FRANKFURT AUTO SHOW INVESTOR CONFERENCE

AGENDA

KEY MESSAGES

RUSSIAN JV AND FOCUS ON BRAZIL

1H 2011 FINANCIAL REVIEW

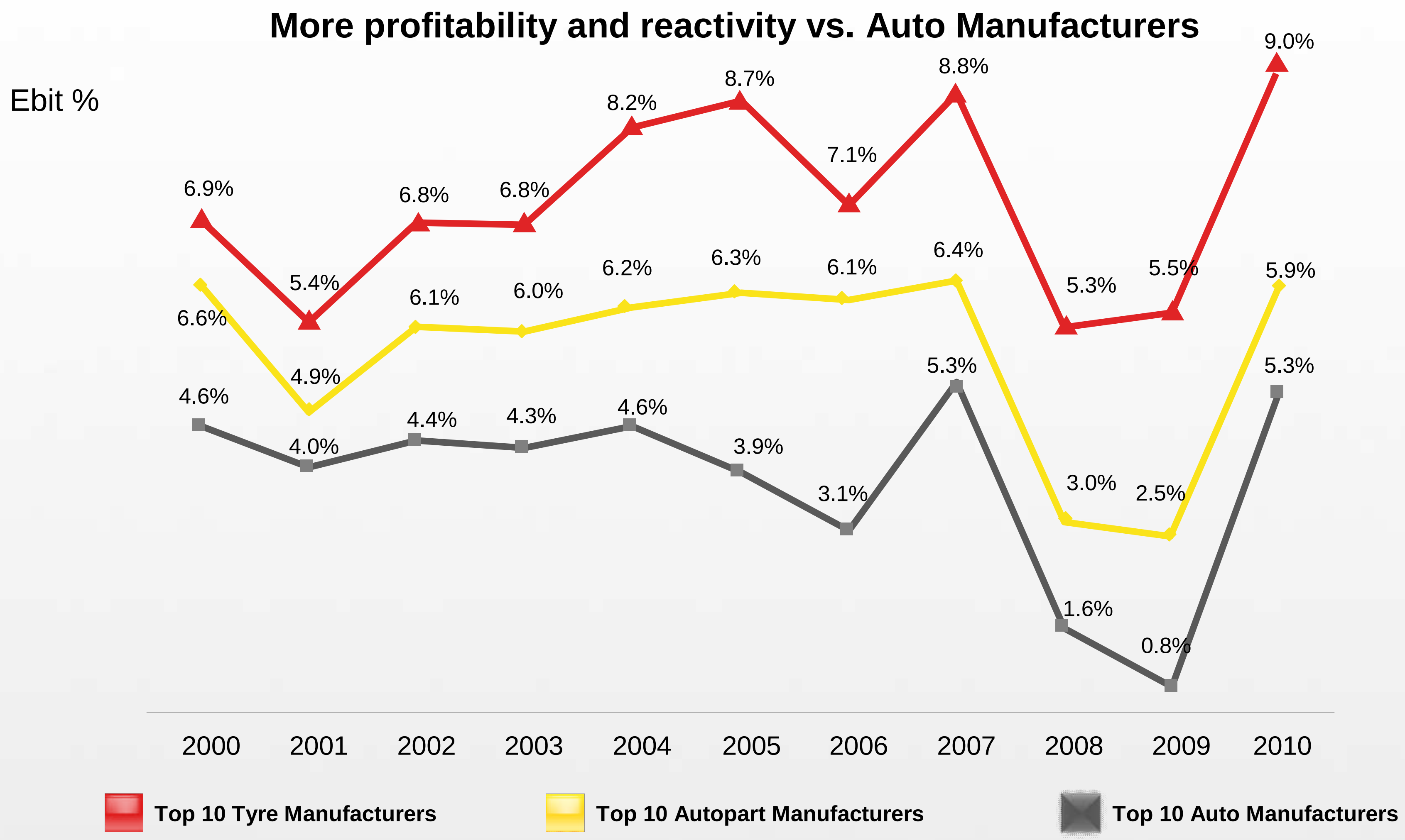
2011 TARGETS

KEY MESSAGES

Industry strengths	Current trends	Pirelli in 1H 2011
More resilient than automotive	**Top profitability** despite high raw material cost inflation **Solid pricing discipline**: value is the common industry approach **Timely responsiveness in a fast changing scenario**	**Maximum profitability ever (11% ebit margin tyre)** **Best performer for price/mix improvement** **High flexibility** *("what if" contingency plan ready)*
Premium Market opportunities	**Less affected by the economic slowdown** **Significant opportunities in RDE (e.g. Asia, Brazil)**	**>60% of consumer sales** **+33% premium sales driven also by F1 exposure**
Solid & efficient	**Better run manufacturing activity** **Strong balance sheets**	**A more efficient production base and balanced profitability by region** **0.9x Net Debt/Ebitda; 1.4 bln € gross debt 60% maturing in 2015+**

Clear strategy, solid financial structure and high flexibility are our strengths in managing rapid changes in market scenario

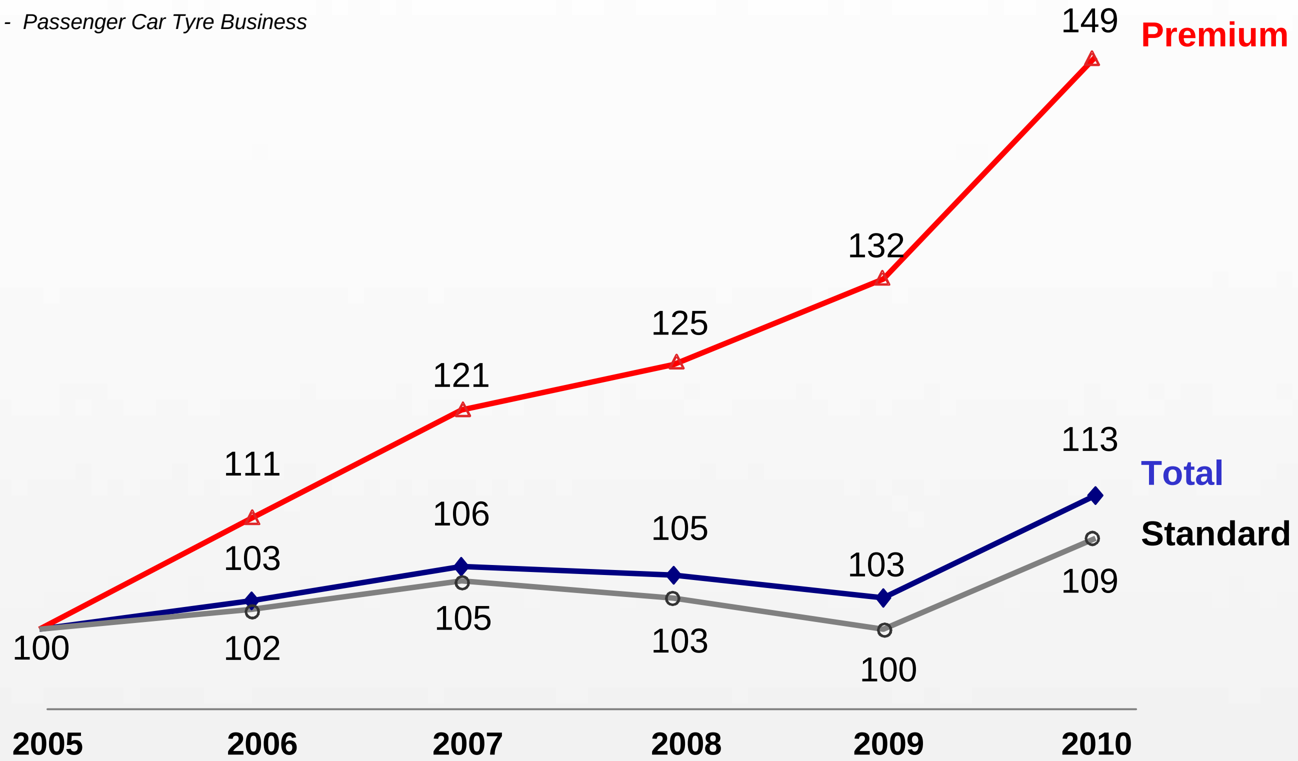
TYRE: HIGHER PROFITABILITY AND FASTER REACTIVITY



Source: Bloomberg

PREMIUM: A GROWING SEGMENT IN REPLACEMENT CHANNEL ALSO DURING MARKET DOWNTURN

Global Market trend - Passenger Car Tyre Business



YoY trend

Premium	*11,2%*	*9,6%*	***3,7%***	***6,8%***	*16,5%*
Standard	*2,0%*	*2,6%*	***-1,4%***	***-3,1%***	*9,1%*
Total	*2,8%*	*3,3%*	***-0,9%***	***-2,1%***	*10,0%*

Source: Europool, RMA, Anip, CRIA

KEEPING ON CREATING BRAND VALUE: F1

Results & Returns after the first 9 GPs

Pirelli on television

AUSTRALIA	04h 16mm 20ss
MALAYSIA	02h 11mm 30ss
CHINA	04h 37mm 30ss
TURKEY	01h 41mm 30ss
BARCELONA	01h 40mm 30ss
MONACO	03h 23mm 30ss
MONTREAL	03h 58mm 30ss
VALENCIA	04h 16mm 30ss
SILVERSTONE	02h 16mm 40ss

TOTAL BRAND EXPOSURE

28h 37mm 05ss

- **Unrivalled global brand exposure** = ~200 €/mln advertising & media value equivalent*
- **Premium Sales 1H 2011: +33% yoy**
- **Strong involvement of dealer chain: >400** dealers attending GPs and company presentations
- **Unique inputs from Formula 1 to R&D to innovate tech for premium tyres**

**Comulative Brand exposure by circuit advertising in the official FOM tv Feed, just considering ten key markets (Brazil, China, France, Germany, Italy, Russia, Spain, Turkey, UK and USA)*

PIRELLI REBALANCING PROFITABILITY AMONG REGIONS

	Sales by region 1H 011	Sales by region YoY growth	Ebit % by Region 1H 2010	Ebit % by Region 1H 2011	Actions
Europe	42%	*+23%*	Mid single digit	**Double digit**	Focus on premium and efficiency
MEA	9%	*+5%*	Mid double digit	Small reduction	Factories back (Egypt) at full capacity in view of 2H market recovery
NAFTA	10%	*+20%*	Low single digit	Stable	Building of Mexican factory well on-track
Asia Pacific	6%	*+20%*	High single digit	Stable	Expansion of premium OE homologation portfolio
Latin America	33%	*+16%*	Mid double digit	Stable	Increasing medium/heavy truck tyre capacity to make the most of market rebound in 2H 2011

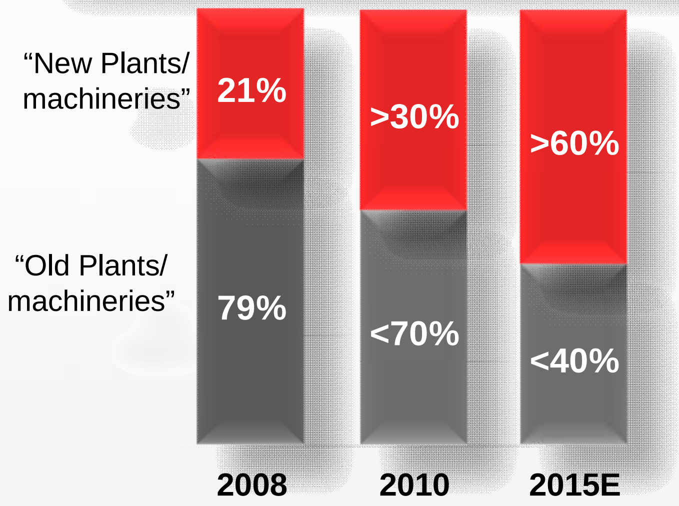
2011 WELL ON TRACK WITH 3Y PLAN

PIRELLI PRODUCTION BASE: EFFICIENT & FLEXIBLE

% Production in low cost countries

	2008	2010	2015E
Consumer	61%	71%	>80%
Industrial	87%	93%	93%

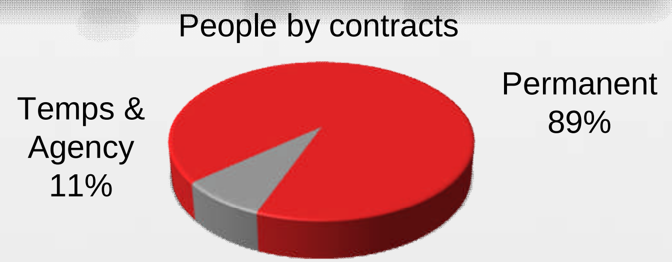
Revenues by new plants/machineries



Local for local production

- from 83% in 2010 to 89% in 2015 (reduction of logistic and duties costs)

Labour flexibility



- 5% overtime

A CONTINGENCY PLANS ALWAYS READY TO KICK IN

If demand were to fall below our scenarios, a portfolio of contingency plans is ready

Decelerate investment programs

- By region, if demand slowdown is localized
- By segment, if cycle penalizes either B2B and/or B2C
- Pirelli exposure to RDE markets softening volume reduction

Reduce output and launch additional restructuring

- Output contingent reduction in high-cost factories
- Additional restructuring in higher cost factories
- Program costs freeze as successfully implemented in 2009

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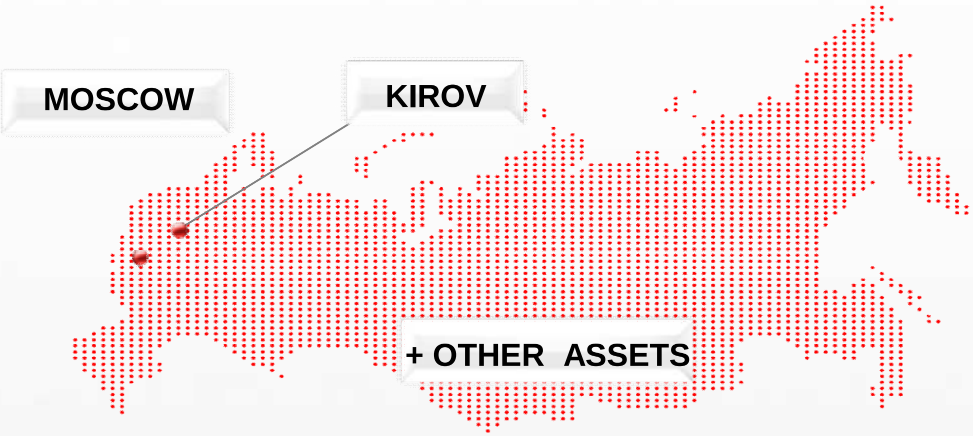
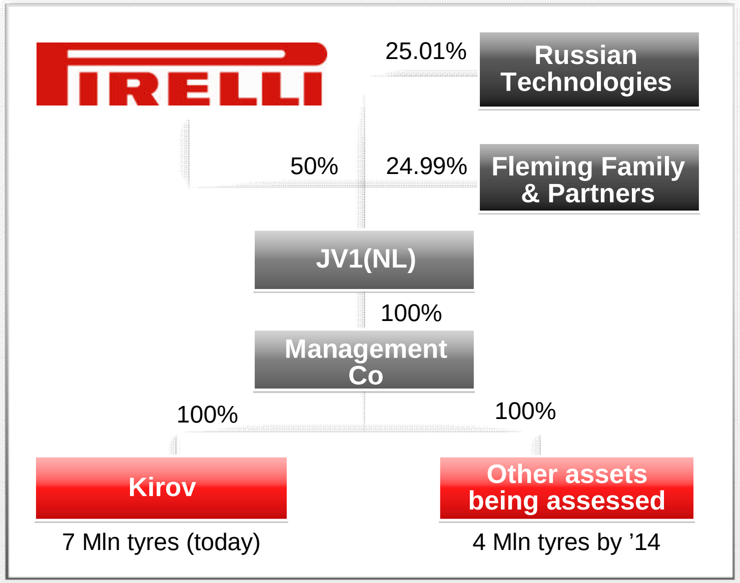
RUSSIA: READY TO GO

JV1: Pirelli & Russian Technologies





Rationale

Rapidly Expanding Market

- Expanding macroeconomic context
- Accelerated growth of Premium
- Weather → Winter
- High incidence of the Replacement channel

Competition & Custom Barrier

- Main international peers have limited local manufacturing capacity
- Dynamic market
- 20% duties on car & light truck tyres, 15% on truck tyres

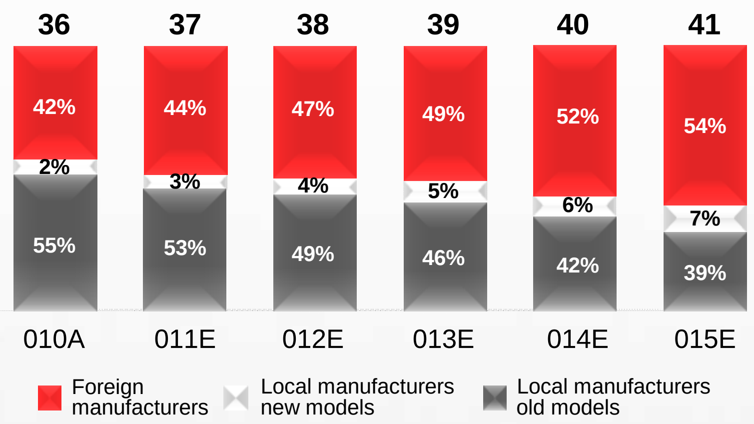
Pirelli Opportunities

- Earlier production of Pirelli brand in Russia than in greenfield project
- Acquisition of an established industrial basis with highly skilled personnel
- Partnership with RT: support to country risk management and sharing of financial investment

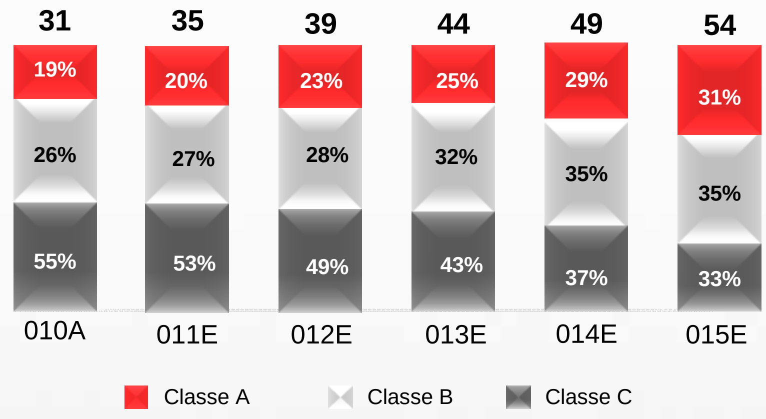
RUSSIAN JV1: EARLY FACTS & FIGURES

Russian market

ml pcs **Vehicle car park**



ml pcs **Tyre market segmentation**



Source: April 2011 Boston Consulting Group

Source: Company estimates

JV1

Main Market targets

- JV1 market share of > 20%
- ~50% Pirelli brand of total JV1 production by 2014 (11Mln tyres)

Main P&L figures

	2012	2014
Revenues (Mln €)	~ 300	>500
EBIT %	Mid single digit	Double digit (since 2013)

Financial commitments:

(Assets purchasing price)

- 55 Mln € by '11
- 167 Mln € by '12

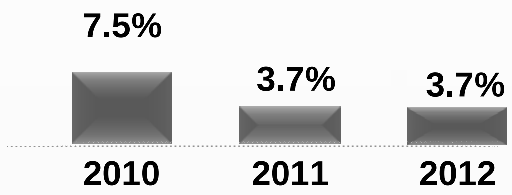
CAPEX 2012 - 14

- 200 Mln € (Upgrade to Pirelli std & capacity increase)

FOCUS ON BRAZIL

Economic scenario

Real GDP



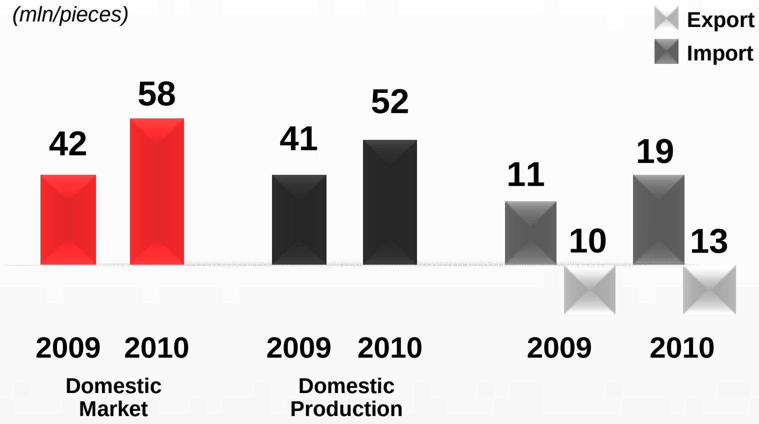
Source: Consensus on main brokers estimates

- **Mega events will maintain momentum in the medium term:**
  - 2014 World cup: 32 $ bln investments
  - 2016 Olimpic Games: 14 $ bln inv.

Source: IHS Global Insight, June 2011

Tyre Market Outlook

(mln/pieces)



- tyre trade unbalance confirmed in 2011 while waiting capacity increase from major players

Pirelli Strategy

- New Mexican factory designed to free up premium capacity in Brazil
- Focus on premium consumer segments in both OE and Replacement Channels
- Drive Technology evolution in the industrial segments by increasing radial capacity

Actions

- **Mix improvement:**
  - 1H 2011 launch **of Green Performance tyres, Scorpion MTR** (SUV tyres)
  - **2H more products coming**
- **No. 1 local OEM strategic supplier**
- >80% of M/H Truck radial production in 2011
- M/H Radial truck tyres capacity increase in Gravataì (+10% in 2H 2011, +10% in 2012)

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PIRELLI KEY FINANCIAL RESULTS

€/mln	1H11	1H10*	Δ YoY	2Q11	2Q10*	Δ YoY
Revenues	**2,789.3**	**2,369.0**	*+17.7%*	**1,388.4**	**1,234.0**	*+12.5%*
*Organic growth***			*+18.4%*			*+16.2%*
EBITDA before Restr. Costs	410.9	305.2	*+34.6%*	207.5	163.3	*+27.1%*
Margin	*14.7%*	*12.9%*		*14.9%*	*13.2%*	
EBIT before Restr. Costs	297.8	199.8	*+49.0%*	151.3	109.6	*+38.0%*
Margin	*10.7%*	*8.4%*		*10.9%*	*8.9%*	
Restructuring Costs	(7.7)	(7.9)		(4.5)	(5.3)	
EBIT	**290.1**	**191.9**	*+51.2%*	**146.8**	**104.3**	*+40.7%*
Margin	*10.4%*	*8.1%*	*+2.3 p.p.*	*10.6%*	*8.5%*	*+2.1 p.p.*
PBT	**246.3**	**147.3**	*+67.2%*	**117.0**	**80.2**	*+45.9%*
Tax Rate	*35.5%*	*47.7%*	*-12.2 p.p.*	*33.8%*	*49.8%*	*-16.0 p.p.*
Income before disc. Operations (Adj. Net Income)	**158.8**	**77.0**		**77.4**	**40.3**	
Attributable Net Income	**161.7**	**(165.5)**		**78.9**	**(204.7)**	
Investments***	**234.1**	**135.4**		**137.2**	**85.2**	
Net Debt	**778.9**	**696.9**	*+66.1 vs '1Q 11.*			

(*) 2010 figures restated excluding Pirelli RE and Pirelli Broadband

(**) Homogeneous terms variations, excluding exchange rate effects

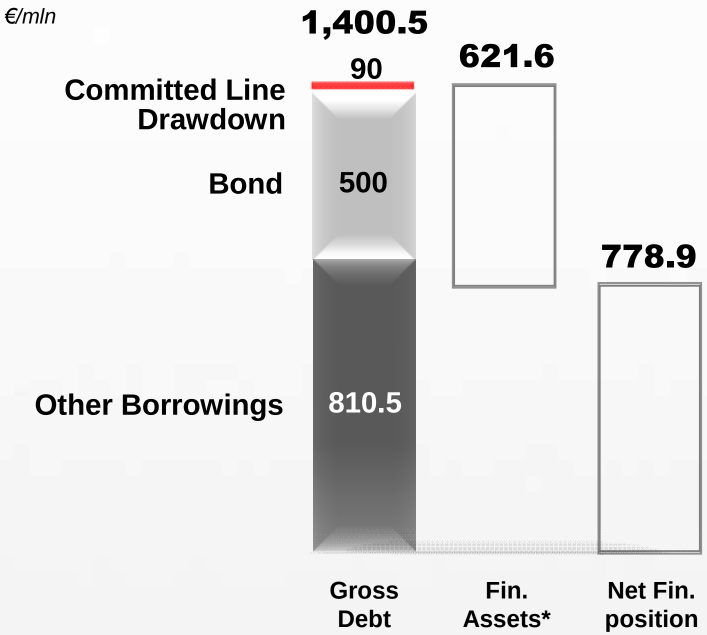
(***) Tangible and intangible investments

2Q results key drivers

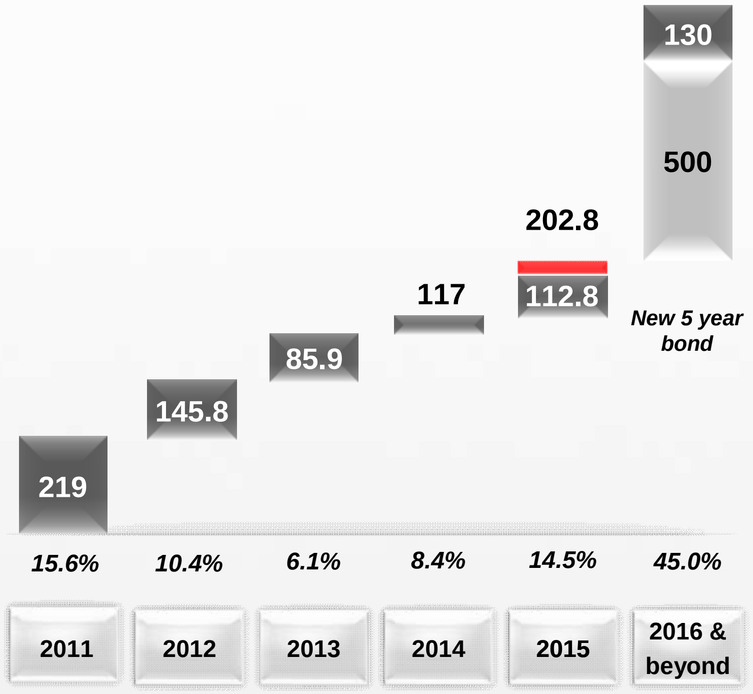
- Value strategy in progress: price momentum and successful premium product sales drove Tyre top line performance
- QoQ profitability improvement despite higher raw material impact
- Further tax rate optimization: fully in line with 2011FY target (tax rate <37%)
- +92% net income yoy increase on a comparable base
- QoQ limited net debt increase despite higher investments and dividend payment (83 €/mln)

PIRELLI DEBT STRUCTURE AS OF JUNE 30, 2011

Net Financial Position



Gross Debt Maturity



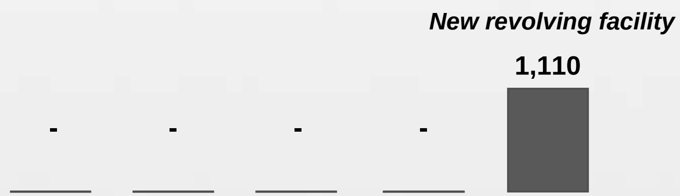
Gross Debt maturity as of Jun. 30, 2011

Total Committed Lines Not Drawn

1H11

Total

1,110



(*)Financial receivables, cash and cash equivalents

PIRELLI TYRE KEY RESULTS

€/mln	1Q11	YoY%	2Q11	YoY%	1H11	YoY%
Revenues	1,384.5	*+24.7%*	1,376.4	*+13.3%*	2,760.9	*+18.7%*
EBITDA (before restruct. costs)	209.5	*+43.1%*	218.4	*+23.0%*	427.9	*+32.1%*
margin	*15.1%*	*+1.9p.p.*	*15.9%*	*+1.3p.p.*	*15.5%*	*+1.6p.p.*
EBIT (before restruct.costs)	155.6	*+58.6%*	164.6	*+29.5%*	320.2	*+42.2%*
margin	*11.2%*	*+2.4 p.p.*	*12.0%*	*+1.5 p.p.*	*11.6%*	*+1.9p.p.*
EBIT (after restruct.costs)	152.4	*+59.6%*	160.1	*+31.4%*	312.5	*+43.8%*
margin	11.0%	*+2.4p.p.*	11.6%	*+1.6p.p.*	11.3%	*+2.0 p.p.*
Net Income	88.5	*+76.6%*	74.3	*+23.2%*	162.8	*+47.5%*

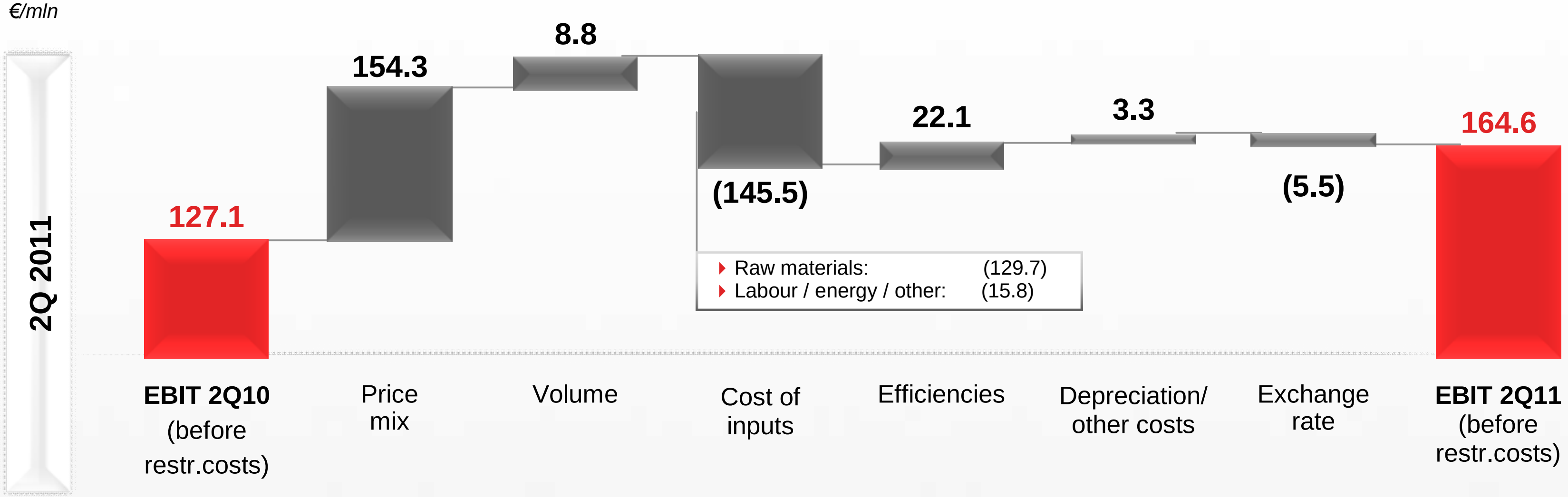
- Double-digit top line growth driven by Pirelli's strategic priorities: Consumer Premium and EM Industrial sales.
- Top profitability level as a result of both value strategy and cost efficiencies

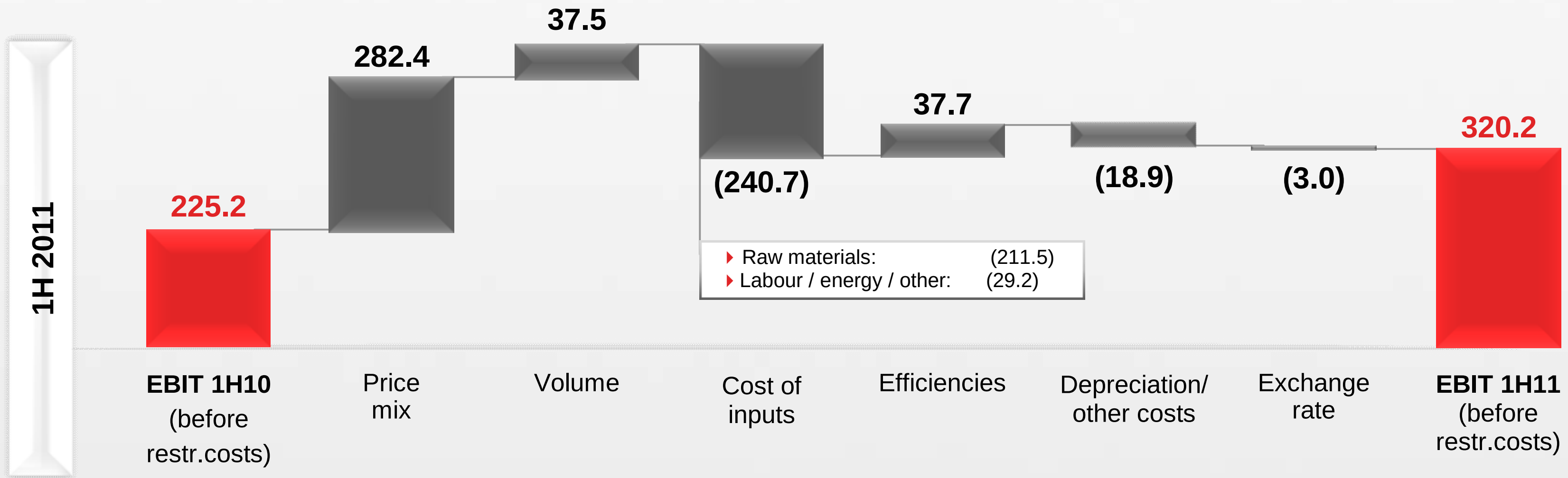
Revenue drivers	1Q11	2Q11	1H11
Δ Price/Mix	+15.9%	+15.8%	+15.9%
Δ Volume	+6.1%	+1.2%	+3.5%
Δ Rev. (*before exch. rate impact*)	**+22.0%**	**+17.0%**	**+19.4%**
Δ Exch. Rate	+2.7%	-3.7%	-0.7%

- Significant price/mix improvement offsetting raw materials: confirmed strong track record in the Industry

PIRELLI TYRE 1H11 OPERATING PERFORMANCE

€/mln





CONSUMER BUSINESS: PIRELLI PERFORMANCE

€/mln

	1Q11	YoY%	2Q11	YoY%	1H11	YoY%
Revenues	983.3	*+25.9%*	958.9	*+14.7%*	1,942.2	*+20.1%*
EBITDA (before restruct. costs)	160.6	*+51.5%*	169.7	*+38.6%*	330.3	*+44.6%*
margin	*16.3%*	*+2.7p.p.*	*17.7%*	*+3.1 p.p.*	*17.0%*	*+2.9 p.p.*
EBIT (before restruct.costs)	119.7	*+72.2%*	128.6	*+51.8%*	248.3	*+61.0%*
margin	*12.2%*	*+3.3 p.p.*	*13.4%*	*+3.3 p.p.*	*12.8%*	*+3.3 p.p.*
EBIT (after restruct.costs)	116.8	*+74.3%*	124.3	*+54.8%*	241.1	*+63.7%*
margin	11.9%	*+3.3p.p.*	13.0%	*+3.4p.p.*	12.4%	*+3.3p.p.*

- Further increase on Premium: +30% yoy revenues growth in 2Q with mkt share increase in Europe
- Lower sales of standard tyres in favour of pre-production for the winter season
- Record profitability

Revenue drivers	1Q11	2Q11	1H11
Δ Price/Mix	+14.6%	+16.2%	+15.4%
Δ Volume	+9.0%	+2.6%	+5.7%
Δ Rev. *(before exch. rate impact)*	**+23.6%**	**+18.8%**	**+21.1%**
Δ Exch. Rate	+2.3%	-4.1%	-1.0%

- Price increase successfully implemented across regions

INDUSTRIAL BUSINESS: PIRELLI PERFORMANCE

€/mln	1Q11	YoY%	2Q11	YoY%	1H11	YoY%
Revenues	401.2	+21.9%	417.5	*+10.0%*	818.7	*+15.5%*
EBITDA (before restruct. costs)	48.9	*+21.0%*	48.7	*-11.6%*	97.6	*+2.2%*
margin	*12.2%*	*-0.1p.p.*	*+11.7%*	*-2.8p.p.*	*11.9%*	*-1.6 p.p.*
EBIT (before restruct.costs)	35.9	*+25.5%*	36.0	*-15.1%*	71.9	*+1.3%*
margin	*8.9%*	*+0.2p.p.*	*8.6%*	*-2.6p.p.*	*8.8%*	*-1.2 p.p.*
EBIT (after restruct.costs)	35.6	*+24.9%*	35.8	*-13.7%*	71.4	*+2.0%*
margin	8.9%	*+0.2p.p.*	8.6%	*-2.3p.p.*	8.7%	*-1.2 p.p.*

- Revenues growth sustained by a firm price discipline
- Profitability trend in 2Q discounts impact of natural rubber peak price on COGS

Revenue drivers	1Q11	2Q10	1H11
Δ Price/Mix	+19.0%	+14.9%	+16.8%
Δ Volume	-0.7%	-1.9%	-1.4%
Δ Rev. *(before exch. rate impact)*	**+18.3%**	**+13.0%**	**+15.4%**
Δ Exch. Rate	+3.6%	-3.0%	+0.1%

- Volumes trends reflect:
  - Rebuilding inventories in Egypt
  - Market slowdown in China OE and Repl. markets
  - Progressive reduction of non-radial truck tyre sales in LatAm

PIRELLI

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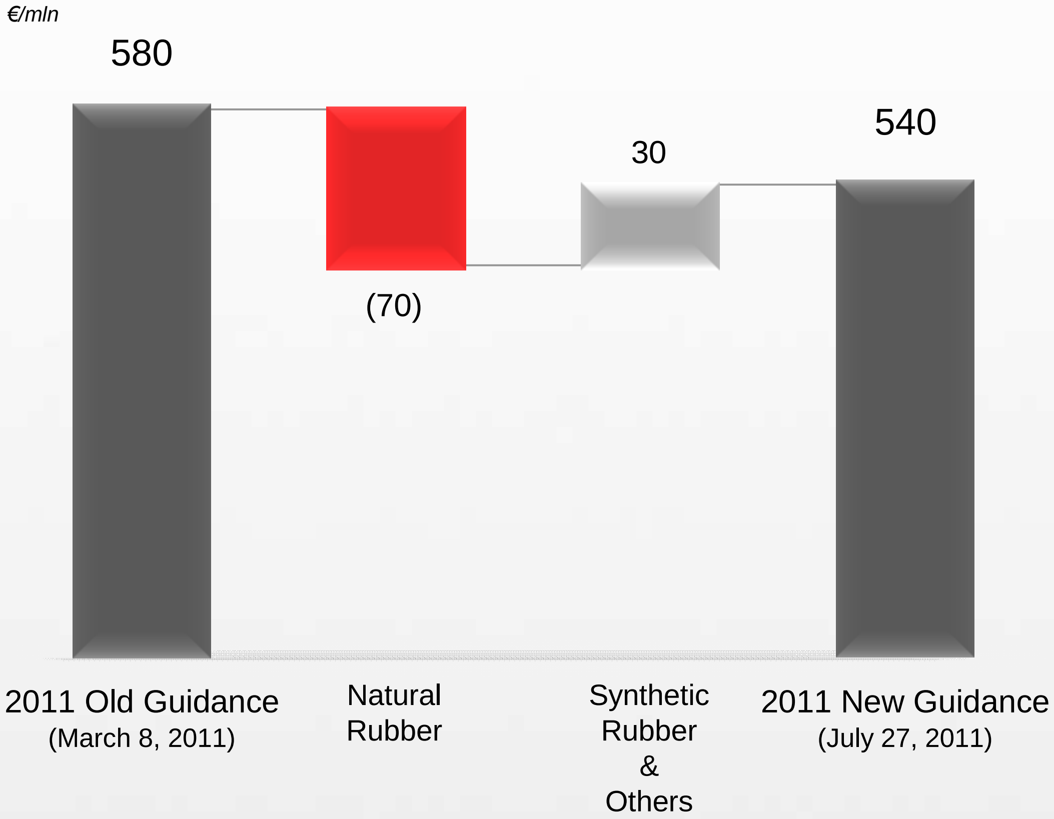
PIRELLI 2011 TARGETS UPDATE

€/bln

	2011 Targets (May 4, 2011)	2011 Targets (July 27, 2011)
Revenues	**>5.85**	*Confirmed*
Tyre	**>5.80**	*Confirmed*
Volumes	***>+6%***	***> +5%***
Price/mix	***~+15%***	***> +16%***
EBIT %	**8.5% ÷ 9.5%**	**9.5% ÷ 10%**
Tyre	**9% ÷ 10%**	**10% ÷ 11%**
Raw Material Headwind	**580**	**540**
Tax rate	***<37%***	*Confirmed*
Capex	**>0.5**	*Confirmed*
NFP	**~0.7 ***	*Confirmed*

**Not including Russian JV1*

RAW MATERIALS IMPACT

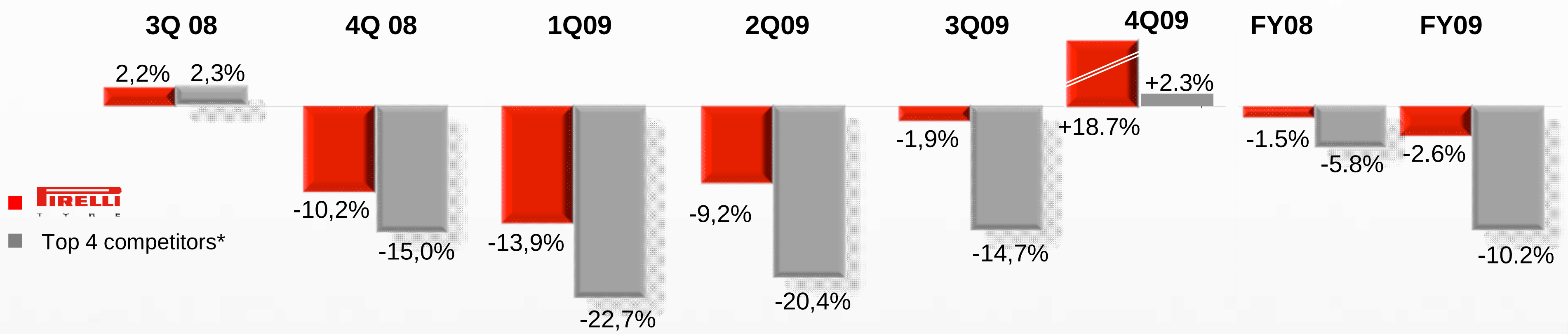


Average Cost of Goods Sold	**Old Guidance**	**New Guidance**
Natural Rubber TSR 20 ($/ton)	4,900	4,600
Oil ($/barrell) Brent	110	112

APPENDIX

PIRELLI PERFORMANCE IN 2008-2009 MARKET DOWNTURN

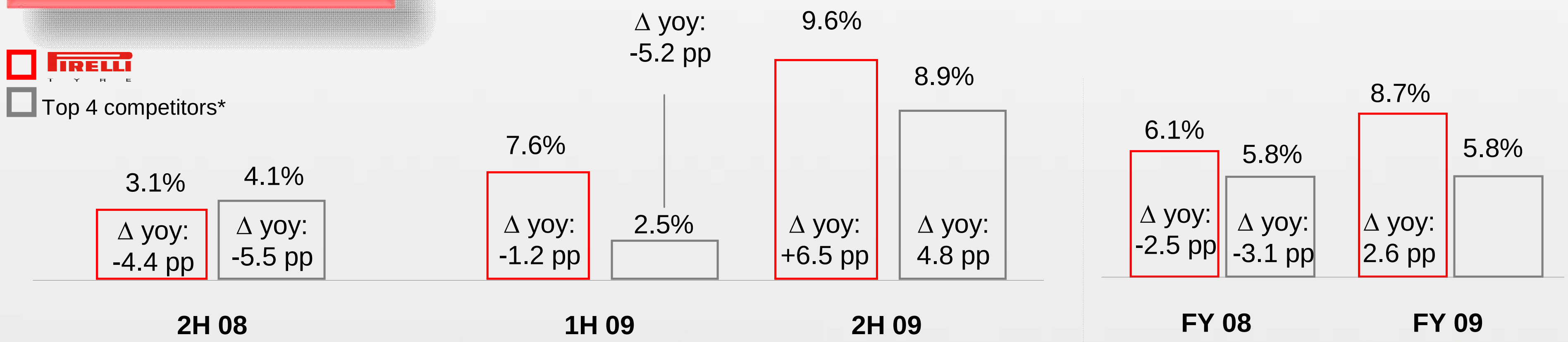
Top line trend



Price&Mix	*+7.6%*	*+4.9%*	*+14.2%*	*+8.5%*	*+6.9%*	*+6.7%*	*+5.6%*	*+6.7%*	*4.7%*	*+4%*	*-1.7%*	*+1.1%*	*+7.3%*	*+4.3%*	*+4.2%*	*+4.2%*
Volumes	*-4.2%*	*+0.2%*	*-19.2%*	*-17.4%*	*-18.1%*	*-23.3%*	*-13.3%*	*-19.5%*	*-3.3%*	*-14%*	*+15.6%*	*+1.9%*	*-6.0%*	*-2.9%*	*-5.8%*	*-12.7%*

** Simple average: Michelin, Bridgestone; Goodyear, Continental: PLT & CVL; price/mix and volumes average mainly for Michelin and Continental*

Ebit Margin trend



** Simple average: Michelin, Bridgestone; Goodyear, Continental: PLT & CVL:*

PIRELLI