



## PRESS RELEASE

THE BOARD OF DIRECTORS OF PIRELLI & C. SPA APPROVES FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2009:

- OPERATING RESULTS IN THE THIRD QUARTER IMPROVED OVER THE FIRST HALF OF THE YEAR
- IMPROVED GROUP OPERATING TARGETS FOR 2009: REVENUES FORECAST AT MORE THAN 4.3 BILLION EUROS; EBIT MARGIN APPROXIMATELY 4.5% DESPITE GREATER RESTRUCTURING CHARGES THAN FORECAST IN THE INDUSTRIAL PLAN; FINANCIAL POSITION IMPROVED AT AROUND -700 MILLION EUROS (ALREADY REDUCED AT THE END OF JUNE TO -800 MILLION EUROS FROM -1 BILLION EUROS)
  - PIRELLI TYRE:  
REVENUE TARGET FOR 2009 IMPROVED TO AROUND 3.9 BILLION EUROS;  
EBIT MARGIN POST RESTRUCTURING CHARGES 7% OR HIGHER;  
2009 TARGET FOR NET FINANCIAL POSITION REACHED ONE QUARTER IN ADVANCE

\*\*\*

### PIRELLI & C. GROUP

- ATTRIBUTABLE NET INCOME IN THE THIRD QUARTER 11.9 MILLION EUROS (-15.1 MILLION EUROS IN THE THIRD QUARTER OF 2008) AND TOTAL NET INCOME 3.7 MILLION EUROS (-26.8 MILLION EUROS IN THE THIRD QUARTER OF 2008)
  - NET FINANCIAL POSITION AS OF 30 SEPTEMBER NEGATIVE FOR 691.4 MILLION EUROS, IMPROVED OVER 1,107.6 MILLION EUROS AS OF 30 JUNE 2009

\*\*\*

### PIRELLI TYRE

- THIRD QUARTER REVENUES 1,042.7 MILLION EUROS (+1.4% ON A LIKE FOR LIKE BASIS, NET OF EXCHANGE RATE EFFECTS, COMPARED WITH THE THIRD QUARTER OF 2008)
- THIRD QUARTER NET INCOME 36.7 MILLION EUROS (6.6 MILLION EUROS IN THE THIRD QUARTER OF 2008)
  - OPERATING CASH FLOW OF 218 MILLION EUROS IN THE THIRD QUARTER

*Milan, 5 November 2009* – The Board of Directors of Pirelli & C. SpA, which met today, reviewed and approved the **intermediate financial statements as of 30 September 2009**.

The first nine months of the 2009 fiscal year of the Pirelli Group show positive operating indicators overall in line with what was set out in the 2009-2011 industrial plan, thanks to positive effects of the restructuring measures, and efficiencies adopted in order to contrast the slowdown in the real estate sector and the automotive industry, which is showing the first signs of recovery. The results reached allow the Group to forecast that for the **full year 2009**, barring extraordinary events unpredictable today, **the Pirelli Group should reach the targets identified in the 2009-2011 industrial plan** presented last February, **in some cases with an improvement over the targets**, especially due to the positive performance of Pirelli Tyre.

Overall, the **Pirelli Group** closed the third quarter with attributable consolidated net income of 11.9 million euros, compared with a loss of 15.1 million euros in the corresponding period of 2008, while

total net income was 3.7 million euros compared with a loss of 26.8 million euros in the third quarter of 2008. During the third quarter the Group sold a total of 123,923,185 ordinary shares in Telecom Italia SpA. As of today Pirelli holds no Telecom Italia shares.

The **net financial position** of the Group as of 30 September 2009 was negative for 691.4 million euros, decidedly improved over the 1,107.6 million euro figure as of 30 June 2009 (1,055.7 million euros as of 30 September 2008), thanks to the positive contribution of Pirelli Tyre cash flow, income of around 130 million euros from the sale of Telecom Italia shares and the success of the Pirelli RE capital increase.

For **Pirelli Tyre** during the third quarter the benefits continued which had already been seen in the second quarter, thanks to the positive impact of lower raw materials costs, to greater efficiency from restructuring actions, and to the first signs of recovery in the market, especially in the consumer segment, with positive performance in the Replacement channel and a slower rate of decline in the Original Equipment channel. From an operational point of view, all this brought – in the third quarter, as in the three preceding months – **results showing better profitability compared with a year earlier: the EBITDA margin stood at 13.6% in the third quarter compared with 8.6% in the third quarter of 2008, and the EBIT margin before restructuring charges was 9% compared with 3.8% in the third quarter of 2008.**

Mainly due to greater efficiency in management of working capital, the **third quarter for Pirelli Tyre registered operating cash flow that was positive for 218 million euros** and the **net financial position**, negative, improved from 1,467 million euros as of 30 June 2009 to 1,298.6 million euros as of the end of September 2009, after restructuring charges of 7.4 million euros.

In the first nine months, in addition, efficiencies on labor costs, use of materials and purchasing processes, as well as advantages obtained on the cost of raw materials before exchange rate effects, **allowed the Group to reach 85% of its 2009 target (200 million euros) of cost cutting at steady exchange rates, as forecast for Pirelli Tyre in the Group's 2009-2011 industrial plan.**

**Pirelli Eco Technology**, after having obtained during the first half of the year homologation of its particulate filters in China, where sales have begun, in the third quarter concluded the process of homologation required by the German market for vehicles from Euro 1 to Euro 3 both for the Light Duty segment and for Heavy Duty. The two countries represent important markets for the company, whose performance however suffers from a general delay in operational implementation of existing regulations on traffic and smog, as well as from the difficult economic situation, and from longer than expected timetables for obtaining homologations in order to grow in new markets. Despite this scenario, growth in sales of filters confirm for the company a market share in Europe of more than 20% which makes it one of the biggest players in retrofit systems, and among those with the best future growth prospects thanks to the homologations recently obtained and the recent relaunch of domestic and international programs for introduction of low emission zones.

**Pirelli RE** continued to work on completing the turnaround announced in its three-year plan for 2009/2011. In fact, internal reorganization was proceeding, as was the cost-saving plan, started in 2008 in order to face the new market conditions. The Company was also focusing on its recurring revenues from real estate management and specialized services and on reducing debt and net invested capital. In keeping with the announced strategy, the sale of 5% of Pirelli RE SGR to institutional partner Intesa Sanpaolo during the third quarter, was designed to support growth in the assets managed by the fund manager and hence in fund management activities, both of which are core elements of the development strategy contained in the 2009-2011 business plan, with the goal of increasing recurring profits from real estate management activities, as well as making potential partnerships with other sector operators. The Company was also continuing to implement the cost-saving plan started in 2008, with the savings of 47 million euros achieved in the period to 30 September close to the original full-year target for 2009 of 50 million euros; the annual target has been revised up accordingly to around 65 million euros in total savings. As far as the Company's capital and financial strengthening is concerned, in the third quarter the capital increase was completed successfully and a committed credit line was obtained from eight leading financial institutions, more appropriate to the Company's new requirements.

Despite the impact of the international crisis, which is still affecting results, Pirelli RE closed the third quarter with a negative EBIT, inclusive of net income from investments before restructuring costs and writedowns/ revaluations, of 7.3 million euros although better than the previous two quarters (-14.7 million euros in the first quarter and -8.2 million euros in the second quarter).

In **other businesses** the good performance of **Pirelli Broadband Solutions** should be noted; the company closed the first nine months of the year with revenues up nearly 12% and net income of 3.5 million euros.

## **Pirelli & C. SpA Group**

At consolidated level, **revenues** in the third quarter amounted to 1,169.8 million euros, up 6.9% compared to 1,094.6 million euros in the second quarter of 2009; while in the third quarter of 2008 revenues amounted to 1,213.2 million euros. As of 30 September 2009 revenues amounted to 3,307.4 million euros for the nine-month period, down 9.8% compared with 3,668.0 million euros in the first nine months of 2008.

**EBIT including restructuring charges** in the third quarter amounted to 62.7 million euros (5.4% as a percentage of revenues), up from 2.1 million euros in the third quarter of 2008 and 54.3 million euros in the second quarter of 2009.

EBIT including restructuring charges as of 30 September 2009 stood at 163.8 million euros for the nine-month period, or 5.0% of revenues, in line with targets in the 2009-2011 industrial plan, and compares with a result in the first nine months of 2008 of 183 million euros. Restructuring charges in the period amounted to 41.3 million euros (of which 18.1 million euros for Pirelli Tyre, 13.2 million euros for Pirelli RE and 10 million euros with the first tranche of the new reorganization of the parent company announced in September), compared with 49.3 million euros in the first nine months of 2008.

In the third quarter, **attributable consolidated net income of Pirelli & C. SpA** stood at 11.9 million euros compared with a loss of 15.1 million euros in the corresponding period of 2008, and **total consolidated net income** was 3.7 million euros compared with a loss of 26.8 million euros in the third quarter of 2008. As of 30 September 2009 attributable consolidated net income of Pirelli & C. SpA amounted to 18.2 million euros for the nine-month period, compared with a net loss of 51.3 million euros in the first nine months of 2009, while the total consolidated net result was a loss of 8.7 million euros (-36.3 million euros as of 30 September 2008). The results were influenced by, in addition to the operating trends of the various businesses, the negative impact for a total of 17.5 million euros, related to writedowns and sales of Telecom Italia shares in the period. During the third quarter, a total of 123,923,185 ordinary shares in Telecom Italia SpA were sold, with a positive impact on quarterly results. As of today, Pirelli holds no Telecom Italia shares.

**Consolidated shareholders' equity** as of 30 September 2009 amounted to 2,570.7 million euros compared with 2,369.6 million euros as of 30 June 2009 and 2,374.4 million euros as of 31 December 2008. **Consolidated shareholders' equity attributable to Pirelli & C. SpA** amounted to 2,244.9 million euros compared with 2,202.1 million euros as of 30 June 2009 and 2,171.8 million euros at the end of 2008.

The **net financial position** of the Group as of 30 September 2009 was negative for 691.4 million euros, decidedly improved over the 1,107.6 million euro figure as of 30 June 2009, especially thanks to the positive contribution of operations (188 million euros), the capital increase of Pirelli Re (167 million euros) and the sale of Telecom Italia shares (130 million euros). As of 30 September 2008 the net financial position was negative for 1,055.7 million euros.

It should be recalled that on 16 September 2009 the Board of Directors of Pirelli reviewed and approved a new organizational structure for the Group which, coherently with the strategy and targets of the 2009-2011 industrial plan to focus on the core business, foresees a simplification of the organizational structure and regrouping of activities directly in support of the core business in the new "Tyre and Parts" Department. The reorganization, which will allow for a significant downsizing of the corporate structure and regrouping of operational activities necessary for development of the core

business – will signify total charges of 20 million euros in 2009 and savings, foreseen to begin in 2010, of at least 10 million euros on an annual basis.

At the end of the period there were 29,509 **employees of the Group** compared with 31,056 as of 31 December 2008.

## **Pirelli Tyre**

**Revenues of Pirelli Tyre** in the third quarter amounted to 1,042.7 million euros, down 1.9% compared with 1,062.9 million euros in the third quarter of 2008. Unlike in the two previous quarters in 2009, in addition, revenues in the third quarter showed a positive organic variation of 1.4% (-7.7% in the second quarter, -11.2% in the first quarter) thanks to a much less negative volume shift (-3.3% compared with -13.3% in the second quarter and -18.1% in the first quarter) and to a positive price/mix trend (+4.7%). As of 30 September 2009 revenues amounted to 2,958.6 million euros for the nine-month period, down 8.4% compared with 3,229.2 million euros in the corresponding period of 2008. Net of exchange rate effects, which were negative for 2.6%, the organic variation was a decline of 5.8%, with a negative variation in volumes of 11.6% and a positive variation in price/mix of 5.8%.

**EBITDA before restructuring charges** amounted to 142.0 million euros in the third quarter (133.0 million euros in the second quarter of 2009 and 91.8 million euros in the third quarter of 2008), with an improvement in the EBITDA margin to 13.6% compared with 8.6% in the corresponding period of 2008. EBITDA before restructuring charges as of 30 September 2009 was 382.8 million euros for the first nine months, up 1.2% compared with 378.3 million euros in the corresponding period of 2008, or 12.9% of revenues (11.7% in the first nine months of 2008).

**EBIT before restructuring charges** stood at 94.3 million euros in the third quarter compared with 40.8 million euros in the third quarter of 2008, with an EBIT margin improved to 9% compared with 3.8%. As of 30 September 2009 EBIT before restructuring charges for the first nine months of 2009 was 240.8 million euros, up 3.9% compared with 231.8 million euros in the first nine months of 2009, or 8.1% of revenues.

**EBIT post restructuring charges** amounted to 85.9 million euros in the third quarter, with a margin of 8.2% compared with 14.1 million euros (1.3% margin) in the third quarter of 2008. As of 30 September 2009, EBIT post restructuring charges amounted to 222.7 million euros for the nine-month period, up 11.3% compared with 200.1 million euros in the first nine months of 2008, or 7.5% of revenues, improved from 6.2% in the first nine months of 2008 (6.5%-7% was the 2009 target in the 2009-2011 industrial plan).

**Net income** in the third quarter stood at 36.7 million euros compared with 6.6 million euros in the third quarter of 2008. Net income as of 30 September 2009 amounted to 90.9 million euros compared with 108.3 million euros in the first nine months of 2008.

The **net financial position** was negative for 1,298.6 million euros, improved from the negative figure of 1,467.0 million euros as of 30 June 2009 (1,266.8 million euros at the end of 2008). Especially thanks to growing efficiency in working capital management, the **third quarter registered operating cash flow of 218.4 million euros**. The cash variation in the first nine months of 2009 registered overall cash flow from operations that was positive for 216.8 million euros, while net cash flow in the first nine months was negative for 31.8 million euros, mainly for financial and tax charges of 135.6 million euros, dividends paid out for 66.5 million euros and cash outflows for restructuring of 54.7 million euros.

In the **Consumer business (Car/Light Truck and Motorcycle tyres)**, revenues in the third quarter amounted to 736 million euros, up 3.1% (+5.3% in organic terms, net of exchange rate effects) compared with 713.6 million euros in the same period of 2008, while EBIT before restructuring charges rose to 64.1 million euros from 12.7 million euros, with EBIT as a percentage of sales up to 8.7% from 1.8% in the same period of 2008. The strong **improvement in profitability** in the third quarter was linked to the decline in raw materials costs, the focus on price/mix, actions for greater competitiveness and a recovery in the market, accompanied by sales growth at higher rates than the market in all areas. The Replacement channel – in particular – showed growth rates higher than in the

corresponding period of 2008 and the Original Equipment channel rates of decline that were smaller than in the previous quarters.

As of 30 September 2009 revenues in the nine-month period amounted to 2,108 million euros, down 4.5% (-2.6% organically, net of exchange rate effects) compared with the first nine months of 2008 (2,207.9 million euros), while EBIT before restructuring charges was 160.5 million euros, up 15.5% compared with 139 million euros in the first nine months of 2008. EBIT as a percentage of revenues improved to 7.6% compared with 6.3% in the corresponding period of 2008.

In the *Industrial business (tyres for Industrial Vehicles and Steelcord)* revenues in the third quarter stood at 306.7 million euros (349.3 million euros in the third quarter of 2008) and EBIT before restructuring charges amounted to 30.2 million euros (28.1 million euros in the third quarter of 2008), with improvement in the EBIT margin to 9.8%, compared with 8% in the third quarter of 2008. As of 30 September revenues in the first nine months of 2009 amounted to a total of 850.6 million euros, down 16.7% compared with the like period of 2008 (1,021.3 million euros), while EBIT before restructuring charges was 80.3 million euros, with an EBIT margin of 9.4%, compared with 92.8 million euros in the first nine months of 2008, with an EBIT margin of 9.1%.

The industrial segment, more cyclical because it is linked to macroeconomic performance and to certain specific areas such as public works and large construction projects, registered a slowdown in both sales channels in the first nine months of 2009. The strategic positioning of Pirelli Tyre, focused in high growth economies both in production and in sales, allowed the Company to maintain good levels of profitability, even in the presence of an unfavorable trend in sales volumes, which fell 19.8% and were in part counter-balanced by a positive variation in price/mix (+7.3%), in organic terms a decline in sales of 12.5%. Exchange rate effects weighed negatively for 4.2%.

**Employees** as of 30 September 2009 counted 27,283, down by 1,318 units compared with 31 December 2008, in line with the restructuring plan illustrated on the occasion of the presentation of the three-year plan in February.

### **Pirelli Eco Technology**

**Pirelli Eco Technology** closed the first nine months of 2009 with **revenues** of 38.8 million euros compared with 47.5 million euros in the corresponding period of 2008. **EBIT** was negative for 8.8 million euros compared with a negative figure of 6.5 million euros in the corresponding period of 2008, while the **net result** was negative for 10.7 million euros after financial charges of 1.9 million euros. The result was weighed down by delays in operational implementation of anti-pollution regulations, as well as the economic crisis, and by start-up costs for the Romanian site.

During the third quarter of 2009, the **process of homologation for particulate filters in Germany** was completed for vehicles from Euro 1 to Euro 3 categories, both for Light Duty and Heavy Duty vehicles, therefore allowing for growth of the business in one of the most interesting European markets. The conclusion of the homologation process in Germany followed the one already concluded in China during the first half of the year. During the first nine months of the year the manufacturing site in Bumbesti Jiu in Romania started up definitively, allowing the company to serve both already active markets and Original Equipment for cars, where supply contracts are already underway.

A restart of national and International programs for introduction of low emission zones, together with the homologations recently obtained internationally and the growth opportunities presented by the company's diversified geographical presence, place the company in the best position to take opportunities offered by demand growth in the Italian and German markets for light duty vehicles and the great potential of the Chinese market for particulate filters.

### **Pirelli RE**

For further information on the performance of **Pirelli RE**, please refer to the press release distributed on 4 November 2009.

## Other businesses

**Pirelli Broadband Solutions**, the company in the group operating in broadband access solutions, registered revenues as of 30 September 2009 amounting to 103.1 million euros, up 11.7% over the figure in the first nine months of 2008 (92.3 million euros). **Net income was a positive figure** of 3.5 million euros, compared with net income of 2.3 million euros in the corresponding period of 2008.

The significant increase in revenues was due mainly to an increase in sales volumes of Residential Access Gateways, as well as to the growth of the overall product portfolio during the period, in line with the industrial plan.

## Prospects for the current year

In light of the results registered in the first nine months of the year, it **can be expected that in 2009**, barring extraordinary events not predictable as of today, the **Pirelli Group reaches the targets identified in the 2009-2011 industrial plan** presented last February **even improving some indicators**, thanks mainly to the good performance of Pirelli Tyre. **Consolidated revenue is expected to reach more than 4.3 billion euros and the EBIT margin forecast at approximately 4.5%**, even after greater restructuring charges than foreseen in the industrial plan.

**As for the financial position of the Group**, whose net debt target for 2009 of about 1 billion euros as forecast on the occasion of presentation of the industrial plan had already improved to about 800 million euros at the end of the first half of the year, the Group forecasts a further improvement to a level of net debt of about 700 million euros, thanks to the positive contribution of Pirelli Tyre cash flow, sales of non core assets, and the success of the Pirelli RE capital increase.

For **Pirelli Tyre**, in particular, the results in the first nine months **allow the Company to increase its 2009 revenue target from 3.8 billion euros to about 3.9 billion euros**. The EBIT margin post restructuring charges is foreseen at year end equal to or greater than 7% (6.5%-7% was the range forecast in the industrial plan), despite the increase in the prices of some raw materials (in particular natural rubber), thanks to benefits deriving from restructuring actions, the positive channel mix and prices holding up both in the Consumer segment and in the Industrial segment. The 2009 target for the net financial position (-1.3 billion euros) was reached a quarter ahead of time and is expected to slightly improve at the end of the year.

For **Pirelli Eco Technology**, the delay in operating implementation of existing regulations limiting polluting traffic, together with the difficult economic crisis and delays in obtaining homologations for development of new markets, signify expectations that 2009 will close with negative EBIT (this had been indicated at the end of the first half of 2008 to be close to break-even).

For **Pirelli RE** the previously announced target level for full-year EBIT including net income from investments before restructuring costs and property writedowns/revaluations (between -25 million euros and -35 million euros) is confirmed, barring exogenous factors beyond the Company's control, such as changes in the macroeconomic scenario, the trend in the real estate market, movements in interest rates and the terms of access to credit.

## Expiration of program for buyback of treasury shares

At the end of October 2009, the program for buyback of treasury shares approved by the Board of Directors on 9 May 2008 pursuant to authorization received from the Shareholders' Meeting of 29 April 2008, expired.

In the program, 1,250,000 ordinary treasury shares were purchased on the market at a unit price of 0.2985 euros.

As of today the Company holds 3,867,500 ordinary treasury shares (0.07% of the share capital) and 4,491,769 savings treasury shares (0.08% of the share capital).

## Corporate events calendar for 2010

The following is the calendar of Board of Directors' and Shareholders' meetings for 2010:

**10 March 2010:** Board of Directors' meeting for review of draft financial statements as of 31 December 2009.

**20 April 2010** (first call), **21 April 2010** (second call): Shareholders' meeting for approval of financial statements.

**6 May 2010:** Board of Directors' meeting for review of intermediary financial report as of 31 March 2010.

**29 July 2010:** Board of Directors' meeting for review of the half year financial report as of 30 June 2010.

**4 November 2010:** Board of Directors' meeting for review of intermediary financial report as of 30 September 2010.

## Conference call

The results of operations as of 30 September 2009 will be illustrated today at 4:30 p.m. during a conference call in which the Chairman of Pirelli & C. SpA, Marco Tronchetti Provera, will intervene. Journalists will be able to follow the presentation by telephone, without the possibility to ask questions, by calling the number +39.06.3348.5042. The presentation will also be available via webcast - in real time - on the website [www.pirelli.com](http://www.pirelli.com) in the Investor Relations section, where it will be possible to consult the slides.

\*\*\*

The intermediary financial statements as of 30 September 2009 will be available to the public at the Company's headquarters and at Borsa Italiana SpA, and published on the Company's website [www.pirelli.com](http://www.pirelli.com), by the end of the day on 13 November 2009.

*The Manager mandated to draft corporate accounting documents of Pirelli & C. S.p.A., Francesco Tanzi, declares – as per art. 154-bis, comma 2 of the Testo Unico della Finanza – that the accounting information contained in this press release corresponds to the documented results, books and accounting registers.*

\*\*\*

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

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

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

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

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

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

Pirelli Press Office – Tel. +39 02 64424270 – [pressoffice@pirelli.com](mailto:pressoffice@pirelli.com)

Pirelli Investor Relations – Tel. +39 02 64422949 – [ir@pirelli.com](mailto:ir@pirelli.com)

[www.pirelli.com](http://www.pirelli.com)

Prospectuses relating to the consolidated income statement, synthesized balance sheet data and cash flow statements are all appended to this press release. In compliance with CONSOB Communication 6064291 of July 28th, 2006, you are advised that these tables are not subject to review by the auditing company.

	3rd Q 2009	3rd Q 2008	09/30/2009	09/30/2008	12/31/2008
. Net sales	1,169.8	1,213.2	3,307.4	3,668.0	4,660.2
. <b>Gross operating profit before restructuring expenses</b>	<b>135.1</b>	85.2	<b>361.2</b>	391.0	396.1
<i>of which real estate writedowns/revaluations</i>	-	-	(4.2)	(0.3)	(9.3)
. % on sales	11.5%	7.0%	10.9%	10.7%	8.5%
. <b>Operating profit before restructuring expenses</b>	<b>82.8</b>	30.2	<b>205.1</b>	232.3	187.4
<i>of which real estate writedowns/revaluations</i>	-	-	(4.2)	(0.3)	(9.3)
. % on sales	7.1%	2.5%	6.2%	6.3%	4.0%
. Restructuring expenses	(20.1)	(28.1)	(41.3)	(49.3)	(144.2)
. <b>Operating profit</b>	<b>62.7</b>	2.1	<b>163.8</b>	183.0	43.2
<i>of which real estate writedowns/revaluations</i>	-	-	(4.2)	(0.3)	(9.3)
. % on sales	5.4%	0.2%	5.0%	5.0%	0.9%
. Earnings (loss) from investments	(9.3)	10.2	(37.9)	(85.3)	(366.5)
<i>of which real estate writedowns/revaluations</i>	(7.1)	(0.5)	(7.7)	(1.1)	(126.5)
. Financial income (expenses)	(13.6)	(12.6)	(53.0)	(35.1)	(80.0)
. Income taxes	(36.1)	(26.2)	(81.6)	(90.9)	(72.6)
. <b>Income (loss) from continuing operations</b>	<b>3.7</b>	(26.5)	<b>(8.7)</b>	<b>(28.3)</b>	<b>(475.9)</b>
% on sales	0.3%	(2.2%)	(0.3%)	(0.8%)	(10.2%)
. <b>Income (loss) from discontinued operations</b>	-	(0.3)	-	(8.0)	63.4
. <b>Total income (loss)</b>	<b>3.7</b>	(26.8)	<b>(8.7)</b>	(36.3)	(412.5)
. Income (loss) attributable to the equity holders of Pirelli & C. S.p.A.	11.9	(15.1)	18.2	(51.3)	(347.5)
. Earnings per share (in euro)			0.003	(0.010)	(0.065)
. Fixed assets			3,490.0	3,929.0	3,686.4
. Net working capital			511.0	621.5	397.4
. Net invested capital			4,001.0	4,550.5	4,083.8
. <b>Equity</b>			<b>2,570.7</b>	2,809.0	2,374.4
. Provisions			738.9	685.8	681.7
. <b>Net financial (liquidity)/debt position</b>			<b>691.4</b>	1,055.7	1,027.7
. Equity attributable to the equity holders of Pirelli & C. S.p.A.			2,244.9	2,499.6	2,171.8
. Equity per share (in euro)			0.418	0.466	0.405
. Headcount (number at period-end)			29,509	31,682	31,056
. Factories			23	24	23
. <i>Pirelli &amp; C. shares</i>					
ordinary shares (number in millions)			5,233.1	5,233.1	5,233.1
<i>of which treasury shares</i>			3.9	2.6	3.9
. savings shares (number in millions)			134.8	134.8	134.8
<i>of which treasury shares</i>			4.5	4.5	4.5
. Total shares			5,367.9	5,367.9	5,367.9



## Data by business sector

(million euros)	09/30/2009					TOTAL
	Tyre	Eco Technology	Real Estate	Broadband Access	Other (*)	
Net sales	2,958.6	38.8	199.2	103.1	7.7	<b>3,307.4</b>
Gross operating profit (loss) before restructuring exp. <i>of which real estate writedowns/revaluations</i>	382.8 -	(7.2) -	- (4.2)	3.6 -	(18.0) -	<b>361.2</b> (4.2)
<b>Operating profit (loss) before restructuring exp.</b> <i>of which real estate writedowns/revaluations</i>	<b>240.8</b> -	<b>(8.8)</b> -	<b>(5.4)</b> (4.2)	<b>2.9</b> -	<b>(24.4)</b> -	<b>205.1</b> (4.2)
Restructuring expenses	(18.1)	-	(13.2)	-	(10.0)	<b>(41.3)</b>
<b>Operating profit (loss) (EBIT )</b> <i>of which real estate writedowns/revaluations</i>	<b>222.7</b> -	<b>(8.8)</b> -	<b>(18.6)</b> (4.2)	<b>2.9</b> -	<b>(34.4)</b> -	<b>163.8</b> (4.2)
Earnings (losses) from investments <i>of which real estate writedowns/revaluations</i>	3.8 -	- -	(36.7) (7.7)	- -	(5.0) -	<b>(37.9)</b> (7.7)
<b>Operat. profit (loss) incl. earnings (losses) from investments before restructuring expenses</b>			<b>(30.2)</b>			
<b>Operat. profit (loss) incl. earnings (losses) from investments</b>			<b>(55.3)</b>			
Financial income (expenses)	(59.7)	(1.9)	1.8	0.1	6.7	<b>(53.0)</b>
Income taxes	(75.9)	-	(5.2)	0.5	(1.0)	<b>(81.6)</b>
<b>Income (loss) from continuing operations</b>	<b>90.9</b>	<b>(10.7)</b>	<b>(58.7)</b>	<b>3.5</b>	<b>(33.7)</b>	<b>(8.7)</b>
Income from discontinued operations					-	-
<b>Income (loss)</b>	<b>90.9</b>	<b>(10.7)</b>	<b>(58.7)</b>	<b>3.5</b>	<b>(33.7)</b>	<b>(8.7)</b>
Net financial (liquidity) / debt position	1,298.6	42.9	(43.5)	(17.9)	(588.7)	<b>691.4</b>

  

(million euros)	09/30/2008					TOTAL
	Tyre	Eco Technology	Real Estate	Broadband Access	Other (*)	
Net sales	3,229.2	47.5	296.5	92.3	2.5	<b>3,668.0</b>
Gross operating profit (loss) before restructuring exp. <i>of which real estate writedowns/revaluations</i>	378.3 -	(5.8) -	27.3 (0.3)	3.8 -	(12.6) -	<b>391.0</b> (0.3)
<b>Operating profit (loss) before restructuring exp.</b> <i>of which real estate writedowns/revaluations</i>	<b>231.8</b> -	<b>(6.5)</b> -	<b>20.7</b> (0.3)	<b>3.2</b> -	<b>(16.9)</b> -	<b>232.3</b> (0.3)
Restructuring expenses	(31.7)	-	(17.6)	-	-	<b>(49.3)</b>
<b>Operating profit (loss) (EBIT )</b> <i>of which real estate writedowns/revaluations</i>	<b>200.1</b> -	<b>(6.5)</b> -	<b>3.1</b> (0.3)	<b>3.2</b> -	<b>(16.9)</b> -	<b>183.0</b> (0.3)
Earnings (losses) from investments <i>of which real estate writedowns/revaluations</i>	27.6 -	- -	0.3 (1.1)	- -	(113.2) -	<b>(85.3)</b> (1.1)
<b>Operat. profit (loss) incl. earnings (losses) from investments before restructuring expenses</b>			<b>22.4</b>			
<b>Operat. profit (loss) incl. earnings (losses) from investments</b>			<b>3.4</b>			
Financial income (expenses)	(43.0)	(1.2)	(9.9)	(1.3)	20.3	<b>(35.1)</b>
Income taxes	(76.4)	-	(8.2)	0.4	(6.7)	<b>(90.9)</b>
<b>Income (loss) from continuing operations</b>	<b>108.3</b>	<b>(7.7)</b>	<b>(14.7)</b>	<b>2.3</b>	<b>(116.5)</b>	<b>(28.3)</b>
Income from discontinued operations	-	-	4.1	-	(12.1)	<b>(8.0)</b>
<b>Income (loss)</b>	<b>108.3</b>	<b>(7.7)</b>	<b>(10.6)</b>	<b>2.3</b>	<b>(128.6)</b>	<b>(36.3)</b>
Net financial (liquidity) / debt position	892.4	12.8	323.8	32.0	(205.3)	<b>1,055.7</b>

the item includes Environmental businesses, Pzero Moda, all financial companies (including the Parent Company), the other services companies and, for the sales item, amounts that cancel each other out for consolidation purposes

## Cash flow

<i>(million euors)</i>	1st Q 2009	2nd Q 2009	3rd Q 2009	09/30/2009	09/30/2008
Operating profit (EBIT)	50.3	72.0	82.8	205.1	232.3
Amortization	51.4	52.4	52.3	156.1	158.7
Net Investments	(42.9)	(37.4)	(32.0)	(112.3)	(217.3)
Variation working capital/other	(262.8)	96.7	84.4	(81.7)	(328.3)
<b>FREE CASH FLOW</b>	<b>(204.0)</b>	<b>183.7</b>	<b>187.5</b>	<b>167.2</b>	<b>(154.6)</b>
Financial income/expenses	(20.2)	(19.2)	(13.6)	(53.0)	(35.1)
Income taxes	(26.3)	(19.2)	(36.1)	(81.6)	(90.9)
<b>OPERATING CASH FLOW</b>	<b>(250.5)</b>	<b>145.3</b>	<b>137.8</b>	<b>32.6</b>	<b>(280.6)</b>
Impact of Speed SpA acquisition	-	-	-	-	(835.5)
Financial Investments/divestments	37.9	78.1	129.4	245.4	(54.1)
Dividends paid out	-	(2.4)	-	(2.4)	(168.0)
Cash Out for restructuring	(45.8)	(25.1)	(15.7)	(86.6)	(13.8)
PRE rights issue underwritten by third party s/hs	-	-	167.4	167.4	-
Exchange rate differences/other	7.2	(24.6)	(2.7)	(20.1)	(5.8)
<b>NET CASH FLOW</b>	<b>(251.2)</b>	<b>171.3</b>	<b>416.2</b>	<b>336.3</b>	<b>(1,357.8)</b>