

Pirelli & C. S.p.A. — Milano

Peers & Markets

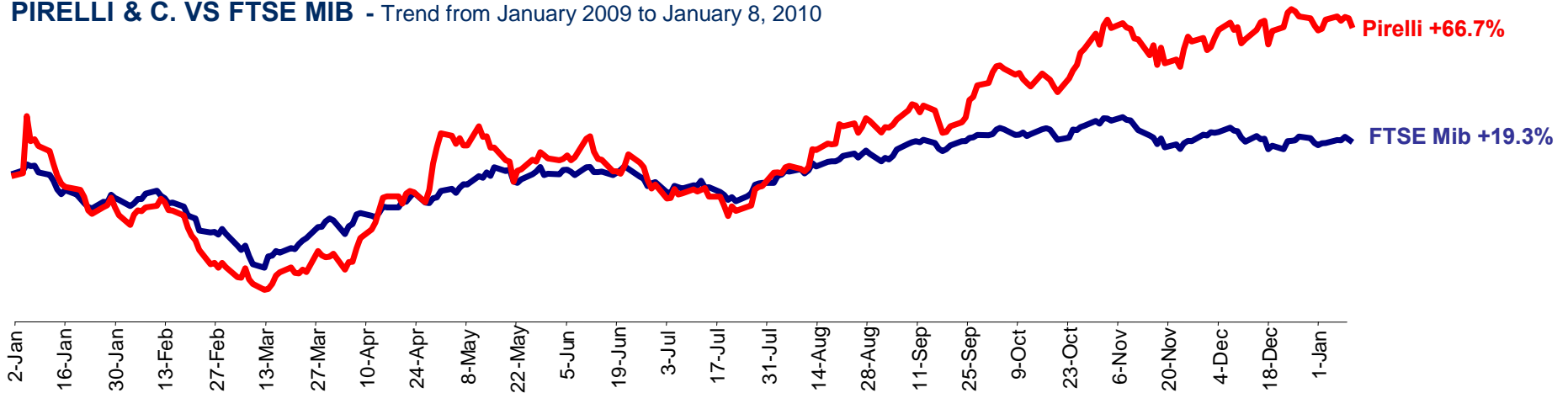
4 January – 8 January 2010



Investor Relations

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 2009 to January 8, 2010



	Official Close January 8	Percentage change				Daily average volumes		
		Week 4 Jan - 8 Jan	1 Month	3 Months	Year to date	Week 4 Jan - 8 Jan	1 Month	3 Months
Pirelli & C. Ord.	0.443	5.4	4.7	12.3	5.4	35,673,585	37,500,257	48,011,638
Pirelli & C. Fisp.	0.463	2.9	5.2	12.9	2.9	157,922	353,191	433,504
Pirelli Real Estate	0.533	4.1	4.6	(21.4)	4.1	5,543,327	5,090,764	10,372,373
FTSE All Share	24232	2.4	6.1	0.4	2.4	615,262,557	413,132,033	756,141,451
FTSE MIB	23811	2.4	6.3	0.6	2.4	500,149,788	514,961,215	673,173,569

Sell side analysts evaluation on Pirelli & C (11/01/2010)

Consensus Target Price: € 0.48

% Buy: 71%

% Sell: 0%

% Hold: 29%

Market Cap: €2,433.9 mln (of which ord. €2,370.6 mln)

Markets

	Official Close January 8	Percentage change (%)			
		Week 4 Jan - 8 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	259.150	2.4	6.2	6.5	2.4
FTSE MIB	23811.130	2.4	6.3	0.6	2.4
FTSE 100	5534.240	2.2	6.0	7.4	2.2
DAX	6037.610	1.3	6.1	5.6	1.3
CAC 40	4045.140	2.8	6.9	6.3	2.8
IBEX 35	12163.000	1.9	3.0	3.0	1.9
OMX Stockholm	6690.240	4.1	8.4	5.9	3.6
OMX Helsinki	12163.000	1.9	3.0	3.0	1.9
UNITED STATES					
DJ Industr. Average	10606.860	1.8	3.2	8.5	1.8
S&P 500	1141.690	2.7	4.9	7.5	2.7
NASDAQ Composite	2317.170	2.1	6.6	9.1	2.1
ASIA					
Nikkei 225 (Giappone)	10681.660	2.4	6.5	9.8	2.4
Hang Seng (HK)	22296.750	1.9	1.1	3.7	1.9
All ordinaries (Australia)	4942.215	1.2	5.5	3.8	1.2
Strait Times (Singapore)	2922.760	0.9	4.2	10.3	0.9
BSE 30 (India)	17540.290	0.4	1.8	4.1	0.4
EMIRATES					
Abu Dhabi	2781.180	0.3	11.1	(12.9)	1.4
Dubai	1814.330	(2.7)	10.6	(21.0)	0.6
BRAZIL					
IteI (indice TLC)	1567.940	0.1	1.4	7.8	0.1
Bovespa	70451.120	2.4	3.7	10.2	2.4

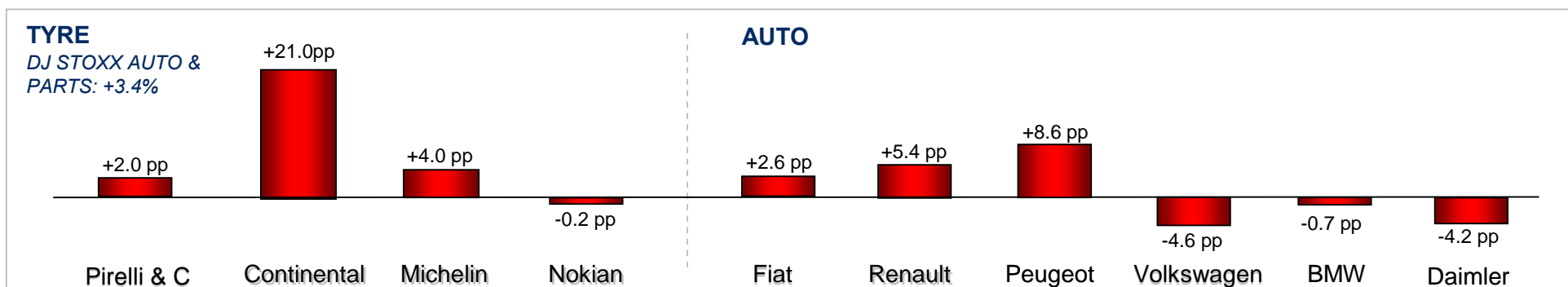
Source: Reuters

	Official Close January 8	Percentage change (%)			
		Week 4 Jan - 8 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	259.150	2.4	6.2	6.5	2.4
Auto	243.940	3.4	5.8	3.3	3.4
Banks	234.980	6.2	7.0	0.1	6.2
Basic Resources	533.300	7.1	17.0	26.3	7.1
Chemical	464.410	0.3	5.2	15.0	0.3
Construction & Material	285.890	3.0	7.3	5.3	3.0
Industrial	399.720	4.0	8.8	7.2	4.0
Insurance	156.950	3.6	8.1	(3.2)	3.6
Finance	239.410	2.8	6.3	2.6	2.8
Food & Beverage	299.830	(1.5)	3.0	11.4	(1.5)
FTSE EPRA Eu Residential	1609.360	1.4	2.6	(0.4)	1.4
Media	159.880	0.5	5.4	4.9	0.5
Oil&Gas	340.590	3.0	7.9	11.8	3.0
Retail	241.030	(0.6)	0.8	7.4	(0.6)
Tech.	192.300	4.3	9.0	0.2	4.3
TLC	255.990	(1.9)	(0.1)	2.4	(1.9)
Travel & Leisure	109.840	3.0	5.9	4.1	3.0
Utilities	344.460	0.6	5.9	4.2	0.6
UNITED STATES					
S&P 500	1141.690	2.7	4.9	7.5	2.7
Auto	129.110	14.5	25.1	52.5	14.5
Banks	226.720	8.2	7.3	(1.0)	8.2
Basic Resources	260.670	10.1	19.1	19.5	10.1
Chemical	270.46	4.75	6.36	9.02	4.75
Construction & Materials	282.680	10.1	20.2	5.6	10.1
Industrial	263.760	4.5	5.8	10.1	4.5
Food & Beverage	278.880	0.6	0.3	4.6	0.6
Media	266.830	1.4	4.0	10.3	1.4
Oil&Gas	517.640	5.5	8.9	5.9	5.5
Insurance	241.280	2.3	4.8	(1.5)	2.3
Finance	271.870	4.6	6.6	1.7	4.6
RE	180.160	0.1	4.0	8.7	0.1
Retail	180.160	0.1	4.0	8.7	0.1
Tech.	597.910	1.2	6.5	11.7	1.2
Tyres	56.820	10.4	11.1	(1.7)	10.4
TLC	117.450	(2.3)	(1.5)	6.9	(2.3)
Utilities	147.480	(0.6)	1.5	5.6	(0.6)

Pirelli & C. vs Auto & Parts Sector

	Official Close January 8	Percentage change				Daily average volumes		
		Week 4 Jan - 8 Jan	1 Month	3 Months	Year to date	Week 4 Jan - 8 Jan	1 Month	3 Months
EUROPE								
DJ Stoxx Auto	243.940	3.4	5.8	3.3	3.4			
TYRE								
Pirelli & C	0.443	5.4	4.7	12.3	5.4	35,673,585	37,500,257	48,011,638
Continental	46.850	24.4	28.6	18.0	24.4	523,194	218,639	272,962
Michelin	57.550	7.4	7.5	4.4	7.4	706,857	566,311	769,265
Nokian	17.550	3.2	4.0	7.1	3.2	671,600	622,236	657,667
AUTO								
Fiat	10.870	6.0	5.6	10.8	6.0	18,345,005	21,747,392	31,711,787
Renault	39.385	8.8	12.7	17.1	8.8	2,622,571	2,047,352	2,611,683
Peugeot	26.505	12.0	11.6	22.8	12.0	2,438,759	1,577,153	2,230,359
Volkswagen	76.050	(1.2)	(3.6)	(33.5)	(1.2)	578,296	712,849	523,901
BMW	32.655	2.7	1.4	(1.2)	2.7	1,908,599	1,980,650	2,434,760
Daimler	36.935	(0.8)	4.5	7.0	(0.8)	4,490,428	4,658,754	6,028,754
USA								
TYRE								
Goodyear	15.940	7.8	7.7	(14.9)	146.6	4,052,122	5,705,239	5,339,556
Cooper	20.620	2.8	12.8	18.2	2.8	882,133	672,510	1,070,318
AUTO								
Ford	11.660	16.9	32.5	62.8	16.9	19,130,120	11,420,077	12,821,432
ASIA								
TYRE								
Bridgestone	1548.0	(4.3)	1.3	1.0	(4.3)	3,945,820	3,403,657	3,117,778
Sumitomo	995.0	(3.5)	0.5	(4.1)	(3.5)	1,529,620	1,387,757	1,173,662
Toyo	172.0	1.7	10.1	(8.9)	1.7	626,200	1,204,667	1,575,056
Yokohama	386.0	(5.7)	7.0	(6.1)	(5.7)	2,000,200	1,904,333	1,498,811
Hankook	23400.0	(8.2)	(3.5)	14.7	(8.2)	1,105,141	823,114	976,021
Khumo	3380.0	(20.3)	(32.4)	(42.7)	(6.2)	5,896,980	1,323,901	698,011
AUTO								
Toyota	3850.0	2.1	5.6	13.1	2.1	9,341,240	8,510,447	8,258,733
Nissan	790.0	(0.4)	9.6	24.3	(0.4)	17,218,660	20,508,740	19,924,122

EUROPE: WEEKLY TREND 04/01/2010 – 08/01/2010 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Source: Reuters

Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 11/01/2010

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 11-Jan-10																	
		P/E				EV/SALES				EV/EBITDA				EV/EBIT			
		2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
EUROPA	Michelin	37.9x	14.0x	10.2x	9.9x	0.8x	0.8x	0.7x	0.7x	7.4x	5.7x	4.6x	4.6x	19.7x	10.9x	8.0x	10.2x
	Continental		22.9x	10.6x	16.8x	0.9x	0.8x	0.7x	0.7x	9.3x	6.6x	5.3x	5.8x		17.2x	11.4x	16.5x
	Nokian	40.1x	18.6x	14.0x		3.0x	2.6x	2.2x		14.3x	10.0x	8.0x		22.1x	14.1x	10.6x	
	Simple average	39.0x	18.5x	11.6x	13.3x	1.6x	1.4x	1.2x	0.7x	10.3x	7.4x	6.0x	5.2x	20.9x	14.1x	10.0x	13.3x
	Weighted average *	22.3x	18.3x	10.8x	11.6x	1.1x	1.0x	0.9x	0.6x	9.0x	6.6x	5.3x	4.6x	11.7x	13.9x	9.7x	11.6x
US	Goodyear		18.5x	9.2x		0.4x	0.4x	0.4x		8.2x	4.7x	3.9x		39.0x	8.7x	5.8x	
	Cooper Tire	11.5x	10.2x	8.7x		0.5x	0.5x			4.7x	3.9x			8.0x	6.4x		
	Simple average	11.5x	14.4x	8.9x		0.5x	0.4x	0.4x		6.5x	4.3x	3.9x		23.5x	7.6x	5.8x	
	Weighted average *	2.8x	16.5x	9.1x		0.4x	0.4x	0.3x		7.4x	4.5x	3.0x		31.4x	8.1x	4.4x	
ASA	Bridgestone	223.5x	19.7x	14.8x	14.5x	0.7x	0.6x	0.6x	0.5x	7.1x	5.4x	4.8x	4.1x	26.7x	12.1x	9.7x	10.4x
	Yokohama		18.9x	13.7x	10.1x	0.6x	0.6x	0.5x	0.5x	8.2x	6.0x	5.8x	5.1x	56.8x	16.3x	12.6x	10.0x
	Sumitomo	31.1x	15.9x	12.0x	10.8x	0.8x	0.8x	0.7x	0.7x	7.3x	6.6x	5.9x	6.2x	16.7x	12.1x	10.0x	13.1x
	Simple average	127.3x	18.2x	13.5x	11.8x	0.7x	0.7x	0.6x	0.6x	7.5x	6.0x	5.5x	5.1x	33.4x	13.5x	10.8x	11.2x
	Weighted average *	180.6x	19.1x	14.3x	13.7x	0.7x	0.6x	0.6x	0.5x	7.2x	5.6x	5.0x	4.5x	27.9x	12.5x	10.0x	10.7x
TOT. WORLD	max	223.5x	22.9x	14.8x	16.8x	3.0x	2.6x	2.2x	0.7x	14.3x	10.0x	8.0x	6.2x	56.8x	17.2x	12.6x	16.5x
	min	11.5x	10.2x	8.7x	9.9x	0.4x	0.4x	0.4x	0.5x	4.7x	3.9x	3.9x	4.1x	8.0x	6.4x	5.8x	10.0x
	median	37.9x	18.6x	11.3x	10.8x	0.7x	0.7x	0.7x	0.7x	7.8x	5.9x	5.3x	5.1x	22.1x	12.1x	10.0x	10.4x
	Simple average	68.8x	17.3x	11.6x	12.4x	1.0x	0.9x	0.8x	0.6x	8.3x	6.1x	5.5x	5.2x	27.0x	12.2x	9.7x	12.0x
	Weighted average *	76.6x	17.8x	11.5x	10.8x	0.9x	0.8x	0.7x	0.5x	8.0x	5.8x	4.8x	3.9x	17.9x	12.3x	8.9x	9.8x

* on peers market capitalization by geographical area

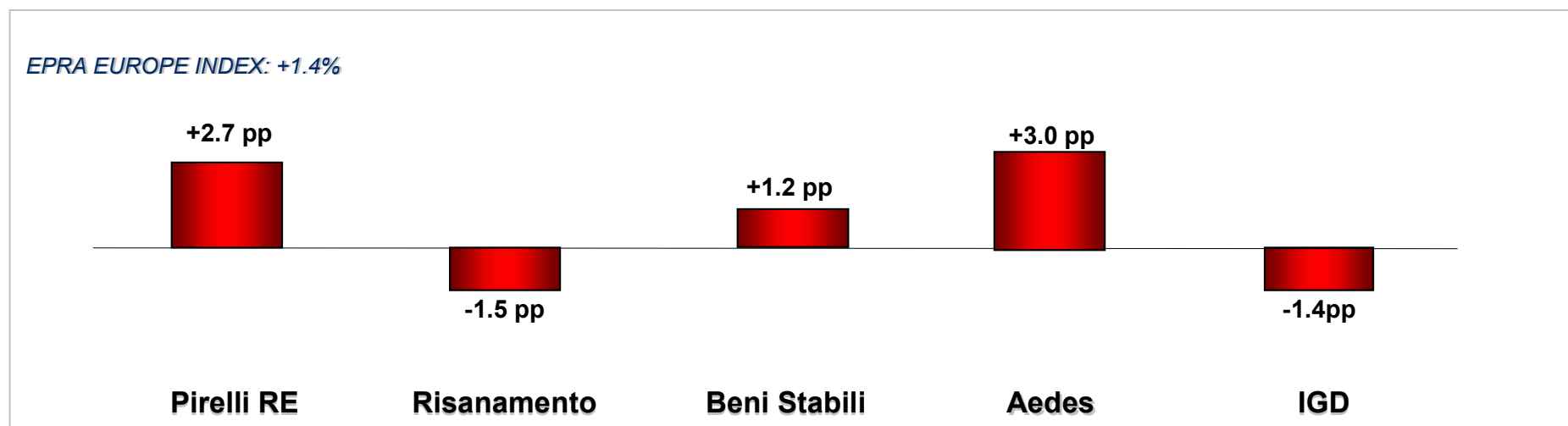
** on tyre sector market capitalization

WORLD TYRE MARKET CAP				
Mln	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€8,341	€8,341	24.9%	46.1%
Continental	€7,563	€7,563	22.5%	41.8%
Nokian	€2,199	€2,199	6.6%	12.1%
Goodyear	\$ 3,833	€2,657	7.9%	75.6%
Cooper Tire	\$ 1,247	€859	2.6%	24.4%
Bridgestone	¥1,258,682	€9,437	28.1%	79.1%
Yokohama	¥131,558	€981	2.9%	8.2%
Sumitomo	¥203,595	€1,519	4.5%	12.7%
TOT.		€33,555		

Pirelli & C. RE vs Real Estate Sector

	Official Close January 8	Percentage change				Daily average volumes		
		Week 4 Jan - 8 Jan	1 Month	3 Months	Year to date	Week 4 Jan - 8 Jan	1 Month	3 Months
Pirelli RE	0.533	4.1	4.6	(21.4)	4.1	5,543,327	5,090,764	10,372,373
Tecla	427.900	1.4	3.4	0.4	1.4	23.40	24.10	24.79
Olinda	325.040	0.9	5.2	(0.9)	0.9	122.20	151.97	134.71
ITALIA								
Epra Europe	1609.360	1.4	2.6	(0.4)	1.4			
Beni Stabili	0.590	2.6	1.9	(5.1)	2.6	1,479,781	1,324,491	1,613,192
Aedes	0.214	4.4	(0.6)	(19.1)	4.4	3,821,833	2,502,339	9,222,334
Bastogi	2.170	3.1	8.6	(6.5)	3.1	19,462	24,735	21,424
Brioschi	0.210	(3.7)	8.5	(10.0)	(3.7)	1,661,623	1,079,265	1,299,564
Gabetti	0.640	1.9	1.9	(28.2)	1.9	193,761	276,874	506,482
IGD	1.559	0.0	0.0	12.2	0.0	425,051	346,794	464,991
Risanamento	0.421	(0.1)	(0.7)	(12.7)	(0.1)	798,239	911,816	3,802,381

WEEKLY TREND 04/01/2010 – 08/01/2010 REAL ESTATE STOCK vs EPRA EUROPE INDEX



Source: Reuters