

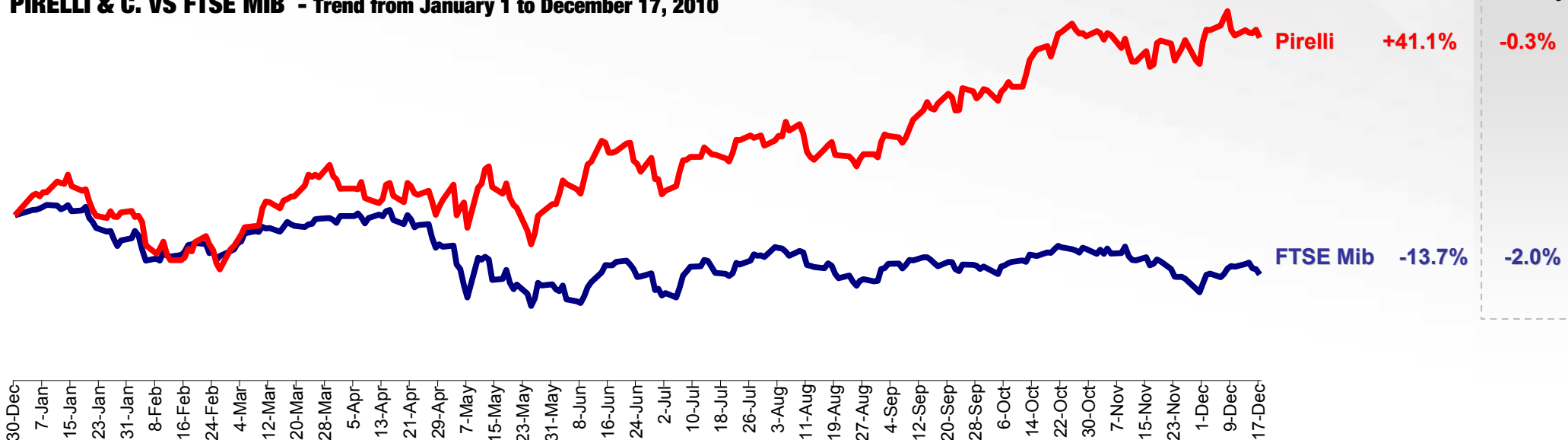


## PEERS & MARKETS

13 December– 17 December 2010

# Pirelli on the Stock Market

**PIRELLI & C. VS FTSE MIB - Trend from January 1 to December 17, 2010**



30-Dec 7-Jan 15-Jan 23-Jan 31-Jan 8-Feb 16-Feb 24-Feb 4-Mar 12-Mar 20-Mar 28-Mar 5-Apr 13-Apr 21-Apr 29-Apr 7-May 15-May 23-May 31-May 8-Jun 16-Jun 24-Jun 2-Jul 10-Jul 18-Jul 26-Jul 3-Aug 11-Aug 19-Aug 27-Aug 4-Sep 12-Sep 20-Sep 28-Sep 6-Oct 14-Oct 22-Oct 30-Oct 7-Nov 15-Nov 23-Nov 1-Dec 9-Dec 17-Dec

|                               | Official Close<br>December 17 | Percentage change       |         |          |              | Daily average volumes   |             |             |
|-------------------------------|-------------------------------|-------------------------|---------|----------|--------------|-------------------------|-------------|-------------|
|                               |                               | Week<br>13 Dec - 17 Dec | 1 Month | 3 Months | Year to date | Week<br>13 Dec - 17 Dec | 1 Month     | 3 Months    |
| <b>Pirelli &amp; C. Ord.</b>  | 6.120                         | (0.3)                   | 4.6     | 12.1     | 41.1         | 1,545,140               | 3,187,762   | 3,511,803   |
| <b>Pirelli &amp; C. Risp.</b> | 5.650                         | (1.7)                   | 2.3     | 12.9     | 22.0         | 10,746                  | 20,546      | 29,568      |
| <b>Pirelli Real Estate</b>    | 0.418                         | 0.8                     | (3.1)   | (4.7)    | (18.4)       | 3,102,422               | 5,815,329   | 6,438,474   |
| <b>FTSE All Share</b>         | 20806                         | (1.8)                   | (2.0)   | (1.3)    | (12.0)       | 845,301,303             | 995,474,652 | 864,537,146 |
| <b>FTSE MIB</b>               | 20069                         | (2.0)                   | (2.8)   | (2.2)    | (13.7)       | 721,262,206             | 853,520,414 | 719,981,501 |

Sell side analysts evaluation on Pirelli & C (20/12/2010)

Consensus Target Price: € 7.05

% Buy: 63%

% Sell: 26%

% Hold: 11%

Market Cap: €2,992.6 mln (of which ord. €2.923.4 mln)

Source: Reuters



# Markets

|                            | Official Close<br>December 17 | Percentage change (%)   |         |          |              |
|----------------------------|-------------------------------|-------------------------|---------|----------|--------------|
|                            |                               | Week<br>13 Dec - 17 Dec | 1 Month | 3 Months | Year to date |
| <b>EUROPE</b>              |                               |                         |         |          |              |
| DJ Stoxx 600               | 276.420                       | 0.1                     | 3.4     | 5.2      | 8.9          |
| FTSE MIB                   | 20069.180                     | (2.0)                   | (2.8)   | (2.2)    | (13.7)       |
| FTSE 100                   | 5871.750                      | 1.0                     | 3.1     | 6.6      | 8.5          |
| DAX                        | 6982.450                      | (0.3)                   | 4.2     | 12.4     | 17.2         |
| CAC 40                     | 3867.350                      | 0.3                     | 2.0     | 3.9      | (1.8)        |
| IBEX 35                    | 9898.100                      | (2.2)                   | (2.9)   | (6.5)    | (17.1)       |
| OMX Stockholm              | 7477.750                      | 1.2                     | 3.8     | 6.8      | 15.8         |
| OMX Helsinki               | 9898.100                      | (2.2)                   | (2.9)   | (6.5)    | (17.1)       |
| <b>UNITED STATES</b>       |                               |                         |         |          |              |
| DJ Industr. Average        | 11499.250                     | 0.7                     | 4.4     | 8.3      | 10.2         |
| S&P 500                    | 1242.870                      | 0.3                     | 5.5     | 10.5     | 11.6         |
| NASDAQ Composite           | 2642.970                      | 0.2                     | 6.7     | 14.1     | 16.5         |
| <b>ASIA</b>                |                               |                         |         |          |              |
| Nikkei 225 (Giappone)      | 10303.830                     | 0.9                     | 5.0     | 7.0      | (2.3)        |
| Hang Seng (HK)             | 22714.850                     | (1.9)                   | (2.2)   | 3.4      | 3.9          |
| All ordinaries (Australia) | 4853.033                      | 0.5                     | 3.1     | 3.6      | (0.6)        |
| Strait Times (Singapore)   | 3153.010                      | (1.0)                   | (1.8)   | 2.5      | 8.8          |
| BSE 30 (India)             | 19864.850                     | 3.2                     | (0.0)   | 2.3      | 13.7         |
| <b>EMIRATES</b>            |                               |                         |         |          |              |
| Abu Dhabi                  | 2722.260                      | (1.6)                   | (1.0)   | 3.4      | (0.8)        |
| Dubai                      | 1641.150                      | (2.1)                   | (2.7)   | (2.5)    | (9.0)        |
| <b>BRAZIL</b>              |                               |                         |         |          |              |
| IteI (indice TLC)          | 1396.630                      | (2.1)                   | (4.1)   | 2.0      | (11.0)       |
| Bovespa                    | 67306.390                     | (0.5)                   | (2.5)   | 1.3      | (0.9)        |

Source: Reuters

|                          | Official Close<br>December 17 | Percentage change (%)   |         |          |              |
|--------------------------|-------------------------------|-------------------------|---------|----------|--------------|
|                          |                               | Week<br>13 Dec - 17 Dec | 1 Month | 3 Months | Year to date |
| <b>EUROPE</b>            |                               |                         |         |          |              |
| DJ Stoxx 600             | 276.420                       | 0.1                     | 3.4     | 5.2      | 8.9          |
| Auto                     | 348.080                       | (2.1)                   | 8.6     | 22.9     | 47.4         |
| Banks                    | 198.590                       | (2.8)                   | (2.9)   | (9.5)    | (10.5)       |
| Basic Resources          | 621.280                       | 0.8                     | 8.7     | 19.0     | 23.8         |
| Chemical                 | 568.640                       | 0.8                     | 6.7     | 16.2     | 22.8         |
| Construction & Material  | 281.790                       | 1.1                     | 7.8     | 14.6     | 1.5          |
| Industrial               | 489.020                       | 1.2                     | 7.7     | 15.3     | 27.0         |
| Insurance                | 154.470                       | (1.4)                   | 0.3     | 2.0      | 2.0          |
| Finance                  | 267.430                       | 0.8                     | 6.5     | 11.2     | 14.8         |
| Food & Beverage          | 365.300                       | 1.5                     | 5.3     | 8.9      | 20.1         |
| FTSE EPRA Eu Residential | 1699.010                      | 0.0                     | 2.2     | 2.5      | 7.0          |
| Media                    | 181.830                       | 0.0                     | 3.5     | 3.4      | 14.3         |
| Oil&Gas                  | 331.810                       | 0.9                     | 6.1     | 10.6     | 0.4          |
| Retail                   | 275.340                       | (0.6)                   | 0.9     | (2.3)    | 12.9         |
| Tech.                    | 213.890                       | 2.2                     | 7.8     | 8.4      | 15.9         |
| TLC                      | 272.900                       | (0.4)                   | (0.8)   | 0.4      | 4.5          |
| Travel & Leisure         | 133.590                       | (0.9)                   | 6.1     | 9.3      | 25.0         |
| Utilities                | 310.510                       | (0.3)                   | (1.4)   | 1.6      | (9.5)        |
| <b>UNITED STATES</b>     |                               |                         |         |          |              |
| S&P 500                  | 1242.870                      | 0.3                     | 5.5     | 10.5     | 11.6         |
| Auto                     | 183.780                       | 0.7                     | 1.9     | 32.8     | 63.2         |
| Banks                    | 220.030                       | (1.9)                   | 8.0     | 6.5      | 5.8          |
| Basic Resources          | 292.240                       | 0.6                     | 12.3    | 24.0     | 21.8         |
| Chemical                 | 333.81                        | 0.90                    | 7.56    | 14.50    | 29.20        |
| Construction & Materials | 243.670                       | 0.7                     | 7.6     | 5.0      | (3.8)        |
| Industrial               | 313.840                       | 0.9                     | 9.0     | 14.6     | 22.8         |
| Food & Beverage          | 305.610                       | 1.8                     | 5.3     | 7.4      | 11.6         |
| Media                    | 321.130                       | (0.4)                   | 2.8     | 11.0     | 21.9         |
| Oil&Gas                  | 563.700                       | 0.3                     | 6.8     | 21.4     | 14.0         |
| Insurance                | 270.770                       | 0.3                     | 5.3     | 5.9      | 15.4         |
| Finance                  | 278.220                       | (1.6)                   | 5.4     | 6.2      | 7.8          |
| RE                       | 207.410                       | (1.1)                   | 1.9     | 0.3      | 17.0         |
| Retail                   | 207.410                       | (1.1)                   | 1.9     | 0.3      | 17.0         |
| Tech.                    | 660.900                       | (0.0)                   | 6.3     | 13.4     | 11.2         |
| Tyres                    | 48.400                        | 1.8                     | 18.4    | 8.1      | (8.5)        |
| TLC                      | 131.330                       | 0.7                     | 5.0     | 6.4      | 9.4          |
| Utilities                | 151.770                       | 1.0                     | 1.3     | 2.5      | 2.7          |

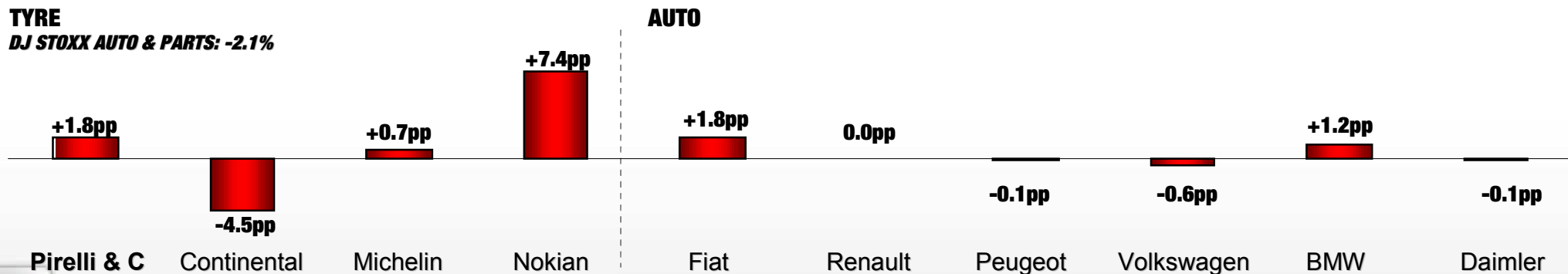


# Pirelli & C. vs Auto & Parts Sector

|               | Official Close<br>December 17 | Percentage change       |         |          |              | Daily average volumes   |            |            |
|---------------|-------------------------------|-------------------------|---------|----------|--------------|-------------------------|------------|------------|
|               |                               | Week<br>13 Dec - 17 Dec | 1 Month | 3 Months | Year to date | Week<br>13 Dec - 17 Dec | 1 Month    | 3 Months   |
| <b>EUROPA</b> |                               |                         |         |          |              |                         |            |            |
| DJ Stoxx Auto | 348.080                       | (2.1)                   | 8.6     | 22.9     | 47.4         |                         |            |            |
| TYRE          |                               |                         |         |          |              |                         |            |            |
| Pirelli & C   | 6.120                         | (0.3)                   | 4.6     | 12.1     | 41.1         | 1,545,140               | 3,187,762  | 3,511,803  |
| Continental   | 58.140                        | (6.5)                   | (0.3)   | 2.8      | 59.6         | 374,202                 | 454,246    | 389,561    |
| Michelin      | 53.740                        | (1.4)                   | (3.4)   | (13.8)   | 3.8          | 870,304                 | 1,100,689  | 1,229,708  |
| Nokian        | 27.180                        | 5.3                     | 8.3     | 10.7     | 59.9         | 753,537                 | 615,864    | 625,541    |
| AUTO          |                               |                         |         |          |              |                         |            |            |
| Fiat          | 14.510                        | (0.3)                   | 11.1    | 40.1     | 41.6         | 18,756,943              | 27,323,715 | 22,949,796 |
| Renault       | 43.110                        | (2.1)                   | 4.2     | 19.4     | 19.1         | 1,251,635               | 1,493,916  | 1,814,603  |
| Peugeot       | 29.765                        | (2.2)                   | 2.6     | 23.1     | 25.8         | 1,458,684               | 1,635,888  | 1,892,535  |
| Volkswagen    | 111.800                       | (2.7)                   | 8.2     | 40.8     | 46.1         | 169,501                 | 323,872    | 280,019    |
| BMW           | 61.950                        | (0.9)                   | 14.1    | 30.7     | 94.8         | 1,923,239               | 2,635,251  | 2,839,061  |
| Daimler       | 53.680                        | (2.2)                   | 9.0     | 20.7     | 44.2         | 4,458,870               | 4,497,391  | 4,694,520  |
| <b>USA</b>    |                               |                         |         |          |              |                         |            |            |
| TYRE          |                               |                         |         |          |              |                         |            |            |
| Goodyear      | 11.640                        | 2.6                     | 19.9    | 4.3      | (17.4)       | 4,692,828               | 5,179,244  | 4,597,519  |
| Cooper        | 23.320                        | 0.4                     | 15.6    | 16.5     | 16.3         | 636,278                 | 761,015    | 809,063    |
| AUTO          |                               |                         |         |          |              |                         |            |            |
| Ford          | 16.770                        | 0.4                     | 0.7     | 34.5     | 68.0         | 8,243,838               | 14,475,523 | 11,380,890 |
| <b>ASIA</b>   |                               |                         |         |          |              |                         |            |            |
| TYRE          |                               |                         |         |          |              |                         |            |            |
| Bridgestone   | 1607.0                        | (3.7)                   | 4.6     | 3.2      | (1.2)        | 4,534,520               | 5,076,340  | 3,835,273  |
| Sumitomo      | 1172.0                        | (6.0)                   | (1.9)   | (0.8)    | 5.1          | 2,352,100               | 1,476,753  | 1,315,011  |
| Toyo          | 199.0                         | 6.4                     | 16.4    | 8.7      | 15.7         | 1,417,200               | 1,158,933  | 825,456    |
| Yokohama      | 423.0                         | (3.4)                   | (0.5)   | (0.5)    | 3.9          | 1,997,200               | 1,551,100  | 1,507,444  |
| Hankook       | 32100.0                       | (1.4)                   | 10.3    | 7.5      | 25.9         | 351,347                 | 560,123    | 632,152    |
| Khumo         | 15350.0                       | (6.7)                   | (8.9)   | (55.4)   | (37.9)       | 286,007                 | 245,264    | 192,238    |
| AUTO          |                               |                         |         |          |              |                         |            |            |
| Toyota        | 3255.0                        | 0.8                     | 2.7     | 5.5      | (16.1)       | 7,216,540               | 10,256,780 | 9,804,709  |
| Nissan        | 795.0                         | (2.3)                   | 0.1     | 10.7     | (1.9)        | 14,568,200              | 18,669,483 | 19,107,318 |

Source: Reuters

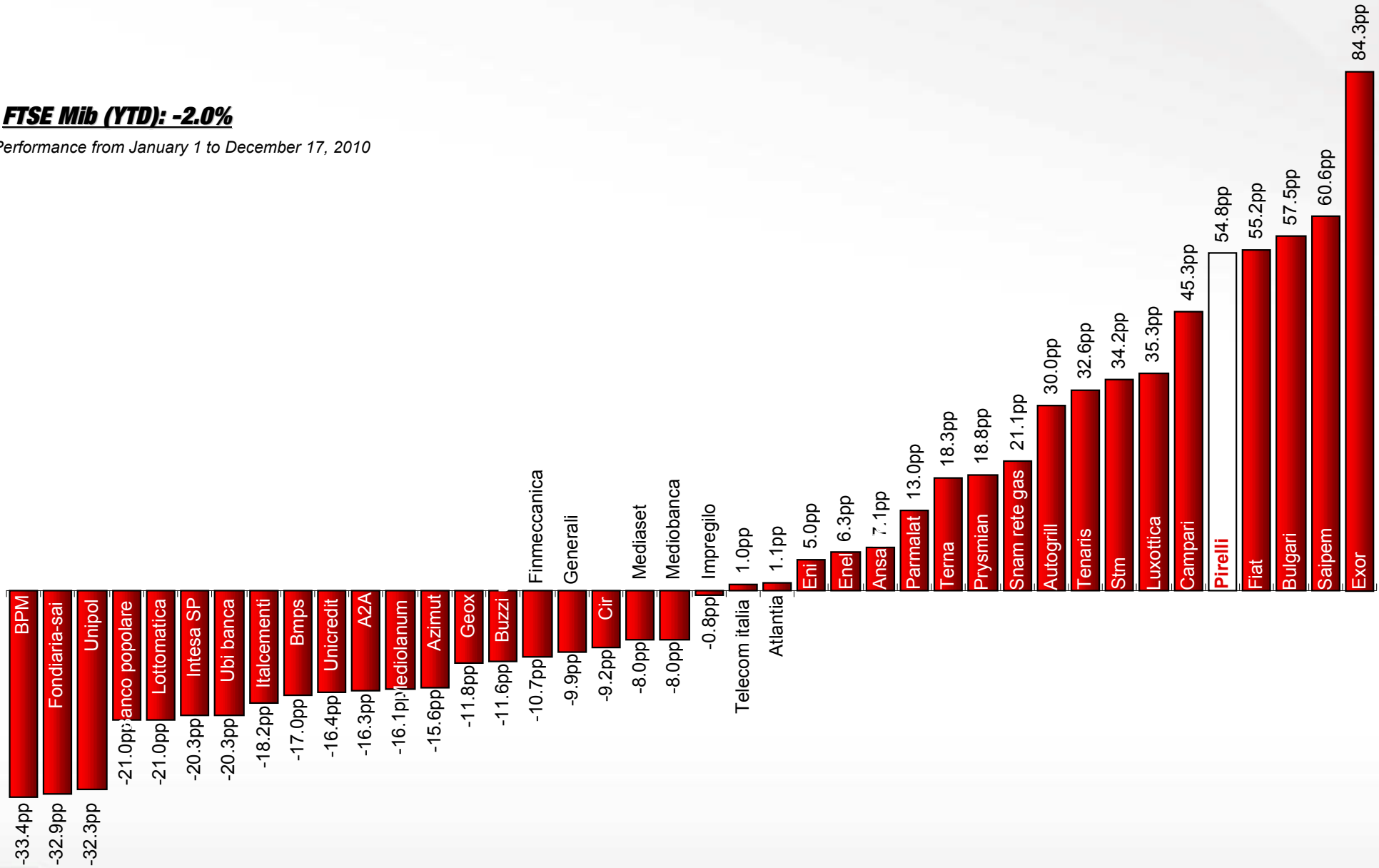
## EUROPE: WEEKLY TREND 13/12/2010 - 17/12/2010 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



# Pirelli vs FTSE Mib relative performance (YTD)

**FTSE Mib (YTD): -2.0%**

Performance from January 1 to December 17, 2010



# Tyre Sector evaluation Multiples

## CONSENSUS PEERS TYRE MARKET MULTIPLES AT 20/12/2010

Source: Pirelli IR analysis on Bloomberg data

| TYRES MULTIPLES @ 20-Dec-10                        |   |        |        |       |          |        |        |        |           |        |        |        |         |        |        |       |      |
|--|---|--------|--------|-------|----------|--------|--------|--------|-----------|--------|--------|--------|---------|--------|--------|-------|------|
|  | PIE   |        |        |       | EV/SALES |        |        |        | EV/EBITDA |        |        |        | EV/EBIT |        |        |       |      |
|  | 2010  | 2011   | 2012   | 2013  | 2010     | 2011   | 2012   | 2013   | 2010      | 2011   | 2012   | 2013   | 2010    | 2011   | 2012   | 2013  |      |
| EUROPA   | Michelin  | 10,2x  | 8,8x   | 7,7x  | 7,1x     | 0,7x   | 0,6x   | 0,6x   |           | 4,5x   | 4,1x   | 3,8x   |         | 7,3x   | 6,7x   | 6,0x  |      |
|  | Continental                                       | 15,2x  | 10,4x  | 8,0x  | 8,0x     | 0,8x   | 0,7x   | 0,6x   | 0,6x      | 5,6x   | 4,8x   | 4,2x   | 4,2x    | 10,0x  | 8,1x   | 6,6x  | 6,6x |
|  | Nokian  | 22,0x  | 16,9x  |       |          | 3,6x   | 3,0x   |        |           | 13,4x  | 10,6x  |        |         | 17,9x  | 13,5x  |       |      |
|  | Simple average                                    | 15,8x  | 12,0x  | 7,8x  | 7,6x     | 1,7x   | 1,4x   | 0,6x   | 0,6x      | 7,8x   | 6,5x   | 4,0x   | 4,2x    | 11,7x  | 9,4x   | 6,3x  | 6,6x |
|  | Weighted average *                                | 14,2x  | 10,7x  | 6,8x  | 6,6x     | 1,1x   | 1,0x   | 0,5x   | 0,3x      | 6,3x   | 5,4x   | 3,4x   | 2,0x    | 10,1x  | 8,3x   | 5,5x  | 3,1x |
|  | Discount (-) / Premium (+)<br>Pirelli vs Michelin | 15,7%  | 11,9%  | 8,3%  | -1,1%    | 18,5%  | 17,2%  | 16,8%  |           | 31,6%  | 29,2%  | 28,9%  |         | 21,1%  | 16,3%  | 15,0% |      |
|  | Discount (-) / Premium (+)<br>Pirelli vs Nokian   | -46,1% | -41,6% |       |          | -78,6% | -76,0% | 5,6%   | 1,3%      | -56,0% | -49,9% | 15,0%  |         | -50,2% | -42,3% |       |      |
| Discount (-) / Premium (+)<br>Pirelli vs W.average | -16,8%  | -7,9%  | 22,6%  | 7,6%  | -31,8%   | -27,8% | 28,3%  | 113,2% | -5,7%     | -0,9%  | 40,5%  | 112,3% | -11,6%  | -6,0%  | 27,0%  | 91,0% |      |
| US   | Goodyear  | 28,1x  | 8,4x   | 5,4x  |          | 0,3x   | 0,3x   | 0,3x   |           | 4,3x   | 3,6x   | 3,4x   |         | 7,9x   | 6,1x   |       |      |
|  | Cooper Tire                                       | 9,3x   | 8,9x   |       |          | 0,5x   |        |        |           | 4,0x   |        |        |         | 6,2x   |        |       |      |
|  | Simple average                                    | 18,7x  | 8,6x   |       |          | 0,4x   |        |        |           | 4,1x   |        |        |         | 7,0x   |        |       |      |
|  | Weighted average *                                | 21,8x  | 8,6x   |       |          | 0,4x   |        |        |           | 4,2x   |        |        |         | 7,3x   |        |       |      |
|  |   |        |        |       |          |        |        |        |           |        |        |        |         |        |        |       |      |
| ASIA   | Bridgestone                                       | 13,4x  | 12,2x  | 10,1x | 10,5x    | 0,6x   | 0,6x   | 0,6x   | 0,5x      | 5,4x   | 5,0x   | 4,5x   | 3,9x    | 11,1x  | 10,0x  | 8,4x  |      |
|  | Hankook   | 11,4x  | 10,5x  | 9,7x  | 9,3x     | 1,5x   | 1,3x   | 1,2x   | 1,2x      | 8,6x   | 7,7x   | 6,9x   | 6,6x    | 11,5x  | 10,2x  | 9,0x  | 9,1x |
|  | Yokohama  | 15,8x  | 11,9x  | 10,3x | 8,9x     | 0,6x   | 0,6x   | 0,5x   | 0,5x      | 6,0x   | 5,7x   | 5,3x   | 4,8x    | 15,7x  | 12,1x  | 11,3x | 9,9x |
|  | Sumitomo  | 11,7x  | 10,1x  | 8,4x  | 8,8x     | 0,7x   | 0,7x   | 0,7x   | 0,6x      | 6,0x   | 5,5x   | 4,8x   | 4,9x    | 10,8x  | 9,3x   | 7,4x  |      |
|  | Simple average                                    | 13,1x  | 11,2x  | 9,6x  | 9,4x     | 0,9x   | 0,8x   | 0,8x   | 0,7x      | 6,5x   | 6,0x   | 5,4x   | 5,0x    | 12,3x  | 10,4x  | 9,0x  | 9,5x |
|  | Weighted average *                                | 13,0x  | 11,3x  | 9,5x  | 9,5x     | 0,7x   | 0,6x   | 0,6x   | 0,6x      | 5,4x   | 5,1x   | 4,6x   | 4,1x    | 11,4x  | 9,9x   | 8,6x  | 2,6x |
|  |   |        |        |       |          |        |        |        |           |        |        |        |         |        |        |       |      |
| TOT. WORLD   | max   | 28,1x  | 16,9x  | 10,3x | 10,5x    | 3,6x   | 3,0x   | 1,2x   | 1,2x      | 13,4x  | 10,6x  | 6,9x   | 6,6x    | 17,9x  | 13,5x  | 11,3x | 9,9x |
|  | min   | 9,3x   | 8,4x   | 5,4x  | 7,1x     | 0,3x   | 0,3x   | 0,3x   | 0,5x      | 4,0x   | 3,6x   | 3,4x   | 3,9x    | 6,2x   | 6,1x   | 6,0x  | 6,6x |
|  | median  | 13,4x  | 10,4x  | 8,4x  | 8,8x     | 0,7x   | 0,7x   | 0,6x   | 0,6x      | 5,6x   | 5,3x   | 4,5x   | 4,8x    | 10,8x  | 9,6x   | 7,9x  | 9,1x |
|  | Simple average                                    | 15,2x  | 10,9x  | 8,5x  | 8,8x     | 1,0x   | 1,0x   | 0,6x   | 0,7x      | 6,4x   | 5,9x   | 4,7x   | 4,9x    | 10,9x  | 9,5x   | 8,1x  | 8,6x |
|  | Weighted average **                               | 14,3x  | 10,9x  | 7,8x  | 7,4x     | 0,9x   | 0,8x   | 0,6x   | 0,4x      | 6,0x   | 5,3x   | 4,0x   | 2,9x    | 10,4x  | 8,7x   | 6,3x  | 2,6x |

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

| WORLD TYRE MARKET CAP |                |              |              |              |                        |
|-----------------------|----------------|--------------|--------------|--------------|------------------------|
| Min                   | Local currency | € adjustment | % on cluster | % on cluster | % on geographical Area |
| Michelin              | €9.625         | €9.625       | 20,6%        | 0,0%         | 38,5%                  |
| Continental           | €11.876        | €11.876      | 25,4%        | 0,0%         | 47,5%                  |
| Nokian                | €3.499         | €3.499       | 7,5%         | 0,0%         | 14,0%                  |
| Goodyear              | \$2.827,51     | €2.149       | 4,6%         | 0,0%         | 66,4%                  |
| Cooper Tire           | \$1.433,98     | €1.090       | 2,3%         | 0,0%         | 33,6%                  |
| Bridgestone           | ¥1.309.908     | €11.882      | 25,4%        | 0,0%         | 64,4%                  |
| Yokohama              | ¥143.891       | €1.305       | 2,8%         | 0,0%         | 79,9%                  |
| Sumitomo              | ¥221.219       | €2.007       | 4,3%         | 0,0%         | 3,9%                   |
| Hankook               | ₩4.961.392     | €3.263       | 7,0%         | 0,0%         | 6,5%                   |
| TOT.                  |                | €46.696      |              |              |                        |

