

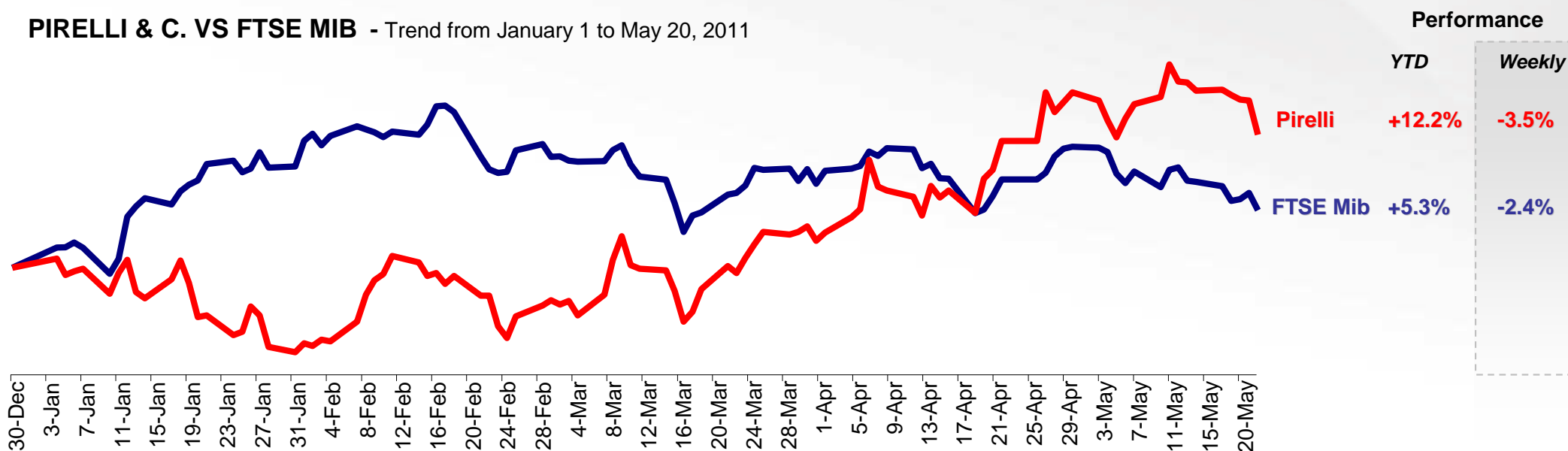


PEERS & MARKETS

16 May – 20 May 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to May 20, 2011



	Official Close 20 May	Percentage change				Daily average volumes		
		1 Week 16 May - 20 Apr	1 Month	3 Months	Year to date	1 Week 16 May - 20 Apr	1 Month	3 Months
Pirelli & C. Ord.	6.790*	(3.5)	3.0	13.1	12.2	3,881,491	4,157,459	4,019,024
Pirelli & C. Risp.	5.915	(0.9)	2.4	11.3	9.5	33,234	37,920	32,666
Pirelli Real Estate	0.512	(0.7)	(0.4)	(7.6)	14.7	4,969,619	3,811,714	6,171,362
FTSE All Share	22005	(2.2)	(1.1)	(6.9)	5.1	1,003,505,976	1,042,171,334	1,178,869,419
FTSE MIB	21237	(2.4)	(1.2)	(7.9)	5.3	858,062,828	864,047,104	954,495,200

Sell side analysts evaluation on Pirelli & C (23/05/2011)

Consensus Target Price: € 8.03

Buy: 86%

% Sell: 5%

% Hold: 9%

Market Cap: €3,177.7 mln (of which ord. €3,104.2 mln)

Source: Reuters

* Historical value adjusted for coupon detachment: 6.625€



Markets

	Official Close 20 May	Percentage change (%)			
		1 Week 16 May - 20 May	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	279.650	(0.3)	0.2	(3.9)	1.4
FTSE MIB	21953.760	(2.4)	(1.2)	(7.9)	5.3
FTSE 100	5948.490	0.4	(1.2)	(2.2)	0.8
DAX	7266.820	(1.8)	0.2	(2.2)	5.1
CAC 40	3990.850	(0.7)	(0.3)	(4.0)	4.9
IBEX 35	10226.600	(1.3)	(2.9)	(7.6)	3.7
OMX Stockholm	7356.610	(0.5)	(0.8)	(3.3)	(4.0)
FTSE ATHEX	1311.920	(4.7)	(8.0)	(28.1)	(12.4)
UNITED STATES					
DJ Industr. Average	12605.320	(0.7)	0.5	1.0	8.1
S&P 500	1343.600	(0.3)	0.2	(0.7)	6.0
NASDAQ Composite	2803.320	(0.9)	0.0	(1.1)	5.7
ASIA					
SSE Composite (Cina)	2858.459	(0.4)	(4.9)	(1.4)	1.8
Nikkei 225 (Giappone)	9607.080	(0.4)	0.0	(11.4)	(6.1)
Hang Seng (HK)	23199.390	(0.3)	(2.9)	(1.7)	0.7
All ordinaries (Australia)	4807.740	0.4	(2.7)	(4.3)	(0.8)
Strait Times (Singapore)	3168.540	1.2	0.1	2.6	(0.7)
BSE 30 (India)	18326.090	(1.1)	(5.9)	0.6	(10.6)
EMIRATES					
Abu Dhabi	2646.770	(0.3)	(2.4)	2.6	(2.7)
Dubai	1578.680	(0.4)	(6.1)	6.7	(3.2)
LATAM					
Bovespa (Brasile)	62367.360	(1.0)	(6.7)	(8.0)	(9.7)
IPC (Messico)	35276.470	0.7	(4.1)	(5.9)	(8.4)
Merval (Argentina)	3385.770	0.2	(0.9)	(4.3)	(4.0)

Source: Reuters

	Official Close 20 May	Percentage change (%)			
		1 Week 16 May - 20 May	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	279.650	(0.3)	0.2	(3.9)	1.4
Auto	358.060	(2.5)	0.6	(2.7)	0.9
Banks	193.790	(1.3)	(2.9)	(14.8)	(1.3)
Basic Resources	565.800	0.4	(6.2)	(9.7)	(10.9)
Chemical	589.700	(1.3)	(0.2)	2.3	3.8
Construction & Material	290.150	(0.9)	(1.4)	(2.3)	2.7
Industrial	502.050	(1.0)	(0.5)	(1.6)	2.8
Insurance	165.570	(0.7)	(1.1)	(8.9)	7.2
Finance	274.510	0.4	1.2	(3.6)	2.4
Food & Beverage	371.370	0.4	3.8	6.3	1.9
FTSE EPRA Eu Residential	1795.220	(0.1)	1.4	1.3	3.9
Media	180.680	(0.1)	0.3	(5.6)	(0.1)
Oil&Gas	335.010	1.5	(3.3)	(6.9)	0.7
Retail	272.180	0.2	4.3	0.0	1.2
Tech.	231.890	(1.2)	2.8	(2.4)	7.4
TLC	272.000	0.9	(2.1)	(5.8)	1.1
Travel & Leisure	128.510	(1.2)	2.8	(5.7)	(4.0)
Utilities	315.520	(0.7)	(1.9)	(6.1)	0.9
UNITED STATES					
S&P 500	1343.600	(0.3)	0.2	(0.7)	24.4
Auto	170.260	(0.7)	0.1	(8.1)	36.2
Banks	218.340	(0.4)	(3.5)	(12.9)	(0.8)
Basic Resources	289.850	0.1	(6.7)	(7.2)	37.7
Chemical	370.11	(0.73)	(2.33)	0.01	46.19
Construction & Materials	257.580	2.9	(4.0)	(7.1)	(5.2)
Industrial	343.920	(0.9)	(0.7)	(1.8)	30.9
Food & Beverage	335.870	0.7	3.1	8.2	25.5
Media	375.730	0.7	2.9	1.1	39.0
Oil&Gas	635.180	1.0	(5.2)	(3.6)	41.8
Insurance	283.600	(0.3)	0.4	(4.4)	19.5
Finance	290.660	(0.2)	(1.4)	(6.8)	12.0
RE	238.470	0.4	1.0	2.2	29.2
Retail	238.470	0.4	1.0	2.2	29.2
Tech.	688.410	(1.5)	(0.5)	(4.9)	22.3
Tyres	64.900	(2.0)	6.3	11.5	48.6
TLC	141.080	0.2	3.3	6.2	31.6
Utilities	166.250	0.4	4.7	6.3	21.6



Pirelli & C. vs Auto & Parts Sector

	Official Close May 20	Percentage change				Daily average volumes		
		Week 16 May - 20 May	1 Month	3 Months	Year to date	Week 16 May - 20 May	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	344.130	(2.5)	0.6	(2.7)	0.9			
TYRE								
Pirelli & C	6.790	(3.5)	3.0	13.1	12.2	3,881,491	4,157,459	4,019,024
Continental	68.990	2.9	8.0	9.8	16.7	726,627	669,867	608,211
Michelin	62.930	(3.7)	(1.1)	5.6	17.2	1,071,785	1,096,940	1,230,063
Nokian	32.610	(2.5)	(5.1)	7.2	18.8	444,816	548,862	691,845
AUTO								
Fiat	6.960	(2.1)	5.9	(1.7)	3.9	20,341,365	23,691,683	25,451,640
Renault	39.475	(3.2)	4.2	(12.3)	(9.3)	1,759,592	1,972,532	2,292,921
Peugeot	29.540	(3.5)	3.8	(0.3)	4.0	1,644,328	1,495,625	1,775,718
Volkswagen	113.900	(3.1)	3.6	0.4	7.6	117,833	165,917	179,437
BMW	60.980	(1.4)	0.7	0.7	3.6	2,857,326	3,354,413	3,146,345
Daimler	48.850	(3.4)	(4.4)	(7.2)	(3.7)	4,220,643	6,838,668	6,360,906
USA								
TYRE								
Goodyear	17.570	(1.1)	12.8	18.0	48.3	6,898,374	7,788,127	7,269,420
Cooper	23.670	(4.4)	(9.0)	(3.8)	0.4	473,007	514,213	726,382
AUTO								
Ford	15.120	(0.5)	(0.6)	(4.9)	(10.7)	7,200,299	7,935,767	10,640,305
				(14.6)	(15.4)			
ASIA								
TYRE								
Bridgestone	1826.0	0.1	8.0	9.8	16.4	3,867,340	3,411,127	4,646,684
Sumitomo	1091.0	0.0	9.5	2.8	9.9	1,247,260	1,080,380	1,545,779
Toyo	190.0	0.0	(2.1)	(12.0)	(3.1)	485,800	685,733	1,004,289
Yokohama	422.0	(1.6)	5.8	(0.9)	0.5	1,689,400	1,601,600	1,861,233
Hankook	43250.0	(4.7)	2.7	39.5	36.2	664,921	1,067,552	911,715
Khumo	16050.0	(5.9)	0.9	1.6	15.9	213,389	496,803	342,651
AUTO								
Toyota	3280.0	(3.5)	3.5	(15.6)	1.9	7,047,160	9,683,793	10,789,384
Nissan	779.0	(5.3)	7.7	(12.0)	0.8	21,783,300	23,700,857	22,125,961

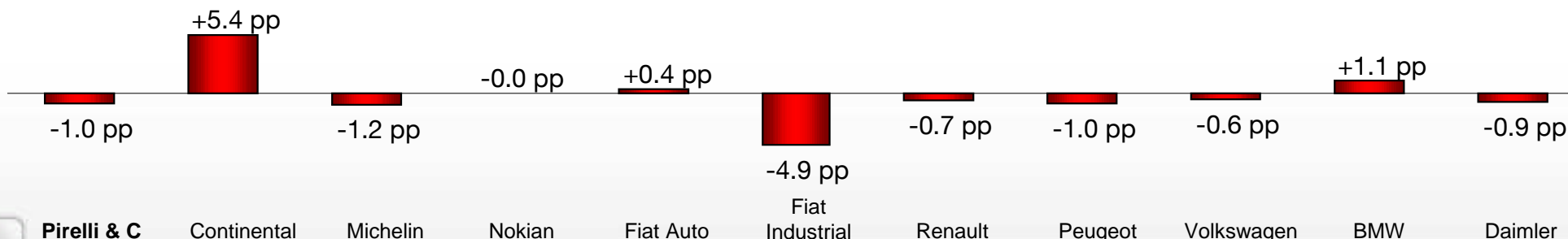
Source: Reuters

EUROPE: WEEKLY TREND 16/05/2011 – 20/05/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: -2.5%

AUTO



Pirelli & C

Continental

Michelin

Nokian

Fiat Auto

Fiat Industrial

Renault

Peugeot

Volkswagen

BMW

Daimler

* Historical value adjusted for coupon detachment: 6.625€

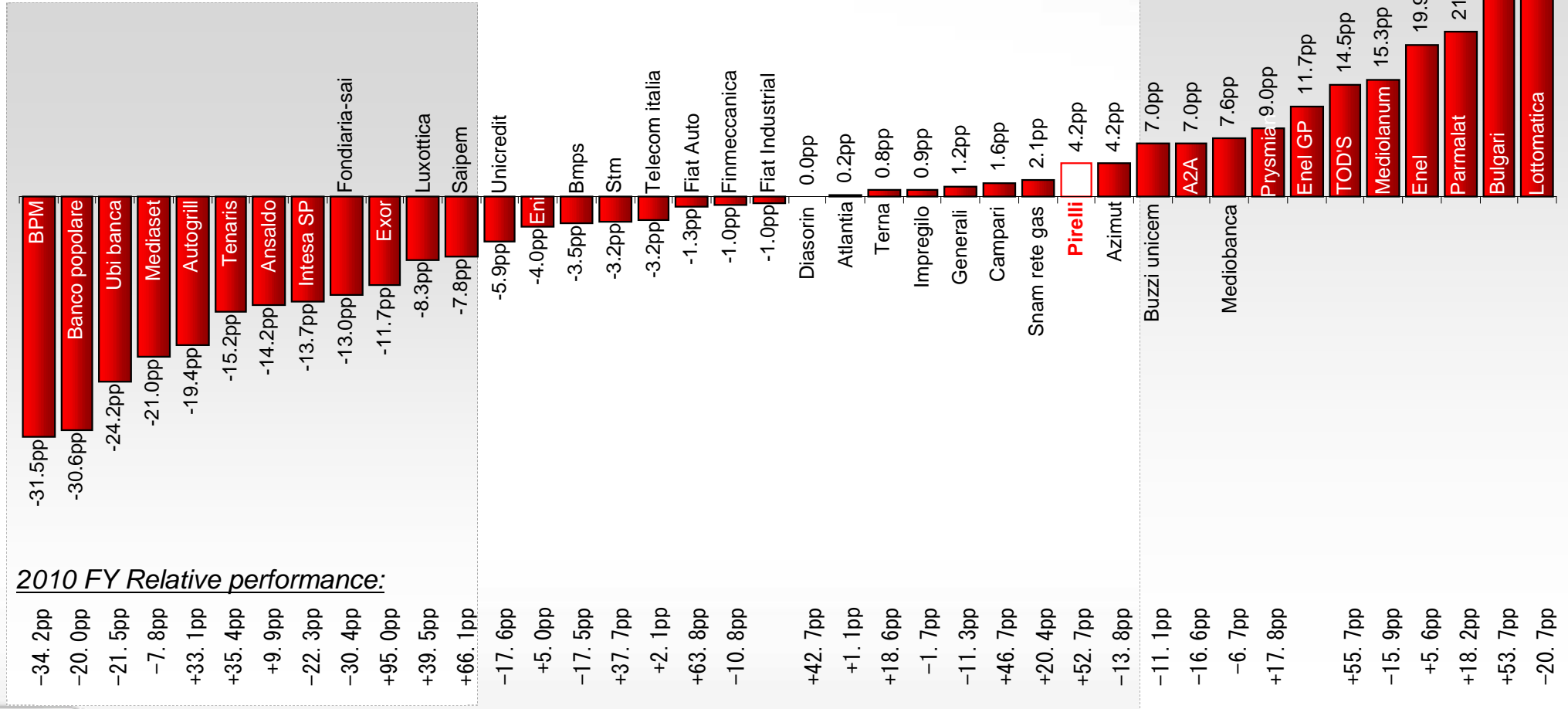
Pirelli Investor Relations - 23.05.2011



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +5.3%

Performance from January 1 to May 20, 2011



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 23/05/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 23-May-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	0,7x	0,6x	0,5x	4,6x	4,1x	3,6x	7,2x	6,2x	5,5x
	Continental	9,6x	7,8x	7,8x	0,7x	0,6x	0,6x	4,9x	4,3x	4,3x	7,0x	5,9x	5,9x
	Nokian	14,4x	12,4x	10,9x	2,9x	2,5x	2,1x	9,5x	8,1x	7,0x	11,2x	9,5x	8,2x
	Simple average	11,2x	9,4x	8,6x	1,4x	1,2x	1,1x	6,3x	5,5x	5,0x	8,5x	7,2x	6,5x
	Weighted average *	10,3x	8,6x	8,0x	1,0x	0,9x	0,8x	5,5x	4,7x	4,4x	7,7x	6,6x	6,1x
US	Goodyear	16,4x	7,2x	5,5x	0,3x	0,3x		4,6x	3,7x		7,9x	5,6x	
	Cooper Tire	9,6x	8,3x		0,4x	0,3x		4,1x	3,4x		6,3x	5,2x	
	Simple average	13,0x	7,7x		0,4x	0,3x		4,4x	3,6x		7,1x	5,4x	
	Weighted average *	14,6x	7,5x		0,3x	0,3x		4,5x	3,6x		7,5x	5,5x	
ASIA	Bridgestone	14,5x	10,3x	9,2x	0,6x	0,5x	0,5x	5,2x	4,3x	3,8x	10,3x	8,2x	
	Hankook	13,5x	11,7x	10,7x	1,5x	1,4x	1,2x	9,0x	7,8x	6,7x	12,7x	10,6x	9,2x
	Yokohama	10,8x	12,8x	8,9x	0,6x	0,6x	0,5x	5,2x	6,1x	4,9x	10,4x	12,8x	11,5x
	Sumitomo	14,1x	9,3x	8,3x	0,7x	0,6x	0,6x	6,0x	4,9x	4,3x	11,2x	8,3x	
	Simple average	13,2x	11,0x	9,3x	0,8x	0,8x	0,7x	6,4x	5,8x	4,9x	11,1x	9,9x	10,3x
	Weighted average *	12,3x	9,7x	8,3x	0,6x	0,6x	0,5x	5,0x	4,5x	3,8x	9,5x	8,3x	2,5x
TOT. WORLD	max	16,4x	12,8x	10,9x	2,9x	2,5x	2,1x	9,5x	8,1x	7,0x	12,7x	12,8x	11,5x
	min	9,5x	7,2x	5,5x	0,3x	0,3x	0,5x	4,1x	3,4x	3,6x	6,3x	5,2x	5,5x
	median	13,5x	9,3x	8,6x	0,7x	0,6x	0,6x	5,2x	4,3x	4,3x	10,3x	8,2x	8,2x
	Simple average	12,5x	9,8x	8,5x	0,9x	0,8x	0,9x	5,9x	5,2x	4,9x	9,4x	8,0x	8,0x
	Weighted average **	12,0x	9,3x	8,2x	0,9x	0,8x	0,7x	5,6x	4,9x	4,1x	8,9x	7,4x	4,3x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP

Mln

	Local currency	€ adjustment	% on cluster
Michelin	€11.064	€11.064	20,8%
Continental	€13.510	€13.510	25,4%
Nokian	€4.134	€4.134	7,8%
Goodyear	\$4.289,62	€3.062	5,7%
Cooper Tire	\$1.469,84	€1.049	2,0%
Bridgestone	¥1.465.210	€12.823	24,1%
Yokohama	¥140.808	€1.232	2,3%
Sumitomo	¥245.682	€2.150	4,0%
Hankook	₩6.539.467	€4.244	8,0%
TOT.		€53.270	
* Pirelli	€3.178	€3.178	

