Interim Management Statements

at September 30, 2014

PIRELLI & C. Società per Azioni

Head office in Milan

Viale Piero e Alberto Pirelli, 25

Share Capital euro 1,345,380,534.66

Milan Companies Register No. 00860340157

Administrative Business Register (REA) No. 1055

PIRELLI & C. S.p.A. – MILAN

Interim Management Statements at September 30, 2014

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Board of Directors [1]

Chairman and Chief Executive Officer	Marco Tronchetti Provera
Deputy Chairman	Alberto Pirelli
Independent Director	Anna Maria Artoni
Director (*)	Didier Casimiro
Director	Paolo Fiorentino
Independent Director (*)	Ivan Glasenberg
Independent Director (*)	Andrey Kostin
Director (*)	Petr Lazarev
Independent Director	Elisabetta Magistretti
Director	Gaetano Micciché
Independent Director	Paolo Pietrogrande
Lead Independent Director	Luigi Roth
Director (*)	Igor Sechin
Independent Director	Manuela Soffientini
Director (*)	Igor Soglaev
Secretary to the Board	Anna Chiara Svelto

Board of Statutory Auditors [2]

Chairman	Francesco Fallacara
Statutory Auditors	Antonella Carù
	Umile Sebastiano Iacovino
Deputy Auditors	Andrea Lorenzatti

Internal Control, Risks, Sustainability and Corporate Governance Committee

Committee Chairman – Independent director	Anna Maria Artoni
Independent Director	Andrey Kostin
Independent Director	Elisabetta Magistretti

Remuneration Committee

Committee Chairman - Independent Director and Lead Independent Director	Luigi Roth
Independent Director	Ivan Glasenberg
Independent Director	Manuela Soffientini

Nominations and Successions Committee

Chairman of the Committee	Marco Tronchetti Provera
Independent Director	Anna Maria Artoni
Director	Didier Casimiro
Independent Director	Paolo Pietrogrande

Strategies Committee

Chairman of the Committee	Marco Tronchetti Provera
Director	Paolo Fiorentino
Director	Didier Casimiro
Independent Director	Andrey Kostin
Lead Independent Director	Luigi Roth
Director	Igor Sechin
Independent Director	Manuela Soffientini

Independent Auditor [3]	Reconta Ernst & Young S.p.A.
Corporate Financial Reporting Manager [4]	Francesco Tanzi
General Manager Operations	Gregorio Borgo
General Manager Technology	Maurizio Boiocchi

The Supervisory Body (mandated by the Legislative Decree 231 Organisational Model adopted by the Company) is chaired by Prof. Carlo Secchi.

Prof. Giuseppe Niccolini was appointed Joint Representative of the Savings Shareholders for the three-year period 2012-2014 by the general meeting of that body held on January 31, 2012.

1 Appointment: June 12, 2014 Expiry: Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2016.
(*) Directors co-opted by the Board of Directors on July 10, 2014; their term expires at the next Shareholders' Meeting.

2 Appointment: May 10, 2012. Expiry: Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2014. Umile Sebastiano Iacovino, formerly Deputy Auditor, took over from Enrico Laghi on June 12, 2014 after the latter's resignation on the same date.

3 Post conferred by the Shareholders' Meeting held on April 29, 2008, for the nine-year term 2008-2016.

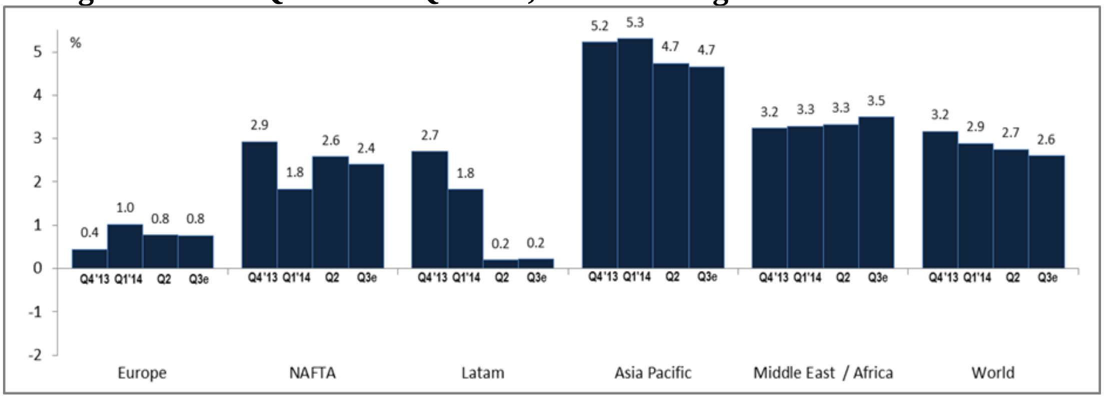
4 Appointment: Board of Directors meeting held on June 12, 2014. Expiry: together with the current Board of Directors.

MACROECONOMIC AND MARKET SITUATION

The international economy

Global economic performance during the first nine months of the year was extremely uneven from region to region and country and to country. While growth accelerated in certain advanced countries, such as the United States and the United Kingdom, the recovery in Europe as a whole was held back by geopolitical tensions. With few exceptions, economic activity in emerging countries slowed down under the pressure of financial problems carried over from 2013.

GDP growth from Q4 2013 to Q3 2014, annual change in %



Source: IHS, estimates available at October 15.

Growth remained subdued in Europe, and was marked by contrasting performance from country to country. After four quarters of moderate expansion, the GDP of the European Union grew by 0.2% in Q2 2014, marking a slowdown from Q1 2014, while forecasts indicated that an analogous result would be reported for Q3 2014. The recovery took hold in the United Kingdom and Spain, while a downturn in external demand penalised growth in Germany and Italy. Price trends and deflation fears led the European Central Bank (ECB) to cut its reference rates again in September (for the second time in 2014) and ramp up its economic stimulus measures.

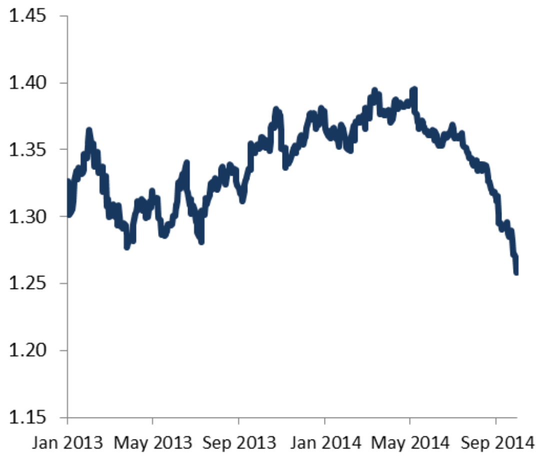
Economic performance in the United States improved instead during 2014, where growth reached 3.5% in Q3 and the unemployment rate fell to 5.9% in September from 6.6% in January 2014. The Federal Reserve continued tapering off its quantitative easing program during the first nine months of 2014. Expectations that the Fed will end the program within the next few months (confirmed in October), together with forecasts of an interest rate hike next year, drove appreciation of the U.S. dollar in Q3 2014 and greater volatility on the financial markets.

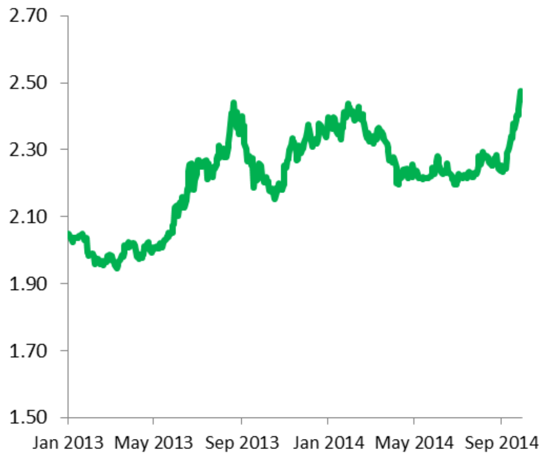
Growth slowed down in Latin America, where commodity price decreases (e.g. oil, iron and soy beans) cut into the value of its exports, while high inflation is penalising internal demand. In Brazil, GDP fell by 0.6% in Q2 2014. Further contraction is forecast for the third quarter. According to official data, the GDP trend in Argentina was stable instead in Q2 2014. China continues growing at a rate of more than 7% (+7.3% in Q3 2014), although the correction underway in the real estate sector is forcing the government to make a hard choice between fiscal and monetary policies to assure sustainable economic growth.

Volatility on the currency markets flared up in Q3 2014 in consequence of the new measures adopted by the ECB and expectations of stabilisation in U.S. monetary policy.

After trading at an average rate of USD 1.37 in H1 2014, the euro fell in Q3 2014 to an average of USD 1.32 per euro, and closed at USD 1.26 at the end of September.

Exchange rate: US dollar per Euro **Exchange rate: Brazilian real per USD**





Source: European Central Bank, daily data through September 30, 2014.

Latin American currencies also sank against the U.S. dollar in Q3 2014, after relative stability during the summer season. The Real/U.S. dollar exchange rate remained stable at about BRL 2.22 from May to July, and then depreciated by about 5% in September, hitting BRL 2.45 to the dollar at the end of September. The performance of major Asian currencies was more stable instead. The Chinese renminbi held steady at an average of CNY 6.17 per U.S. dollar in Q3 2014, on par with the average exchange rate during the first sixth months of 2014, while the Japanese yen depreciated slightly against the dollar in Q3 2014, trading at an average of JPY 104 per dollar.

Automotive market

The **automotive market** recovered in Europe during the first nine months of 2014. The European Union posted growth of 6.1% in 9M 2014 as compared with the same period of 2013 (Acea figures), with this being sustained by all leading markets, especially the United Kingdom and Spain. Meanwhile, vehicle registrations tracked a positive trend in all NAFTA countries (+5.5% in the United States and Canada as compared with 9M 2013; source: IHS) while the performance of the automotive sector in Latin America was impacted by the slowdown in economic activity. Vehicle registrations and light vehicle production in Brazil fell on an annualised basis during 9M 2014, due to the increase in the tax on industrial products (IPI), high interest rates and higher car prices following the implementation of new safety standards. The automotive market did well in China, with rising production and sales, although they slowed down slightly in Q3 2014. The fall in internal demand in Japan that followed the increase in consumer taxes beginning April 1, 2014 negatively impacted automotive sales and production volumes in the third quarter.

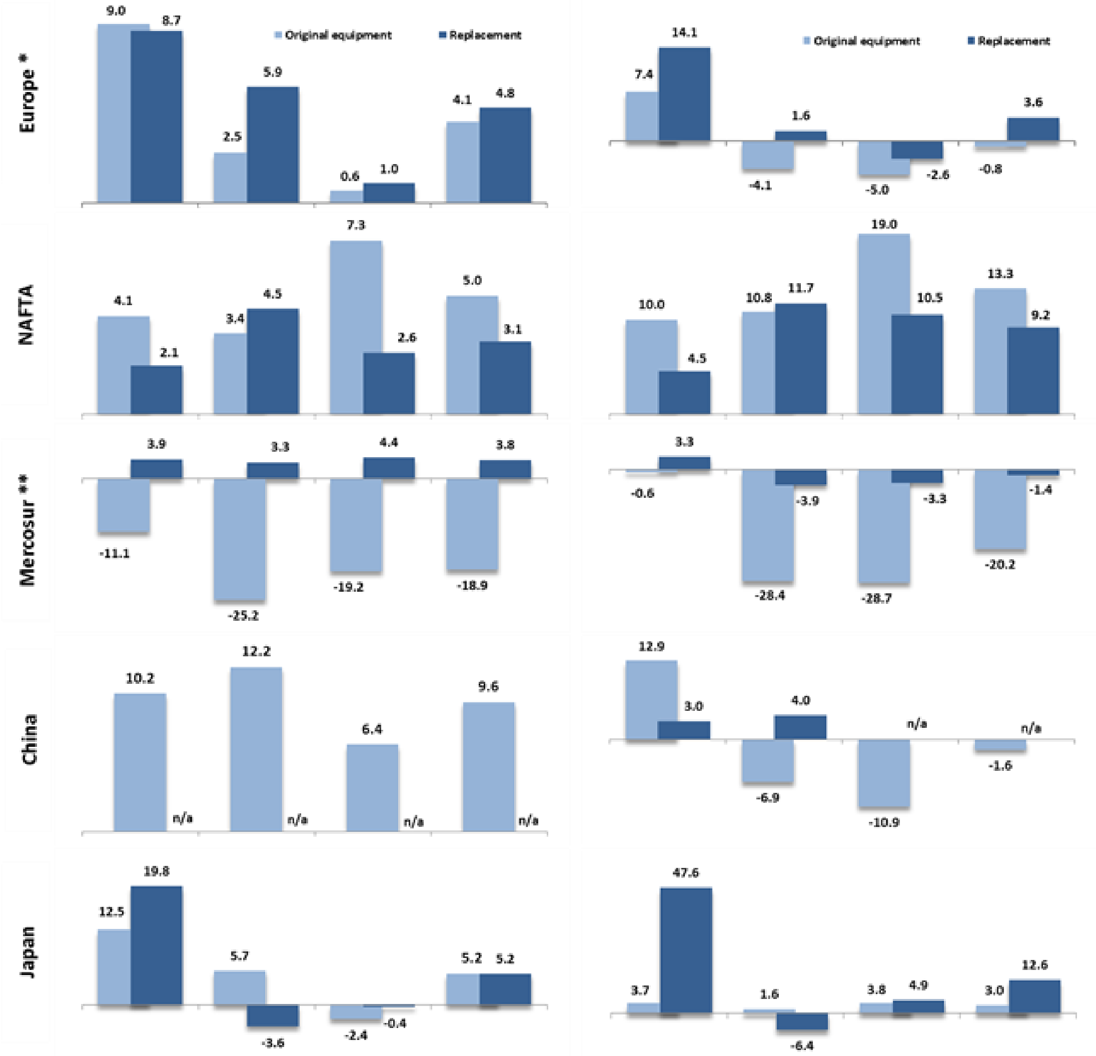
The recovery of **commercial vehicle** sales in Europe, which began in H2 2013, slowed down in Q3 2014. The sales trend for vehicles with curb weight over 3.5 tons varied from country to country in the European Union, with markets rising in Spain, Germanyand Italy and falling in the United Kingdom and France. As in the case of cars, industrial vehicle sales rose in the United States, reflecting the improvement in economic growth. In China, the sale and production of commercial vehicles remained weak, falling in Q3 2014 year-over-year (yoy).

Tyre market

During 9M 2014, the performance of the tyre market confirmed the improvement of activity in Europe and North America and the continuation of growth in China. The performance of Mercosur reflects the downturn in vehicle production and economic activity in that region. On the other hand, car tyre sales were up in the replacement equipment segment, due to the change in car fleets during the last several years.

Tyre Sales, annual percentage change

Consumer				**Industrial**			
Q1 2014	**Q2 2014**	**Q3 2014**	**YTD**	**Q1 2014**	**Q2 2014**	**Q3 2014**	**YTD**



* including Turkey, excluding Russia. ** Argentina, Brazil and Venezuela.
Note: the data exclude imports, except for South America, where the replacement segment includes imports to Brazil.
Source: Pirelli estimates.

The European tyre market has been expanding for more than a year, being driven by the gradual improvement in economic activity after the most critical periods in 2013. Nevertheless, the fall in consumer confidence during Q3 2014 translated into a slowdown in both the consumer segment (replacement and original equipment) and the industrial segment.

In Russia, tyre sales suffered due to geopolitical tensions and the consequent negative impact on its economy. The tyre market did well instead in NAFTA countries, where growth continued from last year in both the consumer and industrial segments.

In Latin America, sales in the consumer original equipment segment fell during 9M 2014, reflecting the slowdown in car production. On the other hand, the replacement segment maintained positive growth rates. The industrial segment tracked the same trend, with original equipment sales declining in 9M 2014, while the replacement equipment segment contracted to a lesser extent.

In Asia, markets generally expanded in 2014. In China, original equipment sales in the consumer segment grew by about 10% yoy during 9M 2014. Growth rates in the replacement market were slightly lower instead. In the industrial segment, original equipment sales slowed down during the year, while replacement equipment sales tracked upwards. In Japan, the consumer tax increase put a brake on replacement equipment sales in the consumer and industrial segments during the second quarter, although they began signalling a recovery in the third quarter. Original equipment sales in the consumer and industrial segments showed signs of recovery in 9M 2014.

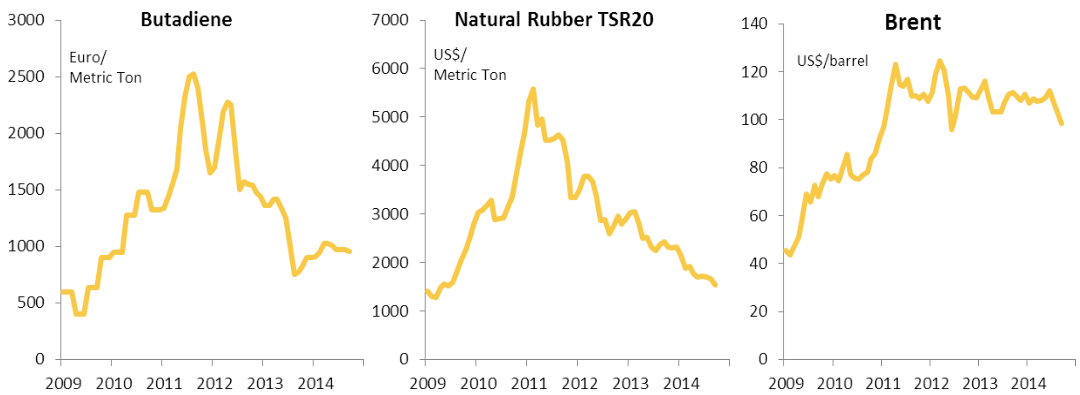
Commodities

Commodity prices softened in Q3 2014, mainly due to greater supply than demand in various segments, but also due to appreciation of the U.S. dollar. The average price of Brent fell brusquely in Q3 2014, to an average of USD 103/bbl (compared with USD 110/bbl in the previous quarter). Notwithstanding the geopolitical tensions between Russia and Ukraine and in the Middle East, global oil supply, which has also been sustained by shale oil production in the United States, is significantly higher than global demand.

Natural rubber purchase prices continued the downward trend that had began after the peaks recorded in 2011, falling to an average of USD 1,629 per ton in Q3 2014. The steep fall in rubber prices, amounting to about 30% since the beginning of this year, reflects the increase in supply following expansion in the cultivated areas. That increase had been stimulated by the peaks in demand in previous years, leading to output that is higher than the currently modest level of demand.

The price of butadiene, the principal material used to make synthetic rubber, had remained stable around euro 975/ton during the summer months before falling slightly in September 2014 to an average of euro 955/ton.

Commodity prices



Source: IHS.

SIGNIFICANT EVENTS DURING THE FIRST 9M 2014

On **January 16, 2014**, following up on the decision by the World Motor Sport Council that confirmed Pirelli as sole supplier of tyres to the FIA Formula One World Championship, Pirelli announced that it had renewed that agreement with FIA. The duration of the agreement is three years, beginning with the 2014 season. Pirelli will continue to define the tyre specifications and manage all aspects of their development, in close collaboration with FIA and the teams, and within the parameters established by the FIA Formula One Sporting and Technical Regulations.

On **February 28, 2014** Pirelli & C. S.p.A. and Bekaert announced that they had signed an agreement for sale of the Pirelli steel cord activities to Bekaert for a total amount (enterprise value of 100% of the assets) of about euro 255 million. The sale of the steel cord business enables Pirelli to withdraw from a business which is too small to be competitive, and to focus on the premium tyre segment, which has higher profit margins. As part of the sale and purchase agreement, a long-term agreement was also made for long-term supply and joint development of products to boost R&D activities and guarantee that the transition to the new organisation will be consistent with the companies' respective growth and development plans. The closing of the deal, which is subject to regulatory approvals in Cina and Turkey and has just been approved in Brazil and Europe, is expected to close between 2014 year end and Q1 2015.

On **February 28, 2014** Pirelli & C. S.p.A. announced that effective December 31, 2013, it had closed the medium-long term management cash incentive plan – Long Term Incentive (LTI) – adopted in 2012 in support of the 2012-2014 three-year objectives without any pay-out of the three-year incentive, either full or pro-rated. The Company announced that it had adopted a new plan – also applicable to all management (about 330 participants) – related to the targets for the period 2014-2016 contained in the business plan presented on November 6, 2013. Consistently with the variable compensation mechanisms adopted internationally, the three-year LTI plan is also based on the performance of Pirelli stock ("TSR") and makes it possible to align the interests of management with those of shareholders. Just like previous plans, the 2014-2016 plan is entirely self-funded, insofar as the related expenses are included in the financial figures of the business plan.

At the beginning of **April 2014**, the European Commission notified Pirelli and the other parties involved (including Prysmian Cavi e Sistemi, a Pirelli subsidiary until July 2005) of the decision it had reached on conclusion of the antitrust investigation undertaken in relation to the power cable business. The decision levies a fine of about euro 104 million on Prysmian, with Pirelli being held jointly liable with Prysmian for a portion of that amount, i.e. euro 67 million. This decision confirmed that Pirelli had no direct involvement in the alleged cartel. In fact, the only connection between Pirelli and the alleged violation of antitrust regulations is based on the principle of "parental liability", insofar as Prysmian was controlled by Pirelli during part of the period when the alleged cartel operated.

Pirelli has appealed to the European Court of Justice against the decision by the European Commission, challenging its application of the parental liability rule. In particular, Pirelli believes that it is not subject to the “parental liability” rule. The European Commission recently ordered Pirelli to deposit a bank guarantee covering the payment, if and when due, of the 50% of the fine levied to Prysmian and Pirelli jointly and severally. Consequently to the above mentioned, Pirelli will deliver the warranty requested by the European Commission.

Pirelli confirms, on the basis of meticulous legal analyses which are also supported by the authoritative opinion of independent legal expert, that, since it was not involved in the irregularities allegedly committed by its former subsidiary, the final liability for any violation (and payment of the related penalty) must be borne exclusively by the company that was directly involved in the alleged violation. Consequently the risk assessment does not require any provision accrual as of 30 of Septmber 2014.

On **April 14, 2014**, following satisfaction of the conditions for an early conversion of the Prelios bond (the “Convertendo”) which had previously been subscribed by Pirelli & C. S.p.A. as part of the Prelios debt restructuring plan, Pirelli & C. S.p.A. received, in exchange for the Prelios S.p.A. bonds it held (Tranches A and B), having a total face value of euro 148,4 million (plus accrued interest):

- about 112 million ordinary shares of Prelios S.p.A. class A common stock, which triggered an increase in the percentage of voting shares held by Pirelli from 13.06% to 29.22% after the exchange of debt for equity, of which about 7% was freely transferable and about 22% was restricted by lock-up obligations until July 2016 (with automatic renewal for another three years unless cancelled) envisaged in the shareholders’ agreements of Fenice S.r.l. (Pirelli & C. S.p.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A. and Feidos 11 S.p.A.);

- about 93 million Class B shares – unlisted and without voting rights – that, under the agreements reached by the shareholders of Fenice S.r.l., were subsequently granted to Fenice itself on June 30, 2014, with it thus continuing to hold all the Class B shares even after the exchange of debt for equity.

Pirelli has confirmed its own strategy to focus on its core business – tyres – and, as previously announced to the market on other occasions, that it is not a long-term investor in the real estate sector. Therefore, it will be able to seize the opportunities that might arise on the market to develop its own investment, in light of the existing Fenice S.r.l. shareholders' agreements.

On **May 24, 2014** Pirelli and Rosneft reinforced their industrial and commercial cooperation by signing two Memoranda of Understanding (MoU) in Russia. On the industrial front, Pirelli and Rosneft will collaborate in the production of synthetic rubber (including styrene-butadiene) in Nakhodka, as already stipulated in the MoU signed in Armenia last December. On the commercial front, Pirelli and Rosneft have agreed the opening of at least 200 Pirelli brand product retail outlets at Rosneft service stations by 2019.

On **May 24, 2014** a deal was completed – whose framework agreements had already been announced to the market on March 17, 2014 – by which Long-Term Investments Luxembourg S.A. – a company controlled by the Neftegarant Pension Fund – came to own 50% of Camfin S.p.A. (the company that owns 26.19% of Pirelli & C. S.p.A.), while the remainder is held by a company that is 76% owned by Nuove Partecipazioni S.p.A. and 12% each by Intesa Sanpaolo S.p.A. and Unicredit S.p.A..

As part of the transaction, which closed on July 10, 2014, the equity stake in Pirelli & C. S.p.A. owned by Camfin S.p.A. was valued at euro 12 per share. On the basis of agreements between the parties, the governance of Pirelli & C. S.p.A. remains unchanged and based on the key role played by its Board of Directors in giving guidance, consistently with best international practice.

All strategic matters, definition of the business plan and Pirelli budget are submitted to the Board of Directors by the Chairman and CEO and approved by a majority of its members, just as is done now.

On **June 12, 2014** the Shareholders' Meeting of Pirelli & C. S.p.A. approved the Annual Financial Report 2013, which closed with consolidated net income of euro 306.5 million, and parent company net income of euro 191.9 million, resolving to pay a dividend of euro 0.32 euro per ordinary share and euro 0.39 per savings share. The Shareholders' Meeting also authorised the Board of Directors to buy back and dispose of treasury shares up to the limit of 10% of share capital and for a maximum period of 18 months, thereby renewing the previous authorisation resolved on May 13, 2013. The Shareholders’ Meeting also expressed its approval for the company Remuneration Policy, by approving – for the portion linked to Total Shareholder Return – adoption of the LTI (Long Term Incentive) three-year incentive plan 2014-2016.

The Shareholders' Meeting also established that the term of the entire Board of Directors would be three financial years (until approval of the financial statements at December 31, 2016), and set the number of Board of Directors seats at 15, including 8 independent members. The following individuals were elected from the majority and minority slates to serve as Directors of Pirelli & C. S.p.A.: Marco Tronchetti Provera, Alberto Pirelli, Anna Maria Artoni, Luigi Piergiuseppe Ferdinando Roth, Paolo Fiorentino, Gaetano Micciché, Claudio Sposito, Riccardo Bruno, Piero Alonzo, Emiliano Nitti, Luciano Gobbi, Enrico Parazzini, Elisabetta Magistretti, Manuela Soffientini and Paolo Pietrogrande.

The new Board of Directors elected Mr Marco Tronchetti Provera as Chairman and Chief Executive Officer and Mr Alberto Pirelli as Deputy Chairman. On the basis of available information and the statements submitted by the interested parties, the Board of Directors considered whether Directors Anna Maria Artoni, Luigi Roth, Piero Alonzo, Emiliano Nitti, Luciano Gobbi, Elisabetta Magistretti, Manuela Soffientini and Paolo Pietrogrande satisfied the pre-requisites for independence.

The Board of Directors also confirmed Mr Francesco Tanzi, Chief Financial Officer of the Group, as Corporate Financial Reporting Manager and took note of the resignation of Prof. Enrico Laghi as Statutory Auditor of the Company. Pursuant to the Bylaws, his position was taken by Mr Sebastiano Umile Iacovino.

On **July 10, 2014** Directors Claudio Sposito, Riccardo Bruno, Piero Alonzo, Emiliano Nitti, Luciano Gobbi and Enrico Parazzini resigned from the Pirelli Board of Directors. The Board of Directors co-opted Igor Sechin (President of Rosneft, Chairman of Rosneft's Management Board), Didier Casimiro (Vice President for Commerce and Logistics of Rosneft), Andrey Kostin (President and Chairman of the Management Board, Member of the Supervisory Council of VTB Bank), Ivan Glasenberg (CEO of Glencore), Petr Lazarev (Financial Director of Rosneft) and Igor Soglaev (President, CJCS Novokuibyshevskaya Petrolchemical Company – CJSC NPC) in substitution of the resigned directors. On the basis of available information and the statements made by the interested parties, the Board of Directors also considered whether Ivan Glasenberg and Andrey Kostin satisfied the pre-requisites of independence.

The Board of Directors also confirmed the establishment of four Board of Directors committees having investigative, advisory and policy-making duties: the Remuneration Committee, the Internal Control, Risks, Sustainability and Corporate Governance Committee, the Nominations and Successions Committee, and the Strategies Committee.

The Board of Directors also designated Luigi Roth as Lead Independent Director and appointed the new Supervisory Body, whose term shall expire together with the term of the current Board of Directors. Carlo Secchi (Chairman), Elisabetta Magistretti, Antonella Carù and Maurizio Bonzi were asked to join this body.

GROUP PERFORMANCE AND RESULTS

In addition to the financial performance measures established by the International Financial Reporting Standards (IFRSs), this report presents alternative performance indicators that are derived from IFRSs, for the purpose of facilitating assessment of Group operating performance. These indicators are: Gross Operating Profit, Non-current assets, Provisions, Operating working capital, Net working capital, and Net financial (liquidity)/debt position. Please refer to the section "Alternative performance indicators" for a more analytical description of these indicators.

Following the sale and purchase agreement of the steel cord activities signed by Pirelli and Bekaert on February 28, 2014, the steel cord business has been classified as a discontinued operation. The 9M 2014 result of the discontinued operation has been reclassified in the income statement under a single item "income (loss) from discontinued operations". The comparative operating data at September 30, 2013 have been restated, unless otherwise indicated. More specifically, the steel cord activities were part of the Industrial Business, whose results have been restated.

*** * ***

Group results during the first nine months of 2014 are characterised by:

- strong growth in the premium segment, with volumes surpassing expectations to rise +20.1%. This result was accompanied by an increase in market share, bolstering the position of Pirelli in all geographical areas;
- the improvement in price/mix to +4.7% (+4%/+5% is the target set for 2014) due to the performance of the premium segment, the product mix in the Industrial Business and price increases in emerging countries; premium segment net sales account for about 56% of net sales in the Consumer Business (51% in the same period of 2013);
- net sales grew overall by 6.5%, (-1.3% net of the negative 7.8% change in foreign exchange rates), with the contribution of the cited price/mix trend and of higher volumes (+2.2%), sustained by the Consumer Business (volumes +5.2% in 9M 2014 and +5.3% in the third quarter, up from +4.3% in the second quarter); the net sales trend improved in Q3 2014: +3% net change (+6% overall growth);
- the realisation of internal efficiency gains totalling euro 71.0 million (80% of the annual target of euro 90 million as part of the euro 350 million, four-year cost-efficiency programme 2014-2017);
- the pronounced improvement in profitability, with EBIT growing by 8.9%, reaching euro 629.7 million and the EBIT margin reaching 13.9%, +1.3 percentage points more than in the first nine months of 2013;
- the positive performance of the business in Europe, Asia Pacific and NAFTA, with overall net sales growing faster than the Group average, and the improvement in operating income (EBIT) that attenuates the effects of the current slowdown in the South American market;
- the turnaround of the business in Russia, characterised by a decisive improvement in product mix and positive high single digit EBIT margin, and the improvement in the results of the MEAI area;
- net profit of euro 300.0 million, up 16.2%;

- negative net financial (liquidity)/debt position of euro 2,003.9 million, with some cash absorption in the third quarter in line with the seasonal nature of the business.

The **consolidated financial highlights for the Group** are summarised as follows:

(in millions of euro)

	3° Q 2014	3° Q 2013 restated	09/30/2014	09/30/2013 restated (*)	09/30/2013 reported	12/31/2013 restated (*)	12/31/2013 reported
Net sales	**1,541.8**	**1,496.4**	**4,528.7**	**4,586.4**	**4,649.9**	**6,061.0**	**6,146.2**
Gross operating profit before restructuring expenses	284.9	277.5	867.7	806.8	813.4	1,095.0	1,105.4
% of net sales	18.5%	18.5%	19.2%	17.6%	17.5%	18.1%	18.0%
Operating income before restructuring expenses	208.9	207.5	647.8	593.4	596.9	810.2	816.5
% of net sales	13.5%	13.9%	14.3%	12.9%	12.8%	13.4%	13.3%
Restructuring expenses	(5.4)	(7.8)	(18.1)	(15.2)	(15.2)	(25.5)	(25.5)
Operating income	**203.5**	**199.7**	**629.7**	**578.2**	**581.7**	**784.7**	**791.0**
% of net sales	13.2%	13.3%	13.9%	12.6%	12.5%	12.9%	12.9%
Net income (loss) from equity investments	(5.1)	1.4	(32.3)	(22.9)	(22.9)	(78.3)	(78.3)
Financial income/(expenses)	(43.6)	(43.3)	(135.7)	(146.8)	(148.6)	(192.9)	(195.8)
Pre-tax income (loss)	**154.8**	**157.8**	**461.7**	**408.5**	**410.2**	**513.5**	**516.9**
Income tax	(49.5)	(50.3)	(164.3)	(151.5)	(152.1)	(209.0)	(210.4)
Tax rate %	32.0%	31.9%	35.6%	37.1%	37.1%	40.7%	40.7%
Net income (loss) from continuing operations	**105.3**	**107.5**	**297.4**	**257.0**	**258.1**	**304.5**	**306.5**
Net income (loss) from discontinued operations	**0.9**	**0.5**	**2.6**	**1.1**	**-**	**2.0**	**-**
Total net income (loss)	**106.2**	**108.0**	**300.0**	**258.1**	**-**	**306.5**	**-**
Net income attributable to owners of Pirelli & C. S.p.A.			290.5	262.1	262.1	303.6	303.6
Total net earnings per share attributable to owners of Pirelli & C. S.p.A. (in euro)			0.595	0.537	0.537	0.622	0.622
Non-current assets related to continuing operations			**3,910.1**	**4,002.5**	**4,002.5**	**4,043.0**	**4,043.0**
Inventories			1,060.7	1,052.9	1,052.9	987.3	987.3
Trade receivables			1,075.2	1,057.3	1,057.3	666.4	666.4
Trade payables			(1,020.4)	(1,005.8)	(1,005.8)	(1,244.5)	(1,244.5)
Operating Net working capital related to continuing operations			**1,115.5**	**1,104.4**	**1,104.4**	**409.2**	**409.2**
% of net sales (°)			18.5%	18.1%	17.8%	6.8%	6.7%
Other receivables/other payables			93.0	13.6	13.6	3.0	3.0
Total Net working capital related to continuing operations			**1,208.5**	**1,118.0**	**1,118.0**	**412.2**	**412.2**
% of net sales (°)			20.0%	18.3%	18.0%	6.8%	6.7%
Net invested capital held for sale			**134.5**	**-**	**-**	**-**	**-**
Total Net invested capital			**5,253.1**	**5,120.5**	**5,120.5**	**4,455.2**	**4,455.2**
Equity			**2,493.2**	**2,406.4**	**2,406.4**	**2,436.6**	**2,436.6**
Total Provisions			**756.0**	**743.2**	**743.2**	**696.2**	**696.2**
of which provisions held for sale			*17.3*	-	-	-	-
Total Net financial (liquidity)/debt position			**2,003.9**	**1,970.9**	**1,970.9**	**1,322.4**	**1,322.4**
of which Net Financial (liquidity)/debt position held for sale			*37.9*	-	-	-	-
Equity attributable to the owners of Pirelli & C. S.p.A.			2,413.9	2,334.0	2,334.0	2,376.1	2,376.1
Equity per share attributable to the owners of Pirelli & C. S.p.A. (in euro)			4.947	4.783	4.783	4.869	4.869
Capital expenditure			244.7	238.3	238.3	413.1	413.1
Research and development expenses			152.3	145.1	145.1	199.2	199.2
% of net sales			3.4%	3.2%	3.1%	3.3%	3.2%
Headcount (number at end of period)			39,491	38,133	38,133	37,979	37,979
Industrial sites (number)			22	23	23	23	23

(°) the net sales figure is annualized in interim periods

(*) only Income Statement figures related to Steelcord business have been restated and reclassified as "net income (loss) from discontinued operations".

To facilitate understanding of **Group** performance, the table below sets forth the income statement broken down by business segment.

(in millions of euro)

	A		B		A+B = C		D		C+D = E	
	Consumer		Industrial		Total Tyre		Other business		TOTAL	
	09/30/2014	09/30/2013	**09/30/2014**	09/30/2013	**09/30/2014**	09/30/2013	**09/30/2014**	09/30/2013	**09/30/2014**	09/30/2013
Net sales	**3,466.3**	3,378.6	**1,053.7**	1,183.7	**4,520.0**	4,562.3	**8.7**	24.1	**4,528.7**	4,586.4
Gross operating profit before restructuring expenses	**692.5**	610.2	**183.7**	210.7	**876.2**	820.9	**(8.5)**	(14.1)	**867.7**	806.8
Operating income before restructuring expenses	**516.8**	440.0	**141.3**	170.5	**658.1**	610.5	**(10.3)**	(17.1)	**647.8**	593.4
Restructuring expenses	**(12.5)**	(8.6)	**(5.3)**	(5.6)	**(17.8)**	(14.2)	**(0.3)**	(1.0)	**(18.1)**	(15.2)
Operating income	**504.3**	431.4	**136.0**	164.9	**640.3**	596.3	**(10.6)**	(18.1)	**629.7**	578.2

Group net sales at September 30, 2014 totalled euro 4,528.7 million, compared with euro 4,586.4 million at September 30, 2013. The changes may be summarised as follows:

	1Q		2Q		3Q		at 09/30	
	2014	2013 reported	2014	2013 reported	2014	2013 reported	2014	2013 reported
Volume	3.8%	3.9%	-0.2%	8.8%	3.1%	5.4%	2.2%	6.0%
of which Premium volume	*22.2%*	*4.0%*	*20.9%*	*12.9%*	*17.3%*	*19.1%*	*20.1%*	*11.7%*
Price/mix	4.6%	0.0%	6.0%	5.1%	3.3%	2.5%	4.7%	2.4%
Other business	-0.4%	-0.3%	-0.3%	-0.2%	-0.4%	-0.2%	-0.4%	-0.2%
Change on a like-for-like basis	**8.0%**	**3.6%**	**5.5%**	**13.7%**	**6.0%**	**7.7%**	**6.5%**	**8.2%**
Translation effect	-10.7%	-4.9%	-9.4%	-4.9%	-3.0%	-9.9%	-7.8%	-6.5%
Total change	**-2.7%**	**-1.3%**	**-3.9%**	**8.8%**	**3.0%**	**-2.2%**	**-1.3%**	**1.7%**

The **Tyre Business** specifically had the following quarterly performance:

TOTAL TYRE	1 Q		2 Q		3 Q		at 09/30	
(in millions of euro)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Net sales	**1,469.5**	1,505.0	**1,511.3**	1,567.9	**1,539.2**	1,489.4	**4,520.0**	4,562.3
yoy	-2.4%		-3.6%		3.3%		-0.9%	
Gross operating profit before restructuring expenses	**280.3**	257.8	**308.7**	280.8	**287.2**	282.3	**876.2**	820.9
% of net sales	19.1%	17.1%	20.4%	17.9%	18.7%	19.0%	19.4%	18.0%
Operating income before restructuring expenses	**210.3**	187.5	**236.1**	209.7	**211.7**	213.3	**658.1**	610.5
% of net sales	14.3%	12.5%	15.6%	13.4%	13.8%	14.3%	14.6%	13.4%
Restructuring expenses	**(5.4)**	(3.2)	**(7.0)**	(3.4)	**(5.4)**	(7.6)	**(17.8)**	(14.2)
Operating income	**204.9**	184.3	**229.1**	206.3	**206.3**	205.7	**640.3**	596.3
% of net sales	13.9%	12.2%	15.2%	13.2%	13.4%	13.8%	14.2%	13.1%

In the first nine months of 2014, **Tyre Business net sales** totalled euro 4,520.0 million, with overall growth of 6.9% (-0.9% including the negative 7.8% translation effect) yoy.

Premium segment net sales totalled euro 1,933.9 million (+12.2%, +15.1% excluding the translation effect), with its percentage share of Consumer Business net sales rising to 55.8% (51.0% in 9M 2013). The growth in net sales in Asia Pacific and Europe was particularly strong.

In summary, the following change took place in net sales:

	1Q		2Q		3Q		at 09/30	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Volume	3.8%	3.9%	-0.2%	8.8%	3.1%	5.4%	2.2%	6.0%
of which Premium volume	22.2%	4.0%	20.9%	12.9%	17.3%	19.1%	20.1%	11.7%
Price/mix	4.6%	0.0%	6.0%	5.1%	3.3%	2.5%	4.7%	2.4%
Change on a like-for-like basis	**8.4%**	**3.9%**	**5.8%**	**13.9%**	**6.4%**	**7.9%**	**6.9%**	**8.4%**
Translation effect	-10.8%	-4.9%	-9.4%	-5.0%	-3.1%	-9.9%	-7.8%	-6.6%
Total change	**-2.4%**	**-1.0%**	**-3.6%**	**8.9%**	**3.3%**	**-2.0%**	**-0.9%**	**1.8%**

Volumes increased by 2.2%, mainly due to the positive trend of the European and the Apac markets.

The change in volumes in the **Consumer Business** (+5.2%) was held up by strong sales in Asia Pacific and Europe and continued growth in the premium segment (+20.1% in 9M 2014, +17.3% in Q3 2014) in all geographical areas. The change in **Industrial Business** volumes (-6.2%) reflects the steady withdrawal from the conventional business in South America, the unfavourable basis of comparison, especially in the first half (+16.1% growth in volumes in H1 2013 compared with +8.7% in FY 2013) and contraction on the Truck Original Equipment market in Q2 and Q3 2014 in South America (-28% in Q2, -29% in Q3, -20% in 9M 2014).

The improvement in price/mix (+4.7% in 9M 2014, +4.4% in the Consumer Business, +5.3% in the Industrial Business) testifies to the success of the value strategy with steady improvement in mix and price increases in emerging markets.

The following tables show the breakdown of **Tyre Business net sales by geographic area and product category:**

(in millions of euro)

GEOGRAPHICAL AREA	**09/30/2014**			**09/30/2013**
	Euro\mln	*yoy*		
Italy	273.8	*5.6%*	6.1%	5.7%
Rest of Europe	1,296.8	*8.3%*	28.6%	26.3%
Russia and CIS	188.5	*-2.3%*	4.2%	4.2%
Nafta	531.0	*3.5%*	11.7%	11.2%
Central and South America	1,463.7	*-12.2%*	32.4%	36.5%
Asia\Pacific	410.9	*13.0%*	9.1%	8.0%
Middle East\Africa\India	355.3	*-3.6%*	7.9%	8.1%
TOTAL	**4,520.0**	***-0.9%***	**100.0%**	**100.0%**

PRODUCT	**09/30/2014**			**09/30/2013**
	Euro\mln	*yoy*		
Car tyres	3,158.2	*2.9%*	69.9%	67.3%
Motorcycle tyres	308.1	*-0.6%*	6.8%	6.8%
Consumer	**3,466.3**	***2.6%***	**76.7%**	**74.1%**
Industrial vehicle tyres	928.0	*-10.2%*	20.5%	22.6%
Agriculture tyres	125.7	*-16.4%*	2.8%	3.3%
Industrial	**1,053.7**	***-11.0%***	**23.3%**	**25.9%**

Group operating income (EBIT) was up 8.9% in spite of the volatility in exchange rates, and totalled euro 629.7 million as compared with euro 578.2 million in 9M 2013. The euro 51.5 million improvement was due to the euro 44 million improvement in tyre activities and euro 7.5 million improvement in minor activities.

Specifically, **Tyre Business operating income** changed as follows on a quarterly basis:

(in millions of euro)	1Q	2Q	3Q	TOTAL TYRE AT 09/30
2013 Operating income	**184.3**	**206.3**	**205.7**	**596.3**
Foreign exchange effect	(19.2)	(28.3)	(15.3)	(62.8)
Prices/mix	39.3	54.0	33.8	127.1
Volumes	24.0	2.0	14.7	40.7
Cost of prodution factors (commodities)	7.9	5.8	4.2	17.9
Cost of prodution factors (labour/energy/others)	(29.5)	(21.5)	(37.7)	(88.7)
Efficiency	27.6	21.3	22.1	71.0
Amortisation, depreciation and other	(27.2)	(7.0)	(23.2)	(57.4)
Restructuring expenses	(2.3)	(3.5)	2.0	(3.8)
Change	**20.6**	**22.8**	**0.6**	**44.0**
2014 Operating income	**204.9**	**229.1**	**206.3**	**640.3**

Tyre Business operating income at September 30, 2014 totalled euro 640.3 million (euro 596.3 million yoy), with EBIT margin of 14.2% (14.6% before restructuring costs), for an improvement of over 1 percentage point from 9M 2013.

The improvement in operating income resulted from:

- the growing contribution made by price/mix (euro +127.1 million) which, together with lower commodity costs (euro 17.9 million), more than offset the negative translation effect (euro 62.8 million), with a net balance of euro 82.2 million;
- euro 71 million in efficiency gains, which mitigated the inflation in production factors (euro 88.7 million for the increase in input costs);
- the positive contribution of volumes (euro +40.7 million) helped reduce the impact of higher amortisation, depreciation and other costs (euro 57.4 million) and the increase in non-recurring expenses (euro 3.8 million).

At the geographical level, **Europe** (which accounts for 35% of Tyre Business net sales) represents one of the principal areas of growth, with net sales up 7.8% and a significant improvement in profitability (EBIT margin before restructuring costs in the “mid-teens” from double digit) due to the contribution made by the premium segment and efficiency gains.

The **Nafta** area (accounting for 12% of net sales in the Tyre Business) during 9M 2014 grew overall by 6.7% (+3.5% net of the translation effect), with improved performance in the premium segment, and EBIT margin in the mid-teens, having improved by about 2.0 percentage points.

Apac (9% of net sales in the Tyre Business) confirmed its status as the area of greatest growth: +16.6% overall growth in net sales (+13.0% net of the translation effect), driven by the premium segment (+25.8% growth in premium segment net sales) and an EBIT margin in the low twenties, marking an improvement from 2013.

The performance of the business in **Russia** matched expectations (accounting for 4% of net sales): +10.9% overall growth in net sales in 9M 2014 (-2.3% after the translation effect) and high single-digit EBIT that was up from 2013 (“negative” EBIT margin), due to an improvement in the mix component and to the cost efficiency program.

The business performance in **MEAI** (8% of Tyre Business net sales) was impacted by the depreciation of local currencies (+5.2% growth yoy before the negative translation effect of 8.8%), which was partially offset by the increase in prices and improvement of mix. EBIT improved over 2013, with the EBIT margin being in the high teens.

South America (32% of Tyre Business net sales) had overall growth of +4.3% (-12.2% including the negative change in exchange rates), which was supported by the strong performance of car tyre sales volumes – up 16.4% in the premium segment with an increase in market share – and the price increases applied in response to volatile exchange rates. EBIT margin “low teens” (decreased in comparison with the first nine months of 2013) as a consequence of marked decline in the car Original Equipment market (-19% both in the first nine months and in the third quarter of 2014) and truck (-20% in the first nine months, -29% in the third quarter of 2014), Pirelli attenuated this fall with the growth of its high-value segments in the Replacement market, where overall the company gained over 1 percentage point of market share in the first nine months, thanks in part to the policy of strengthening the distribution chain. The significant reduction of the Original Equipment market in the third quarter, which was bigger than expected and is seen continuing into the fourth quarter, required actions to contain production in order to ensure optimal management of stocks. This, together with inflation increases in production elements, is reflected in the short term on profitability.

The **Group net loss from equity investments** was euro 32.3 million, and mainly refers to the effects of consolidation by the equity method of the 9M 2014 (Q4 2013 and H1 2014) results of the associated company Prelios S.p.A., which were a negative euro 21.4 million, and impairment of the investment in Alitalia S.p.A. by euro 11.2 million in Q2 2014.

Group net income of continuing operations at September 30, 2014 was euro 297.4 million, up 15.7% from 9M 2013, when it was euro 257.0 million.

Tax charges totalled euro 164.3 million, with a tax rate of 35.6% in 9M 2014 (34.0% net of the consolidation of associates at equity).

The average cost of debt during the period was 5.95%. Net financial expenses fell from euro 146.8 million at September 30, 2013 to euro 135.7 million at September 30, 2014, for a decrease of euro 11.1 million. This reduction is principally related to a lower level of debt in countries outside of the Euro area (about 45% of the total) where Pirelli operates and that have high interest rates, and was achieved largely through capital increases made during the year in Brasil, Mexico and Russia.

The **total net income** was euro 300.0 million, compared with 258.1 million in 9M 2013 (+16.2%). The **total net income attributable to owners of Pirelli & C. S.p.A.** at September 30, 2014 was euro 290.5 million (euro 0.595 per share), compared with euro 262.1 million in 9M 2013 (euro 0.537 per share).

Equity rose from euro 2,436.6 million at December 31, 2013 to euro 2,493.2 million at September 30, 2014.

Equity attributable to owners of Pirelli & C. S.p.A. at September 30, 2014 totalled euro 2,413.9 million (euro 4.947 per share), compared with euro 2,376.1 million at December 31, 2013 (euro 4.869 per share).

The change, which is broken down in the table, stems mainly from the net income for the period, the negative translation effect related to the conversion into euro of assets denominated in foreign currency, dividends paid and the actuarial losses related to employee benefits, which were partially offset by the inflation effect of the Venezuelan subsidiary.

(in millions of euro)

	Group	Non-controlling interests	Total
Equity at 12/31/2013	**2,376.1**	**60.5**	**2,436.6**
Translation differences	(89.9)	-	(89.9)
Net income (loss)	290.5	9.5	300.0
Adjustement to fair value of other financial assets/derivative instruments	(12.2)	-	(12.2)
Actuarial gains/(losses) on employee benefits	(30.8)	-	(30.8)
Dividend resolved	(156.7)	(3.4)	(160.1)
Venezuela inflation effect	37.8	1.5	39.3
Disposal of minorities stakes	(3.2)	6.0	2.8
Acquisition through capital increase reserved to third parties	-	5.9	5.9
Other changes	2.3	(0.7)	1.6
Total changes	**37.8**	**18.8**	**56.6**
Equity at 09/30/2014	**2,413.9**	**79.3**	**2,493.2**

The **total net financial (liquidity)/debt position** was a negative euro 2,003.9 million (of which euro 37.9 million related to held for sale assets), compared with euro 1,322.4 million at December 31, 2013, and is broken down as follows:

	in millions of euro	09/3/2014	06/30/2014	12/31/2013
	Current borrowings from banks and other financial institutions	421.0	331.2	316.7
	Current derivative financial instruments	5.9	2.5	3.2
	Non-Current borrowings from banks and other financial institutions	2,234.9	2,137.2	2,014.3
	Total gross debt continuing activities	**2,661.8**	**2,470.9**	**2,334.2**
	Cash and cash equivalents	(572.9)	(466.3)	(879.9)
	Securities held for trading	(41.0)	(32.8)	(48.1)
	Current financial receivables	(13.6)	(10.3)	(17.7)
	Current derivative financial instruments	(10.7)	(4.3)	(6.7)
	Non-current financial receivables	(57.6)	(62.4)	(59.4)
	Total financial receivables, cash and cash equivalents	**(695.8)**	**(576.1)**	**(1,011.8)**
A	**Net financial (liquidity)/debt position continuing operations**	**1,966.0**	**1,894.8**	**1,322.4**
B	**Net financial (liquidity)/debt position discontinued operations**	**37.9**	**40.4**	**-**
A+B	**Net financial (liquidity)/debt position total**	**2,003.9**	**1,935.2**	**1,322.4**

The **structure of the gross debt of continuing operations**, totalling euro 2,661.8 million, is as follows:

(in millions of euro)

	Financial Statements 09/30/2014	**Maturity date**				
		2014	**2015**	**2016**	**2017**	**2018 and beyond**
Use of committed credit facilities	900.0	-	900.0	-	-	-
Bond 5,125% - 2011/2016	500.0	-	-	500.0	-	-
EIB loans	250.0	-	100.0	100.0	20.0	30.0
USD private placement	119.2	-	-	-	11.9	107.3
Schuldschein	155.0	-	-	114.0	31.0	10.0
Other financing	737.6	300.7	144.6	117.1	110.8	64.4
Total gross debt operating activities	**2,661.8**	**300.7**	**1,144.6**	**831.1**	**173.7**	**211.7**
		11.3%	43.0%	31.2%	6.5%	8.0%

At September 30, 2014 the Group had euro 300 million as the unused portion of the euro 1.2 billion committed credit facility (euro 625 million at December 31, 2013). When combined with the euro 613.9 million in cash or cash equivalents and securities held for trading, this provides the Group with a liquidity margin amounting to euro 913.9 million.

The following table summarises the changes in cash flow during the period:

(in millions of euro)

	Q1		Q2		Q3		at 9/30	
	2014	2013	2014	2013	2014	2013	2014	2013
Operating income (EBIT) before restructuring expenses	206.7	181.7	232.2	204.2	208.9	207.5	647.8	593.4
Amortisation and depreciation	70.6	71.3	73.3	72.1	76.0	70.0	219.9	213.4
Capital expenditures of property, plant and equipment and intangible assets	(65.3)	(79.7)	(78.3)	(84.3)	(101.1)	(74.3)	(244.7)	(238.3)
Change in working capital/other	(686.6)	(468.4)	77.4	(12.2)	(155.0)	(153.8)	(764.2)	(634.4)
Operating cash flow	**(474.6)**	**(295.1)**	**304.6**	**179.8**	**28.8**	**49.4**	**(141.2)**	**(65.9)**
Ordinary financial income/(expenses)	(43.3)	(58.0)	(48.8)	(45.5)	(43.6)	(43.3)	(135.7)	(146.8)
Ordinary tax charges	(53.5)	(42.2)	(61.3)	(59.0)	(49.5)	(50.3)	(164.3)	(151.5)
Net operating cash flow	**(571.4)**	**(395.3)**	**194.5**	**75.3**	**(64.3)**	**(44.2)**	**(441.2)**	**(364.2)**
Financial investments/disinvestments	(3.7)	-	2.8	-	(12.1)	(31.6)	(13.0)	(31.6)
Real estate disposals	-	-	-	-	-	26.5	-	26.5
Retail Investment	-	-	-	-	-	(4.1)	-	(4.1)
Other dividends paid	(0.5)	-	(2.9)	(3.1)	-	-	(3.4)	(3.1)
Cash Out for restructuring operations	(12.9)	(7.5)	(5.9)	(5.2)	(8.0)	(4.2)	(26.8)	(16.9)
Net cash flow from discontinued operations	(8.7)	(22.6)	10.5	7.8	2.5	(4.9)	4.3	(19.7)
Foreign exchange differences/other	(46.0)	(49.6)	(11.9)	29.5	13.2	17.1	(44.7)	(3.0)
Net cash flow before divid. Paid	**(643.2)**	**(475.0)**	**187.1**	**104.3**	**(68.7)**	**(45.4)**	**(524.8)**	**(416.1)**
Dividend paid by Parent	-	-	(156.7)	(156.7)	-	-	(156.7)	(156.7)
Prelios: receivable conversion/share capital increase	-	-	-	-	-	(192.9)	-	(192.9)
Net cash flow	**(643.2)**	**(475.0)**	**30.4**	**(52.4)**	**(68.7)**	**(238.3)**	**(681.5)**	**(765.7)**

Net operating cash flow during the first nine months of the year totalled a negative euro 141.2 million (positive euro 28.8 million in Q3 2014).

Overall, a total of euro 244.7 million in investments were made during the first nine months of the year (euro 238.3 million in 9M 2013), intended principally to increase premium capacity in Europe, NAFTA and China, and improve the mix.

Total net cash flow before dividends in 9M 2014 was a negative euro 524.8 million (negative euro 416.1 million in 2013), consistently with the seasonal nature of the businesses, which forecasts the generation of strong cash flow in the last quarter of the year related to the decline in inventories and the cash ins from seasonal markets and from the sales of winter tyres in Europe and Russia.

About euro 45 million resulted from the impact on the net financial (liquidity)/debt position of changes in exchange rates, especially in relation to the position in Venezuela.

Total net cash flow was a negative euro 681.5 million, marking an improvement from the previous year (euro 765.7 million).

Group **headcount** was 39,491 employees at September 30, 2014, as compared with 37,979 employees at December 31, 2013 and 38,133 employees at September 30, 2013. The increase is the result of the acquisition of the Brazilian distribution chain Abouchar, and sales' staff additions and increased Premium capacity in Mexico, China and Romania.

CONSUMER BUSINESS

The consolidated results as compared with those for the corresponding period of 2013 are highlighted in the following table:

CONSUMER (in millions of euro)	1 Q 2014	1 Q 2013	2 Q 2014	2 Q 2013	3 Q 2014	3 Q 2013	at 09/30 2014	at 09/30 2013
Net sales	**1,128.7**	1,116.7	**1,159.6**	1,138.7	**1,178.0**	1,123.2	**3,466.3**	3,378.6
yoy	1.1%		1.8%		4.9%		2.6%	
Gross operating profit before restructuring expenses	**219.4**	194.8	**245.1**	203.5	**228.0**	211.9	**692.5**	610.2
% of net sales	19.4%	17.4%	21.1%	17.9%	19.4%	18.9%	20.0%	18.1%
Operating income before restructuring expenses	**162.7**	138.0	**186.8**	146.7	**167.3**	155.3	**516.8**	440.0
% of net sales	14.4%	12.4%	16.1%	12.9%	14.2%	13.8%	14.9%	13.0%
Restructuring expenses	**(3.9)**	(2.0)	**(5.5)**	(2.5)	**(3.1)**	(4.1)	**(12.5)**	(8.6)
Operating income	**158.8**	136.0	**181.3**	144.2	**164.2**	151.2	**504.3**	431.4
% of net sales	14.1%	12.2%	15.6%	12.7%	13.9%	13.5%	14.5%	12.8%

The next table shows the detailed breakdown of market performance:

	1Q	2Q	1st half 2014	3Q	9 months 2014
EUROPE (*)					
Original Equipment	+9%	+3%	+6%	+1%	+4%
Replacement	+9%	+6%	+7%	+1%	+5%
NAFTA					
Original Equipment	+4%	+3%	+4%	+7%	+5%
Replacement	+2%	+5%	+3%	+3%	+3%
SOUTH AMERICA					
Original Equipment	-11%	-25%	-19%	-19%	-19%
Replacement	+4%	+3%	+4%	+4%	+4%
CINA					
Original Equipment	+10%	+12%	+11%	+6%	+10%

(*) including Turkey; excluding Russia

Net sales totalled euro 3,466.3 million, for an overall growth rate of 9.6% (+2.6% including the translation effect) resulting from:

- the positive contribution made by the volume component +5.2% (+11.2% in mature markets, + 1.9% in the emerging markets impacted by the downturn on the Original Equipment market in South America, which contracted by 19%);
- improvement in the price/mix (+4.4%) tied principally to the growing weight of the premium segment (55.8% of Consumer Business net sales in 9M 2014, compared with 51.0% in 9M 2013).

Net sales in the premium segment were euro 1,933.9 million, up by a total of 12.2% (+15.1% net of the translation effect) compared with the previous year, and the Consumer Business accounted for 55.8% of total net sales (51.0% in 9M 2013). This business segment posted growth from 2013 that was driven by net sales in all markets. In particular, business grew strongly in Europe (+10.9%), in Apac (+25.8%), in Middle East Africa (+13.6%) and in Russia +41%

The following table sets forth the breakdown of net sales:

	1Q		2Q		3Q		at 09/30	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Volume	5.9%	1.2%	4.3%	4.6%	5.3%	6.0%	5.2%	3.9%
of which Premium volume	*22.2%*	*4.0%*	*20.9%*	*12.9%*	*17.3%*	*19.1%*	*20.1%*	*11.7%*
Price/mix	4.4%	-0.5%	5.8%	5.7%	3.1%	3.1%	4.4%	2.6%
Change on a like-for-like basis	**10.3%**	**0.7%**	**10.1%**	**10.3%**	**8.4%**	**9.1%**	**9.6%**	**6.5%**
Translation effect	-9.2%	-3.7%	-8.3%	-4.7%	-3.5%	-8.5%	-7.0%	-5.6%
Total change	**1.1%**	**-3.0%**	**1.8%**	**5.6%**	**4.9%**	**0.6%**	**2.6%**	**0.9%**

Operating income before restructuring expenses totalled euro 516.8 million in 9M 2014, with a margin on net sales of 14.9%, as compared with euro 440.0 million in 2013 (13.0% of net sales). **Operating income** was euro 504.3 million (EBIT margin of 14.5%), up by 72.9 million euro from euro 431.4 million in 2013 (EBIT margin of 12.8%).

The improvement in profitability reflects:

- the improvement in price/mix, due to the growing weight of the premium segment in all regions and the growing weight of the replacement equipment segment;
- the growth in volumes;
- the gradual realisation of internal efficiency gains, the lower impact of start-up costs and better use of production capacity.

Car Business

The Car Business reported 2.9% growth in net sales, with the replacement segment accounting for 71.6% of those sales, up 1.2 percentage points from the same period of 2013.

The greater importance of the segment reflects the improved position of the Group in this segment, which is less affected by market volatility than the original equipment segment.

The reference market showed a positive change in all areas, with the exception of the original equipment segment in South America (-19% in 9M 2014). The market was expanding in Europe (+5% replacement segment and +4% original equipment segment) and the NAFTA area (+3% replacement segment and +5% original equipment segment), while the positive trend continued on the South American market (+4% replacement segment) and in China.

Motorcycle Business

The Motorcycle Business reported a slight downturn in net sales (-0.6%) in 9M 2014, which reflected the negative translation effect (-4.6%) and contraction of the original equipment market in South America.

Business was up in Europe (net sales +6.4%) and in North America (0.8%) due to the market recovery and success of the Pirelli and Metzeler product line.

During 9M 2014, 83.3% of net sales were generated by the replacement market (81.1% in 2013) and 16.7% by the original equipment market (18.9% in 2013).

INDUSTRIAL BUSINESS

The consolidated results as compared with those for the corresponding period of 2013 are highlighted in the following table:

INDUSTRIAL	1 Q		2 Q		3 Q		at 09/30	
(in millions of euro)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Net sales	**340.8**	388.3	**351.7**	429.2	**361.2**	366.2	**1,053.7**	1,183.7
yoy	-12.2%		-18.1%		-1.4%		-11.0%	
Gross operating profit before restructuring expenses	**60.9**	63.0	**63.6**	77.3	**59.2**	70.4	**183.7**	210.7
% of net sales	17.9%	16.2%	18.1%	18.0%	16.4%	19.2%	17.4%	17.8%
Operating income before restructuring expenses	**47.6**	49.5	**49.3**	63.0	**44.4**	58.0	**141.3**	170.5
% of net sales	14.0%	12.7%	14.0%	14.7%	12.3%	15.8%	13.4%	14.4%
Restructuring expenses	**(1.5)**	(1.2)	**(1.5)**	(0.9)	**(2.3)**	(3.5)	**(5.3)**	(5.6)
Operating income	**46.1**	48.3	**47.8**	62.1	**42.1**	54.5	**136.0**	164.9
% of net sales	13.5%	12.4%	13.6%	14.5%	11.7%	14.9%	12.9%	13.9%

The next table shows the detailed breakdown of market performance:

	1Q	**2Q**	**1st half 2014**	**3Q**	**9 months 2014**
EUROPE (*)					
Original Equipment	+7%	-4%	+1%	-5%	-1%
Replacement	+14%	+2%	+8%	-3%	+4%
NAFTA					
Original Equipment	+10%	+11%	+10%	+19%	+13%
Replacement	+5%	+12%	+8%	+10%	+9%
SOUTH AMERICA					
Original Equipment	-1%	-28%	-16%	-29%	-20%
Replacement	+3%	-4%	+0%	-3%	-1%
CINA					
Original Equipment	+13%	-7%	+2%	-11%	-2%

(*) including Turkey; excluding Russia

Net sales totalled euro 1,053.7 million, down 11.0% from 9M 2013 (euro 1,183.7 million), with a negative translation effect of 10.1%. The significant improvement in mix and the price increase (+5.3% growth in price/mix) have almost offset the contraction in volumes (-6.2%) resulting from gradual withdrawal from the conventional business in Latin America, due to an unfavourable basis of comparison, especially in H1 2014 (+16.1% change in volumes in H1 2013, as opposed to +8.7% for FY 2013), and accentuation of the contraction in the truck original equipment segment in Latin America beginning in Q2 2014 (-28% in Q2, -29% in Q3, - 20% in 9M 2014).

The following table sets forth the breakdown of net sales:

	1Q		2Q		3Q		at 09/30	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Volume	-2.2%	11.7%	-12.2%	20.6%	-3.6%	4.0%	-6.2%	11.8%
Price/mix	5.4%	1.4%	6.5%	3.6%	4.0%	0.9%	5.3%	2.0%
Change on a like-for-like basis	**3.2%**	**13.1%**	**-5.7%**	**24.2%**	**0.4%**	**4.9%**	**-0.9%**	**13.8%**
Translation effect	-15.4%	-8.2%	-12.4%	-6.0%	-1.8%	-13.6%	-10.1%	-9.5%
Total change	**-12.2%**	**4.9%**	**-18.1%**	**18.2%**	**-1.4%**	**-8.7%**	**-11.0%**	**4.3%**

Operating income before restructuring expenses totalled euro 141.3 million, with EBIT margin of 13.4% of net sales (12.9% EBIT margin including euro 5.3 million in restructuring expenses).

The reduction from the first nine months of 2013 (EBIT before restructuring expenses of euro 170.5 million) reflects the declines in emerging countries, in particular South America, and therefore the already mentioned actions to reduce both production and the inflation of production factor costs in South America.

Truck

In 9M 2014 truck business net sales fell by 10.2% (+0.4% net of the translation effect), which was impacted by contraction on the market in South America (original equipment -20%) and a gradual slowdown on the principal reference markets in Q3 2014.

Agro

During 9M 2014, net sales fell overall by 16.4%, with sales volumes contracting by 10.8%, due to a slowdown in the original equipment segment of the agricultural market in South America (rear original equipment market in Brazil, -22%), and a negative translation effect of 12.2% resulting from the high concentration of the business in that region (86% of total net sales).
Pirelli continues to confirm its leadership in South America, especially in the original equipment segment, focusing on growth in the rear and radial segment.

BUSINESS OUTLOOK IN 2014

Based on the performance of the first nine months of 2014, Pirelli confirms, at a constant scope of consolidation, the 2014 targets indicated last august in terms of:

- Ebit at 850 million euro after non-recurring charges and restructuring;
- Investments below 400 million euro;
- Cash generation before dividends above 250 million euro;
- Net financial position negative for approximately 1.2 billion euro.

Consolidated revenues expected at between >6.1 billion and <6.2 billion euro, substantially in line with the previous year and slightly below the previous forecast (~6.2 billion euro forecast last august) with:

- a price/mix component confirmed growing by between +4.5% and +5.5%;
- Premium volumes confirmed growing by over 16%,;
- total volumes expected to grow by over 2.5% (previous forecast ~+4.5%) taking into account the slowdown in the Latam, Russia and Meai markets;
- lower negative forex impact, expected at ~-7%/-~7.5% (previous forecast ~-8.5%/~-9.5%).

The target for the **operating result (Ebit) after restructuring** charges is confirmed at 850 million euro which is the effect of:

- the lower impact of raw material costs (-5 million euro compared with -35 million euro previous forecast), with a positive impact on Ebit of 30 million euro compared with previous estimates;
- the already cited improvement in the forex component, with a total positive impact on the operating result of +15 million euro;
- lower non-recurring charges of 10 million euro.

which compensate for:

- lower volumes' growth, with a negative impact on Ebit of 45 million euro;
- higher production costs of 10 million euro (lower saturation of plant in South America and increased inflation).

In particular, for the **Consumer business**:

- the revenues' target is confirmed at approximately 4.7 billion euro;
- the growth of total volumes in the segment is forecast at >+5% (>+6.5% previous estimate), with the increase in Premium volumes confirmed at over +16%;
- a contribution from the price/mix component confirmed at +4.5%/5.5%;
- a lower negative forex impact (~-6%/-6.5% compared with ~-7.5%/~-8.5% previously indicated).

These operational variables translate into a confirmation of Consumer profitability, with an Ebit margin before restructuring charges estimated at equal to or above 15%.

For the **Industrial business**, revenues are expected to be below or equal to 1.5 billion euro (~1.5 billion euro previous target) which is the result of:

- a decline in volumes of 5% (-2% previous indication) in consideration of the slowdown in the Latam truck and agro market;
- a price/mix increase confirmed at +4%/+5%;
- a lower negative forex impact, forecast at ~-9%/~-9.5% (~-11.0%/~-11.5% previous indication).

The profitability of the Industrial business (Ebit margin before restructuring costs) is expected to be approximately 13% (previous target equal to or above 13.5%).

HIGHLIGHTS OF OTHER ACTIVITIES

The other activities are comprised by Pirelli Ambiente S.r.l. and PZero S.r.l. and are broken down as follows:

(in millions of euro)

	Pirelli Ambiente		Pzero		Total Other Business	
	09/30/2014	09/30/2013	**09/30/2014**	09/30/2013	**09/30/2014**	09/30/2013
Net sales	**4.0**	17.6	**4.7**	6.5	**8.7**	24.1
Gross operating profit before restructuring expenses	**(1.9)**	(3.6)	**(6.6)**	(10.5)	**(8.5)**	(14.1)
Operating income before restructuring expenses	**(3.1)**	(5.9)	**(7.2)**	(11.2)	**(10.3)**	(17.1)
Restructuring expenses	-	-	**(0.3)**	(1.0)	**(0.3)**	(1.0)
Operating income	**(3.1)**	(5.9)	**(7.5)**	(12.2)	**(10.6)**	(18.1)

Net sales at September 30, 2014 totalled euro 8.7 million, compared with euro 24.1 million in the same period of 2013. The decrease is connected with withdrawal from the Gecam business in France, within the scope of Pirelli Ambiente activities.

Net income in 9M 2014 was a negative euro 10.6 million, compared with negative euro 18.1 million in 9M 2013.

PARENT HIGHLIGHTS

The following table illustrates highlights of the parent's operating results, earnings and financial position:

(in millions of euro)	09/30/2014	09/30/2013	12/31/2013
Operating income	6.8	16.2	24.3
Net financial income and net income from equity investments	152.6	202.3	195.9
Net income (loss)	**167.8**	**221.4**	**191.9**
Non-current financial assets	1,548.0	1,606.7	1,536.1
Equity	**1,952.9**	**1,954.6**	**1,940.0**
Net financial (liquidity)/debt position	(210.2)	(104.9)	(227.1)

Net income, totalling euro 167.8 million, largely consists of dividends for euro 162.8 million, of which euro 146 million distributed by the subsidiary Pirelli Tyre S.p.A, impairment of the investment in Alitalia S.p.A. by euro 11.2 million, and the positive effect of euro 13.3 million deriving from exchange of the Prelios bond ("Convertendo"), amounting to euro 104.1 million (including euro 44.3 million in impairment of the instrument at December 31, 2013) with Prelios S.p.A. Class A and B shares, for a total value of euro 117.4 million, obtained after the early conversion executed in April 2014.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER

There were no significant events.

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the financial performance measures established by the International Financial Reporting Standards (IFRSs), this report presents certain measures that are based on IFRSs figures ("Non-GAAP Measures"). These performance measures are presented to facilitate understanding of Group operating performance and should not be considered as substitutes for the information required under the IFRSs.

Specifically, the Non-GAAP Measures used are the following:

- **Gross Operating Profit (EBITDA):** gross operating profit is an intermediate economic measure deriving from operating income, but excluding depreciation of property, plant and equipment and amortisation of intangible assets;
- **Non-current assets:** this measure is the sum of "property, plant and equipment," "intangible assets," "investments in associated companies and joint ventures" and "other financial assets";
- **Provisions:** this measure is the sum of "provisions for liabilities and charges (current and non-current)," "provisions for employee benefits" and "provisions for deferred tax liabilities";
- **Operating working capital:** this measure consists of the sum of "inventories," "trade receivables" and "trade payables";
- **Net working capital:** this measure consists of working capital and the other receivables and payables not included in "net financial (liquidity)/debt position";
- **Net financial (liquidity)/debt position:** this performance measure is represented by gross financial debt less cash and cash equivalents and other financial receivables. The section "Financial statements" presents a table showing the items of the balance sheet used to calculate this measure.

OTHER INFORMATION

In light of the simplifications to regulatory measures introduced by Consob in the Issuers Regulation no. 11971/99, the Board of Directors has resolved to exercise the waiver, granted in Art. 70(8) and Art. 71(1-bis) of that regulation, of the obligation to publish the disclosure documents that are prescribed in the event of significant mergers, demergers, capital increases through contribution in kind, acquisitions and disposals.

Related party transactions

Related party transactions, including intercompany transactions, are neither unusual nor exceptional, but are part of the ordinary course of business of Group companies. Such transactions, when not carried out at standard conditions or dictated by specific laws, are in any case settled on an arm's length basis and executed in compliance with the rules set out in the Group Related-Party Transactions Procedure.

The effects of related party transactions on the consolidated income statement and balance sheet of the Pirelli & C. Group at September 30, 2014 are shown below.

TRANSACTIONS WITH ASSOCIATES and J.V.

(in millions of euro)

Other income	2.4	The amount mainly refers to rental income and operating expenses refunds from Prelios Group (euro 1.5 million) and royalties due by Idea Granda Società Consortile S.r.l. to Pirelli & C. Ambiente S.r.l. (euro 0.5 million).
Other costs	17.9	The amount mainly concerns Pirelli Deutschland GmbH energy purchases and machinery rental from Industriekraftwerk Breuberg GmbH (euro 17.8 milion).
Net income (loss) from equity investments	13.3	Effect resulting form the conversion of Prelios bond in Prelios share.
Financial income	0.3	The amount relates to interest income from the loan granted by Pirelli & C. Ambiente S.r.l. to GWM Renewable Energy II Group.
Current trade receivables	1.1	The amount mainly concerns receivables for services provided by Pirelli Tyre S.p.A. and Poliambulatorio S.r.l. to Prelios Group S.p.A. (euro 0.5 million), and Pirelli & C. Ambiente S.r.l. to Idea Granda Società Consortile S.r.l. (euro 0.3 million) and GWM Renewable Energy S.p.A. (euro 0.3 million).
Current financial receivables	8.7	The amount refers to receivables of Pirelli & C. Ambiente S.r.l from GWM Renewable Energy II Group.
Non-current borrowings from banks and other financial institutions	1.8	Guarantee deposit to Prelios S.p.A. for rentals.
Current trade payables	18.2	The amount mainly consists of Pirelli Deutschland GmbH payables for energy purchases from Industriekraftwerk Breuberg GmbH.
Current other payables	0.1	The amount refers to payables of Pirelli & C. S.p.A. to Prelios S.p.A. .

TRANSACTIONS WITH RELATED PARTIES THROUGH DIRECTORS

(in millions of euro)

Other income	0.1	The amount mainly refers to reimbursements from MTP S.p.A..
Other costs	6.6	The amount mainly refers to advertising costs owed to FC Internazionale Milano S.p.A..
Current trade receivables	0.1	The amount refers to receivables for reimbursements from MTP S.p.A..

RELATED PARTY TRANSACTIONS

(in milllions of euro)

Revenue from sales and services	0.1	The amount refers to services provided by Pirelli Sistemi Informativi S.p.A. and Pirelli & C. S.p.A. to Camfin Group.
Other income	0.1	The amount mainly concerns rental income and related operating expenses from Camfin Group.
Financial expenses	0.9	The amount mainly refers to bank fees due by Pirelli & C. S.p.A. to Intesa Group (euro 0.2 million), interest expense on the loan granted to Pirelli Tyre Co. Ltd by Intesa Group (euro 0.3 million), commissions and fees related to the drawdown on the credit facility granted to Pirelli International Plc by the Intesa and Unicredit groups (euro 0.1 million).
Non-current borrowings from banks and other financial institutions	150.0	The amount concerns a drawdown on the euro 1,200 million syndicated loan granted to Pirelli & C. S.p.A. (euro 37.5 million) and Pirelli International Plc (euro 112.5 million) by the Intesa and Unicredit groups.
Non-current borrowings from banks and other financial institutions	13.6	The amounts refers to loans granted to Pirelli Tyre Co. Ltd by Intesa Group (euro 11.7 million) and to Pirelli Tyre S.p.A. by the Intesa (euro 0.6 million) and Unicredit (euro 1.3 million) groups.
Current borrowings from banks and other financial institutions	10.2	The amount concerns loans granted to Pirelli Tyre Co. Ltd by Intesa Group (euro 9.7 million) and to Pirelli Tyre S.p.A. by the Intesa (euro 0.3 million) and Unicredit (euro 0.2 million) groups.
Cash and cash equivalents	20.0	Deposits of Pirelli International Plc with the Intesa (euro 10.0 million) and Unicredit (euro 10.0 million) groups.

The Board of Directors

Milan, November 6, 2014

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of euro)

	09/30/2014	12/31/2013
Property, plant and equipment	2,522,874	2,608,448
Intangible assets	997,949	1,013,979
Investments in associates and J.V.	211,090	131,466
Other financial assets	178,234	289,096
Deferred tax assets	238,593	210,181
Other receivables	169,438	169,463
Tax receivables	8,207	7,890
Non-current assets	**4,326,385**	**4,430,523**
Inventories	1,060,734	987,318
Trade receivables	1,075,246	666,427
Other receivables	289,436	267,535
Securities held for trading	41,008	48,090
Cash and cash equivalents	572,853	879,897
Tax receivables	69,361	55,604
Derivative financial instruments	28,642	24,818
Current assets	**3,137,280**	**2,929,689**
Assets held for sale	**245,651**	**-**
Total Assets	**7,709,316**	**7,360,212**
Equity attributable to owners of the Parent:	2,413,938	2,376,066
- Share capital	1,343,285	1,343,285
- Reserves	780,112	729,207
- Net income (loss)	290,541	303,574
Equity attributable to non-controlling interests:	79,254	60,523
- Reserves	69,838	57,605
- Net income (loss)	9,416	2,918
Equity	**2,493,192**	**2,436,589**
Borrowings from banks and other financial institutions	2,234,968	2,014,406
Other payables	72,209	76,853
Provisions for liabilities and charges	119,367	116,745
Provisions for deferred tax liabilities	50,891	49,956
Employee benefit obligations	484,393	439,450
Tax payables	3,551	3,537
Non-current liabilities	**2,965,379**	**2,700,947**
Borrowings from banks and other financial institutions	420,968	316,653
Trade payables	1,020,427	1,244,466
Other payables	412,590	434,158
Provisions for liabilities and charges	83,969	90,089
Tax payables	114,081	80,272
Derivative financial instruments	56,993	57,038
Current liabilities	**2,109,028**	**2,222,676**
Liabilities related to assets held for sale	**141,717**	**-**
Total liabilities and equity	**7,709,316**	**7,360,212**

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	1/1 - 09/30/2014	1/1 - 09/30/2013 (*)
Revenues from sales and services	4,528,676	4,586,365
Other income	126,429	147,639
Change in inventories of work in progress, semi-finished and finished products	64,698	3,610
Raw materials and consumables (net of change in inventories)	(1,595,542)	(1,735,369)
Personnel expenses	(924,849)	(888,007)
Amortisation,depreciation and impairment	(222,098)	(213,674)
Other costs	(1,349,292)	(1,324,816)
Additions to property, plant and equipment for internal work	1,644	2,436
Operating income	**629,666**	**578,184**
Net income (loss) from equity investments	(32,253)	(22,912)
- share of net income (loss) of associates and j.v.	*(21,176)*	*(10,726)*
- gains on equity investments	*14,160*	*367*
- losses on equity investments	*(26,370)*	*(13,248)*
- dividends	*1,133*	*695*
Financial income	33,011	44,203
Financial expenses	(168,740)	(190,986)
Net income (loss) before income tax	**461,684**	**408,489**
Income tax	(164,327)	(151,449)
Net income (loss) from continuing operations	**297,357**	**257,040**
Net income (loss) from discontinued operations	2,600	1,100
Total net income (loss)	**299,957**	**258,140**

Attributable to:

Owners of the parent	290,541	262,099
Non-controlling interests	9,416	(3,959)

(*) Steelcord business qualifies as "discontinued operation". All comparative amounts have been restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in thousands of euro)

		1/1 - 09/30/2014	1/1 - 0/30/2013
A	**Net income (loss) for the period**	**299,957**	**258,140**
Components of other comprehensive income:			
	B - Items that will not be reclassified to income statement:		
	- Net actuarial gains (losses) on employee benefits	(54,468)	22,949
	- Tax effect	23,675	(5,403)
	Total B	**(30,794)**	**17,546**
	C - Items reclassified / that may be reclassified to income statement:		
	Exchange differences from translation of foreign financial statements	(89,943)	(168,389)
	Fair value adjustment of other financial assets:		
	- Gains / (losses) for the period	(2,758)	23,548
	- (Gains) / losses reclassified to income statement	4,772	131
	Fair value adjustment of derivatives designated as cash flow hedges:		
	- Gains / (losses) for the period	21,038	(10,426)
	- (Gains) / losses reclassified to income statement	(15,417)	13,991
	- Tax effect	(1,042)	(760)
	Fair value adjustment of derivatives designated as net investment hedges:		
	- Gains / (losses) for the period	(4,761)	-
	Total C	**(88,110)**	**(141,905)**
	Share of other comprehensive income related to associates and joint ventures after taxes	(14,055)	-
	Total D	**(14,055)**	**-**
E	**Total components of other comprehensive income (B+C+D)**	**(132,960)**	**(124,359)**
A+E	**Total comprehensive income (loss) for the period**	**166,997**	**133,781**
	Attributable to:		
	- Owners of the Parent	157,581	142,071
	- Non-controlling interests	9,416	(8,290)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY at 09/30/2014

(in thousands of euro)

	Attributable to owners of the Parent						
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/retained earnings	**Total attributable to owners of the Parent**	**Non controlling interests**	**TOTAL**
Total at 12/31/2013	**1,343,285**	**(228,301)**	**(452,545)**	**1,713,628**	**2,376,066**	**60,523**	**2,436,589**
Other comprehensive income	-	(89,943)	(43,016)	-	(132,959)	-	(132,959)
Net income (loss)	-	-	-	290,541	290,541	9,416	299,957
Total comprehensive income	**-**	**(89,943)**	**(43,016)**	**290,541**	**157,582**	**9,416**	**166,998**
Dividends paid	-	-	-	(156,743)	(156,743)	(3,358)	(160,101)
Venezuela inflation effect	-	-	-	37,821	37,821	1,485	39,306
Disposal of minorities stakes	-	-	-	(3,230)	(3,230)	5,957	2,727
Acquisition through capital increase reserved to third parties	-	-	-	-	-	5,936	5,936
Other	-	-	619	1,823	2,442	(705)	1,737
Total at 09/30/2014	**1,343,285**	**(318,244)**	**(494,943)**	**1,883,840**	**2,413,938**	**79,254**	**2,493,192**

(in thousands of euro)

	Breakdown of IAS reserves *				
	Reserve for fair value adjustment of avaible-for-sale financial assets	Reserve for cash flow hedge	Reserve for actuarial gains/losses	Reserve for deferred taxes	**Total IAS reserve**
Balance at 12/31/2013	**35,632**	**(30,499)**	**(518,039)**	**60,361**	**(452,545)**
Other comprehensive income	(11,808)	627	(54,468)	22,633	(43,017)
Other changes	-	-	792	(173)	619
Balance at 09/30/2014	**23,824**	**(29,872)**	**(571,716)**	**82,821**	**(494,943)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY at 09/30/2013

(in thousands of euro)

	Attributable to owners of the Parent						
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/retained earnings	**Total attributable to owners of the Parent**	**Non controlling interests**	**TOTAL**
Total at 12/31/2012	**1,343,285**	**(1,606)**	**(531,446)**	**1,527,170**	**2,337,403**	**52,026**	**2,389,429**
Other comprehensive income	-	(164,058)	44,030	-	(120,028)	(4,331)	(124,359)
Net income (loss)	-	-	-	262,099	262,099	(3,960)	258,139
Total other comprehensive income	**-**	**(164,058)**	**44,030**	**262,099**	**142,071**	**(8,291)**	**133,780**
Russia - change jv agreement	-	-	-	(33,949)	(33,949)	33,949	-
Dividends paid	-	-	-	(156,743)	(156,743)	(3,129)	(159,872)
Venezuela inflation effect	-	-	-	45,194	45,194	1,775	46,969
Other	-	-	-	26	26	(3,906)	(3,880)
Total at 09/30/2013	**1,343,285**	**(165,664)**	**(487,416)**	**1,643,797**	**2,334,002**	**72,424**	**2,406,426**

(in thousands of euro)

	Breakdown of IAS reserves *				
	Reserve for fair value adjustment of avaible-for-sale financial assets	Reserve for cash flow hedge	Reserve for actuarial gains/losses	Reserve for deferred taxes	**Total IAS reserve**
Balance at 12/31/2012	**2,001**	**(44,971)**	**(539,558)**	**51,082**	**(531,446)**
Other comprehensive income	23,679	3,565	22,949	(6,163)	44,030
Other changes	-	-	-	-	-
Balance at 09/30/2013	**25,680**	**(41,406)**	**(516,609)**	**44,919**	**(487,416)**

CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of euro)

		1/1 - 09/30/2014	1/1 - 09/30/2013 (*)
	Net income (loss) from continuing operations before taxes	461,684	408,489
	Amortisation, depreciation, impairment losses and reversals of impaired property, plant and equipment and intangible assets	222,098	213,674
	Reversal of financial expenses	168,740	190,986
	Reversal of financial income	(33,011)	(44,203)
	Reversal of dividends	(1,133)	(695)
	Reversal of gains/(losses) on equity investments	12,210	12,881
	Reversal of share of net income from associates and joint ventures	21,176	10,726
	Income taxes	(164,327)	(151,449)
	Change in inventories	(89,239)	(18,883)
	Change in trade receivables	(413,970)	(380,849)
	Change in trade payables	(205,811)	(169,508)
	Change in other receivables/payables	(82,568)	(26,972)
	Change in provisions for employee benefits and other provisions	(13,423)	(41,366)
	Other changes	(15,294)	21,997
A	**Net cash flows provided by (used in) operating activities**	**(132,868)**	**24,828**
	Purchase of property, plant and equipment	(239,130)	(231,372)
	Disposal of property, plant and equipment	14,988	4,628
	Purchase of intangible assets	(5,640)	(6,900)
	Disposals (Acquisitions) of retail investments	-	(11,174)
	Disposals (Acquisitions) of other financial assets	(447)	(56,206)
	Dividends received	1,133	695
B	**Net cash flows provided by (used in) investing activities**	**(229,096)**	**(300,329)**
	Increase (reduction) in equity	2,799	-
	Change in financial payables	405,356	80,237
	Change in financial receivables/Securities held for trading	15,261	67,075
	Financial income (expenses)	(135,729)	(146,783)
	Dividends paid	(156,743)	(159,789)
C	**Net cash flows provided by (used in) financing activities**	**130,944**	**(159,260)**
	Net cash flows provided by (used in) operating activities	699	(8,772)
	Net cash flows provided by (used in) investing activities	-	-
	Net cash flows provided by (used in) financing activities	6,774	(11,283)
D	**Total financial cash flow provided by (used in) discontinued operations**	**7,473**	**(20,055)**
E	**Total cash flows provided (used) during the period (A+B+C+D)**	**(223,546)**	**(454,816)**
F	**Cash and cash equivalents at beginning of year**	**806,856**	**665,004**
G	Exchange differences on translation of cash and cash equivalents	(48,896)	(35,684)
H	**Cash and cash equivalents at end of the period (E+F+G) (°)**	**534,414**	**174,504**
(°)	**of which:**		
	cash and cash equivalents (note 19)	572,853	273,603
	bank overdrafts	(38,439)	(99,099)

(*) Steelcord business qualifies as "discontinued operation". All comparative amounts have been restated.

FORM AND CONTENTS

The Interim Management Statements at September 30, 2014 have been prepared in accordance with Art. 154 *ter* of Legislative Decree 58/1998 and applicable Consob instructions.

The International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission and in force at the time of approval of this report, have been followed for the purposes of recognition and measurement.

The accounting standards and policies are the same as those used to prepare the Annual Financial Report at December 31, 2013, to which reference is made for more details, with the exception of the following standards that are applicable beginning January 1, 2014:

- Amendments to IAS 32 – Financial Instruments: Presentation – offsetting of financial assets and liabilities: no impact on the Group;
- IFRS 10 – Consolidated Financial Statements: no impact on the Group;
- IFRS 11 – Joint Arrangements: no impact on the Group;
- IFRS 12 – Disclosure of Interests in Other Entities: application of this standard will have an impact on the year-end consolidated financial statement disclosures, and particularly in regard to the disclosure on subsidiaries.
- Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities – Transition Guide: the application of these changes will have an impact on year-end consolidated financial statement disclosures;
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities: not applicable to the Group;

- Amendments to IAS 36 – Impairment of Assets – supplemental information about the recoverable value of non-financial assets: no impact on the disclosures provided by the Group;
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement – novation of derivatives and continuation of hedge accounting: no impact on the Group.

DISCONTINUED OPERATIONS

On February 28, 2014 Pirelli & C. S.p.A. and Bekaert announced that they had signed an agreement for sale of the Pirelli steel cord activities to Bekaert for a total amount (enterprise value of 100% of the assets) of about euro 255 million. The closing of the deal, which is subject to regulatory approvals in Cina and Turkey and has just been approved in Brazil and Europe, is expected to close between 2014 year end and Q1 2015.

On the basis of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), the steel cord business is qualified as a discontinued operation. Therefore, the assets and liabilities related to the business to be sold are shown in the consolidated balance sheet, in two distinct items named “Assets held for sale” and “Liabilities held for sale”. The 9M result of the discontinued operation is shown in the income statement separately from the continuing operations, net of tax effects, in the item “income (loss) from discontinued operations”. At the same time, the comparative income statement figures have been restated.

In regard to the existing transactions between the steel cord business, which is qualified as a discontinued operation, and the remaining activities of the Pirelli group (“continuing business”), a “post-disposal” representation has been preferred in the income statement. It is noted in this regard that the steel cord business held for sale provides the steel cord necessary to make tyres, and that the sales agreement includes a long-term supply agreement to supply this material to Pirelli.

In this context, the revenue resulting from steel cord sales to third parties has been considered in order to represent the discontinued operations shown in the income statement, and the costs related to those sales have been determined by consequently showing the result that reflects these components.

Net financial (liquidity)/debt position

(alternative performance measure not envisaged by the accounting standards)

(in thousands of euro)

		09/30/2014	12/31/2013
	Current borrowings from banks and other financial institutions	420,968	316,653
	Current derivative financial instruments (liabilities)	5,908	3,175
	Non-current borrowings from banks and other financial institutions	2,234,968	2,014,406
	Total gross debt continuing activities	**2,661,844**	**2,334,234**
	Cash and cash equivalents	(572,853)	(879,897)
	Securities held for trading	(41,008)	(48,090)
	Current financial receivables	(13,644)	(17,738)
	Current derivative financial instruments (assets)	(10,742)	(6,666)
	Net financial debt *	**2,023,597**	**1,381,843**
	Non-current financial receivables	(57,587)	(59,460)
A	**Total net financial (liquidity)/debt position from continuing operations**	**1,966,010**	**1,322,383**
B	**Total net financial (liquidity)/debt position from discontinued operations**	**37,937**	**-**
A+B	**Total net financial (liquidity)/debt position**	**2,003,947**	**1,322,383**

* Pursuant to Consob Notice of July 28, 2006 and in compliance with CESR recommendation of February 10, 2005 "Recommendations fot the consistent implementation of the European Commission regulation on Prospectuses".

Exchange rates

The main exchange rates used for consolidation purposes are as follows:

(local currency against euro)

	Period-end		Change in %	Average nine months		Change in %
	09/30/2014	09/30/2013		2014	2013	
Venezuelan Bolivar Fuerte	15.0996	8.5082	77.47%	15.0996	8.5082	77.47%
Swedish Krona	9.1465	8.6575	5.65%	9.0404	8.5800	5.37%
Australian Dollar	1.4442	1.4486	(0.30%)	1.4765	1.3460	9.69%
Canadian Dollar	1.4058	1.3912	1.05%	1.4825	1.3478	10.00%
Singaporean Dollar	1.6063	1.6961	(5.29%)	1.7046	1.6479	3.44%
U.S. Dollar	1.2583	1.3505	(6.83%)	1.3555	1.3167	2.95%
Taiwan Dollar	38.2699	39.9613	(4.23%)	40.8343	39.1331	4.35%
Swiss Franc	1.2063	1.2225	(1.33%)	1.2181	1.2313	(1.07%)
Egyptian Pound	8.9984	9.3121	(3.37%)	9.5767	9.0482	5.84%
Turkish Lira (new)	2.8966	2.7533	5.20%	2.9367	2.4588	19.44%
New Romanian Leu	4.4102	4.4620	(1.16%)	4.4474	4.4083	0.89%
Argentinian Peso	10.6075	7.8235	35.59%	10.8343	6.9676	55.50%
Mexican Peso	16.9628	17.8126	(4.77%)	17.7565	16.7269	6.16%
South African Rand	14.2606	13.5985	4.87%	14.5368	12.4841	16.44%
Brazilian Real	3.0954	3.0200	2.50%	3.1012	2.8000	10.76%
Chinese Renminbi	7.7417	8.3029	(6.76%)	8.3293	8.1831	1.79%
Russian Ruble	49.9540	43.6497	14.44%	48.0659	41.7206	15.21%
British Pound	0.7773	0.8361	(7.03%)	0.8121	0.8518	(4.66%)
Japanese Yen	138.1100	131.7800	4.80%	139.5474	127.2421	9.67%

For consolidation of the figures of the Venezuela subsidiary at September 30, 2014, the Group has adopted the exchange rate set by the SICAD I auction held at the end of September 2014, amounting to 12.0 bolivars per dollar (15.10 bolivars per euro), and no longer the official exchange rate set at 6.3 bolivars per dollar (8.68 bolivars per euro), on the basis of the provisions of the “Convenio Cambiario N. 25” issued in Venezuela on January 22, 2014. That notice clarified that the official exchange rate of 6.3 bolivars per U.S. dollar is increasingly reserved only for the purchases of goods and services deemed “essential” by the Venezuelan government.

Certification pursuant to Article 154-bis, paragraph 2

of Legislative Decree 58 of February 24, 1998 (“Consolidated Law on Finance”)

I, Francesco Tanzi, the Chief Financial Officer and Corporate Financial Reporting Manager of Pirelli & C. S.p.A., with registered office at Viale Piero e Alberto Pirelli 25, Milan, Italy, share capital of euro 1,345,380,534.66, taxpayer identification number, VAT registration number and entry in the Milan Companies Register at number 00860340157, hereby

Certify

pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting information contained in the interim management statements at September 30, 2014 corresponds with the company’s accounting records.

Milan, November 6, 2014

Francesco Tanzi
Corporate Financial
Reporting Manager