Interim Management Statements

at March 31, 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 March 31, 2014

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Board of Directors [1]

Chairman and Chief Executive Officer	Marco Tronchetti Provera
Deputy Chairman	Alberto Pirelli
Director	Carlo Acutis
Independent Director	Anna Maria Artoni
Director	Gilberto Benetton
Independent Director	Alberto Bombassei
Independent Director	Franco Bruni
Independent Director	Luigi Campiglio
Director	Paolo Fiorentino
Independent Director	Jean Paul Fitoussi
Independent Director	Pietro Guindani
Independent Director	Elisabetta Magistretti
Director	Massimo Moratti
Director	Gaetano Micciché
Director	Renato Pagliaro
Independent Director	Luigi Roth
Director	Luca Rovati
Lead Independent Director	Carlo Secchi
Independent Director	Manuela Soffientini
Director	Claudio Sposito
Secretary to the Board	Anna Chiara Svelto

Board of Statutory Auditors [2]

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

Internal Control, Risks and Corporate Governance Committee

Chairman of the Committee – Lead Independent Director	Carlo Secchi
Independent Director	Franco Bruni
Independent Director	Elisabetta Magistretti
Independent Director	Luigi Roth

Remuneration Committee

Chairman of the Committee – Independent Director Luigi Roth

Independent Director	Anna Maria Artoni
Independent Director	Luigi Campiglio
Independent Director	Pietro Guindani

Nominations and Successions Committee

Chairman of the Committee	Marco Tronchetti Provera
Independent Director	Luigi Campiglio
Independent Director	Luigi Roth

Strategies Committee

Chairman of the Committee	Marco Tronchetti Provera
Independent Director	Alberto Bombassei
Independent Director	Franco Bruni
Director	Paolo Fiorentino
Director	Gaetano Micciché
Director	Renato Pagliaro
Lead Independent Director	Carlo Secchi
Independent Director	Manuela Soffientini
Director	Claudio Sposito

Independent Auditor [3] Reconta Ernst & Young S.p.A.

Corporate Financial Reporting Manager [4] Francesco Tanzi

General Manager Operations Gregorio Borgo

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: April 21, 2011. Expiry: Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2013.
Manuela Soffientini, co-opted on March 1, 2012, was confirmed as Director by the Shareholders' Meeting on May 10, 2012. Jean Paul Fitoussi and Luca Rovati were appointed by the Shareholders' Meeting on May 10, 2012. Paolo Fiorentino and Claudio Sposito were co-opted on October 21, 2013. Gaetano Micciché was co-opted on November 5, 2013.

2 Appointment: May 10, 2012. Expiry: Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2014.

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 April 21, 2011. Expiry: together with the current Board of Directors.

MACROECONOMIC AND MARKET CONTEXT

The international economy

In 1Q 2014 the global economy saw moderate recovery in Europe and slowing growth in emerging countries. However, this recovery remains fragile, partly due to geopolitical risks, such as the crisis between Ukraine and Russia.

In **Europe** the trends tracked by the principal macroeconomic indicators confirm moderate economic growth, but the greatest uncertainties relate to consumer price trends and access to credit.

In the **United States,** adverse weather conditions caused growth to slow to 0.1% in 1Q 2014, in contrast with 2.6% in the previous quarter. This slowdown is considered temporary: the labour market is already showing signs of recovery while the monetary policy of the Federal Reserve Bank remains expansionary, albeit it is moving in the direction of normalization.

Growth slowed down in **Latin America**. Economic indicators in Brazil show that industrial activity remained steady in 1Q 2014, notwithstanding soft domestic demand. This latter situation was impacted by the significant depreciation of the Real in 2013, consequent inflationary pressures and higher interest rates. Domestic demand and consumer confidence remained weak in Argentina, while the situation in Venezuela was characterised by high inflation (> 50%) and reduced availability of consumer goods.

Growth in the **Asia-Pacific** region decelerated from 4Q 2013. This was the case in China, where GDP grew at a 7.4% rate during 1Q 2014, as opposed to 7.7% in the previous quarter.

Inflationary pressures remain weaker than expected in developed countries, while they are still acute in many emerging countries. Commodity price pressures abated slightly.

Exchange rates in 1Q 2014 saw the euro averaging USD 1.37, up slightly from 4Q 2013 but significantly higher than the average rate of USD 1.32 in 1Q 2013.

In Asia, the Chinese renminbi weakened against the U.S. dollar in 1Q 2014, slipping from an average of 6.05 renminbi per dollar in January to 6.17 renminbi in March. The average exchange rate in 1Q 2014 (CNY 6.10/dollar) remained higher than the average for 1Q 2013 (CNY 6.23/dollar). The Japanese currency weakened slightly in 1Q 2014 to an average of 102.8 yen per U.S. dollar, compared with JPY 100.5 in 4Q 2013. Instead, the yen depreciated 10% against the dollar from its level in 1Q 2013, reflecting the expansionary monetary policy undertaken at the beginning of 2013 to combat deflation.

Latin American currencies depreciated against the U.S. dollar and the euro during 1Q 2014. In Brazil, the Real traded at an average of BRL 2.36 per U.S. dollar in 1Q 2014, marking a depreciation of 3.5% from the previous quarter and 15.5% from 1Q 2013. The Argentine central bank led an approximately 15% devaluation in the peso in January 2014. The Argentine peso consequently traded at an average of ARS 7.61 in 1Q 2014, down 20% from the previous quarter and 34% from 1Q 2013.

In Venezuela, the official bolivar/U.S. dollar exchange rate has been set at VEF 6.3 since February 2013. However, the government has developed a system of parallel exchange rates during the last several months that set more depreciated exchange rates through periodic auctions for the purchase of goods and services that the government deems “non-essential”. The SICAD I auction at the end of March 2014 set an exchange rate of 10.7 bolivars per U.S. dollar, while the exchange rate set by SICAD II was 50 bolivars per dollar in the second half of March 2014.

Automotive market

The automotive market continued its recovery in 1Q 2014. Vehicle registrations grew by about 8% during the first few months of 2014, driven by the United Kingdom and Spain (with growth of more than 10%). Growth was more modest in Germany and Italy (about +6%) and in France (+3%).

Harsh winter weather impacted the automotive market in the NAFTA area, with 1% growth in vehicle registrations during 1Q 2014.

In China, both car output and registrations rose by about 10% yoy during 1Q 2014, marking a slowdown from the total growth recorded in 2013. Car sales were up sharply in Japan: +20% from 1Q 2013, stimulated by purchases made in anticipation of higher sales taxes that went into effect on April 1, 2014.

Vehicle registrations in Latin America remained weak during 1Q 2014. In Brazil, car sales were impacted by the increase in industrial product tax (IPI), higher borrowing costs and higher prices following the imposition of new safety standards. In Argentina, the 28% decrease in car sales to dealers during 1Q 2014 reflected the introduction of a new tax on more expensive vehicles (over ARS 170,000) at the beginning of the year. This situation was aggravated by a depreciation of the peso, which impacted the prices of imported vehicles. In Venezuela, car sales plunged during 1Q 2014, partly due to a lack of supply. Various manufacturers reduced or suspended production due to the difficulty they had in importing components.

The recovery in commercial vehicle sales that began in Europe during 2H 2013 continued into 2014. Sales of commercial vehicles with a curb weight of over 3 tons rose by 7% in Europe in 1Q 2014, being driven in particular by markets such as Spain, Italy and Germany.

Just as in the case of car sales, commercial vehicle sales in NAFTA were negatively impacted by bad weather during 1Q 2014. In Brazil, the heavy commercial vehicle segment shrank by 7-8% during 1Q 2014, while Argentina reported a more severe contraction, with its market shrinking by 20%.

Tyre market

Tyre sales figures for 1Q 2014 confirm the economy recovery underway in developed countries and resilience even in emerging countries.

The European tyre market has been expanding since 3Q 2013, being sustained by the steady improvement in consumer confidence. In the consumer segment, this trend translated into higher sales during the first few months of 2014: with a 5% increase in the original equipment segment, and a 9% increase in the replacement segment. Sales of original equipment and replacement were also higher in the industrial segment yoy, up 7% and 14% in 1Q 2014, respectively.

In the NAFTA area, original equipment and replacement sales rose in the consumer segment during 1Q 2014 from the same period a year earlier: up 4% in the original equipment segment, and 3% in the replacement segment.

Growth in the industrial segment was even stronger, where original equipment sales rose by 10% and replacement sales grew by 5%.

In Latin America, the consumer original equipment segment remained weak during 1Q 2014 (-10%), reflecting the slowdown in car production. The consumer replacement segment instead maintained a growth rate that was similar to the previous quarter (+4%).

In Asia, the Chinese original equipment market also got off to a good start at the beginning of the year in both the consumer and industrial segments, matching the extremely strong performance of car and industrial vehicle sales and production (+10% consumer original equipment and +13% industrial original equipment).

In Japan, sales of original equipment in the consumer segment recovered in 1Q 2014 after contracting in 2013, while replacement market sales significantly rose by 20%. The industrial segment enjoyed robust sales growth during 1Q 2014, especially in the replacement segment (+48%).

Commodities

During 1Q 2014, oil prices remained substantially stable from 4Q 2013, at USD 108/bbl, which was 3.9% lower than in 1Q 2013.

The price of natural rubber continued to fall: it was down 14% from 4Q 2013 and down 33% from the average price in 1Q 2013. Notwithstanding the global economic recovery, imbalances between demand and supply and the high level of inventories drove rubber prices down.

The prices asked for butadiene, the principal material used in making synthetic rubber, recovered gradually over the last two quarters, consistent with the improvement in economic activity in Europe, and especially the automotive market. During the first three months of 2014, the price of butadiene reached an average of euro 960/ton, up 9.7% from the previous quarter.

SIGNIFICANT EVENTS IN 1Q 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 data **February 28, 2014** Pirelli & C. S.p.A. and Bekaert announced that they had signed an agreement for sale of 100% of the Pirelli steel cord activities to Bekaert for an enterprise value 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 agreement will be consistent with the companies' respective growth and development plans. The closing of the deal, which is subject to regulatory approval, is expected to take place in the second half of the year and affects all five of the Pirelli steel cord plants located in Italy, Turkey, Romania, China and Brazil.

On **February 28, 2014** Pirelli & C. S.p.A. announced that effective from December 31, 2013, the medium-long term management cash incentive plan – Long Term Incentive (LTI) – adopted in 2012 in support of the 2012-2014 three-year objectives was closed without any pay-out, either full or pro-rated, of the three-year incentive. The Company announced that a new plan was adopted – also applicable to all of 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 Industrial Plan.

In relation to Pirelli shareholders, on **March 17, 2014** Unicredit, Intesa Sanpaolo, Clessidra and Nuove Partecipazioni reached a framework agreement with Rosneft to execute a transaction that, on the one hand, calls for Unicredit, Intesa Sanpaolo and Clessidra to withdraw from the existing partnership existing in Lauro61 S.p.A./Camfin S.p.A. and the simultaneous partial reinvestment by Unicredit and Intesa Sanpaolo in a new partnership, including through formation of a special purpose vehicle, in which Rosneft will own 50% and the remaining 50% will be owned by a newco comprised by Nuove Partecipazioni (80%) and, with a 10% share each, by Unicredit and Intesa Sanpaolo. This new partnership will own the Pirelli shareholding that is now owned by Lauro61/Camfin.
The disinvestment of Unicredit, Intesa Sanpaolo and Clessidra would be executed by valuing the shareholding in Pirelli at euro 12 per share. The transaction will be subject to approval by the delegated corporate bodies of the various affected entities and possible authorisation by regulatory authorities.

The aim of this agreement is to develop the activities and business of Pirelli, also by reinforcing its sales network in Russia through the widespread local presence of Rosneft there. Since the end of 2012 Rosneft, which is the world's most important listed oil and gas company, has reached a series of commercial and research and development agreements with Pirelli, especially in regard to the materials used to make tyres and synthetic rubber.

It is expected that the governance of Pirelli will not change and remain based on the key role played by its Board of Directors in giving guidance, consistently with best international practice. It is also expected that all strategic matters, definition of the business plan and Pirelli budget will submitted to the Board of Directors by the Chairman and CEO and be approved by a majority of its members, just as is done now. The Chairman and CEO, who shall be nominated by Nuove Partecipazioni, will have full authority over ordinary operations of the company.

Decisions related to extraordinary transactions by Pirelli (capital increases, mergers and/or demergers) will be subject to consultation by the members of the new partnership and must be approved by the latter.

GROUP PERFORMANCE AND RESULTS IN 1Q 2014

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. These performance indicators are used to facilitate the understanding 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.

Following the sale and purchase agreement for 100% 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 1Q 2014 result of the discontinued operation has been reclassified in the income statement under a single item "income (loss) from discontinued operations". The comparative financial and earnings figures at March 31, 2013 have been restated, if not otherwise indicated;
in particular only the results of the Industrial Business (to which the steel cord business belonged) have been reclassified.

* * *

Although they were impacted by the high volatility of exchange rates (with a negative 10.7% translation effect on net sales), Group results in 1Q 2014 were characterised by:

- strengthening of the premium segment, with net sales volumes up 22.2%, mainly in Europe and Asia Pacific;
- steady improvement of the price/mix component (+4.6%, meeting the target of +4%/+5% set for 2014), due to the greater weight of the premium segment and price increases in emerging countries;
- the realisation of internal efficiency gains totalling euro 27.6 million (30% of the annual target of euro 90 million) as the initial result of the euro 350 million, four-year cost-efficiency programme (2014-2017) announced in November 2013;
- improving profitability, with EBIT up 12.6% and EBIT margin of 14% before restructuring costs, up +2 percentage points from 1Q 2013;
- performance of the business in Europe, with net sales up 10.2% and a significant improvement in profitability (EBIT margin in the low teens, double digit in 1Q 2013), accounting for 36% of Group profitability in 1Q 2014;
- the turnaround of the business in Russia, with positive profitability in the high single digits.

The continuing operations show **net sales** at March 31, 2014 of euro 1,473.2 million, with overall growth (net of the translation effect) of 8.0%, due to the positive contribution made by sales volumes (+3.8%), the aforementioned improvement in the price/mix component of the Tyre Business (+4.6%) and the 0.4% reduction in net sales by minor businesses. Net of the negative 10.7% translation effect, related to the depreciation of South American currencies, the Japanese yen, the Egyptian pound, the Turkish lira and the Russian rouble, net sales fell by 2.7%.

In spite of the volatility of currency rates, the **consolidated operating income of continuing operations**, which totalled euro 201.0 million (euro 178.5 million in 1Q 2013), grew by 12.6% on improvement in operating variables (net sales volumes and the price/mix component) and cost efficiency gains. The EBIT margin was 14% before restructuring costs, up 2 percentage points from 1Q 2013.

The **net income (loss) of continuing operations** in 1Q 2014 was euro 90.4 million, up 26.1% from euro 71.7 million in 2013. This result is net of the negative impact of euro 13.6 million upon consolidation at equity of the results of the associated company Prelios S.p.A. in Q4 2013, which were officially reported in April 2014.

The **net financial (liquidity)/debt position** showed a liability of euro 1,965.6 million (of which euro 50.9 million associated with held for sale assets), compared with euro 1,322.4 million at December 31, 2013. The increase essentially reflects the typically seasonal variation in net working capital and the negative impact of currency depreciation amounting to about euro 50 million.

The **Tyre Business**, which represents 99.7% of revenue, had net sales of euro 1,469.5 million. This 2.4% decrease from 1Q 2013 was influenced by exchange rate trends, which had a negative impact of -10.8%, while aggregate net sales volumes grew by 3.8% and the price/mix component was up by 4.6%.
The growth of volumes in the consumer business (+5.9%) benefits from the recovery of activity in Europe and the continuous growth of the premium segment (+22.2%), while the performance of Industrial Business sales volumes (-2.2%) reflects the slowdown in growth in Middle East/Africa/India (MEAI), the steady withdrawal from the conventional business in South America, and the unfavourable basis of comparison (12.6% growth in Industrial Business volumes in 1Q 2013).

Net sales in the premium segment were euro 639.9 million, up by a total of 12.9% (+16.4% net of the translation effect) compared with the previous year, and the Consumer Business accounted for 56.7% of total net sales (50.8% in 1Q 2013). This business segment enjoyed sustained growth both in emerging countries (+14.7%) and in mature markets (+12.4%) from 1Q 2013 levels, partly due to the recovery in Europe.

The Consumer Business had net sales of euro 1,128.7 million in 1Q 2014, up 10.3% before the translation effect (+1.1% net of the translation effect, which was negative 9.2%), due to the aforementioned change in volumes (+5.9%) and improvement in the price/mix component (+4.4%). Operating income was euro 158.8 million (+16.8%), with an EBIT margin of 14.1%, or about 2 percentage points better than in 1Q 2013.

The Industrial Business had net sales of euro 340.8 million, which was up 3.2% due to the significant improvement in the price/mix component (+5.4%), which offset the aforementioned contraction in sales volumes (-2.2%).

The translation effect was high (-15.4%) due to the exposure of the business to South America and MEAI (80% of net sales in the Industrial Business).

In spite of the translation effect, the Industrial Business ended the first quarter with operating income of euro 46.1 million, slightly lower than in the same period of 2013 (euro 48.3 million), and an EBIT margin of 13.5% (12.4% in 1Q 2013).

In regard to geographical areas, Europe (which accounts for 36% of net sales and 35% of Tyre Business EBIT) represents one of the principal areas of growth, with net sales up 10.2% and a significant improvement in profitability (EBIT margin in the low 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) grew by 2.4% (-1.8% net of the translation effect), mainly in the premium segment, and EBIT margin in the mid-teens, having improved by over 1 percentage point.

Apac (8% of net sales in the Tyre Business) confirmed its status as the area of greatest growth: 15% growth in gross net sales (9.4% net of the translation effect), driven by the premium segment (18% growth in premium segment net sales) and an EBIT margin in the high teens, marking an improvement from 1Q 2013.

The performance of the business in Russia matched expectations (accounting for 4% of net sales). Net sales grew by 5.4% in 1Q 2014 (-11.2% after the translation effect) and high single-digit EBIT that was up from 1Q 2013 (low single-digit EBIT), due to improvement in the mix component and cost efficiency programme.

The sales performance in MEAI (8% of Tyre Business net sales) was impacted by depreciation of local currencies (4.6% growth yoy before the negative translation effect of 11.5%), which was partially offset by the increase in prices and improvement of mix. Profitability was improving from 1Q 2013, with the EBIT margin being over 20%.

South America (32% of Tyre Business net sales) had gross growth of 9%, which was supported by the strong performance of car tyre sales volumes in the premium segment, especially for replacement (+5%), and the price increases applied in response to volatile exchange rates. The translation effect was particularly significant (-23% of net sales), with the consequent impact on net sales growth (-14%) and profitability: the EBIT margin was in the low teens, down by over 1 percentage point from 1Q 2013.

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

(in millions of euro)

	03/31/2014	03/31/2013 restated (*)	03/31/2013 reported	12/31/2013 restated (*)	12/31/2013 reported
Net sales	**1,473.2**	**1,514.6**	**1,536.3**	**6,061.0**	**6,146.2**
Gross operating profit before restructuring expenses	277.3	253.0	255.3	1,095.0	1,105.4
% of net sales	18.8%	16.7%	16.6%	18.1%	18.0%
Operating income before restructuring expenses	206.7	181.7	183.0	810.2	816.5
% of net sales	14.0%	12.0%	11.9%	13.4%	13.3%
Restructuring expenses	(5.7)	(3.2)	(3.2)	(25.5)	(25.5)
Operating income	**201.0**	**178.5**	**179.8**	**784.7**	**791.0**
% of net sales	13.6%	11.8%	11.7%	12.9%	12.9%
Net income (loss) from equity investments	(13.8)	(6.6)	(6.6)	(78.3)	(78.3)
Financial income/(expenses)	(43.3)	(58.0)	(58.6)	(192.9)	(195.8)
Pre-tax income (loss)	**143.9**	**113.9**	**114.6**	**513.5**	**516.9**
Income tax	(53.5)	(42.2)	(42.5)	(209.0)	(210.4)
Tax rate %	37.2%	37.1%	37.1%	40.7%	40.7%
Net income (loss) from continuing operations	**90.4**	**71.7**	**72.1**	**304.5**	**306.5**
Net income (loss) from discontinued operations	**1.1**	**0.4**	**-**	**2.0**	**-**
Total net income (loss)	**91.5**	**72.1**	**-**	**306.5**	**-**
Net income attributable to owners of Pirelli & C. S.p.A.	89.7	72.9	72.9	303.6	303.6
Total net earnings per share attributable to owners of Pirelli & C. S.p.A. (in euro)	0.184	0.149	0.149	0.622	0.622
Non-current assets related to continuing operations	**3,862.6**	**3,892.9**	**3,892.9**	**4,043.0**	**4,043.0**
Inventories	965.4	1,129.0	1,129.0	987.3	987.3
Trade receivables	1,048.0	1,023.6	1,023.6	666.4	666.4
Trade payables	(882.5)	(1,127.4)	(1,127.4)	(1,244.5)	(1,244.5)
Operating Net working capital related to continuing operations	**1,130.9**	**1,025.2**	**1,025.2**	**409.2**	**409.2**
% of net sales (°)	19.2%	16.9%	16.7%	6.8%	6.7%
Other receivables/other payables	5.9	34.9	34.9	3.0	3.0
Total Net working capital related to continuing operations	**1,136.8**	**1,060.1**	**1,060.1**	**412.2**	**412.2**
% of net sales (°)	19.3%	17.5%	17.3%	6.8%	6.7%
Net invested capital held for sale	**145.6**	**-**	**-**	**-**	**-**
Total Net invested capital	**5,145.0**	**4,953.0**	**4,953.0**	**4,455.2**	**4,455.2**
Equity	**2,500.8**	**2,449.9**	**2,449.9**	**2,436.6**	**2,436.6**
Total Provisions	**678.6**	**822.9**	**822.9**	**696.2**	**696.2**
of which provisions held for sale	*10.9*	-	-	-	-
Total Net financial (liquidity)/debt position	**1,965.6**	**1,680.2**	**1,680.2**	**1,322.4**	**1,322.4**
of which Net Financial (liquidity)/debt position held for sale	*50.9*	-	-	-	-
Equity attributable to the owners of Pirelli & C. S.p.A.	2,441.6	2,399.3	2,399.3	2,376.1	2,376.1
Equity per share attributable to the owners of Pirelli & C. S.p.A. (in euro)	5.003	4.917	4.917	4.869	4.869
Total Tyre - net sales	**1,469.5**	**1,505.0**	**1,526.7**	**6,030.6**	**6,115.8**
% of net sales total	99.7%	99.4%	99.4%	99.5%	99.5%
Total Tyre - operating income	**204.9**	**184.3**	**185.6**	**815.7**	**822.0**
% on total tyre - net sales	13.9%	12.2%	12.2%	13.5%	13.4%
Total Tyre - net sales Consumer	**1,128.7**	**1,116.7**	**1,116.7**	**4,393.7**	**4,478.9**
% on total tyre - net sales	76.8%	74.2%	73.1%	72.9%	73.2%
Total Tyre - net sales Industrial	**340.8**	**388.3**	**410.0**	**1,636.9**	**1,636.9**
% on total tyre - net sales	23.2%	25.8%	26.9%	27.1%	26.8%
Total Tyre - net sales Premium	**639.9**	**566.7**	**566.7**	**2,210.0**	**2,210.0**
% on net sales Consumer	56.7%	50.8%	50.8%	50.3%	49.3%
Capital expenditure	65.3	79.7	79.7	413.1	413.1
Research and development expenses	49.8	45.6	45.6	199.2	199.2
% of net sales	3.4%	3.0%	3.0%	3.3%	3.2%
Research and development expenses - Premium	40.6	36.7	36.7	163.3	163.3
% on sales Premium	6.3%	6.5%	6.5%	7.4%	7.4%
Headcount (number at end of period)	38,529	37,846	37,846	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 have been restated

To facilitate understanding of Group performance, the following table shows the income statement broken down by business segment.

(in millions of euro)

	Total Tyre		Other business		Total	
	1Q 2014	1Q 2013 restated	**1Q 2014**	1Q 2013	**1Q 2014**	1Q 2013 restated
Net sales	**1,469.5**	**1,505.0**	**3.7**	**9.6**	**1,473.2**	**1,514.6**
Gross operating profit before restructuring expenses	280.3	257.8	(3.0)	(4.8)	277.3	253.0
Operating income before restructuring expenses	210.3	187.5	(3.6)	(5.8)	206.7	181.7
Restructuring expenses	(5.4)	(3.2)	(0.3)	-	(5.7)	(3.2)
Operating income	**204.9**	**184.3**	**(3.9)**	**(5.8)**	**201.0**	**178.5**
% of net sales	*13.9%*	*12.2%*			*13.6%*	*11.8%*
Net income (loss) from equity investments					(13.8)	(6.6)
Financial income/(expenses)					(43.3)	(58.0)
Pre-tax income (loss)					**143.9**	**113.9**
Income tax					(53.5)	(42.2)
Tax rate %					*37.2%*	*37.1%*
Net income (loss) from continuing operations					**90.4**	**71.7**
Net income (loss) from discontinued operations					**1.1**	**0.4**
Total net income (loss)					**91.5**	**72.1**

Net sales

In 1Q 2014 net sales totalled euro 1,473.2 million, down 2.7% from the previous year (euro 1,514.6 million), with 99.7% of net sales being generated by the Tyre Business, which is the core business of the Group. Excluding the negative translation effect (-10.7%), net sales were up by 8.0%.

Operating income

Operating income totalled euro 201.0 million, with ROS of 13.6% (11.8% in 1Q 2013), up 12.6% from 1Q 2013.

The improvement in profitability (up euro 22.5 million) from 1Q 2013 reflected:

- the positive contribution made by sales volumes (+ euro 24 million);
- the growing contribution made by the price/mix component (+ euro 39.3 million), due to improvement of the mix (premium segment growth) and the previously mentioned price increases in the emerging countries;

- efficiency gains of euro 27.6 million (31% of the annual target), realised through "decomplexity" projects, and particularly streamlining of the use of raw materials;
- the limited positive contribution made by raw materials (euro 7.9 million);
- improvement in the operating income of minor businesses (euro 1.9 million).

These factors more than offset:

- the negative impact of production costs (euro 29.5 million from growth of cost inputs);
- the volatility of consolidation exchange rates (negative euro 19.2 million impact on EBIT);
- the increase in amortisation, depreciation and other costs (euro 27.2 million) and restructuring costs (euro 2.3 million).

Net income (loss) from equity investments

The net loss from equity investments was negative for euro 13.8 million upon consolidation under the equity method of the results of the associated company Prelios S.p.A. in Q4 2013, which were officially disclosed in April 2014.

<u>Net income</u>

The **net income of continuing operations** at March 31, 2014 was euro 90.4 million, up 26.1% from 1Q 2013, which was euro 71.7 million.

Tax charges totalled euro 53.5 million, with a tax rate of 37.2% in 1Q 2014, 34% net of the impact by Prelios.

The average cost of debt during the period was 6.09%. Net financial expenses fell from euro 58.0 million at March 31, 2013 to euro 43.3 million at March 31, 2014, for a decrease of euro 14.7 million. This reduction is mainly due to non-recurring foreign exchange losses realised in 1Q 2013 when the Venezuelan currency was depreciated (euro 8.3 million) and the lower level of debt in emerging countries where Pirelli operates, which are subject to high interest rates.

Total net income was euro 91.5 million, compared with euro 72.1 million in 1Q 2013. The **total net income attributable to owners of Pirelli & C. S.p.A.** at March 31, 2014 was euro 89.7 million (euro 0.184 per share), compared with euro 72.9 million in 1Q 2013 (euro 0.149 per share).

Equity

Consolidated equity rose from euro 2,436.6 million at December 31, 2013 to euro 2,500.8 million at March 31, 2014.

Equity attributable to owners of Pirelli & C. S.p.A. at March 31, 2014 totalled euro 2,441.6 million (euro 5.003 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 primarily from the net income for the period, the negative translation effect related to the conversion into euro of assets denominated in foreign currency, and the positive fair value adjustment of financial assets.

(in millions of euro)

	Group	Non-controlling interests	Total
Equity at 12/31/2013	**2,376.1**	**60.5**	**2,436.6**
Translation differences	(81.7)	(2.7)	(84.4)
Net income (loss)	89.7	1.8	91.5
Adjustement to fair value of other financial assets/derivative instruments	51.4	-	51.4
Actuarial gains/(losses) on employee benefits	(0.5)	-	(0.5)
Venezuela inflation effect	7.1	0.3	7.3
Other changes	(0.4)	(0.7)	(1.1)
Total changes	**65.5**	**(1.3)**	**64.2**
Equity at 03/31/2014	**2,441.6**	**59.2**	**2,500.8**

Cash flow – change in net financial (liquidity)/debt position

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

(in millions of euro)

	Q1	
	2014	**2013 reported**
Operating income (EBIT) before restructuring expenses	206.7	183.0
Amortisation and depreciation	70.6	72.3
Capital expenditures of property, plant and equipment and intangible assets	(65.3)	(79.7)
Change in working capital/other	(686.6)	(492.4)
Operating cash flow	**(474.6)**	**(316.8)**
Ordinary financial income/(expenses)	(43.3)	(58.6)
Ordinary tax charges	(53.5)	(42.5)
Net operating cash flow	**(571.4)**	**(417.9)**
Financial investments/disinvestments	(3.7)	-
Other dividends paid	(0.5)	-
Cash Out for restructuring operations	(12.9)	(7.5)
Net cash flow from discontinued operations	(8.7)	-
Foreign exchange differences/other	(46.0)	(49.6)
Net cash flow	**(643.2)**	**(475.0)**

The net cash flow from continuing operations totalled a negative euro 474.6 million. This was largely due to the normal season change in net working capital, with growth in trade receivables – especially in Europe and Russia – that will be collected in the second quarter. In 2013 the negative cash flow was euro 316.8 million. A total of euro 65.3 million in investments was made, consistently with seasonal variations in capital expenditure, and was largely allocated to expanding premium segment capacity in Europe, Nafta and China and to improving the product mix.

Total net cash flow was a negative euro 643.2 million (negative euro 475 million in 1Q 2013).

About euro 46 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.

Net financial (liquidity)/debt position

At March 31, 2014 the net financial (liquidity)/debt position of the Group was a negative euro 1,965.6 million (of which euro 50.9 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	**03/31/2014**	**12/31/2013**
Current borrowings from banks and other financial institutions	349.1	316.7
Current derivative financial instruments	5.1	3.2
Non-Current borrowings from banks and other financial institutions	2,113.8	2,014.3
Total gross debt	**2,468.0**	**2,334.2**
Cash and cash equivalents	(398.9)	(879.9)
Securities held for trading	(23.8)	(48.1)
Current financial receivables	(13.7)	(17.7)
Current derivative financial instruments	(5.6)	(6.7)
Non-current financial receivables	(60.4)	(59.4)
Total financial receivables, cash and cash equivalents	**(502.4)**	**(1,011.8)**
Net financial (liquidity)/debt position	**1,965.6**	**1,322.4**
of which held for sale	*50.9*	*42.2*

The **structure of total gross debt**, which amounts to euro 2,468.0 million, is illustrated as follows:

(in millions of euro)

	Financial Statements 03/31/2014	**Maturity date**				
		2014	**2015**	**2016**	**2017**	**2018 and beyond**
Use of committed credit facilities	790.0	-	790.0	-	-	-
Bond 5,125% - 2011/2016	500.0	-	-	500.0	-	-
EIB loans	250.0	-	100.0	100.0	20.0	30.0
USD private placement	108.8	-	-	-	10.9	97.9
Schuldschein	155.0	-	-	114.0	31.0	10.0
Other financing	664.2	220.1	220.1	113.3	64.3	46.4
Total gross debt	**2,468.0**	**220.1**	**1,110.1**	**827.3**	**126.2**	**184.3**
		8.9%	45.0%	33.5%	5.1%	7.5%

At March 31, 2014 the Group disposed of euro 410 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 422.7 million in cash or cash equivalents, this provides the Group with a liquidity margin amounting to euro 832.7 million.

Headcount

Group headcount was 38,529 employees at March 31, 2014, as compared with 37,979 employees at December 31, 2013 and 37,846 employees at March 31, 2013. The growth in headcount was concentrated in China.

OPERATING PERFORMANCE

TOTAL TYRE BUSINESS

The table below sets forth the consolidated results as compared with the same period of 2013:

(in millions of euro)

	03/31/2014	03/31/2013 restated	03/31/2013 reported	12/31/2013 restated	12/31/2013 reported
Net sales	**1,469.5**	**1,505.0**	**1,526.7**	**6,030.6**	**6,115.8**
yoy	-2.4%	0.0%	-1.0%	0.0%	1.4%
Gross operating profit before restructuring expenses	280.3	257.8	260.1	1,119.9	1,130.3
% of net sales	19.1%	17.1%	17.0%	18.6%	18.5%
Operating income before restructuring expenses	210.3	187.5	188.8	839.1	845.4
% of net sales	14.3%	12.5%	12.4%	13.9%	13.8%
Restructuring expenses	(5.4)	(3.2)	(3.2)	(23.4)	(23.4)
Operating income	**204.9**	**184.3**	**185.6**	**815.7**	**822.0**
% of net sales	13.9%	12.2%	12.2%	13.5%	13.4%

Net sales

Net sales totalled euro 1,469.5 million, compared with euro 1,505.0 million in 1Q 2013. Excluding the translation effect (negative 10.8%), net sales grew 8.4% on a like-for-like basis, with a 3.8% increase in volumes that was particularly significant on mature markets (+11.7%), while the emerging markets were in line (+ 0.2%) with the previous year.

The consumer and industrial businesses reported contrasting performance, given their different geographical exposure (84% of net sales by the Industrial Business were generated on emerging markets, as compared with 42% for the Consumer Business) and their divergent competitive and market dynamics.

Net sales by the Consumer Business grew at a gross rate of 10.3% (+1.1% net of the translation effect), due to the contribution made by the volume component (+5.9%, +11.6% on mature markets, + 2.9% on emerging markets) and improvement in the price/mix component (+4.4%), which mainly resulted from the growing weight of the premium segment (56.7% of net sales in the Consumer Business during 1Q 2014, compared with 50.8% in 1Q 2013).

Net sales volumes in the premium segment grew by 22.2% in 1Q 2014, with 19.5% growth on mature markets and 31.9% growth on emerging markets.

Net sales by the Industrial Business grew at a gross rate of 3.2% (-12.2% net of the negative translation effect, which amounted to -15.4%). The big improvement in mix and higher prices (the price/mix component grew by +5.4%) more than offset the contraction in sales volumes (-2.2%) resulting from the slowdown on markets in MEAI, the gradual withdrawal from the conventional business, and the unfavourable basis of comparison (sales volumes grew by 12.6% in 1Q 2013).

The overall change in net sales from the same period in the previous year is summarised as follows:

	1Q	
	2014	**2013 restated**
Volume	3.8%	3.9%
of which Premium volume	*22.2%*	*4.0%*
Price/mix	4.6%	0.6%
Change on a like-for-like basis	**8.4%**	**4.5%**
Translation effect	-10.8%	-5.0%
Total change	**-2.4%**	**-0.5%**

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

(in millions of euro)

GEOGRAPHICAL AREA	03/12/2014			03/12/2013
	Euro\mln	*yoy*		
Italy	92.5	*12.4%*	6.3%	5.5%
Rest of Europe	441.5	*9.8%*	30.0%	26.7%
Russia and CIS	62.2	*-11.2%*	4.2%	4.7%
Nafta	170.3	*-1.8%*	11.6%	11.5%
Central and South America	463.7	*-14.0%*	31.6%	35.8%
Asia\Pacific	120.7	*9.4%*	8.2%	7.3%
Middle East\Africa\India	118.6	*-6.9%*	8.1%	8.5%
TOTAL	**1,469.5**	*-2.4%*	**100.0%**	**100.0%**

PRODUCT	03/12/2014			03/12/2013
	Euro\mln	*yoy*		
Car tyres	1,007.2	*0.9%*	68.5%	66.3%
Motorcycle tyres	121.5	*2.8%*	8.3%	7.9%
Consumer	**1,128.7**	*1.1%*	**76.8%**	**74.2%**
Industrial vehicle tyres	298.6	*-11.7%*	20.3%	22.5%
Steelcord	42.2	*-15.9%*	2.9%	3.3%
Industrial	**340.8**	*-12.2%*	**23.2%**	**25.8%**

Operating income

Operating income at March 31, 2014 totalled euro 204.9 million (euro 184.3 million in 1Q 2013), with ROS of 13.9% (12.2% in 1Q 2013).

The positive contribution made by the price/mix component (positive euro 39.3 million), internal cost efficiency gains (positive euro 27.6 million), the growth in sales volumes (positive euro 24 million) and lower commodity costs (positive euro 7.9 million) more than offset higher inflation for the cost of factors of production (euro 29.5 million), higher amortisation and depreciation and other costs supporting development on the various markets (euro 27.2 million), the negative translation effect from consolidation exchange rates (euro 19.2 million) and higher non-recurring charges amounting to euro 2.3 million.

The changes as compared with the same quarter of 2013 are broken down as follows:

(in millions of euro)	**1Q**
2013 Operating income restated	**184.3**
Foreign exchange effect	(19.2)
Prices/mix	39.3
Volumes	24.0
Cost of prodution factors (raw materials)	7.9
Cost of prodution factors (labour/energy/others)	(29.5)
Efficiency	27.6
Amortisation, depreciation and other	(27.2)
Restructuring expenses	(2.3)
Change	**20.6**
2014 Operating income	**204.9**

CONSUMER BUSINESS

The table below sets forth the consolidated results as compared with the same period of 2013:

(in millions of euro)	**1Q 2014**	**1Q 2013**
Net sales	1,128.7	1,116.7
yoy	*1.1%*	*-3.0%*
Gross operating profit before restructuring expenses	219.4	194.8
% of net sales	*19.4%*	*17.4%*
Operating income before restructuring expenses	162.7	138.0
% of net sales	*14.4%*	*12.4%*
Operating income	158.8	136.0
% of net sales	*14.1%*	*12.2%*

The next table shows the detailed breakdown of market performance:

	1Q
EUROPE (*)	
Original Equipment	+5%
Replacement	+9%
NAFTA	
Original Equipment	+4%
Replacement	+3%
SOUTH AMERICA	
Original Equipment	-10%
Replacement	+4%
CINA	
Original Equipment	+10%
(*) including Turkey; excluding Russia	

Net sales totalled euro 1,128.7 million, up 10.3% from 1Q 2013, net of the negative 9.2% translation effect.

Sales volumes grew by 5.9% (+11.6% on mature markets, + 2.9% on emerging markets), driven by the premium segment (+22.2% at the global level).

The following table sets forth the breakdown of net sales:

	1Q	
	2014	**2013**
Volume	5.9%	1.2%
of which Premium volume	*22.2%*	*4.0%*
Price/mix	4.4%	-0.5%
Change on a like-for-like basis	**10.3%**	**0.7%**
Translation effect	-9.2%	-3.7%
Total change	**1.1%**	**-3.0%**

Operating income before restructuring expenses totalled euro 162.7 million, with a margin on net sales of 14.4%, as compared with euro 138.0 million in 2013 (12.4% of net sales). Operating income was euro 158.8 million (ROS of 14.1%), as compared with euro 136.0 million in 1Q 2013 (ROS of 12.2%).

The improvement in profitability reflects the positive changes in sales mix, volumes and internal efficiency gains, against the backdrop of improving market conditions in Europe as compared with 1Q 2013, with lower start-up costs and better use of production capacity.

Car Business

In 1Q 2014, 71.3% of net sales in the car business were generated by the replacement segment (slightly higher than in 1Q 2013) and 28.7% by the original equipment segment. In 1Q 2013 the replacement segment accounted for 71% of net sales and the original equipment segment generated 29% of net sales.

This was mainly the consequence of lower original equipment sales in South America (where the market contraction that began in the final quarter of last year continued, as compared with a particularly positive basis of comparison with the beginning of 2013), and the NAFTA area, due to reduction in less interesting segments, and growth in the replacement segment in virtually all regions.

The reference market showed a positive change in all areas, with the exception of the original equipment segment in South America (-10%). The market was expanding in Europe (+ 9% replacement segment and + 5% original equipment segment) and the NAFTA area (+3% replacement segment and +4% original equipment segment), while the positive trend continued on the South American replacement market and in China.

Motorcycle Business

The Motorcycle Business was positively affected by a market recovery, especially in Europe, which drove a 13.4% net sales increase in the region, while the North American market was negatively impacted by bad weather. The devaluation or depreciation of South American currencies caused aggregate net sales there to increase by 2.8% from 1Q 2013.

During 1Q 2014, 85% of net sales were generated by the replacement segment and 15% by the original equipment segment.

In 1Q 2013, the replacement market accounted for 83% of net sales.

INDUSTRIAL BUSINESS

The table below sets forth the consolidated results as compared with the same period of 2013:

(in millions of euro)	1Q	
	2014	**2013**
Net sales	340.8	388.3
yoy	*-12.2%*	*7.4%*
Gross operating profit before restructuring expenses	60.9	63.0
% of net sales	*17.9%*	*16.2%*
Operating income before restructuring expenses	47.6	49.5
% of net sales	*14.0%*	*12.7%*
Operating income	46.1	48.3
% of net sales	*13.5%*	*12.4%*

The next table shows the detailed breakdown of market performance:

	1Q
EUROPE (*)	
Original Equipment	+7%
Replacement	+14%
NAFTA	
Original Equipment	+10%
Replacement	+5%
SOUTH AMERICA	
Original Equipment	-1%
Replacement	+5%
CINA	
Original Equipment	+13%

(*) including Turkey; excluding Russia

Net sales totalled euro 340.8 million, down 12.2% from 1Q 2013 (euro 388.3 million), with a negative translation effect of -15.4%.

The volume component was a negative 2.2%, with a positive 1% change for net sales in the all steel segment, and a decrease in the X-Ply segments (conventional business), especially in South America. The price/mix variable made a positive contribution of +5.4%, both for the sales price increases that were gradually applied on emerging markets in reaction to the depreciating currency rates and for improvement of the product mix.

The following table sets forth the breakdown of net sales:

	1Q	
	2014	**2013 restated**
Volume	-2.2%	12.6%
Price/mix	5.4%	3.7%
Change on a like-for-like basis	**3.2%**	**16.3%**
Translation effect	-15.4%	-8.9%
Total change	**-12.2%**	**7.4%**

Operating income before restructuring expenses totalled euro 47.6 million, or 14.0% of net sales, while operating income totalled euro 46.1 million, with ROS of 13.5%, compared with euro 48.3 million at March 31, 2013 (ROS 12.4%). The absolute value was lower, but the profit margin improved by about 1 percentage point.

The 1Q 2014 result was positively impacted by growth in the price/mix component and internal efficiency gains, which substantially offset the negative effects resulting from the negative consolidation exchange rates, cost inflation on emerging markets, and the aforementioned reduction in volumes, which suffers from the unfavourable comparison with the strong growth reported in 1Q 2013 (+12.6%) and gradual withdrawal from the conventional business in South America.

Truck Business

The first quarter was highlighted by generally positive performance on the reference markets, except for South America, where the original equipment segment contracted by 1%.

The market was growing in Europe (+14% in the replacement segment, +7% in the original equipment segment) and in the South American replacement segment (+5%).

Operating profit as a percentage of the business improved from the previous year, following improvement in the price/mix component due to price increases and a greater focus on products with a higher mix (update of the O1, the new line of the Formula associated brand, and Pirelli Fleet Solutions, with a special emphasis on Cyber™Fleet) and the gradual withdrawal from the conventional business in South America.

Agricultural Business

During 1Q 2014, net sales fell overall by 15.9%, with sales volumes contracting by 3.5%, due to a slowdown on the agricultural market in South America, and a negative translation effect of 19% 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 channel, focusing on growth in the rear and radial segment.

DISCONTINUED OPERATIONS – STEEL CORD BUSINESS

Steel cord product net sales to non-captive customers (euro 22.7 million) in 1Q 2014 grew by 4.6% yoy, with substantially continuous results.

BUSINESS OUTLOOK IN 2014

In light of the performance in the first quarter of 2014, Pirelli confirms the targets for the current year as announced in March. To recap, applying a costant perimeter of consolidation, we expect:

- consolidated sales of approximately 6,2 billion euro (overall volumes' growth at above +5% and Premium volumes' at above +14%; price/mix growth between approximately +4% and approximately +5%);
- in organic terms, that is excluding exchange rate effects, revenue growth at >+9%/+10%;
- Ebit at approximately 850 million euro after restructuring costs of 50 million euro;
- Investments below 400 million euro;
- cash generation before dividends above 250 million euro;
- Net financial position negative at approximately 1.2 billion euro.

HIGHLIGHTS OF OTHER ACTIVITIES

The other activities are comprised by Pirelli & C. 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	
	1Q 2014	1Q 2013	**1Q 2014**	1Q 2013	**1Q 2014**	1Q 2013
Net sales	**1.7**	7.3	**2.0**	2.3	**3.7**	9.6
Gross operating profit before restructuring expenses	**(0.8)**	(1.3)	**(2.2)**	(3.5)	**(3.0)**	(4.8)
Operating income before restructuring expenses	**(1.2)**	(2.1)	**(2.4)**	(3.7)	**(3.6)**	(5.8)
Restructuring expenses	**-**	-	**(0.3)**	-	**(0.3)**	-
Operating income	**(1.2)**	(2.1)	**(2.7)**	(3.7)	**(3.9)**	(5.8)

At March 31, 2014 net sales totalled euro 3.7 million as compared with euro 9.6 million in the same period of 2013. The decrease is attributable to the withdrawal from the Gecam business in France, in the ambit of Pirelli Ambiente activities.

The operating loss was euro 3.9 million, compared with a loss of euro 5.8 million in the same period of 2013.

PARENT COMPANY HIGHLIGHTS

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

(in millions of euro)	**03/31/2014**	03/31/2013	12/31/2013
Operating income	**2.7**	5.0	24.3
Net financial income (expense) and net income from equity investments	**(1.1)**	(1.1)	195.9
Net income (loss)	**3.3**	6.2	191.8
Non-current financial assets	**1,586.4**	1,355.9	1,536.1
Equity	**1,985.9**	1,859.6	1,940.0
Net financial (liquidity) debt position	**(217.9)**	(261.9)	(227.1)

The income statement for 1Q 2013 still does not show the dividends received from subsidiaries, closing with a slightly positive result.

SIGNIFICANT EVENTS SUBSEQUENT TO QUARTER END

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. Its decision confirms that Pirelli had no direct role 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. 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.

Pirelli has given notice of its intention to appeal against the decision by the European Commission, challenging its application of the parental liability rule. In particular, Pirelli believes, on the basis of meticulous legal analyses and independent legal opinions, that it is not subject to the parental liability rule and 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, Pirelli does not foresee that it will incur any financial liabilities resulting from that decision.

On **April 9, 2014**, following an announcement by Prelios S.p.A. made in regard to the manifestation of conditions that would trigger the premature request for conversion of the debt-for-equity bond (the "convertendo") previously subscribed by Pirelli as part of the plan to restructure the debt of Prelios, Pirelli announced after that conversion that:

1) it will receive Prelios shares in exchange for the Prelios bonds held by it (Tranches A and B) having a face value of euro 148.4 million (plus accrued interest)

2) it will receive about 93 million Class B shares – unlisted and without voting rights – that, under the agreements reached by the shareholders of Fenice S.r.l., must be granted to Fenice itself, which will thus continue to hold all the Class B shares even after exchange of debt for equity.

Any effects resulting from exchange of the bonds will be recognised in the accounts in the half-yearly financial report 2014, without any impact on the net financial (liquidity)/debt position.

For the sake of full disclosure, the face value of the "convertendo" had been adjusted in the Annual Financial Report at December 31, 2013 to its fair value on that date, euro 104.1 million, with an adjustment in the income statement of euro 44.3 million.

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. As such, it may seize the opportunities that arise on the market to increase the value of its own equity investment, in light of the existing agreements amongst the shareholders of Fenice S.r.l. The debt-for-equity exchange was made effective on **April 14, 2014**, resulting in a change in the percentage of participation of Pirelli & C. S.p.A. as calculated on the ordinary shares of Prelios S.p.A., from the previous 13.06% to about 29.22%.

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 operating 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.

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, consolidated statement of financial position, and statement of cash flows of the Pirelli Group at March 31, 2014 are shown below:

TRANSACTIONS WITH ASSOCIATES and JV

(in millions of euro)

Other income	0.6	The amount refers to rental income and associated operating expenses to Prelios Group (euro 0.4 million)
Other costs	6.3	The amount mainly refers to purchase of energy of Pirelli Deutschland GmbH from Industriekraftwerk Breuberg GmbH (euro 5.8 milion)
Financial income	0.1	The amount relates to interest income on the loan granted by Pirelli & C. Ambiente S.r.l. to GWM Renewable Energy II S.p.A.
Other financial assets	99.5	The amount concerns the convertible loan of Prelios S.p.A..
Current trade receivables	0.4	The amount mainly concerns receivables for provision of services by: Pirelli Tyre S.p.A. to Prelios Group S.p.A. (euro 0.1 million) and PT Evoluzione Tyre (euro 0.1 million); Pirelli & C. Ambiente S.r.l. to Idea Granda Società Consortile S.r.l. (euro 0.1 million) and Pirelli & C. S.p.A. to Fenice S.r.l. (euro 0.1 million).
Current financial receivables	8.4	The amount concerns of receivables of: Pirelli & C. Ambiente S.r.l to GWM Renewable Energy II S.p.A.
Uncurrent financial payables versus banks and other lenders	1.7	Deposit to Prelios Group S.p.A..
Current trade payables	22.7	The amount mainly consists of payables for provision of services by Industriekraftwerk Breuberg GmbH to Pirelli Deutschland GmbH for energy purchases.
Current other payables	0.1	Deferred rental income from Prelios S.p.A. for the R&D building.

TRANSACTIONS WITH RELATED PARTIES THROUGH DIRECTORS

(in millions 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 refers to rental income and operating expenses to Camfin Group
Other costs	3.3	The amount mainly refers to advertising costs owed to FC Internazionale Milano S.p.A.
Current trade receivables	0.2	The amount refers to receivables connected to the services provided to Camfin Group
Current trade payables	3.3	The amount mainly refers to payables to FC Internazionale Milano S.p.A. for sponsorship agreement as detailed above.

The Board of Directors

Milan, May 7, 2014

FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of euro)

	03/31/2014	12/31/2013
Property, plant and equipment	2,415,717	2,608,448
Intangible assets	989,708	1,013,979
Investments in associates	126,437	131,466
Other financial assets	330,720	289,096
Deferred tax assets	209,558	210,181
Other receivables	169,673	169,463
Tax receivables	8,192	7,890
Non-current assets	**4,250,005**	**4,430,523**
Inventories	965,355	987,318
Trade receivables	1,047,974	666,427
Other receivables	295,785	267,535
Securities held for trading	23,787	48,090
Cash and cash equivalents	389,786	879,897
Tax receivables	48,012	55,604
Derivative financial instruments	17,645	24,818
Current assets	**2,788,344**	**2,929,689**
Assets held for sale	**222,377**	**-**
Total Assets	**7,260,726**	**7,360,212**
Equity attributable to owners of the Parent:	2,441,572	2,376,066
- Share capital	1,343,285	1,343,285
- Reserves	1,008,586	729,207
- Net income (loss)	89,701	303,574
Equity attributable to non-controlling interests:	59,229	60,523
- Reserves	57,409	57,605
- Net income (loss)	1,820	2,918
Equity	**2,500,801**	**2,436,589**
Borrowings from banks and other financial institutions	2,088,820	2,014,406
Other payables	72,742	76,853
Provisions for liabilities and charges	116,479	116,745
Provisions for deferred tax liabilities	50,907	49,956
Employee benefit obligations	421,621	439,450
Tax payable	3,505	3,537
Non-current liabilities	**2,754,074**	**2,700,947**
Borrowings from banks and other financial institutions	313,471	316,653
Trade payables	882,381	1,244,466
Other payables	446,566	434,158
Provisions for liabilities and charges	78,670	90,089
Tax payables	96,066	80,272
Derivative financial instruments	50,129	57,038
Current liabilities	**1,867,283**	**2,222,676**
Liabilities held for sale	**138,568**	**-**
Total liabilities and equity	**7,260,726**	**7,360,212**

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	1/1 - 03/31/2014	1/1 - 03/31/2013 *
Revenues from sales and services	1,473,194	1,514,639
Other income	38,166	33,949
Change in inventories of work in progress, semi-finished and finished products	20,973	(17,312)
Raw materials and consumables (net of change in inventories)	(549,400)	(551,399)
Personal expenses	(300,884)	(303,178)
Amortisation,depreciation and impairment	(70,608)	(71,399)
Other costs	(411,034)	(427,619)
Additions to property ,plant and equipment for internal work	640	800
Operating income	**201,047**	**178,481**
Net income (loss) from equity investments	(13,774)	(6,556)
- share of net income (loss) of asscoiates and jv	(14,055)	(6,812)
- gains on equity investments	-	79
- losses on equity investments	(57)	(150)
- dividends	338	327
Financial income	28,155	19,811
Financial expenses	(71,472)	(77,849)
Net income (loss) before income tax	**143,956**	**113,887**
Income tax	(53,534)	(42,203)
Net income (loss) from continuing operations	**90,422**	**71,684**
Net income (loss) from discontinued operations	1,100	400
Total net income (loss)	**91,522**	**72,084**

Attributable to:

Owners of the parent	89,701	72,946
Non-controlling interests	1,821	(862)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in thousands of euro)

		1/1 - 03/31/2014	1/1 - 03/31/2013
A	**Net income (loss) for the period**	**91,522**	**72,084**
Components of other comprehensive income:			
	B - Items that will not be reclassified to income statement:		
	- Net actuarial gains (losses) on employee benefits	(523)	-
	- Tax effect	69	-
	Total B	(454)	-
	C - Items reclassified / that may be reclassified to income statement:		
	Exchange differences from translation of foreign financial statements	(84,398)	(11,574)
	Fair value adjustment of other financial assets:		
	- Gains / (losses) for the period	42,638	(12,813)
	- (Gains) / losses reclassified to income statement	-	-
	Fair value adjustment of derivatives designated as cash flow hedges:		
	- Gains / (losses) for the period	2,631	9,339
	- (Gains) / losses reclassified to income statement	2,559	1,172
	- Tax effect	(974)	(2,317)
	Total C	(37,544)	(16,193)
	Share of other comprehensive income related to associates and joint ventures net of taxes	4,484	-
	Total D	4,484	-
E	**Total components of other comprehensive income (B+C+D)**	**(33,513)**	**(16,193)**
A+E	**Total comprehensive income (loss)**	**58,009**	**55,891**
	Attributable to:		
	- Owners of the Parent	58,851	57,658
	- Non-controlling interests	(843)	(1,767)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY at 03/31/2014

(in thousands of euro)

	Attributable to owners of the Parent					Non controlling interests	TOTAL
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/retained earnings	Total attributable to owners of the Parent		
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	-	(81,735)	50,885	-	(30,850)	(2,664)	(33,514)
Net income (loss)	-	-	-	89,701	89,701	1,820	91,521
Total comprehensive income	**-**	**(81,735)**	**50,885**	**89,701**	**58,851**	**(844)**	**58,007**
Venezuela inflation effect	-	-	-	7,065	7,065	278	7,343
Other	-	-	576	(986)	(410)	(728)	(1,138)
Total at 03/31/2014	**1,343,285**	**(310,036)**	**(401,084)**	**1,809,408**	**2,441,572**	**59,229**	**2,500,801**

(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	47,122	5,190	(523)	(904)	50,885
Other changes	-	-	743	(167)	576
Balance at 03/31/2014	**82,754**	**(25,309)**	**(517,819)**	**59,290**	**(401,084)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY at 03/31/2013

(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)**	**(538,122)**	**1,533,846**	**2,337,403**	**52,026**	**2,389,429**
Totale other components recognised in Equity	-	(10,668)	(4,619)	-	(15,287)	(905)	(16,192)
Net income (loss)	-	-	-	72,946	72,946	(863)	72,083
Total gains (losses)	**-**	**(10,668)**	**(4,619)**	**72,946**	**57,659**	**(1,768)**	**55,891**
Venezuela inflation effect	-	-	-	6,890	6,890	270	7,160
Other	-	-	-	(2,660)	(2,660)	114	(2,546)
Total at 03/31/2013	**1,343,285**	**(12,274)**	**(542,741)**	**1,611,022**	**2,399,292**	**50,642**	**2,449,934**

(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)**	**(548,846)**	**53,694**	**(538,122)**
Total other components recognised in Equity	(12,813)	10,511	-	(2,317)	(4,619)
Other changes	-	-	-	-	-
Balance at 03/31/2013	**(10,812)**	**(34,459)**	**(548,846)**	**51,378**	**(542,741)**

CONSOLIDATED STATEMENT OF CASH FLOW (in thousands of euro)

		1/1 - 03/31/2014	1/1 - 03/31/2013 reported
	Net income (loss) from continuing operations before taxes	143,956	114,587
	Amortisation, depreciation, impairment losses and reversals of impaired property, plant and equipment and intangible assets	70,608	72,399
	Reversal of financial expenses	71,472	78,449
	Reversal of financial income	(28,155)	(19,811)
	Reversal of dividends	(338)	(327)
	Reversal of gains/(losses) on equity investments	57	71
	Reversal of share of net income from associates and joint ventures	14,055	6,812
	Income taxes	(53,534)	(42,503)
	Change in inventories	(22,050)	(26,677)
	Change in trade receivables	(400,985)	(314,592)
	Change in trade payables	(260,870)	(133,485)
	Change in other receivables/payables	(23,248)	(18,330)
	Change in provisions for employee benefits and other provisions	(16,490)	(7,350)
	Other changes	10,637	3,350
A	**Net cash flows provided by (used in) operating activities**	**(494,884)**	**(287,407)**
	Purchase of property, plant and equipment	(64,633)	(78,685)
	Disposal of property, plant and equipment	5,180	-
	Purchase of intangible assets	(691)	(1,020)
	Disposals (Acquisition) of other financial assets	(3,702)	(67)
	Dividends received	338	327
B	**Net cash flows provided by (used in) investing activities**	**(63,508)**	**(79,445)**
	Change in financial payables	150,738	(47,672)
	Change in financial receivables/Securities held for trading	31,894	107,955
	Financial income (expenses)	(43,317)	(58,638)
	Dividends paid	-	-
C	**Net cash flows provided by (used in) financing activities**	**139,315**	**1,645**
	Net cash flows provided by (used in) operating activities	5,345	-
	Net cash flows provided by (used in) investing activities	-	-
	Net cash flows provided by (used in) financing activities	17,246	-
D	**Net cash flows provided by (used in) discontinued operation**	**22,591**	**-**
E	**Total cash flows provided (used) during the period (A+B+C+D)**	**(396,486)**	**(365,207)**
F	**Cash and cash equivalents at beginning of year**	**806,856**	**665,004**
G	Exchange differences on translation of cash and cash equivalents	(62,811)	9,720
H	**Cash and cash equivalents at end of the period (E+F+G) (°)**	**347,559**	**309,517**

(°)	**of which:**		
	cash and cash equivalents	398,885	344,256
	bank overdrafts	(51,326)	(34,739)

FORM AND CONTENTS

The Interim Management Statements at March 31, 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 IFRS 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: this standard will have an impact on the disclosures made in the annual consolidated financial statements, particularly in regard to the disclosures relating to 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 the disclosures made in the annual consolidated financial statements;
- 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 made 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;
- IFRS 21 – Levies: no impact on the Group.

DISCONTINUED OPERATIONS

On February 28, 2014 Pirelli & C. S.p.A. and Bekaert announced that entered into an agreement to sell 100% of the Pirelli steel cord activities to Bekaert at the enterprise value of about euro 255 million. The closing of the deal, which is subject to regulatory approval, is expected to occur in the second half of the year and will affect all five of the Pirelli steel cord plants located in Italy, Turkey, Romania, China and Brazil.

Pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities related to the steel cord business, which constitute a disposal group, have been reclassified as “held for sale”. Moreover, since the disposal group is classified as a “discontinued operation”, the quarterly result of the discontinued operation has been reclassified in the income statement in a single account “income (loss) of discontinued operations”. The comparative statement of financial position and income statement figures at March 31, 2013 have also been reclassified in the same way.

On the statement of cash flows, the flows related to the discontinued operations have been shown separately, broken down between flows from operating activities, investment activities, and financing activities.

Net financial (liquidity)/debt position

(alternative performance measure not envisaged by the accounting standards)

The following is a breakdown of net financial (liquidity)/debt position:

(in thousands of euro)

	03/31/2014	12/31/2013
Current borrowings from banks and other financial institutions	349,134	316,653
Current derivative financial instruments (liabilities)	5,120	3,175
Non-current borrowings from banks and other financial institutions	2,113,720	2,014,406
Total gross debt	**2,467,974**	**2,334,234**
Cash and cash equivalents	(398,885)	(879,897)
Securities held for trading	(23,787)	(48,090)
Current financial receivables	(13,679)	(17,738)
Current derivative financial instruments (assets)	(5,636)	(6,666)
Net financial debt *	**2,025,987**	**1,381,843**

Non-current financial receivables	(60,351)	(59,460)
Total net financial (liquidity) debt position	**1,965,636**	**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 1° Q		Change in %
	03/31/2014	03/31/2013		2014	2013	
Venezuelan Bolivar Fuerte	14.7532	8.0672	82.88%	14.7532	8.0672	82.88%
Swedish Krona	8.9483	8.3553	7.10%	8.8570	8.4956	4.25%
Australian Dollar	1.4941	1.2308	21.39%	1.5277	1.2707	20.22%
Canadian Dollar	1.5225	1.3021	16.93%	1.5100	1.3306	13.48%
Singapore Dollar	1.7366	1.5900	9.22%	1.7379	1.6334	6.40%
U.S. Dollar	1.3788	1.2805	7.68%	1.3698	1.3200	3.77%
Taiwan Dollar	42.0038	38.1743	10.03%	41.4614	38.8949	6.60%
Swiss Franc	1.2194	1.2195	(0.01%)	1.2238	1.2279	(0.34%)
Egyptian Pound	9.6126	8.7114	10.35%	9.5389	8.8286	8.05%
Turkish Lira (new)	3.0126	2.3230	29.69%	3.0397	2.3587	28.87%
New Romanian Leu	4.4592	4.4193	0.90%	4.5018	4.3879	2.60%
Argentinian Peso	11.0332	6.5587	68.22%	10.4172	6.6157	57.46%
Mexican Peso	17.9859	15.8406	13.54%	18.1299	16.6830	8.67%
South African Rand	14.5875	11.8200	23.41%	14.8816	11.8161	25.94%
Brazilian Real	3.1175	2.5853	20.59%	3.2424	2.6367	22.97%
Chinese Renminbi	8.4825	8.0273	5.67%	8.3803	8.2875	1.12%
Russian Ruble	49.0519	39.8023	23.24%	48.1711	40.1851	19.87%
British Pound	0.8282	0.8456	(2.06%)	0.8280	0.8505	(2.64%)
Japanese Yen	142.4200	120.8700	17.83%	140.8591	121.6527	15.79%

For the purpose of consolidating the accounts of the subsidiary in Venezuela at March 31, 2014, the exchange rate set at the SICAD I auction at the end of March 2014 has been adopted, amounting to 10.7 bolivars per dollar (14.75 bolivars per euro). The official exchange rate of 6.3 bolivars per dollar (8.68 bolivars per euro) is no longer used. This has been done pursuant to the provisions of the “Convenio Cambiario N. 25” issued in Venezuela on January 22, 2014, which has clarified that the official exchange rate of 6.3 bolivars per U.S. dollar is increasingly reserved only to the purchases of goods and services that are 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 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 March 31, 2014 corresponds with the company’s accounting records.

Milan, May 7, 2014

Francesco Tanzi
Corporate Financial
Reporting Manager