PIRELLI

PRESS RELEASE

PIRELLI & C. SPA BOARD APPROVES CONSOLIDATED RESULT FOR NINE MONTHS ENDED 30 SEPTEMBER 2012:

- PROFITABILITY GROWS BECAUSE OF SOLID PREMIUM PERFORMANCE, STABLE PRICING POLICY, EFFICIENCIES DUE TO CAPACITY EXPANSION IN RAPIDLY DEVELOPING ECONOMIES AND GREATER REDUCTION OF FIXED COSTS
- FURTHER ACCELERATION IN THE REDUCTION OF NON-PREMIUM TYRE PRODUCTION IN FAVOUR OF HIGH AND ULTRA-HIGH PERFORMANCE ONES
- INVESTMENT IN FIRST NINE MONTHS OF 2012 OVER 320 MILLION EURO TO INCREASE PREMIUM CAPACITY IN RAPIDLY DEVELOPING COUNTRIES

PIRELLI & C. SPA

- EBIT: +31% TO 592.8 MILLION EURO (451.2 MILLION ON 30 SEPTEMBER 2011)
- EBIT MARGIN GROWS TO 13.0% FROM 10.6% ON 30 SEPTEMBER 2011
- NET PROFIT: +22.7% AT 308.3 MILLION EURO (251.3 MILLION ON 30 SEPTEMBER 2011)
- REVENUES: +7.2% AT 4,574.1 MILLION EURO (4,265.8 MILLION ON 30 SEPTEMBER 2011)
- PREMIUM SEGMENT CONTINUES TO GROW: REVENUES +23.5% AT 1,612.3 MILLION EURO ON 30 SEPTEMBER 2012 AND VOLUME INCREASE +13.5%
- NET FINANCIAL POSITION NEGATIVE 1,868.8 MILLION EURO (1,702.7 MILLION ON 30 JUNE 2012)

TYRE ACTIVITIES

- EBIT: +26.4% AT 612.3 MILLION EURO (484.4 MILLION EURO ON 30 SEPTEMBER 2011)
  - EBIT MARGIN GROWS TO 13.5% FROM 11.5% ON 30 SEPTEMBER 2011
  - CONSUMER BUSINESS EBIT MARGIN AT 14.5% (12.5% ON 30 SEPTEMBER 2011)
  - INDUSTRIAL BUSINESS EBIT MARGIN AT 10.5% (9.1% ON 30 SEPTEMBER 2011)
- REVENUES: +7.5% AT 4,542.9 MILLION EURO (4,225.7 MILLION ON 30 SEPTEMBER 2011)

2012 TARGETS

- **EVEN WITH AN ACCELERATED REDUCTION OF NON-PREMIUM PRODUCTION, EBIT OF APPROX. 800 MILLIONI EURO THANKS TO:**
  - SUSTAINED GROWTH OF PREMIUM IN RAPIDLY DEVELOPING ECONOMIES
  - STABLE PRICING POLICY,
  - EFFICIENCY PLAN INCREASED TO 155 MILLION EURO (FROM150 MILLION EURO)
  - REDUCED IMPACT OF COSTS, IN PARTICULAR FOR RAW MATERIALS

- **EBIT MARGIN INCREASES FROM >12% TO APPROX. 13%**

- **EXPECTED REVENUES APPROX 6.15 BILLION EURO (PRIOR TARGET APPROX 6.4 BILLION EURO) TAKING INTO ACCOUNT:**
  - TOTAL VOLUME REDUCTION OF -5%/5.5% (FROM PRIOR TARGET -3%/-4%); PREMIUM GROWTH REVISED FROM +20% TO +17%/+18% IMPACTED BY THE SLOWDOWN IN THE EUROPEAN ECONOMIC CONTEXT; PRICE/MIX SEEN AT ABOVE +11% (PREVIOUS TARGET +11/12%)
  - REDUCTION OF NON-PREMIUM PRODUCTION BY THE RUSSIAN JOINT VENTURE
  - NEGATIVE EXCHANGE RATE IMPACT (-1% COMPARED WITH 2011)

- **NET FINANCIAL POSITION EQUAL TO OR ABOVE 1.2 BILLION EURO AFTER THE PAYMENT OF DIVIDENDS (PREVIOUS TARGET BELOW 1.1 BILLION EURO AFTER DIVIDEND PAYMENTS) IN CONSIDERATION OF THE LEVEL OF SALES AND OPERATIONAL ACTIVITIES IN EUROPE WHICH BY THE FIRST QUARTER OF 2013 WILL BRING INVENTORY TO OPTIMAL LEVELS**

- **INVESTMENT CONFIRMED AT UNDER 500 MILLION EURO**

- **BOARD CO-OPTS MARIO GRECO**

Milan, 12 November 2012 – The Board of Directors of Pirelli & C. SpA met today to review and approve results for the nine months which ended on 30 September 2012.

The Pirelli group's results for the first nine months saw key economic indicators grow, in particular profitability compared with the same period of 2011, notwithstanding the slowdown of the macro-economic scenario which intensified in the third quarter. The negative impact of the crisis on sales' volumes was in fact offset by the group thanks to the positive performance of Pirelli's Premium range, as well as the reinforcement of the productive and commercial presence in rapidly developing economies and with a more favourable demand dynamic, factors which resulted in a significant increase in profitability.

At the consolidated level, **revenues** in the first nine months amounted to 4,574.1 million euro, an increase of 7.2% compared with 4,265.8 million euro in September 2011 and the **operating result** (Ebit) amounted to 592.8 million euro (higher than the total for full-year 2011), with an increase of 31% compared with 451.2 million euro of the prior year and **profitability** (Ebit margin) grew to 13.0% (+2.4 percentage points compared with the number on 30 September 2011). The **net result** was 308.3 million euro, an increase of 22.7% compared with 251.3 million euro on 30 September 2011. In the third quarter of 2012, in particular, Pirelli had sales of 1,552.3 million euro, an increase of 5.1%, and an operating result of 192.1 million euro (+19.2% in the same period of 2011), with profitability rising by 1.5 percentage points to 12.4%.

The positive results' performance was particularly significant considering the overall reduction of sales' volumes in tyre activities, which fell 6.8% during the first nine months of the year because of the persistent difficulties of the global macro-economic scenario, in particular in the countries of southern Europe. The results confirm the effectiveness of the strategic focus on the **Premium segment.**

In this segment, in which Pirelli aims to achieve global leadership in 2015, volume performance in the third quarter (+12.5%) was in line with the preceding quarter and leads to a progressive growth in Premium volumes during the first nine months of 13.5%, with sales growing 23.5% to 1,612.3 million euro.

The effectiveness of Pirelli's Premium strategy in contrasting the overall slowdown in demand can be seen in particular in the growth of profitability in the **Consumer business**, which in the first nine months increased by 2 percentage points to 14.5%. The profitability performance of the **Industrial business** was also positive, even if more greatly impacted by the effects of the crisis because more exposed to economic cycles, shows profitability growing in the first nine months by 1.4 percentage points to 10.5%, thanks to efficiencies and lower raw material costs.

In line with the industrial plan – which calls for an increase in Premium capacity, further expansion in rapidly developing countries and with a more favourable demand dynamic and a reinforcement of the international commercial presence – in the first nine months Pirelli made **investments** of 327.4 million euro, on top of 277.1 million euro in financial investments for the acquisition of the Russian factories in Kirov and Voronezh (170.9 million euro) and two distribution chains in Brazil and Sweden (106.2 million euro). These factors, together with dividend payments to shareholders of 132.3 million euro and the overall performance of working capital, resulted in a **net financial position** at the end of September 2012 of negative 1,868.8 million euro, compared with -1,702.7 million euro in June of June 2012 and -737.1 million euro in December of 2011.

Gruppo Pirelli & C. SpA

At the consolidated level, **revenues** on 30 September 2012 were 4,574.1 million euro, an increase of 7.2% compared with 4,265.8 million euro in the first nine months of 2011.

In the third quarter, in particular, revenues were 1,552.3 million euro, an increase of 5.1% compared with 1,476.5 million euro in the third quarter of 2011.

The **operating result (EBIT) on 30 September 2012 including restructuring charges,** which amounted to 18.2 million euro (9.9 million euro on 30 September 2011), was 592.8 million euro, an increase of 31% compared with 451.2 million euro in the same period of 2011. As a percentage of revenues, (Ebit margin), it stood at 13.0% showing a significant increase compared with 10.6% in the first nine months of 2011. In the third quarter, in particular, the **operating result (EBIT) including restructuring costs** was 192.1 million euro, an increase of 19.2% compared with 161.1 million euro in the third quarter of 2011 and rose to 12.4% of revenues from 10.9%.

The **consolidated net profit** totaled 308.3 million euro on 30 September 2012, with growth of 22.7% from 251.3 million in the same period of 2011. In the third quarter, in particular, **consolidated net profit** came to 86.6 million euro, compared with 92.5 million euro on 30 September 2011. The figure was negatively impacted by the adjustment of its value to equity of the affiliate RCS Mediagroup of 22.6 million euro.

The quota of the **net result attributable** to Pirelli & C. Spa on 30 September 2012 totaled 306.3 million euro, compared with 255.3 in the first nine months of 2011.

Consolidated net assets on 30 September 2012 stood at 2,328.9 million euro compared with 2,191.6 million euro at the end of 2011 and 2,049.9 million euro on 30 September 2011. The **consolidated net assets attributable** to Pirelli & C. SpA amounted to 2,278.6 compared with 2,146.1 at the end of 2011 and 2,026.5 million euro on 30 September 2011.

In the first nine months, Pirelli made **total investments** of 327.4 million euro – equal to 1.6 times of amortizations and aimed at increasing Premium capacity and expanding its international presence in rapidly developing countries and with a favourable demand dynamic. As well there was 277.1 million euro of financial investment for the acquisition of the Russian factories in Kirov and Voronezh and in two distribution channels in Brazil and Sweden. These factors, together with the payment of dividends to shareholders of 132.3 million euro and the performance working capital, resulted in a **net financial position** at the end of September 2012 of negative per 1,868.8 million euro, compared with -1,702.7

million euro in June. In the third quarter, in particular, net operational flows was negative 67.3 million euro (-83.7 million euro in the second quarter). The result was impacted by the seasonality of working capital performance, offset by the operating result (before non-recurring charges) of 195.8 million euro. It should be noted that during the period the value of inventory was reduced by 46.7 million euro compared with June, while investment amounted to 132.5 million euro, almost twice the value of amortizations.

The **group headcount** stood at 37,269 on 30 September 2012 compared with 34,259 at the end of 2011 and 31,815 on 30 September 2011.

Tyre activities

Pirelli Tyre revenues on 30 September 2012 amounted to 4,542.9 million euro, an increase of 7.5% compared with 4,225.7 million euro in the same period of 2011. The variation, net of negative exchange rate effects of 0.7%, saw an increase of 8.2%. The volume component, excluding the Russian activities and the chain in Sweden, was negative 6.8%, offset by the contribution from the price/mix component of positive 11.8% which reflects both a stable pricing policy and the focus on the Premium segment, the volumes of which grew by 13.5%. The new perimeter represented by the activities in Russia and the distribution chain in Sweden contributed +3.2% at the revenue level In the third quarter, in particular, sales totaled 1,542.6 million euro, with growth of 5.3% compared with 1,464.8 million euro in the third quarter 2011.

Over the period, the variation, net of the exchange rate effect, was negative 1.2%, saw an increase of 6.5%. The volume component, excluding the activities in Russia and the distribution chain in Sweden, was negative 6.2%, offset by the contribution from the price/mix component of positive 8.6%, with Premium volumes growing 12.5%. The new perimeter represented by the activities in Russia and Sweden contributed +4.1% at the revenue level.

In the first nine months of 2012, the Consumer business registered revenue growth of 12.8%, while the Industrial segment – a business more exposed to economic cycles – registered a fall in sales of 5.0%, because of the difficult economic context and also because of the temporary slowdown of activities at the factory in Egypt in the first part of the quarter.

The **gross operating margin (Ebitda) before restructuring costs** on 30 September 2012 amounted to 825.7 million euro, an increase of 25.8% compared with 656.3 million euro on 30 September 2011, equal to 18.2% of revenues (15.5% on 30 September 2011). In the third quarter, in particular, Ebitda totaled 269.5 million euro (228.4 million euro in the third quarter of 2011), with an improvement in the Ebitda margin to 17.5% from 15.6% in the same period of 2011.

The **operating result (EBIT) after restructuring charges** on 30 September 2012 amounted to **612.3 million euro,** an increase of 26.4% compared with 484.4 million euro in the first nine months of 2011, equal to 13.5% of revenues (11.5% of the same period of 2011). In the third quarter, in particular, the operating result after restructuring charges amounted to 198.7 million euro compared with 171.9 million euro in the same period of 2011 and represented 12.9% of sales compared with 11.7% in the third quarter of 2011.

The result benefitted from the positive impact of commercial variables, in particular the price/mix component, as a function of the strategic focus on the Premium segment which allowed for the attenuation of the total decline in volumes due to the difficult macro-economic context as well as the negative impact of raw materials, which in the first nine months of the year had an impact of 87.7 million euro, notwithstanding the neutral effect in the third quarter.

- In the ***Consumer*** *business* ***(Car/Light Truck and Moto tyres)*** revenues for the first nine months of 2012 amounted to 3,346.9 million di euro, with an increase of 12.8% compared with 2,966.5 million euro in the same period of 2011, while the operating result after restructuring charges came to 486.7 million euro (370.1 million euro on 30 September 2011), representing 14.5% of revenues (12.5% in the same period of 2011).

The volume component, excluding the activities in Russia and the distribution chain in Sweden, was negative 5.5%, offset the positive price/mix component of 13.7% which reflected the focus of the Premium segment, volumes of which rose 13.5%. The new perimeter represented by the activities in Russia and the distribution chain in Sweden contributed +4.6% at the revenue level. In the period there was no impact at the level of exchange rates.

In the third quarter, in particular, **revenues** totaled 1,116.8 million euro, with an increase of 9.0% compared with 1,024.3 million euro in the same period of 2011. The variation, net of the exchange rate effect of negative 0.4%, saw an increase of 9.4%. The volume component, excluding the activities in Russia and the distribution chain in Sweden, was negative 6.1%, offset by the positive price/mix component of 9.6% and with Premium volumes growing 12.5%. The new perimeter represented by the Russian activities and the distribution chain in Sweden contributed +5.9% at the revenue level. The quarter saw an improvement in **profitability** both in absolute value – with an operating result after restructuring charges increased to 151.4 million euro from 129.0 million euro - and percentage terms, with the Ebit margin growing to 13.6% from 12.6% a year earlier.

- In the ***Industrial** business **(tyres for Industrial vehicles and Steelcord)*** revenues totaled 1,196.0 million euro, a decline of 5.0% compared with 1,259.2 million euro in the same period of 2011, while the operating result after restructuring charges of 125.6 million euro (114.3 million euro in the first nine months of 2011), equal to 10.5% of revenues (9.1% in the first nine months of 2011). The improvement in profitability derives from the performance of the price/mix component and the reduction of raw materials costs, factors which more than offset the fall in volumes, linked to the slowdown in demand mainly in Europe and South America and the temporary slowdown in activity at the factory in Egypt because of a union dispute the effects of which dragged into the beginning of the third quarter.
  Over the period, revenue growth, net of the negative 2.6%, saw a decline of 2.4%. The volume component was negative 9.6%, partially offset the positive 7.2% from the price/mix component.

  In the third quarter, in particular, revenues declined 3.3% to 425.8 million euro (440.5 million euro in the third quarter of 2011), a decline exclusively due to exchange rate effects which had a 3.1% impact. The volume component was negative 6.2%, offset the positive 6.0% contribution from the price/mix component. The operating result from ordinary operations after restructuring costs was 47.3 million euro (42.9 million euro in the third quarter of 2011), equal to 11.1% of revenues (9.7% in the third quarter of 2011).

2012 Outlook

Barring unforeseeable events, Pirelli expects a 2012 profitability target of approximately 800 million euro, even with an accelerated reduction of non-premium production and the deterioration of the macro-economic scenario particularly in Europe. This result will be achieved thanks to the focus on Premium products, the growth of which has been sustained particularly in rapidly developing economies, to a stable pricing policy, an increase of the efficiency plan to 155 million euro (from 150 million euro) and the reduction of costs, in particular those of raw materials. These actions allow for an increase of margin targets (Ebit margin) to 13% compared with the prior “above 12”.

As a consequence of the speedier exit from the standard segment and the slowdown of the European macro-economic scenario, the overall volume target has been lowered to -5%/-5.5% from the prior -3%/-4%, with a Premium volume target revised to +17%/+18% from the prior +20%, while the price/mix is seen at over +11% (prior target +11%/+12%). Further, a reduction in standard production in Russia is also foreseen, with a consequent sales reduction to approximately 200 million euro (previous target 250 million euro). These elements, together with the negative impact of the exchange rate effect (-1%), determined a 2012 sales forecast of approximately 6.15 billion euro, revised from the previous target of approximately 6.4 billion euro.

The net financial position is expected to be negative for an amount equal or superior to 1.2 billion euro after dividend payments (previous target below 1.1 billion euro), in consideration of the level of sales and operational activity in Europe, which will bring inventories to an optimal level in the first quarter of 2013. Investments are confirmed at lower than 500 million euro.

Board of Directors authorizes bond issues up to a maximum of 1 billion euro. Adopts EMTN programme

To quickly take advantage of the best financing opportunities to support the business's growth, the Board of Directors approved the adoption of a Euro Medium Term Note Programme up to a maximum value of 2 billion euro.
The programme permits the company to minimize the time needed to access the international capital markets and to benefit from financing opportunities offered by international capital markets and qualified investors through the issue of bonds of various maturities and denominated in the main currencies, all implemented through the same documentation.
Taking advantage of this programme, whose maximum duration is 20 years, the Board authorized non-convertible bond issues up to a nominal maximum value of 1 billion euro (or the equivalent in other currencies) to place by the end of 2013. also in multiple tranches on international markets.

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New Board member Co-opted

The Board of Directors of Pirelli & C. today proceeded to co-opt Mario Greco to take the place of Mr. Giovanni Perissinotto who resigned from the post on 23 July 2012. Mario Greco's curriculum will be available on the company website www.Pirelli.com.

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Conference call

The results for the nine months ended 30 September 2012 will be illustrated via a conference call today at 18.45 with the participation of Pirelli & C. SpA Chairman and CEO Marco Tronchetti Provera and the group's top management. Journalists will be able to listen in to the presentation, without the possibility of asking questions, by dialing **+39.06.3859.1420** or **800.089.737**, and using the code **8427088.** The presentation will also be available in webcast, in real time, at www.pirelli.com in the Investors Relations section, where the slides will also be available.

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Calendar of company events 2013

The following is a calendar of board and shareholder activity for 2013:

11 March 2013: Board of Directors meeting to review results for the year ended 31 December 2012;

8 May 2013: Board of Directors meeting to review results for the three months ending 31 March 2013;

8 May 2013: Shareholder meeting to approve 2012 results (sole call);

29 July 2013: Board of Directors meeting to review results for the six months ending 30 June 2013;

5 November 2013: Board of Directors meeting to review results for the nine months ending 30 September 2013.

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The Board of Directors, taking into account the simplification of the regulatory requirements introduced by Consob in the Issuer Regulation 11971/99, decided to take advantage of the option to break with, in accordance with that which is foreseen in Art. 70, paragraph 8, and Article 71, paragraph 1-bis of said regulation, the obligation to publish information documents on occasion of significant operations of mergers, demergers, capital increases through the conferring of goods in kind, acquisitions and disposals.

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

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

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

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

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

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

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

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GROUP - PIRELLI & C. S.p.A.

(in millions of euro)

	Q3 2012	Q3 2011	09/30/2012	09/30/2011	12/31/2011 *
Net sales	**1.552,3**	**1.476,5**	**4.574,1**	**4.265,8**	**5.654,8**
Gross operating profit before restructuring expenses	264,2	220,2	809,9	631,1	834,6
% of net sales	17,0%	14,9%	17,7%	14,8%	14,8%
Operating income before restructuring expenses	195,8	163,3	611,0	461,1	609,7
% of net sales	12,6%	11,1%	13,4%	10,8%	10,8%
Restructuring expenses	(3,7)	(2,2)	(18,2)	(9,9)	(27,8)
Operating income	**192,1**	**161,1**	**592,8**	**451,2**	**581,9**
% of net sales	12,4%	10,9%	13,0%	10,6%	10,3%
Net income (loss) from equity investments	(23,7)	2,1	(26,4)	3,0	(17,3)
Financial income/(expenses)	(39,5)	(19,4)	(88,3)	(64,1)	(89,5)
Pre-tax income (loss)	**128,9**	**143,8**	**478,1**	**390,1**	**475,1**
Income tax	(42,3)	(51,3)	(169,8)	(138,8)	(162,5)
Tax rate %	32,8%	35,7%	35,5%	35,6%	34,2%
Net income (loss) from continuing operations	**86,6**	**92,5**	**308,3**	**251,3**	**312,6**
Prior period deffered tax assets - Italy	-	-	-	-	128,1
Total net income (loss)	**86,6**	**92,5**	**308,3**	**251,3**	**440,7**
Net income attributable to owners of Pirelli & C. S.p.A.			306,3	255,3	451,6
Total net earnings per share attributable to owners of Pirelli & C. S.p.A. (in euro)			0,628	0,523	0,926
Non-current assets			**3.814,2**	**3.258,4**	**3.577,5**
Inventories			1.153,7	890,4	1.036,7
Trade receivables			1.115,5	1.024,8	745,2
Trade payables			(1.054,9)	(1.206,3)	(1.382,8)
Operating Net working capital			**1.214,3**	**708,9**	**399,1**
% of net sales (°)			19,9%	12,5%	7,1%
Other receivables/other payables			(42,9)	(209,6)	(248,3)
Total net working capital			**1.171,4**	**499,3**	**150,8**
% of net sales (°)			19,2%	8,8%	2,7%
Net i nvested capital			**4.985,6**	**3.757,7**	**3.728,3**
Equity			**2.328,9**	**2.049,9**	**2.191,6**
Provisions			787,9	769,5	799,6
Net financial (liquidity)/debt position			**1.868,8**	**938,3**	**737,1**
Equity attribuitable to the owners of Pirelli & C. S.p.A.			2.278,6	2.026,5	2.146,1
Equity per share attributable to the owners of Pirelli & C. S.p.A. (in euro)			4,669	4,153	4,398
Capital expenditure			327,4	396,2	626,2
Research and development expenses			132,3	126,4	169,7
% of net sales			2,9%	3,0%	3,0%
Headcount (number at end of period)			37.269,0	31.815,0	34.259,0
Industrial sites (number)			23,0	20,0	21,0

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

* The consolidated balance sheet has been restated to include retrospectivly the effects of the final purchase price allocation connected to the business combination "acquisition Russia".

(in millions of euro)

	Total Tyre		Other busisiness (*)		Total	
	9/30/2012	9/30/2011	9/30/2012	9/30/2011	9/30/2012	9/30/2011
Net sales	**4.542,9**	**4.225,7**	**31,2**	**40,1**	**4.574,1**	**4.265,8**
Gross operating profit before restructuring	825,7	656,3	(15,8)	(25,2)	809,9	631,1
Operating income before restructuring expenses	630,5	494,3	(19,5)	(33,2)	611,0	461,1
Restructuring expenses	(18,2)	(9,9)	-	-	(18,2)	(9,9)
Operating income	**612,3**	**484,4**	**(19,5)**	**(33,2)**	**592,8**	**451,2**
% of net sales	*13,5%*	*11,5%*			*13,0%*	*10,6%*
Net income (loss) from equity investments					(26,4)	3,0
Financial income/(expenses)					(88,3)	(64,1)
Pre-tax income (loss)					**478,1**	**390,1**
Income tax					(169,8)	(138,8)
Tax rate %					*35,5%*	*35,6%*
Total net income (loss)					**308,3**	**251,3**
Net financial (liquidity)/debt position					**1.868,8**	**938,3**

(*) in 2012 this item includes the Pirelli Ecotechnology Group, the Pirelli Ambiente group, and Pzero while in 2011 this item also included the figures for the holding and services companies (including the Parent Company) which have been consolidated this year in the Total Tyre

	Q1		Q2		Q3		at 9/30	
	2012	2011	2012	2011	2012	2011	2012	2011
Operating income (EBIT) before restructuring expenses	211,4	146,5	203,8	151,3	195,8	163,3	611,0	461,1
Amortisation and depreciation	64,4	56,9	66,1	56,2	68,4	56,9	198,9	170,0
Capital expenditures of property, plant and equipment and intangible assets	(80,1)	(96,9)	(114,8)	(137,2)	(132,5)	(162,1)	(327,4)	(396,2)
Change in workin capital/other	(512,8)	(313,5)	(238,8)	18,1	(199,0)	(100,6)	(950,6)	(396,0)
Operating cash flow	**(317,1)**	**(207,0)**	**(83,7)**	**88,4**	**(67,3)**	**(42,5)**	**(468,1)**	**(161,1)**
Financial income/(expenses)	(18,7)	(14,8)	(30,1)	(29,9)	(39,5)	(19,4)	(88,3)	(64,1)
Ordinary tax charges	(65,9)	(47,9)	(61,6)	(39,6)	(42,3)	(51,3)	(169,8)	(138,8)
Net operating cash flow	**(401,7)**	**(269,7)**	**(175,4)**	**18,9**	**(149,1)**	**(113,2)**	**(726,2)**	**(364,0)**
Financial investments/disinvestments	3,2	24,4	-	-	2,3	(16,4)	5,5	8,0
Acquisition of non-controlling interests (China)	-	-	-	-	-	(28,0)	-	(28,0)
Russia Investment	(154,5)	-	-	-	(16,4)	-	(170,9)	-
Dackia Investment	-	-	(70,8)	-	-	-	(70,8)	-
Campneus Investment	-	-	(35,4)	-	-	-	(35,4)	-
Dividend paid by Parent	-	-	(132,3)	(81,1)	-	-	(132,3)	(81,1)
Other dividends paid	(2,2)	(0,7)	(0,7)	(1,7)	-	-	(2,9)	(2,4)
Cash Out for restructuring operations	(4,2)	(2,8)	(3,3)	(5,7)	(3,6)	(1,9)	(11,1)	(10,4)
Foreign exchange differences/other	(8,5)	(8,4)	20,2	3,5	0,7	0,1	12,4	(4,8)
Net cash flow	**(567,9)**	**(257,2)**	**(397,7)**	**(66,1)**	**(166,1)**	**(159,4)**	**(1.131,7)**	**(482,7)**