

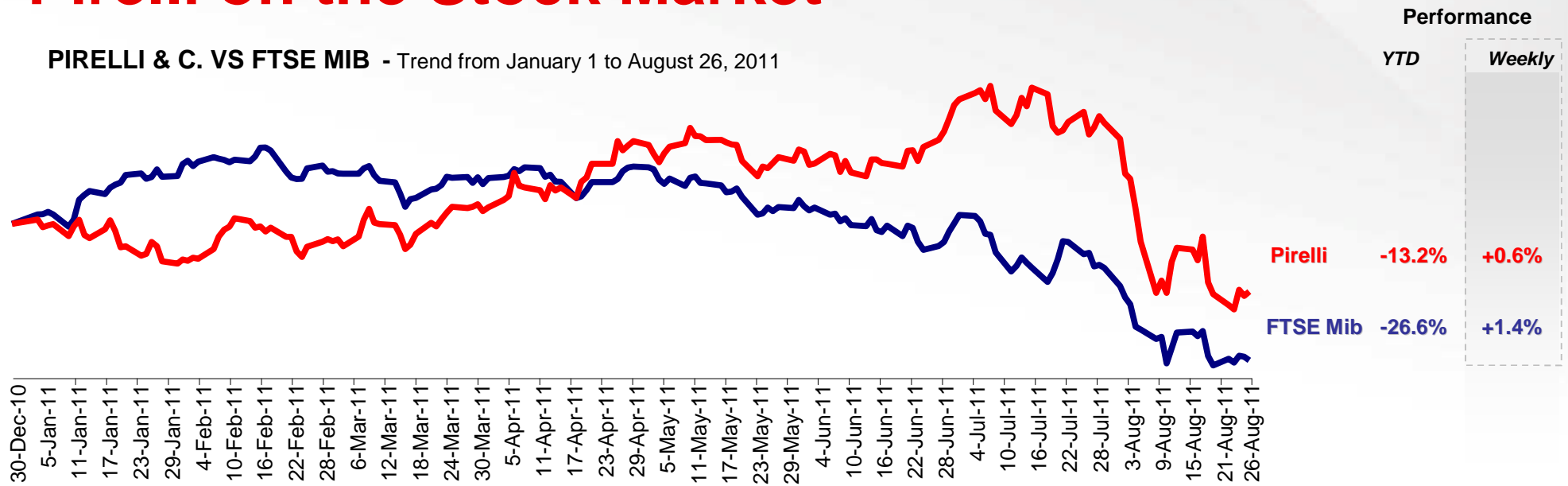


PEERS & MARKETS

22 – 26 August 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to August 26, 2011



	Official Close 26 August	Percentage change				Daily average volumes		
		1 Week 22 - 26 Aug	1 Month	3 Months	Year to date	1 Week 22 - 26 Aug	1 Month	3 Months
Pirelli & C. Ord.	5.250	0.6	(26.1)	(22.4)	(13.2)	4,113,762	6,106,279	4,396,412
Pirelli & C. Risp.	4.150	(6.7)	(19.4)	(29.7)	(26.0)	11,859	20,686	24,122
Pirelli Real Estate	0.242	(2.9)	(39.5)	(52.5)	(45.7)	3,746,489	5,741,122	4,061,982
FTSE All Share	15649	1.5	(20.7)	(27.0)	(25.3)	888,672,039	1,366,624,695	1,218,336,591
FTSE MIB	14800	1.4	(22.2)	(28.4)	(26.6)	802,839,254	1,243,997,343	1,077,519,935

Sell side analysts evaluation on Pirelli & C (29/08/2011)

Consensus Target Price: € 8.67

Buy: 88%

% Sell: 4%

% Hold: 8%

Market Cap: €2,572 mln (of which ord. €2,516.7 mln)



Source: Reuters

Markets

	Official Close 26 Aug	Percentage change (%)			
		1 Week 22 - 26 Aug	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	225.520	1.1	(16.5)	(18.6)	(18.2)
FTSE MIB	14800.010	1.4	(22.2)	(28.4)	(26.6)
FTSE 100	5131.100	1.8	(13.5)	(12.8)	(13.1)
DAX	5537.480	1.0	(24.7)	(22.2)	(19.9)
CAC 40	3087.640	2.3	(18.5)	(21.2)	(18.8)
IBEX 35	8185.500	0.5	(16.8)	(19.8)	(17.0)
OMX Stockholm	5388.110	1.5	(15.0)	(25.1)	(29.7)
FTSE ATHEX	836.440	(10.7)	(32.0)	(35.9)	(44.1)
UNITED STATES					
DJ Industr. Average	11149.820	4.3	(9.7)	(9.0)	(2.5)
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2479.850	5.9	(12.7)	(10.9)	(6.5)
ASIA					
SSE Composite (Cina)	2612.188	3.1	(3.4)	(4.5)	(7.0)
Nikkei 225 (Giappone)	8797.780	0.9	(12.9)	(8.0)	(14.0)
Hang Seng (HK)	19582.880	0.9	(13.2)	(14.5)	(15.0)
All ordinaries (Australia)	4271.050	2.4	(8.1)	(9.8)	(11.9)
Strait Times (Singapore)	2748.180	0.5	(13.8)	(12.0)	(13.9)
BSE 30 (India)	15848.830	(1.8)	(14.4)	(12.2)	(22.7)
EMIRATES					
Abu Dhabi	2602.040	1.8	(1.0)	0.1	(4.3)
Dubai	1474.520	1.5	(2.1)	(3.9)	(9.6)
LATAM					
Bovespa (Brasile)	52953.300	1.7	(10.1)	(16.8)	(23.0)
IPC (Messico)	33904.380	2.7	(3.7)	(4.8)	(11.7)
Merval (Argentina)	2865.760	0.5	(14.4)	(11.8)	(18.2)

Source: Reuters

	Official Close 26 Aug	Percentage change (%)			
		1 Week 22 - 26 Aug	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	225.520	1.1	(16.5)	(18.6)	(18.2)
Auto	266.990	2.5	(28.6)	(21.3)	(21.7)
Banks	133.870	(1.0)	(24.1)	(30.5)	(31.8)
Basic Resources	438.990	1.3	(22.5)	(23.2)	(30.9)
Chemical	471.970	0.8	(21.2)	(18.6)	(16.9)
Construction & Material	212.210	2.1	(19.3)	(25.7)	(24.9)
Industrial	379.490	2.7	(21.6)	(22.9)	(22.3)
Insurance	123.810	(0.8)	(20.4)	(23.9)	(19.8)
Finance	215.060	2.9	(17.0)	(20.8)	(19.8)
Food & Beverage	343.400	1.1	(7.0)	(6.9)	(5.7)
FTSE EPRA Eu Residential	1510.450	3.2	(13.7)	(14.9)	(12.5)
Media	146.300	1.3	(13.4)	(17.5)	(19.1)
Oil&Gas	275.960	1.0	(17.3)	(17.2)	(17.0)
Retail	220.810	(0.8)	(11.9)	(18.5)	(17.9)
Tech.	178.520	3.4	(14.1)	(20.8)	(17.3)
TLC	236.730	1.4	(8.7)	(11.3)	(12.0)
Travel & Leisure	102.480	0.0	(15.7)	(18.9)	(23.4)
Utilities	250.340	1.6	(16.2)	(20.1)	(19.9)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	121.140	4.6	(20.4)	(25.2)	0.0
Banks	167.870	7.6	(18.3)	(20.2)	(11.0)
Basic Resources	241.090	6.9	(17.1)	(15.7)	16.9
Chemical	309.20	6.11	(14.79)	(13.91)	19.41
Construction & Materials	190.310	7.8	(22.2)	(26.1)	(13.8)
Industrial	274.300	6.4	(15.0)	(17.0)	12.1
Food & Beverage	316.200	2.7	(4.0)	(3.8)	15.8
Media	305.500	4.7	(15.6)	(15.8)	16.2
Oil&Gas	548.050	3.8	(17.1)	(13.5)	28.5
Insurance	228.880	2.2	(12.8)	(16.9)	(1.5)
Finance	234.860	5.2	(15.0)	(16.5)	(2.0)
RE	208.170	3.3	(12.3)	(11.2)	9.0
Retail	208.170	3.3	(12.3)	(11.2)	9.0
Tech.	598.060	6.1	(13.0)	(9.7)	14.5
Tyres	39.050	8.4	(33.9)	(37.3)	5.5
TLC	126.770	3.4	(5.8)	(9.7)	10.1
Utilities	159.190	2.5	(3.7)	(2.6)	9.4



Pirelli & C. vs Auto & Parts Sector

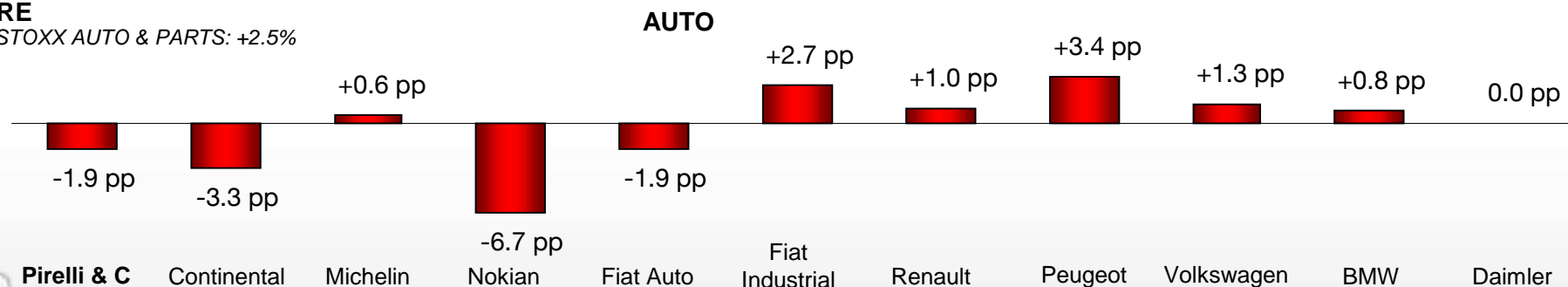
	Official Close 26 Aug	Percentage change				Daily average volumes		
		1 Week 22 - 26 Aug	1 Month	3 Months	Year to date	1 Week 22 - 26 Aug	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	266.990	2.5	(28.6)	(21.3)	(21.7)			
TYRE								
Pirelli & C	5.250	0.6	(26.1)	(22.4)	(13.2)	4,113,762	6,106,279	4,396,412
Continental	47.680	(0.8)	(32.5)	(31.3)	(19.4)	819,001	877,155	719,255
Michelin	48.290	3.1	(23.7)	(23.6)	(10.1)	1,278,076	1,525,476	1,170,669
Nokian	23.340	(4.2)	(30.5)	(29.1)	(15.0)	933,441	1,365,409	800,466
AUTO								
Fiat Auto	15.430	0.6	(41.8)	(41.1)	(37.7)	50,449,415	35,310,260	26,939,553
Renault	26.320	3.5	(28.8)	(32.0)	(39.5)	2,454,228	2,575,718	2,055,980
Peugeot	19.360	5.9	(34.4)	(32.7)	(31.9)	2,918,110	2,985,268	2,032,669
Volkswagen	99.700	3.8	(25.6)	(11.5)	(5.9)	272,893	279,795	195,374
BMW	54.050	3.3	(25.1)	(9.5)	(8.2)	4,719,859	4,249,665	3,416,400
Daimler	35.590	2.5	(31.3)	(25.7)	(29.8)	7,879,082	8,093,079	5,892,925
USA								
TYRE								
Goodyear	11.810	8.5	(33.1)	(32.5)	(0.3)	7,488,304	9,441,341	7,808,431
Cooper	11.520	7.8	(36.9)	(51.4)	(51.1)	1,038,913	1,431,835	939,587
AUTO								
Ford	10.280	4.1	(19.6)	(28.6)	(38.1)	8,210,619	12,528,122	10,434,553
ASIA								
TYRE								
Bridgestone	1685.0	2.6	(13.8)	(7.7)	7.4	3,544,800	3,969,173	3,545,554
Sumitomo	963.0	5.6	(5.1)	4.1	13.6	1,673,320	1,628,873	1,365,231
Toyo	196.0	0.5	(11.3)	5.9	0.0	638,200	742,433	690,511
Yokohama	424.0	2.2	(12.0)	0.0	1.0	1,505,400	1,533,733	1,583,933
Hankook	37100.0	(0.7)	(18.6)	(16.8)	16.9	678,673	969,234	933,758
Khumo	12300.0	0.8	(29.1)	(25.0)	(11.2)	236,867	399,575	546,813
AUTO								
Toyota	2768.0	0.0	(16.0)	(17.5)	(14.0)	10,570,240	9,273,473	8,201,363
Nissan	674.0	3.2	(22.0)	(15.8)	(12.8)	40,735,780	22,935,037	20,781,511

Source: Reuters

EUROPE: WEEKLY TREND 22/08/2011 – 26/08/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +2.5%



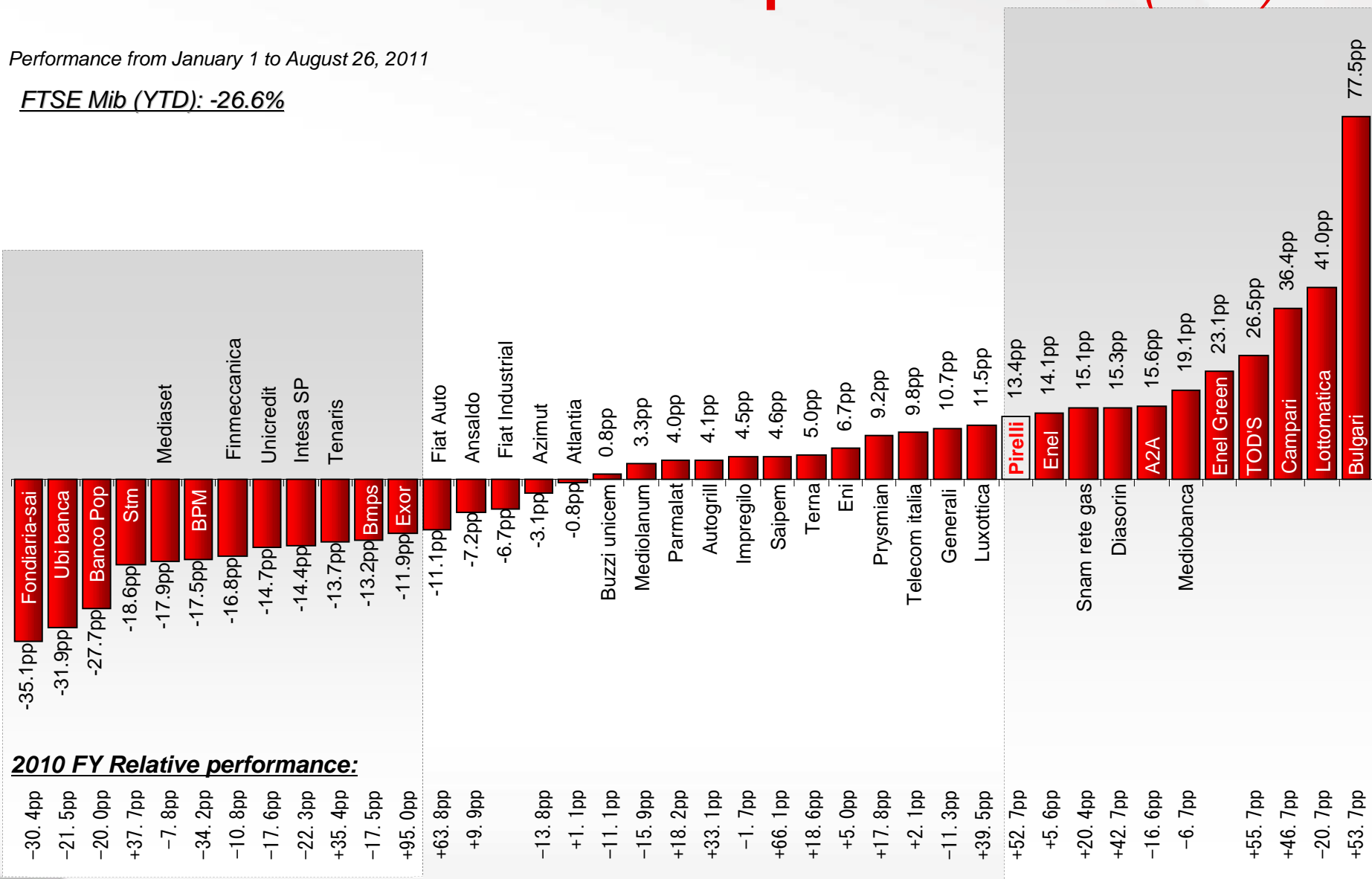
Pirelli Investor Relations - 29.08.2011



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to August 26, 2011

FTSE Mib (YTD): -26.6%



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 29/08/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 29-Aug-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	7.0x	6.3x	5.6x	0.5x	0.5x	0.5x	3.8x	3.4x	3.0x	5.8x	5.1x	4.6x
	Continental	6.6x	5.7x	5.7x	0.6x	0.5x	0.5x	3.9x	3.3x	3.3x	5.9x	4.8x	4.8x
	Nokian	10.4x	9.4x	8.1x	2.2x	1.9x	1.6x	6.9x	6.3x	5.3x	8.2x	7.5x	6.2x
	Simple average	8.0x	7.1x	6.5x	1.1x	1.0x	0.8x	4.9x	4.3x	3.9x	6.6x	5.8x	5.2x
	Weighted average *	7.3x	6.5x	6.0x	0.8x	0.7x	0.6x	4.3x	3.8x	3.5x	6.2x	5.3x	4.9x
US	Goodyear	7.2x	4.7x	3.6x	0.2x	0.2x		3.2x	2.8x		5.6x	4.4x	
	Cooper Tire	7.8x	5.7x		0.2x	0.2x		3.1x	2.1x		6.2x	3.9x	
	Simple average	7.5x	5.2x		0.2x	0.2x		3.2x	2.5x		5.9x	4.2x	
	Weighted average *	7.3x	4.9x		0.2x	0.2x		3.2x	2.7x		5.8x	4.3x	
ASIA	Bridgestone	11.8x	9.1x	8.3x	0.5x	0.5x	0.5x	4.7x	3.9x	3.4x	8.5x	7.1x	
	Hankook	11.7x	9.8x	8.7x	1.3x	1.2x	1.0x	8.1x	6.9x	5.9x	11.2x	9.1x	7.7x
	Yokohama	12.4x	8.0x	7.5x	0.6x	0.5x	0.4x	6.1x	4.4x	3.8x			
	Sumitomo	12.3x	8.6x	7.6x	0.7x	0.6x	0.6x	5.8x	4.9x	4.3x	10.6x	8.3x	
	Simple average	12.1x	8.9x	8.0x	0.8x	0.7x	0.6x	6.2x	5.0x	4.3x	10.1x	8.2x	7.7x
	Weighted average *	11.1x	8.3x	7.6x	0.6x	0.5x	0.5x	4.9x	4.0x	3.5x	6.7x	5.6x	0.6x
TOT. WORLD	max	12.4x	9.8x	8.7x	2.2x	1.9x	1.6x	8.1x	6.9x	5.9x	11.2x	9.1x	7.7x
	min	6.6x	4.7x	3.6x	0.2x	0.2x	0.4x	3.1x	2.1x	3.0x	5.6x	3.9x	4.6x
	median	10.4x	8.0x	7.6x	0.6x	0.5x	0.5x	4.7x	3.9x	3.8x	7.2x	6.1x	5.5x
	Simple average	9.7x	7.5x	6.9x	0.8x	0.7x	0.7x	5.1x	4.2x	4.1x	7.8x	6.3x	5.8x
	Weighted average **	9.4x	7.6x	6.8x	0.7x	0.6x	0.6x	4.8x	4.1x	3.5x	7.3x	6.1x	3.1x

* on peers market capitalization by geographical area
** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Mln	Local currency	€ adjustment	% on cluster
Michelin	€8.807	€8.807	20.2%
Continental	€9.735	€9.735	22.4%
Nokian	€3.086	€3.086	7.1%
Goodyear	\$2.885.90	€1.987	4.6%
Cooper Tire	\$717.21	€494	1.1%
Bridgestone	¥1,356,255	€12,186	28.0%
Yokohama	¥144,576	€1,299	3.0%
Sumitomo	¥248,576	€2,233	5.1%
Hankook	₩5,808,632	€3,723	8.5%
TOT.		€43,552	

