

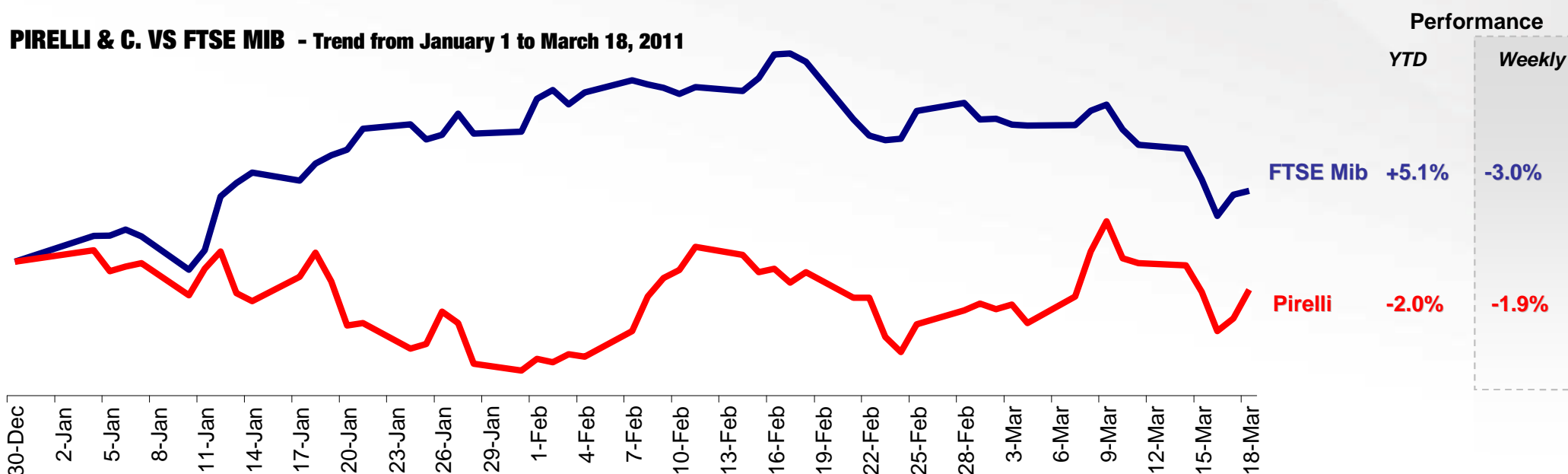


PEERS & MARKETS

14 March – 18 March 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to March 18, 2011



	Official Close 18 March	Percentage change				Daily average volumes		
		1 Week 14 Mar - 18 Mar	1 Month	3 Months	Year to date	1 Week 14 Mar - 18 Mar	1 Month	3 Months
Pirelli & C. Ord.	5.930	(1.9)	(1.2)	(3.1)	(2.0)	4,907,735	4,339,517	3,423,302
Pirelli & C. Risp.	5.505	(2.2)	(0.3)	(2.6)	(1.9)	29,245	26,974	22,405
Pirelli Real Estate	0.530	1.2	(4.2)	26.8	18.8	5,060,903	7,148,615	6,637,391
FTSE All Share	21859	(2.9)	(7.5)	5.1	4.4	1,676,768,735	1,251,131,777	1,091,392,376
FTSE MIB	21197	(3.0)	(8.1)	5.6	5.1	1,452,631,358	1,006,012,402	893,998,248

Sell side analysts evaluation on Pirelli & C (21/03/2011)

Consensus Target Price: € 7.32

% Buy: 76%

% Sell: 14%

% Hold: 10%

Market Cap: €3,068.9 mln (of which ord. €2,847.3 mln)

Source: Reuters



Markets

	Official Close 18 March	Percentage change (%)			
		1 Week 14 Mar - 18 Mar	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	267.630	(2.8)	(8.0)	(3.2)	(3.0)
FTSE MIB	21197.100	(3.0)	(8.1)	5.6	5.1
FTSE 100	5718.130	(1.9)	(6.0)	(2.6)	(3.1)
DAX	6664.400	(4.5)	(10.3)	(4.6)	(3.6)
CAC 40	3810.220	(3.0)	(8.3)	(1.5)	0.1
IBEX 35	10328.400	(0.7)	(6.7)	4.3	4.8
OMX Stockholm	7219.070	(1.0)	(5.1)	(3.5)	(5.8)
FTSE ATHEX	1674.820	1.6	(8.3)	4.4	11.9
UNITED STATES					
DJ Industr. Average	11774.590	(1.5)	(4.3)	3.2	2.4
S&P 500	1273.720	(1.9)	(4.8)	2.8	1.7
NASDAQ Composite	2643.670	(2.6)	(6.7)	0.0	(0.3)
ASIA					
SSE Composite (Cina)	2906.886	(0.9)	0.2	0.5	3.5
Nikkei 225 (Giappone)	8962.670	(10.2)	(15.1)	(10.6)	(10.0)
Hang Seng (HK)	22300.230	(4.1)	(5.5)	(1.8)	(3.2)
All ordinaries (Australia)	4715.785	(0.4)	(6.2)	(2.8)	(2.7)
Strait Times (Singapore)	2935.780	(3.5)	(4.9)	(6.9)	(8.0)
BSE 30 (India)	17878.810	(1.6)	(1.8)	(10.0)	(12.8)
EMIRATES					
Abu Dhabi	2602.260	(2.0)	(1.2)	(4.2)	(4.3)
Dubai	1509.820	(0.2)	(1.7)	(7.5)	(7.4)
LATAM					
Bovespa (Brasile)	66879.890	0.3	(1.7)	(1.6)	(3.5)
IPC (Messico)	35621.680	(1.9)	(5.6)	(6.8)	(8.1)
Merval (Argentina)	3277.870	(3.7)	(7.3)	(3.7)	(7.0)

Source: Reuters

	Official Close 18 March	Percentage change (%)			
		1 Week 14 Mar - 18 Mar	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	267.630	(2.8)	(8.0)	(3.2)	(3.0)
Auto	316.250	(3.4)	(10.6)	(9.1)	(7.3)
Banks	200.300	(2.8)	(11.9)	0.9	2.0
Basic Resources	567.930	(1.2)	(9.4)	(8.6)	(10.6)
Chemical	534.720	(2.5)	(7.2)	(6.0)	(5.9)
Construction & Material	277.880	(1.5)	(6.4)	(1.4)	(1.7)
Industrial	477.590	(1.3)	(6.4)	(2.3)	(2.2)
Insurance	163.020	(3.9)	(10.3)	5.5	5.5
Finance	261.700	(3.2)	(8.1)	(2.1)	(2.4)
Food & Beverage	334.180	(2.9)	(4.3)	(8.5)	(8.3)
FTSE EPRA Eu Residential	1739.680	(1.4)	(1.9)	2.4	0.7
Media	177.430	(2.6)	(7.3)	(2.4)	(1.9)
Oil&Gas	340.390	(1.3)	(5.4)	2.6	2.3
Retail	248.580	(2.7)	(8.7)	(9.7)	(7.5)
Tech.	215.310	(3.5)	(9.3)	0.7	(0.2)
TLC	268.460	(4.6)	(7.0)	(1.6)	(0.2)
Travel & Leisure	121.080	(3.4)	(11.2)	(9.4)	(9.5)
Utilities	306.890	(3.2)	(8.7)	(1.2)	(1.8)
UNITED STATES					
S&P 500	1273.720	(1.9)	(4.8)	2.8	9.7
Auto	165.230	0.3	(8.8)	(9.1)	11.3
Banks	230.740	(1.2)	(5.2)	5.9	(1.1)
Basic Resources	296.560	2.0	(4.4)	0.3	17.0
Chemical	348.49	0.31	(4.20)	4.79	26.28
Construction & Materials	260.090	(0.2)	(5.8)	7.0	(10.5)
Industrial	325.360	(1.6)	(5.5)	4.5	17.6
Food & Beverage	302.970	(2.0)	(1.4)	(0.7)	7.1
Media	348.890	(3.3)	(5.4)	8.8	24.1
Oil&Gas	643.440	0.3	(2.5)	13.8	28.9
Insurance	273.940	(2.4)	(6.1)	1.8	6.8
Finance	288.400	(1.6)	(5.3)	4.5	3.0
RE	223.060	(1.3)	(2.5)	7.6	15.0
Retail	223.060	(1.3)	(2.5)	7.6	15.0
Tech.	656.390	(3.6)	(8.7)	(0.8)	8.7
Tyres	56.510	(1.5)	(0.5)	19.8	15.0
TLC	128.700	(0.6)	(2.3)	(0.8)	14.4
Utilities	151.840	(3.7)	(2.5)	0.1	5.1



Pirelli & C. vs Auto & Parts Sector

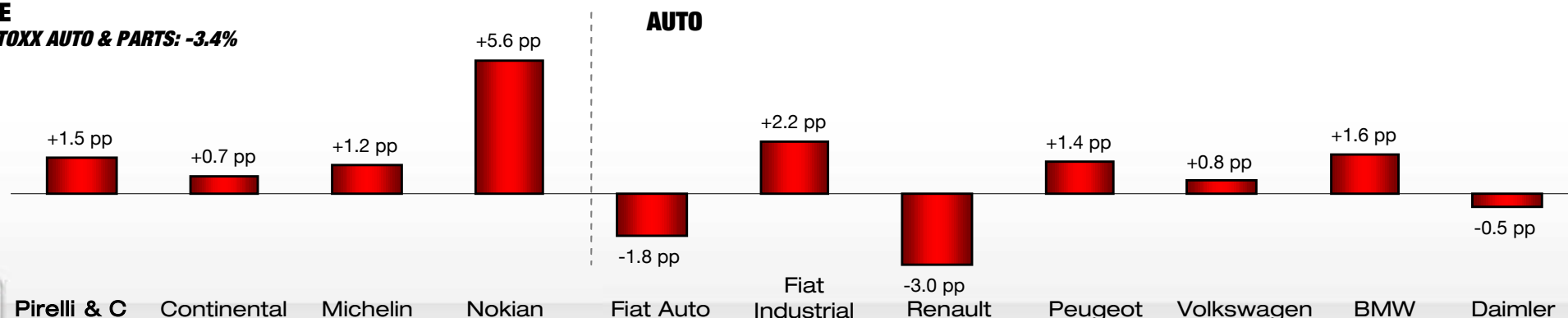
	Official Close 18 March	Percentage change				Daily average volumes			
		Week 14 Feb - 18 Mar	1 Month	3 Months	Year to date	Week 14 Feb - 18 Mar	1 Month	3 Months	
EUROPA	DJ Stoxx Auto	316.250	(3.4)	(10.6)	(9.1)	(7.3)			
	TYRE								
	Pirelli & C	5.785	(1.9)	(1.2)	(3.1)	(2.0)	4,907,735	4,339,517	3,423,302
	Continental	59.190	(2.7)	(5.8)	1.8	0.1	577,551	505,878	470,528
	Michelin	58.010	(2.2)	(2.7)	7.9	8.0	1,743,199	1,381,409	1,157,433
	Nokian	28.950	2.2	(4.8)	6.5	5.5	638,193	794,574	661,425
	AUTO								
	Fiat Auto	15.430	(5.2)	(15.1)	(4.6)	(10.2)	34,249,028	25,778,507	29,260,297
	Renault	38.140	(6.4)	(15.2)	(11.5)	(12.3)	4,563,021	2,642,945	1,957,182
	Peugeot	27.270	(2.0)	(8.0)	(8.4)	(4.0)	2,379,065	2,172,238	1,727,594
Volkswagen	101.900	(2.6)	(10.1)	(8.9)	(3.8)	263,316	184,054	235,376	
BMW	55.300	(1.8)	(8.7)	(10.7)	(6.0)	4,461,238	3,162,496	2,846,438	
Daimler	45.900	(4.0)	(12.8)	(14.5)	(9.5)	10,188,408	6,867,814	5,312,469	
USA	TYRE								
	Goodyear	14.820	(1.1)	(0.5)	27.3	25.1	7,076,865	7,508,884	5,969,162
	Cooper	24.500	(2.6)	(0.4)	5.1	3.9	1,083,445	979,114	803,283
AUTO									
Ford	14.260	0.9	(8.1)	(13.8)	(13.7)	14,163,764	11,225,078	12,327,828	
ASIA	TYRE								
	Bridgestone	1650.0	(5.3)	(0.2)	3.3	5.8	9,206,860	5,546,633	4,908,011
	Sumitomo	1065.0	(10.1)	(10.5)	(3.7)	(4.2)	2,946,440	1,890,447	1,671,192
	Toyo	179.0	(17.9)	(13.0)	(5.5)	(4.1)	1,691,000	1,511,867	1,154,478
	Yokohama	367.0	(13.7)	(12.4)	(11.8)	(11.2)	3,372,400	2,002,467	1,742,478
	Hankook	33400.0	3.2	7.7	4.0	5.2	1,322,061	933,870	699,799
	Khumo	14250.0	(10.7)	(9.8)	(7.2)	2.9	351,617	265,229	264,284
	AUTO								
	Toyota	3270.0	(10.6)	(17.2)	(1.2)	(0.2)	23,759,260	13,401,703	10,385,977
	Nissan	733.0	(9.1)	(18.1)	(8.8)	(6.2)	36,251,220	20,894,437	18,375,179

Source: Reuters

EUROPE: WEEKLY TREND 14/03/2011 - 18/03/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

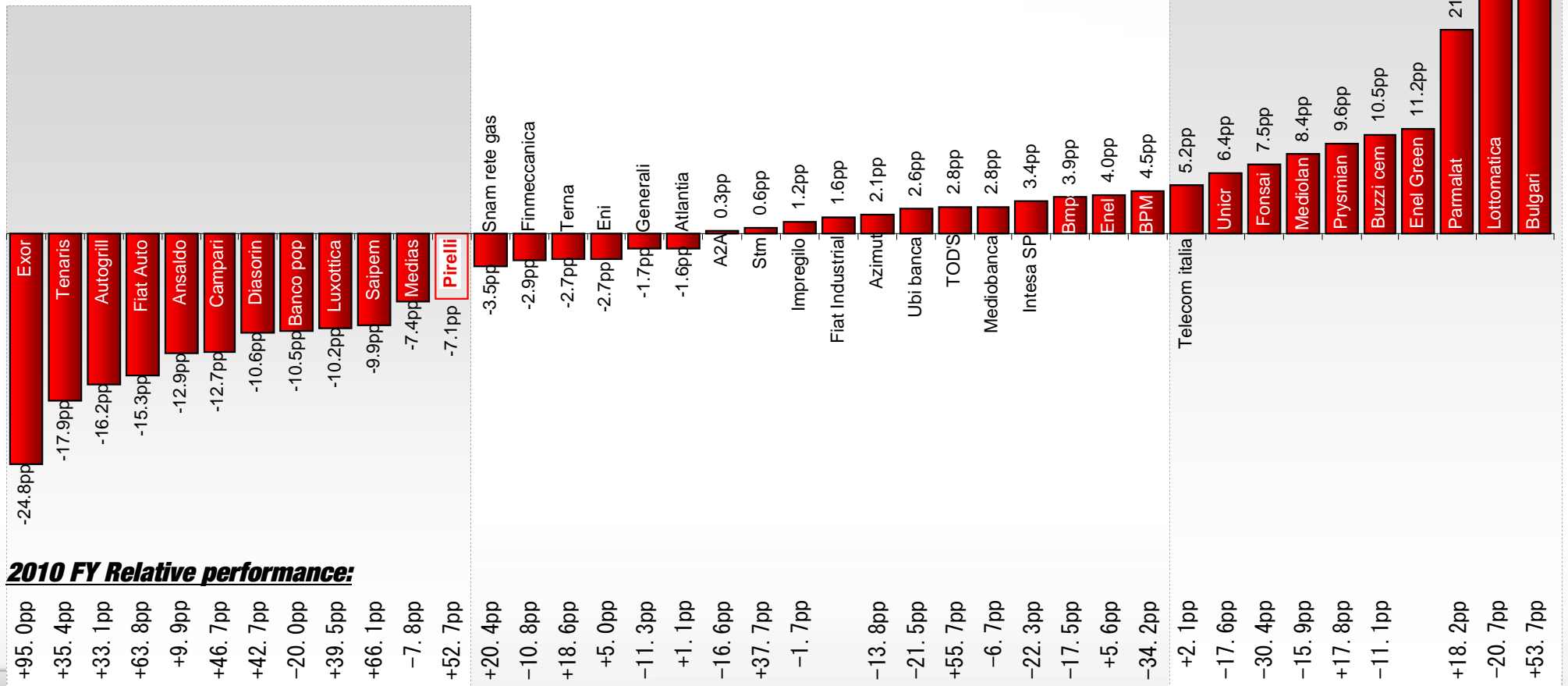
DJ STOXX AUTO & PARTS: -3.4%



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +5.1%

Performance from January 1 to March 18, 2011



2010 FY Relative performance:

+95.0pp
+35.4pp
+33.1pp
+63.8pp
+9.9pp
+46.7pp
+42.7pp
-20.0pp
+39.5pp
+66.1pp
-7.8pp
+52.7pp



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 21/03/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 21-Mar-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	9,5x	8,1x	7,1x	0,6x	0,6x		4,5x	4,0x		7,2x	6,2x	
	Continental	9,3x	7,5x	7,5x	0,7x	0,6x	0,6x	4,7x	4,0x	4,0x	7,3x	6,1x	6,1x
	Nokian	16,2x	13,4x	11,9x	2,9x	2,5x	2,1x	10,2x	8,6x	7,4x	12,6x	10,2x	8,7x
	Simple average	11,7x	9,7x	8,8x	1,4x	1,2x	1,4x	6,5x	5,5x	5,7x	9,0x	7,5x	7,4x
	Weighted average *	10,4x	8,6x	8,0x	1,0x	0,9x		5,4x	4,7x		8,0x	6,7x	
US	Goodyear	28,7x	7,5x	6,0x	0,3x	0,3x		4,9x	3,9x		8,4x	5,7x	
	Cooper Tire	9,9x	8,1x		0,4x	0,3x		3,9x	3,1x		6,0x	4,7x	
	Simple average	19,3x	7,8x		0,4x	0,3x		4,4x	3,5x		7,2x	5,2x	
	Weighted average *	23,1x	7,7x		0,4x	0,3x		4,6x	3,7x		7,7x	5,4x	
ASIA	Bridgestone	14,4x	10,3x	8,8x	0,6x	0,5x	0,5x	5,2x	4,3x	3,7x	10,6x	8,3x	
	Hankook	10,9x	9,5x	9,8x	1,3x	1,2x	1,0x	8,1x	7,0x	6,7x	11,4x	9,4x	10,6x
	Yokohama	10,0x	10,4x	8,0x	0,5x	0,5x	0,5x	5,0x	5,2x	4,4x	9,9x	12,1x	10,4x
	Sumitomo	12,2x	8,5x	7,7x	0,7x	0,6x	0,6x	5,7x	4,6x	4,3x	9,8x	7,6x	
	Simple average	11,9x	9,7x	8,6x	0,8x	0,7x	0,6x	6,0x	5,3x	4,8x	10,4x	9,3x	10,5x
	Weighted average *	12,4x	9,5x	8,1x	0,6x	0,5x	0,5x	5,0x	4,3x	3,8x	9,8x	8,5x	2,6x
TOT. WORLD	max	28,7x	13,4x	11,9x	2,9x	2,5x	2,1x	10,2x	8,6x	7,4x	12,6x	12,1x	10,6x
	min	9,3x	7,5x	6,0x	0,3x	0,3x	0,5x	3,9x	3,1x	3,7x	6,0x	4,7x	6,1x
	median	10,9x	8,5x	7,8x	0,6x	0,6x	0,6x	5,0x	4,3x	4,4x	9,8x	7,6x	9,6x
	Simple average	13,5x	9,3x	8,3x	0,9x	0,8x	0,9x	5,8x	5,0x	5,1x	9,3x	7,8x	9,0x
	Weighted average **	12,4x	9,0x	8,0x	0,8x	0,7x	0,5x	5,5x	4,7x	3,2x	9,0x	7,4x	3,2x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
	Michelin	€10.508	22,0%
	Continental	€11.950	25,0%
	Nokian	€3.769	7,9%
	Goodyear	\$3.600,91	5,3%
	Cooper Tire	\$1.512,09	2,2%
	Bridgestone	¥1.349.750	24,6%
	Yokohama	¥127.789	2,3%
	Sumitomo	¥213.591	3,9%
	Hankook	¥5.009.278	6,6%
	TOT.	€47.710	
	Pirelli	€3.069	

