

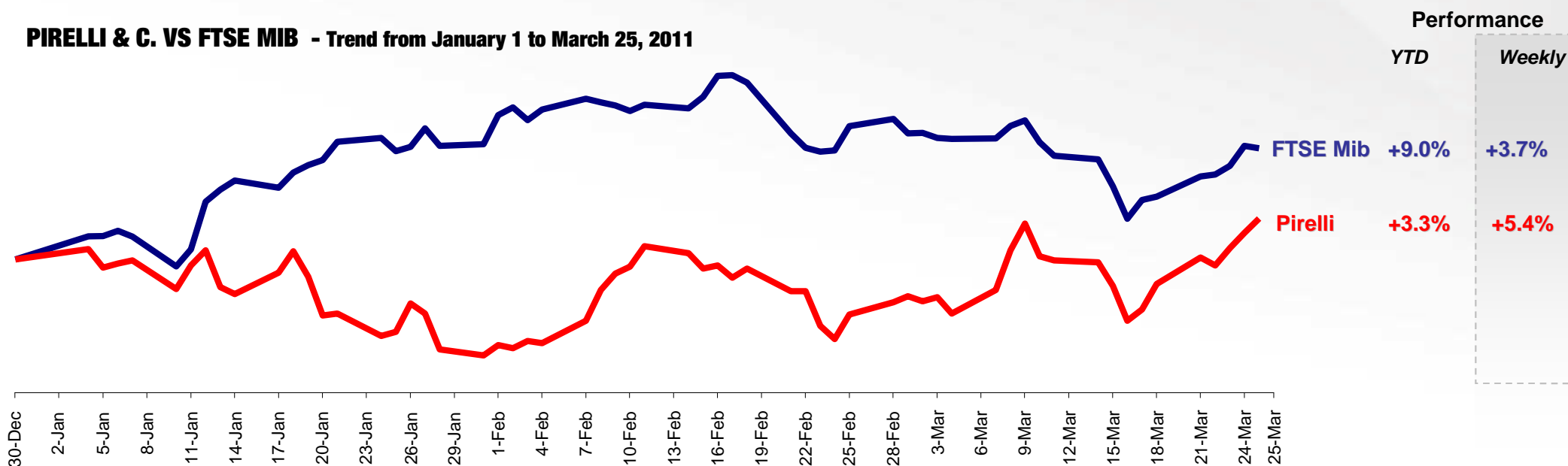


PEERS & MARKETS

21 March – 25 March 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to March 25, 2011



	Official Close 25 March	Percentage change				Daily average volumes		
		1 Week 21 Mar - 25 Mar	1 Month	3 Months	Year to date	1 Week 21 Mar - 25 Mar	1 Month	3 Months
Pirelli & C. Ord.	6.250	5.4	8.1	0.6	3.3	3,041,894	3,911,094	3,429,088
Pirelli & C. Risp.	5.810	5.5	7.8	1.7	3.6	29,624	26,686	22,874
Pirelli Real Estate	0.555	4.7	3.7	25.0	24.4	4,133,734	4,471,769	6,476,954
FTSE All Share	22643	3.6	(1.3)	5.4	8.2	1,105,384,553	1,251,159,742	1,097,952,283
FTSE MIB	21985	3.7	(1.6)	5.8	9.0	841,605,666	1,006,447,858	892,710,649

Sell side analysts evaluation on Pirelli & C (28/03/2011)

Consensus Target Price: € 7.32

% Buy: 76%

% Sell: 14%

% Hold: 10%

Market Cap: €3,034.9 mln (of which ord. €2,963.9 mln)

Source: Reuters



Markets

	Official Close 25 March	Percentage change (%)			
		1 Week 21 Mar - 25 Mar	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	276.020	3.1	(2.9)	(1.9)	0.1
FTSE MIB	21984.990	3.7	(1.6)	5.8	9.0
FTSE 100	5900.760	3.2	(1.7)	(1.8)	0.0
DAX	6946.360	4.2	(3.3)	(1.6)	0.5
CAC 40	3972.380	4.3	(2.4)	1.8	4.4
IBEX 35	10710.400	3.7	(1.0)	6.0	8.6
OMX Stockholm	7468.650	3.5	0.6	(2.9)	(2.5)
FTSE ATHEX	1698.300	(0.2)	0.4	11.2	13.4
UNITED STATES					
DJ Industr. Average	12170.560	3.1	0.7	5.6	5.6
S&P 500	1309.660	2.7	(0.5)	4.5	4.5
NASDAQ Composite	2743.060	3.8	(1.4)	2.9	3.4
ASIA					
SSE Composite (Cina)	2977.814	2.4	3.4	5.0	6.0
Nikkei 225 (Giappone)	9536.130	6.4	(9.4)	(7.2)	(6.8)
Hang Seng (HK)	23158.670	3.8	0.6	1.4	0.5
All ordinaries (Australia)	4840.310	2.6	(1.7)	(0.6)	(0.1)
Strait Times (Singapore)	3070.840	4.6	1.5	(2.3)	(3.7)
BSE 30 (India)	18815.640	5.2	6.3	(6.3)	(8.3)
EMIRATES					
Abu Dhabi	2645.850	1.7	0.7	(1.8)	(2.7)
Dubai	1556.310	3.1	6.1	(2.9)	(4.6)
LATAM					
Bovespa (Brasile)	67532.970	1.3	1.3	(1.1)	(2.2)
IPC (Messico)	36872.380	3.3	(0.3)	(3.4)	(4.6)
Merval (Argentina)	3321.540	4.7	(2.3)	(3.7)	(5.0)

Source: Reuters

	Official Close 25 March	Percentage change (%)			
		1 Week 21 Mar - 25 Mar	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	276.020	3.1	(2.9)	(1.9)	0.1
Auto	330.360	4.5	(3.5)	(7.2)	(3.2)
Banks	205.130	2.4	(6.5)	1.4	4.5
Basic Resources	590.900	4.0	(3.3)	(8.0)	(7.0)
Chemical	553.400	3.5	(0.7)	(3.9)	(2.6)
Construction & Material	290.790	4.6	0.4	2.5	2.9
Industrial	496.390	3.9	0.1	0.1	1.7
Insurance	168.630	3.4	(3.7)	7.4	9.2
Finance	269.860	3.1	(1.7)	(0.5)	0.7
Food & Beverage	345.840	3.5	(0.7)	(7.1)	(5.1)
FTSE EPRA Eu Residential	1791.430	3.0	2.0	4.7	3.7
Media	178.740	0.7	(4.7)	(3.2)	(1.2)
Oil&Gas	352.800	3.6	(1.5)	4.2	6.1
Retail	255.440	2.8	(3.8)	(7.3)	(5.0)
Tech.	224.890	4.4	(2.7)	3.5	4.2
TLC	278.440	3.7	(0.7)	0.6	3.5
Travel & Leisure	123.580	2.1	(4.4)	(9.1)	(7.7)
Utilities	314.650	2.5	(3.9)	(1.5)	0.6
UNITED STATES					
S&P 500	1309.660	2.7	(0.5)	4.5	12.7
Auto	171.030	2.3	(1.4)	(7.5)	13.6
Banks	230.950	(0.8)	(3.3)	1.5	(4.5)
Basic Resources	310.860	5.1	2.8	2.2	26.4
Chemical	358.88	3.33	2.18	6.90	30.85
Construction & Materials	264.520	1.8	1.2	4.6	(10.2)
Industrial	336.720	3.2	0.8	7.1	21.4
Food & Beverage	312.120	2.5	0.6	1.8	9.5
Media	359.990	3.3	(1.3)	10.6	26.1
Oil&Gas	660.490	4.0	0.4	15.9	38.5
Insurance	280.830	2.1	(2.2)	2.7	8.9
Finance	292.550	0.6	(2.5)	2.8	2.5
RE	224.800	0.6	(1.5)	5.7	15.2
Retail	224.800	0.6	(1.5)	5.7	15.2
Tech.	683.500	4.3	(2.6)	2.9	12.8
Tyres	58.670	4.5	10.9	23.2	19.5
TLC	131.790	2.3	1.9	0.3	17.1
Utilities	155.110	1.9	(0.2)	1.1	9.4



Pirelli & C. vs Auto & Parts Sector

	Official Close 25 March	Percentage change				Daily average volumes		
		1 Week 21 Mar - 25 Mar	1 Month	3 Months	Year to date	1 Week 21 Mar - 25 Mar	1 Month	3 Months
EUROPE								
DJ Stoxx Auto	330.360	4.5	(3.5)	(7.2)	(3.2)			
TYRE								
Pirelli & C	6.250	5.4	8.1	0.6	3.3	3,041,894	3,911,094	3,429,088
Continental	60.970	3.0	3.0	(0.9)	3.1	388,495	466,371	466,708
Michelin	60.220	3.8	2.7	10.2	12.1	962,124	1,227,684	1,164,862
Nokian	30.400	5.0	3.8	10.3	10.7	606,954	676,790	674,929
AUTO								
Fiat Auto	15.430	8.6	(3.8)	(3.1)	(2.6)	21,588,403	26,076,527	28,846,937
Renault	37.880	(0.7)	(11.8)	(13.4)	(12.9)	2,433,794	2,600,887	2,020,249
Peugeot	27.610	1.2	(4.3)	(6.2)	(2.8)	1,830,086	1,944,573	1,735,953
Volkswagen	105.300	3.5	0.5	(5.9)	(0.6)	162,239	188,082	227,234
BMW	57.460	3.9	(2.1)	(9.2)	(2.4)	2,818,842	3,068,082	2,883,444
Daimler	48.995	6.7	(4.1)	(9.4)	(3.4)	5,527,612	7,044,432	5,405,604
USA								
TYRE								
Goodyear	15.450	4.3	11.2	30.6	30.4	5,432,243	6,748,490	6,017,491
Cooper	25.770	5.2	10.5	8.7	9.3	587,723	910,910	803,407
AUTO								
Ford	15.040	3.6	(0.4)	(10.5)	(10.6)	8,954,653	11,235,174	11,848,290
		(1.2)	(5.4)	(9.6)	(14.6)			
ASIA								
TYRE								
Bridgestone	1783.0	8.1	8.3	11.0	13.6	5,701,980	6,003,410	4,975,552
Sumitomo	1173.0	3.9	(3.2)	(2.1)	(0.1)	1,584,080	1,973,390	1,673,213
Toyo	202.0	12.8	(7.8)	3.6	3.1	1,165,800	1,528,867	1,158,600
Yokohama	400.0	9.0	(5.2)	(4.5)	(4.8)	2,363,600	2,150,533	1,767,856
Hankook	33900.0	1.5	12.8	4.6	6.8	742,011	907,560	703,670
Khumo	14400.0	1.1	(11.4)	3.2	4.0	225,761	272,710	257,767
AUTO								
Toyota	3275.0	0.2	(12.8)	1.6	1.7	14,380,000	13,754,567	10,521,997
Nissan	681.0	(7.1)	(18.7)	(13.2)	(11.9)	37,458,720	23,939,820	19,230,669

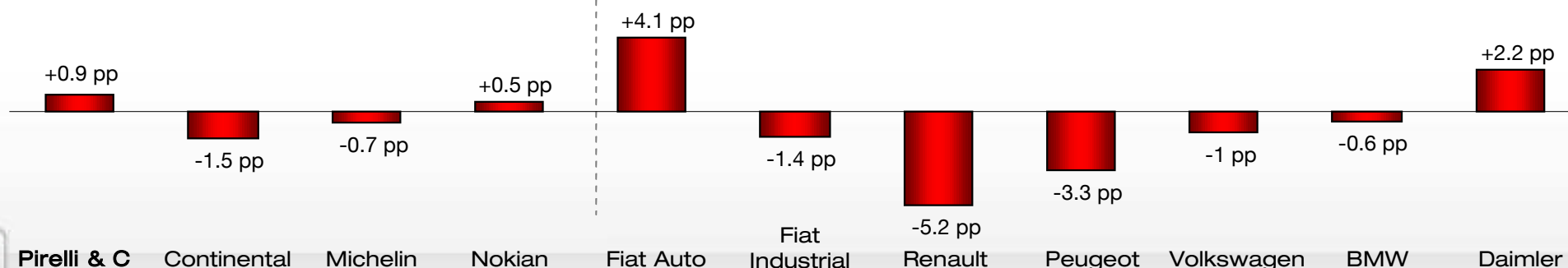
Source: Reuters

EUROPE: WEEKLY TREND 21/03/2011 – 25/03/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +4.5%

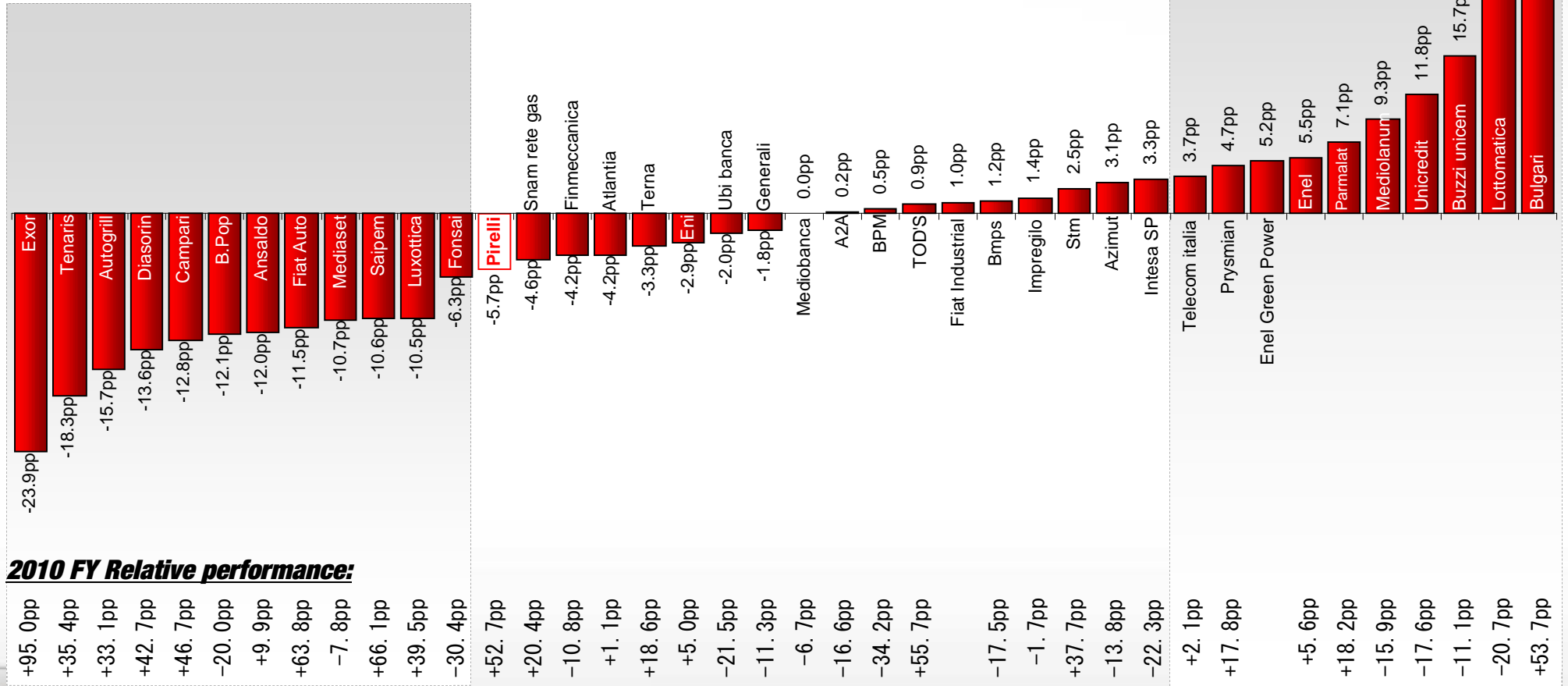
AUTO



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +9.0%

Performance from January 1 to March 25, 2011



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 28/03/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 28-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	9.5x	7.7x	7.7x	0.7x	0.6x	0.6x	4.7x	4.1x	4.1x	7.4x	6.2x	6.2x
	Nokian	16.6x	13.8x	12.1x	2.9x	2.5x	2.2x	10.5x	8.8x	7.6x	12.9x	10.6x	9.8x
	Simple average	11.9x	9.9x	9.0x	1.4x	1.2x	1.4x	6.6x	5.6x	5.8x	9.2x	7.7x	8.0x
	Weighted average *	10.5x	8.7x	8.1x	1.0x	0.9x		5.5x	4.8x		8.1x	6.8x	
US	Goodyear	31.6x	7.6x	5.5x	0.3x	0.3x		5.0x	3.9x		8.5x	5.8x	
	Cooper Tire	10.4x	8.6x		0.4x	0.3x		4.1x	3.3x		6.4x	5.0x	
	Simple average	21.0x	8.1x		0.4x	0.3x		4.5x	3.6x		7.4x	5.4x	
	Weighted average *	25.3x	7.9x		0.4x	0.3x		4.7x	3.7x		7.8x	5.6x	
ASIA	Bridgestone	15.5x	11.0x	9.4x	0.6x	0.6x	0.5x	5.5x	4.5x	3.9x	11.2x	8.8x	
	Hankook	11.0x	9.7x	9.9x	1.3x	1.2x	1.0x	8.3x	7.1x	6.9x	11.6x	9.4x	10.7x
	Yokohama	10.8x	11.2x	8.6x	0.6x	0.5x	0.5x	5.2x	5.4x	4.6x	10.3x	12.5x	10.8x
	Sumitomo	12.8x	8.9x	8.1x	0.7x	0.6x	0.6x	5.9x	4.8x	4.5x	10.0x	7.8x	
	Simple average	12.5x	10.2x	9.0x	0.8x	0.7x	0.6x	6.2x	5.4x	5.0x	10.8x	9.6x	10.8x
	Weighted average *	13.4x	10.3x	8.8x	0.6x	0.6x	0.5x	5.3x	4.6x	4.0x	10.4x	9.0x	2.7x
TOT. WORLD	max	31.6x	13.8x	12.1x	2.9x	2.5x	2.2x	10.5x	8.8x	7.6x	12.9x	12.5x	10.8x
	min	9.5x	7.6x	5.5x	0.3x	0.3x	0.5x	4.1x	3.3x	3.9x	6.4x	5.0x	6.2x
	median	11.0x	8.9x	8.3x	0.6x	0.6x	0.6x	5.2x	4.5x	4.5x	10.0x	7.8x	10.3x
	Simple average	14.2x	9.6x	8.6x	0.9x	0.8x	0.9x	6.0x	5.1x	5.2x	9.5x	8.0x	9.4x
	Weighted average **	13.1x	9.4x	8.2x	0.8x	0.8x	0.5x	5.6x	4.8x	3.3x	9.2x	7.6x	3.3x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
	Michelin	€10.510	21.3%
	Continental	€12.260	24.8%
	Nokian	€3.864	7.8%
	Goodyear	\$3.753.99	5.4%
	Cooper Tire	\$1.590.47	2.3%
	Bridgestone	¥1.447.322	25.4%
	Yokohama	¥137.725	2.4%
	Sumitomo	¥224.902	4.0%
	Hankook	₩5.108.245	6.6%
	TGT.	€49.415	

