

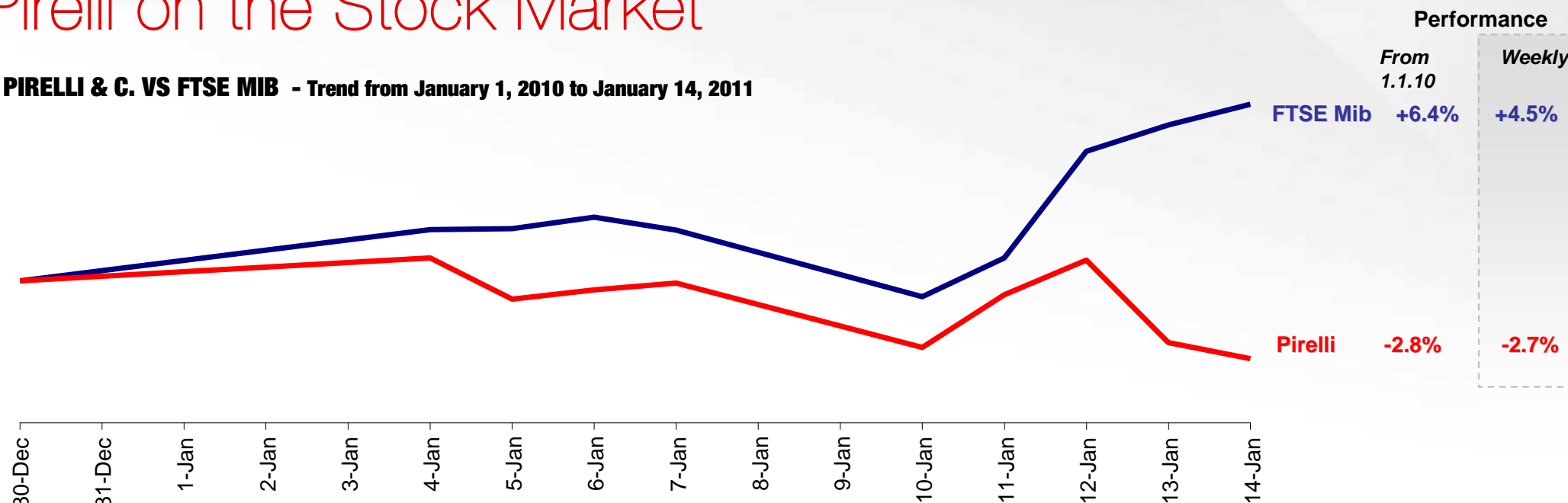


PEERS & MARKETS

10 January – 14 January 2010

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1, 2010 to January 14, 2011



	Official Close 14 January	Percentage change				Daily average volumes		
		1 Week 10 Jan - 14 Jan	1 Month	3 Months	Year to date	1 Week 10 Jan - 14 Jan	1 Month	3 Months
Pirelli & C. Ord.	5.880	(2.7)	(4.7)	(1.2)	(2.8)	3,246,313	2,194,293	3,398,769
Pirelli & C. Resp.	5.610	(1.5)	(0.6)	(2.3)	0.0	15,175	11,846	29,463
Pirelli Real Estate	0.458	3.4	6.9	3.6	2.7	4,940,440	3,821,033	6,711,818
FTSE All Share	22145	4.0	3.5	2.1	5.8	1,257,298,840	848,139,900	870,533,458
FTSE MIB	21460	4.5	3.6	1.7	6.4	1,066,241,909	718,985,374	726,046,996

Sell side analysts evaluation on Pirelli & C (17/01/2010)

Consensus Target Price: € 7.1

% Buy: 63%

% Sell: 11%

% Hold: 26%

Market Cap: €3,023.3 mln (of which ord. €2.794,9 mln)

Source: Reuters



Markets

	Official Close 14 January	Percentage change (%)			
		1 Week 10 Jan - 14 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	283.770	1.0	2.2	6.8	2.9
FTSE MIB	21460.090	4.5	3.6	1.7	6.4
FTSE 100	6002.070	0.3	1.9	4.8	1.7
DAX	7075.700	1.8	0.7	9.6	2.3
CAC 40	3983.280	3.0	2.1	4.3	4.7
IBEX 35	10385.100	8.6	2.2	(4.3)	5.3
OMX Stockholm	7857.890	0.6	5.6	7.2	2.6
FTSE ATHEX	1527.840	4.7	(5.2)	(10.4)	2.1
UNITED STATES					
DJ Industr. Average	11731.900	1.0	2.7	6.2	1.8
S&P 500	1283.760	1.7	4.2	10.2	2.8
NASDAQ Composite	2755.300	1.9	4.9	13.1	3.9
ASIA					
Nikkei 225 (Giappone)	10499.040	(0.3)	1.8	9.6	2.6
Hang Seng (HK)	24283.230	2.5	3.6	1.8	5.4
All ordinaries (Australia)	4908.565	2.0	1.2	3.0	1.3
Strait Times (Singapore)	3245.960	(0.5)	2.2	1.6	1.8
BSE 30 (India)	18860.440	(4.2)	(4.7)	(8.0)	(8.0)
EMIRATES					
Abu Dhabi	2713.200	(1.8)	(0.1)	(1.6)	(0.2)
Dubai	1600.550	(3.9)	(2.3)	(8.4)	(1.8)
BRAZIL					
IteI (indice TLC)	1560.680	3.6	9.9	9.4	8.0
Bovespa	70940.220	1.3	3.2	(1.0)	2.4

Source: Reuters

	Official Close 14 January	Percentage change (%)			
		1 Week 10 Jan - 14 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	283.770	1.0	2.2	6.8	2.9
Auto	365.210	1.5	3.1	22.7	7.0
Banks	213.390	6.2	4.1	1.0	8.7
Basic Resources	634.200	(0.7)	2.4	13.9	(0.1)
Chemical	562.480	0.3	(0.4)	7.8	(1.0)
Construction & Material	284.860	2.7	1.1	11.7	0.8
Industrial	497.410	1.7	2.1	11.7	1.9
Insurance	164.620	2.9	4.8	6.3	6.6
Finance	282.800	1.7	6.2	13.6	5.5
Food & Beverage	355.070	(2.7)	(1.9)	5.0	(2.5)
FTSE EPRA Eu Residential	1732.140	1.9	0.1	(2.7)	0.3
Media	185.610	0.1	2.5	6.1	2.6
Oil&Gas	351.440	1.1	5.4	14.6	5.7
Retail	271.820	(1.3)	(2.2)	(1.6)	1.1
Tech.	226.610	3.3	8.3	12.3	5.0
TLC	276.460	(0.9)	0.5	1.4	2.8
Travel & Leisure	138.470	(1.2)	3.6	12.7	3.4
Utilities	320.200	1.5	2.3	4.2	2.4
UNITED STATES					
S&P 500	1283.760	1.7	4.2	10.2	12.6
Auto	204.690	1.0	13.5	32.0	57.2
Banks	239.890	4.1	10.9	21.1	8.0
Basic Resources	310.150	(0.1)	3.7	17.0	19.3
Chemical	343.97	2.06	4.58	11.33	28.72
Construction & Materials	281.550	4.3	19.6	21.6	2.6
Industrial	324.680	2.1	4.5	12.7	21.7
Food & Beverage	309.610	1.3	2.1	5.3	9.8
Media	331.840	(0.4)	2.8	9.6	25.8
Oil&Gas	596.280	3.6	7.1	19.3	17.0
Insurance	276.170	1.2	2.9	6.0	14.3
Finance	294.930	2.9	6.6	13.1	10.2
RE	217.410	1.3	4.6	2.6	22.3
Retail	217.410	1.3	4.6	2.6	22.3
Tech.	691.690	2.3	5.9	13.3	15.9
Tyres	50.510	(5.8)	3.5	6.5	(11.7)
TLC	130.470	(1.4)	(1.0)	3.8	14.7
Utilities	154.830	0.7	2.5	1.5	4.2



Pirelli & C. vs Auto & Parts Sector

	Official Close 14 January	Percentage change				Daily average volumes		
		1 Week 10 Jan - 14 Jan	1 Month	3 Months	Year to date	1 Week 10 Jan - 14 Jan	1 Month	3 Months
EUROPE								
DJ Stoxx Auto	365.210	1.5	3.1	22.7	7.0			
TYRE								
Pirelli & C	5.880	(2.7)	(4.7)	(1.2)	(2.8)	3,246,313	2,194,293	3,398,769
Continental	59.430	2.8	(3.1)	(0.1)	0.5	620,720	451,947	412,844
Michelin	53.000	(1.0)	(2.6)	(8.8)	(1.3)	1,210,441	829,665	1,270,087
Nokian	27.700	1.2	2.6	5.6	0.9	402,463	558,838	596,749
AUTO								
Fiat Auto	15.430	7.3	27.0	57.8	19.3	35,681,280	31,288,716	26,884,182
Renault	48.715	3.1	9.5	26.3	12.0	1,889,842	1,277,165	1,756,047
Peugeot	32.320	2.6	3.9	20.7	13.8	1,624,328	1,229,554	1,783,110
Volkswagen	117.150	1.8	0.7	41.6	10.6	203,439	233,798	288,277
BMW	58.940	(0.6)	(5.7)	17.9	0.2	2,782,330	2,530,296	2,870,189
Daimler	55.950	2.6	3.4	18.0	10.3	4,830,217	4,197,151	4,550,571
USA								
TYRE								
Goodyear	12.470	(6.0)	6.2	3.5	2.4	7,335,405	5,296,429	4,587,259
Cooper	24.100	(5.4)	(1.6)	13.4	(1.2)	626,980	671,922	725,332
AUTO								
Ford	18.680	2.1	13.6	34.1	11.1	8,963,254	8,909,977	11,215,418
ASIA								
TYRE								
Bridgestone	1564.0	(2.4)	(5.3)	8.5	(0.3)	6,689,880	5,097,690	4,080,103
Sumitomo	1216.0	0.0	(1.4)	7.2	1.3	1,684,820	1,557,973	1,342,541
Toyo	202.0	(2.9)	3.6	23.9	3.1	869,400	1,115,000	880,011
Yokohama	423.0	(3.0)	(2.8)	4.2	0.7	1,860,200	1,573,600	1,475,100
Hankook	31050.0	(4.9)	(3.4)	0.2	(2.2)	692,942	523,294	621,546
Khumo	15850.0	2.3	(1.6)	(67.5)	14.4	338,258	308,770	232,518
AUTO								
Toyota	3550.0	5.0	8.9	21.2	10.2	10,547,640	8,610,720	9,392,022
Nissan	846.0	2.5	4.6	12.4	9.4	23,397,480	17,082,413	19,074,518

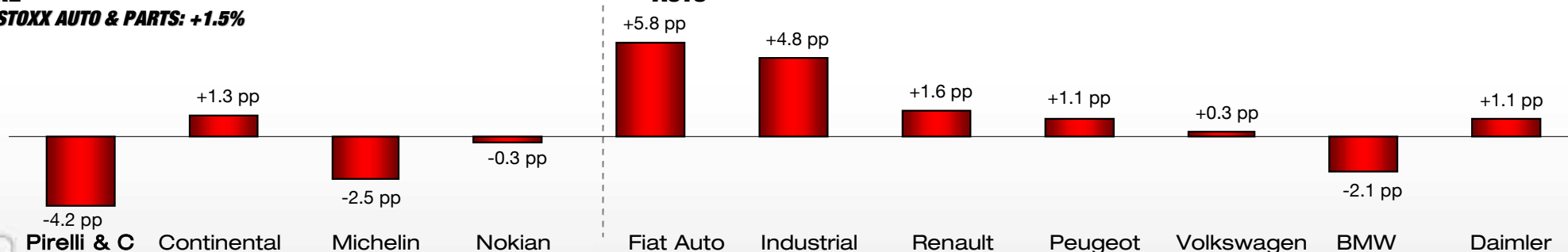
Source: Reuters

EUROPE: WEEKLY TREND 10/01/2011 - 14/01/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +1.5%

AUTO



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 17/01/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 17-Jan-11																	
		P/E				EV/SALES				EV/EBITDA				EV/EBIT			
		2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
EUROPA	Michelin	9,8x	8,6x	7,4x	7,0x	0,6x	0,6x	0,6x		4,3x	4,0x	3,6x		7,3x	6,7x	5,9x	
	Continental	13,9x	9,8x	7,6x	7,6x	0,8x	0,7x	0,6x	0,6x	5,4x	4,7x	4,1x	4,1x	8,5x	7,2x	5,9x	5,9x
	Nokian	22,1x	17,0x			3,6x	3,0x			13,5x	10,7x			18,0x	13,6x		
	Simple average	15,3x	11,8x	7,5x	7,3x	1,7x	1,4x	0,6x	0,6x	7,7x	6,5x	3,9x	4,1x	11,3x	9,2x	5,9x	5,9x
	Weighted average *	13,5x	10,4x			1,1x	1,0x			6,1x	5,3x			9,4x	7,9x		
US	Goodyear	29,2x	9,1x	5,7x		0,3x	0,3x	0,3x		4,3x	3,8x	3,6x		8,1x	6,3x		
	Cooper Tire	9,3x	8,9x			0,5x				4,0x				6,2x			
	Simple average	19,2x	9,0x			0,4x				4,2x				7,1x			
	Weighted average *	22,7x	9,0x			0,4x				4,2x				7,4x			
ASIA	Bridgestone	12,9x	12,6x	10,2x	10,6x	0,6x	0,6x	0,6x	0,5x	5,2x	5,0x	4,4x	3,9x	10,8x	10,3x	8,8x	
	Hankook	10,7x	9,8x	9,0x	9,0x	1,4x	1,2x	1,1x	1,0x	8,2x	7,3x	6,5x	6,1x	10,8x	9,5x	8,2x	8,4x
	Yokohama	15,6x	12,0x	10,7x	8,7x	0,6x	0,6x	0,5x	0,5x	5,9x	5,6x	5,3x	4,6x	15,7x	12,0x	11,2x	9,8x
	Sumitomo	11,7x	10,6x	8,5x	8,2x	0,7x	0,7x	0,7x	0,6x	6,0x	5,6x	4,7x	4,9x	10,8x	9,3x	7,4x	
	Simple average	12,7x	11,3x	9,6x	9,1x	0,8x	0,8x	0,7x	0,7x	6,3x	5,9x	5,2x	4,9x	12,0x	10,3x	8,9x	9,1x
	Weighted average *	12,5x	11,5x	9,6x	9,4x	0,6x	0,6x	0,6x	0,5x	5,3x	5,0x	4,5x	4,0x	11,1x	10,0x	8,7x	2,5x
TOT. WORLD	max	29,2x	17,0x	10,7x	10,6x	3,6x	3,0x	1,1x	1,0x	13,5x	10,7x	6,5x	6,1x	18,0x	13,6x	11,2x	9,8x
	min	9,3x	8,6x	5,7x	7,0x	0,3x	0,3x	0,3x	0,5x	4,0x	3,8x	3,6x	3,9x	6,2x	6,3x	5,9x	5,9x
	median	12,9x	9,8x	8,5x	8,4x	0,6x	0,6x	0,6x	0,6x	5,4x	5,3x	4,4x	4,6x	10,8x	9,4x	7,8x	8,4x
	Simple average	15,0x	10,9x	8,4x	8,5x	1,0x	1,0x	0,6x	0,7x	6,3x	5,8x	4,6x	4,7x	10,7x	9,4x	7,9x	8,1x
	Weighted average **	13,8x	10,9x	7,6x	7,2x	0,9x	0,8x	0,5x	0,4x	5,9x	5,2x	3,9x	2,8x	9,9x	8,5x	6,1x	2,4x

* 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	€9.383	€9.383	20,5%	0,0%	38,2%
	Continental	€11.644	€11.644	25,4%	0,0%	47,4%
	Nokian	€3.522	€3.522	7,7%	0,0%	14,3%
	Goodyear	\$2.946,54	€2.222	4,8%	0,0%	67,3%
	Cooper Tire	\$1.432,75	€1.080	2,4%	0,0%	32,7%
	Bridgestone	¥1.260.309	€11.485	25,1%	0,0%	63,8%
	Yokohama	¥142.178	€1.296	2,8%	0,0%	19,9%
	Sumitomo	¥221.745	€2.021	4,4%	0,0%	4,0%
	Hankook	₩4.725.498	€3.189	7,0%	0,0%	6,5%
	TOT.		€45.843			

