PRESS RELEASE

PIRELLI & C. SPA BOARD APPROVES RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2011:

- FIRST HALF OPERATIONAL RESULTS NOTABLY IMPROVED COMPARED WITH THE SAME PERIOD OF 2010: CONSOLIDATED NET PROFIT MORE THAN DOUBLED ON MATCHING PERIMETER, FURTHER PROFITABILITY GROWTH

- 2011 PROFITABILITY TARGETS RAISED

- 2012-2014 INDUSTRIAL PLAN PRESENTATION IN NOVEMBER

PIRELLI & C GROUP

- REVENUES: +17.7% TO 2,789.3 MILLION EUROS (2,369.0 MILLION EUROS ON 30 JUNE 2010)

- OPERATING RESULT: +51.2% TO 290.1 MILLION EUROS (191.9 MILLION EUROS ON 30 JUNE 2010), WITH PROFITIABILITY (EBIT/SALES) GROWING TO 10.4% FROM 8.1%

- CONSOLIDATED NET RESULT POSITIVE 158.8 MILLIONEUROS, MORE THAN DOUBLED FROM 77.0 MILLIONEUROS IN FIRST HALF 2010 (BEFORE DISCONTINUED OPERATIONS)

- INVESTMENT IN THE FIRST HALF GREW TO 234.1 MILLION EUROS (135.4 MILLION IN FIRST HALF 2010)

- NET FINANCIAL POSITION NEGATIVE 778.9 MILLIONEUROS (-712.8 MILLION ON 31 MARCH 2011) , AFTER DIVIDEND PAYMENT OF 82.8 MILLIONEUROS

PIRELLI TYRE

- REVENUES: +18.7% TO2,760.9 MILLION EUROS(2,325.3 MILLION IN FIRST HALF 2010); OPERATING RESULT: +43.8% TO 312.5 MILLIONEUROS(217.3 MILLION IN FIRST HALF 2010), WITH PROFITABILITY RISING TO 11.3% FROM 9.3%

- SECOND QUARTER REVENUES: +13.3% TO1,376.4 MILLION EUROS(1,215.3 MILLION IN SECOND QUARTER 2010); OPERATING RESULT: +31.4% TO160.1 MILLIONEUROS(121.8 MILLION IN SECOND QUARTER 2010), WITH PROFITABILITY RISING TO 11.6% FROM 10%

2011 TARGETS

PROFITABILITY TARGETS RAISED: GROUP EBIT MARGIN AFTER RESTRUCTURING COSTS BETWEEN 9.5% AND 10.0%, PIRELLI TYRE BETWEEN 10% AND 11%, TAKING INTO ACCOUNT THE POSITIVE EFFECTS OF THE FOCUS ON THE PREMIUM SEGMENT AND LOWER RAW MATERIAL COST INCREASES THAN ESTIMATED IN MAY

CONSOLIDATED REVENUE TARGET CONFIRMED AT “ABOVE 5.85 BILLION EUROS” AND PIRELLI TYRE AT “ABOVE 5.8 BILLION EUROS”

ESTIMATED NET FINANCIAL POSITION AROUND NEGATIVE 700 MILLION EUROS, EXCLUDING THE INVESTMENT IN RUSSIA

Milan, 27July 2011–A meeting of the Board of Directors of Pirelli & C. SpAtoday reviewed and approved financial results for the six months ended **30 June 2011**.

In a market displaying a positive overall demand trend in the Tyre sector, which as indicated in the industrial plan accounts for 99%of group sales,the results of the first half demonstrate**continuous growth and improvement of all economic indicators.**These results were obtained as a consequence of the positive effects of continuing efficiency actions and above all the effectiveness of price/mix actions with sales increasingly concentrated in the Premium segment and with the price component able to offset increases in raw material costs.

At the group level, the net result on 30 June 2010 was 158.8 millioneuros, more than doubled from the 77 million posted in first half 2010 applying a matching perimeter (before discontinued operations). In the second quarter, Pirelli Tyre, in particular, re-affirmed the positive performance already evident in the first quarter, both in terms of sales, which in the first half rose 18.7% to 2,760.9 millioneuros,and profitability, which improved by two percentage points, rising to 11.3% from 9.3% in first half 2010. In line with the development plan outlined in the industrial plan, the first half saw a decided increase in investments, increasing in total to 234.1 million euros from 135.4 millioneuros.The net financial position on 30 June was negative 778.9 millioneuros compared with negative 712.8 million euros at end March 2010.

Pirelli & C. SpA Group

The 2010 data have been reclassified to show the assets relating to Pirelli RE and Pirelli Broadband Solutionsamong the discontinued operations following their sale in 2010.

At the consolidated level, Pirelli closed the **first half**with **revenues** of 2,789.3 millioneuros, an increase of 17.7% from 2,369.0 million in the same period of 2010, and an **operating result (Ebit)after restructuring costs** of 290.1millioneuros, with an increase of over 50% (+51.2%) from 191.9 millioneuros in the same period of 2010.**Profitability**–expressed as the operating result over sales – reached 10.4%, with an improvement of over two percentage points from 8.1% in first half 2010.
The **second quarter**, in particular, saw **revenues** increase by 12.5% to 1,388.4 million euros and the**operating result (Ebit**) improve by 40.7% to 146.8 millioneuros, with profitability of 10.6% (8.5% in the same period of 2010).

Consolidated net profit was158.8 million euros on 30 June 2011, more than doubled from the 77 million posted in the first half 2010 on a matching perimeter (before discontinued operations). In the first six months of last year, the net result was negative 175.6 millioneuros because of the 252.6 millioneuro impact of discontinued operations linked to the operation of assignment of Preliosshares (formerly Pirelli RE).The **net result attributable to Pirelli & C. Spa** on 30 June 2011 was positive 161.7 millioneuros compared with negative 165.5 million euros in first half 2010.

Consolidated net assetson 30 June 2011 stood at2,047.2 million euros compared with 2,028 millioneurosat the end of 2010. **Consolidated net assets attributable to Pirelli & C. SpA** amounted to 2,013.6 million euros (4.126 euros per share) compared with 1,990.8 million euros at end 2010 (4.080 euro per share) and 2,004.9 million euros at the end of first half2010.

The group **net financial positionon** 30 June 2011 was negative 778.9 millioneuros compared with negative 712.8 millioneuros on 31 March 2011 (-455.6 million at end December 2010). In the second quarter, dividends of 82.8 millioneuros were paid (of which 81.1 million euros by the parent company) and investments of 137.2 million were made (85.2 million in the same period of 2010).

Pirelli Tyre

The**revenues** of**Pirelli Tyre**on 30 June 2011 amounted to 2,760.9 million euros, with an increase of 18.7% compared with 2,325.3 million euros of the same period in 2010. On a like-for-like basis, growth in the first half was 19.4%, with a positive contribution from the volume component (+3.5%), and the price/mix component (+15.9%)against the negative impact of 0.7% from the exchange rate component. The**gross operating margin (Ebitda)before restructuring charges**was 427.9 million euros, an increase of 32.1% compared with 323.9 million euros in first half 2010, growing as a percentage of sales to 15.5% from13.9% on 30 June 2010.

The **operating result after restructuring charges**amounts in the first half to 312.5 million euros (320.2 millioneuros before restructuring costs), an increase of 43.8% compared with 217.3 million euros on 30 June 2010, growing as a percentage of sales to 11.3% compared with 9.3% in first half 2010. The improved result was achieved thanks to the positive impact of the commercial variables, in particular the price/mix component, and the continual optimization of efficiency of the industrial activities, which saw, among other things, an increase in production capacity. These elements more than offset the negative impact of increased raw material costs, approximately 212 million euros, of which 130 million solely in the second quarter.

Net profiton 30 June 2011 totaled 162.8 millioneuros (after financial charges of 47.7 millioneurosand tax charges of 102.0 millioneuros), an increase of 47.5% compared with 110.4 million in first half 2010 (after financial charges of 38.3 million euros and tax charges of 68.6 million euros).

In the **second quarter**, in particular, sales totaled 1,376.4 millioneuros, with an increase of 13.3% compared with 1,215.3 million euros in the second quarter 2010. Over the period, the organic increase was 17.0%, with volumes increasing 1.2% and the price/mix component rose15.8%against a negative exchange rate effect of 3.7%.Ebitdabefore restructuring charges amount to 218.4 millioneuros, with a growth of 23.0% compared with 177.5 millioneuros in the second quarter 2010. The operating result after restructuring charges of 160.1 million euros (164.6 millioneuros before restructuring charges), with a growth of 31.4% compared with 121.8 millioneuros in the same period in 2010 and rising as a percentage of sales to 11.6% from 10% in the second quarter 2010.

In the ***Consumer (Car and Mototyres)***, revenuesin the first half were 1,942.2 millioneuros, an increase of 20.1%from 1,616.7 million euros in first half 2010, to which sales' volume increases contributed 5.7% and the price/mix component 15.4% (-1.0% exchange rate effect). The operating result was 241.1 millioneuros, an increase of 63.7% from 147.3 million euros in first half 2010and equal to 12.4%of revenues (9.1%in the same 2010 period). In the second quarter, Consumer revenues amounted to 958.9 millioneuroswith an organic growth of 18.8% (14.7% net of exchange rate effects). The 16.2% increase in the price/mix component reflects in particular the determined focus on sales in the Premium segment (an increase of 30% in the quarter) and the effectiveness of price increases, while the dynamics of the volume component (+2.6%) was linked, among other things, to the dedication of some production to winter products in preparation for expected strong demand in the second half. These dynamics resulted in a marked improvement in profitability both with respect the same period a year earlier and the first quarter 2011: the operating result amounts to 124.3 millioneuros (80.3 millioneurosin the same 2010 periodand 116.8 million in first quarter 2011), equal to 13% of revenues (9.6% in second quarter 2010 and 11.9% in first quarter 2011).

In the ***Industrial (Industrial Vehicle tyres and Steelcord)***i businesstotal revenues were818.7 millioneuros, an increase of 15.5% from 708.6 million eurosin the same 2010 period, while the operating result totaled 71.4 millioneuros (70 million in first half 2010), equal to 8.7% of sales (9.9% in first half 2010). In the second quarter, in particular, sales rose 10% to 417.5 million euros, with an operating result of 35.8 million euros (41.5 million in the same 2010 period)and equal to 8.6% of sales, down from 10.9% in the second quarter 2010.
The result was affected by a combination of lower sales volumes – linked to a slowdown of activity in Egypt and in the countries of North Africa as a consequence of the geopolitical crisis and a decrease in sales in the conventional segment in Mercosur – and the increasing cost of natural rubber, which has greater impact on this business and reaches the year's cost peak during this quarter.

On June 30, the number of **employees** stood at 30,973 compared with 28,865 on December 31st, 2010.

2011 outlook

The positive demand trend, together with ongoing efficiency actions and the effectiveness of actions to improve the price/mix component, have enabled Pirelli to raise its 2011 profitability target (Ebit after restructuring charges/sales) compared with the estimate made in May when first quarter 2011 results were released. This, in particular, was due to the positive results deriving from the focus on Premium products and lower raw material cost increasesthan forecast in May. Excluding unforeseeable events, Pirelli estimates a consolidated profitability target between 9.5% and 10% (previously 8.5%-9.5%) and for Pirelli Tyre between 10% and 11% (previously 9%-10%). The consolidated revenue target is confirmed at "above 5.85 billion euros" and for Pirelli Tyre at "above 5.8 billion euros", with the volume component expected to grow by over 5% (above 6% previously) and the price/mix component expected to grow 16% (approximately 15% previously). The net financial position target is confirmed at about negative 700 million euros, excluding the investment in Russia.

2012-2014 Industrial Plan Presentation

Pirelli will present its 2012-2014 industrial plan to the financial community on November 9th, 2011.On November 8th, the Board of Directors will review results for the nine months ending September 30th, 2011,and not on November 3rd as had been announced.

Significant events after June 30th, 2011

On **July 5th,2011** Pirelli, with the aim of reinforcing its business in China, acquired a 15% stake in Pirelli Tyre Co. Ltd. from a minority partner for 256 millionrenminbi,equal to about 28 million euros. Pirelli's stake in the company has there increased to 90% from the prior 75%.

On **July 7th, 2011,** Pirelli Ambiente, through its unit Solar Utility Spa, became a shareholder in GWM Renewable Energy II, a vehicle which controls the renewable energy activities of the GWM group. Solar Utility's entry will require a total investment of about 25 million euros, of which 10 million euros will be in cash and the remainder reinvestment derived from the sale of its stake in GP Energia Spa, a joint venture constituted last year with the same GWM Renewable Energy, into which Solar Utility had conferred its photovoltaic activities. The agreement, which is part of an effort to simplify Pirelli Ambiente's share holdings, will allow it to participate in a project of international scale in the renewable energy sector.

On **July 25, 2011**Pirelli, Russian Technologies and Sibur Holding signed an agreement which identifies the assets to be transferred to the joint venture being formed by Pirelli and Russian Technologies. This joint venture will be the primary vehicle for the management of assets convertible to Pirelli standards in the car and light truck sectors in Russia, in line with the terms of the memorandum of understanding (MOU) underwritten on 26 November 2010. In particular, the agreement calls for the transfer, by November 2011, of the Kirov plant, which has a current production capacity of more than 7 million pieces in the Car and Light Truck sectors, as well as a commitment to transfer further assets that should bring the JV's production to 11 million pieces by 2014. The transfer of all these assets will take place in exchange for a total consideration of 222 million euros, divided on a pro-quota basis between the partners, with a payment of 55 million euros in 2011 and 167 million euros in 2012. Pirelli brand products can reach 50% of installed capacity (approximately 11 million pieces in total) and the JV's product of reference will be winter tyres for the replacement market, in particular the "studdable" line to meet the needs of the Russian and CIS markets. The JV's market share will be approximately 20%. The joint venture's sales are expected to be around 300 million euros in 2012, growing to over 500 million euros in 2014. This will also be the result of investments of 200 million euros, over the 3-year period 2012-2014, in plant upgrade and to increase production capacity. Once the start-up phase is over, profitability is expected to be double-digit beginning from 2013. Within the context of the agreements relating to the joint venture being formed by Russian Technologies and Pirelli, the latter has the possibility of raising its stake in the joint venture from 50% to 75% through a 3-year put and call option mechanism.The joint venture will be consolidated by Pirelli at the momentof acquisition, also in light of the terms of the managementagreement.

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Conference call

The results for the six months ended June 30°, 2011, will be commented upon today at 5.00 pm (Italian time) in a conference call with the participation of the Chairman of Pirelli & C. SpA, Marco Tronchetti Provera, and the group's top management. Journalists will be able to follow the conference call by telephone, without the possibility of asking questions, by dialing **+39.06.3348.5042.** The presentation will also be webcast – in real time – online atwww.pirelli.comin the Investor Relations area, where the slides can also be viewed.

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The results for the six months ended June 30th, 2011will be available to the public at the company's legal headquaters and at BorsaItalianaSpA, as well as being published on the company webstite(www.pirelli.com), by August 5, 2011.

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The manager responsible for the preparation of the accounts' documents of Pirelli & C. S.p.A., Mr. Francesco Tanzi, declares that, in accordance with paragraph 2 of article 154 bis of the TestoUnico finance law, thatthe accounts information contained in the present communication corresponds to documentary results and the account books and texts.

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In this press release, in addition to the financial performance measures established by IFRS, certain non-IFRS measures originated from the latter are presented although they are not required by IFRS ("Non-GAAP Measures"). These performance measures are presented for purposes of a better understanding of the trend of operations of the Group and should not be construed as a substitute for the information required by IFRS. Specifically, the "Non- GAAP Measures" used are described as follows:

Gross operating profit (EBITDA): this financial measure is used by the Group as the financial target in internal business plans and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group as a whole and for each single segment, in addition to EBIT. EBITDA is an intermediate performance measure represented by the Operating Income from which amortization of material and immaterial fixed assets are subtracted.

Fixed assets: this is the sum of the items "material fixed assets", "immaterial fixed assets", "investments in related companies and JVs", and "other financial as sets".

Funds: this is the sum of the items "funds for risks and charges (current and non current)", "funds for personnel" and "funds for deferred taxes".

Net working capital: this includes all the other items not included in the two items "net equity" and "net financial position".

Net financial position: this represents gross financial debt minus cash and other equivalent liquidity, as well as other financial credits.

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Attached are prospectuses related to the profit and loss account, to equity data in summary and to consolidated financial reports. The company notes thatthese attachments are not subject to review by the auditing company.

PIRELLI & C. S.p.A. GROUP

(million euros)

	06/30/2011	06/30/2010	12/31/2010
Sales	**2,789.3**	**2,369.0**	**4,848.4**
Gross operating profit before restructuring expenses	410.9	305.2	653.7
% on sales	14.7%	12.9%	13.5%
Operating profit before restructuring expenses	297.8	199.8	432.5
% on sales	10.7%	8.4%	8.9%
Restructuring expenses	(7.7)	(7.9)	(24.7)
Operating profit	**290.1**	**191.9**	**407.8**
% on sales	10.4%	8.1%	8.4%
Income from equity participations	0.9	(4.0)	23.4
Financial income (expenses)	(44.7)	(40.6)	(65.8)
Net pretax result	**246.3**	**147.3**	**365.4**
Income taxes	(87.5)	(70.3)	(137.4)
Tax rate %	35.5%	47.7%	37.6%
Income from continuing operations	**158.8**	**77.0**	**228.0**
Income from discontinued operations	-	**(252.6)**	**(223.8)**
Total income	**158.8**	**(175.6)**	**4.2**
Income attributable to Pirelli & C. S.p.A.	161.7	(165.5)	21.7
Earnings per share (in euro) (*)	0.331	(0.339)	0.044
Fixed assets	3,203.0	3,022.3	3,164.1
Net working capital	402.4	296.5	116.7
Net capital invested	**3,605.4**	**3,318.8**	**3,280.8**
Net capital invested from discontinued operations		**557.6**	-
Total net capital invested	**3,605.4**	**3,876.4**	**3,280.8**
Equity	**2,047.2**	**2,316.3**	**2,028.0**
Funds	779.3	803.1	797.2
Funds discontinued operations	-	60.1	-
Net financial (liquidity) / debt position	**778.9**	**659.4**	**455.6**
Net financial (liquidity) / debt position discontinued operations	-	**37.5**	-
Equity attributable to the equity holders of Pirelli & C. S.p.A.	2,013.6	2,004.9	1,990.8
Equity per share (in euro) (*)	4.126	4.108	4.080
Investments in material and immaterial goods	234.1	135.4	438.6
R&D expenses	84.9	70.8	149.7
% on sales	3.0%	3.0%	3.1%
Headcount (number at period-end)	31,643	30,989	29,573
Factories	20	21	20
Pirelli & C. shares			
ordinary shares (number in millions)	475.7	5,233.1	475.7
of which treasury shares	0.4	3.9	0.4
savings shares (number in millions)	12.3	134.8	12.3
of which treasury shares	0.4	4.5	0.4
Total shares (number in millions)	**488.0**	**5,367.9**	**488.0**

(*)the attribution per share in 2009 was reclassified on a like-for-like basis after the grouping of shares subsequent to the shareholders' decision of 15 July 2010 (ratio 1 to 11)

(million euros)

	Tyre		Others (*)		Total	
	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
Sales	**2,760.9**	**2,325.3**	**28.4**	**43.7**	**2,789.3**	**2,369.0**
Gross operating profit (loss) before restructuring exp.	427.9	323.9	(17.0)	(18.7)	410.9	305.2
Operating profit (loss) before restructuring exp.	320.2	225.2	(22.4)	(25.4)	297.8	199.8
Restructuring expenses	(7.7)	(7.9)	-	-	(7.7)	(7.9)
Operating profit (loss) (EBIT)	**312.5**	**217.3**	**(22.4)**	**(25.4)**	**290.1**	**191.9**
% on sales	*11.3%*	*9.3%*			*10.4%*	*8.1%*
Earnings (losses) from investments	(0.7)	0.4	1.6	(4.4)	0.9	(4.0)
Financial income (expenses)	(47.0)	(38.7)	2.3	(1.9)	(44.7)	(40.6)
Net pretax result	**264.8**	**179.0**	**(18.5)**	**(31.7)**	**246.3**	**147.3**
Income taxes	(102.0)	(68.6)	14.5	(1.7)	(87.5)	(70.3)
tax rate %	*38.5%*	*38.3%*			*35.5%*	*47.7%*
Income (loss) from continuing operations	**162.8**	**110.4**	**(4.0)**	**(33.4)**	**158.8**	**77.0**
Income from discontinued operations					**-**	**(252.6)**
Income (loss)					**158.8**	**(175.6)**
Net financial position continuing operations	**963.9**	**1,212.9**	**(185.0)**	**(553.5)**	**778.9**	**659.4**
Net financial position discontinued operations					**-**	**37.5**
Net financial (liquidity) / debt position					**778.9**	**696.9**

(*) The item includes Pirelli Eco Technology group, Pirelli Ambiente group, PZero S.r.l., all the financial companies (including the parent company), the other services companies, and for Sales, items eliminated in the consolidation phase.

(million euros)

	1Q 2011	1Q 2010	2Q 2011	2Q 2010	1H 2011	1H 2010
Operating profit (EBIT) before restructuring exp.	146.5	90.2	151.3	109.6	297.8	199.8
Amortization	56.9	51.7	56.2	53.7	113.1	105.4
Material and Immaterial Investments	(96.9)	(50.2)	(137.2)	(85.2)	(234.1)	(135.4)
Variation working capital/other	(313.5)	(143.2)	18.1	42.2	(295.4)	(101.0)
Free cash flow	**(207.0)**	**(51.5)**	**88.4**	**120.3**	**(118.6)**	**68.8**
Financial income/expenses	(14.8)	(17.6)	(29.9)	(23.0)	(44.7)	(40.6)
Income taxes	(47.9)	(30.4)	(39.6)	(39.9)	(87.5)	(70.3)
Operating cash flow	**(269.7)**	**(99.5)**	**18.9**	**57.4**	**(250.8)**	**(42.1)**
Financial Investments/divestments	24.4	-	-	-	24.4	-
Dividends paid by parent company	-	-	(81.1)	(81.1)	(81.1)	(81.1)
Other dividends paid to third parties	(0.7)	-	(1.7)	(4.0)	(2.4)	(4.0)
Cash Out for restructuring	(2.8)	(34.0)	(5.7)	(9.9)	(8.5)	(43.9)
Net cash flow from discontinued operations	-	(26.1)	-	(5.8)	-	(31.9)
Exchange rate differences/other	(8.4)	10.0	3.5	24.9	(4.9)	34.9
Net cash flow	**(257.2)**	**(149.6)**	**(66.1)**	**(18.5)**	**(323.3)**	**(168.1)**