

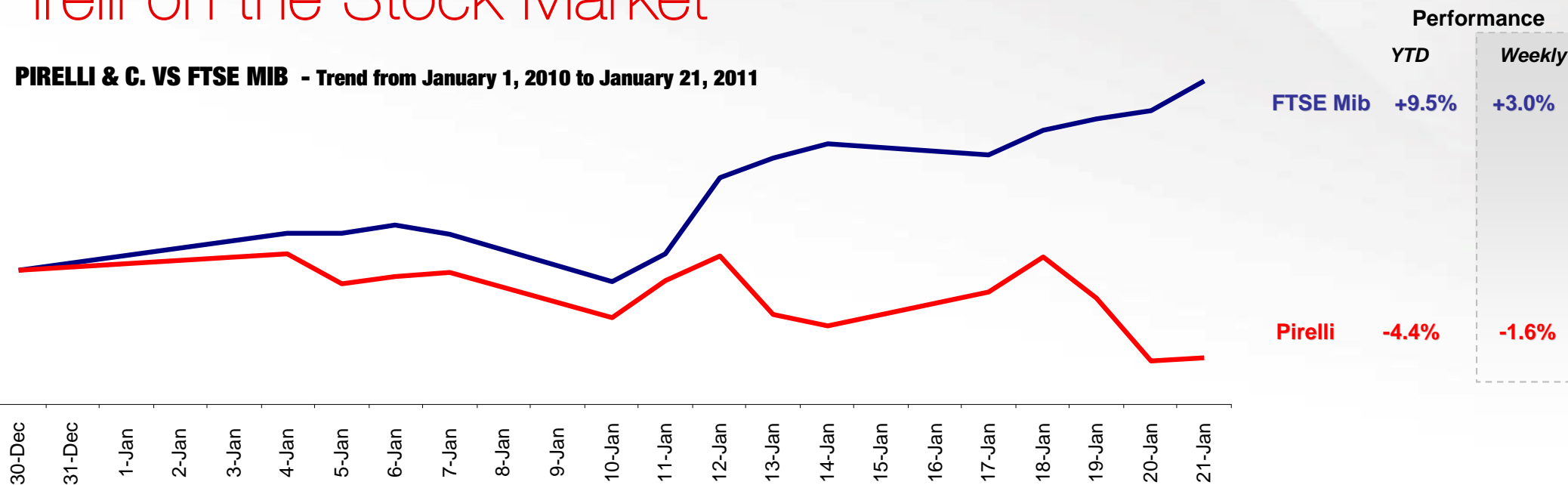


PEERS & MARKETS

17 January – 21 January 2010

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1, 2010 to January 21, 2011



	Official Close 21 January	Percentage change				Daily average volumes		
		1 Week 17 Jan - 21 Jan	1 Month	3 Months	Year to date	1 Week 17 Jan - 21 Jan	1 Month	3 Months
Pirelli & C. Ord.	5.785	(1.6)	(7.3)	(6.1)	(4.4)	4,514,432	2,426,758	3,377,509
Pirelli & C. Risp.	5.435	(3.1)	(6.3)	(6.6)	(3.1)	37,234	15,376	29,142
Pirelli Real Estate	0.492	7.4	14.2	23.8	10.3	10,613,312	5,021,166	6,911,922
FTSE All Share	22712	2.6	6.0	2.5	8.5	1,245,806,862	875,362,208	898,727,288
FTSE MIB	22094	3.0	6.5	2.2	9.5	1,030,737,171	732,061,604	753,763,518

Sell side analysts evaluation on Pirelli & C (24/01/2010)

Consensus Target Price: € 7.1

% Buy: 63%

% Sell: 11%

% Hold: 26%

Market Cap: €2,784.8 mln (of which ord. €2.718,9 mln)

Source: Reuters



Markets

	Official Close 21 January	Percentage change (%)			
		1 Week 17 Jan - 21 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	281.260	(0.9)	0.1	5.1	2.0
FTSE MIB	22093.850	3.0	6.5	2.2	9.5
FTSE 100	5896.250	(1.8)	(0.9)	2.4	(0.1)
DAX	7062.420	(0.2)	(0.2)	6.8	2.1
CAC 40	4017.450	0.9	2.3	3.6	5.6
IBEX 35	10829.100	4.3	6.1	(0.6)	9.8
OMX Stockholm	7742.280	(1.5)	1.1	4.4	1.0
FTSE ATHEX	1620.520	6.1	4.6	(7.2)	8.2
UNITED STATES					
DJ Industr. Average	11822.800	1.2	2.9	6.5	2.5
S&P 500	1280.260	(0.0)	2.3	8.7	2.0
NASDAQ Composite	2689.540	(1.7)	0.8	9.3	1.4
ASIA					
Nikkei 225 (Giappone)	10274.520	(2.1)	(0.9)	9.6	0.4
Hang Seng (HK)	23876.860	(1.7)	3.8	1.0	3.7
All ordinaries (Australia)	4860.852	(1.0)	(0.0)	3.5	0.3
Strait Times (Singapore)	3184.600	(1.9)	1.4	0.7	(0.2)
BSE 30 (India)	19007.530	0.8	(5.2)	(6.2)	(7.3)
EMIRATES					
Abu Dhabi	2682.640	(1.1)	(0.9)	(4.4)	(1.4)
Dubai	1604.140	0.2	(1.7)	(8.0)	(1.6)
BRAZIL					
Iel (indice TLC)	1557.410	(0.2)	9.1	9.8	7.8
Bovespa	69561.530	(2.5)	1.3	(0.7)	(0.2)

Source: Reuters

	Official Close 21 January	Percentage change (%)			
		1 Week 17 Jan - 21 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	281.260	(0.9)	0.1	5.1	2.0
Auto	349.780	(4.2)	(2.7)	14.3	2.5
Banks	216.560	1.5	6.7	1.4	10.3
Basic Resources	605.200	(4.6)	(5.6)	10.3	(4.7)
Chemical	547.020	(2.7)	(5.3)	3.0	(3.7)
Construction & Material	285.500	0.2	(0.9)	10.5	1.0
Industrial	493.150	(0.9)	(0.7)	7.6	1.0
Insurance	166.740	1.3	6.0	7.1	8.0
Finance	275.830	(2.5)	1.3	9.9	2.9
Food & Beverage	351.070	(1.1)	(5.3)	2.6	(3.6)
FTSE EPRA Eu Residential	1697.700	(2.0)	(1.2)	(5.7)	(1.7)
Media	187.500	1.0	2.0	6.6	3.7
Oil&Gas	347.650	(1.1)	3.1	13.8	4.5
Retail	267.850	(1.5)	(2.4)	(2.5)	(0.4)
Tech.	222.760	(1.7)	2.4	10.0	3.2
TLC	280.650	1.5	1.7	2.3	4.3
Travel & Leisure	133.130	(3.9)	(1.1)	6.7	(0.5)
Utilities	329.830	3.0	3.7	5.5	5.5
UNITED STATES					
S&P 500	1280.260	(0.0)	2.3	8.7	14.9
Auto	196.180	(3.5)	6.3	28.7	58.8
Banks	237.170	(0.2)	5.8	19.6	10.2
Basic Resources	296.720	(5.6)	(3.5)	15.0	24.8
Chemical	334.26	(2.71)	(1.02)	5.65	27.55
Construction & Materials	281.950	(1.5)	7.7	18.1	2.5
Industrial	322.740	0.2	3.0	12.4	25.9
Food & Beverage	306.290	(1.0)	(0.0)	3.9	12.4
Media	334.620	1.7	4.0	9.6	31.0
Oil&Gas	597.050	0.7	4.9	19.1	20.5
Insurance	275.460	(0.1)	0.7	4.4	15.6
Finance	292.800	(0.1)	3.7	11.0	12.1
RE	218.100	0.7	2.3	0.7	25.9
Retail	218.100	0.7	2.3	0.7	25.9
Tech.	687.170	(1.3)	2.3	9.3	15.8
Tyres	47.500	(7.0)	(3.5)	2.9	(7.7)
TLC	128.490	(1.1)	(2.2)	2.9	16.2
Utilities	156.390	1.0	2.3	1.1	6.6



Pirelli & C. vs Auto & Parts Sector

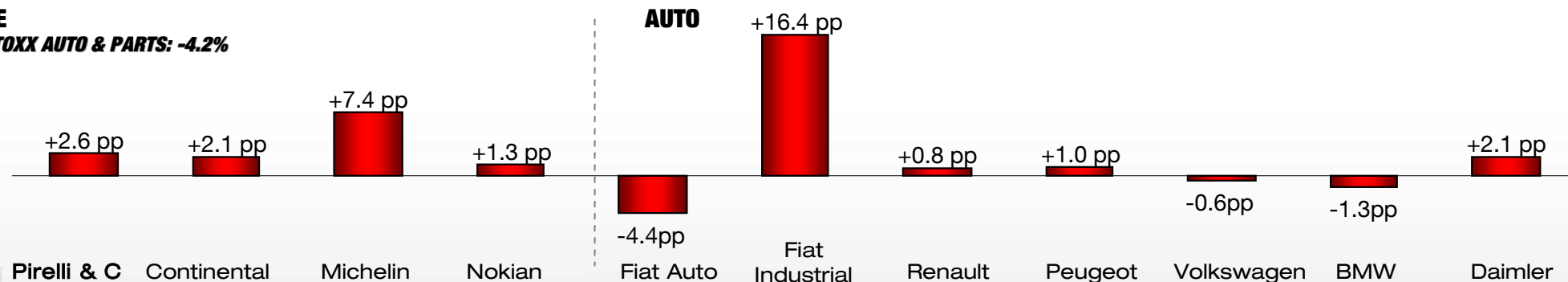
	Official Close 21 January	Percentage change				Daily average volumes		
		1 Week 17 Jan - 21 Jan	1 Month	3 Months	Year to date	1 Week 17 Jan - 21 Jan	1 Month	3 Months
EUROPE								
DJ Stoxx Auto	349.780	(4.2)	(2.7)	14.3	2.5			
TYRE								
Pirelli & C	5.785	(1.6)	(7.3)	(6.1)	(4.4)	4,514,432	2,426,758	3,377,509
Continental	58.180	(2.1)	(4.0)	(6.8)	(1.6)	541,677	456,583	419,846
Michelin	54.670	3.2	(0.5)	(8.1)	1.8	1,329,404	852,105	1,291,046
Nokian	26.900	(2.9)	(3.9)	7.7	(2.0)	1,136,747	611,003	622,856
AUTO								
Fiat Auto	15.430	(8.6)	11.3	37.4	9.0	34,094,432	31,750,104	27,660,027
Renault	47.050	(3.4)	6.1	12.8	8.2	1,879,550	1,338,881	1,732,323
Peugeot	31.300	(3.2)	2.4	8.7	10.2	1,717,842	1,241,596	1,739,504
Volkswagen	111.550	(4.8)	(3.0)	34.7	5.3	235,955	216,720	282,742
BMW	55.700	(5.5)	(14.0)	11.4	(5.4)	3,845,943	2,642,987	2,906,351
Daimler	54.780	(2.1)	0.2	11.7	8.0	5,700,230	4,347,308	4,570,599
USA								
TYRE								
Goodyear	11.580	(7.1)	(3.0)	(0.9)	(2.3)	6,961,233	5,405,069	4,681,608
Cooper	22.460	(6.8)	(4.6)	11.7	(4.7)	761,991	660,544	718,702
AUTO								
Ford	17.780	(3.9)	5.7	30.0	6.9	10,127,936	8,329,003	11,426,677
ASIA								
TYRE								
Bridgestone	1527.0	(2.4)	(5.7)	6.9	(2.7)	4,864,400	4,743,427	4,184,731
Sumitomo	1192.0	(4.5)	(3.0)	0.7	(3.3)	2,484,600	1,803,730	1,413,436
Toyo	194.0	(4.0)	(1.5)	16.2	(1.0)	863,400	1,089,133	906,133
Yokohama	408.0	(3.5)	(3.1)	2.0	(2.9)	2,170,000	1,716,533	1,528,400
Hankook	29200.0	(6.0)	(13.4)	(3.0)	(8.0)	767,926	541,972	619,599
Khumo	15300.0	(3.5)	1.0	(68.6)	10.5	189,945	299,251	238,736
AUTO								
Toyota	3370.0	(5.1)	3.7	16.2	4.7	8,041,560	7,669,740	9,230,872
Nissan	824.0	(2.6)	3.5	12.9	6.6	12,843,400	15,841,107	18,683,508

Source: Reuters

EUROPE: WEEKLY TREND 17/01/2011 – 21/01/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

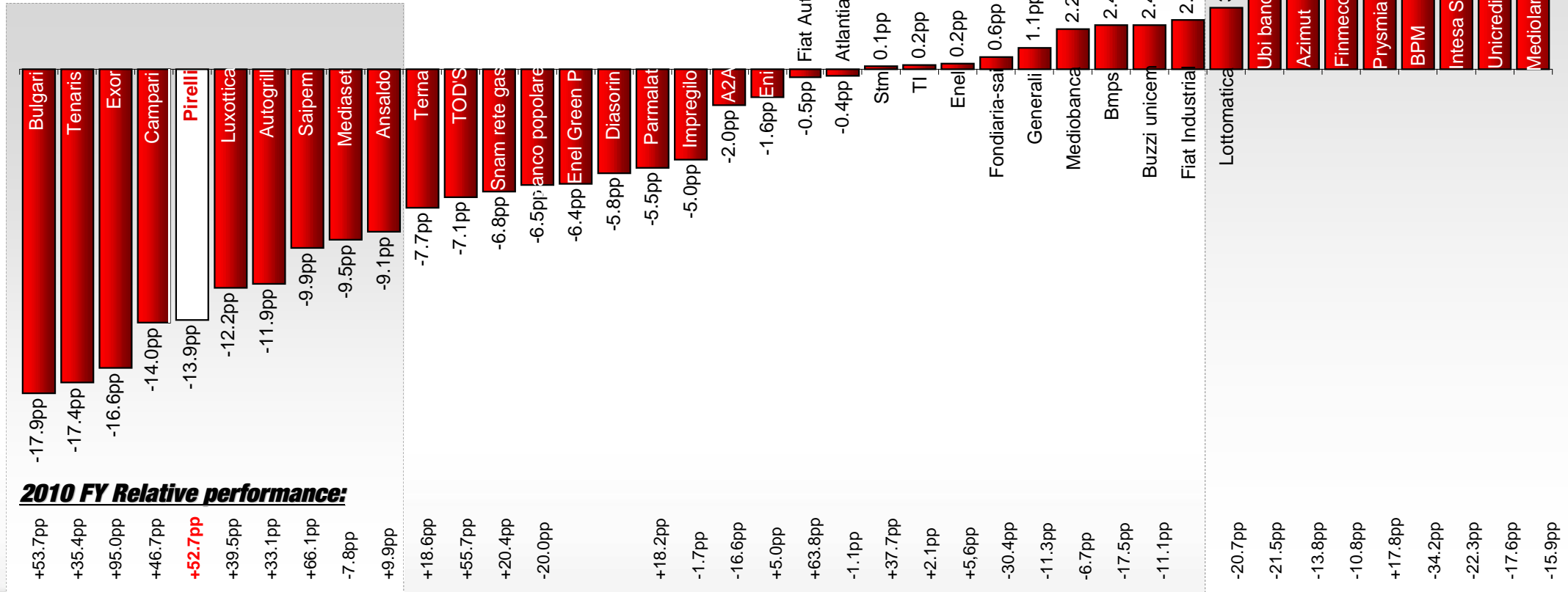
DJ STOXX AUTO & PARTS: -4.2%



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +9.5%

Performance from January 1 to January 21, 2011



2010 FY Relative performance:



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 24/01/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 24-Jan-11																	
		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	10,3x	9,0x	7,8x	6,6x	0,7x	0,6x	0,6x		4,5x	4,1x	3,7x		7,5x	7,0x	6,1x	
	Continental	13,6x	9,6x	7,5x	7,5x	0,8x	0,7x	0,6x	0,6x	5,3x	4,6x	4,0x	4,0x	8,6x	7,3x	6,0x	6,0x
	Nokian	20,6x	15,7x			3,4x	2,8x			12,7x	10,1x			16,7x	12,5x		
	Simple average	14,8x	11,5x	7,6x	7,0x	1,6x	1,4x	0,6x	0,6x	7,5x	6,3x	3,9x	4,0x	10,9x	8,9x	6,0x	6,0x
	Weighted average *	13,3x	10,2x			1,1x	0,9x			6,0x	5,2x			9,3x	7,9x		
US	Goodyear	27,9x	8,7x	5,4x		0,3x	0,3x	0,3x		4,2x	3,7x	3,5x		7,9x	6,2x		
	Cooper Tire	9,0x	8,6x			0,4x				3,9x				6,0x			
	Simple average	18,4x	8,6x			0,4x				4,1x				6,9x			
	Weighted average *	21,6x	8,6x			0,4x				4,1x				7,2x			
ASIA	Bridgestone	12,6x	13,0x	10,2x	10,5x	0,6x	0,6x	0,6x	0,5x	5,2x	5,1x	4,4x	3,9x	10,6x	10,9x	8,7x	
	Hankook	10,1x	9,4x	8,6x	8,5x	1,3x	1,2x	1,1x	0,9x	7,7x	7,1x	6,2x	5,7x	10,3x	9,4x	8,0x	7,8x
	Yokohama	15,3x	11,9x	11,1x	8,6x	0,6x	0,6x	0,5x	0,5x	5,9x	5,4x	5,4x	4,5x	15,5x	11,0x	12,5x	9,8x
	Sumitomo	11,3x	11,0x	8,4x	8,1x	0,7x	0,7x	0,7x	0,6x	5,9x	5,8x	4,7x	4,9x	10,6x	10,0x	7,4x	
	Simple average	12,3x	11,3x	9,6x	8,9x	0,8x	0,8x	0,7x	0,6x	6,2x	5,8x	5,2x	4,7x	11,7x	10,3x	9,2x	8,8x
	Weighted average *	12,3x	11,8x	9,7x	9,4x	0,6x	0,6x	0,6x	0,5x	5,2x	5,1x	4,5x	4,0x	11,0x	10,2x	9,0x	2,5x
TOT. WORLD	max	27,9x	15,7x	11,1x	10,5x	3,4x	2,8x	1,1x	0,9x	12,7x	10,1x	6,2x	5,7x	16,7x	12,5x	12,5x	9,8x
	min	9,0x	8,6x	5,4x	6,6x	0,3x	0,3x	0,3x	0,5x	3,9x	3,7x	3,5x	3,9x	6,0x	6,2x	6,0x	6,0x
	median	12,6x	9,6x	8,4x	8,3x	0,7x	0,6x	0,6x	0,6x	5,3x	5,3x	4,4x	4,5x	10,3x	9,7x	7,7x	7,8x
	Simple average	14,5x	10,8x	8,4x	8,3x	1,0x	0,9x	0,6x	0,6x	6,1x	5,7x	4,6x	4,6x	10,4x	9,3x	8,1x	7,9x
	Weighted average **	13,4x	10,8x	7,6x	7,1x	0,9x	0,8x	0,5x	0,4x	5,8x	5,1x	3,8x	2,7x	9,8x	8,6x	6,2x	2,3x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP					
Min	Local currency	€ adjustment	% on cluster	% on geographical Area	
	Michelin	€9.738	€9.738	21,7%	39,6%
	Continental	€11.426	€11.426	25,4%	46,5%
	Nokian	€3.420	€3.420	7,6%	13,9%
	Goodyear	\$2.812,94	€2.073	4,6%	67,1%
	Cooper Tire	\$1.381,10	€1.018	2,3%	32,9%
	Bridgestone	¥1.251.365	€11.134	24,8%	64,5%
	Yokohama	¥140.123	€1.247	2,8%	20,4%
	Sumitomo	¥218.589	€1.945	4,3%	3,9%
	Hankook	₩4.459.165	€2.930	6,5%	6,1%
	TOT.		€44.931		

