



**Interim Management Statements
at March 31, 2013**

PIRELLI & C. Società per Azioni

Head office in Milan

Viale Piero e Alberto Pirelli, 25

Share Capital euro 1,345,380,534.66

Milan Companies Register No. 00860340157

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PIRELLI & C. S.p.A. – MILAN**Interim Management Statements at March 31, 2013****CONTENTS**

Macroeconomic and market situation	page 5
Significant events during 1Q 2013	page 10
Group performance and results in 1Q 2013	page 14
Operating performance:	
• Tyre Total	page 24
• Consumer Business	page 28
• Industrial Business	page 32
Business outlook in 2013	page 36
Highlights of other activities	page 38
Parent highlights	page 38
Significant events subsequent to the end of the quarter	page 39
Alternative performance indicators	page 40
Other information	page 41
Financial statements	page 44
Certification pursuant to Article 154-bis paragraph 2 of Legislative Decree 58 of February 24, 1998	page 55

Board of Directors ¹

Chairman and Chief Executive Officer	Marco Tronchetti Provera
Deputy Chairman	Vittorio Malacalza
Deputy Chairman	Alberto Pirelli
Independent Director	Carlo Acutis
Independent Director	Anna Maria Artoni
Director	Gilberto Benetton
Independent Director	Alberto Bombassei
Independent Director	Franco Bruni
Independent Director	Luigi Campiglio
Independent Director	Pietro Guindani
Director	Giulia Maria Ligresti
Independent Director	Elisabetta Magistretti
Director	Massimo Moratti
Director	Renato Pagliaro
Independent Director	Luigi Roth
Director	Carlo Salvatori
Lead Independent Director	Carlo Secchi
Independent Director	Manuela Soffientini
Secretary to the Board	Anna Chiara Svelto

Board of Statutory Auditors ²

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

Internal Control, Risks and Corporate Governance Committee

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

Remuneration Committee

Chairman of the Committee – Independent Director	Carlo Acutis
Independent Director	Anna Maria Artoni
Independent Director	Pietro Guindani
Independent Director	Luigi Roth

Nominations and Successions Committee

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

Strategies Committee ³

Chairman of the Committee	Marco Tronchetti Provera
Independent Director	Alberto Bombassei
Independent Director	Franco Bruni
General Counsel and Corporate Affairs	Francesco Chiappetta
Deputy Chairman	Vittorio Malacalza
Director	Renato Pagliaro
Lead Independent Director	Carlo Secchi
Independent Director	Manuela Soffientini

Independent Auditor ⁴

Reconta Ernst & Young S.p.A.

Corporate Financial Reporting Manager ⁵ Francesco Tanzi

- 1 Appointment: April 21, 2011. Expiry: Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2013. Director Manuela Soffientini was co-opted by the Board of Directors on March 1, 2012, in replacement of Director Profumo, and was confirmed as Director by the Shareholders' Meeting on May 10, 2012. Director Giuseppe Vita, co-opted by the Board of Directors on March 1, 2012 and subsequently confirmed by the Shareholders' Meeting on May 10, 2012, resigned on May 25, 2012. Carlo Salvatori was co-opted on July 26, 2012 to replace him. On July 23, 2012 Giovanni Perissinotto gave notice of his resignation as Director of the Company. Mario Greco was co-opted on November 12, 2012 to replace him, and then Mr Greco resigned on March 4, 2013. Therefore, two seats are vacant following Mr Greco's resignation and the death of Prof. Paolo Ferro-Luzzi in November 2012. The Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2012 is consequently asked to confirm the appointment of Director Carlo Salvatori and resolve on the two vacant seats.
- 2 Appointment: May 10, 2012. Expiry: Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2014.
- 3 On July 27, 2012 Directors Alberto Bombassei and Manuela Soffientini were appointed to the Strategies Committee. Prof. Francesco Profumo (who resigned as Director on November 16, 2011) and Mr Francesco Gori are no longer members of the Strategies Committee.
- 4 Post conferred by the Shareholders' Meeting held on April 29, 2008, for the nine-year term 2008-2016.
- 5 Appointment: Board of Directors meeting held on April 21, 2011. Expiry: together with the current Board of Directors.

Prof. Giuseppe Niccolini was appointed Joint Representative of the Savings Shareholders for the three-year period 2012-2014 by the general meeting of that body held on January 31, 2012.

MACROECONOMIC AND MARKET SITUATION

The international economy

The risks that overshadowed the international economy in 2012, such as the fiscal cliff, the possibility of a hard landing by the Chinese economy and loss of confidence in the euro, seemed to diminish at the beginning of 2013. The consequent relaxation of tension on financial markets at the end of the year, especially in Europe but also elsewhere, boosted confidence in a global economic recovery. However, it was realised that more time is generally needed to correct global imbalances. Consequently, economic performance was modest nearly everywhere in 1Q 2013.

In Europe, the recession in the eurozone continued into 1Q 2013. The political deadlock resulting from parliamentary elections in Italy and the hard-won international agreement to bail out Cyprus exacerbated tensions on financial markets and the uncertainty clouding any hopes for a return to normal economic activity in the second half of the year.

In the United States, the economic recovery was driven by rising home purchases, falling unemployment and steady consumer spending, with all of these improvements being sustained by extremely loose monetary policy. However, the automatic federal government spending cuts that came into effect at the beginning of March were accompanied by an increase in tax rates from 2012 levels. This provoked consumer and business uncertainty and consequently triggered a slowdown in growth.

On the other hand, growth in Latin America is gradually accelerating. In 2012 the Brazilian economy benefited from a recovery in consumer spending, while reduced investments and soft foreign demand limited GDP growth to 0.9%. Recent indicators suggest an acceleration, albeit moderate, in industrial activity during the first half of 2013.

Growth in the Asia-Pacific region slowed down slightly from 4Q 2012. China reported year-on-year GDP growth of 7.7% in 1Q 2013, which was slightly lower than the rate reported for 4Q 2012.

So, overall global economic growth was limited during 1Q 2013. Inflationary pressures on prices remained low, with the exception of a few countries (e.g. Russia and India), while commodity prices dipped slightly on average. Lingering risks remain in consequence of deleveraging in the European banking sector and evolution of the European sovereign debt crisis.

On the currency markets, the euro-dollar exchange rate was volatile in 1Q 2013, with the euro climbing from USD 1.33 at the beginning of January to USD 1.36 in the first week of February, before falling to USD 1.28 at the end of March. In spite of this volatility, the average euro-dollar exchange rate in 1Q 2013 was USD 1.32, or substantially the same YOY, and slightly higher than in 4Q 2012.

In Asia, after a respite during summer 2012, the Chinese renminbi resumed its gradual appreciation against the U.S. dollar towards the end of the year, a trend that continued in 1Q 2013. The average renminbi-dollar rate of CNY 6.23 in 1Q 2013 compares with an average of CNY 6.31 in 1Q 2012, reflecting a 1.3% appreciation of the renminbi. The Japanese yen continued depreciating instead. This trend began in autumn when a new governmental majority took over. It implemented an expansionary monetary policy that is more aggressively aimed at combating deflation. In 1Q 2013, the yen traded at an average rate of JPY 92.31 to the U.S. dollar, representing a -12% fall from 4Q 2012.

Latin American currencies depreciated against the U.S. dollar and the euro in 1Q 2013 from the rates reported in 1Q 2012. In Brazil, the real traded at an average of BRL 2.00 to the U.S. dollar, marking an 11.5% devaluation from 1Q 2012, when the Brazilian benchmark interest rate was 11.0%, compared with 7.25% now. The Argentine peso continued to lose ground, trading at an average of ARS 5.02 to the U.S. dollar. That rate represents a depreciation of 4.3% from 4Q 2012, and -13.5% from 1Q 2012. In Venezuela, the expected devaluation of the bolivar was announced on February 8. The official bolivar/U.S. dollar exchange rate rose from VEF 4.3 to VEF 6.3 per dollar, representing a devaluation of 46%.

Automotive market

Car and light vehicle registration rates continued slowing down in Europe during 1Q 2013. The western European car market contracted by about -10% YOY in 1Q 2013. The only market to expand was the United Kingdom, where rising employment and lower inflation boosted consumer spending, together with the stimulus coming from car dealer incentives.

The automotive market in Nafta area continued growing at sustained rates, although the vehicle registration growth rate slowed down in 1Q 2013 from the double-digit rates reported in 2012. Demand remained robust especially in the United States and in Mexico, while vehicle registrations in Canada fell slightly during 1Q 2013 from a year earlier.

In Asia, both the production and sale of passenger vehicles in China rose by over 10% in 1Q 2013 from the same period of 2012. In Japan, the market continued to contract after the discontinuation of incentives for the purchase of lower environmental impact vehicles, with car and light vehicle sales falling from the same period of 2012.

In Brazil, car vehicle registrations rose by 3% YOY in 1Q 2013, reflecting a slowdown from the more robust growth that characterised 2H 2012, which was boosted by reduction in the industrial products tax (IPI). The slowdown revealed by monthly sales figures in 1Q 2013 led the Brazilian government to extend the IPI reduction for car sales so as to avoid further exacerbating a soft market.

Reduced economic activity and, in particular, waning business confidence caused heavy commercial vehicle sales to fall by 15% in the European Union during the first two months of 2013 from the same period of 2012. Commercial vehicle sales in the Nafta area rose instead, benefiting from recovery in the construction industry. In Brazil, the heavy commercial vehicle segment recovered in early 2013, in contrast with slowdown in the light and medium vehicle segments, which posted a combined 8.7% reduction YOY.

Tyre market

Sales figures for 1Q 2013 reflect the effects of the current recession in Europe, but also indicate a recovery in emerging countries.

In Europe, tyre sales in the consumer segment, affected by weak local consumer spending, confirmed that the slowdown at the end of 2012 continued in 1Q 2013, both on the original equipment and replacement markets. In the industrial segment, original equipment sales fell during 1Q 2013, while replacement sales were substantially unchanged YOY.

In the Nafta area consumer segment, YOY original equipment sales were slightly lower in 1Q 2013, after growing at double-digit rates in 2012.

Replacement market sales remained soft in 1Q 2013. In the industrial segment, original equipment sales fell after growing for three years, with the same trend on the replacement market, albeit with some signs of improvement at the end of the quarter.

In Latin America, the market began the year on a positive note, both on the original equipment and the replacement markets, and in both the consumer and industrial segments.

In Asia, the Chinese original equipment market also got off to a good start at the beginning of the year, with positive sales performance in the consumer segment, matching the extremely sales strong performance of the car market. In Japan, original equipment sales in the consumer segment slowed down after growing in 2012, when the car market was stimulated by low environmental impact vehicle purchase incentives that expired in autumn last year. Replacement sales in the consumer segment grew instead at the beginning of 2013, in contrast with the trend reported several months ago.

Commodities

Oil and natural rubber prices rose modestly in 1Q 2013 from 4Q 2012, while remaining below the levels reached in 1Q 2012. Butadiene prices were softer instead, having fallen from their levels in the final months of 2012 and also from 1Q 2012.

As for oil, the average price for Brent crude oil in 1Q 2013 was USD 113/bbl, up from the average of USD 100/bbl in 4Q 2012, but still 5% lower than in 1Q 2012.

Natural rubber prices rose by 2.8% in 1Q 2013 from 4Q 2012, reaching an average of USD 2,930/ton. This price is far lower than the levels reached in 1Q 2012, when it soared as high as USD 3,690/ton on more optimistic expectations of a more robust recovery in global demand.

The price of butadiene, which is the principal raw material used in making synthetic rubber, also slipped in 1Q 2013 to an average of euro 1,382/ton, down 7% from the average price in 4Q 2012 and nearly 30% lower than in 1Q 2012, due to uncertain demand, especially in Europe, where economic activity and especially the automotive markets remain depressed.

SIGNIFICANT EVENTS DURING 1Q 2013

On **January 15, 2013** the shareholders agreement of Pirelli & C. S.p.A. was renewed without any changes in its participants and the participating shares. All participants of this agreement affirmed their desire to renew it, which is set to expire on April 15, 2014.

On **January 15, 2013** Pirelli and the Ministry of Environment signed a new agreement to reduce the climate impact of activities related to tyre manufacturing and use. The agreement, signed by Minister Corrado Clini and Pirelli Chairman and CEO Marco Tronchetti Provera, defines the second phase of the agreement previously signed by the company with the Ministry in January 2012, as part of the international conference “Driving Sustainability: a Safe Road to the Future”. In this second phase, Pirelli and the Ministry of Environment will undertake technological experiments aimed at reducing the climate impact of activities related to the production and use of a representative car tyre, made by Pirelli in Brazil.

On **January 23, 2013** Pirelli initiated the Motorsport 2013 season by presenting the new versions of its Formula 1 tyres, the third such evolution in three years, and the original 17 inch tyre for Superbike championship competition, which marks a turning point in the most important motorcycle championship involving street model derivatives. Pirelli will participate in about 250 competitions, of which less than half as the sole tyre brand supplier, supplying tyres to more than 40 countries around the world, from the Americas to the Far East.

On **January 30, 2013** Pirelli and Russian Technologies announced the start-up of a new production line at the Voronezh factory, in southwest Russia. Following the investments in new technology made there, this new production line now meets Pirelli standards and will make it possible to produce premium tyre compounds, especially in the winter segment. Capital expenditure through 2015 will total euro 100 million, with a production capacity of 4 million units by 2015.

On **February 20, 2013** Pirelli & C. Ambiente S.p.A. and Clean Diesel Technologies Inc. (Nasdaq: CDTI) signed an agreement to set up a joint venture for the marketing and sale of emissions control devices in Europe and CSI countries. Through this joint venture the two companies aim to consolidate their leadership in technologies used to limit the pollution emissions of diesel or gasoline powered light or heavy vehicles in on and off-road applications in the original equipment and after market channels. The agreement calls for providing the joint venture with silicon carbide substrates by Pirelli & C. Eco Technology RO S.r.l. (Romania) and solutions for emissions controls by CDTI.

On **March 4, 2013** Mario Greco resigned as Director of the Company.

On **March 27, 2013** Pirelli & C. S.p.A, in relation to the extraordinary operation of the re-launch of the Prelios group approved by the Board of Prelios S.p.A. has announced – in its role of financier to Prelios S.p.A – that it expressed its participation in the operation along with the other parties involved.

For Pirelli, the operation entails the following:

- the contribution of "new" funds for a total maximum value of euro 25.3 million, of which:
 - approximately euro 23 million to subscribe to the capital increase of the newly constituted company vehicle ("NewCo"), in which Intesa Sanpaolo S.p.A., Unicredit S.p.A. and Feidos 11 S.p.A. (a company controlled by Feidos S.p.A.) also have stakes. The new funds will be used by Newco to subscribe to new Prelios shares which are without voting rights, not traded and convertible into ordinary shares when certain events come to pass ("category B shares");
 - approximately euro 2.3 million to subscribe to a portion of any part of the Prelios S.p.A. capital increase offered as an option to its shareholders that is eventually not taken up by the market;
- the reconfiguration of the entire euro 173.5 million of credit towards Prelios S.p.A. on December 31, 2012, which is variable as a function of the degree to which the market subscribes to the capital increase. In the event of maximum non-subscription, the reconfiguration will take place as follows:
 - approximately euro 26.3 million in ordinary Prelios S.p.A. shares not bound by a lock-up;
 - approximately euro 147.2 million in equity linked bonds destined for conversion, with a cash option for Prelios S.p.A. (of 7 years' duration) and with possible early conversion if certain events come to pass, of which about euro 65 million confer the right of conversion into Category B shares and around euro 81.8 million which confer conversion rights into ordinary Prelios S.p.A. shares.

At the conclusion of the first phase of the operation it is foreseen that Pirelli will have a maximum direct stake of 17% in the voting capital of Prelios S.p.A. and approximately 33% of NewCo and a share of equity linked bonds destined for conversion which could vary in value between a minimum of euro 147.2 million and a maximum of euro 173.5 million depending on the degree to which the market subscribes to the capital increase offered by Prelios S.p.A. to its shareholders.

Pirelli's participation in the operation of re-launching Prelios S.p.A. does not change in any way Pirelli's strategic focus on the core tyre business, but has as its sole objective the strengthening of Prelios' equity and finances with the aim of maximising the value of the credit Pirelli has with Prelios S.p.A.

Pirelli, Intesa Sanpaolo, Unicredit and Feidos 11 also defined the term sheet that establishes the terms and conditions essential for the constitution of NewCo, as well as its governance, for the transferability of the stakes held in it and the relative divestment, including mechanisms in specific cases of early exit for Feidos 11 and of acquisition for the other members of NewCo. It is expected that the parties will finalise the definitive agreements by the time of the Prelios shareholders' meeting called to decide on the operation.

The finalisation and execution of the operation are subject to the conditions communicated by Prelios. These include: subscription to the definitive agreements of reconfiguration of the debt between Prelios and its creditors; the compliance of the Prelios plan in accordance with Article 67(3)(d) Bankruptcy Law; the concession by Consob of an exemption from the obligation of promoting full tender offer for Prelios shares held by all the parties involved and approval by Prelios' shareholders of the capital increase and the new Prelios bylaws and the release of all further authorizations or necessary all-clears for the operation's execution.

GROUP PERFORMANCE AND RESULTS IN 1Q 2013

In addition to the financial performance measures established by the International Financial Reporting Standards (IFRSs), this report presents alternative performance indicators that are derived from IFRSs. These performance indicators are used to facilitate the understanding of Group operating performance. These indicators are: Gross Operating Profit, Non-current assets, Provisions, Operating working capital, Net working capital, and Net financial (liquidity)/debt position. Please refer to the section “Alternative performance indicators” for a more analytical description of these indicators.

Following the entry into force of the newly revised standard IAS 19 – Employee Benefits on January 1, 2013, the 2012 figures have been restated.

The table summarises the impact of this change on the principal balance sheet and income statement items in each quarter and their totals for all of 2012. Please see the notes and comments on the financial statements for additional details.

(in millions of euro)

	1 Q			2 Q			3 Q			4 Q			TOTAL YEAR		
	2012 reported	2012 restated	change	2012 reported	2012 restated	change	2012 reported	2012 restated	change	2012 reported	2012 restated	change	2012 reported	2012 restated	change
Operating income	209.4	212.7	3.3	191.3	192.6	1.3	192.1	195.4	3.3	188.0	191.8	3.8	780.8	792.5	11.7
Net income (loss)	125.3	123.6	(1.7)	96.4	94.8	(1.6)	86.6	84.9	(1.7)	89.9	88.3	(1.6)	398.2	391.6	6.6
Reserve	851.5	853.2	1.7	681.9	683.5	1.6	677.3	679.0	1.7	647.9	649.5	1.6	647.9	654.5	(6.6)
Equity	2,320.1	2,320.1	0.0	2,246.9	2,246.9	0.0	2,328.9	2,328.9	0.0	2,389.4	2,389.4	0.0	2,389.4	2,389.4	0.0

In this document, the comments on the changes from 1Q 2012 always refer to the restated amount, unless otherwise indicated.

GROUP PERFORMANCE AND RESULTS

The first quarter of 2013 was dominated by macroeconomic conditions that remained heavily impacted by the crisis affecting Europe, where the demand for goods and services continues to contract.

The European market as a whole contracted from its levels in 2012, with the downturn being more pronounced in the consumer segment, where the replacement channel fell by 11%. The premium segment of the replacement channel also contracted – although at less than the overall rate – by about 3%.

The aggregate performance of South American markets was instead positive in both segments, while China reported an upswing in the consumer segment. The premium segment continued to grow in these areas, as well as in the Nafta area.

Group results were consequently affected by the overall macroeconomic situation, with lower sales and results in Europe being partially offset by growth in other regions.

Consolidated net sales at March 31, 2013 totalled euro 1,536.3 million, down 1.3% from the euro 1,556.5 million reported in 1Q 2012. This performance was negatively impacted by the -4.9% translation effect, mainly due to the devaluation of South American currencies, the Japanese yen, the British pound and the Egyptian pound.

Consolidated operating income totalled euro 179.8 million, with a profitability rate of 11.7%, down from euro 212.7 million in 1Q 2012 (13.7% ratio of operating income to sales). The consolidation translation effect negatively impacted this result by about euro 10 million.

Net income in 1Q 2013 was euro 72.1 million, compared with euro 123.6 million in March 2012. This result was impacted by the increase in net financial expenses by about euro 34 million, which were partially related to the higher level of average indebtedness during the period.

The consolidated net financial (liquidity)/debt position at March 31, 2013 was negative for euro 1,680.2 million, compared with euro 1,205.2 million at December 31, 2012. This increase essentially reflects the customary seasonal variation in net working capital.

The Tyre Business, which represents 99.4% of revenue, had net sales of euro 1,526.7 million. This 1% decrease was heavily influenced by exchange rate trends, which had a negative impact of -4.9%, while aggregate net sales volumes grew by 3.9% in the face of substantial stability in the price/mix component. The growth in net sales volumes reflected the start-up of full operations in Russia as compared with 1Q 2012. That change contributed about 2.7% to the growth in volumes, with an additional contribution being made by the increase in industrial activities, especially in South America.

When broken down by region, net sales in Europe fell by 15%, while net sales rose in South America, Russia and the Asia-Pacific region.

Operating income totalled euro 185.6 million, with profitability of 12.2%. In 1Q 2012 it totalled euro 218.5 million, or 14.2% of net sales.

Net sales in the premium segment totalled euro 548.1 million, representing 49.1% of net sales in the consumer business, compared with 48.9% in 1Q 2012. This business segment is enjoying sustained growth in emerging countries (+28% compared with 1Q 2012). In the Nafta area, where growth in demand for tyres slowed down, the performance of the premium segment remained stable YOY. On the other hand, net premium segment sales in recession-stricken Europe fell by 13% YOY, reflecting lower demand, reduced prices in the face of a positive raw material cost trend, and the greater weight of the original equipment channel as an investment for future segment growth.

Aggregate premium segment sales by Pirelli fell by 2.8%.

As for the various business segments, the consumer business bore the brunt of contraction on the European market. In 1Q 2013 it posted net sales of euro 1,116.7 million, down 3.0% from 2012, with operating income of euro 136.0 million (12.2% ratio of operating income to net sales, down by -3.9 percentage points). The industrial business had net sales of euro 410.0 million, up 4.9% from 1Q 2012, with operating income up 50% to euro 49.6 million and profitability up from 8.5% to 12.1%.

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

(in millions of euro)					
	03/31/2013	03/31/2012 restated	03/31/2012 reported	12/31/2012 restated	12/31/2012 reported
Net sales	1,536.3	1,556.5	1,556.5	6071.5	6071.5
Gross operating profit before restructuring expenses	255.3	279.1	275.8	1102.9	1091.2
% of net sales	16.6%	17.9%	17.7%	18.2%	18.0%
Operating income before restructuring expenses	183.0	214.7	211.4	831.6	819.9
% of net sales	11.9%	13.8%	13.6%	13.7%	13.5%
Restructuring expenses	(3.2)	(2.0)	(2.0)	(39.1)	(39.1)
Operating income	179.8	212.7	209.4	792.5	780.8
% of net sales	11.7%	13.7%	13.4%	13.1%	12.9%
Net income (loss) from equity investments	(6.6)	0.5	0.5	(52.2)	(52.2)
Financial income/(expenses)	(58.6)	(24.3)	(18.7)	(150.5)	(129.5)
Pre-tax income (loss)	114.6	188.9	191.2	589.8	599.1
Income tax	(42.5)	(65.3)	(65.9)	(198.3)	(200.9)
Tax rate %	37.1%	34.6%	34.5%	33.6%	33.5%
Total net income (loss)	72.1	123.6	125.3	391.5	398.2
Net income attributable to owners of Pirelli & C. S.p.A.	72.9	121.3	122.9	387.1	393.8
Total net earnings per share attributable to owners of Pirelli & C. S.p.A. (in euro)	0.149	0.249	0.252	0.8	0.8
Non-current assets	3,892.9	3,679.1	3,679.1	3877.2	3877.2
Inventories	1,129.0	1,115.3	1,115.3	1,102.6	1,102.6
Trade receivables	1,023.6	1,059.9	1,059.9	704.6	704.6
Trade payables	(1,127.4)	(1,207.8)	(1,207.8)	(1,268.7)	(1,268.7)
Operating Net working capital	1,025.2	967.4	967.4	538.5	538.5
% of net sales (*)	16.7%	15.5%	15.5%	8.9%	8.9%
Other receivables/other payables	34.9	(245.1)	(245.1)	11.0	11.0
Total net working capital	1,060.1	722.3	722.3	549.5	549.5
% of net sales (*)	17.2%	11.6%	11.6%	9.1%	9.1%
Net i nvested capital	4,953.0	4,401.4	4,401.4	4,426.7	4,426.7
Equity	2,449.9	2,320.1	2,320.1	2,389.4	2,389.4
Provisions	822.9	776.3	776.3	832.1	832.1
Net financial (liquidity)/debt position	1,680.2	1,305.0	1,305.0	1,205.2	1,205.2
Equity attributable to the owners of Pirelli & C. S.p.A.	2,399.3	2,274.6	2,274.6	2,337.4	2,337.4
Equity per share attributable to the owners of Pirelli & C. S.p.A. (in euro)	4.917	4.661	4.661	4.8	4.8
Capital expenditure	79.7	80.1	80.1	470.9	470.9
Research and development expenses	45.6	45.9	45.9	178.9	178.9
% of net sales	3.0%	2.9%	2.9%	2.9%	2.9%
Research and development expenses - Premium	36.7	36.2	36.2	141.9	141.9
% of net sales	6.7%	6.4%	6.4%	6.8%	6.8%
Headcount (number at end of period)	37,846	36,068	36,068	37,338	37,338
Industrial sites (number)	23	23	23	23	23

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

To facilitate understanding of Group performance, the table below sets forth the income statement broken down by business segment.

(in millions of euro)

	Total Tyre		Other business		Total	
	1Q 2013	1Q 2012 restated	1Q 2013	1Q 2012 restated	1Q 2013	1Q 2012 restated
Net sales	1,526.7	1,542.6	9.6	13.9	1,536.3	1,556.5
Gross operating profit before restructuring expenses	260.1	283.6	(4.8)	(4.5)	255.3	279.1
Operating income before restructuring expenses	188.8	220.5	(5.8)	(5.8)	183.0	214.7
Restructuring expenses	(3.2)	(2.0)	-	-	(3.2)	(2.0)
Operating income	185.6	218.5	(5.8)	(5.8)	179.8	212.7
<i>% of net sales</i>	<i>12.2%</i>	<i>14.2%</i>			<i>11.7%</i>	<i>13.7%</i>
Net income (loss) from equity investments					(6.6)	0.5
Financial income/(expenses)					(58.6)	(24.3)
Pre-tax income (loss)					114.6	188.9
Income tax					(42.5)	(65.3)
Tax rate %					<i>37.1%</i>	<i>34.6%</i>
Total net income (loss)					72.1	123.6
Net financial (liquidity)/debt position					1,680.2	1,305.0

Net sales

In 1Q 2013 net sales totalled euro 1,536.3 million, down 1.3% from the previous year (euro 1,556.5 million), with 99.4% of net sales being generated by the Tyre Business, which is the core business of the Group.

Excluding the negative translation effect (-4.9%), the like-for-like figure was up by 3.6%.

Operating income

Operating income totalled euro 179.8 million, with the ratio to net sales being 11.7%, down euro 32.9 million from 1Q 2012, of which euro 9.6 million related to the change in consolidation translation rates.

This result was impacted by euro 3.2 million in non-recurring expenses resulting from on-going organisational streamlining measures. In 1Q 2012 non-recurring expenses totalled euro 2.0 million.

Net income (loss) from equity investments

Net income (loss) from equity investments was negative for euro 6.6 million, and refers almost entirely to the result of consolidation of the associate RCS Mediagroup S.p.A. under the equity method (negative euro 6.8 million).

Net income

Net income at March 31, 2013 was euro 72.1 million, compared with euro 123.6 million in 1Q 2012.

Tax charges totalled euro 42.5 million, with a tax rate of 37.1% in 1Q 2013.

Financial expenses rose from euro 24.3 million to euro 58.6 million, mainly due to the growth in average indebtedness during the period, the recognition in 2012 of non-recurring foreign exchange gains for euro 8.7 million related to the start-up of activities in Russia, and the negative euro 8.3 million impact resulting from devaluation of the Venezuelan currency. The average cost of debt during the period was about 6.50%. In relation to average gross debt (about +9%), the increase in the average cost of debt essentially reflects greater exposure to currencies in emerging countries where Pirelli operates, characterised by a higher interest rate and the different composition of debt, which has enabled to lengthen the average duration of debt, as well as diversify sources of financing. During 2013 it is expected that the cost of debt will be reduced consistently with the target of 6.3%, due to a different mix of currencies and reduction in gross debt.

The total net income attributable to owners of Pirelli & C. S.p.A. at March 31, 2013 was a positive euro 72.9 million (euro 0.149 per share), compared with euro 121.3 million at December 31, 2012 (euro 0.249 per share).

Equity

Consolidated equity rose from euro 2,389.4 million at December 31, 2012 to euro 2,449.9 million at March 31, 2013.

Equity attributable to owners of Pirelli & C. S.p.A. at March 31, 2013 totalled euro 2,399.3 million (euro 4.917 per share), compared with euro 2,337.4 million at December 31, 2012 (euro 4.790 per share).

The total change, detailed in the following table, relates mainly to the total net income of euro 72.1 million for the period, the combined effect of inflation/devaluation on the interest in the subsidiary in Venezuela and the change in translation rates applied to foreign assets.

(in millions of euro)

	Group	Non-controlling interests	Total
Equity at 12/31/2012	2,337.4	52.0	2,389.4
Translation differences	(10.7)	(0.9)	(11.6)
Net income (loss)	72.9	(0.8)	72.1
Adjustement to fai value of other financia assets/derivative instruments	(4.6)	-	(4.6)
Other changes to items recognised in equity	-	-	-
Venezuela inflation effect	6.9	0.2	7.1
Other changes	(2.6)	0.1	(2.5)
Total changes	61.9	(1.4)	60.5
Equity at 03/31/2013	2,399.3	50.6	2,449.9

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

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

(in millions of euro)

	Q1	
	2013	2012
Operating income (EBIT) before restructuring expenses	183.0	214.7
Amortisation and depreciation	72.3	64.4
Capital expenditures of property, plant and equipment and intangible assets	(79.7)	(80.1)
Change in workin capital/other	(492.4)	(511.1)
Operating cash flow	(316.8)	(312.1)
Ordinary financial income/(expenses)	(58.6)	(24.3)
Ordinary tax charges	(42.5)	(65.3)
Net operating cash flow	(417.9)	(401.7)
Financial investments/disinvestments	-	3.2
Russia Investment	-	(154.5)
Other dividends paid	-	(2.2)
Cash Out for restructuring operations	(7.5)	(4.2)
Foreign exchange differences/other	(49.6)	(8.5)
Net cash flow	(475.0)	(567.9)

Net operating cash flow was negative for euro 316.8 million, mainly due to the customary seasonal variation in net working capital, although this consumed less cash than in the same period of 2012.

Capital expenditure totalled euro 79.7 million, 1.1 times depreciation and amortisation.

Total net cash flow was negative for euro 475.0 million, of which about euro 50 million resulting from the impact of the change in translation rates on the net financial (liquidity)/debt position, especially in relation to the position in Venezuela.

Net financial (liquidity)/debt position

At March 31, 2013 the Group's net borrowings totalled euro 1,680.2 million.

<i>in millions of euro</i>	03/31/2013	12/31/2012
Current borrowings from banks and other financial institutions	467.0	459.7
Non-Current borrowings from banks and other financial institutions	2,009.6	1,995.8
Total gross debt	2,476.6	2,455.5
Cash and cash equivalents	(344.3)	(679.8)
Securities held for trading	(122.0)	(224.7)
Current financial receivables	(64.3)	(84.4)
Non-current financial receivables	(265.8)	(261.4)
<i>of which Prelios</i>	<i>(173.5)</i>	<i>(173.5)</i>
Total financial receivables, cash and cash equivalents	(796.4)	(1,250.3)
Net financial (liquidity)/debt position	1,680.2	1,205.2

Gross debt remained at the level reported at December 31, 2012, while cash and cash equivalents decreased to meet the cash flow requirements related to seasonal changes in net working capital.

In regard to financial receivables, the valuation of the receivable from Prelios S.p.A. (euro 173.5 million) is based on the underlying assumptions of the restructuring program resolved by Prelios S.p.A. at the end of March, aimed at relaunching the business development prospects and strengthening the financial position of the group owned by Prelios S.p.A., as well as rebalancing its overall financial structure. Pirelli has granted its consent to this program. Following approval by the shareholders' meeting, that restructuring program calls for converting a portion of the financial receivable into Prelios S.p.A. ordinary shares and another portion into equity linked bonds destined for conversion (the *convertendo*), with a cash option for redemption exercisable by Prelios S.p.A.

The **structure of gross debt**, which totals euro 2,476.6 million and of which about 75% matures beginning in 2015, is summarised as follows:

(in millions of euro)

	Financial Statements 03/31/2013	Maturity date				
		2013	2014	2015	2016	2017 and beyond
Use of committed credit facilities	605.0	-	-	605.0	-	-
Bond 5,125% - 2011/2016	500.0	-	-	-	500.0	-
EIB loans	275.0	25.0	-	100.0	100.0	50.0
USD private placement	117.1	-	-	-	-	117.1
Schuldschein	155.0	-	-	-	114.0	41.0
Other financing	824.5	403.9	142.7	40.8	67.1	170.0
Total gross debt	2,476.6	428.9	142.7	745.8	781.1	378.1
		17.3%	5.8%	30.1%	31.5%	15.3%

At March 31, 2013 the Group disposed of euro 595 million as the unused portion of the euro 1.2 billion committed credit facility (euro 625 million at December 31, 2012). When combined with the euro 466 million in cash or cash equivalents, this provides the Group with a liquidity margin amounting to euro 1,061 million.

Employees

Group headcount was 37,846 employees at March 31, 2013, as compared with 37,338 employees at December 31, 2012 and 36,068 employees at March 31, 2012. The growth in headcount was concentrated in South America and China.

OPERATING PERFORMANCE

TOTAL TYRE BUSINESS

The table below sets forth the consolidated results for 1Q 2013 as compared with the same period of 2012:

(in millions of euro)

	03/31/2013	03/31/2012 restated	03/31/2012 reported	12/31/2012 restated	12/31/2012 reported
Net sales	1,526.7	1,542.6	1,542.6	6,031.3	6,031.3
Gross operating profit before restructuring expenses	260.1	283.6	280.3	1,126.5	1,114.8
% of net sales	17.0%	18.4%	18.2%	18.7%	18.5%
Operating income before restructuring expenses	188.8	220.5	217.2	859.9	848.2
% of net sales	12.4%	14.3%	14.1%	14.3%	14.1%
Restructuring expenses	(3.2)	(2.0)	(2.0)	(39.1)	(39.1)
Operating income	185.6	218.5	215.2	820.8	809.1
% of net sales	12.2%	14.2%	14.0%	13.6%	13.4%

Net sales

Net sales totalled euro 1,526.7 million, compared with euro 1,542.6 million in 1Q 2012. Excluding the translation effect (negative 4.9%), net sales were up 3.9%. This performance reflects the growth in net sales volumes (+3.9%), which were particularly high on emerging markets (+18.9%), which represented 56% of net sales in 1Q 2013.

In Europe, the downturn in net sales volumes reflects the trend observed on the market (-14%). Net sales volumes in the Nafta area were down slightly (-1.7%), where Pirelli still managed to increase its market share.

The price/mix component was stable as compared with 1Q 2012.

The consumer and industrial businesses reported contrasting performance, given their different geographical exposure (84% of net sales by the industrial business were generated on emerging markets, as compared with 46% for the consumer business) and their divergent competitive and market dynamics.

Industrial business net sales grew by 4.9% in 1Q 2013 as compared with 1Q 2012, an increase of +13.1% net of the translation effect (negative 8.2%), due to the strong increase in net sales volumes (+11.7%) and improved price/mix component (+1.4%). Net sales by the consumer business grew by 0.7% net of the translation effect (the translation effect was -3.7% in 1Q 2013). Volumes grew by 1.2% (+15.4% on emerging markets), while the price/mix component was down by 0.5% due to weak demand in Europe, which also affected the premium segment, and greater competition on that market.

Net sales in the premium segment rose by 4% in 1Q 2013, as the result of starkly contrasting performance in Europe (-6%), the Nafta area (+5%), and emerging countries (+42%). These dynamics impacted net sales, which fell overall by 2.8%, although they were up +12% excluding Europe, which is suffering from the prolonged recession and greater price competition.

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

	1Q	
	2013	2012
Volume	3.9%	-7.4%
<i>of which Premium volume</i>	4.0%	15.8%
Price/mix	0.0%	16.5%
Change in scope of Russia		2.2%
Change on a like-for-like basis	3.9%	11.3%
Translation effect	-4.9%	0.1%
Total change	-1.0%	11.4%

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

GEOGRAPHICAL AREA	03/31/2013			03/31/2012
	<i>Euro\mln</i>	<i>yoy</i>		
Italy	84.3	-24%	5.5%	7.2%
Rest of Europe	417.1	-13%	27.4%	31.0%
Russia	68.7	26%	4.5%	3.5%
Nafta	174.6	-5%	11.4%	11.9%
Central and South America	540.5	12%	35.4%	31.4%
Asia\Pacific	110.4	14%	7.2%	6.3%
Middle East\Africa	131.1	-2%	8.6%	8.7%
TOTAL	1,526.7	-1%	100.0%	100.0%

PRODUCT	03/31/2013			03/31/2012
	<i>Euro\mln</i>	<i>yoy</i>		
Car tyres	998.5	-2%	65.4%	65.9%
Motorcycle tyres	118.2	-13%	7.7%	8.8%
Consumer	1,116.7	-3%	73.1%	74.7%
Industrial vehicle tyres	388.3	8%	25.4%	23.4%
Steelcord	21.7	-27%	1.5%	1.9%
Industrial	410.0	5%	26.9%	25.3%

Operating income

Operating income at March 31, 2013 totalled euro 185.6 million (euro 218.5 million in 1Q 2012), with ROS of 12.2% (14.2% in 1Q 2012).

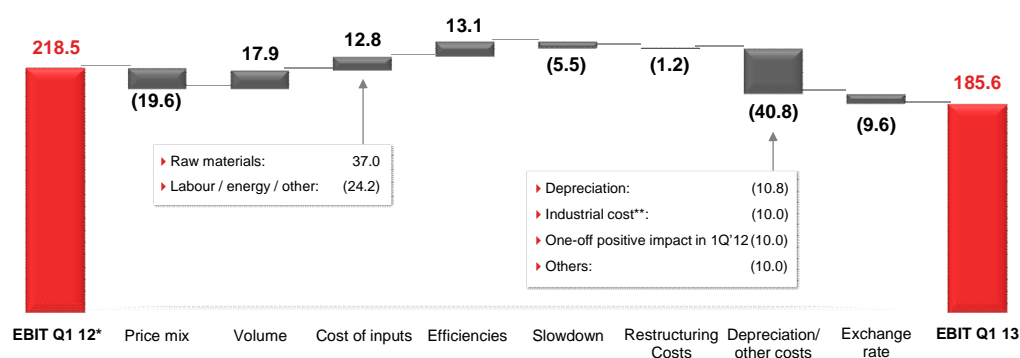
The lower costs related to raw materials (euro 37 million) nearly offset both the reduction in prices and the lower contribution made by the different mix between sales channels and geographical areas (euro 19.6 million), and growing inflation for production factor costs (euro 24.2 million).

The 2.0 point reduction in profit margin mainly reflects the following factors:

- higher industrial costs (about euro 10 million), mainly tied to transformation of the Settimo Torinese truck plant into a new plant making premium car tyres and to the start-up costs for the plant in Mexico;
- higher costs related to reduced use of production plant capacity caused by falling demand (euro 5.5 million) and restructuring (euro 1.2 million);
- higher depreciation and amortisation (euro 10.8 million) as the result of intense investment activity during previous financial years;
- negative translation effect of euro 9.6 million;
- additional negative impact of about euro 10 million resulting from non-recurring benefits recognised in 1Q 2012.

These incremental costs were only partly offset by growth in net sales volumes, which had a positive impact of euro 17.9 million, and the efficiency gains that generated savings of euro 13.1 million.

The quarterly changes as compared with the same period in the previous year can be summarised as follows in the following table:



(*) IAS 19 Restated
 (**) Settimo truck plant conversion, start-up costs in Mexico

CONSUMER BUSINESS

The earnings results for 1Q 2013 as compared with those for the same period of 2012 are highlighted in the following table:

<i>(in millions of euro)</i>	1Q	
	2013	2012 restated
Net sales	1,116.7	1,151.8
<i>yoy</i>	-3.0%	17.1%
Gross operating profit before restructuring expenses	194.8	235.4
<i>% of net sales</i>	17.4%	20.4%
Operating income before restructuring expenses	138.0	187.3
<i>% of net sales</i>	12.4%	16.3%
Operating income	136.0	185.4
<i>% of net sales</i>	12.2%	16.1%

The following table shows the detailed breakdown of market performance:

	Q1
EUROPE (*)	
Original Equipment	-11%
Replacement	-11%
NAFTA	
Original Equipment	+1%
Replacement	-7%
SOUTH AMERICA	
Original Equipment	+8%
Replacement	+7%
CINA	
Original Equipment	+16%
<i>(*) excluding Russia</i>	

Net sales totalled euro 1,116.7 million, up 0.7% from 1Q 2012, net of the negative 3.7% translation effect.

Net sales volumes grew by a total of 1.2% due to exposure on emerging markets (+15.4%), which offset the downturn in net sales in Europe (-16.9%). The contribution made by the Nafta area was stable.

Russia contributed over 3% to the growth in net consumer business sales.

The premium segment confirmed its greater resilience, with the growth in its net sales volumes topping the rate for aggregate net sales. Different regions performed differently: emerging markets grew strongly (+42% increase in volumes; +27.8% increase in net sales), the Nafta area remained stable overall, while Europe retreated (-6% decrease in volumes, -13% decrease in net sales) due to the previously mentioned crisis in consumer spending, lower prices, and the different mix between sales channels, with the weight of the original equipment channel rising.

The following table sets forth the breakdown of net sales:

	1Q	
	2013	2012
Volume	1.2%	-5.1%
<i>of which Premium volume</i>	4.0%	15.8%
Price/mix	-0.5%	18.8%
Change in scope of Russia		2.7%
Change on a like-for-like basis	0.7%	16.4%
Translation effect	-3.7%	0.7%
Total change	-3.0%	17.1%

Operating income before restructuring expenses totalled euro 138 million, with a margin on net sales of 12.4%, as compared with euro 187.3 million in 2012 (16.3% of net sales). Operating income was euro 136 million (ROS of 12.2%), as compared with euro 185.4 million in 1Q 2012 (ROS of 16.1%).

The drop in profitability reflected:

- the previously mentioned higher industrial costs (about euro 10 million) for transformation of the production plant in Settimo Torinese and the start-up costs for the plant in Mexico;
- rising inflation for factors of production (about euro 20 million), mainly related to the cost of labour in emerging countries;
- the translation effect (euro 7 million) and increased depreciation and amortisation (euro 7 million);
- the costs related to the new activities that have not yet reached full operating capacity, especially in Russia and Sweden, where the seasonal nature of the business is more focused on the winter segment.

The lower costs for raw materials offset the negative impact of the price/mix component, whose downturn reflects the poorly performing European market.

Car Business

In 1Q 2013, 71% of net sales in the car business were generated by the replacement channel and 29% by the original equipment channel. In 1Q 2012 the replacement channel accounted for 74% of net sales.

The change was mainly due to the growth of net sales on the South American original equipment channel (where the market improved from a lacklustre performance in 1Q 2012), the preparatory measures taken in Asia for continuous growth of the premium segment, and full operation of activities in Russia as compared with 1Q 2012. On the other hand, the replacement channel generated lower net sales in Europe, stable net sales in Russia, and significant growth in emerging countries as a whole.

The reference market performed differently in different areas: emerging markets were up strongly, especially China and South America (original equipment +8%, replacement channel +7% in South America), while the demand for tyres remained soft in Europe, down by 11% in both the replacement and original equipment channels.

The Nafta area turned in a mixed performance, with a decrease of 7% in the replacement channel and increase of 1% in the original equipment channel.

The results of the car business suffered from:

- an unfavourable basis of comparison with 1Q 2012, which was characterised by strong growth in the price/mix component and record net sales in the premium segment;
- weakness on the European market, characterised by lower demand in all segments and greater competition;
- the previously mentioned rise in industrial costs and start-up costs.

Motorcycle Business

The reference markets in the motorcycle business were badly hit by the crisis, especially in Europe (-14% for replacement channel), where the downturn in demand was exacerbated by unfavourable weather, which conditioned sales volumes, with lower vehicle registrations and delays even on the replacement channel.

The motorcycle business also suffered from lower sales on the South American original equipment channel, due to lower financing of motorcycle purchases, and in the Nafta area (-16% in the replacement channel), while the market was up in Asia.

During 1Q 2013, 83% of net sales were generated by the replacement channel and 17% by the original equipment channel.

In 1Q 2012, the replacement channel accounted for 82% of net sales.

INDUSTRIAL BUSINESS

The earnings results for 1Q 2013 as compared with those for the same period of 2012 are highlighted in the following table:

<i>(in millions of euro)</i>	1Q	
	2013	2012
Net sales	410.0	390.8
<i>yoy</i>	4.9%	-2.6%
Gross operating profit before restructuring expenses	65.3	48.2
<i>% of net sales</i>	15.9%	12.3%
Operating income before restructuring expenses	50.8	33.2
<i>% of net sales</i>	12.4%	8.5%
Operating income	49.6	33.1
<i>% of net sales</i>	12.1%	8.5%

The following table shows the detailed breakdown of market performance:

	Q1
EUROPE (*)	
Original Equipment	-6%
Replacement	+1%
NAFTA	
Original Equipment	-12%
Replacement	-9%
SOUTH AMERICA	
Original Equipment	+44%
Replacement	+11%
CINA	
Original Equipment	-6%
Replacement	-5% at feb
<i>(*) excluding Russia</i>	

Net sales totalled euro 410 million were up 4.9% from 1Q 2012 (euro 390.8 million), with a negative translation effect of -8.2%.

The +11.7% change in net sales volumes was extremely positive, mainly due to good performance in South America. The contribution made by the price/mix component was also positive, +1.4%.

The following table sets forth the breakdown of net sales:

	1Q	
	2013	2012
Volume	11.7%	-12.3%
Price/mix	1.4%	11.2%
Change on a like-for-like basis	13.1%	-1.1%
Translation effect	-8.2%	-1.5%
Total change	4.9%	-2.6%

Operating income before restructuring expenses totalled euro 50.8 million, or 12.4% of net sales, while operating income totalled euro 49.6 million, with ROS of 12.1%, compared with euro 33.1 million at March 31, 2012 (ROS 8.5%).

The 1Q 2013 result was positively impacted by the growth of activities on the reference markets, especially in South America, where Pirelli increased its market share. The business was also positively impacted by the total localisation of truck production capacity in emerging countries, following conversion of truck tyre activities in Italy to premium car tyre production. The start-up costs for this conversion (about euro 3.5 million) were charged instead to the consumer business segment.

Truck Business

The first quarter was dominated by contrasting market performance: substantial stability in Europe, contraction in the Nafta area and strong growth in South America. The profitability of this business segment has improved significantly from the previous year, notwithstanding the negative translation effect, being driven by growing net sales volumes, especially in South America, and lower commodity prices. Special emphasis should also be given to the growing contribution that will be made over the course of the year by the new industrial organisation, with 100% of production capacity being located on emerging markets and gradual introduction of new products.

As for the performance of reference markets, the original equipment channel enjoyed a very strong recovery in South America, +44%, which had been impacted in 2012 by the conversion of production from Euro 3 to Euro 5 compliant vehicles. The market contracted instead in the Nafta area (-12%) and in Europe (-6%).

In the replacement channel, the South American market led the pack again in comparison with 2012, growing +11%. The 1Q 2013 results for Europe were substantially flat at +1%, after negative performance in March, while the NAFTA area was down sharply (-9%).

The Driving Innovation event was held in Munich in the first half of March, being attended by over 300 participants, including journalists, fleets, dealers and business partners, coming from Europe, Turkey, Australia, China and Egypt. The content of this event, reported in the specialised press and online, was focused on the innovative, complete and integrated package of products and services designed for fleets. On the one hand, this is represented by the complete, updated Series 01TM product line and the new range of the associated brand Formula, and on the other hand by Pirelli Fleet Solutions, with special emphasis being given to CyberTM Fleet. This event also offered Pirelli another opportunity to confirm its goal of providing transport operators with a package of products and services allowing them to operate with maximum economic efficiency, safely and respect for the environment.

Agricultural Business

In Q1 2013, aggregate net sales rose by +14.7%, with net sales volumes up by 22.4%. The business remains heavily concentrated in South America, which generates 84% of total turnover.

The Agricultural Business in Brazil enjoyed strong growth in 1Q 2013, both in the replacement channel (+20.7% over the previous year) and in the original equipment channel (+18.9%).

Pirelli has confirmed its leadership in this context, especially in the original equipment channel, focusing on growth in the rear and radial segment.

Steel Cord Business

Net sales of steel cord products in 1Q 2013 slipped by 12.0% from the same period a year earlier, with the consumer segment contracting less (-9%) than the industrial segment (-15%). The hose wire business, connected with the production of high pressure pipes for new vehicles, contracted sharply (-24%). The lower aggregate net sales volumes and sales mix made it necessary to reduce production in order to control inventory levels.

BUSINESS OUTLOOK IN 2013

For 2013, the global car market is foreseen at 1,327 million pieces, 20 million fewer than estimates made last March, entirely attributable to the European replacement market, where the macro-economic context has worsened compared with expectations at the beginning of the year.

The decline in European volumes is estimated at 1/3 in Premium replacement and 2/3 non-Premium replacement. The focus on Premium will allow for an amplification of growth compared with non-Premium by 3 times and mitigate to a third the decline in the event of a decline in total tyre market demand.

In total, the Premium segment at the end of 2013 represents over 13% of the global car market with the percentage growing in emerging markets to over 8%, in the Nafta area to over 13% and in Europe to over 24%.

The global truck market is estimated at around 134 million pieces, with a reduction compared with the March estimate of around 2 million pieces. Compared with prior indications, growth has been reduced from +4.8% to +3.2% essentially because of mature markets where growth is estimated at below 1% (market of 35.5 million pieces) compared with 5.3% indicated previously (37 million pieces). Emerging markets substantially confirm previously indicated growth, +4.2% to 98 million pieces.

In this context, Pirelli confirms the economic-financial targets indicated last March. In particular:

- Consolidated sales seen at about 6.3- 6.4 billion euro as the result of the following variables:
 - total volumes increasing by between 3% and 4% with greater probability of reaching the higher part of the range. The Premium segment will be the growth driver with a rate of development for the year of between 13% and 14%;
 - the price/mix is expected to grow by between 4% and 5%, with greater probability towards the lower target;
 - exchange rates are expected to decline by about 4%.

- Consolidated Ebit is seen in a range between 810 million and 850 million euro. The diminished contribution from Europe (from double-digit to a margin below 10%) will be offset by better performance in emerging markets and Nafta as well as the higher benefit stemming from lower raw material costs (from 55 million to 110 million euro);
- Investment of approx. 400 million euro
- Cash generation, before dividends, above 200 million euro before the impact of Prelios and negative net financial position below 1.2 billion euro before the reclassification of Prelios credit

With regard to the consumer segment, revenues of around 4.6 billion euro are confirmed, including:

- volumes' growth of between 3% and 4% within which Premium growing by about 13%-14%;
- price-mix between +4.5%-5.5% with greater probability towards the lower target;
- exchange rates at around -3%.

As such, the ebit margin is revised from >14% to <14%

In the industrial segment, revenues of around 1.7 billion euro are confirmed, deriving from:

- volumes increasing by 3.5%-4.5%, with greater probability towards the higher target;
- price/mix at +4%/ +5%
- exchange rates at around -5%

The ebit margin is revised from around 12% to >12%

HIGHLIGHTS OF OTHER ACTIVITIES

The other activities are comprised by Pirelli & C. Eco Technology S.p.A., Pirelli & C. Ambiente S.p.A., and PZero S.r.l. and are broken down as follows:

(in millions of euro)

	Pirelli Eco Technology		Pirelli Ambiente		Pzero		Total others business	
	1Q 2013	1Q 2012 restated	1Q 2013	1Q 2012 restated	1Q 2013	1Q 2012 restated	1Q 2013	1Q 2012 restated
Net sales	7.0	9.7	0.3	0.4	2.3	3.8	9.6	13.9
Gross operating profit before restructuring expenses	(1.1)	(1.2)	(0.2)	(0.3)	(3.5)	(3.0)	(4.8)	(4.5)
Operating income before restructuring expenses	(1.8)	(2.1)	(0.3)	(0.5)	(3.7)	(3.2)	(5.8)	(5.8)
Restructuring expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income	(1.8)	(2.1)	(0.3)	(0.5)	(3.7)	(3.2)	(5.8)	(5.8)

At March 31, 2013 net sales totalled euro 9.6 million, compared with euro 13.9 million in the same period of 2012.

Operating income was a negative euro 5.8 million, at the same level as in 1Q 2012.

PARENT HIGHLIGHTS

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

(in millions of euro)	03/31/2013	03/31/2012	12/31/2012
Operating income	5.0	(1.8)	17.5
Net financial income and net income from equity investments	(1.1)	2.9	211.2
Net income (loss)	6.2	1.6	234.4
Non-current financial assets	1,355.9	1,438.4	1,363.7
Equity	1,859.6	1,742.5	1,866.2
Net financial (liquidity)/debt position	(261.9)	(159.8)	(288.6)

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER

On **April 15, 2013** a Memorandum of Understanding was signed by Pirelli and Rosneft for the first Pirelli premium flagship store in Russia. It will be located inside the new Rosneft service station in Sochi, on the Black Sea coast in the region of Krasnodar. The agreement represents a new, important step towards development of the strategic commercial and marketing collaboration agreement initialled by the two partners on December 20, 2012. The flagship store will be completed by 4Q 2013, will feature the “Pzero Platinum” brand and will enjoy the exposure generated by the 2014 Sochi Winter Olympics, of which Rosneft is a partner. The agreement also calls for the opening of other similar sales outlets at Rosneft service stations located in areas offering access to premium customers. Finally, the agreement calls for Rosneft service stations to offer – from 1Q 2014 – the Pirelli 'Safe&GO' tyre inspection service.

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the financial performance measures established by the International Financial Reporting Standards (IFRSs), this report presents certain measures that are based on IFRSs figures (“Non-GAAP Measures”). These performance measures are presented to facilitate understanding of Group operating performance and should not be considered as substitutes for the information required under the IFRSs.

Specifically, the Non-GAAP Measures used are the following:

- **Gross Operating Profit (EBITDA):** gross operating profit is an intermediate economic measure deriving from operating income, but excluding depreciation of property, plant and equipment and amortisation of intangible assets;
- **Non-current assets:** this measure is the sum of “property, plant and equipment,” “intangible assets,” “investments in associates and joint ventures” and “other financial assets”;
- **Provisions:** this measure is the sum of “provisions for liabilities and charges (current and non-current),” “provisions for employee benefits” and “provisions for deferred tax liabilities”;
- **Operating working capital:** this measure consists of the sum of "inventories," "trade receivables" and "trade payables";
- **Net working capital:** this measure consists of operating working capital and other receivables and payables not included in "net financial (liquidity)/debt position";
- **Net financial (liquidity)/debt position:** this performance measure is represented by gross financial debt less cash and cash equivalents and other financial receivables. The section “Financial statements” presents a table showing the items of the balance sheet used to calculate this measure.

OTHER INFORMATION

In light of the simplifications to regulatory measures introduced by Consob in the Issuers Regulation no. 11971/99, the Board of Directors has resolved to exercise the waiver, granted in Art. 70(8) and Art. 71(1-bis) of that regulation, of the obligation to publish the disclosure documents that are prescribed in the event of significant mergers, demergers, capital increases through contribution in kind, acquisitions and disposals.

Related party transactions

Related party transactions, including intercompany transactions, are neither unusual nor exceptional, but are part of the ordinary course of business of Group companies. Such transactions, when not carried out at standard conditions or dictated by specific laws, are in any case settled on an arm's length basis and executed in compliance with the rules set out in the Group Related-Party Transactions Procedure.

The effects of related party transactions on the consolidated income statement, balance sheet, and statement of cash flows of the Pirelli Group at March 31, 2013 are shown below.

CORPORATE - RELATIONS WITH ASSOCIATES

(in millions of euro)

Revenue from sales and services	0.3	The amount mainly concerns services provided by: Pirelli Tyre S.p.A. to Sino Italian Wire Technology Co. Ltd (euro 0.1 million); Pirelli & C. Ambiente S.p.A. to Idea Granda Società Consortile r.l. (euro 0.2 million).
Other costs	9.7	The amount mainly concerns: costs for purchase of products of Pirelli Tyre Co. Ltd (euro 5.1 million) from Sino Italian Wire Technology Co. Ltd and purchase of energy of Pirelli Deutschland GmbH from Industriekraftwerk Breuberg GmbH (euro 4,6 milion).
Financial income	0.4	The amount relates to interest income on the loan granted by Pirelli International Ltd (euro 0.2 milion) and Pirelli Tyre Co. Ltd (euro 0.1 million) to Sino Italian Wire Technology Co. Ltd. and Pirelli & C. Ambiente S.p.A. to GWM Renewable Energy II S.p.A. (euro 0,1 million).
Current trade receivables	5.3	The amount mainly concerns receivables for provision of services by: Pirelli Tyre S.p.A. to Sino Italian Wire Technology Co. Ltd (euro 4.7 million); Pirelli & C. Ambiente S.p.A. to Idea Granda Società Consortile r.l. (euro 0.6 million).
Current other receivables	1.5	The amount mainly concerns: receivable disposal plant of Pirelli & C. Ambiente S.p.A. to GWM Renewable Energy II S.p.A. (euro 1.3 million) .
Current financial receivables	44.5	The amount concerns mainly of receivables of: Pirelli International Ltd. (euro 23.6 million) and Pirelli Tyre Co. Ltd (euro 12.6 million) from Sino Italian Wire Technology Co. Ltd; Pirelli & C. Ambiente S.p.A. from GWM Renewable Energy II S.p.A. (euro 8.4 million)
Current trade payables	38.3	The amount consists of payables for provision of services by: Sino Italian Wire Technology Co. Ltd t to Pirelli Tyre Co. Ltd to (euro 4.0 million) and Industriekraftwerk Breuberg GmbH to Pirelli Deutschland GmbH (euro 34,2 milion) for purchase of energy.

TRANSACTIONS WITH PARTIES RELATED TO PIRELLI THROUGH DIRECTORS		
<i>(in millions of euro)</i>		
Revenue from sales and services	0.1	The amount mainly refers to services provided by Pirelli Sistemi Informativi S.p.A. and Pirelli & C. S.p.A. to Camfin Group (euro 0.1 million).
Other income	0.6	The amount mainly refers to rental income and associated operating expenses to Prelios Group (euro 0.6 million).
Other costs	4.6	The amount is mainly refers advertising costs owed to FC Internazionale Milano S.p.A. (euro 3.2 million) and to costs for leases (euro 0.9 million) and services (euro 0.5 milioni) to the Prelios Group.
Non current other financial receivables	173.5	The amount refers only to the loan granted to Prelios S.p.A. as part of the spin-off and financial receivables for matured financial interest of Pirelli & C. S.p.A. from Prelios S.p.A..
Current other receivables	0.1	The amount mainly refers to receivables to Prelios Group.
Current trade receivables	0.8	The amount mainly refers to receivables connected to the services provided to Prelios Group (euro 0.3 million) and Camfin Group (euro 0.4 million).
Current trade payables	3.9	The amount mainly refers to to payables to FC Internazionale Milano S.p.A. (euro 3.2 million) and Lambda S.r.l. (euro 0.7 million).
Current other payables	0.1	The amount mainly refers to payables to Prelios Group.
RELATED PARTY TRANSACTIONS		
<i>(in millions of euro)</i>		
Other costs	0.6	The amount mainly refers to insurance costs of Pirelli Industrie Pneumatici S.r.l. (euro 0.2 million) and Pirelli & C. S.p.A. (euro 0.3 million) owed to Allianz S.p.A., Assicurazioni Generali S.p.A. and Fonsai S.p.A..
Non current other receivables	0.5	The amount refers mainly to receivables of Pirelli & C. S.p.A. from Allianz S.p.A..
Current other receivables	0.7	The amount refers to insurance costs shown above of Pirelli Tyre S.p.A. (euro 0.5 million) and of Pirelli Industrie Pneumatici S.r.l. (euro 0.2 million) owed to Allianz S.p.A. and Assicurazioni Generali S.p.A..
Current trade payables	0.2	The amount mainly refers to payables of Pirelli Industrie Pneumatici S.r.l. to Allianz S.p.A. (euro 0.1 million).

The Board of Directors

Milan, May 7, 2013

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (in thousands of euro)

	03/31/2013	12/31/2012 *
Property, plant and equipment	2,657,955	2,623,444
Intangible assets	1,023,186	1,022,484
Investments in associates	106,358	113,171
Other financial assets	105,378	118,125
Deferred tax assets	207,360	207,110
Other receivables	390,795	370,210
Tax receivables	9,716	9,297
Non-current assets	4,500,748	4,463,841
Inventories	1,128,994	1,102,560
Trade receivables	1,023,643	704,558
Other receivables	339,684	341,404
Securities held for trading	122,033	224,717
Cash and cash equivalents	344,256	679,794
Tax receivables	34,975	28,246
Derivative financial instruments	43,970	47,703
Current assets	3,037,555	3,128,982
Total Assets	7,538,303	7,592,823
Equity attributable to owners of the Parent:	2,399,292	2,337,403
- Share capital	1,343,285	1,343,285
- Reserves	983,061	607,009
- Net income (loss)	72,946	387,109
Equity attributable to non-controlling interests:	50,642	52,026
- Reserves	51,505	47,575
- Net income (loss)	(863)	4,451
Equity	2,449,934	2,389,429
Borrowing from bank and other financial institutions	2,009,613	1,995,775
Other payables	73,456	70,643
Provisions for liabilities and charges	144,484	142,230
Provisions for deferred tax liabilities	57,637	56,056
Employee benefit obligations	508,727	522,957
Tax payable	4,396	4,172
Non-current liabilities	2,798,313	2,791,833
Borrowing from bank and other financial institutions	456,964	440,526
Trade payable	1,127,352	1,268,683
Other payables	413,798	417,556
Provisions for liabilities and charges	112,054	110,839
Tax payables	91,532	77,609
Derivative financial instruments	88,356	96,348
Current liabilities	2,290,056	2,411,561
Total liabilities and equity	7,538,303	7,592,823

* The figures of 2012 have been restated due to the new standard IAS 19 revised "employee benefits" being effective from 1/1/2013

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	1/1 - 31/03/2013	1/1 - 31/03/2012 *
Revenues from sales and services	1,536,339	1,556,531
Other income	33,949	27,904
Change in inventories of work in progress, semi-finished and finished products	(17,312)	20,799
Raw materials and consumables (net of change in inventories)	(558,799)	(603,467)
Personal expenses	(307,678)	(309,923)
Amortisation, depreciation and impairment	(72,399)	(64,488)
Other costs	(435,119)	(415,659)
Additions to property ,plant and equipment for internal work	800	973
Operating income	179,781	212,670
Net income (loss) from equity investments	(6,556)	544
- share of net income (loss) of associates and jv	(6,812)	(271)
- gains on equity investments	79	291
- losses on equity investments	(150)	-
- dividends	327	524
Financial income	19,811	26,502
Financial expenses	(78,449)	(50,811)
Net income (loss) before income tax	114,587	188,905
Income tax	(42,503)	(65,283)
Net income (loss)	72,084	123,622
Attributable to:		
Owners of the parent	72,946	121,289
Non-controlling interests	(862)	2,333

* The figures of 2012 have been restated due to the new standard IAS 19 revised "employee benefits" being effective from 1/1/2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in thousands of euro)

	1/1 - 03/31/2013	1/1 - 03/31/2012 *
A Net income (loss) for the period	72,084	123,622
Other components recognised in equity:		
B - Items that will not be reclassified to income statement:		
- Net actuarial gains (losses) on employee benefits		2,296
- Tax effect		(651)
Total B	-	1,645
C - Items reclassified / that may be reclassified to income statement:		
Exchange differences from translation of foreign financial statements	(11,574)	(16,534)
Fair value adjustment of other financial assets:		
- Gains / (losses) for the period	(12,813)	489
- (Gains) / losses reclassified to income statement	-	(239)
Fair value adjustment of derivatives designated as cash flow hedges:		
- Gains / (losses) for the period	9,339	8,117
- (Gains) / losses reclassified to income statement	1,172	6,664
- Tax effect	(2,317)	287
Total C	(16,193)	(1,216)
Share of other components recognised in Equity related to associates and joint ventures	-	(150)
Total D	-	(150)
E Total other components recognised in Equity (B+C+D)	(16,193)	279
A+E Total comprehensive income (loss) for the period	55,891	123,901
Attributable to:		
- Owners of the Parent	57,658	122,875
- Non-controlling interests	(1,767)	1,026

* The figures of 2012 have been restated due to the new standard IAS 19 revised "employee benefits" being effective from 1/1/2013

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

(in thousands of euro)

	Attributable to owners of the Parent					Non controlling interests	TOTAL
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/retained earnings	Total attributable to owners of the Parent		
Total at 12/31/2012	1,343,285	(1,606)	(538,122)	1,533,846	2,337,403	52,026	2,389,429
Totale other components recognised in							
Equity	-	(10,668)	(4,619)	-	(15,287)	(905)	(16,192)
Net income (loss)	-	-	-	72,946	72,946	(863)	72,083
Total gains (losses)	-	(10,668)	(4,619)	72,946	57,659	(1,768)	55,891
Venezuela inflation effect	-	-	-	6,890	6,890	270	7,160
Other	-	-	-	(2,660)	(2,660)	114	(2,546)
Total at 03/31/2013	1,343,285	(12,274)	(542,741)	1,611,022	2,399,292	50,642	2,449,934

(in thousands of euro)

	Breakdown of IAS reserves *				
	Reserve for fair value adjustment of available-for- sale financial assets	Reserve for cash flow hedge	Reserve for actuarial gains/losses	Reserve for deferred taxes	Total IAS reserve
Balance at 12/31/2012	2,001	(44,971)	(548,846)	53,694	(538,122)
Total other components recognised in Equity	(12,813)	10,511	-	(2,317)	(4,619)
Other changes	-	-	-	-	-
Balance at 03/31/2013	(10,812)	(34,459)	(548,846)	51,378	(542,741)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY at 03/31/2012 **

(in thousands of euro)

	Attributable to owners of the Parent					Non controlling interests	TOTAL
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/retained earnings	Total attributable to owners of the Parent		
Total at 12/31/2011	1,343,285	64,446	(513,494)	1,251,862	2,146,099	45,479	2,191,578
Total other components recognised in Equity	-	(15,226)	16,812	-	1,586	(1,307)	279
Net income (loss)	-	-	-	121,289	121,289	2,333	123,622
Total gains (losses)	-	(15,226)	16,812	121,289	122,875	1,026	123,901
Dividend paid	-	-	-	-	-	(2,170)	(2,170)
Venezuela inflation effect	-	-	-	5,228	5,228	205	5,433
Other	-	-	-	403	403	933	1,336
Total at 03/31/2012	1,343,285	49,220	(496,682)	1,378,782	2,274,605	45,473	2,320,078

** The figures of 2012 have been restated due to the new standard IAS 19 revised "employee benefits" being effective from 1/1/2013

(in thousands of euro)

	Breakdown of IAS reserves *				
	Reserve for fair value adjustment of available-for-sale financial assets	Reserve for cash flow hedge	Reserve for actuarial gains/losses	Reserve for deferred taxes	Total IAS reserve
Balance at 12/31/2011	(19,216)	(55,304)	(486,562)	47,588	(513,494)
Total other components recognised in Equity	249	14,631	-	287	15,167
Other changes	-	-	1,645	-	1,645
Balance at 03/31/2012	(18,967)	(40,673)	(484,916)	47,875	(496,682)

CONSOLIDATED STATEMENT OF CASH FLOW (in thousands of euro)

	1 Q 2013	1 Q 2012 *
Net income (loss) from continuing operations before taxes	114,587	188,905
Amortisation, depreciation, impairment losses and reversals of impaired property, plant and equipment and intangible assets	72,399	64,488
Reversal of financial expenses	78,449	50,811
Reversal of financial income	(19,811)	(26,502)
Reversal of dividends	(327)	(524)
Reversal of gains/(losses) on equity investments	71	(291)
Reversal of share of net income from associates and joint ventures	6,812	271
Income taxes	(42,503)	(65,283)
Change in inventories	(26,677)	(84,970)
Change in trade receivables	(314,592)	(317,486)
Change in trade payables	(133,485)	(168,184)
Change in other receivables/payables	(18,330)	42,829
Change in provisions for employee benefits and other provisions	(7,350)	15,015
Other changes	3,350	(2,941)
A Net cash flows provided by (used in) operating activities	(287,407)	(303,862)
Purchase of property, plant and equipment	(78,685)	(79,250)
Disposal of property, plant and equipment	-	604
Purchase of intangible assets	(1,020)	(861)
Acquisitions of equity investments in subsidiaries - Russia net of cash acquired	-	(154,531)
Disposals (Acquisition) of available-for-sale financial assets	(67)	1,912
Dividends received	327	524
B Net cash flows provided by (used in) investing activities	(79,445)	(231,602)
Change in financial payables	(47,672)	265,379
Change in financial receivables	107,955	37,484
Financial income (expenses)	(58,638)	(24,309)
Dividends paid	-	(2,170)
C Net cash flows provided by (used in) financing activities	1,645	276,384
D Total cash flows provided (used) during the period (A+B+C)	(365,207)	(259,080)
E Cash and cash equivalents at beginning of year	665,004	542,443
F Exchange differences on translation of cash and cash equivalents	9,720	(2,039)
G Cash and cash equivalents at end of the period (D+E+F) (°)	309,517	281,324
(°) of which:		
cash and cash equivalents	344,256	291,929
bank overdrafts	(34,739)	(10,605)

* The figures of 2012 have been restated due to the new standard IAS 19 revised "employee benefits" being effective from 1/1/2013

FORM AND CONTENTS

The Interim Management Statements at March 31, 2013 have been prepared in accordance with Art. 154 *ter* of Legislative Decree 58/1998 and applicable Consob instructions.

The International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission and in force at the time of approval of this report, have been followed for the purposes of recognition and measurement.

The accounting standards and policies are the same as those used to prepare the Annual Financial Report at December 31, 2012, to which reference is made for more details, with the exception of the following standards that are applicable beginning January 1, 2013:

- Amendments to IAS 1 – Presentation of Financial Statements – presentation of other components related to equity; the consolidated statement of comprehensive income reflects the amendment to the standard, which provides that the other components recognised in equity must be divided in two groups, those that may be recycled in the income statement in future and those for which this possibility is not allowed;
- Amendments to IAS 12 – Income Taxes – Deferred Taxes: recovery of underlying assets: no impact on the Group;
- Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards – Hyperinflation and elimination of fixed dates on first-time adoption: no impact on the Group;
- IFRS 13 – Fair Value Measurement: no impact on the Group;
- Amendments to IFRS 7 – Financial Instruments: Disclosure – offsetting of financial assets and liabilities: no impact on the Group;

- Amendments to IAS 32 – Financial Instruments: Presentation – offsetting of financial assets and liabilities: no impact on the Group;
- Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards – Government Loans: no impact on the Group;
- “Improvements” to IFRSs (issued by the IASB in May 2012): no impact on the Group;
- IAS 19 revised – Employee Benefits: for the Group, the principal change introduced by the new standard concerns elimination of the “expected return on plan assets” and the “interest cost”, which are replaced by a new quantity named “net interest”, calculated by applying the discount rate that was previously used only for the gross liability to the net liability (i.e. the gross liability net of plan assets). Moreover, beginning January 1, 2013, net interest is classified under financial expenses, and no longer as a component of the operating result. The new quantity named “net interest” would have had a negative impact of euro 1.6 million on the 1Q 2012 income statement, net of the tax effect, while equity would have been unaffected: this effect is reflected in the restated financial statements at March 31, 2012.

Net financial (liquidity)/debt position**(alternative performance measure not envisaged by the accounting standards)**

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

(in thousands of euro)

	03/31/2013	12/31/2012
Current borrowing from bank and other financial institutions	456,964	440,526
Current derivative financial instruments (liabilities)	10,035	19,168
Non-current borrowing from bank and other financial institutions	2,009,613	1,995,775
Total gross debt	2,476,612	2,455,469
Cash and cash equivalents	(344,256)	(679,794)
Securities held for trading	(122,033)	(224,717)
Current financial receivables	(53,371)	(66,290)
Current derivative financial instruments (assets)	(10,963)	(18,136)
Net financial debt *	1,945,989	1,466,532
Non-current financial receivables	(265,752)	(261,327)
Total net financial (liquidity) debt position	1,680,237	1,205,205

* Pursuant to Consob Notice of July 28,2006 and in compliance with CESR recommendation of February 10,2005 "Recommendations for the consistent implementation of the European Commission regulation on Prospectuses"

Exchange rates

(local currency against euro)

	Period-end		Change in %	Average		Change in %
	03/31/2013	03/31/2012		2013	2012	
Venezuela Bolivar Fuerte	8.0672	5.7431	40.47%	8.0672	5.7431	40.47%
Swedish Krona	8.3553	8.8455	(5.54%)	8.4956	8.8529	(4.04%)
Australian Dollar	1.2308	1.2836	(4.11%)	1.2707	1.2425	2.27%
Canadian Dollar	1.3021	1.3311	(2.18%)	1.3306	1.3128	1.36%
Singapore Dollar	1.5900	1.6775	(5.22%)	1.6334	1.6573	(1.44%)
U.S. Dollar	1.2805	1.3356	(4.13%)	1.3200	1.3108	0.70%
Taiwan Dollar	38.1743	39.3989	(3.11%)	38.8949	38.9062	(0.03%)
Swiss Franc	1.2195	1.2045	1.25%	1.2279	1.2080	1.65%
Egyptian Pound	8.7114	8.0684	7.97%	8.8286	7.9133	11.57%
Turkey Lira (new)	2.3230	2.3778	(2.30%)	2.3587	2.3574	0.06%
New Romanian Leu	4.4193	4.3820	0.85%	4.3879	4.3533	0.80%
Argentinean Peso	6.5587	5.8486	12.14%	6.6157	5.6908	16.25%
Mexican Peso	15.8406	17.1110	(7.42%)	16.6830	17.0347	(2.06%)
South African Rand	11.8200	10.2322	15.52%	11.8161	10.1730	16.15%
Brazilian Real	2.5853	2.4336	6.23%	2.6367	2.3203	13.64%
Chinese Renminbi	8.0273	8.4067	(4.51%)	8.2875	8.2679	0.24%
Russian Ruble	39.8023	39.1707	1.61%	40.1851	39.4220	1.94%
British Pound	0.8456	0.8339	1.40%	0.8505	0.8345	1.92%
Japanese Yen	120.8700	109.5600	10.32%	121.6527	103.9932	16.98%

**Certification pursuant to Article 154-bis, paragraph 2
of Legislative Decree 58 of February 24, 1998 (“Consolidated Law
on Finance”)**

I, Francesco Tanzi, the Corporate Financial Reporting Manager of Pirelli & C. S.p.A., with registered office at Viale Piero e Alberto Pirelli 25, Milan, Italy, share capital of euro 1,345,380,534.66, taxpayer identification number, VAT registration number and entry in the Milan Companies Register at number 00860340157, hereby

Certify

pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the accounting information contained in the interim management statements at March 31, 2013 corresponds with the company’s accounting records.

Milan, May 7, 2013

Francesco Tanzi
Corporate Financial
Reporting Manager