



PRESS RELEASE

Meeting of the Board of Directors of Pirelli & C. SpA

FINANCIAL STATEMENTS FOR THE PERIOD ENDING JUNE 30, 2003 APPROVED

CONSOLIDATED RESULTS PIRELLI & C. SPA

- **REVENUES: 3,298 MILLION EUROS, COMPARED TO 3,494 MILLION EUROS FOR FIRST HALF-YEAR 2002; AT COMPARABLE CONDITIONS, A GROWTH OF 7.5% WAS POSTED**
- **OPERATING INCOME (EBIT): 142 MILLION EUROS, +40% COMPARED TO 101 MILLION EUROS AT JUNE 30, 2002**
- **INCOME BEFORE EXTRAORDINARY ITEMS AND TAXES POSITIVE BY 46 MILLION EUROS, COMPARED TO A NEGATIVE FIGURE OF 29 MILLION EUROS AT JUNE 30 2002**
 - **NET INCOME: NEGATIVE BY 21 MILLION EUROS**
 - **NET DEBT: REDUCED TO 1,598 MILLION EUROS COMPARED TO 2,050 MILLION EUROS AT END 2002**

INDUSTRIAL ACTIVITIES

- **REVENUES: 3,049 MILLION EUROS COMPARED TO 3,386 MILLION EUROS RECORDED FOR THE FIRST HALF YEAR 2002; AT COMPARABLE CONDITIONS, THIS RESULTS REPRESENTS A 3.1% INCREASE**
- **OPERATING INCOME: 135 MILLION EUROS, UP 15% WHEN COMPARED TO 117 MILLION EUROS AT JUNE 30, 2002, WITH ROS RISING TO 4.4% DESPITE CONTINUING DIFFICULTIES IN TELECOMMUNICATIONS COMPONENTS AND ENERGY MARKETS**

- **NET INCOME 55 MILLION EUROS (21 MILLION EUROS AT JUNE 30, 2002)**

REAL ESTATE OPERATIONS

- **STRONG GROWTH IN AGGREGATE PRODUCTION VALUE: 693 MILLION EUROS, +44%**
- **OPERATING INCOME INCLUDING INCOME FROM EQUITY PARTICIPATIONS: 53 MILLION EUROS, +27%**
 - **NET INCOME OF REAL ESTATE OPERATIONS: 40 MILLION EUROS, +26%**

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OVERALL, PIRELLI & C. EXPECT TO CLOSE THE FISCAL YEAR WITH A SIGNIFICANTLY HIGHER OPERATING INCOME THAN THAT POSTED IN 2002

THE FORECAST OF AN IMPROVEMENT IN THE OPERATING RESULTS FOR THE TYRE AND ENERGY CABLES AND SYSTEMS SECTORS IS CONFIRMED AS WELL AS THE ACHIEVEMENT OF AN OPERATING BREAK-EVEN IN THE TELECOMMUNICATIONS CABLES AND SYSTEMS SECTOR DURING THE FINAL QUARTER

IN THE REAL ESTATE SECTOR THE FORECAST OF FURTHER RESULTS' GROWTH IS CONFIRMED

Milan, September 5, 2003 – The Board of Directors of Pirelli & C. SpA today met and approved the definitive financial statements for the half-year ended June 30 2003.

The following figures include the accounting effects of the merger of Pirelli Spa into Pirelli & C. Spa, which are retroactively accounted for starting January 1st 2003.

The Group Pirelli & C. Spa

In the first six months of 2003 the consolidated **revenues** of the Pirelli & C. Spa Group amounted to **3,298 million Euros**, corresponding to a **5.6%** reduction

when compared to the figure of 3,494 million euros posted for the first six months of 2002. On the same perimeter base (net of the effects of exchange rates, metal prices and changes in the scope of consolidation) revenues grew by 7.5%, principally as a result in the growth in the Tyres sector.

Gross operating profit (EBITDA) stood at **322 million Euros** (9.8% of sales), compared to 305 million Euros posted in the first half-year of 2002 (8.7% of sales).

Operating income (EBIT) in the first six-month amounted to **142 million Euros**. This result includes the income from the attribution of the merger surplus (about 13 million Euros). In the first six months of 2002 operating income was 101 million Euros. The Return on Sale (**ROS**) ratio was **4.3%** (2.9% for the corresponding period in 2002). The improvement can be attributed to better results of industrial activities and to lower central corporate costs; the figure also includes effects of the patents' settlement with Ciena, which was worth 10 million Euros.

Income from equity participations returned a loss of **22 million Euros** compared to the loss of 43 million Euros for the first six-month of 2002 and includes the effect of the valuating companies with the equity method. The results include, in particular, the results of Olimpia which posted a loss of 45 million Euros (54 million Euros in the first half-year 2002) while the real estate sector returned a net income of 24 million Euros (13 million Euros in the first half-year of 2002). It should be mentioned that Olimpia results do not include dividends, which will be accounted for cash when received.

The item **financial charges and income** recorded a loss of **74 million Euros** against a loss of 87 million Euros posted for the same period in 2002, and thus an improvement on last year by incurring fewer debts.

The **extraordinary income/ charges balance** was negative for 2 million Euros, whereas for the same period in 2002 it returned a profit of 199 million Euros, as it mainly included capital gains from the placement of Pirelli & C. Real Estate shares on the stock exchange (143 million Euros) and the capital gain from the disposal made by Pirelli & C. Real Estate of the last tranche of the ex-Unim securities held in portfolio (54 million Euros).

Net income at June 30, 2003 amounted to **24 million Euros**, before Olimpia results; this becomes a net loss of **21 million Euros** after Olimpia results, against a net income of 93 million euros for the first half-year of 2002, which included – as already mentioned – about 200 million euros in extraordinary items.

The share of **the net loss attributable to** Pirelli & C. SpA at June 30, 2003 amounts to **36 million Euros** (excluding the Olimpia effect the result is a net

income of 9 million euros) against a net income of 130 million Euros for the first six months of 2002 (184 million Euros excluding the Olimpia results).

Shareholders' equity attributable to Pirelli & C. SpA at June 30, 2003 is **3,499 million Euros**, an increase with respect to the figure of 1,933 million Euros at December 31 2002, following the merger operations (an increase in working capital and an increase in share capital for the share exchange offer).

The **total of shareholders' equity** increased from 4,626 million Euros at December 31 2002 to **3,799 million Euros** at June 30, 2003.

The **net financial position** is negative for **1,598 million Euros**, lower than the figure of 2,050 Euros at December 31, 2002. It reflects the effects of the share capital increase undertaken by Pirelli & C. SpA quantified at 812 million Euros and the exercise of the right of withdrawal (“recesso”) by shareholders, quantified at 163 million Euros.

The industrial operations of the Group

Industrial operations refer to the data on all the various industrial sectors, i.e. the Tyres Sector, the Energy Cables and Systems Sector, and the Telecom Cables and Systems Sector.

The **trend in the industrial activities of the Group** in the first half of 2003 shows an **increase in operating income**, albeit in a context still influenced by the decline in demand for telecommunications infrastructure, in which sales volumes are low with further price-reductions. Investments of utilities companies in the Energy sector are still stagnating especially in Europe in the low and medium voltage segments, and prices are under pressure in the general market. The Tyres sector, however, continues to register growing results.

In the first six months of 2003 the **Group sales revenues** reached **3,049 million Euros**, down 10.0% when compared to first half 2002. On the same perimeter base (net of the effects of exchange rates, metal prices and changes in the scope of consolidation) revenues actually grew by **3.1%**, principally as a result in the growth in the Tyres sector.

Operating income (Ebit) in the first six months was **135 million Euros**, including the effect of the attribution of the merger surplus (about 10 million euros), **ROS** rose to **4.4%** against 3.5% in the first half of 2002. Net of these effects, operating income was **125 million euros** with a ROS of **4.1%**. In the first six months of 2002 operating income was 117 million Euros

The **improvement in operating income** confirms the growing profitability of the **Tyres** sector (+**16.2%**) and the **positive effects of the actions** undertaken to regain **efficiency** that were timely launched by the Group management in the **Energy Cables and Systems and Telecommunications Cables and Systems**

Sectors and which both continue to be affected by the poor economic situation of the market. In particular the value of the gross efficiency gains achieved in the first half of 2003 exceeded 100 million Euros. These measures also enabled the negative impact of exchange rates, assessed at over 20 million Euros, to be absorbed.

Net income at June 30, 2003 was 55 million Euros compared to 21 million Euros for the same period last year.

Free cash flow was positive by **82 million Euros** and reached **2.9%** of Group turnover.

The Group's major commitment to **technological research and innovation**, despite the poor economic situation, was also confirmed in the first half of 2003 with **research and development investments** of **104 million Euros** or 3.4% of sales, in keeping with the previous year.

Group **Headcount in the industrial operations of the Group** at June 30, 2003 was **33,959**, against 35,247 at the end of 2002 and compared to 37,174 at the end of June 2002.

Industrial sector operations

Tyres sector

Sales at June 30, 2003 amounted to **1,509 million Euros**, a year-on-year increase of **1.4%**; net of exchange rate effects, the actual variation is of 14.4%.

Operating income was **129 million Euros** (8.5% of sales), an improvement of over **16%** compared to the first six months of 2002 (111 million Euros, representing 7.5% of sales).

Net income was **75 million Euros** (after financial charges for 25 million Euros, tax charges for 39 million Euros and extraordinary income for 10 million Euros) against 55 million Euros for the first half of 2002. Extraordinary income for the six-month period 2003 refers to payments to the company in the framework of the "MI-TO High Speed Train project" in which the plant at Settimo Torinese is involved.

The **net financial position** at June 30, 2003 is negative by **570 million Euros** against 492 million Euros at the end of 2002. The increase in debt mainly reflects a dividend payment to the parent company for 70 million Euros.

At the end of June 2003 **headcount** was **20,532 units**, including 1,846 temporarily workers.

The performance of the **Car Business Unit** shows a positive sales trend, with a growth rate of **6%** when compared to first half 2002, thanks also to Original Equipment sales in North America, whose business startup was in line with the forecasts.

The first half was characterized by an intense activity of improving and innovating the product portfolio, through important international launches of new product lines, with different features in relation to the performance required and the various geographic areas.

As concerns the **Moto Business Unit**, in the first six months of 2003 sales recorded an increase in both volumes and value, thanks to improved market shares in Europe and North America. As concerns process innovation, the first tyre production plant based on the revolutionary MIRS – Modular Integrated Robotized System - process was unveiled to the international press at the Biocca plant in Milan. The **MIRS Moto**, which accounted for an overall investment of **10 million Euros**, and supplemented by the CCM compound production system is in a start-up phase at the Breuberg plant in Germany.

The **Truck Business Unit** exhibited an 11% year-on-year increase, growing in all market segments.

The business forecasts for the second half of the year remain uncertain. In the context of not-so-positive markets, the Tyres Sector **expects that the positive growth trend** recorded in the first six months of the year will continue, despite the attenuation of the reference market, which is historically less dynamic in the second half of the year.

Events occurring after June 30, 2003

- In July Pirelli and the FGSport Group, which organizes and manages the **Superbike World Championship**, reached an agreement whereby as from sport season 2004, **Pirelli Moto will be the exclusive supplier** of tyres for all three categories, Superbike, Supersport and Superstock. The championship comprises **45** world championship races in 10 countries with television coverage in **173** countries (for a total of **2 billion** viewers and **1,908 hours** of transmission during 2002), and **over one million** spectators at the racetracks in 2002 and **25 million page views** at the official Internet site.

Energy Cables and Systems Sector

Revenues for the first half of 2003 totaled **1,312 million Euros**, down 18.7% against 1,614 million Euros in the same period in 2002. On an equal perimeter basis, the negative variation is **4.3%**, of which 3.2% accounted for by a reduction in volumes and 1.1% by price/mix variations.

Operating income was **27 million Euros**, a slight improvement with respect to the figure of 26 million Euros posted in the first half-year of 2002, and reflects the negative effect of exchange rates for 5 million Euros, while the actions for

improving efficiency more than offset the negative impact of diminished market demand. ROS grew to 2.1% with respect to 1.6% recorded in the same period in 2002.

Net income in the first half-year of 2003 amounted to **9 million Euros**, an improvement on the loss of 1 million Euros for the same period in 2002, after financial charges for 16 million Euros, extraordinary income for 7 million Euros and tax charges for 9 million Euros.

The **net financial position** at June 30, 2003 was negative for **393 million Euros**, which represents an improvement with respect to the first six months of 2002 figure of 521 million Euros.

At the end of June 2003, **headcount** was **11,119 units**, representing a reduction of 1,360 units with respect to year-end 2002.

In the course of the first six months of 2003, the operations of the Energy Cables and Systems Sector was characterized by the production of the 400kV "Basslink" submarine cable, the longest ever produced in the world which will link the Australian states of Victoria and Tasmania. The project envisages the production of 295 Km of paper cable and 195 Km of extruded cable as well as installation work to be undertaken during 2004 and 2005 by Pirelli's cable-laying ship G. Verne. The overall value of the contract is 172.8 million Euros.

A contract has also been signed for repairing the NYPA cable (the submarine cable between New York and New Jersey) for an overall amount of 8.9 million dollars and, in conclusion, three important contracts for an overall value of about **18 million Euros** were signed, thanks to which the Group confirms its international leadership in the "Oil and Gas" sector as regards both total sales and technological excellence. The last three orders, which refer to the Norwegian company AkerKværner, the Libyan companies Waha and Zueitina and the shipyard Jurong in Singapore, concern the supply of special purpose cables to be used on offshore platforms or with oil extraction pumps, and whose reliability and excellence constitute the most important characteristic.

In the second half, notwithstanding the absence of symptoms of recovery in the market, **further improvements in margins and results** are expected in relation to the programs of rationalization and industrial efficiency timely put into place last year.

Telecom Cables and Systems Sector

Revenues in the first half of 2003 totaled **228 million Euros**, a year-on-year reduction of 19.7%, (284 million Euros at June 30, 2002). Net of exchange rate effects the decrease is 13.1%, entirely accounted for by price/mix variations.

Operating income was negative for **21 million Euros** compared to the loss of 20 million Euros in the same period of 2002. This result includes the accountancy effects for 7 million Euros following the attribution of the surplus from the merger related to amortizations and also reflects the reduction in the sales volumes in optical and copper cables and the price/ mix deterioration related to market trends. Ebit improved in the second quarter, and in line with this trend, an operating break-even should be reached by the sector in the fourth quarter of the year.

A **net loss of 29 million Euros** was posted in the first half-year of 2003, after financial charges for 9 million Euros and extraordinary income for 1 million Euros.

The **net financial position** at June 30, 2003 was **negative for 436 million Euros** with respect to the negative figure of 431 million Euros posted at year-end 2002.

In the first six months of 2003, Pirelli and the Spanish company Inabensa were awarded a contract by the Rumanian company Translectrica for the most important project ever undertaken in Europe based on **OPGW cables** for an overall value of **32 million Euros**. This technological innovation enables the traditional overhead protection cable for power lines to be replaced by a cable containing optical fibers. Development work continued in the **new business area** (Broadband Access), which has experienced a strong boost in sales thanks to the broadband access solutions for residential users. In conclusion, the new SM Light optical fiber was presented: at present this is the most technologically **advanced** optical fiber available on international markets, offering better performance than the best competing products.

At the end of June 2003 **headcount** was **2,308 units**, representing a reduction of 238 units with respect to year-end 2002.

Although the telecommunications sector does not exhibit major symptoms of recovery, the results recorded in the first six months of 2003 enable the Group to confirm the target for the current year of **improving** operating income for the sector, where a break-even is expected **in the fourth quarter**.

The Group's Real Estate operations

It should be remembered that the Sales figure is not indicative of the turnover achieved since Pirelli & C. Real Estate is a management company which invests in property portfolios mainly through qualified minority shareholdings of which it takes complete control. Therefore, it is more sensible to consider the **aggregate value of production** (the total of sales and the change in inventories, which includes minority equity investments under management), which in the first half of 2003 totalled approximately **693 million Euros** net of acquisitions, **up by 44%** compared to 480.7 million Euros in the first half of 2002. **EBIT** including

income from equity participations totalled approximately **53 million Euros**, compared to 42 million Euros in the first half of 2002, **up** by **27%**.

As for the main sectors in the real estate division, the activity of **Asset Management** saw an **aggregate value of production**, net of acquisitions, of approximately **548 million Euros**, compared to 385 million Euros in the first half of 2002. The new acquisitions totalled approximately **183 million Euros**, of which approximately **69 million** was of the Group. **33 million Euros** of non performing loans acquisitions should be added.

The activities of **Service Provider**, wholly consolidated, recorded a **value of production** of approximately **144 million Euros** compared to 86.8 million in the first six months of 2002. Operating income from these activities was approximately 21 million Euros, up by approximately 63% compared to the half year in 2002.

Consolidated net income of Real Estate business was **40.3 million Euros, up 26%** when compared to 32 million Euros in first half 2002. Consolidated net income figure of 71.4 million Euros at June 30 2002 included 39.4 million Euros mainly attributable to the disposal of last tranche of ex-Unim securities.

For further information on the trend in industrial operations please refer to the press release issued on September 3, 2003.

Pirelli & C. Ambiente

Pirelli & C. Ambiente is the Group company operating in the field of **the recovery of energy** and materials. Its business purpose is to transform waste into alternative quality fuel for use in existing, non-dedicated, industrial plant such as cement works and power stations.

Waste-Derived Fuel based on Pirelli technology (CDR – P) is a mixture of dry elements of solid urban waste and high calorific materials, such as scrap tyres and non-chlorinated plastics.

I.D.E.A. Grand a, **the first European** eco-sustainable and economically self-sufficient **integrated system for the production of quality fuel from solid urban waste** was unveiled during the first half-year of 2003.

The project, successfully completed with the close cooperation of the Province of Cuneo, the Waste Disposal Company of Cuneo (ACSR), the Buzzi Unicem Spa Group and Pirelli & C. Ambiente, and based on technology developed by Pirelli, which holds the CDR-P patents, has set itself the objective of becoming a reference point in the waste handling and renewable energy sector by virtue of its economic and environmental value. The first plant for the production of the new alternative fuel is already operating at Roccavione (Cuneo) and provides fuel to the nearby cement works of Buzzi of Robilante.

The objective of Pirelli & C. Ambiente in the next three years is to transform a total of 650 thousand tons of waste, at present accumulated in land fills into energy for cement works or power stations. This goal will call for an **investment** program of about **100 million Euros**, of which the Company's capital outlay will amount to about 15 million Euros. 70% of this investment will be covered by project financing. By 2005, Pirelli & C. Ambiente expects to obtain the first return on its investment in this new technology.

Forecasts for the 2003 fiscal year

In a market scenario still dominated by uncertainty the results achieved in the first half-year of 2003 by the Group's industrial operations confirm the current year's objective of an **increase in operating income** in the **Tyres and Energy Cables and Systems** sectors as well as an **improvement** in the **operating income** in the **Telecom Cables and Systems** sector, which is expected to **break-even** in the **last quarter**.

As regards the Real Estate sector it is reasonable to expect a growth in **results**, compared to the previous fiscal year.

Overall Pirelli & C. Spa expects to close the fiscal year with a significant improvement in operating income with respect to the results posted in 2002.

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Lastly, the Board of Directors approved the possible issue of a commercial paper program by Pirelli Finance (Luxembourg) SA, guaranteed by Pirelli & C. SpA, for a maximum amount of 500 million Euros. Maximum maturity of the program is foreseen in 5 years, while single issue maximum maturity is 364 days.

Pirelli Press Office: +39 02 85354270

www.pirelli.com

Summaries of the interim financial statements for the period ending June 30, 2003, pro-forma consolidated representation of Pirelli & C. S.p.A.'s balance sheet and income statement at 30/06/2003 assuming full consolidation of Olimpia S.p.A. and the shareholders' equity method valuation of the Telecom Italia S.p.A. equity stake are attached.

THE GROUP - PIRELLI & C. Spa

(in millions of euro)

	30/06/2003 (excluding Olimpia)	30/06/2003	30/06/2002	31/12/2002
. Sales	3,298	3,298	3,494	6,718
. EBITDA	322	322	305	523
<i>ratio to sales</i>	9.8%	9.8%	8.7%	7.8%
. Operating income	142	142	101	118
<i>ratio to sales</i>	4.3%	4.3%	2.9%	1.8%
. Income from equity participations	23	(22)	(43)	(175)
. Operating income including income from equity participations	165	120	58	(57)
. Financial charges/income	(74)	(74)	(87)	(178)
. Extraordinary charges/ income	(2)	(2)	199	(83)
. Tax charges	(65)	(65)	(77)	(87)
. Net income	24	(21)	93	(405)
<i>ratio to sales</i>		n.s.	2.7%	n.s.
. Net income attributable to Pirelli & C. S.p.A.		(36)	130	(58)
. Net income per common share (in euro)		(0.01)	0.20	(0.09)
. Shareholders' equity		3,799	5,233	4,626
. Shareholders' equity attributable to Pirelli & C. S.p.A..		3,499	2,150	1,933
. Shareholders' equity per share (in euro)		1.01	3.29	2.96
. Net financial position (assets)/liabilities		1,598	2,234	2,050
. Investments in fixed assets		119	153	337
. R&D Spending		104	115	219
. Employees (at end of period)		36,412	39,105	37,350
. N°. of Plants		77	81	79
. Pirelli & C.. S.p.A. ordinary shares (in millions)		3,325.6	618.3	618.3
. Pirelli & C. S.p.A. savings shares (in. millions)		134.8	34.4	34.4
. Total shares in circulation		3,460.4	652.7	652.7

**PIRELLI & C. SPA - Parent
company**

Summary balance sheet

(in millions of euro)

BALANCE SHEET	30.06.2003	31.12.2002	30.06.2002
Intangible assets	14.4	-	0.1
Tangible fixed assets	57.0	24.5	24.8
Financial assets	4,247.1	759.5	872.6
Current assets	18.4	52.7	(13.1)
	4,336.9	836.7	884.4
Shareholders' equity	3,173.4	1,265.0	1,331.1
Provisions	419.7	17.4	16.4
Net financial position	743.8	(445.7)	(463.1)
	4,336.9	836.7	884.4

PIRELLI & C. SPA - Parent company
Summary income statement

(in millions of euro)

INCOME STATEMENT	First six months 2003	First six months 2002	31.12.2002
Financial charges and income	(27.2)	5.9	13.2
Dividends and tax credits	4.4	31.3	83.4
Adjustments to carrying amount of financial assets	-	-	(134.4)
Other income/(costs) for the period	(3.3)	(5.3)	(8.9)
Results of ordinary operations	(26.1)	31.9	(46.7)
Extraordinary income and charges	(18.3)	131.2	139.6
Income tax	0.5	(36.7)	(32.7)
Net income (loss) for the period	(43.9)	126.4	60.2

	Pro-forma adjustments					Pirelli & C. S.p.A. half-year 2003 consolidated financial statements pro-forma (2)
	Pirelli & C. S.p.A. half-year 2008 consolidated financial statements (1)	Reversal of Olimpia S.p.A. result owing to Pirelli & C. S.p.A. (50.4%)	Olimpia S.p.A. full	Consolidation adjustments and valuation of the Telecom Italia S.p.A. equity stake using the shareholders' equity method	Total pro-forma adjustments	
<i>(million Euros)</i>						
Statement of Income summary						
Sales	3.298	-	-	-	-	3.298
Operating Income	142	-	-	-	-	142
Charges/Income Investments / Adj. value of long-term investments	(96)	43	(74)	(32)	(63)	(159)
Extraordinary (Charges)/Income	(2)	-	(4)	-	(4)	(6)
Taxes	(65)	-	-	-	-	(65)
Net income	(21)	43	(78)	(32)	(67)	(88)
Net income after minorities	(36)	43	(43)	(16)	(16)	(52)
Effect of write-downs for goodwill	1			158	158	159
Net income excluding write-downs for goodwill	(20)	43	(78)	126	91	71
Net income after minorities excluding write-downs for goodwill	(35)	43	(43)	64	64	29
Reclassified balance sheet						
Fixed assets	5.563	210	8.930	(5.755)	3.385	8.948
Working capital	1.022	-	51	-	51	1.073
Total net invested capital	6.585	210	8.981	(5.755)	3.436	10.021
Funded by:						
Shareholders' equity	3.799	210	5.806	(5.755)	261	4.060
- of which shareholders' equity after minorities	3.499	210	2.926	(4.448)	(1.312)	2.187
Reserves	1.188	-	-	-	-	1.188
Net financial position (assets)/liabilities	1.598	-	3.175	-	3.175	4.773

(1) Pirelli & C. S.p.A. consolidated accounts (equity investment in Olimpia S.p.A. valued using shareholders' equity method)

(2) Pro-forma data (full consolidation of Olimpia S.p.A. and shareholders' equity method valuation of Telecom Italia equity stake)

Attachment 5

(in millions of euro)

	Aggregate industrial results		Pirelli & C. Real Estate		Other		TOTAL	
	30/06/2003	30/06/2002	30/06/2003	30/06/2002	30/06/2003	30/06/2002	30/06/2003	30/06/2002
. Sales	3,049	3,386	281	146	(32)	(38)	3,298	3,494
. EBITDA	287	290	37	33	(2)	(18)	322	305
<i>ratio to sales</i>	9.4%	8.6%	13.2%	22.6%			9.8%	8.7%
. Operating income	135	117	29	29	(22) *	(45)	142	101
<i>ratio to sales</i>	4.4%	3.5%	10.3%	19.9%			4.3%	2.9%
. Income from equity holdings	(1)	0	24	13	(45) **	(56)	(22)	(43)
. Operating income including equity income	134	117	53	42	(67)	(101)	120	58
. Financial charges/ income	(49)	(69)	0	(2)	(25)	(16)	(74)	(87)
. Extraordinary charges/ income	18	8	0	51	(20)	140	(2)	199
. Tax charges	(48)	(35)	(13)	(20)	(4)	(22)	(65)	(77)
. Net income	55	21	40	71	(116)	1	(21)	93
<i>ratio to sales</i>	1.8%	0.6%	14.2%	48.6%			n.s.	2.7%
. Net financial position (assets)/liabilities	1,399	1,537	71	55	128	642	1,598	2,234

* of which goodwill amortization on acquisition of Pirelli Spa shares euros 13 million (euros 14 million in first half-year 2002)

** equity valuation of Olimpia S.p.A. euros 45 million (euros 54 million in first half-year 2002)

(in millions of euro)

	Energy Cables and Systems		Telecom Cables and Systems		Tyres		INDUSTR. AGGR.	
	30/06/2003	30/06/2002	30/06/2003	30/06/2002	30/06/2003	30/06/2002	30/06/2003	30/06/2002
. Sales	1,312	1,614	228	284	1,509	1,488	3,049	3,386
. EBITDA	70	77	(2)	11	219	202	287	290
<i>ratio to sales</i>	5.3%	4.8%	-0.9%	3.9%	14.5%	13.6%	9.4%	8.6%
. Operating income	27	26	(21)	(20)	129	111	135	117
<i>ratio to sales</i>	2.1%	1.6%	-9.2%	-7.0%	8.5%	7.5%	4.4%	3.5%
. Income from equity holdings	(1)		-	-			(1)	-
. Operating income including equity income	26	26	(21)	(20)	129	111	134	117
. Financial charges/ income	(15)	(27)	(9)	(10)	(25)	(32)	(49)	(69)
. Extraordinary charges/ income	7	10	1	(1)	10	(1)	18	8
. Tax charges	(9)	(10)	0	(2)	(39)	(23)	(48)	(35)
. Net income	9	(1)	(29)	(33)	75	55	55	21
<i>ratio to sales</i>	0.7%	-0.1%	-12.7%	-11.6%	5.0%	3.7%	1.8%	0.6%
. Net financial position (assets)/liabilities	393	521	436	409	570	607	1,399	1,537