

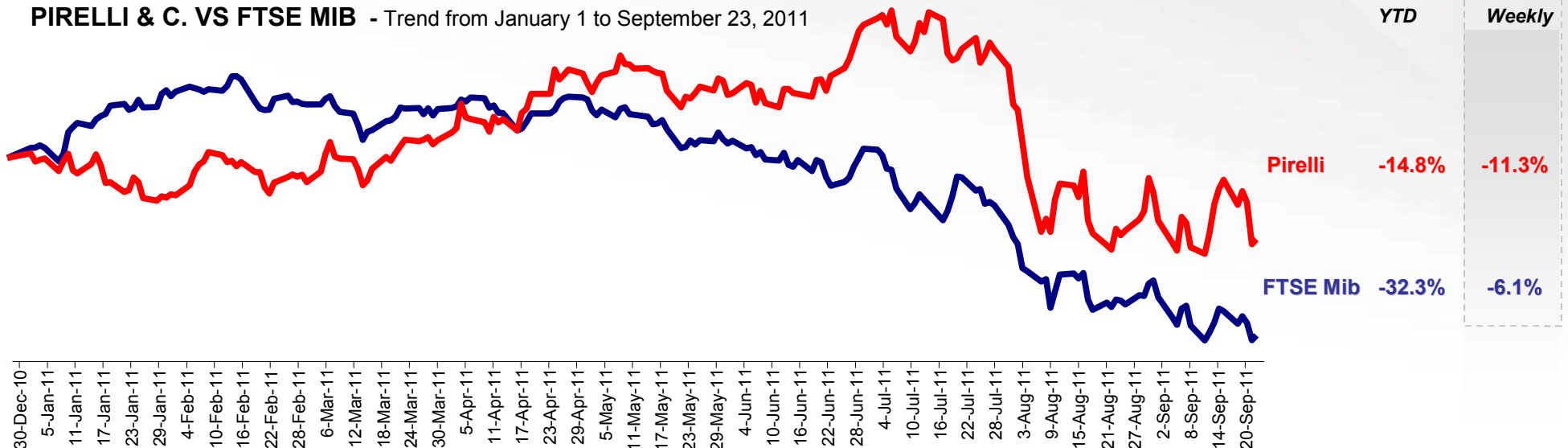


PEERS & MARKETS

19 – 23 September 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to September 23, 2011



	Official Close 23 September	Percentage change				Daily average volumes		
		1 Week 19 - 23 Sep	1 Month	3 Months	Year to date	1 Week 19 - 23 Sep	1 Month	3 Months
Pirelli & C. Ord.	5.155	(11.3)	2.3	(24.1)	(14.8)	4,341,270	5,234,133	4,600,731
Pirelli & C. Risp.	4.130	(3.1)	(5.3)	(24.6)	(26.4)	6,360	10,606	19,131
Pirelli Real Estate	0.210	(11.6)	(10.0)	(56.8)	(52.9)	6,518,637	5,913,044	4,654,335
FTSE All Share	14466	(6.4)	(6.9)	(28.3)	(30.9)	1,006,361,302	1,010,204,046	1,223,274,072
FTSE MIB	13665	(6.1)	(7.1)	(29.8)	(32.3)	889,106,764	901,287,087	1,090,865,941

Sell side analysts evaluation on Pirelli & C (26/09/2011)

Consensus Target Price: € 8.16

Buy: 88%

% Sell: 4%

% Hold: 8%

Market Cap: €2,525.3 mln (of which ord. €2,473.9 mln)



Source: Reuters

Markets

	Official Close 23 Sep.	Percentage change (%)			
		1 Week 19 - 23 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	216.190	(6.1)	(4.6)	(18.2)	(21.6)
FTSE MIB	13664.910	(6.1)	(7.1)	(29.8)	(32.3)
FTSE 100	5066.810	(5.6)	(1.2)	(10.7)	(14.1)
DAX	5196.560	(6.8)	(6.1)	(27.3)	(24.8)
CAC 40	2810.110	(7.3)	(8.9)	(25.8)	(26.1)
IBEX 35	7996.900	(4.7)	(3.4)	(19.6)	(18.9)
OMX Stockholm	5059.080	(8.4)	(6.0)	(20.5)	(34.0)
FTSE ATHEX	755.900	(9.9)	(13.8)	(39.5)	(49.5)
UNITED STATES					
DJ Industr. Average	10771.480	(6.4)	(3.6)	(10.6)	(7.0)
S&P 500	vice permissioned	3.5	5.3	1.5	7.6
NASDAQ Composite	2483.230	(5.3)	1.5	(7.6)	(6.4)
ASIA					
SSE Composite (Cina)	2433.159	(2.0)	(4.7)	(9.5)	(13.4)
Nikkei 225 (Giappone)	8560.260	0.5	(0.8)	(11.1)	(16.3)
Hang Seng (HK)	17668.830	(7.9)	(11.1)	(18.8)	(23.3)
All ordinaries (Australia)	3978.472	(5.9)	(6.2)	(12.8)	(17.9)
Strait Times (Singapore)	2698.800	(3.2)	(2.4)	(11.4)	(15.4)
BSE 30 (India)	16162.060	(4.6)	(2.0)	(8.8)	(21.2)
EMIRATES					
Abu Dhabi	2538.010	(1.3)	(2.0)	(6.6)	(6.7)
Dubai	1446.550	(1.7)	(1.3)	(5.9)	(11.3)
LATAM					
Bovespa (Brasile)	53230.360	(7.0)	(1.0)	(13.0)	(23.2)
IPC (Messico)	32588.430	(7.4)	(6.0)	(7.8)	(15.5)
Merval (Argentina)	2482.630	(9.7)	(14.3)	(25.1)	(29.5)

Source: Reuters

	Official Close 23 Sep	Percentage change (%)			
		1 Week 19 Sep - 23 Sep	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	216.190	(6.1)	(4.6)	(18.2)	(21.6)
Auto	244.970	(10.5)	(4.1)	(30.3)	(28.2)
Banks	123.230	(6.4)	(8.3)	(31.6)	(37.2)
Basic Resources	391.980	(15.2)	(9.2)	(26.8)	(38.3)
Chemical	439.380	(6.6)	(7.1)	(24.4)	(22.7)
Construction & Material	197.350	(7.7)	(6.5)	(26.7)	(30.2)
Industrial	353.550	(8.3)	(5.5)	(26.6)	(27.6)
Insurance	112.490	(9.0)	(10.5)	(28.8)	(27.2)
Finance	204.820	(8.0)	(3.4)	(18.1)	(23.6)
Food & Beverage	335.070	(1.8)	(3.3)	(6.9)	(8.0)
FTSE EPRA Eu Residential	1371.100	(7.1)	(8.1)	(21.9)	(20.6)
Media	143.200	(4.7)	(2.1)	(15.8)	(20.8)
Oil&Gas	272.110	(7.9)	(2.7)	(13.0)	(18.2)
Retail	221.020	(4.2)	(2.5)	(11.8)	(17.8)
Tech.	175.800	(5.8)	(0.4)	(14.8)	(18.5)
TLC	229.870	(3.6)	(4.8)	(10.5)	(14.5)
Travel & Leisure	102.190	(5.3)	(0.8)	(16.0)	(23.7)
Utilities	247.520	(4.6)	(2.0)	(16.4)	(20.8)
UNITED STATES					
S&P 500	1353.220	3.5	5.3	1.5	27.6
Auto	116.540	(7.3)	(3.8)	(25.6)	(14.5)
Banks	151.310	(9.6)	(5.1)	(25.4)	(24.9)
Basic Resources	207.070	(16.9)	(13.4)	(25.6)	(13.3)
Chemical	285.73	(12.71)	(7.19)	(20.92)	(2.43)
Construction & Materials	184.170	(5.2)	3.2	(29.1)	(22.6)
Industrial	266.120	(8.5)	(3.0)	(18.9)	(2.4)
Food & Beverage	312.340	(4.4)	(2.6)	(3.5)	9.6
Media	304.980	(6.2)	(0.2)	(13.5)	5.9
Oil&Gas	504.520	(12.0)	(9.8)	(18.1)	8.5
Insurance	215.680	(9.1)	(6.4)	(18.6)	(14.0)
Finance	219.780	(9.0)	(4.9)	(19.3)	(14.3)
RE	199.990	(8.6)	(5.0)	(12.6)	(1.2)
Retail	199.990	(8.6)	(5.0)	(12.6)	(1.2)
Tech.	624.770	(3.9)	3.4	(4.4)	6.2
Tyres	33.870	(10.3)	(14.6)	(40.1)	(18.4)
TLC	123.260	(4.4)	(3.2)	(9.9)	(1.0)
Utilities	161.270	(2.3)	1.8	0.5	8.2



Pirelli & C. vs Auto & Parts Sector

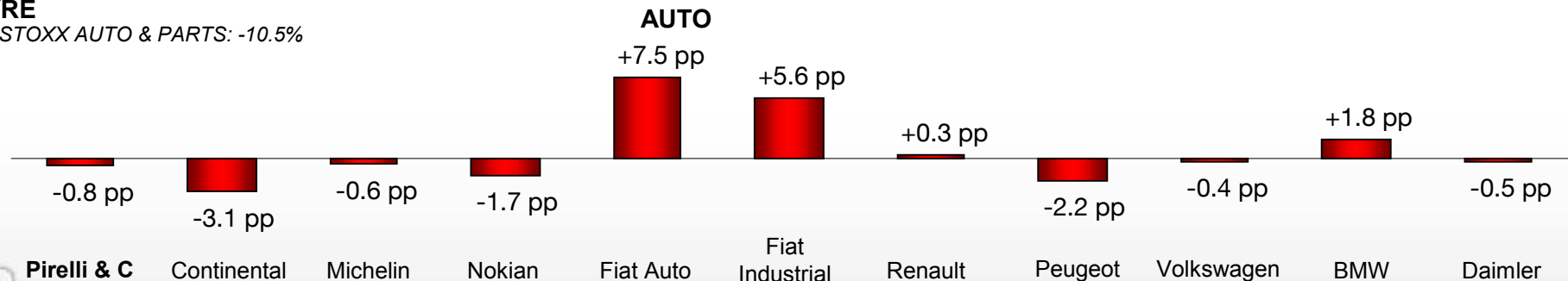
	Official Close 23 Sep	Percentage change				Daily average volumes		
		1 Week 19 - 23 Sep	1 Month	3 Months	Year to date	1 Week 19 - 23 Sep	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	244.970	(10.5)	(4.1)	(30.3)	(28.2)			
TYRE								
Pirelli & C	5.155	(11.3)	2.3	(24.1)	(14.8)	4,341,270	5,234,133	4,600,731
Continental	41.365	(13.6)	(10.0)	(38.2)	(30.1)	629,507	802,251	734,909
Michelin	43.060	(11.1)	(5.5)	(32.3)	(19.8)	1,222,425	1,195,420	1,184,396
Nokian	21.680	(12.2)	(5.2)	(32.3)	(21.0)	745,331	1,099,050	903,541
AUTO								
Fiat Auto	15.430	(3.0)	1.2	(43.3)	(40.3)	52,087,898	47,533,471	32,138,338
Renault	24.650	(10.2)	(0.3)	(36.3)	(43.3)	1,659,619	2,073,053	2,077,245
Peugeot	16.105	(12.7)	(14.0)	(45.1)	(43.3)	2,178,172	2,598,526	2,241,812
Volkswagen	92.970	(10.9)	(2.2)	(22.7)	(12.2)	183,888	216,931	203,162
BMW	52.180	(8.7)	1.6	(20.0)	(11.3)	3,696,035	4,180,224	3,489,701
Daimler	32.405	(11.0)	(5.4)	(33.5)	(36.1)	7,389,229	8,066,401	6,665,549
USA								
TYRE								
Goodyear	9.860	(11.1)	(15.7)	(37.5)	(16.8)	5,919,374	7,780,973	7,522,219
Cooper	10.280	(7.1)	(10.4)	(48.3)	(56.4)	1,212,085	1,060,941	1,039,454
AUTO								
Ford	9.860	(7.2)	(4.4)	(26.8)	(41.3)	8,428,683	8,716,789	10,480,209
		(7.1)	(4.8)	(30.3)	(43.0)			
ASIA								
TYRE								
Bridgestone	1689.0	0.4	6.4	(6.4)	7.6	2,724,000	3,489,233	3,490,331
Sumitomo	1003.0	0.3	5.1	(2.4)	9.9	1,185,120	1,530,753	1,372,038
Toyo	184.0	0.5	(2.6)	(4.7)	(6.1)	183,800	359,967	619,956
Yokohama	427.0	3.6	6.2	(3.4)	1.7	1,308,400	1,553,067	1,596,311
Hankook	34800.0	(9.0)	(8.4)	(17.1)	9.6	687,035	777,051	862,772
Khumo	10600.0	(17.5)	(15.9)	(32.3)	(23.5)	286,215	310,082	465,692
AUTO								
Toyota	2628.0	(0.2)	(2.7)	(18.9)	(18.4)	6,797,520	9,678,947	8,056,934
Nissan	643.0	(0.8)	2.7	(22.3)	(16.8)	19,561,520	23,599,630	19,967,938

Source: Reuters

EUROPE: WEEKLY TREND 19/09/2011 – 23/09/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

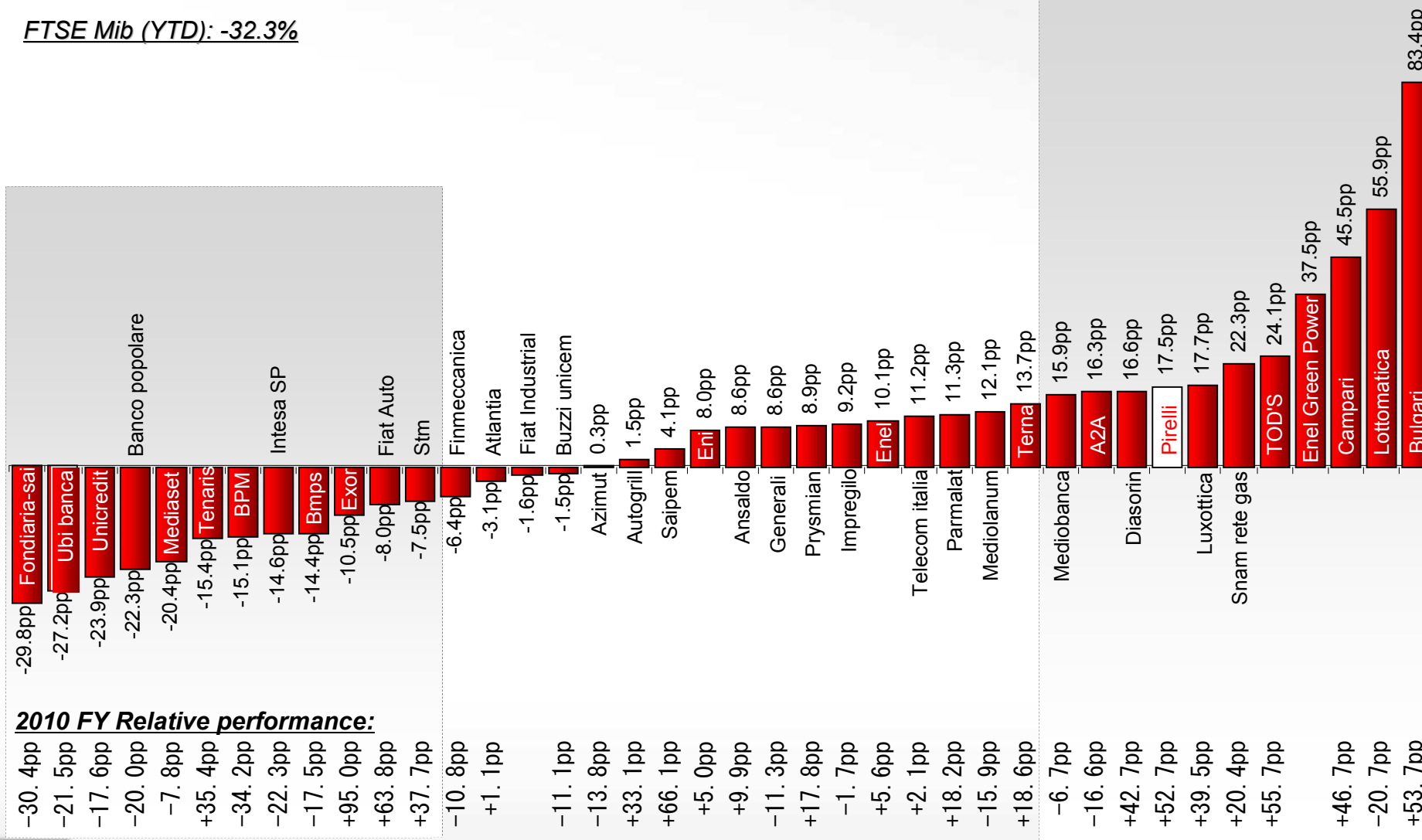
DJ STOXX AUTO & PARTS: -10.5%



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to September 23, 2011

FTSE Mib (YTD): -32.3%



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 26/09/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 26-Sep-11													
		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	6.4x	6.0x	5.4x	0.5x	0.5x	0.4x	3.5x	3.3x	2.9x	5.4x	5.0x	4.5x
	Continental	5.8x	5.4x	5.4x	0.5x	0.5x	0.5x	3.6x	3.2x	3.2x	5.5x	4.7x	4.7x
	Nokian	9.6x	9.2x	7.8x	2.0x	1.8x	1.5x	6.4x	6.0x	5.0x	7.6x	7.1x	5.8x
	Simple average	7.3x	6.9x	6.2x	1.0x	0.9x	0.8x	4.5x	4.2x	3.7x	6.2x	5.6x	5.0x
	Weighted average*	6.6x	6.2x	5.7x	0.7x	0.7x	0.6x	4.0x	3.6x	3.4x	5.8x	5.2x	4.8x
US	Goodyear	5.8x	4.0x	3.2x	0.2x	0.2x		2.9x	2.6x		4.8x	4.0x	
	Cooper Tire	7.2x	5.2x		0.2x	0.2x		2.8x	2.0x		5.6x	3.6x	
	Simple average	6.5x	4.6x		0.2x	0.2x		2.8x	2.3x		5.2x	3.8x	
	Weighted average*	6.1x	4.2x		0.2x	0.2x		2.9x	2.5x		5.0x	3.9x	
ASIA	Bridgestone	11.1x	8.8x	8.0x	0.5x	0.5x	0.5x	4.6x	3.9x	3.4x	8.4x	7.0x	
	Hankook	10.9x	9.1x	7.9x	1.3x	1.2x	1.0x	8.3x	7.0x	5.8x	11.3x	9.2x	7.7x
	Yokohama	11.9x	7.8x	6.9x	0.6x	0.5x	0.4x	6.0x	4.3x	3.8x			
	Sumitomo	11.0x	8.1x	7.0x	0.7x	0.6x	0.6x	5.5x	4.8x	4.2x	10.3x	8.1x	
	Simple average	11.2x	8.5x	7.4x	0.8x	0.7x	0.6x	6.1x	5.0x	4.3x	10.0x	8.1x	7.7x
Weighted average*	10.9x	8.3x	7.5x	0.6x	0.5x	0.5x	5.0x	4.1x	3.6x	6.8x	5.6x	0.6x	
TOT. WORLD	max	11.9x	9.2x	8.0x	2.0x	1.8x	1.5x	8.3x	7.0x	5.8x	11.3x	9.2x	7.7x
	min	5.8x	4.0x	3.2x	0.2x	0.2x	0.4x	2.8x	2.0x	2.9x	4.8x	3.6x	4.5x
	median	9.6x	7.8x	6.9x	0.5x	0.5x	0.5x	4.6x	3.9x	3.8x	6.6x	6.0x	5.2x
	Simple average	8.9x	7.1x	6.4x	0.7x	0.6x	0.7x	4.8x	4.1x	4.0x	7.4x	6.1x	5.7x
	Weighted average**	8.8x	7.3x	6.6x	0.7x	0.6x	0.6x	4.6x	4.0x	3.5x	7.1x	6.0x	2.8x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
Michelin	€7,933	€7,933	19.2%
Continental	€8,412	€8,412	20.4%
Nokian	€2,851	€2,851	6.9%
Goodyear	\$2,368.59	€1,760	4.3%
Cooper Tire	\$633.16	€470	1.1%
Bridgestone	¥1,317,226	€12,806	31.0%
Yokohama	¥140,465	€1,366	3.3%
Sumitomo	¥236,476	€2,299	5.6%
Hankook	₩5,405,149	€3,384	8.2%
TOT.		€41,280	

