

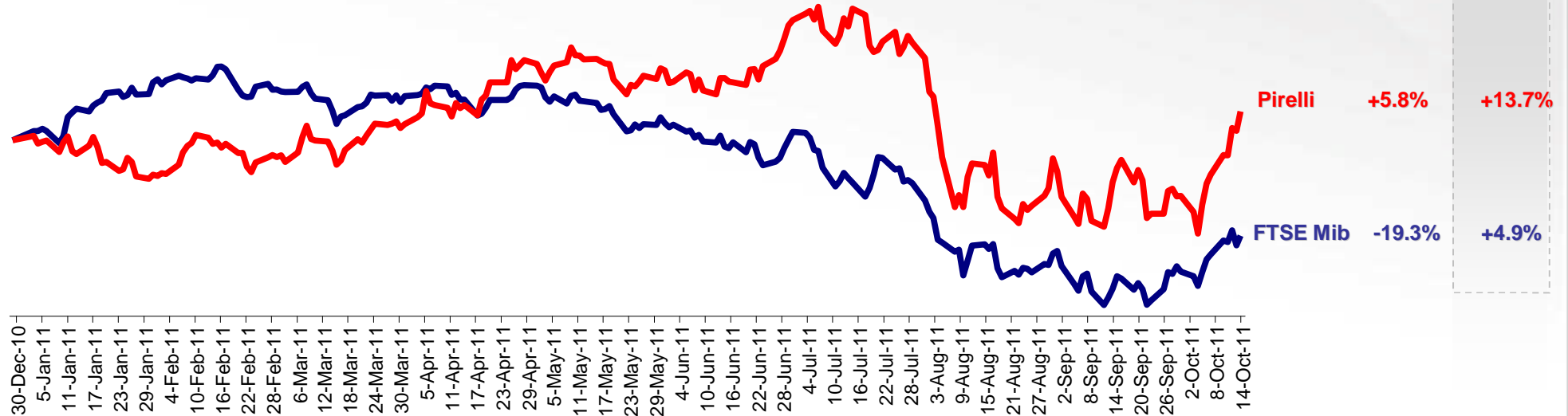


PEERS & MARKETS

10 – 14 October 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to October 14, 2011



	Official Close 14 October	Percentage change				Daily average volumes		
		1 Week 10 - 14 Oct	1 Month	3 Months	Year to date	1 Week 10 - 14 Oct	1 Month	3 Months
Pirelli & C. Ord.	6.400	13.7	15.5	(13.9)	5.8	5,707,307	5,168,786	4,952,936
Pirelli & C. Risp.	4.740	9.0	10.5	(12.9)	(15.5)	13,363	9,982	17,102
Pirelli Real Estate	0.229	9.6	(1.6)	(45.9)	(48.6)	6,167,304	7,090,666	5,284,307
FTSE All Share	17043	4.9	13.5	(12.0)	(18.6)	1,345,525,317	1,157,081,984	1,233,901,027
FTSE MIB	16290	4.9	15.2	(12.6)	(19.3)	1,163,836,614	1,012,392,454	1,097,448,248

Sell side analysts evaluation on Pirelli & C (17/10/2011)

Consensus Target Price: € 7.95

Buy: 92%

% Sell: 4%

% Hold: 4%

Market Cap: €3,191.6 mln (of which ord. €3,132.8 mln)



Source: Reuters

Markets

	Official Close 14 Oct	Percentage change (%)			
		1 Week 10 - 14 Oct	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	238.510	2.8	6.4	(10.9)	(13.5)
FTSE MIB	16289.650	4.9	15.2	(12.6)	(19.3)
FTSE 100	5466.360	3.1	4.6	(6.5)	(7.3)
DAX	5967.200	5.1	11.7	(17.3)	(13.7)
CAC 40	3217.890	4.0	9.1	(14.2)	(15.4)
IBEX 35	8975.500	2.0	11.6	(6.5)	(9.0)
OMX Stockholm	5659.340	5.8	6.8	(11.8)	(26.1)
FTSE ATHEX	704.960	2.5	(14.6)	(39.5)	(52.9)
UNITED STATES					
DJ Industr. Average	11478.130	4.9	3.5	(6.4)	0.6
S&P 500	1353.220	3.5	5.3	1.5	7.6
NASDAQ Composite	2667.850	7.6	3.7	(3.4)	0.6
ASIA					
SSE Composite (Cina)	2431.375	3.1	(2.2)	(13.5)	(13.4)
Nikkei 225 (Giappone)	8747.960	2.7	2.7	(12.0)	(14.5)
Hang Seng (HK)	18501.790	4.5	(2.9)	(15.7)	(19.7)
All ordinaries (Australia)	4268.967	1.0	4.4	(6.4)	(11.9)
Strait Times (Singapore)	2744.170	3.9	0.2	(11.2)	(14.0)
BSE 30 (India)	17082.690	5.2	2.2	(8.2)	(16.7)
EMIRATES					
Abu Dhabi	2471.410	(1.1)	(4.1)	(9.3)	(9.1)
Dubai	1374.610	(1.7)	(6.3)	(11.2)	(15.7)
LATAM					
Bovespa (Brasile)	54601.070	5.2	(2.2)	(7.8)	(20.6)
IPC (Messico)	34584.750	5.6	0.5	(3.6)	(9.6)
Merval (Argentina)	2596.640	15.1	(1.2)	(17.7)	(22.9)

Source: Reuters

	Official Close 14 Oct	Percentage change (%)			
		1 Week 10 - 14 Oct	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	238.510	2.8	6.4	(10.9)	(13.5)
Auto	280.380	10.8	7.8	(25.8)	(17.8)
Banks	137.730	1.3	9.5	(20.6)	(29.8)
Basic Resources	434.620	3.5	(3.2)	(23.8)	(31.6)
Chemical	495.150	6.0	7.1	(16.9)	(12.9)
Construction & Material	228.970	5.3	11.1	(13.2)	(19.0)
Industrial	398.230	5.9	6.5	(17.7)	(18.4)
Insurance	136.040	3.1	15.9	(11.7)	(11.9)
Finance	215.260	3.5	(1.0)	(16.5)	(19.7)
Food & Beverage	354.800	2.2	4.6	(3.3)	(2.6)
FTSE EPRA Eu Residential	1525.040	2.9	7.9	(12.0)	(11.7)
Media	155.680	2.6	5.9	(6.9)	(13.9)
Oil&Gas	310.340	4.7	8.1	(4.8)	(6.7)
Retail	242.180	1.8	9.0	(3.5)	(9.9)
Tech.	194.130	4.7	6.1	(5.9)	(10.1)
TLC	253.250	2.3	8.2	0.9	(5.9)
Travel & Leisure	107.410	2.7	1.1	(10.5)	(19.8)
Utilities	276.980	0.1	10.8	(4.9)	(11.4)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	131.410	9.0	10.2	(13.2)	(12.9)
Banks	162.970	7.4	0.7	(18.3)	(18.7)
Basic Resources	218.710	9.7	(8.4)	(22.1)	(13.5)
Chemical	306.67	8.14	(1.38)	(14.67)	1.10
Construction & Materials	198.990	7.0	3.6	(19.9)	(16.0)
Industrial	288.030	6.7	3.1	(11.7)	1.4
Food & Beverage	322.180	3.5	1.0	(2.5)	10.8
Media	328.780	7.6	5.7	(7.9)	10.1
Oil&Gas	548.680	9.0	1.1	(11.0)	12.4
Insurance	235.380	6.1	3.3	(10.5)	(9.0)
Finance	231.310	6.8	(0.4)	(14.5)	(11.4)
RE	199.430	6.5	(4.4)	(12.9)	(4.2)
Retail	199.430	6.5	(4.4)	(12.9)	(4.2)
Tech.	667.930	8.0	7.5	2.1	10.7
Tyres	40.890	17.5	13.0	(30.1)	(7.8)
TLC	127.190	3.8	1.3	(6.5)	1.9
Utilities	163.090	2.1	1.9	0.7	7.3



Pirelli & C. vs Auto & Parts Sector

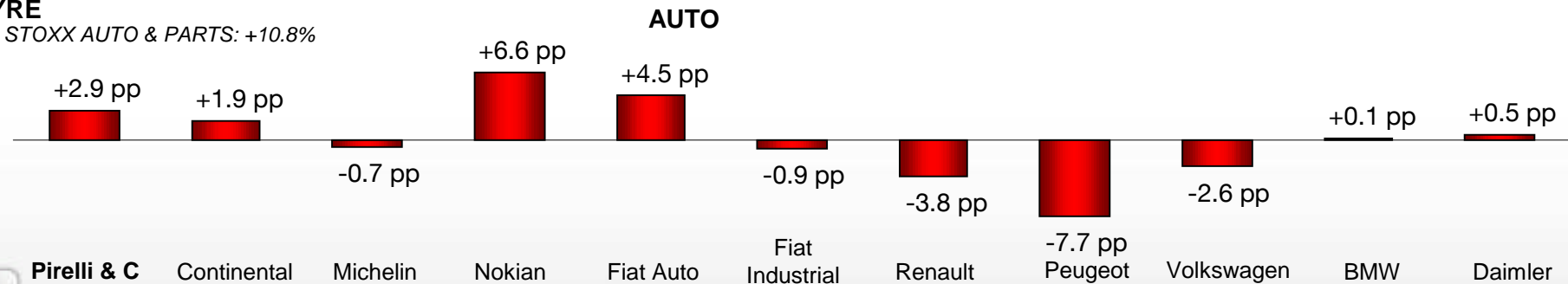
	Official Close 14 Oct	Percentage change				Daily average volumes		
		1 Week 10 - 14 Oct	1 Month	3 Months	Year to date	1 Week 10 - 14 Oct	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	280.380	10.8	7.8	(25.8)	(17.8)			
TYRE								
Pirelli & C	6.400	13.7	15.5	(13.9)	5.8	5,707,307	5,168,786	4,952,936
Continental	52.850	12.7	18.5	(28.1)	(10.6)	712,949	793,409	755,656
Michelin	49.830	10.1	7.2	(22.9)	(7.2)	1,135,844	1,287,969	1,251,386
Nokian	26.410	17.4	14.8	(25.3)	(3.8)	972,116	1,026,247	997,577
AUTO								
Fiat Auto	15.430	15.3	25.5	(30.2)	(26.8)	53,085,151	49,736,327	36,861,946
Renault	27.475	7.1	6.8	(25.9)	(36.8)	2,134,282	2,096,692	2,186,608
Peugeot	17.985	3.1	2.4	(39.8)	(36.7)	2,314,077	2,565,787	2,410,770
Volkswagen	102.550	8.2	4.0	(23.4)	(3.2)	151,600	193,090	209,435
BMW	56.440	10.9	2.5	(20.5)	(4.1)	3,193,049	4,287,516	3,847,314
Daimler	37.820	11.3	10.4	(29.0)	(25.4)	6,759,684	7,824,429	7,099,738
USA								
TYRE								
Goodyear	12.270	19.1	11.7	(29.9)	3.5	6,222,442	7,130,302	7,697,431
Cooper	13.220	11.9	17.7	(30.6)	(43.9)	816,238	1,207,284	1,182,057
AUTO								
Ford	11.340	8.1	12.0	(11.7)	(31.1)	6,501,233	8,140,844	10,162,273
ASIA								
TYRE								
Bridgestone	1756.0	2.7	4.3	(9.5)	11.9	2,410,200	3,223,680	3,547,422
Sumitomo	974.0	2.5	4.8	(5.8)	14.9	1,233,680	1,169,230	1,371,443
Toyo	189.0	0.5	3.3	(10.0)	(3.6)	286,200	294,233	605,400
Yokohama	441.0	0.5	7.0	(9.4)	5.0	1,137,200	1,369,933	1,527,289
Hankook	39950.0	0.3	11.0	(13.0)	25.8	1,533,301	945,021	914,490
Khumo	10150.0	(5.1)	(14.3)	(43.0)	(26.7)	629,706	325,586	474,818
AUTO								
Toyota	2556.0	0.7	(3.0)	(23.5)	(20.6)	5,851,080	8,275,483	8,131,861
Nissan	713.0	3.9	10.0	(15.7)	(7.8)	14,755,020	19,703,383	20,161,654

Source: Reuters

EUROPE: WEEKLY TREND 10/10/2011 – 14/10/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

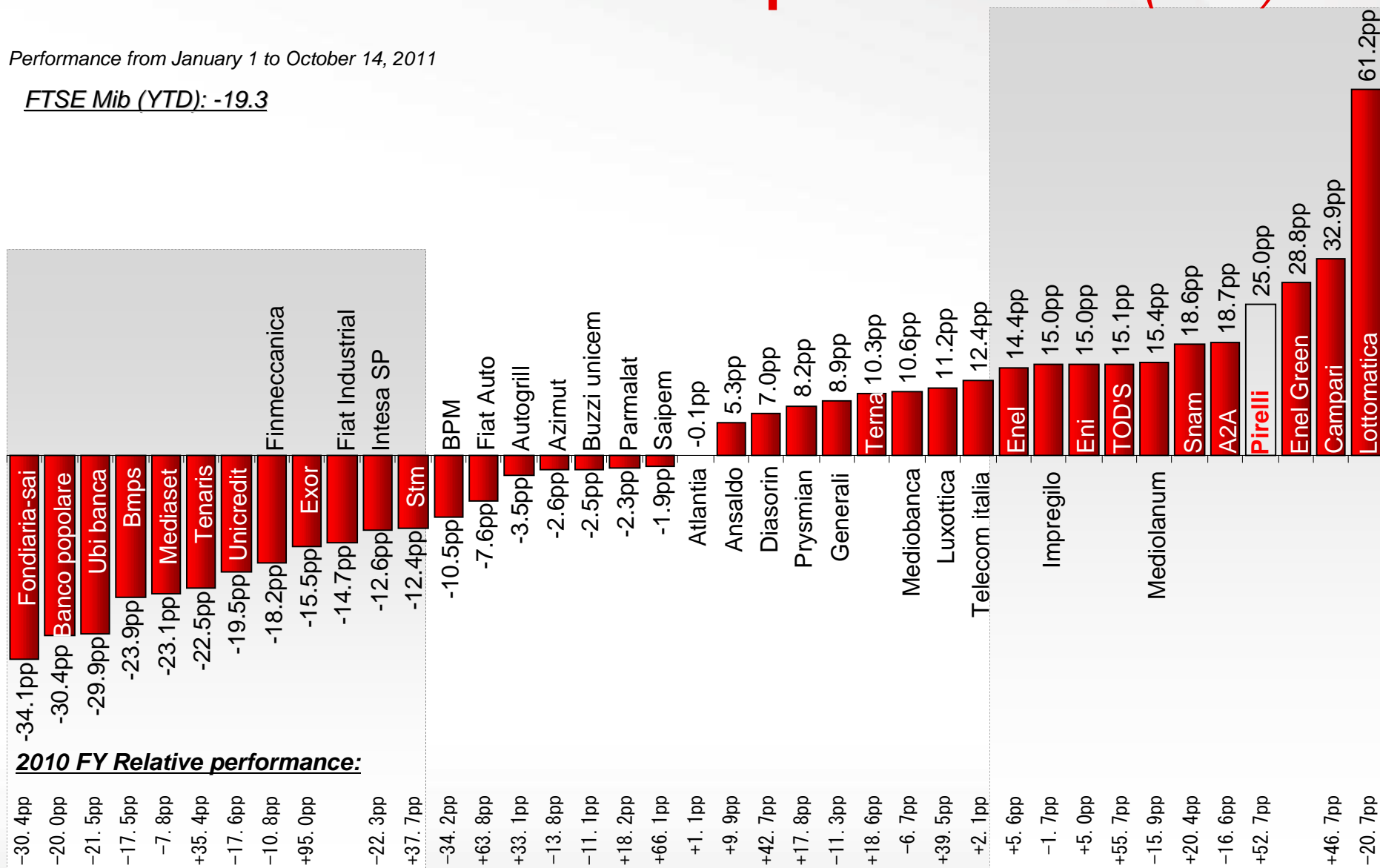
DJ STOXX AUTO & PARTS: +10.8%



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to October 14, 2011

FTSE Mib (YTD): -19.3



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 17/10/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 17-Oct-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	7.5x	7.1x	6.3x	0.6x	0.5x	0.5x	4.0x	3.7x	3.3x	6.1x	5.8x	5.2x
	Continental	7.1x	6.9x	6.9x	0.6x	0.5x	0.5x	4.2x	3.8x	3.8x	6.3x	5.7x	5.7x
	Nokian	12.0x	11.8x	9.9x	2.5x	2.3x	1.9x	8.0x	7.6x	6.4x	9.5x	9.2x	7.5x
	Simple average	8.8x	8.6x	7.7x	1.2x	1.1x	1.0x	5.4x	5.1x	4.5x	7.3x	6.9x	6.1x
	Weighted average *	8.0x	7.7x	7.1x	0.9x	0.8x	0.7x	4.7x	4.4x	4.0x	6.7x	6.2x	5.7x
US	Goodyear	7.3x	5.0x	4.0x	0.2x	0.2x		3.2x	2.9x		5.4x	4.4x	
	Cooper Tire	11.2x	6.8x		0.3x	0.2x		3.5x	2.6x		7.5x	4.7x	
	Simple average	9.3x	5.9x		0.3x	0.2x		3.4x	2.7x		6.5x	4.6x	
	Weighted average *	8.1x	5.4x		0.2x	0.2x		3.3x	2.8x		5.9x	4.5x	
ASIA	Bridgestone	12.3x	9.7x	8.7x	0.6x	0.5x	0.5x	5.0x	4.1x	3.6x	9.1x	7.6x	
	Hankook	12.3x	10.2x	8.7x	1.5x	1.4x	1.2x	9.4x	8.0x	6.6x	12.9x	10.7x	8.8x
	Yokohama	12.9x	8.5x	7.5x	0.6x	0.5x	0.4x	6.2x	4.5x	4.0x			
	Sumitomo	12.0x	9.0x	7.7x	0.7x	0.7x	0.6x	5.8x	5.0x	4.5x	10.8x	8.5x	
	Simple average	12.4x	9.3x	8.2x	0.8x	0.8x	0.7x	6.6x	5.4x	4.7x	10.9x	8.9x	8.8x
	Weighted average *	11.7x	8.9x	8.0x	0.6x	0.6x	0.5x	5.3x	4.3x	3.7x	7.3x	6.0x	0.7x
TOT. WORLD	max	12.9x	11.8x	9.9x	2.5x	2.3x	1.9x	9.4x	8.0x	6.6x	12.9x	10.7x	8.8x
	min	7.1x	5.0x	4.0x	0.2x	0.2x	0.4x	3.2x	2.6x	3.3x	5.4x	4.4x	5.2x
	median	12.0x	8.5x	7.6x	0.6x	0.5x	0.5x	5.0x	4.1x	4.0x	8.3x	6.7x	6.6x
	Simple average	10.5x	8.3x	7.5x	0.8x	0.8x	0.8x	5.5x	4.7x	4.6x	8.5x	7.1x	6.8x
	Weighted average **	9.9x	8.4x	7.5x	0.8x	0.7x	0.6x	5.2x	4.5x	3.9x	7.8x	6.8x	3.6x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Mln	Local currency	€ adjustment	% on cluster
Michelin	€9,186	€9,186	19.3%
Continental	€10,832	€10,832	22.8%
Nokian	€3,548	€3,548	7.5%
Goodyear	\$2,998.31	€2,155	4.5%
Cooper Tire	\$823.05	€592	1.2%
Bridgestone	¥1,457,079	€13,537	28.5%
Yokohama	¥152,799	€1,420	3.0%
Sumitomo	¥259,361	€2,410	5.1%
Hankook	₩6,097,921	€3,851	8.1%
TOT.		€47,531	
Pirelli	€3,212	€3,212	

