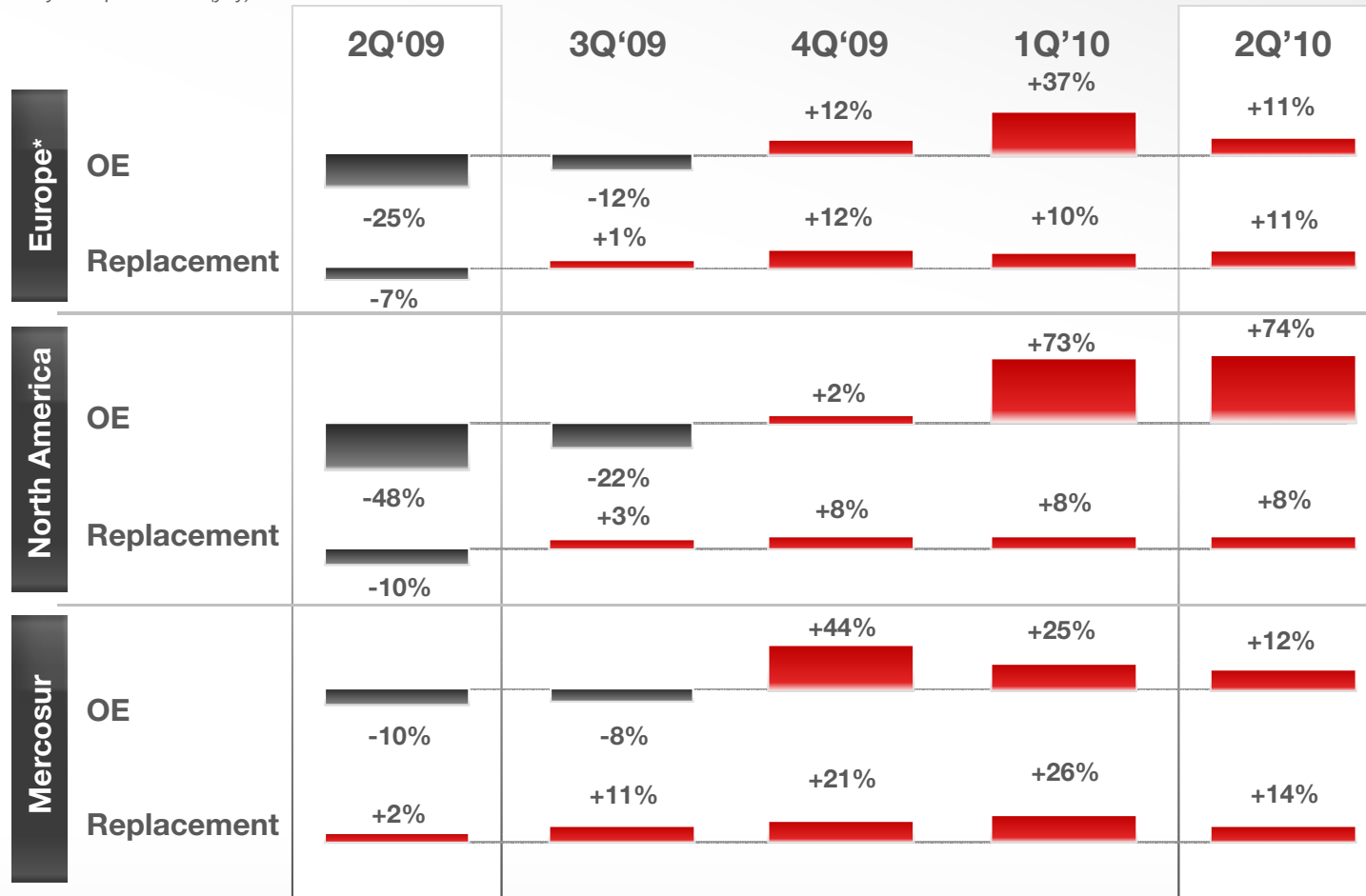
▶ **Solid FCF generation in 2Q 2010** due to strong operating performance & effective working capital management (tight credit policy, inventories at efficient level)

▶ **Capacity increase investment** in Europe and Brazil

Consumer Business: key market trends



Car tyre shipments. % (yoy)



* Turkey and Russia included

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



Consumer Business: Pirelli performance



	1Q'10	YoY%	2Q'10	YoY%	1H'10	YoY%
€/mln						
Revenues	780.9	+16.5%	835.8	+19.1%	1,616.7	+17.8%
EBITDA (before restruct. costs)	106.0	+37.0%	122.4	+35.4%	228.4	+36.1%
<i>margin</i>	13.6%	+2.1 p.p.	14.6%	+1.7 p.p.	14.1%	+1.9 p.p.
EBIT (before restruct. costs)	69.5	+65.9%	84.7	+55.4%	154.2	+60.0%
<i>margin</i>	8.9%	+2.7p.p.	10.1%	+2.3p.p.	9.5%	+2.5p.p.

Significant double-digit top line growth driven by

- ▶ volume growth limited by factory shut-down in Dec. '09
- ▶ strong mix improvement in replacement and OE: the advantage of being premium player
- ▶ price increase mainly in Europe and North America

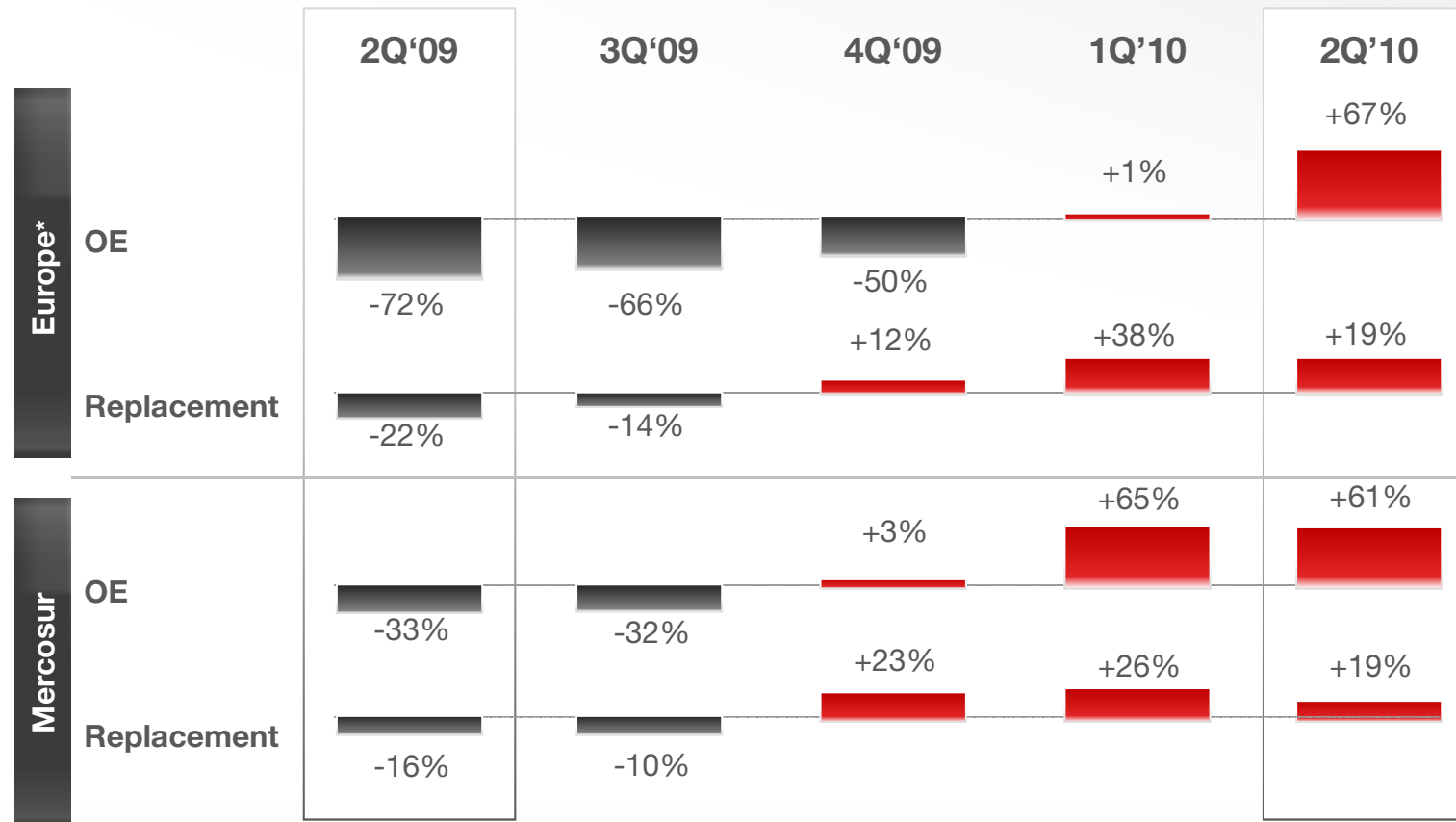
Double digit profitability due to

- ▶ volume and price mix improvement
- ▶ cost efficiencies

	1Q'10	2Q'10	1H'10
Revenue drivers			
Δ Price/Mix	+1.2%	+8.7%	+5.0%
Δ Volume	+14.9%	+6.2%	+10.5%
Δ Rev. (before exch. rate impact)	+16.1%	+14.9%	+15.5%
Δ Exch. Rate	+0.4%	+4.2%	+2.3%

Industrial Business: key market trends

Car tyre shipments,



* Turkey and Russia included

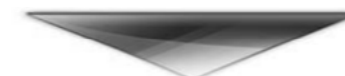
Sources: major external data provider for each region and Pirelli estimates

Industrial Business: Pirelli performance



	1Q'10	YoY%	2Q'10	YoY%	1H'10	YoY%
€/mln						
Revenues	329.1	+28.4%	379.5	+32.0%	708.6	+30.3%
EBITDA (before restruct. costs)	40.4	+32.9%	55.1	+29.3%	95.5	+30.8%
<i>margin</i>	12.3%	+0.4 p.p.	14.5%	-0.3 p.p.	13.5%	+0.1 p.p.
EBIT (before restruct. costs)	28.6	+49.7%	42.4	+36.8%	71.0	+41.7%
<i>margin</i>	8.7%	+1.2 p.p.	11.2%	+0.4 p.p.	10.0%	+0.8 p.p.

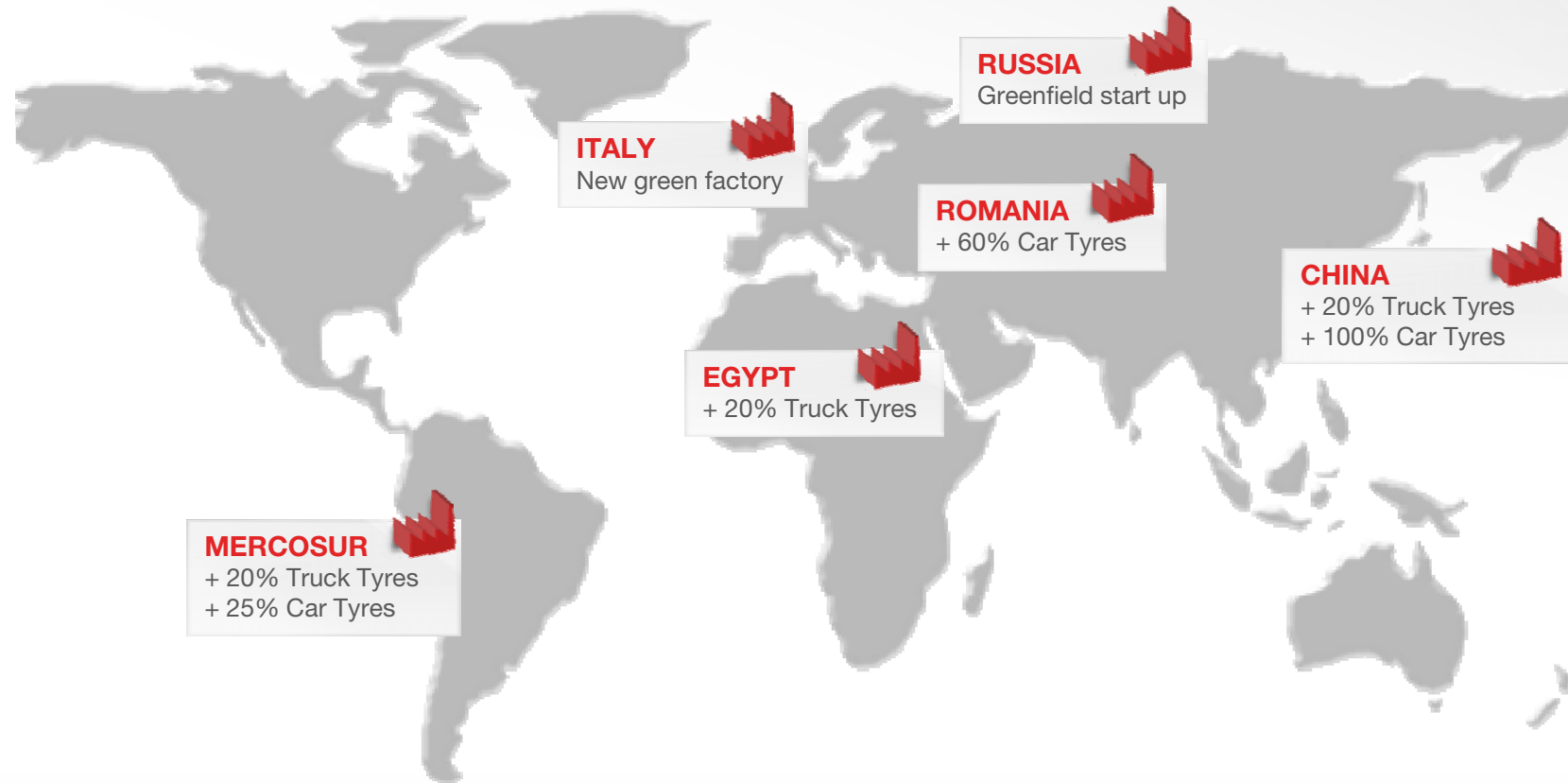
- ▶ Sales growth in the more profitable markets
- ▶ Solid price increase across the regions
- ▶ Continuous mix improvement



Highest profitability despite raw materials impact

	1Q'10	2Q'10	1H'10
Revenue drivers			
Δ Price/Mix	+1.8%	+13.7%	+8.0%
Δ Volume	+24.1%	+10.4%	+16.9%
Δ Rev. (before exch. rate impact)	+25.9%	+24.1%	+24.9%
Δ Exch. Rate	+2.5%	+7.9%	+5.4%

Accelerating investments in 2010 (capacity increase from 2009 to 2011)




**Over 350 €/mln investments in 2010
to speed up capacity increase**



Pirelli Tyre 2010 targets update

€/mln

	FY'09	2010 Targets (March 10, 2010)	2010 1 st Targets upgrade (May 5, 2010)	2010 2 nd Targets upgrade (July 29, 2010)
Revenues	3,993	+6% / + 8%*	>10%*	Up to 15%*
EBIT % post restruct.	7.7%	~flat yoy 		
EBIT post restruct.	308.5	(Implicit in the guidance 320÷330)	320÷330 (floor)	360 (floor)
Raw Material Cost headwind		200 (Natural Rubber price ≥3000 \$/ton.)	>250	confirmed
Capex	217	>300	confirmed	>350

(*) Homogeneous terms variations, excluding exchange rate effects

Pirelli Eco Technology: 1H'10 Key Financial Results

€/mln



	1H '10	1H'09	Δ YoY
Revenues	35.1	28.3	+24.0%
<i>of which</i>			
<i>Filters</i>	14.9	8.2	+81.7%
<i>Gecam</i>	20.2	20.1	+0.5%
Ebitda	(2.3)	(4.4)	
Ebit	(3.5)	(5.5)	
Net income	(5.0)	(6.6)	
NFP	37.2	32.8	

- ▶ Filters sales growth driven by Italy
- ▶ China operations and start-up costs negatively impacting 1H results: new Silicon Carbide Filters production from 4Q for the local market
- ▶ NFP improving (21% debt reduction vs. '09 y.e.) in line with FY 2010 target

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Results and Targets

€/mln

	H1-2010	H1-2009	FY 2010 target	FY 2009
Real Estate Sales (€/mln)	562.1 ¹⁾	351.9	1,300-1,500	1,031
Service Platform incl. G&A	+11.2	(3.2)	+20/+30	+7.8 ²⁾
Fixed Cost Saving (versus previous year)	+25.4	+29	+25/+30	+68
NFP (excluding shareholders's loan)	(452.3)	(828.5)	stable	(445.8)

1) Thanks to the placement of the Anastasia Fund, sales will reach approx. 771 € mln

2) Including 13.5 € mln related to 10% Pirelli RE SGR and 20% Credit Servicing shares disposals

Consolidated Profit and Loss

€/mln

	ACTUAL JUNE 2010	ACTUAL MARCH 2010	ACTUAL JUNE 2009
Revenues	135.1	51.7	115.8
<i>of which service activities</i>	79.9	41.6	94.7
<i>of which other revenues</i>	55.2	10.1	21.1
EBIT services	10.6	5.0	(5.2)
Income from equity participations services	0.6	0.0	2.0
Service platform/G&A	11.2	5.0	(3.2)
EBIT consolidated investment activities	(4.0)	(1.2)	3.1
Income from equity participations	(2.2)	(0.1)	(22.8)
Interest income from Shareholders' loans	12.9	6.5	13.7
Investments	6.7	5.3	(6.0)
EBIT incl. income from equity part. & interest income from shareholders' loans	17.9	10.3	(9.2)
Restructuring costs	0.0	0.0	(11.5)
Real estate writedowns/revaluations ¹⁾	(18.3)	0.0	(4.8)
EBIT incl. inc. from equity part. after restr. costs, writedown/ reval.	(0.4)	10.3	(25.6)
Financial charges	(11.9)	(5.2)	(14.7)
Profit before taxes	(12.3)	5.0	(40.3)
Income taxes	(8.1)	(4.1)	(2.4)
Net income	(20.4)	0.9	(42.7)
Minority interests	(0.5)	(0.6)	0.4
Net income after minority interests	(20.9)	0.4	(42.3)

¹⁾ Market appraisals by independent evaluators are updated on a six month basis

Segment Report

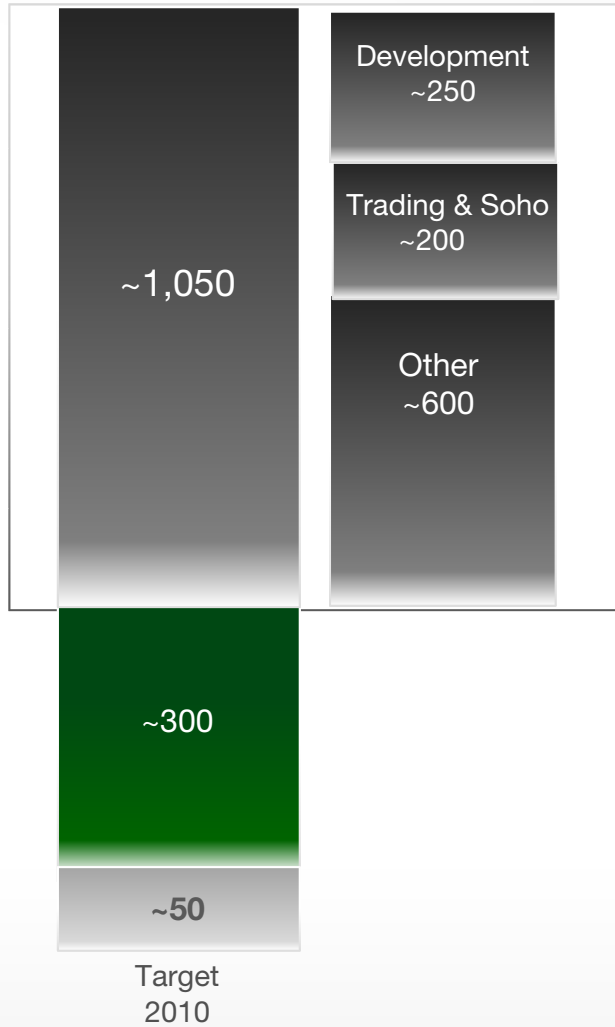
€/mln

	<i>Italy</i>		<i>Germany</i>		<i>Poland</i>		<i>NPL</i>		<i>Holding</i>		<i>Total</i>	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Service platform	15.2	6.7	2.8	2.7	(0.9)	(0.1)	(0.6)	(2.4)	(5.2)	(10.0)	11.2	(3.2)
Vehicles & funds	2.8	(10.3)	4.3	(0.9)	1.0	1.7	(1.5)	3.4			6.7	(6.0)
EBIT including income and interest income SH Loans	18.0	(3.6)	7.1	1.8	0.2	1.6	(2.1)	1.0	(5.2)	(10.0)	17.9	(9.2)

Sales trend

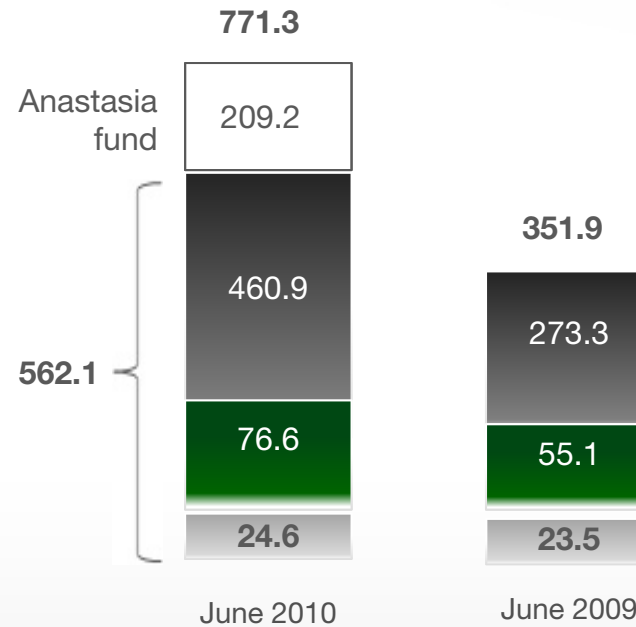
€/mln 1,300/1,500

Italy Germany Poland



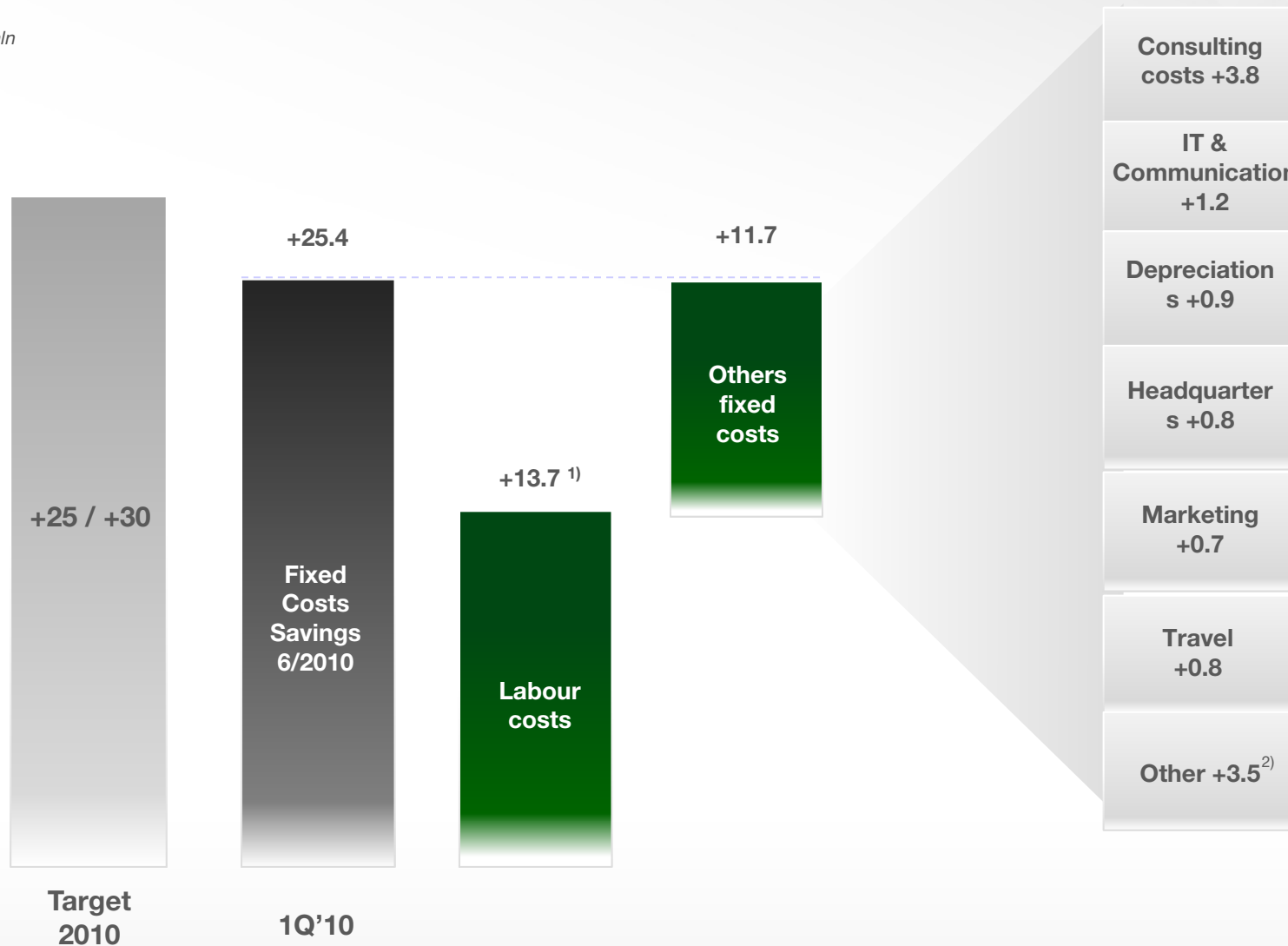
Gross margin of sales is approx. +5% as of June 2010

Sales price vs market value is approx. -0.5% as of June 2010



Update on Cost Saving 2010 vs 2009

€/mln



¹⁾ Includes cost of Directors

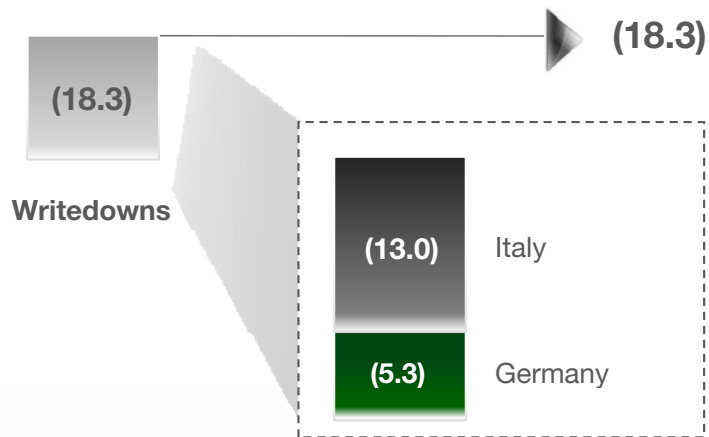
²⁾ Includes provisions, consummables and other

Impact of Real Estate Writedowns and Revaluations on P&L

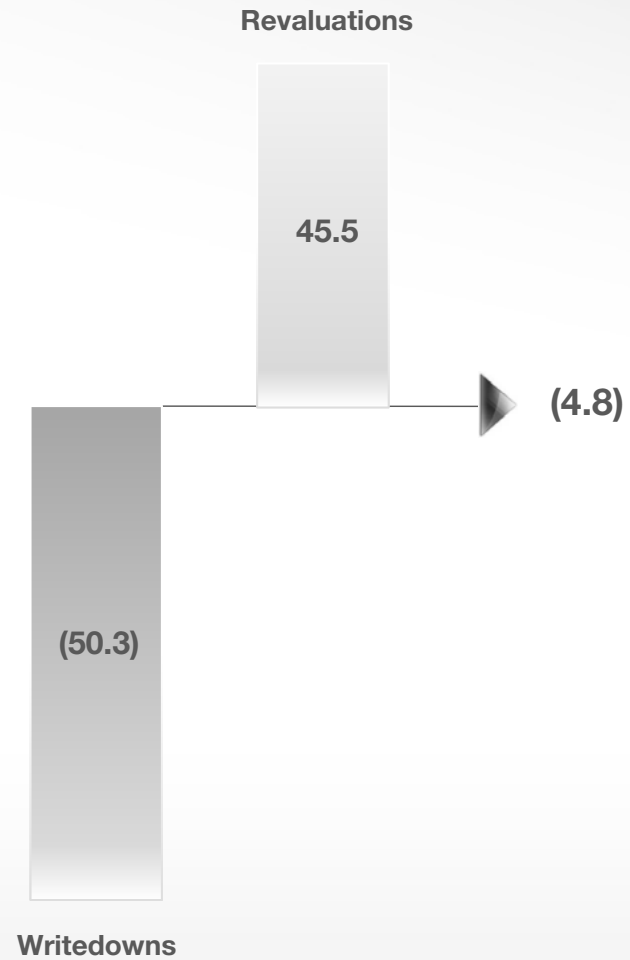
€/mln

	June 2010	June 2009
Writedowns	(18.3)	(50.3)
Revaluations		45.5
Total impact	(18.3)	(4.8)

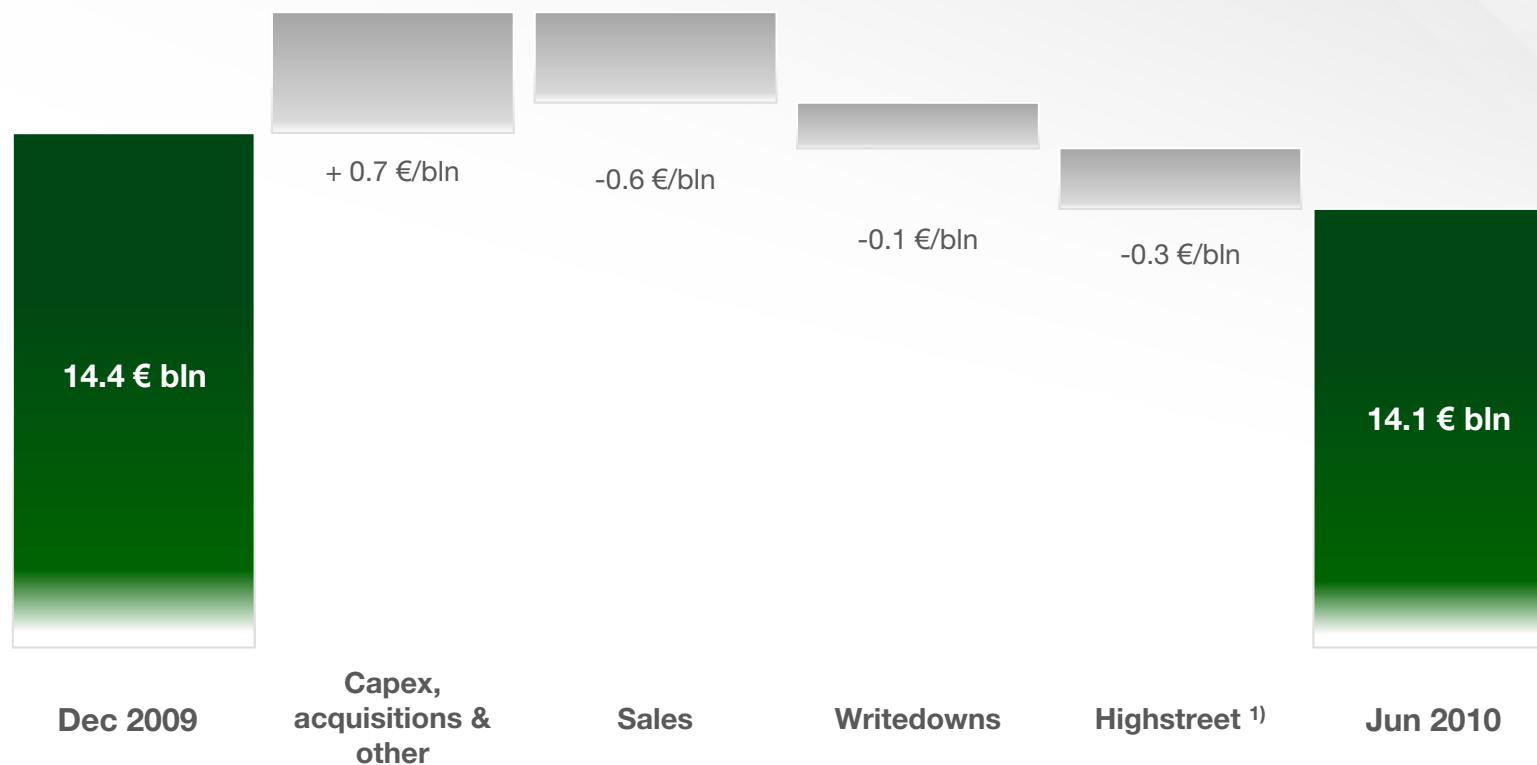
June 2010



June 2009



Real Estate AUM Evolution - “like for like” (Market Value)



- ▶ The valuation of the Real Estate portfolio estimated by independent appraisers shows a -0.6% decrease on a “like for like” basis in the first half 2010 ²⁾
- ▶ The Italian portfolio marks a -1.1% and the German portfolio -0.3% ²⁾

¹⁾ Pending finalization of the negotiations aimed at restructuring the Karstadt group, the Highstreet’s real estate market value has been conventionally estimated consistently with the expectations of recovery of the remaining net invested capital equal to approx. 35.5 € mln

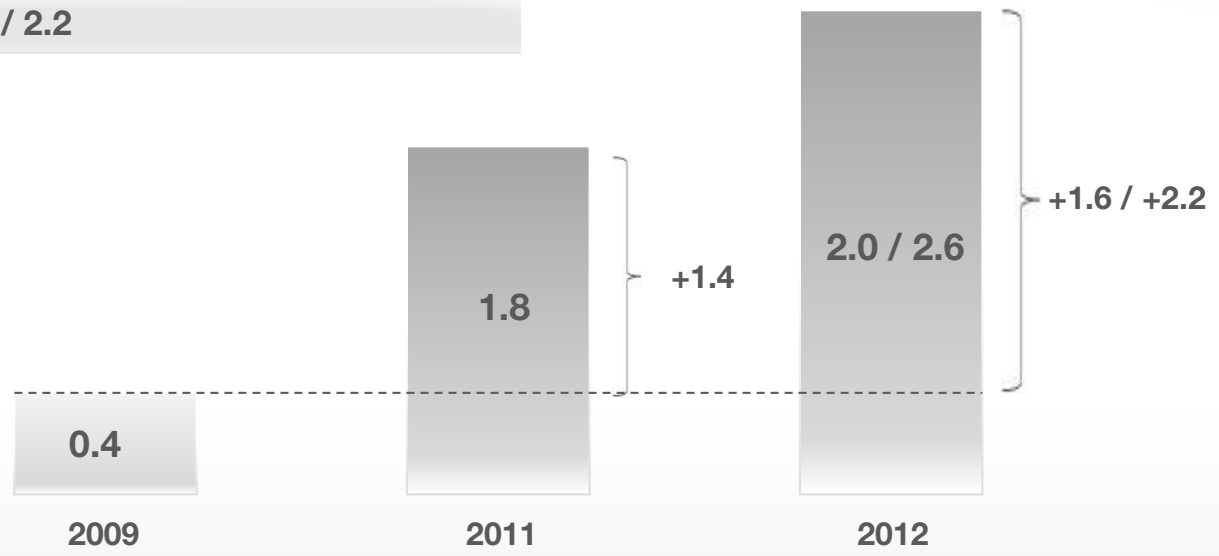
²⁾ Excluding Highstreet

Fund Management

New business for third parties

€/bn

	Expected new assets under Management	Effective from
Progetto Mida	0.6	Jan 2010
Fondo Anastasia	0.3	2010
Fondo Fedora	0.1 / 0.3	2011 / 2012
Enasarco	0.6 / 1	2011 / 2012
Total	1.6 / 2.2	



Key Real Estate Portfolio Data as of June 2010

€/mln

	Mkt. Value 100% 30.06.10 ¹⁾	Mkt. Value PRE pro-quota 30.06.10 (27% average)	Book Value PRE pro-quota	UCG PRE pro-quota	Net Debt PRE pro-quota	LTV	NAV PRE pro-quota	NIC PRE pro-quota	IAS 40 %
ITALY	6,254	1,775	1,653	122	999	56%	776	576	48%
GERMANY	6,644	1,664	1,644	20	1,325	80%	340	226	55%
POLAND	172	65	50	15	24	38%	40	20	0%
TOTAL REAL ESTATE	13,070	3,503	3,347	157	2,348	67%	1,156	822	51%

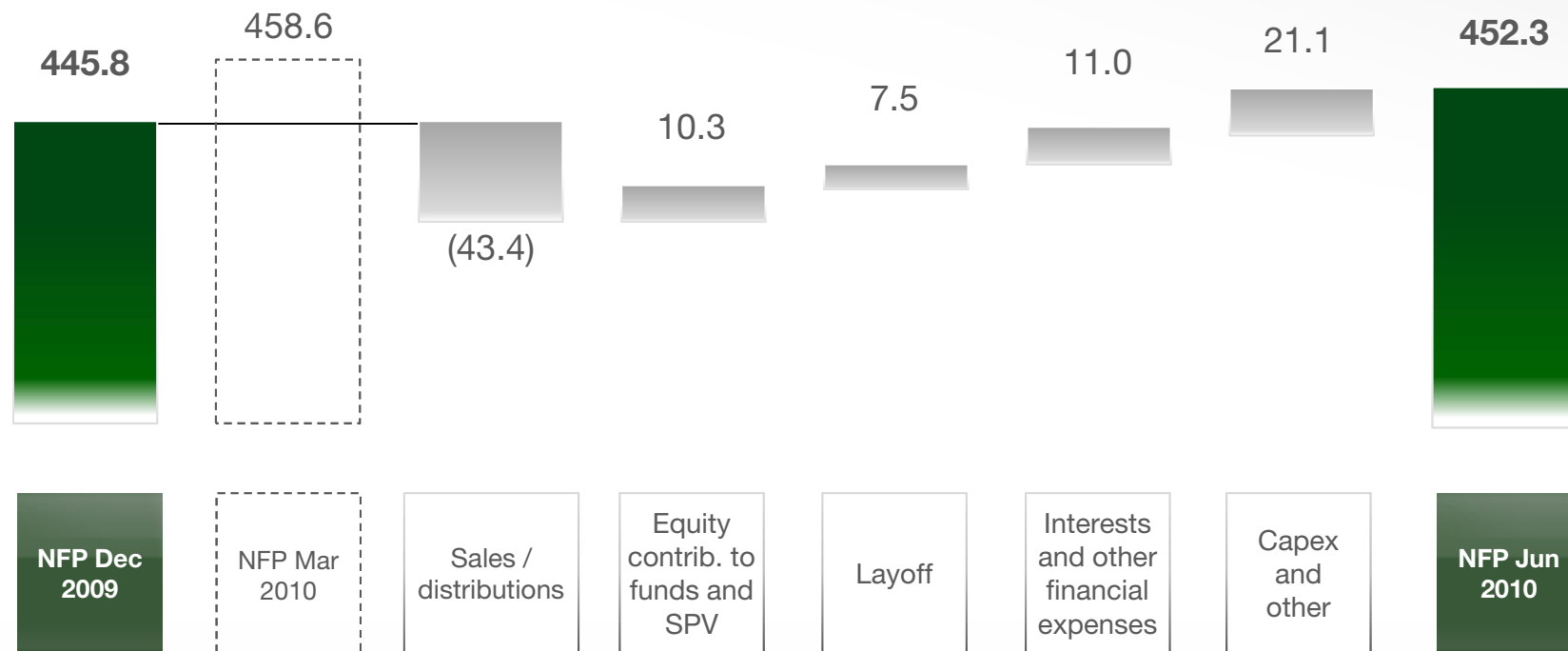
NPL (investment)	105
SERVICES	219
TOTAL PIRELLI RE	1,146

¹⁾ Participated AUM (market value)

NOTE: The difference between NAV and UCG+NIC (equal to 177 € mln) is due to other assets and liabilities not included into the calculation of real estate NAV

NFP excl. Shareholders' Loans

€/mln



Group Corporate Lines

Current Situation

Bank	Commitment	Expiry
CLUB DEAL (*)	320,000	Jul-12
WEST LB	50,000	May-11
UNICREDIT	25,000	Dec-10
POP MILANO	10,000	Jul-11
RBS	25,000	Feb-11
TOTAL	430,000	
AVERAGE RESIDUAL LIFE	21 months	

Situation post separation

Bank	Commitment	Expiry
CLUB DEAL (*)	320,000	Jul-12
WEST LB	50,000	May-11
UNICREDIT	25,000	Feb-11
POP MILANO	10,000	Jul-11
RBS	25,000	Feb-11
PIRELLI & C. (**)	150,000	Jul-12
TOTAL	580,000	
AVERAGE RESIDUAL LIFE	22 months	

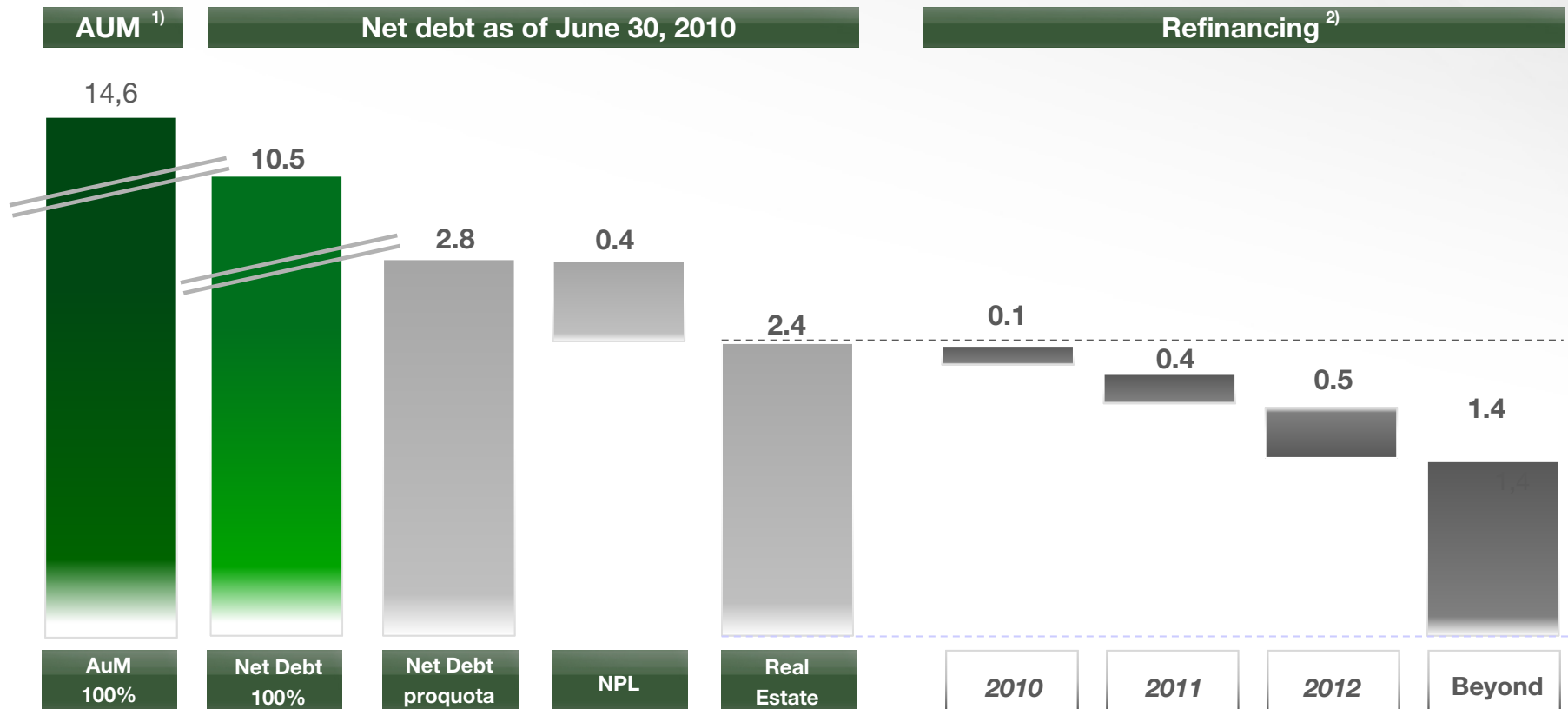
(*) Club Deal Participants:

Unicredit	100M	Banca Popolare Sondrio	20M
Intesa SanPaolo	50M	Banca Popolare Emilia Romagna	20M
Monte Paschi Siena	50M	Banca Carige	20M
Banca Popolare Milano	50M	UBI - Centrobanca	10M

()** Previously it was an uncommitted line; still under negotiation

Financial situation of participated vehicles/funds 1/2

€/mln



¹⁾ Participated Real Estate+ NPL

²⁾ Due to maturity

Financial situation of participated vehicles/funds 2/2

Bank Loan characteristics ¹⁾

- ▶ LTV 67%: Italy 56%, Germany 80% and Poland 38%
- ▶ Average Duration close to 3.2 years (PRE pro-quota 3.0): Italy 2.7, Germany 3.6 and Poland 1.8 years
- ▶ Average *spread*: 222 bps (PRE pro-quota 177 bps)
- ▶ 83% hedged interest rate risk (PRE pro-quota 77%)
- ▶ Pro-quota *recourse* guarantees pro-quota for approx. 29 mln/€

¹⁾ Excluding NPL and subsidiaries.

Consolidated Balance Sheet

€/mln

	ACTUAL JUNE 2010	ACTUAL December 2009	ACTUAL JUNE 2009
Fixed assets	623.5	654.0	583.0
<i>of which participations</i>	443.9	472.3	406.7
<i>of which goodwill</i>	148.1	148.1	137.0
Net working capital	131.8	114.9	122.4
Net invested capital	755.4	768.9	705.3
Net equity	638.8	663.1	308.2
<i>of which Group net equity</i>	629.9	653.4	302.3
Funds	54.8	64.5	59.8
Net financial position	61.8	41.3	337.3
<i>of which Shareholders' loan</i>	(390.5)	(404.4)	(491.1)
Total sources	755.4	768.9	705.3
NFP excluding shareholders' loan	452.3	445.8	828.5
NIC excluding shareholders' loan	1,145.8	1,173.4	1,196.4
Gearing	0.71	0.67	2.69

Appendix

Pirelli Group – 1H'10 Results*

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Tyre		Pirelli Eco Technology		Broadband Access		Others		Pirelli & C. Cons.	
	1H'10	1H'09	1H'10	1H'09	1H'10	1H'09	1H'10	1H'09 (restated)	1H'10	1H'09 (restated)
Sales	2,325.3	1,915.9	35.1	28.3	57.8	72.8	8.3	9.2	2,426.5	2,026.2
Δ%		21.4%		24.0%		-20.6%				19.8%
EBITDA before Restruct Costs	323.9	240.8	(2.3)	(4.4)	1.9	3.2	(16.4)	(10.9)	307.1	228.7
% on sales	13.9%	12.6%	n.s.	n.s.	3.3%	4.4%			12.7%	11.3%
EBIT before Restruct Costs	225.2	146.5	(3.5)	(5.5)	1.5	2.7	(21.9)	(15.2)	201.3	128.5
% on sales	9.7%	7.6%			2.6%	3.7%			8.3%	6.3%
Restructuring Costs	(7.9)	(9.7)							(7.9)	(9.7)
EBIT	217.3	136.8	(3.5)	(5.5)	1.5	2.7	(21.9)	(15.2)	193.4	118.8
% on sales	9.3%	7.1%			2.6%	3.7%			8.0%	5.9%
Results from equity participations	0.4	3.8					(4.4)	10.8	(4.0)	(7.0)
Financial Income/Charges	(38.7)	(43.0)	(0.9)	(1.1)	2.5	0.7	(0.9)	5.0	(38.0)	(38.4)
EBT	179.0	97.6	(4.4)	(6.6)	4.0	3.4	(27.2)	(21.0)	151.4	73.4
Fiscal Charges	(68.6)	(43.4)	(0.6)		(0.2)	0.7	(1.2)	(0.4)	(70.6)	(43.1)
Net Result before disc. Op.	110.4	54.2	(5.0)	(6.6)	3.8	4.1	(28.4)	(21.4)	80.8	30.3
% on sales	4.7%	2.8%							3.3%	1.5%
Tot discount. operat.							(236.0)	0.0	(256.4)	(42.7)
Net income	110.4	54.2	(5.0)	(6.6)	3.8	4.1	(264.4)	(21.4)	(175.6)	(12.4)
% on sales	4.7%	2.8%							n.s.	n.s.
Attributable Net income									(165.5)	(6.3)
Net Financial Position	1,212.9	1,467.0	37.2	32.8	(24.3)	(31.9)	(590.7)	(697.7)	696.9	1,107.6

(* Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity)

Pirelli Group – 1H'10 Results*

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Ambiente		PZero		Other		Total Others	
	1H'10	1H'09	1H'10	1H'09	1H'10	1H'09 (restated)	1H'10	1H'09 (restated)
Sales	3.6	2.0	3.5	2.2	1.2	5.0	8.3	9.2
Δ%		80.0%		59.1%				
EBITDA before Restruct Costs	(1.0)	(1.1)	(0.4)	(1.9)	(15.0)	(7.9)	(16.4)	(10.9)
EBIT before Restruct Costs	(1.8)	(1.2)	0.6	(1.9)	(19.5)	(12.1)	(21.9)	(15.2)
Restructuring Costs							0.0	0.0
EBIT	(1.8)	(1.2)	(0.6)	(1.9)	(19.5)	(12.1)	(21.9)	(15.2)
Results from equity participations	0.3	(0.7)			(4.7)	(10.1)	(4.4)	(10.8)
Financial Income/Charges	(0.9)	(0.1)		(0.1)	(0.1)	5.2	(0.9)	5.0
EBT	(2.4)	(2.0)	(0.6)	(2.0)	(24.2)	(17.0)	(27.2)	(21.0)
Fiscal Charges	(0.2)				(1.0)	(0.4)	(1.2)	(0.4)
Net income before discount. Op.	(2.6)	(2.0)	(0.6)	(2.0)	(25.2)	(17.4)	(28.4)	(21.4)
Net Financial Position	47.9	6.0	3.2	2.5	(641.8)	(706.2)	(590.7)	(697.7)

(* Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity)

Pirelli Group – 2Q'10 Results*

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Pirelli Eco Technology		Broadband Access		Others		Pirelli & C. Cons.	
	2Q'10	2Q'09	2Q'10	2Q'09	2Q'10	2Q'09	2Q'10	2Q'09 (restated)	2Q'10	2Q'09 (restated)
Sales	1,215.3	989.0	15.5	14.0	30.6	28.8	2.6	5.2	1,264.0	1,037.0
Δ%		22.9%		10.7%		6.3%		-50.0%		21.9%
EBITDA before Restruct Costs	177.5	133.0	(2.1)	(2.1)	1.6	0.5	(12.1)	(4.9)	164.9	126.5
% on sales	14.6%	13.4%	n.s.	n.s.	5.2%	1.7%			13.0%	12.2%
EBIT before Restruct Costs	127.1	85.5	(2.7)	(2.7)	1.3	0.2	(14.8)	(7.0)	110.9	76.0
% on sales	10.5%	8.6%			4.2%	0.7%			8.8%	7.3%
Restructuring Costs	(5.3)	(6.2)							(5.3)	(6.2)
EBIT	121.8	79.3	(2.7)	(2.7)	1.3	0.2	(14.8)	(7.0)	105.6	69.8
% on sales	10.0%	8.0%							8.4%	6.7%
Results from equity participations	0.2	0.3					(1.3)	(20.6)	(1.1)	(20.3)
Financial Income/Charges	(22.3)	(19.9)	(0.4)	(0.5)	1.4	0.3	(0.2)	2.1	(21.5)	(18.0)
EBT	99.7	59.7	(3.1)	(3.2)	2.7	0.5	(16.3)	(25.5)	83	31.5
Fiscal Charges	(39.4)	(20.1)	(0.5)		(0.1)	0.8	(0.1)	0.4	(40.1)	(18.9)
Net Result before disc. Op.	60.3	39.6	(3.6)	(3.2)	2.6	1.3	(16.4)	(25.1)	42.9	12.6
% on sales	5.0%	4.0%							3.4%	1.2%
Tot discount. operat.							(236.0)	0.0	(257.4)	(26.1)
Net income	60.3	39.6	(3.6)	(3.2)	2.6	1.3	(252.4)	(25.1)	(214.5)	(13.5)
% on sales	5.0%	4.0%							n.s.	n.s.
Attributable Net income									(204.7)	(3.2)
Net Financial Position	1,212.9	1,467.0	37.2	32.8	(24.3)	(31.9)	(590.7)	(697.7)	696.9	1,107.6

(* Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity)

Pirelli Group – 2Q'10 Results*

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Ambiente		PZero		Other		Total Others	
	2Q'10	2Q'09	2Q'10	2Q'09	2Q'10	2Q'09 (restated)	2Q'10	2Q'09 (restated)
Sales	1.7	0.7	0.4	0.4	0.5	4.1	2.6	5.2
Δ%		142.9%						
EBITDA before Restruct Costs	0.5	(0.4)	(0.5)	(1.0)	(12.0)	(3.5)	(12.1)	(4.9)
EBIT before Restruct Costs	(0.0)	(0.4)	0.6	(1.0)	(14.2)	(5.6)	(14.8)	(7.0)
Restructuring Costs							0.0	0.0
EBIT	0.0	(0.4)	(0.6)	(1.0)	(14.2)	(5.6)	(14.8)	(7.0)
Results from equity participations	0.3	(0.4)			(1.6)	(20.2)	(1.3)	(20.6)
Financial Income/Charges	(0.5)	(0.1)			0.2	2.2	(0.2)	2.1
EBT	(0.2)	(0.9)	(0.6)	(1.0)	(15.5)	(23.6)	(16.3)	(25.5)
Fiscal Charges	(0.2)	0.1			(0.1)	(0.3)	(0.1)	0.4
Net income before discount. Op.	(0.4)	(0.8)	0.6	(1.0)	(15.4)	(23.3)	(16.4)	(25.1)
Net Financial Position	47.9	6.0	3.2	2.5	(641.8)	(706.2)	(590.7)	(697.7)

(* Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity)

Pirelli Group – 1Q'10 Results*

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Pirelli Eco Technology		Broadband Access		Others		Pirelli & C. Cons.	
	1Q'10	1Q'09	1Q'10	1Q'09	1Q'10	1Q'09	1Q'10	1Q'09 (restated)	1Q'10	1Q'09 (restated)
Sales	1,110.0	926.9	19.6	14.3	27.2	44.0	5.7	4.0	1,162.5	989.2
Δ%		19.8%		37.1%		-38.2%				17.5%
EBITDA before Restruct Costs	146.4	107.8	(0.2)	(2.3)	0.3	2.7	(4.3)	(6.0)	142.2	102.2
% on sales	13.2%	11.6%	n.s.	n.s.	1.1%	6.1%			12.2%	10.3%
EBIT before Restruct Costs	98.1	61.0	(0.8)	(2.8)	0.2	2.5	(7.1)	(8.2)	90.4	52.5
% on sales	8.8%	6.6%			0.7%	5.7%			7.8%	5.3%
Restructuring Costs	(2.6)	(3.5)							(2.6)	(3.5)
EBIT	95.5	57.5	(0.8)	(2.8)	0.2	2.5	(7.1)	(8.2)	87.8	49.0
% on sales	8.6%	6.2%							7.6%	5.0%
Results from equity participations	0.2	3.5					(3.1)	9.8	(2.9)	13.3
Other Financial Income/Charges	(16.4)	(23.1)	(0.5)	(0.6)	1.1	0.4	(0.7)	2.9	(16.5)	(20.4)
EBT	79.3	37.9	(1.3)	(3.4)	1.3	2.9	(10.9)	(4.5)	68.4	41.9
Fiscal Charges	(29.2)	(23.3)	(0.1)		(0.1)	(0.1)	(1.1)	(0.8)	(30.5)	(24.2)
Net Result before disc. Op.	50.1	14.6	(1.4)	(3.4)	1.2	2.8	(12.0)	3.7	37.9	17.7
% on sales	4.5%	1.6%							3.3%	1.8%
Net income	50.1	14.6	(1.4)	(3.4)	1.2	2.8	(12.0)	3.7	38.9	1.1
% on sales	4.5%	1.6%							3.4%	0.1%
Attributable Net income									39.2	9.5
Net Financial Position	1,122.5	1,521.8	42.0	26.8	(23.6)	(32.3)	(517.8)	(546.7)	678.4	1,278.9

(* Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity)

Pirelli Group – 1Q'10 Results*

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Ambiente		PZero		Other		Total Others	
	1Q'10	1Q'09	1Q'10	1Q'09	1Q'10	1Q'09 (restated)	1Q'10	1Q'09 (restated)
Sales	1.9	1.3	3.1	1.8	0.7	0.9	5.7	4.0
Δ%		46.2%		72.2%				
EBITDA before Restruct Costs	(1.4)	(0.7)	0.1	(0.9)	(3.0)	(4.4)	(4.3)	(6.0)
EBIT before Restruct Costs	(1.8)	(0.8)	0.0	(0.9)	(5.3)	(6.5)	(7.1)	(8.2)
Restructuring Costs							0.0	0.0
EBIT	(1.8)	(0.8)	0.0	(0.9)	(5.3)	(6.5)	(7.1)	(8.2)
Results from equity participations		(0.3)			(3.1)	10.1	(3.1)	9.8
Financial Income/Charges	(0.4)			(0.1)	(0.3)	3.0	(0.7)	2.9
EBT	(2.2)	(1.1)	0.0	(1.0)	(8.7)	6.6	(10.9)	4.5
Fiscal Charges		(0.1)			(1.1)	(0.7)	(1.1)	(0.8)
Net income	(2.2)	(1.2)	0.0	(1.0)	(9.8)	5.9	(12.0)	3.7
Net Financial Position	46.1	4.8	3.6	2.5	(567.5)	(554.0)	(517.8)	(546.7)

(* Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity)

Pirelli Group – FY'09 Results*

Profit & Loss and Net Financial Position by Business Unit

€/mln	Pirelli Tyre	Pirelli Eco Technology	Broadband Access	Others	Pirelli & C. Cons.
	FY '09	FY '09	FY '09	FY'09 (restated)	FY'09 (restated)
Sales	3,992.9	56.6	132.1	15.9	4,197.5
EBITDA before Restruct Costs	538.0	(9.1)	5.3	(21.1)	513.1
<i>% on sales</i>	13.5%	<i>n.s.</i>	4.0%		12.2%
EBIT before Restruct Costs	345.5	(10.8)	4.5	(29.8)	309.4
<i>% on sales</i>	8.7%		3.4%		7.4%
Restructuring Costs	(37.0)		(0.5)	(18.2)	(55.7)
EBIT	308.5	(10.8)	4.0	(48.0)	253.7
<i>% on sales</i>	7.7%		3.0%		6.0%
Results from equity participations	4.2			(15.8)	(11.6)
Financial Income/Charges	(76.1)	(2.5)	0.3	8.5	(69.8)
EBT	236.6	(13.3)	4.3	(55.3)	172.3
Fiscal Charges	(90.0)	(0.4)	0.3	0.0	(90.1)
Net income before discount. operat.	146.6	(13.7)	4.6	(55.3)	82.2
Tot discount. operat.				0.0	(104.8)
Net income	146.6	(13.7)	4.6	(55.3)	(22.6)
<i>% on sales</i>	3.7%				<i>n.s.</i>
Attributable Net income					22.7
Net Financial Position	1,027.3	47.2	(35.7)	(551.3)	528.8

(* Pirelli RE has discontinued operations since June 30, 2010, 2009 figures have been restated for the purpose of data homogeneity)

Pirelli Group – FY'09 Results

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Ambiente	PZero	Other	Total Others
	FY '09	FY '09	FY'09 (restated)	FY'09 (restated)
Sales	3.6	5.0	7.3	15.9
EBITDA before Restruct Costs	(2.3)	(3.7)	(15.1)	(21.1)
EBIT before Restruct Costs	(2.4)	(3.8)	(23.6)	(29.8)
Restructuring Costs	(1.3)		(16.9)	(18.2)
EBIT	(3.7)	(3.8)	(40.5)	(48.0)
Results from equity participations	(1.4)		(14.4)	(15.8)
Financial Income/Charges	(0.2)	(0.1)	8.8	8.5
Fiscal Charges	0.0	0.0	0.0	0.0
Net income before discount. operat	(5.3)	(3.9)	(46.1)	(55.3)
Discontinued Operations				0.0
Net income	(5.3)	(3.9)	(46.1)	(55.3)
Net Financial Position	44.0	3.5	(598.8)	(551.3)

Pirelli Balance Sheet

€/mln

	1H'10	FY'09	% Net Invested Capital	
			30.06.2010	31.12.2009
Fixed Assets	3,022.3	2,938.9		
Net Working Capital	296.5	106.9		
Net Invested Capital continuing operations	3,318.8	3,045.8	P.Tyre	72.9%
Net Invested capital Pirelli Real Estate	557.6	772.2	P.Eco Tech.	1.1%
Overall Net Invested Capital	3,876.4	3,818.0	P.Real Est.	20.2%
Total Net Equity	2,316.3	2,494.7	PBS	0.3%
Continuing operations provisions	803.1	726.7	Others	11.3%
Pirelli Real Estate provisions	60.1	67.8		
Continuing Operations Net Financial Position	635.1	487.5		
Pirelli Real Estate Net Financial Position	61.8	41.3		
Total	3,876.4	3,818.0		
Attributable Net Equity	2,004.9	2,175.0		
Equity per Share (euro)	0.373	0.405		

Pirelli Group Cash Flow

€/mln

	1Q'10	2Q'10	1H'10	2Q'09	1H'09
EBIT before restructuring costs	90.4	110.9	201.3	76,0	128.5
Depreciation	51.8	54.0	105.8	50,5	100.2
Net investments	(50.1)	(85.4)	(135.5)	(29,1)	(65.4)
Working capital/other variations	(156.7)	40.7	(116.0)	77,0	(181.8)
OPERATING CASH FLOW	(64.6)	120.2	55.6	174,4	(18.5)
Financial income (expenses)	(16.5)	(21.5)	(38.0)	(18,0)	(38.4)
Tax charges	(30.5)	(40.1)	(70.6)	(18,9)	(43.1)
NET OPERATING CASH FLOW	(111.6)	58.6	(53.0)	137,5	(100.0)
Financial investments/disinvestitures	-	-	-	78,1	116.0
Dividends paid	-	(85.1)	(85.1)	(2,4)	(2.4)
Cash out for restructuring	(34.0)	(10.4)	(44.4)	(8,3)	(47.3)
PRE Net Cash Flow	(14.0)	(6.5)	(20.5)	(28,1)	(47.9)
Exchange rate differentials/Others	10.0	24.9	34.9	(5,5)	1.7
NET CASH FLOW	(149.6)	(18.5)	(168.1)	171,3	(79.9)

Pirelli Group: Net financial position 1H'10 by Business

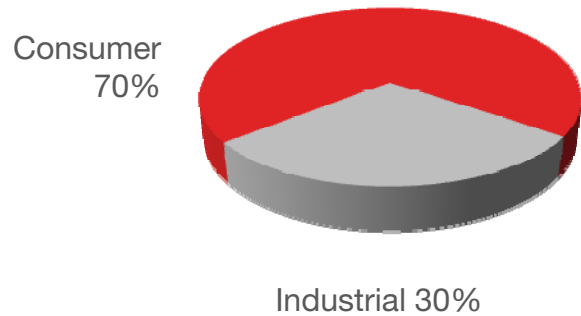
€/mln

	Tyre			Other business			Other			Pirelli Group		
	June 10	Mar.10	Dec. 09	June 10	Mar.10	Dec. 09	June 10	Mar.10	Dec. 09	June. 10	Mar.10	Dec. 09
Gross Debt	1,779	1,489	1,553	101	104	101	277	259	276	1,299	1,347	1,407
to Corporate	738	400	411	65	79	73						
Financial receivables	(154)	(97)	(84)	(26)	(26)	(37)	(871)	(545)	(561)	(193)	(163)	(159)
Cash and cash equivalents	(412)	(269)	(442)	(10)	(10)	(4)	(49)	(282)	(314)	(471)	(561)	(760)
Net Financial Position	1,213	1,123	1,027	65	68	60	(643)	(568)	(599)	635	623	488
PRE Net Financial Position										62	55	41
Net Financial Position including PRE										697	678	529

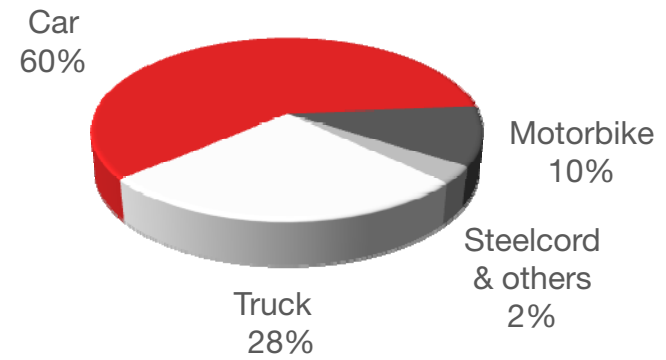
1H'10 Pirelli Tyre Mix



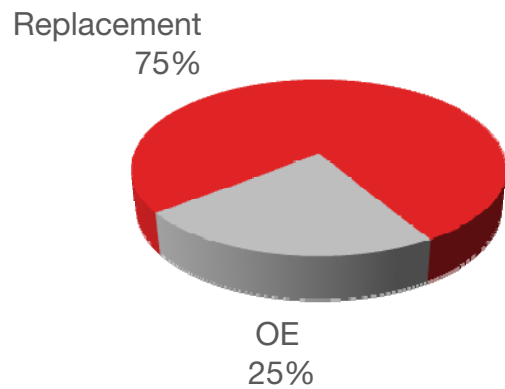
Sales by business



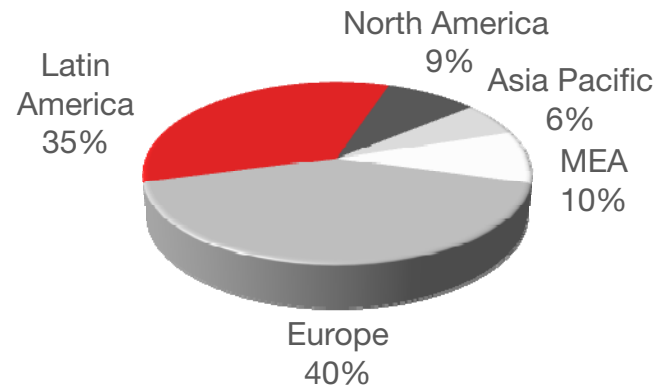
Sales by segment



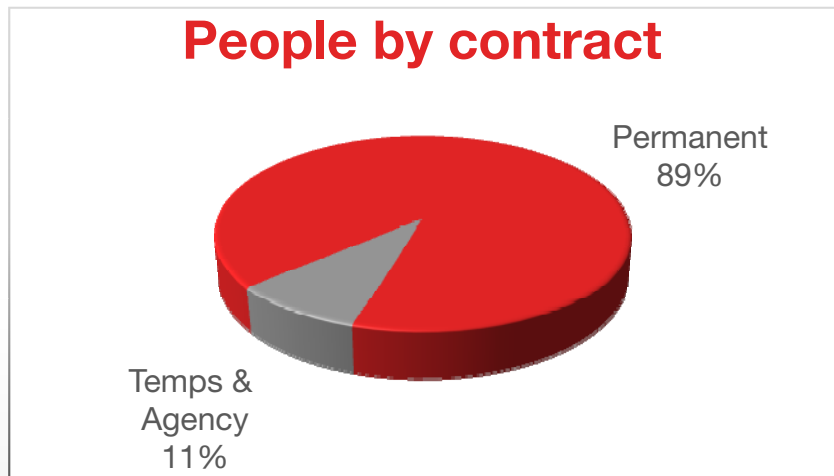
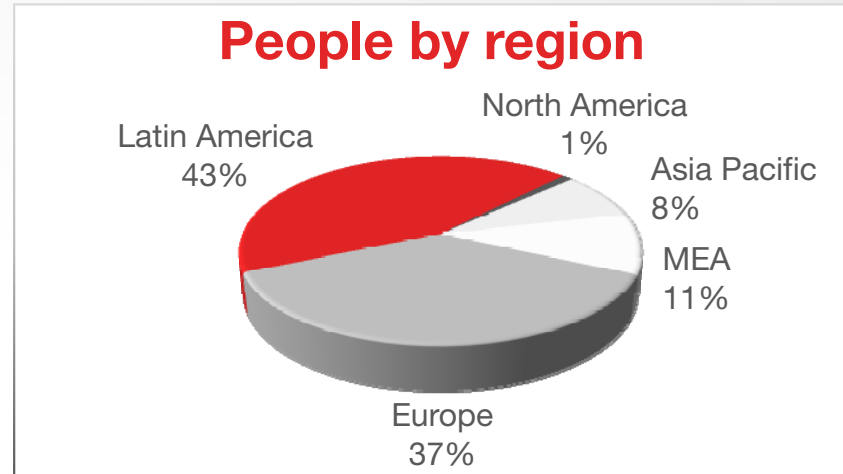
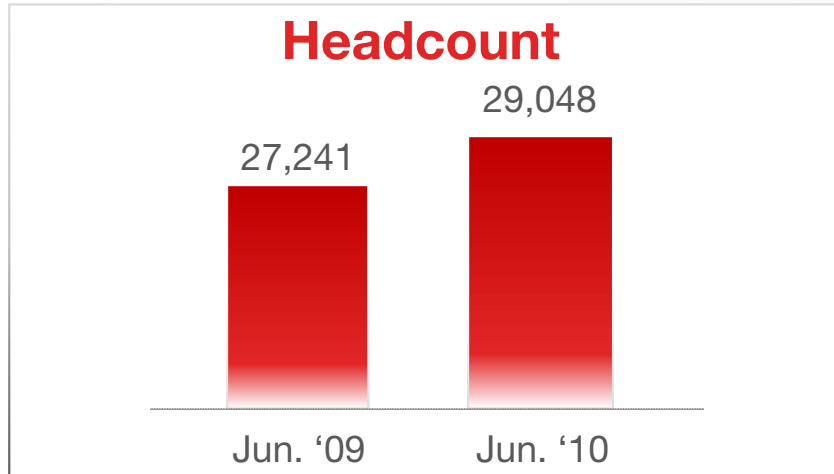
Sales by channel



Sales by region



1H'10 Pirelli Tyre People

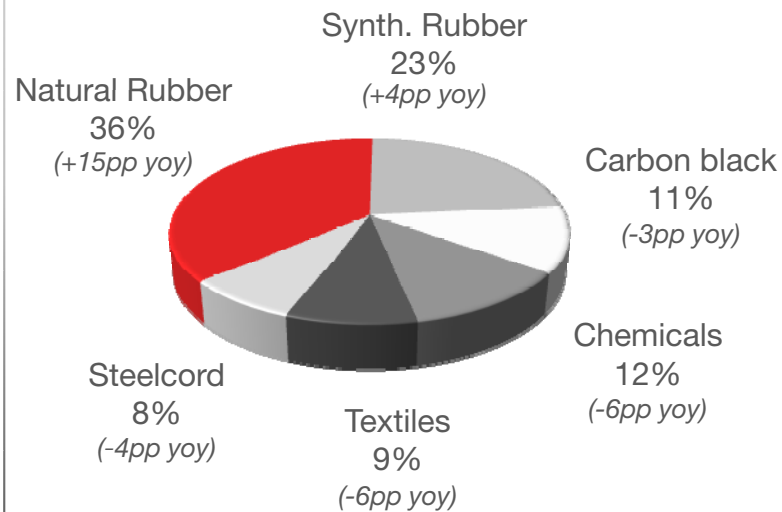


Raw Materials

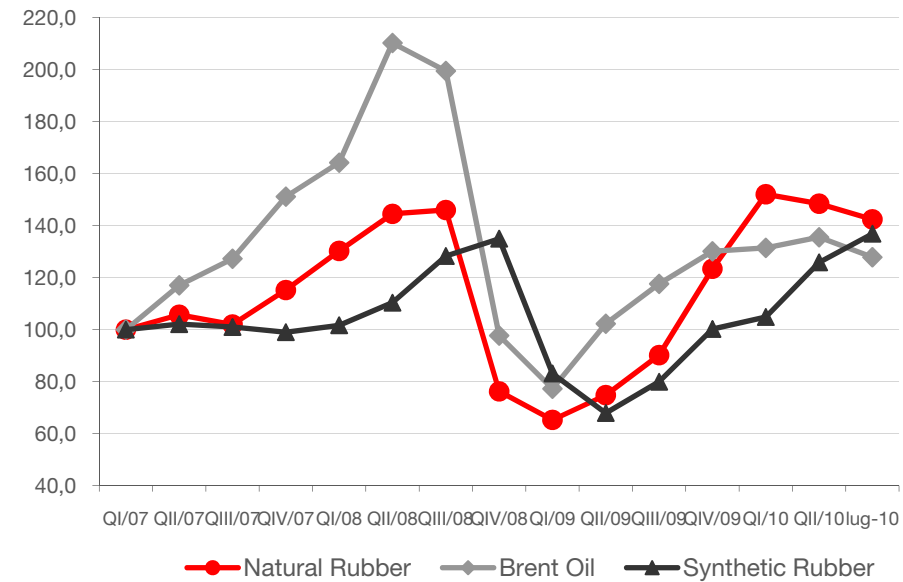


2Q 2010 mix

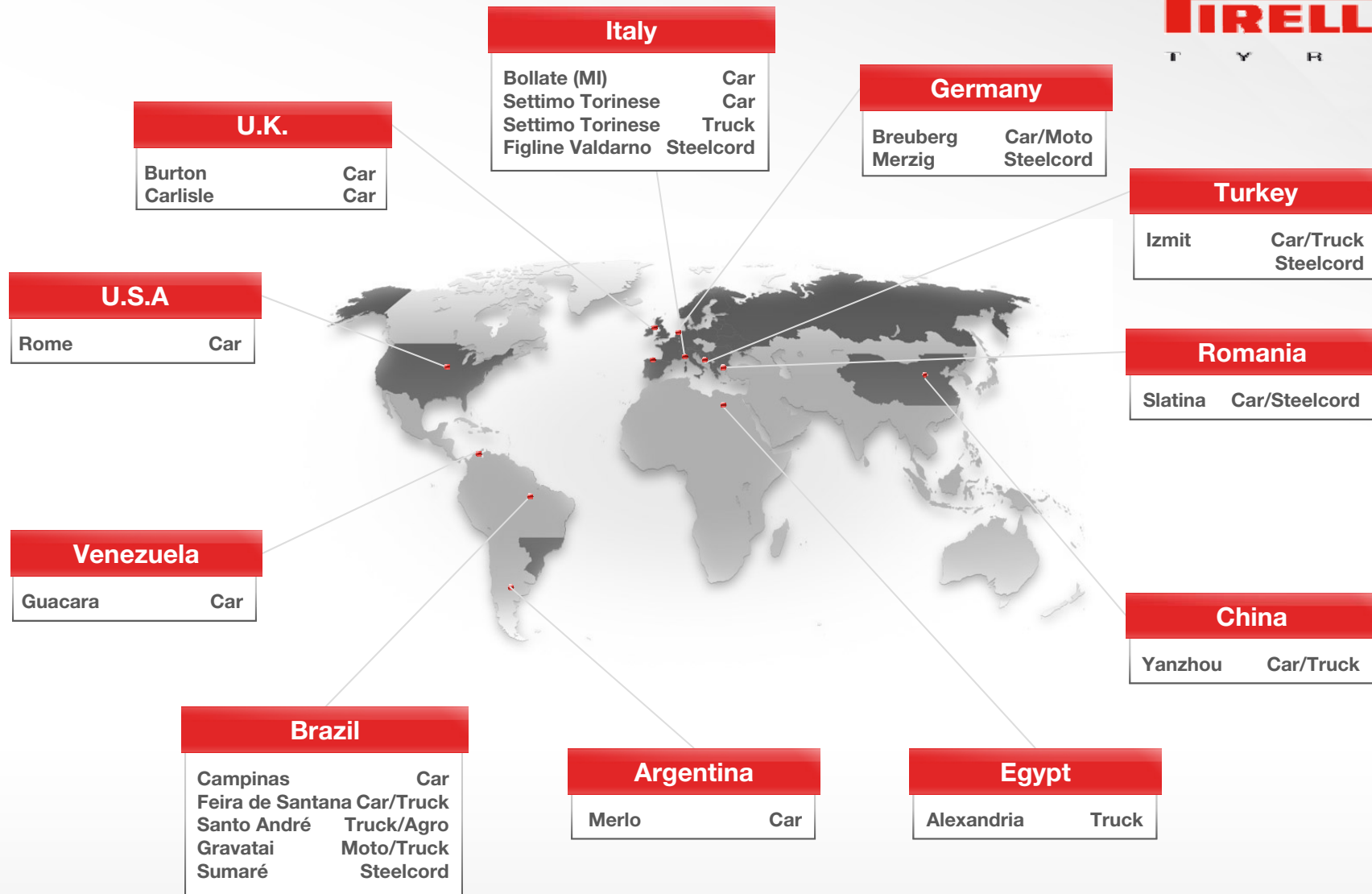
(Based on purchasing cost)



Raw Materials price trend



Pirelli Tyre: 20 industrial plants in 11 Countries (as of June 2010)



Consolidated Pirelli RE Net Cash Flow

€/mln

	ACTUAL JUNE 2010	ACTUAL JUNE 2009
Ebit before restructuring costs, reval./deval.	6.6	(2.0)
Depreciation	2.7	3.6
Change in investments	6.6	(37.5)
Change in other fixed assets	(0.3)	(0.7)
Change in NWC, Funds	(30.8)	15.7
Free cash flow	(15.2)	(20.8)
Restructuring costs	(7.5)	(23.6)
Interest income/expenses and taxes	2.3	(3.4)
Cash flow before dividends	(20.5)	(47.8)
Dividends paid	0.0	0.0
Net cash flow	(20.5)	(47.8)

Key Real Estate Portfolio Data as of June 2010

€/mln

	Mkt. Value 100% 30.06.10 ¹⁾	Mkt. Value PRE pro-quota 30.06.10 (27% average)	Book Value PRE pro-quota	UCG PRE pro-quota	Net Debt PRE pro-quota	LTV	NAV PRE pro-quota	NIC PRE pro-quota	IAS 40 %
ITALY	6,254	1,775	1,653	122	999	56%	776	576	48%
GERMANY	6,644	1,664	1,644	20	1,325	80%	340	226	55%
POLAND	172	65	50	15	24	38%	40	20	0%
TOTAL REAL ESTATE	13,070	3,503	3,347	157	2,348	67%	1,156	822	51%

NPL (investment)	105
SERVICES	219
TOTAL PIRELLI RE	1,146

¹⁾ Participated AUM (market value)

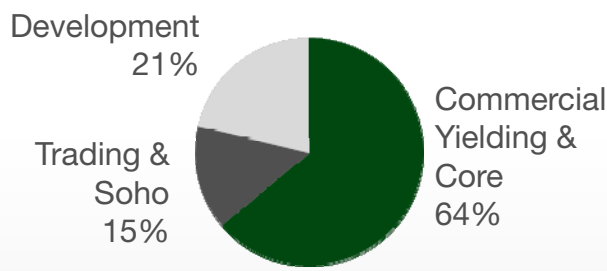
NOTE: The difference between NAV and UCG+NIC (equal to 177 € mln) is due to other assets and liabilities not included into the calculation of real estate NAV

Italy: Key Real Estate Portfolio Data as of June 2010

€/mln

	Mkt. Value 100% 30.06.10 ¹⁾	Mkt. Value PRE pro-quota 30.06.10	Book Value PRE pro-quota	UCG PRE pro-quota	Net Debt PRE pro-quota	LTV	NAV PRE pro-quota	NIC PRE pro-quota
COMMERCIAL YIELDING & CORE	4,013	1,024	979	44	584	57%	439	388
TRADING & SOHO	944	338	291	47	194	57%	144	72
DEVELOPMENT	1,297	414	383	31	221	53%	193	115
TOTAL ITALY	6,254	1,775	1,653	122	999	56%	776	576

**Italian participated
portfolio 6.3 € mln**



¹⁾ Participated AUM (market value)

NOTE: The difference between NAV and UCG+NIC (equal to 78 € mln) is due to other assets and liabilities not included into the calculation of real estate NAV

Germany & Poland: Key Real Estate Portfolio Data as of June 2010

€/mln

	Mkt. Value 100% 30.06.10 ¹⁾	Mkt. Value PRE pro-quota 30.06.10	Book Value PRE pro-quota	UCG PRE pro-quota	Net Debt PRE pro-quota	LTV	NAV PRE pro-quota	NIC PRE pro-quota
DGAG (Residential)	921	377	371	7	262	69%	115	86
BAUBECON (Residential)	1,553	621	616	5	521	84%	100	38
HIGHSTREET (Commercial)	3,650	442	442	0	396	90%	45	36
Other (Ger)	520	224	216	8	146	65%	78	66
Development (Poland)	172	65	50	15	24	38%	40	20
TOTAL GERMANY	6,644	1,664	1,644	20	1,325	80%	340	226
TOTAL POLAND	172	65	50	15	24	38%	40	20

¹⁾ Participated AUM (market value)

NOTE: The difference between NAV and UCG+NIC (equal to 99 € mln) is due to other assets and liabilities not included into the calculation of real estate NAV

Economic Results

Total Pirelli RE

€/mln

	JUNE 2010	MARCH 2010	JUNE 2009
Service platform & G&A			
Revenues	79.9	41.6	94.7
Services Platform/G&A Result	11.2	5.0	(3.2)
Vehicles & funds			
Result from vehicles & funds	(6.2)	(1.2)	(19.8)
<i>of which Real estate</i>	<i>(3.4)</i>	<i>(3.5)</i>	<i>(22.8)</i>
<i>of which NPL</i>	<i>(2.8)</i>	<i>2.2</i>	<i>3.0</i>
Int. Inc. from shareholders' loans	12.9	6.5	13.7
Vehicles & Funds Result (*)	6.7	5.3	(6.0)
Total Result (*)	17.9	10.3	(9.2)

(*) 'Result' represents EBIT including income from equity participations including interest income from shareholders' loans

Economic Results

Italy

€/mln

	JUNE 2010	MARCH 2010	JUNE 2009
Fund & AM Fee			
Revenues	19.2	10.6	21.4
Fund & AM Fee Result	11.0	6.3	6.0
Agency			
Revenues	10.8	5.4	12.6
Agency Result	0.4	0.4	(3.5)
Property			
Revenues	10.3	5.1	16.1
Property Result	3.7	1.7	4.1
Total Revenues	40.3	21.2	50.1
Service Platform Result	15.2	8.4	6.7
Result from vehicles & funds	0.0	(0.1)	(14.6)
Int. Inc. from shareholders' loans	2.8	1.5	4.3
Vehicles & Funds Result (*)	2.8	1.4	(10.3)
Total Italy (*)	18.0	9.8	(3.6)

(*) 'Result' represents EBIT including income from equity participations including interest income from shareholders' loans

Economic Results

Germany

€/mln

		JUNE 2010	MARCH 2010	JUNE 2009
Fund & AM Fee				
	Revenues	6.6	3.3	7.0
	Fund & AM Fee Result	0.9	0.7	3.1
Agency				
	Revenues	1.5	1.0	2.2
	Agency Result	1.0	0.2	0.0
Property				
	Revenues	13.1	6.8	13.6
	Property Result	1.0	0.5	0.0
Facility				
	Revenues	7.2	3.5	5.8
	Facility Result	(0.1)	(0.5)	(0.4)
	Total Revenues	28.5	14.6	28.5
	Service Platform Result	2.8	0.9	2.7
	Result from vehicles & funds	(3.6)	(3.4)	(8.8)
	Int. Inc. from shareholders' loans	7.9	3.9	7.9
	Vehicles & Funds Result (*)	4.3	0.5	(0.9)
	Total Germany (*)	7.1	1.4	1.8

(*) 'Result' represents EBIT including income from equity participations including interest income from shareholders' loans

Economic Results

Poland

€/mln

		JUNE 2010	MARCH 2010	JUNE 2009
Fund & AM Fee				
	Revenues	0.9	0.4	1.1
	Fund & AM Fee Result	(0.2)	(0.1)	(0.5)
Agency				
	Revenues	0.3	0.2	0.5
	Agency Result	(0.1)	(0.0)	(0.1)
Facility				
	Revenues	0.3	0.2	1.5
	Facility Result	(0.5)	(0.2)	0.6
	Total Revenues	1.5	0.8	3.1
	Service Platform Result	(0.9)	(0.3)	(0.1)
	Result from vehicles & funds	0.2	0.0	0.6
	Int. Inc. from shareholders' loans	0.9	0.5	1.1
	Vehicles & Funds Result (*)	1.0	0.5	1.7
	Total Poland (*)	0.2	0.2	1.6

(*) 'Result' represents EBIT including income from equity participations including interest income from shareholders' loans

Economic Results

NPL

€/mln

	JUNE 2010	MARCH 2010	JUNE 2009
Service platform			
Revenues	8.4	4.4	8.7
Services Platform Result	(0.6)	(0.0)	(2.4)
Vehicles & funds			
Result from vehicles & funds	(2.8)	2.2	3.0
Int. Inc. from shareholders' loans	1.3	0.6	0.4
Vehicles & Funds Result (*)	(1.5)	2.9	3.4
Total NPL (*)	(2.1)	2.9	1.0

(*) 'Result' represents EBIT including income from equity participations including interest income from shareholders' loans

Participated Real Estate Assets under Management 1H 2010

100%

(€/000)	Quota PRE	Passing Rent	Passing Yield	Vacancy	Book Value	Market Value	Net Debt
Commercial Core Italy		95,099	5.9%	7.7%	1,612,607	1,738,160	1,082,738
Fondo TECLA	44.8%	40,073	5.8%	8.1%	688,773	692,700	463,142
Fondo Cloe	18.1%	30,511	6.8%	10.7%	446,756	549,570	273,964
FONDO RETAIL & ENTERTAINMENT	31.6%	24,515	5.1%		477,078	495,890	345,632
Commercial Yielding Italy		151,665	7.0%	8.5%	2,153,269	2,274,540	1,108,842
Fondo FIRPS	22.0%	20,390	7.1%		286,221	289,300	179,977
TIGLIO 1	12.9%	13,413	7.7%	45.9%	175,292	212,270	116,666
Fondo Raissa	35.0%	21,046	6.8%		309,470	313,840	115,878
Fondo Olinda	11.3%	32,570	6.3%	4.0%	518,103	568,010	242,411
Dolcetto Tre S.r.l.	33.0%	1,426	10.4%		13,675	19,100	9,722
PROGETTO PERUGIA s.r.l.	100.0%	1,984	6.1%	1.7%	32,737	34,200	-
Fondo Armilla	2.0%	16,878	7.5%		224,970	237,600	133,778
FONDO SPAZIO INDUSTRIALE	22.1%	34,876	7.2%	3.1%	486,015	491,980	232,581
FONDO HOSPITALITY & LEASURE	35.0%	9,082	8.5%		106,785	108,240	77,831
TOTAL Italy		246,765	6.6%	8.4%	3,765,876	4,012,700	2,191,581
Commercial Germany		6,460	6.2%	9.1%	104,992	106,910	65,878
Mistral Properties	35.0%	6,460	6.2%	9.1%	104,992	106,910	65,878
Residential Yielding Germany		188,056	6.9%	4.1% ¹⁾	2,728,803	2,762,449	2,154,861
DGAG - Residential+Special Properties	40.0%	66,534	7.4%	2.4%	904,335	921,151	654,270
BIB	40.0%	102,651	6.7%	4.8%	1,540,145	1,552,741	1,302,040
Small Deal	49.9%	18,870	6.6%	5.4%	284,323	288,557	198,551
TOTAL Germany ²⁾		194,516	6.9%	4.6%	2,833,795	2,869,359	2,220,739
TOTAL YIELDING PORTFOLIO		441,281	6.7%	6.4%	6,599,671	6,882,059	4,412,319
Residential Small Office House Office ITA		14,791	n.m.	n.m.	822,470	944,017	568,417
Development ITA		2,401	n.m.	n.m.	1,217,789	1,296,804	775,528
Highstreet Germany		³⁾ 271,166	n.m.	n.m.	3,650,000	⁴⁾ 3,650,000	3,279,625
Development Germany		5,364	n.m.	n.m.	111,986	124,430	65,708
Development Poland		208	n.m.	n.m.	130,068	172,297	60,930
OTHER PORTFOLIO		293,930			5,932,313	6,187,548	4,750,210
GRAND TOTAL REAL ESTATE		735,211			12,531,983	13,069,607	9,162,529

1) Vacancy calculated on units

2) Excluding Highstreet

3) Passing rents not including potential changes related with the current negotiation on the restructuring of Karlstadt group

4) Pending finalization of the negotiations aimed at restructuring the Karstadt group, the Highstreet's real estate market value has been conventionally estimated consistently with the expectations of recovery of the remaining net invested capital equal to approx. 35.5 € mln

Pro-quota Real Estate Assets under Management 1H 2010

(€/000)	Quota PRE	Passing Rent pro-quota	Passing Yield	Vacancy	Book Value quota PRE	Market Value Pro-quota	Net Debt Pro-quota
Commercial Core Italy		31,222	5.8%	7.5%	540,190	566,503	372,529
Fondo TECLA	44.8%	17,953	5.8%	8.1%	308,570	310,330	213,732
Fondo Cloe	18.1%	5,523	6.8%	10.7%	80,863	99,472	49,579
FONDO RETAIL & ENTERTAINMENT	31.6%	7,747	5.1%		150,757	156,701	109,218
Commercial Yielding Italy		30,944	7.0%	5.6%	439,068	457,018	214,335
Fondo FIRPS	22.0%	4,478	7.1%		62,969	63,646	46,443
TIGLIO 1	12.9%	1,729	7.7%	45.9%	22,608	27,378	15,344
Fondo Raissa	35.0%	7,366	6.8%		108,315	109,844	40,557
Fondo Olinda	11.3%	3,680	6.3%	4.0%	58,546	64,185	27,392
Dolcetto Tre S.r.l.	33.0%	471	10.4%		4,513	6,303	3,208
PROGETTO PERUGIA srl	100.0%	1,984	6.1%	1.7%	32,737	34,200	-
Fondo Armilla	2.0%	343	7.6%		4,499	4,752	2,716
FONDO SPAZIO INDUSTRIALE	22.1%	7,715	7.2%	3.1%	107,506	108,826	51,434
FONDO HOSPITALITY & LEASURE	35.0%	3,179	8.5%		37,375	37,884	27,241
TOTAL Italy		62,166	6.3%	6.2%	979,258	1,023,521	586,864
Commercial Germany		2,663	6.0%	10.1%	44,556	45,234	27,790
Mistral Properties	35.0%	2,663	6.0%	10.1%	44,556	45,234	27,790
Residential Yielding Germany		76,017	6.8%	4.1% 1)	1,112,301	1,125,973	871,333
DGAG - Residential+Special Properties	40.0%	26,614	7.2%	2.4%	370,552	377,279	261,839
BIB	40.0%	41,060	6.7%	4.8%	616,058	621,097	520,816
Small Deal	49.9%	8,343	6.6%	5.4%	125,691	127,597	88,678
TOTAL Germany 2)		78,681	6.8%	4.7%	1,156,857	1,171,206	899,123
TOTAL YIELDING PORTFOLIO		140,847	6.6%	5.2%	2,136,114	2,194,727	1,485,987
Residential Small Office House Office ITA		5,082	n.m	n.m	290,875	337,513	191,025
Development ITA		600	n.m	n.m	382,831	413,506	220,873
Highstreet Germany		³⁾ 32,811	n.m	n.m	441,650	⁴⁾ 441,650	396,223
Development Germany		2,302	n.m	n.m	45,806	51,271	29,165
Development Poland		71	n.m	n.m	49,560	64,827	24,485
OTHER PORTFOLIO		40,865			1,210,723	1,308,767	861,770
GRAND TOTAL REAL ESTATE		181,713			3,346,837	3,503,494	2,347,758

1) Vacancy calculated on units

2) Excluding Highstreet

3) Passing rents not including potential changes related with the current negotiation on the restructuring of Karlstadt group

4) Pending finalization of the negotiations aimed at restructuring the Karstadt group, the Highstreet's real estate market value has been conventionally estimated consistently with the expectations of recovery of the remaining net invested capital equal to approx. 35.5 € mln

Rents and NPL Recoveries

(€/mn)

