

Pirelli & C. S.p.A. — Milano

Peers & Markets

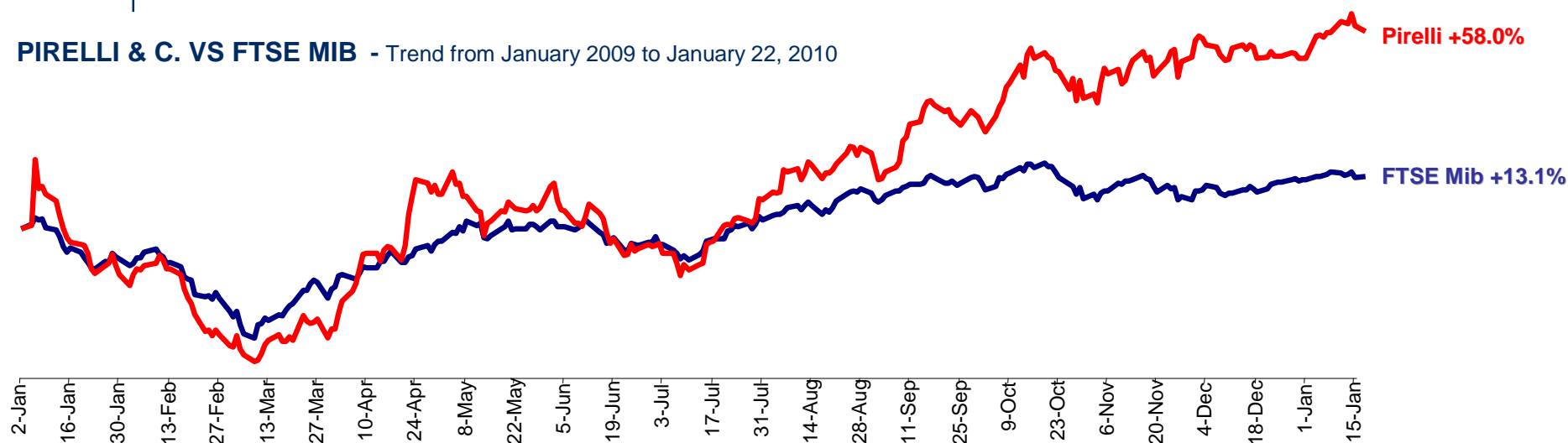
18 January – 22 January 2010



Investor Relations

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 2009 to January 22, 2010



	Official Close January 22	Percentage change				Daily average volumes		
		Week 18 Jan - 22 Jan	1 Month	3 Months	Year to date	Week 18 Jan - 22 Jan	1 Month	3 Months
Pirelli & C. Ord.	0.420	(6.5)	(1.5)	2.6	(0.1)	45,438,463	32,538,044	48,127,963
Pirelli & C. Risp.	0.459	(0.3)	(0.1)	5.5	2.0	243,037	260,700	406,560
Pirelli Real Estate	0.495	(2.9)	0.8	(21.4)	(3.3)	3,644,443	4,478,178	9,362,122
FTSE All Share	23038	(3.6)	(1.4)	(5.3)	(2.6)	1,045,810,879	635,649,702	752,558,474
FTSE MIB	22568	(3.9)	(1.8)	(5.2)	(2.9)	754,803,079	511,618,598	656,103,670

Sell side analysts evaluation on Pirelli & C (25/01/2010)

Consensus Target Price: € 0.48

% Buy: 71%

% Sell: 0%

% Hold: 29%

Market Cap: €2,269.5 mln (of which ord. €2,208.4 mln)

Markets

	Official Close January 22	Percentage change (%)			
		Week 18 Jan - 22 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	249.910	(2.5)	(0.5)	1.5	(1.3)
FTSE MIB	22567.810	(3.9)	(1.8)	(5.2)	(2.9)
FTSE 100	5302.990	(2.8)	(0.5)	1.8	(2.0)
DAX	5695.320	(3.1)	(4.2)	(1.2)	(4.4)
CAC 40	3820.780	(3.4)	(2.0)	(0.0)	(2.9)
IBEX 35	11373.400	(4.0)	(4.4)	(3.8)	(4.7)
OMX Stockholm	6534.060	(0.8)	3.0	5.6	1.2
OMX Helsinki	11373.400	(4.0)	(4.4)	(3.8)	(4.7)
UNITED STATES					
DJ Industr. Average	10389.880	(5.0)	(2.8)	0.9	(2.4)
S&P 500	1116.480	(4.9)	(2.3)	(0.1)	(2.1)
NASDAQ Composite	2205.290	(4.8)	(2.1)	1.8	(2.8)
ASIA					
Nikkei 225 (Giappone)	10590.550	(3.6)	2.0	3.1	0.4
Hang Seng (HK)	20726.180	(4.3)	(1.7)	(6.7)	(5.2)
All ordinaries (Australia)	4771.900	(3.2)	1.0	(1.0)	(2.3)
Strait Times (Singapore)	2819.710	(3.1)	(0.1)	5.1	(2.7)
BSE 30 (India)	16859.680	(4.0)	1.0	0.4	(3.5)
EMIRATES					
Abu Dhabi	2600.090	(2.8)	(3.7)	(16.7)	(5.2)
Dubai	1570.090	(5.5)	(10.1)	(29.5)	(12.3)
BRAZIL					
Itel (indice TLC)	1426.150	(2.0)	(6.7)	1.3	(7.2)
Bovespa	66270.130	(4.0)	(1.8)	0.1	(3.5)

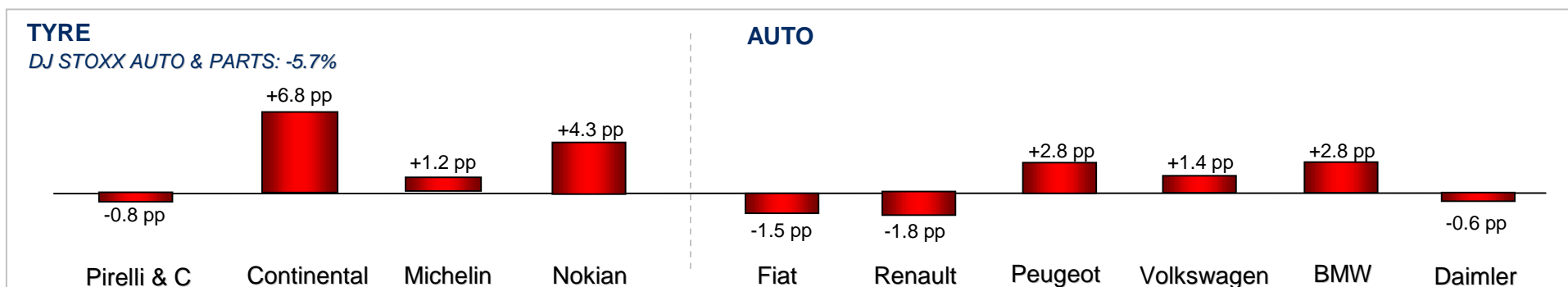
Source: Reuters

	Official Close January 22	Percentage change (%)			
		Week 18 Jan - 22 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	249.910	(2.5)	(0.5)	1.5	(1.3)
Auto	228.540	(5.7)	(3.2)	(7.5)	(3.1)
Banks	212.230	(6.2)	(3.5)	(9.9)	(4.1)
Basic Resources	490.750	(5.5)	2.4	12.8	(1.5)
Chemical	436.800	(3.2)	(5.3)	5.5	(5.7)
Construction & Material	270.470	(4.2)	(1.4)	1.4	(2.6)
Industrial	380.300	(3.2)	(0.1)	2.4	(1.1)
Insurance	148.340	(3.7)	(1.1)	(6.7)	(2.0)
Finance	227.150	(2.7)	(1.2)	(5.8)	(2.5)
Food & Beverage	305.230	1.0	0.4	8.6	0.3
FTSE EPRA Eu Residential	1574.860	(2.1)	1.0	(3.4)	(0.8)
Media	158.350	(1.8)	(0.1)	4.5	(0.5)
Oil&Gas	328.760	(3.1)	0.5	2.8	(0.5)
Retail	245.010	(0.1)	1.7	7.7	1.0
Tech.	189.810	(1.1)	3.6	2.7	3.0
TLC	250.940	(0.4)	(3.8)	(2.0)	(3.8)
Travel & Leisure	109.470	(0.1)	2.4	6.1	2.6
Utilities	333.720	(1.0)	(1.2)	3.4	(2.6)
UNITED STATES					
S&P 500	1116.480	(4.9)	(2.3)	(0.1)	(2.1)
Auto	124.390	(10.2)	3.9	24.1	3.4
Banks	217.150	(4.6)	0.2	(7.8)	1.3
Basic Resources	234.510	(9.4)	(5.1)	(0.1)	(5.7)
Chemical	262.37	(4.49)	0.34	(0.12)	(0.68)
Construction & Materials	270.490	(6.7)	1.4	(5.5)	3.1
Industrial	258.510	(4.0)	(1.5)	2.1	(0.6)
Food & Beverage	272.890	(3.7)	(1.4)	1.2	(1.7)
Media	257.770	(3.3)	(4.6)	1.9	(4.2)
Oil&Gas	498.130	(5.0)	(1.8)	(6.6)	(1.5)
Insurance	238.670	(4.1)	(0.8)	(5.3)	(0.6)
Finance	262.880	(4.4)	(1.9)	(5.3)	(1.4)
RE	173.820	(5.1)	(5.7)	2.2	(4.8)
Retail	173.820	(5.1)	(5.7)	2.2	(4.8)
Tech.	589.700	(4.8)	(3.9)	1.7	(4.9)
Tyres	50.860	(11.5)	(7.7)	(18.1)	(5.8)
TLC	111.100	(2.1)	(8.4)	0.4	(8.3)
Utilities	146.680	(3.7)	(3.7)	0.4	(3.1)

Pirelli & C. vs Auto & Parts Sector

	Official Close January 22	Percentage change				Daily average volumes		
		Week 18 Jan - 22 Jan	1 Month	3 Months	Year to date	Week 18 Jan - 22 Jan	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	228.540	(5.7)	(3.2)	(7.5)	(3.1)			
TYRE								
Pirelli & C	0.420	(6.5)	(1.5)	2.6	(0.1)	45,438,463	32,538,044	48,127,963
Continental	41.140	1.1	11.9	6.5	12.9	984,561	565,681	375,094
Michelin	57.330	(4.5)	6.1	4.0	7.0	791,934	651,733	771,806
Nokian	17.990	(1.4)	5.7	8.7	5.8	571,965	652,305	672,174
AUTO								
Fiat	9.900	(7.2)	(3.9)	(8.8)	(3.4)	28,398,083	18,167,223	31,576,440
Renault	35.700	(7.5)	0.1	3.6	(1.4)	2,586,683	2,014,723	2,570,419
Peugeot	24.950	(2.9)	6.7	5.9	5.4	1,752,820	1,570,879	2,106,727
Volkswagen	69.550	(4.3)	(7.4)	(40.3)	(9.7)	320,181	511,631	499,800
BMW	30.700	(2.9)	(4.5)	(13.7)	(3.5)	2,651,292	2,039,519	2,431,133
Daimler	34.180	(6.3)	(8.4)	(6.9)	(8.2)	6,201,110	4,724,190	6,019,607
USA								
TYRE								
Goodyear	13.240	7.8	7.7	(14.9)	146.6	4,052,122	5,705,239	5,339,556
Cooper	19.080	(7.5)	(6.1)	12.4	(4.8)	1,055,658	736,796	1,055,431
AUTO								
Ford	11.180	(10.5)	6.3	35.6	5.2	14,176,680	13,650,387	13,462,401
ASIA								
TYRE								
Bridgestone	1514.0	1.3	(5.3)	(5.5)	(6.9)	7,681,920	4,531,557	3,600,997
Sumitomo	1037.0	(2.6)	(5.8)	(6.5)	(5.6)	1,456,900	1,350,753	1,218,494
Toyo	170.0	(6.6)	0.0	0.0	(1.2)	892,200	963,533	1,569,722
Yokohama	366.0	(4.2)	(6.2)	(11.6)	(10.1)	1,837,200	1,842,600	1,571,811
Hankook	20550.0	(6.6)	(16.3)	(10.7)	(19.4)	1,341,284	933,015	962,620
Khumo	3615.0	9.9	(27.7)	(33.5)	0.3	1,936,503	1,791,463	764,767
AUTO								
Toyota	4055.0	(3.5)	6.7	11.7	4.5	7,956,760	7,968,870	8,521,649
Nissan	750.0	(6.4)	(2.5)	14.3	(7.4)	19,811,280	19,348,247	19,980,857

EUROPE: WEEKLY TREND 18/01/2010 – 22/01/2010 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Source: Reuters

Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 25/01/2010

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 25-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	36.4x	13.6x	9.8x	7.1x	0.8x	0.8x	0.7x	0.6x	7.3x	5.6x	4.5x	3.4x	19.1x	10.8x	7.6x	5.8x
	Continental		18.8x	9.4x	11.3x	0.9x	0.8x	0.7x	0.7x	9.3x	6.2x	5.0x	5.2x		15.4x	10.4x	10.8x
	Nokian	39.0x	18.8x	13.8x		3.0x	2.6x	2.2x		14.3x	10.0x	7.9x		22.2x	13.6x	10.7x	
	Simple average	37.7x	17.1x	11.0x	9.2x	1.6x	1.4x	1.2x	0.7x	10.3x	7.3x	5.8x	4.3x	20.7x	13.3x	9.6x	8.3x
	Weighted average *	21.5x	16.4x	10.1x	8.0x	1.1x	1.0x	0.9x	0.6x	9.0x	6.4x	5.2x	3.7x	11.5x	13.1x	9.1x	7.2x
US	Goodyear		19.3x	9.2x		0.4x	0.4x	0.4x		8.2x	4.9x	3.9x		39.0x	9.0x	5.9x	
	Cooper Tire	10.3x	8.6x	6.4x		0.5x	0.4x			4.3x	3.5x			7.3x	5.5x		
	Simple average	10.3x	13.9x	7.8x		0.4x	0.4x	0.4x		6.2x	4.2x	3.9x		23.1x	7.2x	5.9x	
	Weighted average *	2.7x	16.4x	8.4x		0.4x	0.4x	0.3x		7.2x	4.5x	2.9x		30.6x	8.0x	4.3x	
ASA	Bridgestone	236.0x	22.0x	15.4x	14.5x	0.7x	0.6x	0.6x	0.5x	6.9x	5.8x	5.1x	4.3x	26.2x	14.4x	10.7x	10.6x
	Yokohama		17.7x	13.4x	9.1x	0.6x	0.6x	0.5x	0.5x	8.0x	5.7x	5.5x	4.7x	55.2x	15.8x	12.2x	9.7x
	Sumitomo	32.3x	14.5x	10.8x	10.3x	0.8x	0.8x	0.7x	0.7x	7.2x	6.7x	6.0x	6.1x	19.1x	12.5x	10.4x	13.0x
	Simple average	134.2x	18.1x	13.2x	11.3x	0.7x	0.7x	0.6x	0.5x	7.4x	6.1x	5.5x	5.0x	33.5x	14.2x	11.1x	11.1x
	Weighted average *	191.3x	20.7x	14.6x	13.5x	0.7x	0.6x	0.6x	0.5x	7.0x	5.9x	5.3x	4.5x	27.6x	14.2x	10.7x	10.8x
TOT. WORLD	max	236.0x	22.0x	15.4x	14.5x	3.0x	2.6x	2.2x	0.7x	14.3x	10.0x	7.9x	6.1x	55.2x	15.8x	12.2x	13.0x
	min	10.3x	8.6x	6.4x	7.1x	0.4x	0.4x	0.4x	0.5x	4.3x	3.5x	3.9x	3.4x	7.3x	5.5x	5.9x	5.8x
	median	36.4x	18.2x	10.3x	10.3x	0.7x	0.7x	0.7x	0.6x	7.6x	5.8x	5.1x	4.7x	22.2x	13.1x	10.4x	10.6x
	Simple average	70.8x	16.7x	11.0x	10.5x	1.0x	0.9x	0.8x	0.6x	8.2x	6.0x	5.4x	4.7x	26.9x	12.1x	9.7x	10.0x
	Weighted average *	81.2x	17.5x	11.2x	9.0x	0.9x	0.8x	0.7x	0.5x	7.9x	5.9x	4.8x	3.5x	17.5x	12.6x	8.9x	7.6x

* on peers market capitalization by geographical area

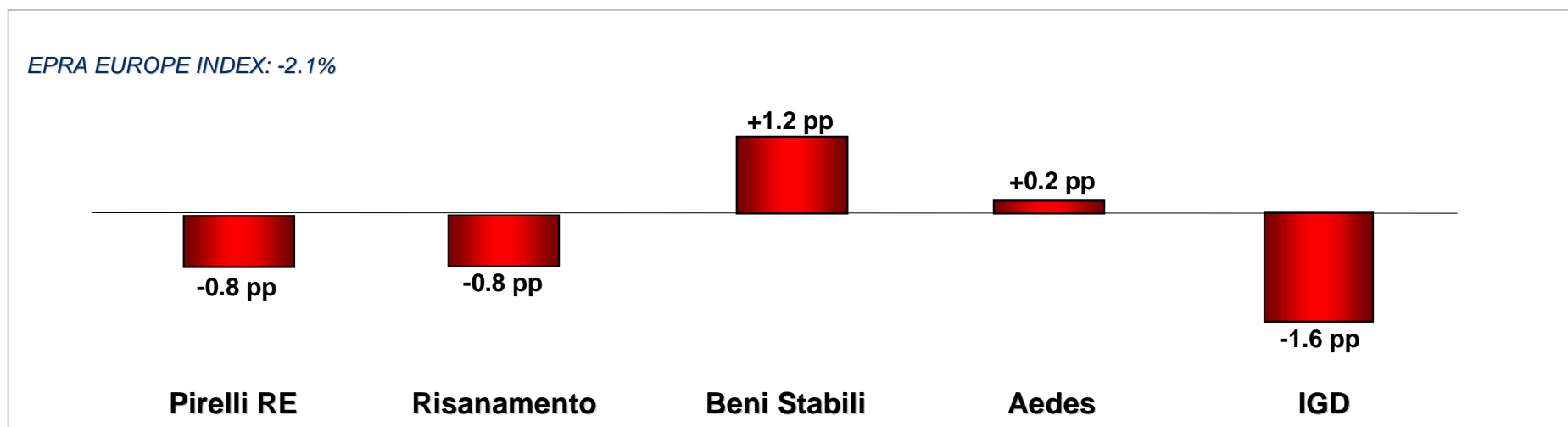
** on tyre sector market capitalization

WORLD TYRE MARKET CAP				
Mln	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€8,231	€8,231	25.1%	46.1%
Continental	€6,930	€6,930	22.8%	41.8%
Nokian	€2,212	€2,212	6.6%	12.1%
Goodyear	\$ 3,833	€2,267	6.8%	73.5%
Cooper Tire	\$ 1,154	€816	2.5%	26.5%
Bridgestone	¥1,258,682	€9,536	28.7%	79.3%
Yokohama	¥122,993	€965	2.9%	8.0%
Sumitomo	¥193,600	€1,520	4.6%	12.6%
TOT.		€32,478		

Pirelli & C. RE vs Real Estate Sector

	Official Close January 22	Percentage change				Daily average volumes		
		Week 18 Jan - 22 Jan	1 Month	3 Months	Year to date	Week 18 Jan - 22 Jan	1 Month	3 Months
Pirelli RE	0.495	(2.9)	0.8	(21.4)	(3.3)	3,644,443	4,478,178	9,362,122
Tecla	423.000	0.0	0.2	0.7	0.2	31.00	25.13	27.02
Olinda	341.000	(2.0)	5.9	6.6	4.9	301.40	190.40	151.34
ITALIA								
Epra Europe	1574.860	(2.1)	1.0	(3.4)	(0.8)			
Beni Stabili	0.605	(0.9)	6.1	(3.7)	5.1	3,433,575	1,635,185	1,702,345
Aedes	0.205	(1.9)	1.8	(15.7)	0.1	1,043,803	1,926,674	6,491,328
Bastogi	2.120	(1.7)	(7.6)	(9.4)	0.7	11,724	25,488	17,184
Brioschi	0.202	(1.4)	(1.0)	(7.5)	(7.2)	1,141,856	1,071,130	1,098,023
Gabetti	0.578	(8.1)	4.8	(26.9)	(7.9)	104,995	232,106	460,809
IGD	1.515	(3.7)	(3.1)	(5.0)	(2.8)	164,479	307,397	423,084
Risanamento	0.408	(2.9)	3.2	(13.2)	(3.1)	1,528,241	981,519	2,950,251

WEEKLY TREND 18/01/2010 – 22/01/2010 REAL ESTATE STOCK vs EPRA EUROPE INDEX



Source: Reuters