



PRESS RELEASE

***PIRELLI & C. SPA BOARD OF DIRECTORS APPROVES RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2006:***

**THE GROUP ENDS THE FIRST HALF WITH A CONSOLIDATED NET
INCOME OF 193.1 MILLION EUROS (APPROXIMATELY +9% ON A
LIKE-FOR-LIKE BASIS)**

ALBERTO BOMBASSEI JOINS BOARD AS INDEPENDENT

PIRELLI & C. SPA GROUP

- **NET SALES: 2,445.9 MILLION EUROS, AN INCREASE OF 7.2%
FROM 2,281.4 MILLION IN FIRST HALF 2005 (+3.4% NET OF
EXCHANGE RATES)**
 - **EBIT: 216.1 MILLION EUROS (+6.7%); ROS AT 8.8%**
- **EBIT INCLUDING RESULT FROM EQUITY PARTICIPATIONS: 381.3
MILLION EUROS, AN INCREASE OF 13.5% FROM 335.9 MILLION IN
FIRST HALF 2005**
- **NET DEBT: 1,574.9 MILLION EUROS, COMPARED WITH 1,494.7
MILLION ON 31 MARCH 2006. THE VARIATION DUE MAINLY TO
DIVIDEND DISTRIBUTION**
- **NET INCOME: 193.1 MILLION EUROS, AN INCREASE OF 8.7%
FROM 177.6 MILLION EUROS IN FIRST HALF 2005 ON A LIKE-
FOR-LIKE BASIS**
- **OLIMPIA: PRO-QUOTA RESULT 71.2 MILLION EUROS (85.8
MILLION IN FIRST HALF 2005)**

PIRELLI TYRE

- **NET SALES: 2,018.4 MILLION EUROS, AN INCREASE OF 12.4%
FROM 1,795.8 MILLION IN FIRST HALF 2005 (+7.4% NET OF
EXCHANGE RATES)**

- **EBIT FROM ORDINARY OPERATIONS: 201.1 MILLION EUROS (+7.5%); ROS AT 10%. EBIT AFTER COSTS OF IPO PROJECT: 194.6 MILLION EUROS (+4.1%); ROS AT 9.6%**
- **NET INCOME: 118.3 MILLION EUROS (116.2 MILLION IN FIRST HALF 2005)**

PIRELLI RE

- **MARKET VALUE OF ASSETS UNDER MANAGEMENT TOTALS APPROXIMATELY 14 BILLION EUROS (UP 15% FROM JUNE 2005)**
- **EBIT INCLUDING RESULT FROM EQUITY PARTICIPATIONS: 92.3 MILLION EUROS (+15% FROM FIRST HALF 2005)**
- **NET INCOME: 70 MILLION EUROS (+17% FROM 59.8 MILLION IN FIRST HALF 2005)**

PIRELLI BROADBAND SOLUTIONS

- **NET SALES: 72.7 MILLION EUROS, AN INCREASE OF 13.8% FROM 63.9 MILLION IN FIRST HALF 2005**
- **EBIT: BREAK-EVEN (-2.6 MILLION EUROS IN FIRST HALF 2005)**

PIRELLI AMBIENTE

- **NET SALES: 39.3 MILLION EUROS, AN INCREASE OF 36.5% FROM 28.8 MILLION ON 30 JUNE 2005**
- **EBIT: 1.5 MILLION EUROS (-1.8 MILLION EUROS IN FIRST HALF 2005)**

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- **2006 OUTLOOK: GROUP CONFIRMS EXPECTATIONS OF IMPROVED RESULTS**

Milan, 12 September 2006 – The **Board of Directors** of **Pirelli & C. SpA** met today and examined the **definitive results** for operations in **the six months ended on 30 June 2006**.

The Pirelli & C. SpA Group

In the first half of 2006, the Pirelli & C. SpA Group posted **growth** in the **key economic indicators** compared with the same period a year earlier due to its strategic focus on high margin businesses. In summary, **net sales increased** by **7.2%**, the **operating income** by **6.7%**, **net income**, on a like-for-like basis, by approximately **9%**. Attributable **shareholders' equity** amounted to **5,342 million** euros compared with 5,205 million euros on 31 December 2005 and **net debt** stood at **1,575 million** euros.

In **industrial activities**, **Pirelli Tyre** ended the first half with **growth in results**, reaching **net sales** of **over two billion** euros with increases in both the **Consumer** and **Industrial** businesses. In real estate activities, **Pirelli RE** posted a **15% increase** in **operating income** including result from equity participations. As for the start-ups, **Pirelli Broadband Solutions**, active in broadband technologies, achieved a **revenue increase** of close to 14% and an operating income close to break-even. **Pirelli Ambiente**, active in technologies for sustainable development, continued its trend of **sales increases**.

At the consolidated level, Group **net sales** on 30 June 2006 amounted to **2,445.9 million** euros, an **increase** of **7.2%** compared with 2,281.4 million euros in first half 2005. Net of exchange rates, net sales rose by 3.4%.

The consolidated **EBITDA** totalled **324.2 million** euros (13.3% of sales), an **increase** of **5.8%** from 306.3 million in first half 2005. Excluding non-recurring costs sustained for the planned flotation of Pirelli Tyre SpA (approximately 12 million euros), consolidated **EBITDA** amounted to **336.7 million** euros (13.8% of sales), with an **increase** of approximately **10%** from first half 2005.

The consolidated **operating income** (EBIT) was **216.1 million** euros, with an increase of **6.7%** from 202.5 million on 30 June 2005 and with growth in all sectors of activity. **Return on Sales** (ROS) at the consolidated level was **8.8%**. Excluding non-recurring costs sustained for the planned flotation of Pirelli Tyre SpA (approximately 12 million euros), the consolidated **EBIT** was **228.6 million** euros (**+12.9%** compared with 2005) with a **ROS** of **9.3%** (8.9% in June 2005).

The **result from equity participations**, which includes the results of the companies valued using the shareholders' equity method and dividends from other non-consolidated participations, was **positive 165.2 million** euros, compared with 133.4 million euros in first half 2005. In particular, the contribution from **Olimpia** was **positive 71.2 million euros** compared with 85.8 million in first half 2005. The difference with last year's figure was due to the variation in Telecom Italia's net result. It should be noted that the Olimpia accounts, included in the Group consolidated statements, was prepared according to IFRS standards and includes a valuation using the shareholders' equity method of the stake in Telecom Italia.

Under this heading are also included the results of the companies of the real estate sector (**Pirelli RE** Group), which were positive 54.6 million euros (44.6 million euros on 30 June 2005) and dividends received of 43 million euros (20 million on 30 June 2005).

EBIT including result from equity participations was **381.3 million** euros, an **increase** of **13.5%** from 335.9 million euros in first half 2005.

The heading **financial charges and receipts** presents a negative balance of **110.7 million** euros (of which 58.6 million euros linked to valuation of derivatives on Telecom Italia ordinary shares held by the Group) compared with 87.2 million (of which 44.7 million linked to valuation of derivatives on Telecom Italia ordinary shares held by the Group) in the same period of 2005.

The consolidated **net income** on 30 June 2006 was **positive 193.1 million** euros, an **increase of 8.7%** compared with first half 2005 (177.6 million euros) on a like-for-like basis, before the contribution of activities which have been sold. In the first half of 2005, the consolidated net income, including a contribution of 32.8 million euros from activities sold, was 210.4 million euros.

Pirelli & C. SpA's **attributable net income** in the first six months of 2006 was **positive 153 million** euros (0.029 per share) compared with 146.8 million euros in first half 2005 on like-for-like basis, before the contribution of activities which have been sold. In first half of 2005, Pirelli & C. SpA's attributable net income, including the contribution from activities sold, was 179.6 million euros.

Consolidated shareholders' equity on 30 June 2006 stood at **5,714.6 million** euros, compared with 5,613.8 million euros on 31 December 2005. Pirelli & C SpA's **attributable shareholders' equity** totalled **5,342 million** euros compared with 5,204.9 million euros at end 2005.

Group **net debt** on 30 June 2006 amounted to **1,574.9 million** euros, compared with 1,494.7 million euros on 31 March 2006. The variation in the second quarter was mainly due to dividend payments of approximately 160 million euros, partially compensated by an inflow of 27 million euros deriving from the exercising of the Pirelli & C. 2003-2006 warrant and net cash flow generated from operations. Net debt on 30 June 2005 was 2,338.2 million euros (of which 714.9 million relative to the cables and systems activities which were sold), while on 31 December 2005 it stood at 1,177.4 million euros.

Expenditures in **research and development** in first half 2006 amounted to **87 million** euros (**3.6%** of sales), slightly higher than the 82 million on 30 June 2005.

The Group **headcount** on 30 June 2006 stood at **28,455** compared with 26,827 at the end of 2005, with an increase of 1,628 mainly consisting of employees on temporary contracts (+1,015 units) and predominantly linked to the development of activities in Tyre sector.

Pirelli Tyre

The results of Pirelli Tyre on 30 June 2006 show **double digit growth** in sales and a **significant improvement** in **ordinary activities** compared with the first six months of 2005, notwithstanding the increase in raw material costs which penalized the entire sector.

Net sales were **2,018.4 million** euros, with an **increase of 12.4%** from 1,795.8 million in first half 2005 (+7.4% net of exchange rates, 4.3% from volume growth and 3.1% from the price/mix component).

EBITDA was **292.6 million** euros (+4.6% compared with first half 2005 and equal to 14.5% of sales), including non-recurring costs of 6 million euros linked to the planned flotation. **EBITDA** from ordinary operations amounted to **299 million** euros (14.8% of sales), with an **increase of 7%** compared with 279.6 million euros in first half 2005.

EBIT amounted to **194.6 million** euros (+4.1% compared with first half 2005 and **ROS** was **9.6%**), including non-recurring costs of approximately 6 million euros linked to the planned flotation. The **operating income** from ordinary operations was **201.1 million** euros, an increase of **7.5%** from 187 million euros on 30 June 2005, with a **ROS of 10%** (10.4% in first half 2005). The result's growth was linked to the positive impact of the sales increase and greater efficiency, which more than offset increases in production costs. The reduction in the profitability percentage was mainly due to an increase in raw material costs and the start-up effect of the new factory in China.

Net income totalled **118.3 million** euros (after financial charges of 24.2 million and tax of 52.1 million euros), compared with 116.2 million euros (after financial charges of 15.7 million euros and tax of 55.1 million euros) in first half 2005.

Net debt was **739.6 million** euros compared with 719.9 million on 31 March 2006.

At the end of June 2006, the **headcount** stood at **25,214** (of which 3,957 temporary), compared with 23,673 (of which 2,958 temporary) on 31 December 2005, due to the development of activities in China and Romania.

In the **Consumer** business, the first half saw overall growth in revenues and profitability compared with the same period of 2005, due to greater volumes and a better price/mix. In particular, revenues amounted to 1,403 million euros (+11% compared with first half 2005) and the operating income from ordinary operations was 140.7 million euros (+18%), with ROS at 10%. In the *Car* segment, overall demand was negative in North and South America, while it rose in Europe, led by high value-added segments such as high-performance, ultra-high performance and SUV. In the *Motorcycle* segment demand increased in all major markets, in particular in South and North America, where Pirelli and Metzeler have strengthened their market share.

In the **Industrial** business the first half closed with revenues of 616 million euros, an increase of 16% compared with the same period in 2005. The operating income from ordinary operations was 60.4 million euros, a decrease of 10% from first half 2005 due to higher than expected increases in cost factors, in particular natural rubber and energy. ROS was 9.8%. Overall market demand was positive in Europe, while it decreased in South America.

Pirelli RE

Pirelli RE is a **management company**, which manages funds and companies that own properties and non-performing loans, and in which it holds minority interests (the fund and asset management businesses). It also provides a full range of specialist property services to the above companies and to other customers, either directly or via its franchise network. In analysing the following results, it should be noted that aggregate revenues and **EBIT including result from equity participations** are the most appropriate measure of the Group's turnover and operating performance.

Aggregate revenues amount to **1,706.2 million** euros, a figure substantially in line with the 1,741.7 million euros of the first half of 2005.

EBIT including result from equity participations amounted to **92.3 million** euros, with an increase of **15%** compared with 80.3 million euros in first half 2005.

On 30 June 2006, attributable **net income** rose to **70 million** euros, an **increase of 17%** from 59.8 million euros in the same period last year.

Assets under management amount to **13.9 billion** euros, marking an increase of approximately **15%** on June 2005 (12.1 billion euros) and around 8% on the end of 2005 (12.9 billion euros). This figure includes **12 billion** euros in **properties** and **1.9 billion** euros in **non-performing loans**.

The first half was characterized by **strong growth** in the **operating income** including result from equity participations in service sector asset management, which rose from 37.3 million euros to 60.4 million euros, an increase of 62%. It is also worth noting the constant development of the more recent NPL asset management sector, which rose from 2.2 million euros to 5.2 million euros, an increase of 136%.

Net debt stands at **82.3 million** euros, compared with 5 million euros at 31 March 2006 (42.6 million euros at June 2005 and 30.5 million euros at the end of 2005). Account should be taken of the fact that dividends of 77.3 million euros were paid in April.

Pirelli RE **headcount** stood at **1,673** on 30 June 2006 (1,596 at the end of 2005).

For further information on the performance of the real estate activities, consult the press release distributed on 11 September by Pirelli & C. Real Estate.

Pirelli Broadband Solutions

Net sales on 30 June 2006 amounted to **72.7 million** euros, with an **increase of 13.8%** from 63.9 million euros in first half 2005, also linked to the marketing of new second generation photonics products which contributed 7.7 million euros.

The company's **EBITDA** has reached the **break-even** and has improved from -2.3 million in first half 2005.

Operating income, positive for access activities, was however impacted by the start-up phase for second generation photonics products and was overall **negative for 0.6 million euros**, an **improvement** compared with -2.6 million euros in the same period of 2005.

Net income was **negative 3.3 million euros** compared with -3.6 million on 30 June 2005.

Net financial position was **positive 1 million euros**.

The **headcount** on 30 June stood at **146**, with an increase of 24 from the same period of 2005.

The improvement of the results of Pirelli Broadband Solutions in the first half was led mainly by broadband access products, in particular residential access gateways, which continue to show good prospective development in Italy and abroad. In second generation photonics, the successful marketing of the CWDM (Coarse Wavelength Division Multiplexing) optical system for broadband metropolitan networks continues, with over 1,200 apparatuses sold between Italy, France, Sweden and the United States, as does the development of products in the areas of optical modules and optical transport systems.

Pirelli Ambiente

Pirelli Ambiente, the Company born to strengthen the Group's presence in the environmental and sustainable development sectors, generated on 30 June 2006 **net sales for 39.3 million euros** (+36.5% from 28.8 million euros in the same period of 2005), confirming the efficacy of the technologies developed by the Company. The growth achieved in the first half is linked to the sale of the low environmental impact fuel *Gecam*TM, particularly on the French market through the subsidiary Gecam France, the development of the line of business in anti-particulate filters for the reduction of diesel vehicle emissions and the agreement signed with the British company ReEnergy for the development and marketing of fuels derived from waste (Cdr-P) in the United Kingdom.

The Company's **EBITDA** was **positive for 1.9 million euros** compared with a negative 1 million euro in first half 2005, thanks to the agreement signed with ReEnergy.

Operating income on 30 June 2006 was **positive 1.5 million euros** compared with -1.8 million euros in the same period of 2005.

Net income was **positive 1.1 million euros** compared with -1.8 million in the same period of 2005.

Net financial position on 30 June 2006 was **positive 1.6 million euros**.

Pirelli Ambiente **headcount** at the end of June stood at **48**.

Outlook for full-year 2006

The results for the first half allow the confirmation for full-year 2006 of forecasts of an **improvement in results** from operations in all Group's businesses compared with 2005, barring external factors of an extraordinary nature which today cannot be foreseen.

In industrial activities, **Pirelli Tyre** expects to maintain an improved trend in operating results compared with the previous year.

In real estate activities, **Pirelli RE** expects for the whole 2006 a growth of operating income including result from equity participations at the lower end of the range set out in the three-year plan for 2006-2008 (CAGR 10-15%).

Pirelli Broadband Solutions expects continued development both in the access market and the market for photonics based on optical devices in nanotechnology, therefore confirming the sales increases and improved operating results already seen in the first half.

Pirelli Ambiente expects an improved result compared with the year earlier.

Board member co-opted

The Board of Directors also proceeded with the co-opting of Mr Alberto Bombassei, Chairman of Brembo SpA. The curriculum of Mr Bombassei, independent board member, will be available on the website www.pirelli.com.

Relevant events after 30 June 2006

On 12 July 2006, Pirelli & C. SpA, Edizione Finance International SA and Edizione Holding SpA finalized the acquisition of all of the shares owned by Hopa SpA in Olimpia SpA (equal to 16% of capital), as foreseen in the agreement announced on 4 July last. With this transaction, Pirelli & C. obtained a further 12.8% of the capital of Olimpia for a consideration of approximately 497 million euros. Simultaneously, Hopa SpA finalized the acquisition of all of the shares owned by Olimpia SpA in Holinvest SpA (equal to 19.999% of capital). Further, a two-year pre-emption pact was signed in favour of Olimpia regarding 320,253,610 Telecom Italia SpA ordinary shares held by Holinvest (equal to 65% of all the shares it owns).

On 2 August 2006, the agreement, announced on 29 July, between the Pirelli Group and a group of leading Italian and international banks (Banca Intesa, Banca Leonardo Group, Capitalia, One Equity Partners – JP Morgan Group, Lehman Brothers and Mediobanca) for the sale of 38.9% of the capital of Pirelli Tyre SpA for a total consideration of 740

million euros, equal to an equity value for the entire company of approximately 1.9 billion euros, was finalized.

Bonds maturing in the 18 months following 30 June 2006

On 4 April 2007, the bond loan issued in 2002 at a fixed rate of 6.5% by Pirelli Finance Luxembourg SA, a subsidiary of Pirelli & C. SpA, of a value of 500 million euros matures.

Pirelli & C. in the Dow Jones Sustainability Indexes

Pirelli & C. SpA was included for the first time in the Dow Jones European Sustainability Index (DJSI STOXX) and was confirmed in the worldwide DJSI World. The Dow Jones Sustainability World Indexes (DJSI World) and the DOW Jones STOXX Sustainability Indexes (DJSI STOXX) are the sustainability indexes of Dow Jones which include shares of 318 worldwide companies (out of the 2,500 examined) and 162 European (out of the 600 examined) which are leaders in sustainability. Pirelli, in particular, was second at the world level in the “Auto Parts and Tyres” sector with a global score of 70%.

Conference call

The results relative to the first half of 2006 will be illustrated at 4.30 p.m GMT in a conference call with the participation of the Chairman of Pirelli & C. SpA, Marco Tronchetti Provera.

Journalists will be able to follow the presentation, without the possibility of asking questions, by calling **+39 06 33485042**.

The presentation will also be available in audio streaming – in real time – at www.pirelli.com in the Investor Relations section, where it will also be possible to consult the slides.

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In order to present more complete information regarding the first half 2006 results, summaries of the consolidated financial statements included in the report approved by the Board of Directors are attached. Please note that they are not subject to being audited by the Auditing company. The latter, in charge of performing the limited review of the half-yearly report, has not yet completed its analysis.

Pro-forma consolidated balance sheet and statement of income for Pirelli & C. S.p.A at 30 June 2006, assuming full consolidation of Olimpia S.p.A. and valuation of the investment in Telecom Italia S.p.A. according to the equity method.

PIRELLI & C. S.p.A. GROUP

(million euros)

| | 30/06/2006 | 30/06/2005 | 31/12/2005 |
|--|----------------|------------|------------|
| . Sales | 2.445,9 | 2.281,4 | 4.545,7 |
| . EBITDA | 324,2 | 306,3 | 567,6 |
| % on sales | 13,3% | 13,4% | 12,5% |
| . EBIT | 216,1 | 202,5 | 354,9 |
| % on sales | 8,8% | 8,9% | 7,8% |
| . Income from equity participations | 165,2 | 133,4 | 267,1 |
| . EBIT incl. income from equity part. | 381,3 | 335,9 | 622,0 |
| . Financial charges/income | (110,7) | (87,2) | (144,4) |
| . Tax charges | (77,5) | (71,1) | (128,5) |
| . Net income operat. activities | 193,1 | 177,6 | 349,1 |
| % on sales | 7,9% | 7,8% | 7,7% |
| . Net income discontinued operations | - | 32,8 | 49,8 |
| . Total net income | 193,1 | 210,4 | 398,9 |
| . Net income attributable to Pirelli & C. S.p.A. | 153,0 | 179,6 | 327,4 |
| . Attributable net income per share (in euro) | 0,029 | 0,038 | 0,066 |
| . Shareholders' equity | 5.714,6 | 5.458,5 | 5.613,8 |
| . Shareholders' equity attributable to Pirelli & C. S.p.A. | 5.342,0 | 5.098,0 | 5.204,9 |
| . Shareholders' equity per share (in euro) | 0,995 | 0,959 | 0,979 |
| . Net financial position (assets)/liabilities | 1.574,9 | 2.338,2 | 1.177,4 |
| <i>Nfp "discontinued operations"</i> | | 714,9 | |
| . Investments | 126 | 118 | 234 |
| . R&D expenditures | 87 | 82 | 174 |
| . Employees n. (at the end of the period) | 28.455 | 26.050 | 26.827 |
| . Number of plants | 24 | 23 | 24 |
| Pirelli & C. shares in circulation | | | |
| . ordinary (n. million) | 5.233,1 | 5.180,6 | 5.180,7 |
| . savings (n. million) | 134,8 | 134,8 | 134,8 |
| . Total shares in circulation | 5.367,9 | 5.315,4 | 5.315,5 |

Attachment 2

| (million euros) | 30.06.2006 | | | | | TOTAL |
|--|-------------------|-----------|----------|-------------|----------------------|----------------|
| | Tyres | Broadband | Ambiente | Real Estate | Others | |
| . Sales | 2.018,4 | 72,7 | 39,3 | 308,4 | 7,1 | 2.445,9 |
| . EBIDTA | 292,6 | (0,1) | 1,9 | 41,9 | (12,1) | 324,2 |
| . EBIT | 194,6 | (0,6) | 1,5 | 37,7 | (17,1) | 216,1 |
| . Income from equity participations | 0,4 | 0,0 | 0,0 | 54,6 | 110,2 ⁽¹⁾ | 165,2 |
| . EBIT incl. income from eq. part. | 195,0 | (0,6) | 1,5 | 92,3 | 93,1 | 381,3 |
| . Financial charges/income | (24,6) | (2,3) | 0,0 | (0,6) | (83,2) | (110,7) |
| . Tax charges | (52,1) | (0,4) | (0,4) | (21,1) | (3,5) | (77,5) |
| . Net income | 118,3 | (3,3) | 1,1 | 70,6 | 6,4 | 193,1 |
| . Net financial position (assets)/liab. | 739,6 | (1,0) | (1,6) | 82,3 | 755,6 | 1.574,9 |
| <hr/> | | | | | | |
| (million euros) | 30.06.2005 | | | | | TOTAL |
| | Tyres | Broadband | Ambiente | Real Estate | Others | |
| . Sales | 1.795,8 | 63,9 | 28,8 | 363,0 | 29,9 | 2.281,4 |
| . EBIDTA | 279,6 | (2,3) | (1,0) | 39,9 | (9,9) | 306,3 |
| . EBIT | 187,0 | (2,6) | (1,8) | 35,7 | (15,8) | 202,5 |
| . Income from equity participations | 0,2 | - | - | 44,6 | 88,6 ⁽¹⁾ | 133,4 |
| . EBIT incl. income from eq. part. | 187,2 | (2,6) | (1,8) | 80,3 | 72,8 | 335,9 |
| . Financial charges/income | (15,9) | (0,7) | 0,0 | 0,1 | (70,7) | (87,2) |
| . Tax charges | (55,1) | (0,3) | 0,0 | (20,1) | 4,4 | (71,1) |
| . Net income | 116,2 | (3,6) | (1,8) | 60,3 | 6,5 | 177,6 |
| . Net financial position (assets)/liab. | 349,6 | 2,6 | (5,7) | 42,6 | 1.234,2 | 1.623,3 |
| . Net financial position discontinued operations | | | | | | 714,9 |
| . Total net financial position (assets)/liab. | | | | | | 2.338,2 |

(1) Equity valuation of Olimpia S.p.A. positive for Euro 71 million (Euro 86 million in 2005)

PIRELLI & C. SPA PRO-FORMA

| | 30/06/2006 Pirelli & C S.p.A. Consolidated financial statements (1) | Pro-forma adjustments | | | Total pro- forma adjustments | 30/06/2006 Pirelli & C S.p.A. Pro-forma consolidated financial statements (2) |
|---|---|---|-------------------------|-----------------------------------|------------------------------------|--|
| | | Reversal of Olimpia S.p.A. results owing to Pirelli & C S.p.A. | Olimpia S.p.A. fully | Olimpia books of consolidation | | |
| <i>(million euro)</i> | | | | | | |
| Statement of Income Summary | | | | | | |
| Sales | 2.446 | | | | - | 2.446 |
| EBIT | 216 | | 0 | - | - | 216 |
| Financial charges/income/adj. value of income activ. | 54 | (71) | 118 | | 47 | 101 |
| Taxes | (77) | - | - | | - | (77) |
| Net income | 193 | (71) | 118 | - | 47 | 240 |
| Attributable net income | 153 | (71) | 71 | - | - | 153 |
| Reclassified balance sheet | | | | | | |
| Shareholders' equity | 5.715 | (71) | 7.589 | (4.675) | 2.843 | 8.558 |
| - attributable shareholders' equity | 5.342 | (71) | 4.588 | (4.517) | - | 5.342 |
| Net financial position (assets)/liabilities | 1.575 | - | 3.223 | - | 3.223 | 4.798 |

(1) Pirelli & C. consolidated financial statements (investment in Olimpia valued using shareholders' equity method with Olimpia valuating TI with the shareholders' equity method).

(2) Pro-forma data (Olimpia S.p.A. Fully consolidated).

Attachment 4

| <i>(million euros)</i> | Shareholders' equity | | Net debt | | Net debt/ Shareholders' equity | | Attributable Shareholders' equity | |
|---|----------------------|------------|------------|------------|-----------------------------------|------------|--------------------------------------|------------|
| | 30/06/2006 | 31/12/2005 | 30/06/2006 | 31/12/2005 | 30/06/2006 | 31/12/2005 | 30/06/2006 | 31/12/2005 |
| Pirelli & C. S.p.A. Group: consolidated data | 5.715 | 5.614 | 1.575 | 1.177 | 0,28 | 0,21 | 5.342 | 5.205 |
| Pirelli & C. S.p.A. Group: pro-forma consolidated data incl. Olimpia S.p.A. fully consolidated | 8.558 | 8.393 | 4.798 | 4.667 | 0,56 | 0,56 | 5.342 | 5.205 |
| Pirelli & C. S.p.A. Group: pro-forma consolidated data incl. Olimpia S.p.A. and Telecom Italia fully consolidated | 30.927 | 32.029 | 46.113 | 44.525 | 1,49 | 1,39 | 5.342 | 5.205 |