PIRELLI 1Q 2012 RESULTS

MAY 10, 2012

DISCLAIMER

This presentation contains statements that constitute forward-looking statements based on Pirelli & C SpA's current expectations and projections about future events 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 expressed in or implied by these forward looking statements as a result of various factors, many of which are beyond the ability of Pirelli & C SpA to control or estimate precisely. 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

KEY MESSAGES

1Q'12 Results

Reaping the benefits of our focus on Premium

New Organization

To effectively become Global Premium Leader

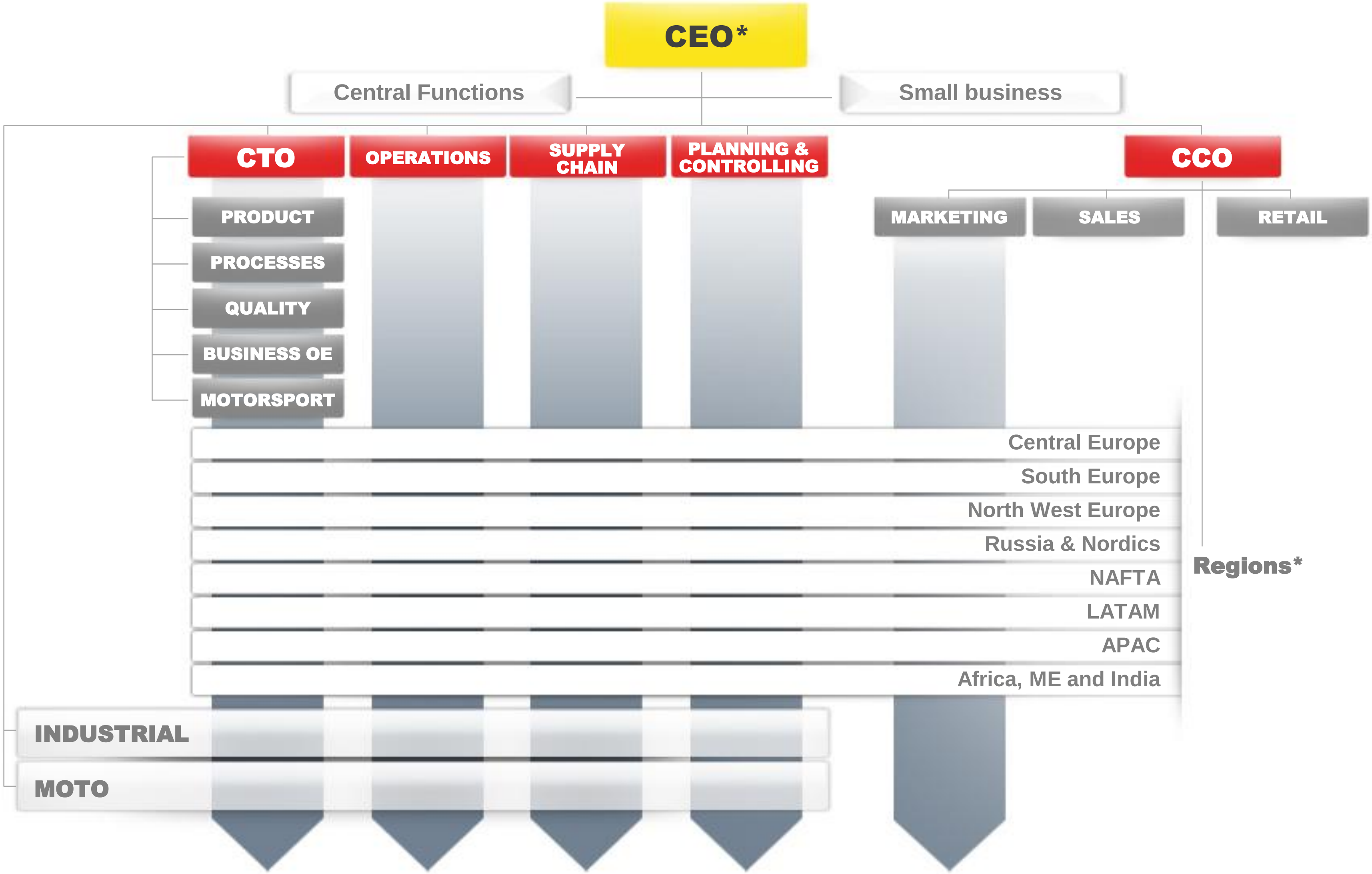
2012 Outlook Update

Premium globally resilient.
Widening demand gap between emerging and mature markets.
Pirelli shifting gears along markets, clients and product segments.

Russia Update

Premium on the upsurge, execution in line with the Business Plan

THE ORGANIZATION OF THE GLOBAL PREMIUM LEADER



*Governance and overall co-ordination supervised by CEO

TYRE INDUSTRY IN 2012

	Current dynamics	Pirelli view
Demand	Increasing evidence of diverging regional trends ▸ slowdown in Europe particularly in the South ▸ moderate growth in LaTAM ▸ Nafta, Apac and Russia still vibrant	The advantage of flexibility: surfing among Regions, segments and products to generate quality growth
Raw Mat	Cautious approach maintained + Natural Rubber impact easing up: high-teen cost decrease expected in 2012 − Oil: futures stay high, Brent above 118 $/barrel in 1Q 2012 − Butadiene: high, volatile prices keep the industry alert	Cautious approach but 2012 guidance* revised + Natural Rubber: 3,800 $/ton (was 4,300 $/ton) − Oil: Brent at 118 $/barrel (was 105 $/barrel) − Butadiene: confirmed at 2,100€/ton
Profitability	Improving in a tough economic scenario: ▸ efficiencies, mix and reaction to raw material dynamics still in focus	Growth confirmed against a more challenging backdrop: ▸ Premium strategy backed by a more responsive organization and a leaner decision making process.
Cash generation	▸ Improving free cash flow due to the expected solid operating performance. Credit quality and inventories management can make the difference	▸ Management performance directly linked to cash metrics ▸ Capex flexibility (Contingency plan) with clear set of priorities

*Average cost of goods sold

2012 CONSUMER VOLUMES GUIDANCE: ~0.5% / -1.5%

Europe	**Double – digit reduction**
▸ **Premium**	▸ Mid-single digit growth with mixed trends (Southern Europe down double digit)
▸ Non Premium	▸ ~ -20% / -25% (due to recession and Pirelli selective approach)
Nafta	**Mid-single digit growth**
▸ **Premium**	▸ +20%
▸ Non Premium	▸ Mid-single digit drop
Latam	**Mid-single digit growth**
▸ **Premium**	▸ ~+50%
▸ Non Premium	▸ Slight reduction
Apac	**High double - digit growth (>+30%)**
▸ **Premium**	▸ Almost double
▸ Non Premium	▸ High single – digit
Mea	**High mid-single digit reduction**
▸ **Premium**	▸ High double digit growth (+50%)
▸ Non Premium	▸ Double digit reduction (due to Pirelli selective OE approach)

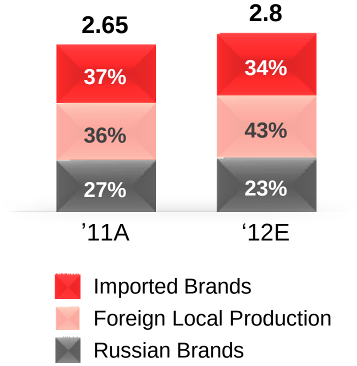
RUSSIA

Premium on the upsurge, trend confirmed

Car Market

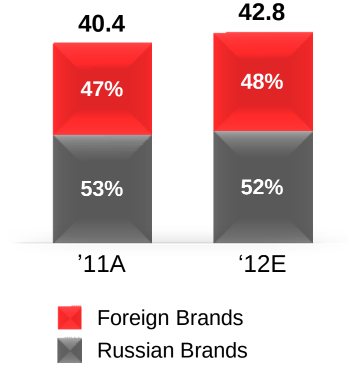
New Registration

mln pcs



Car Park

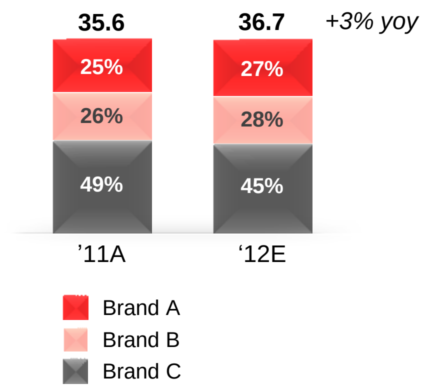
mln pcs



Tyre Replacement Market

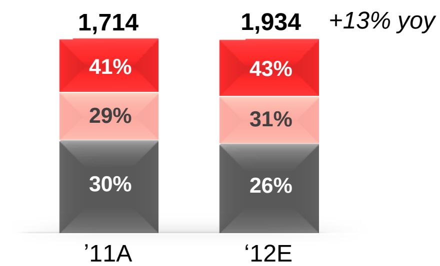
Volume

mln pcs



Value

€/mln



Source: Pirelli estimates

Pirelli value approach

Building strong brand awareness…

- Consistent commitment to Media & advertising (traditional media, digital media, football sponsorship)

…and distribution chain

- **Pirelli Retail presence:** ~800 POS (>40% of total Russian POS by 2012)
- 322 **Pirelli Qualified Stores**, with priviledged shelf space and POS Pirelli branding. Operational now in Moscow, St. Petersburg and 10 other major Russian cities (> 1 mln people);
- starting business platform: with **selected Premium car dealers:** 2012 winter season;

With a selective approach to legacy Brand and Original Equipment for a more rapid positioning in the B and A segments

RUSSIA

Pirelli approach to value

Product Innovation
Pirelli as Premium player

In winter

- Enhanced product range and improved performance (hexagonal studs, new compound)
- Range extension from 40 to 63 sizes focused on premium (8 20” sizes)
- New Scorpion Winter for urban usage (high-growth market segment)

In summer

- wide range UHP car
- Scorpion SUV (high growth market segment)
- Wide presence in the European premium OEM

Production
capacity

	KIROV	VORONEZH
Execution	Dec, 14 2011	Mar, 1th 2012
Employees	2,682	1,296
Capex ’12-’14	100 mln €	100 mln €
Factory capability upgrade	*Investment program in line with business plan*	
Capacity (mln pcs)	6,5	2,0
Production	13’’ – 16’’ High volume sizes	16’’ – 20’’ and above, car & SUV
Industrialization Pirelli product	8	-

PIRELLI 2012 TARGETS UPDATE

€/bln	2011A	2012 Targets (March 12, 2011)	Δ % YoY	2012 Targets Update (May 10, 2012)	Δ % YoY
Revenues	***5.65***	**~6.6**	*+17%*	**~6.45**	*+14%*
Russia JV		~0.3		**~ 0.25**	
Revenues net of Russia		**~6.3**	*+11%*	**~6.2**	*+10%*
Volumes		**0% / -1%**		**-1% / -2%**	
o/w Premium		≥20%		~+20%	
Price/mix		**+11% / +12%**		**+11% / +12%**	
EBIT %	**10.3%**	**≥12%**		***>12% (at least 800 mln €)***	
o/w Russia		*Mid single digit*		*confirmed*	
Raw Material Headwind (€/mln)		140		90	
Tax rate		**~36%**		*confirmed*	
Capex		**~0.56**		**~0,5***	
NFP		**<1 before dividends**		**confirmed (<1,1 after dividends)**	

** Capex may be revised according to market trends keeping our priorities on Premium mix, special project in Romania, China and Mexico, Route to Premium in Russia.*

2012 CONSUMER TARGETS UPDATE

€/bln	*2011A*	2012 Targets (March 12, 2011)	*Δ % YoY*	2012 Targets Update (May 10, 2012)	*Δ % YoY*
Revenues	***3.9***	**~ 4.8**	*+23%*	**~4.7**	*+20%*
Russia JV		0.3		~ 0,25	
Revenues net of Russia		**~4.5**	*+15%*	**~4.45**	*+13%*
Volumes		**1% / 0%**		**-0,5% / -1,5%**	
o/w Premium		≥20%		~+20%	
o/w Non Premium		-8% / -10%		-10% / -12%	
Price/mix		**+14% / +15%**		**+14%/15%**	
EBIT %	***12.5%***	**13.5% / 14%**		**~14%**	

2012 INDUSTRIAL TARGETS UPDATE

€/bln	2011A	2012 Targets (March 12, 2011)	Δ % YoY	2012 Targets Update (May 10, 2012)
Revenues	***1.68***	**~1.7**	*+3% / +2%*	*confirmed*
Volumes		**-2% / -4%**		*confirmed*
o/w Radial		+2% / 0%		*confirmed*
o/w Conventional		-20%		*confirmed*
Price/mix		**+5% / +6%**		*confirmed*
EBIT %	***9,1%***	**~9%**		**~10%**

AGENDA

KEY MESSAGES

PIRELLI & C FINANCIAL REVIEW

TYRE BUSINESS

APPENDIX

PIRELLI KEY FINANCIAL RESULTS

€/mln	1Q 11	1Q 12	Δ YoY
Revenues	**1,400.9**	**1,556.5**	*+11.1%*
*Organic growth**			*+11.0%*
EBITDA before Restr. Costs	203.4	275.8	*+35.6%*
Margin	*14.5%*	*17.7%*	
EBIT before Restr. Costs	146.5	211.4	*+44.3%*
Margin	*10.5%*	*13.6%*	
Restructuring Costs	(3.2)	(2.0)	
EBIT	**143.3**	**209.4**	*+46.1%*
Margin	*10.2%*	*13.5%*	*+3.3 p.p.*
PBT	**129.3**	**191.2**	*+47.9%*
Tax Rate	*37.0%*	*34.5%*	*-2.5 p.p.*
Net Income	**81.4**	**125.3**	*+53,9%*
Attributable Net Income	**82.8**	**122.9**	
Investments**	**96.9**	**80.1**	
Net Debt	**712.8**	**1,305.0**	*+567.9€/mln vs FY 2011*

Results key drivers

Our strengths: Resilience & Profitability

- **Robust growth in Premium** worldwide (revenues +29,2% yoy)
- **Truck and standard tyres** performed **in line with the economic downturn**
- **Best price mix in the industry (+16,5%)** as a result of our winning insight and pricing policy
- **Record profitability** due to top line quality and efficient cost management
- **Remarkable Net income increase** through solid operating performance and tax optimization
- Net Debt increase due to **working capital seasonality and Russian JV cash out** (154.5 mln €)

(*) Homogeneous terms variations, excluding exchange rate effects
(**) Tangible and intangible investments

PERFORMANCE BY REGION

	Sales by Region		Ebit % by Region	
	1Q'2012	*YoY growth*	1Q'2011	1Q'2012
Europe	38%	*+3%*	Mid single digit	**Double digit**
Russia*	4%	*n.m.*		**Break-even**
MEA	9%	*+24%*	Double digit	**Improving**
NAFTA	12%	*+23%*	Low single digit	**Improving**
Asia Pacific	6%	*+10%*	High single digit	**Double digit**
South America	31%	*+7%*	Mid teen	**Confirmed**

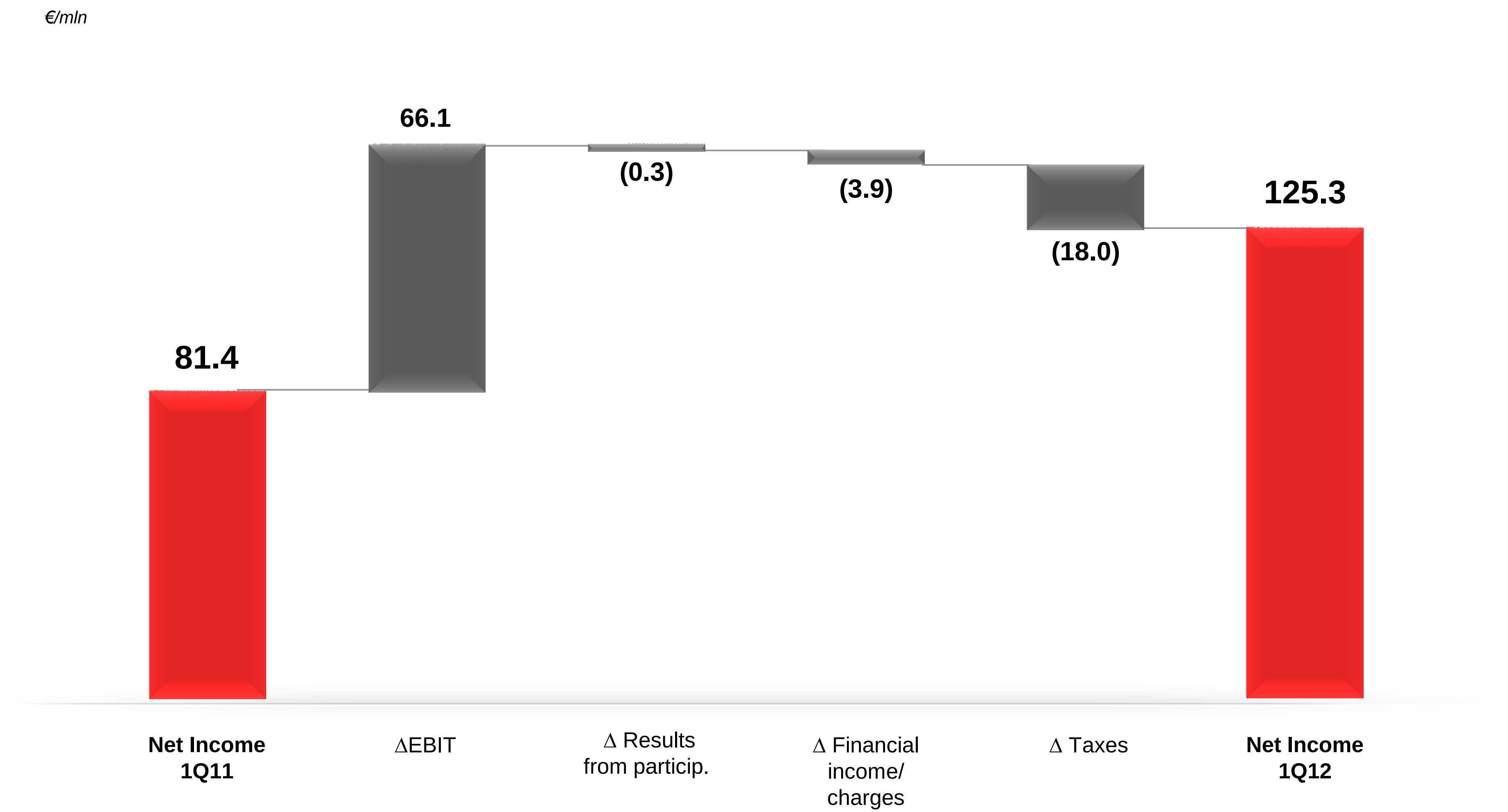
Highlights

- Steadfast Premium Segment growth (+22%) coupled with market share increase (>15%, +1pp yoy)
- Performance impacted by Truck and Southern European countries exposure
- Early contribution from Russia
- Recovery trend following tough 2011
- Remarkable growth in Premium (+43%) and a more selective approach on OE
- APAC and LatAM coupled by
  - a solid growth on Consumer (+60% and +43% Premium sales) and
  - overall downturn in Truck Segment and selective sales.

Profitability is on the rise in spite of the tough economic scenario

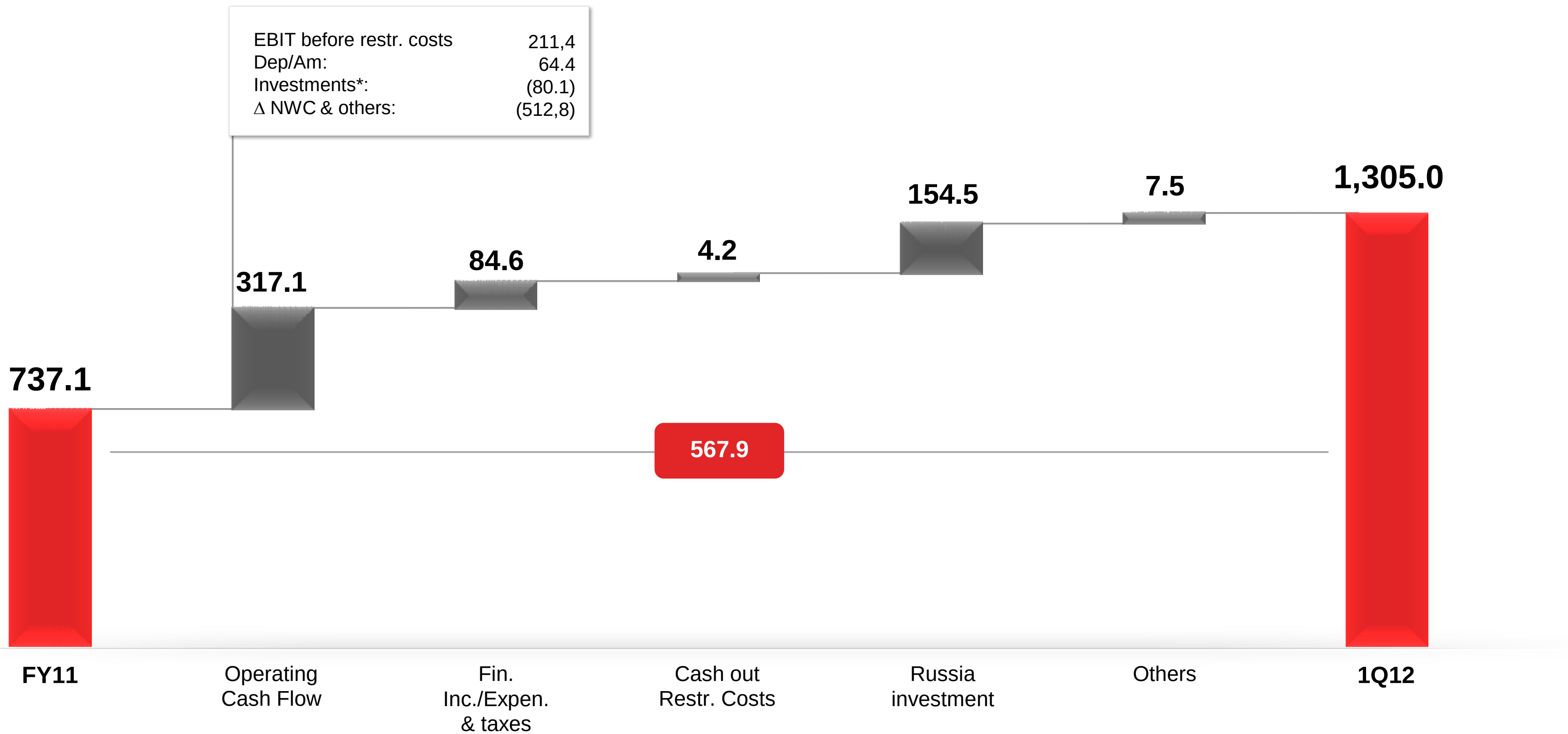
** Import sales included*

PIRELLI NET INCOME 1Q12 VS 1Q11



PIRELLI 1Q12 NET FINANCIAL POSITION

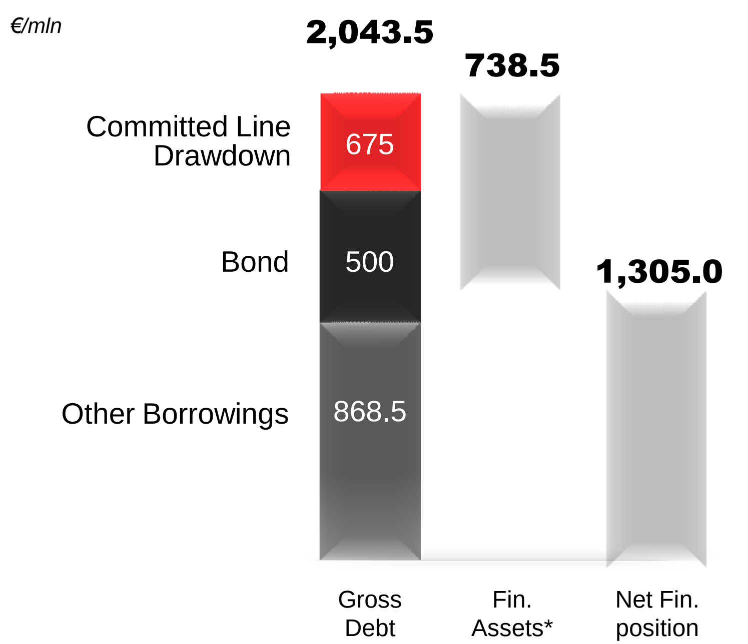
€/mln



(*)Tangible and intangible investments

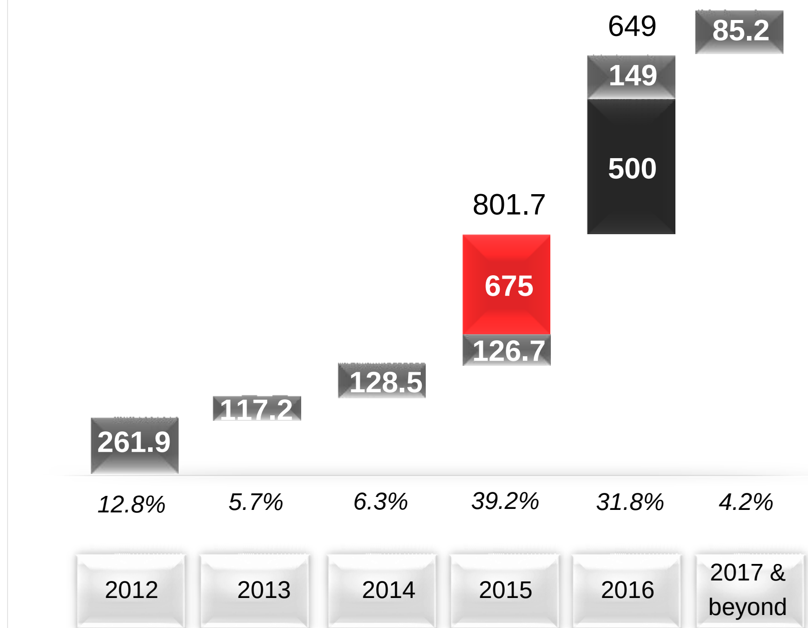
PIRELLI DEBT STRUCTURE AS OF MARCH 31, 2012

Net Financial Position

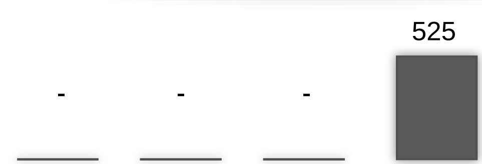


Gross Debt maturity as of Mar 31, 2012

Gross Debt Maturity



	Mar 12
Total Committed Lines Not Drawn	Total 525



(*)Financial receivables, cash and cash equivalents

AGENDA

KEY MESSAGES

PIRELLI & C FINANCIAL REVIEW

TYRE BUSINESS

APPENDIX

KEY TYRE RESULTS

€/mln

	1Q'11	YoY%	1Q'12	YoY%
Revenues	1,384.5	*+24.7%*	1,542.6	*+11.4%*
o/w Premium	452.3	*+33.5%*	584.4	*+29.2%*
EBITDA (before restruct. costs)	209.5	*+43.1%*	280.3	*+33.8%*
margin	*15.1%*	*+1.9p.p.*	*18.2%*	*+3.1p.p.*
EBIT (before restruct.costs)	155.6	*+58.6%*	217.2	*+39.6%*
margin	*11.2%*	*+2.4 p.p.*	*14.1%*	*+2.9p.p.*
EBIT	152.4	*+59.6%*	215.2	*+41.2%*
margin	11.0%	*+2.4p.p.*	14.0%	*+3.0 p.p.*

Revenue drivers	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12
∆ **Price/Mix**	+15.9%	+15.8%	+18.6%	+19.8%	+16.5%
∆ Russian JV					+2.2%
∆ **Volume**	+6.1%	+1.2%	+2.8%	-3.9%	-7.4%
o/w Premium	+25.2%	+21.7%	+17.5%	+8.3%	+15.8%
∆ **Rev.** *(before exch. rate impact)*	**+22.0%**	**+17.0%**	**+21.4%**	**+15.9%**	**+11.3%**
∆ **Exch. Rate**	+2.7%	-3.7%	-2.7%	-2.5%	+0.1%

1Q Highlights

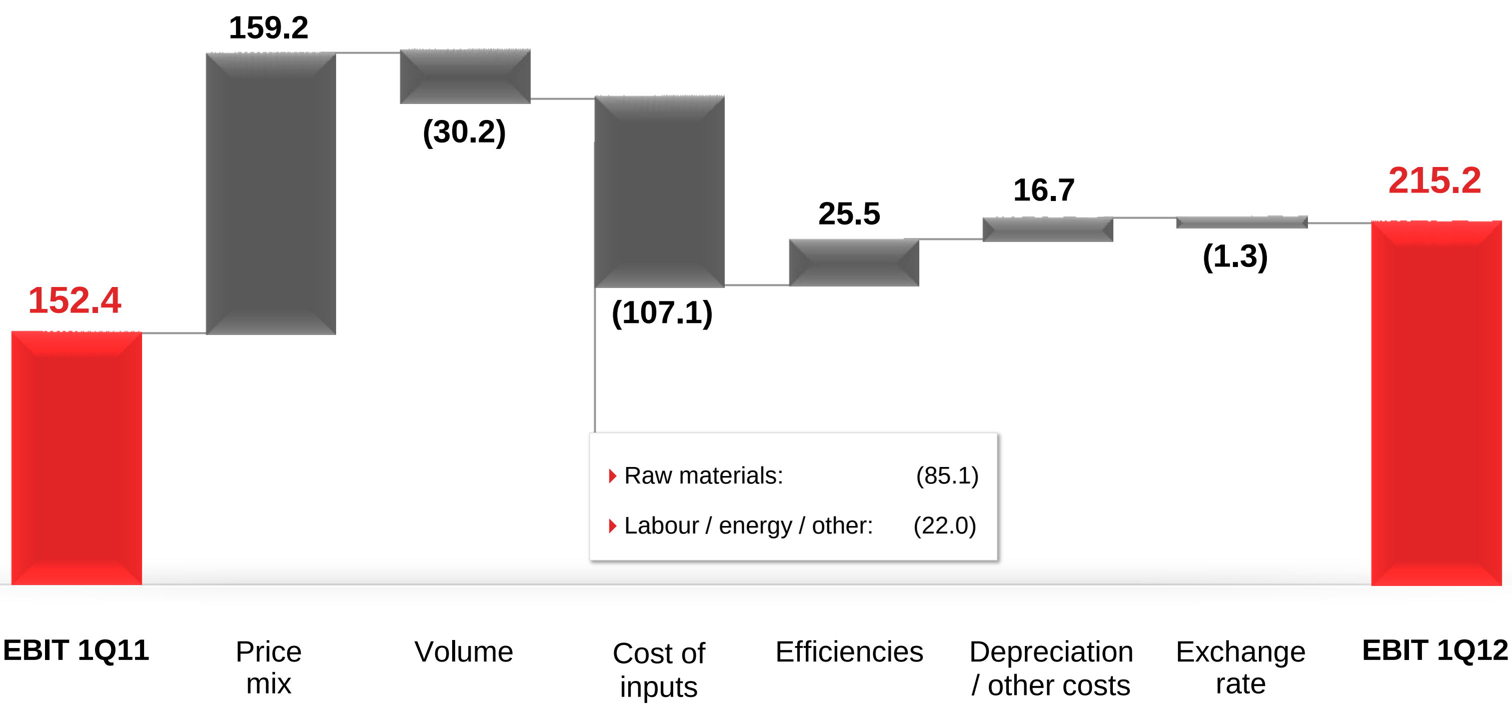
- Strong premium revenues (+29%) drive topline growth
- Sequential Ebit expansion: 14.1% before restructuring (+1.9 pp qoq, +2.9 pp yoy)

Main drivers

- Continued focus on the Premium segment
- Consistent price policy and price increases pull-through more than offset the raw mat impact
- Targeted efficiency measures on the Industrial business

TYRE 1Q12 OPERATING PERFORMANCE

€/mln



CONSUMER BUSINESS: KEY MARKET TRENDS

% YoY		1Q11	2Q11	3Q11	4Q11	1Q12
Europe	OE*	+7%	+0%	+3%	+1%	-6%
	Replacement**	+7%	+1%	+6%	-4%	-12%
North America	OE	+15%	+2%	+8%	+14%	+16%
	Replacement	+7%	-5%	-2%	-4%	-8%
Mercosur	OE	+8%	+7%	+3%	-8%	-7%
	Replacement***	+13%	+6%	+4%	+4%	+4%
China	OE	+8%	+0%	+5%	-2%	+1%
	Replacement	+12%	+14%	+9%	+13%	-3%

(*)Turkey and Russia included
(**)Turkey included
(***)Mercosur Replacement data was restated to include Brazilian imports
Sources: major external data provider for each region and Pirelli estimates

CONSUMER BUSINESS: PIRELLI PERFORMANCE

€/mln

	1Q'11	YoY%	1Q'12	YoY%
Revenues	983.3	*+25.9%*	1,151.8	*+17.1%*
o/w Premium		*+33.5%*	584.4	*+29.2%*
EBITDA (before restruct. costs)	160.6	*+51.5%*	232.1	*+44.5%*
margin	*16.3%*	*+2.7p.p.*	*20.2%*	*+3.9p.p.*
EBIT (before restruct.costs)	119.7	*+72.2%*	184.0	*+53.7%*
margin	*12.2%*	*+3.3 p.p.*	*16.0%*	*+3.8p.p.*
EBIT	116.8	*+74.3%*	182.1	*+55.9%*
margin	11.9%	*+3.3p.p.*	15.8%	*+3.9 p.p.*

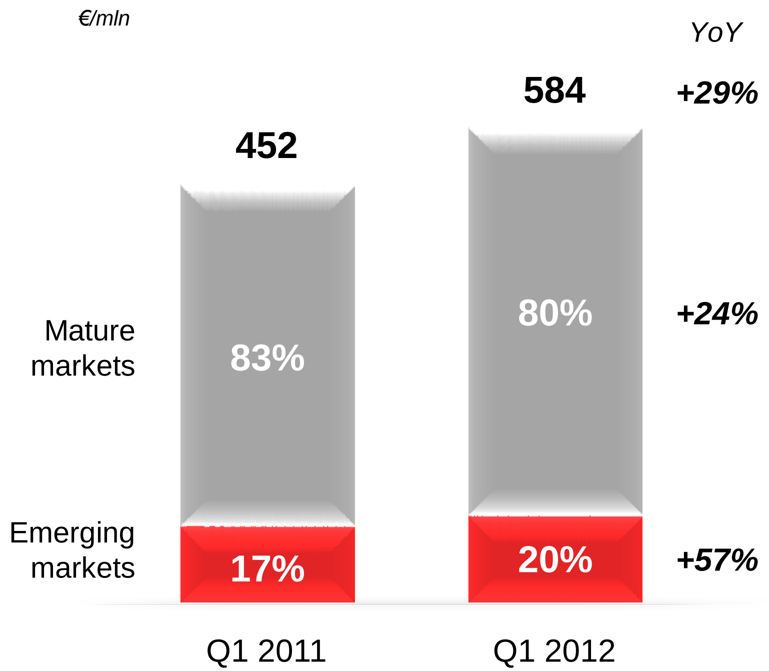
Revenue drivers	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12
Δ **Price/Mix**	+14.6%	+16.2%	+18.4%	+19.7%	+18.8%
Δ **Volume**	+9.0%	+2.6%	+4.3%	-3.3%	-5.1%
o/w Premium	+25.2%	+21.7%	+17.5%	+8.3%	+15.8%
o/w Non Premium	+3.7%	-4.0%	-0.8%	-7.4%	-14.5%
Δ Russian JV					+2.7%
Δ Rev. (*before exch. rate impact*)	**+23.6%**	**+18.8%**	**+22.7%**	**+16.4%**	**+16.4%**
Δ **Exch. Rate**	+2.3%	-4.1%	-1.8%	-1.8%	+0.7%

1Q Highlights

- Strong premium revenues in all regions (+29%) drive topline growth
- Premium now accounts for 53% of Car revenues and ~80% of Car Ebit
- Ebit expanded at 3 times the pace of revenues, adding + 182 € mln year on year
- Divergent volume dynamics between Premium and Non Premium, due to demand weakness and ongoing production portfolio rebalancing

PREMIUM: SPEAKS FOR ITSELF

Premium Revenues



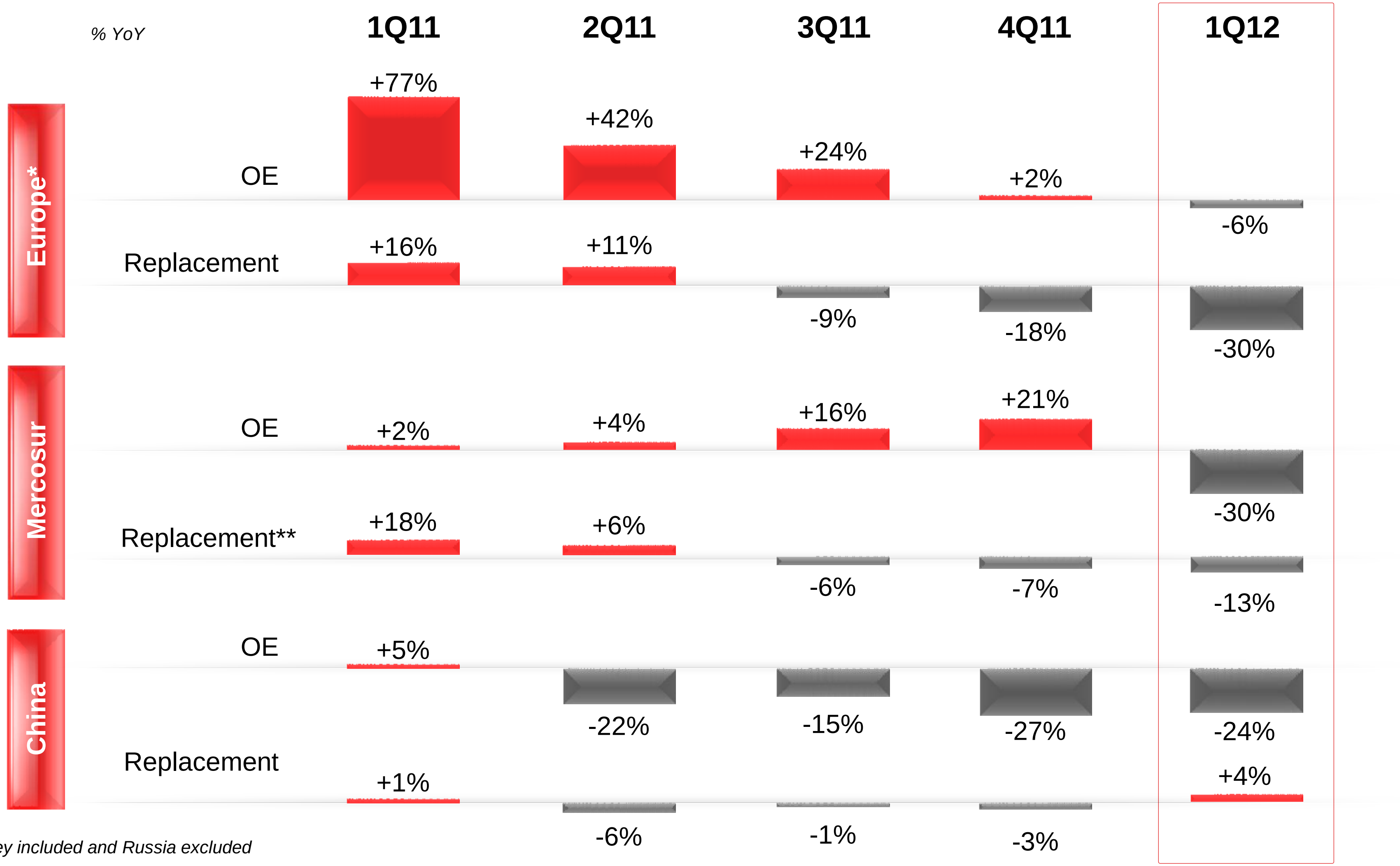
Q1 2012 Regional breakdown

	% Premium on Car sales by Region	Revenue growth (%)
Europe	73	22
Nafta	59	47
LatAm	15	45
MEA	43	59
Apac	61	63
Russia*	26	90

** Import sales included*

Premium definition: *WYZ speed codes, Run Flat, Motosport, SUV & Winter ≥ H*

INDUSTRIAL BUSINESS: KEY MARKET TRENDS



(*)Turkey included and Russia excluded

(**)Non-pool members'imports not included

Source: major external data provider for each Region and Pirelli estimates

INDUSTRIAL BUSINESS: PIRELLI PERFORMANCE

€/mln

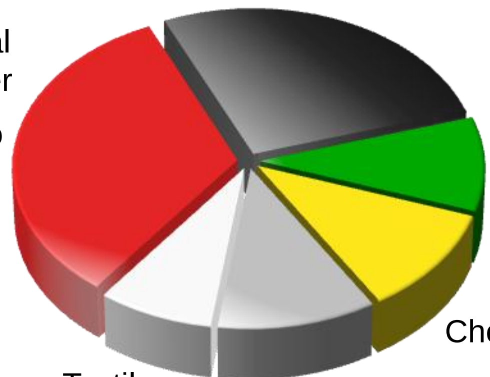
	1Q'11	YoY%	1Q'12	YoY%
Revenues	401.2	+21.9%	390.8	-2.6%
EBITDA (before restruct. costs)	48.9	*+21.0%*	48.2	*-1.4%*
margin	*12.2%*	*-0.1p.p.*	*12.3%*	*+0.1p.p.*
EBIT (before restruct.costs)	35.9	*+25.5%*	33.2	*-7.5%*
margin	*8.9%*	*+0.2p.p.*	*8.5%*	*-0.4p.p.*
EBIT	35.6	*+24.9%*	33.1	*-7.0%*
margin	8.9%	*+0.2p.p.*	8.5%	*-0.4p.p.*

Revenue drivers	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12
Δ Price/Mix	+19.0%	+14.9%	+19.0%	+20.1%	+11.2%
Δ Volume	-0.7%	-1.9%	-0.5%	-5.4%	-12.3%
Δ Rev. *(before exch. rate impact)*	**+18.3%**	**+13.0%**	**+18.5%**	**+14.7%**	**-1.1%**
Δ Exch. Rate	+3.6%	-3.0%	-4.6%	-3.9%	-1.5%

- Ongoing demand weakness affected the topline
- Double-digit price/mix increase mitigated the volume weakness
- Stable profitability, thanks to our value approach to both pricing and mix

RAW MATERIALS

BREAKDOWN FY 2011
(based on purchasing cost)



Raw Material cost on sales: 43%

Average Cost of Goods Sold €/mln	Guidance Nov 2011			Update May 2012	
	2011	2012	Headwind (2012 vs 2011)	2012	Headwind (2012 vs 2011)
Natural Rubber *TSR20 ($/ton)*	4,600	4,300	+50	**3,800**	**+120**
Brent Oil *($/barrell)*	100	105	(20)	**118**	**(50)**
Butadiene EU *(€/ton)*	1,900	2,100	(30)	**2,100**	**(30)**
FX *(R$,TRY,EGP, US$)*			(140)		**(130)**
TOTAL			**(140)**		**(90)**

AGENDA

KEY MESSAGES

PIRELLI & C FINANCIAL REVIEW

TYRE BUSINESS

APPENDIX

PIRELLI GROUP – 1Q12 RESULTS

Profit & Loss and Net Financial Position by Business Unit

€/mln

	Pirelli Tyre		Other		Pirelli & C. Cons.	
	1Q12	1Q11	1Q12	1Q11	1Q12	1Q11
Sales	**1,542.6**	**1,384.5**	**13.9**	**16.4**	**1,556.5**	**1,400.9**
Δ%						
EBITDA before Restruct Costs	**280.3**	**209.5**	**(4.5)**	**(6.1)**	**275.8**	**203.4**
% on sales	*18.2%*	*15.1%*			*17.7%*	*14.5%*
EBIT before Restruct Costs	**217.2**	**155.6**	**(5.8)**	**(9.1)**	**211.4**	**146.5**
% on sales	*14.1%*	*11.2%*			*13.6%*	*10.5%*
Restructuring Costs	(2.0)	(3.2)			(2.0)	(3.2)
EBIT	**215.2**	**152.4**	**(5.8)**	**(9.1)**	**209.4**	**143.3**
% on sales	*14.0%*	*11.0%*			*13.5%*	*10.2%*
Results from equity partecipations					0.5	0.8
Financial Income/Charges					(18.7)	(14.8)
EBT					**191.2**	**129.3**
Fiscal Charges					(65.9)	(47.9)
Net Income					**125.3**	**81.4**
Attributable Net Income					**122.9**	**82.8**
Net Financial Position					**1,305.0**	**712.8**

PIRELLI

PIRELLI BALANCE SHEET

€/mln

	1Q 12	FY 11
Fixed Assets	3,679.1	3,558.1
Net Working Capital	722.3	155.2
Net Invested Capital	**4,401.4**	**3,713.3**
Total Net Equity	2,320.1	2,191.6
Provisions	776.3	784.6
Net Financial Position	1305.0	737.1
Total	**4,401.4**	**3,713.3**
Attributable Net Equity	2,274.6	2,146.1
Equity per Share (euro)	4,661	4,398

% Net Invested Capital

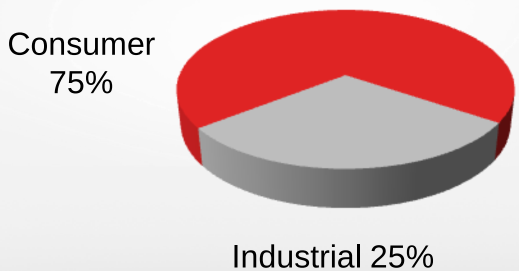
	1Q12	FY11
Tyre Business	92.2%	85.0%
Other	7.8%	15.0%

PIRELLI GROUP CASH FLOW

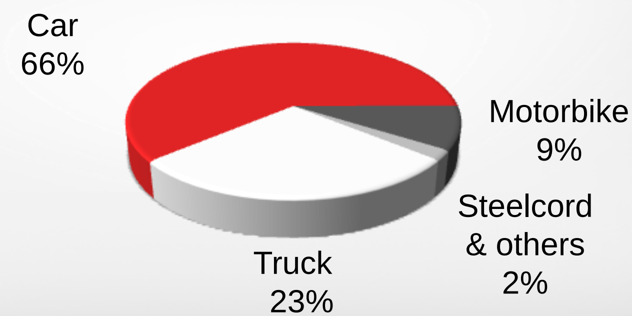
€/mln	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12
EBIT before restructuring costs	146.5	151.3	163.3	148.6	211.4
Depreciation	56.9	56.2	56.9	54.9	64.4
Net investments	(96.9)	(137.2)	(162.1)	(230.0)	(80.1)
Working capital/other variations	(313.5)	18.1	(100.6)	344.0	(512.8)
OPERATING CASH FLOW	**(207.0)**	**88.4**	**(42.5)**	**317.5**	**317.1**
Financial income (expenses)	(14.8)	(29.9)	(19.4)	(25.4)	(18.7)
Tax charges	(47.9)	(39.6)	(51.3)	(23.7)	(65.9)
NET OPERATING CASH FLOW	**(269.7)**	**18.9**	**(113.2)**	**268.4**	**(401.7)**
Financial investments/divestments	24.4	-	(16.4)	(7.0)	3.2
15% China JV stake increase	-	-	(28.0)	-	-
Russian JV	-	-	-	(55.0)	(154.5)
Dividends paid	(0.7)	(82.8)	-	-	(2.2)
Cash-out for restructuring	(2.8)	(5.7)	(1.9)	(6.5)	(4.2)
Exchange rate differentials/Others	(8.4)	3.5	0.1	1.3	(8.5)
NET CASH FLOW	**(257.2)**	**(66.1)**	**(159.4)**	**201.2**	**(567.9)**

1Q12 PIRELLI TYRE MIX

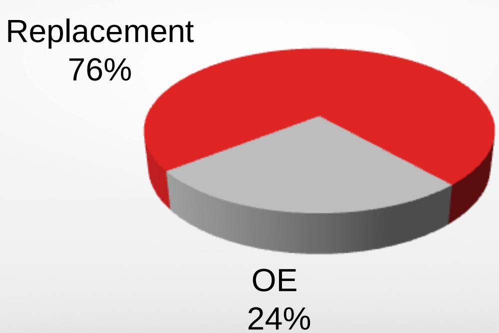
SALES BY BUSINESS



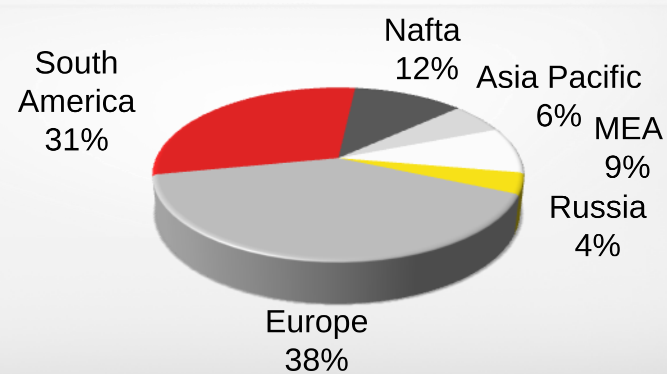
SALES BY SEGMENT



SALES BY CHANNEL

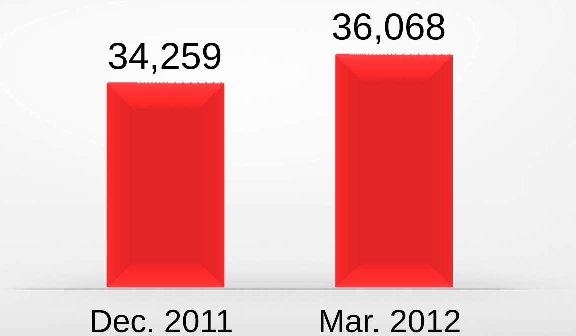


SALES BY REGION

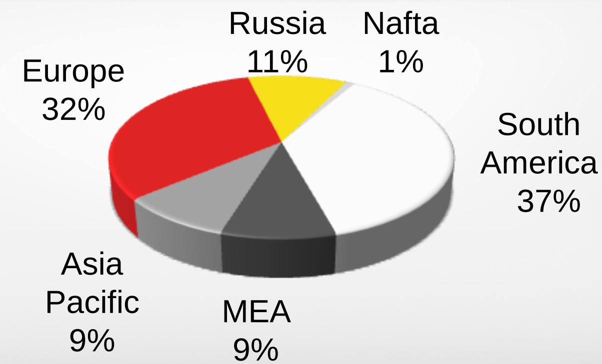


MARCH 2012 PIRELLI PEOPLE

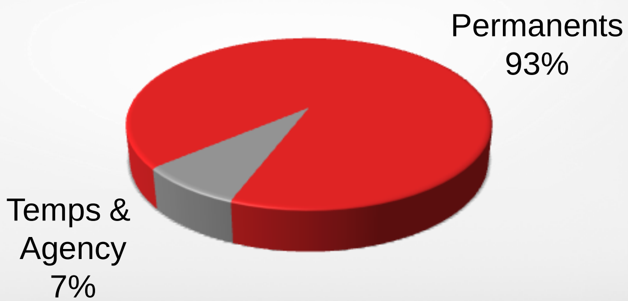
HEADCOUNT



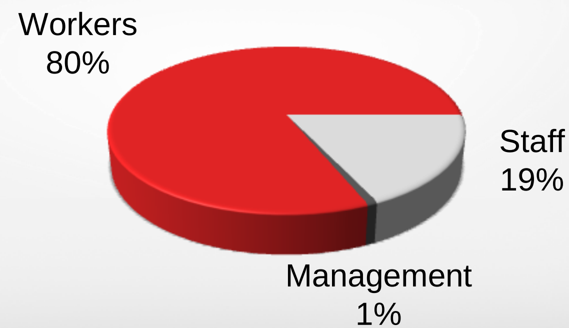
PEOPLE BY REGION



PEOPLE BY CONTRACT



PEOPLE BY CLUSTER



PIRELLI PLANTS IN THE WORLD

U.K.

Burton	Car
Carlisle	Car

Italy

Bollate (MI)	Car
Settimo Torinese	Car/Truck
Figline Valdamo	Steelcord

Germany

Breuberg	Car/Moto
Merzig	Steelcord

Russia NEW

Kirov	Car
Voronezh	Car

(Production starts in 2012)

Turkey

Izmit	Car/Truck Steelcord

U.S.A

Rome	Car

Mexico NEW

Guanajuato	Car

(Production starts in 2012)

Romania

Slatina	Car/Steelcord

Venezuela

Guacara	Car

China

Yanzhou	Car/Moto/Truck Steelcord (JV)

Brazil

Campinas	Car
Feira de Santana	Car/Truck
Santo André	Agro/Truck
Gravatai	Moto/Truck
Sumaré	Steelcord

Argentina

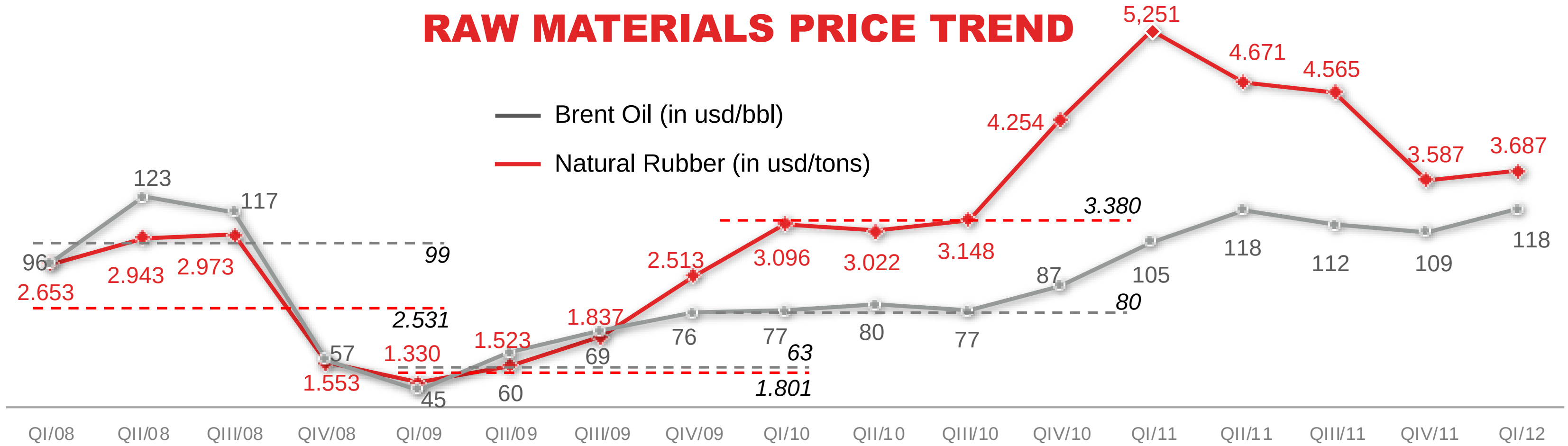
Merlo	Car

Egypt

Alexandria	Truck

RAW MATERIALS

RAW MATERIALS PRICE TREND



Natural Rubber: Sicom
Brent: www.oilnergy.com

In Italic Year Average

Q1 2012 MIX (BASED ON PURCHASING COST)

Raw mat. costs on sales: 39%