

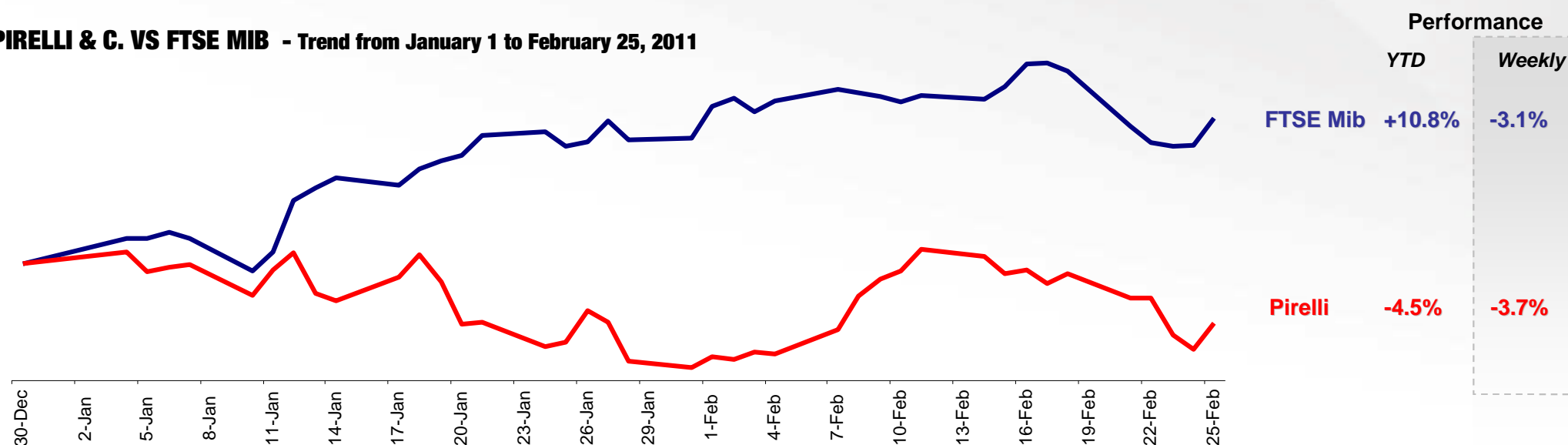


PEERS & MARKETS

21 February – 25 February 2011

Pirelli on the Stock Market

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



	Official Close 25 February	Percentage change				Daily average volumes		
		1 Week 21 Feb - 25 Feb	1 Month	3 Months	Year to date	1 Week 21 Feb - 25 Feb	1 Month	3 Months
Pirelli & C. Ord.	5.780	(3.7)	1.5	(3.8)	(4.5)	2,774,217	3,869,371	3,268,195
Pirelli & C. Risp.	5.390	(2.4)	2.7	(6.9)	(3.9)	17,546	29,681	23,304
Pirelli Real Estate	0.535	(3.3)	3.3	31.0	20.0	5,794,753	10,600,227	8,833,622
FTSE All Share	22935	(3.0)	1.6	11.3	9.6	1,165,227,386	1,225,382,332	1,000,896,616
FTSE MIB	22350	(3.1)	1.9	12.1	10.8	924,711,548	950,780,920	815,657,354

Sell side analysts evaluation on Pirelli & C (28/02/2011)

Consensus Target Price: € 7.05

% Buy: 65%

% Sell: 10%

% Hold: 25%

Market Cap: €2,835.9 mln (of which ord. €2,768.8 mln)

Source: Reuters



Markets

	Official Close 25 February	Percentage change (%)			
		1 Week 21 Feb - 25 Feb	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	284.120	(2.4)	1.4	6.1	3.0
FTSE MIB	22349.710	(3.1)	1.9	12.1	10.8
FTSE 100	6001.200	(1.3)	1.4	5.3	1.7
DAX	7185.170	(3.3)	1.8	4.4	3.9
CAC 40	4070.380	(2.1)	1.3	8.2	7.0
IBEX 35	10822.700	(2.2)	1.5	11.3	9.8
OMX Stockholm	7424.790	(2.4)	(3.9)	2.2	(3.1)
FTSE ATHEX	1674.610	(8.3)	3.8	9.7	11.9
UNITED STATES					
DJ Industr. Average	12068.500	(1.5)	1.3	8.4	4.8
S&P 500	1306.100	(1.5)	2.2	10.1	4.9
NASDAQ Composite	2781.050	(1.8)	2.3	9.4	4.8
ASIA					
SSE Composite (Cina)	2878.565	(0.7)	7.5	(0.7)	2.5
Nikkei 225 (Giappone)	10526.760	(2.9)	0.6	4.4	2.9
Hang Seng (HK)	23012.370	(2.5)	(3.3)	(0.2)	(0.1)
All ordinaries (Australia)	4924.914	(2.0)	0.3	5.2	1.6
Strait Times (Singapore)	3025.160	(2.0)	(4.9)	(4.2)	(5.2)
BSE 30 (India)	17700.910	(2.8)	(6.7)	(8.4)	(13.7)
EMIRATES					
Abu Dhabi	2628.310	(0.2)	(1.2)	(4.7)	(3.4)
Dubai	1466.830	(4.5)	(9.0)	(12.8)	(10.0)
LATAM					
Bovespa (Brasile)	66948.990	(1.7)	(3.6)	(3.5)	(3.5)
IPC (Messico)	36446.560	(1.7)	(1.6)	(0.2)	(4.3)
Merval (Argentina)	3382.710	(2.9)	(4.7)	3.4	(2.5)

Source: Reuters

	Official Close 25 February	Percentage change (%)			
		1 Week 21 Feb - 25 Feb	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	284.120	(2.4)	1.4	6.1	3.0
Auto	342.320	(3.3)	(2.0)	0.0	0.3
Banks	219.340	(3.5)	3.2	11.4	11.7
Basic Resources	611.060	(2.5)	2.2	4.7	(3.8)
Chemical	557.050	(3.3)	1.9	0.4	(2.0)
Construction & Material	289.620	(2.4)	0.4	9.6	2.5
Industrial	495.680	(2.8)	0.5	6.5	1.5
Insurance	175.180	(3.6)	5.3	16.9	13.4
Finance	274.500	(3.6)	0.5	7.9	2.4
Food & Beverage	348.340	(0.3)	(0.7)	(1.4)	(4.4)
FTSE EPRA Eu Residential	1756.230	(0.9)	3.0	7.0	1.7
Media	187.550	(2.0)	0.4	7.3	3.7
Oil&Gas	358.010	(0.5)	4.2	14.9	7.6
Retail	265.580	(2.4)	(0.1)	(4.4)	(1.2)
Tech.	231.050	(2.7)	3.7	14.3	7.1
TLC	280.410	(2.9)	(0.2)	3.3	4.2
Travel & Leisure	129.270	(5.2)	(2.3)	(0.9)	(3.4)
Utilities	327.550	(2.6)	0.2	5.8	4.8
UNITED STATES					
S&P 500	1306.100	(1.5)	2.2	10.1	19.7
Auto	170.690	(6.1)	(13.2)	(0.3)	34.3
Banks	236.000	(2.9)	1.3	18.7	9.9
Basic Resources	299.060	(4.5)	2.6	10.9	29.9
Chemical	347.55	(3.34)	4.53	10.09	36.91
Construction & Materials	260.420	(5.6)	(6.0)	18.2	(4.5)
Industrial	331.870	(3.0)	2.0	13.3	29.8
Food & Beverage	307.860	(0.1)	1.4	4.5	13.7
Media	359.610	(0.4)	7.8	16.6	39.1
Oil&Gas	655.130	1.5	10.8	23.3	38.6
Insurance	284.260	(1.3)	2.8	11.2	18.3
Finance	296.480	(2.0)	2.1	13.5	15.1
RE	225.310	(0.1)	3.4	9.0	29.4
Retail	225.310	(0.1)	3.4	9.0	29.4
Tech.	692.960	(2.3)	1.3	9.3	23.4
Tyres	52.810	(6.3)	9.9	27.1	15.7
TLC	128.890	(1.8)	(0.7)	3.6	21.7
Utilities	154.420	(0.4)	(0.9)	3.4	10.6

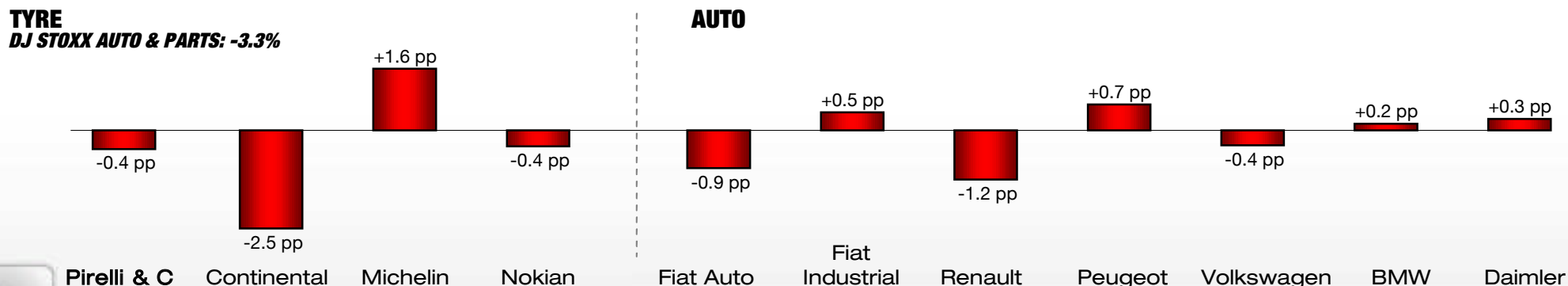


Pirelli & C. vs Auto & Parts Sector

	Official Close 25 February	Percentage change				Daily average volumes		
		1 Week 21 Feb - 25 Feb	1 Month	3 Months	Year to date	1 Week 21 Feb - 25 Feb	1 Month	3 Months
EUROPE								
DJ Stoxx Auto	342.320	(3.3)	(2.0)	0.0	0.3			
TYRE								
Pirelli & C	5.780	(3.7)	1.5	(3.8)	(4.5)	2,774,217	3,869,371	3,268,195
Continental	59.190	(5.8)	4.2	(2.6)	0.1	443,854	493,545	451,161
Michelin	58.610	(1.7)	8.8	7.2	9.1	998,389	1,418,036	1,121,838
Nokian	29.290	(3.7)	8.9	12.8	6.7	666,992	884,032	689,027
AUTO								
Fiat Auto	15.430	(4.2)	(6.5)	15.8	1.3	22,927,325	25,632,525	27,563,352
Renault	42.950	(4.5)	(10.3)	(2.2)	(1.3)	2,256,954	2,319,155	1,772,933
Peugeot	28.860	(2.6)	(7.5)	(7.8)	1.6	1,874,145	2,030,572	1,655,454
Volkswagen	109.250	(3.7)	0.0	1.4	3.2	211,153	197,277	270,409
BMW	58.700	(3.1)	4.7	(2.0)	(0.3)	2,674,327	3,011,259	2,738,938
Daimler	51.070	(3.0)	(7.5)	(1.7)	0.7	5,901,644	5,683,836	4,766,391
USA								
TYRE								
Goodyear	13.900	(6.7)	14.3	37.5	17.3	5,879,291	7,172,836	5,662,009
Cooper	23.330	(5.3)	0.9	7.9	(1.1)	1,017,795	936,522	758,334
AUTO								
Ford	14.700	(5.6)	(15.8)	(5.5)	(10.2)	15,022,416	13,540,286	12,738,626
ASIA								
TYRE								
Bridgestone	1646.0	(1.0)	4.8	7.9	4.9	7,024,980	4,830,037	4,522,920
Sumitomo	1207.0	(3.5)	4.4	2.1	3.2	1,964,180	1,825,150	1,589,660
Toyo	219.0	1.4	11.2	17.7	11.7	2,350,400	1,107,767	1,043,478
Yokohama	422.0	(0.9)	2.7	(1.6)	0.5	1,988,800	1,871,767	1,597,267
Hankook	30050.0	(3.1)	1.5	1.3	(5.4)	642,013	816,728	640,893
Khumo	16250.0	2.8	9.1	0.0	17.3	239,467	245,390	282,082
AUTO								
Toyota	3755.0	(3.3)	8.4	13.6	16.6	11,040,500	10,596,717	9,558,210
Nissan	838.0	(5.3)	(0.9)	5.1	8.4	17,196,340	15,964,427	17,472,902

Source: Reuters

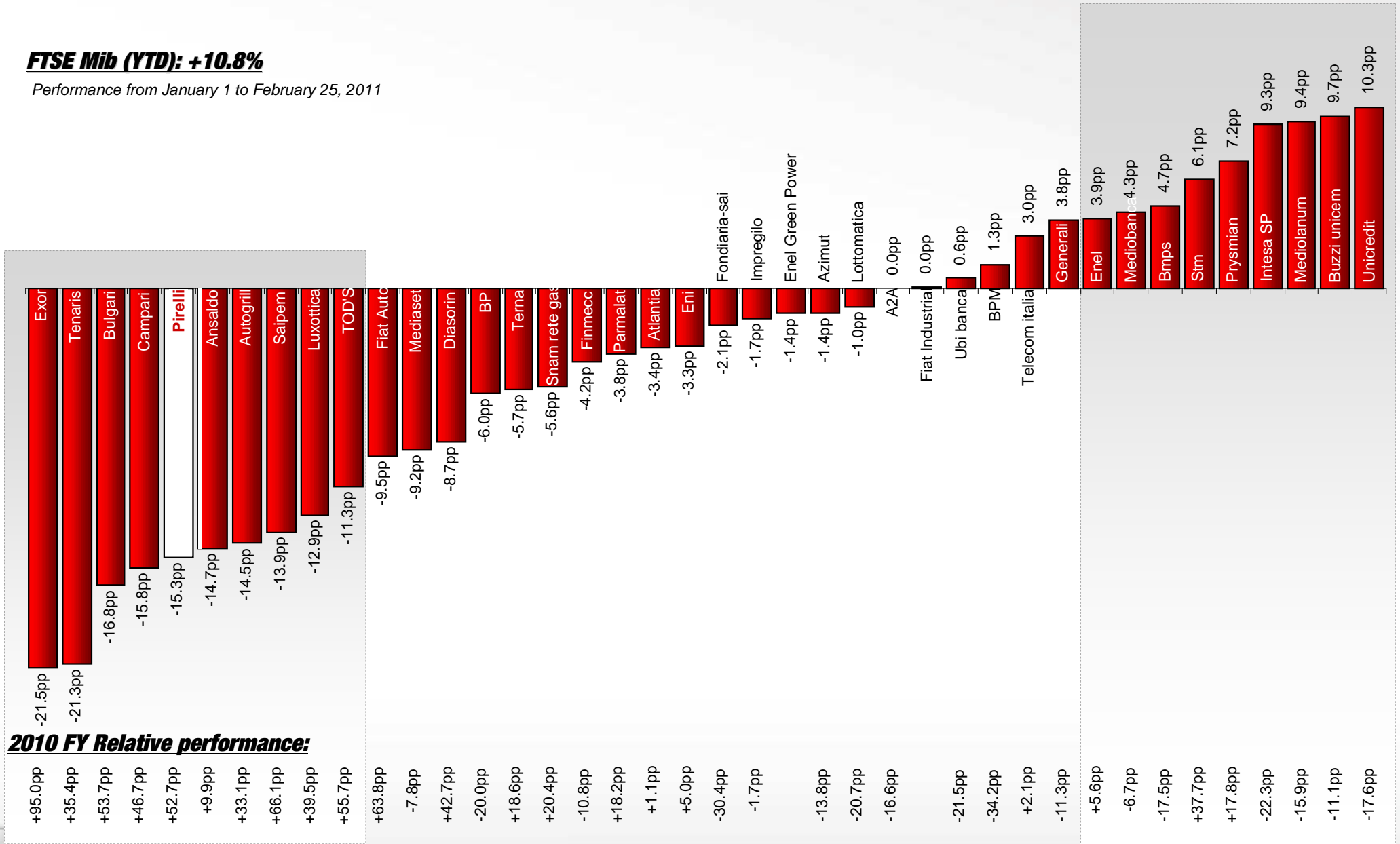
EUROPE: WEEKLY TREND 21/02/2011 – 25/02/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +10.8%

Performance from January 1 to February 25, 2011



2010 FY Relative performance:

+95.0pp
+35.4pp
+53.7pp
+46.7pp
+52.7pp
+9.9pp
+33.1pp
+66.1pp
+39.5pp
+55.7pp
+63.8pp
-7.8pp
+42.7pp
-20.0pp
+18.6pp
+20.4pp
-10.8pp
+18.2pp
+1.1pp
+5.0pp
-30.4pp
-1.7pp
-13.8pp
-20.7pp
-16.6pp
-21.5pp
-34.2pp
+2.1pp
-11.3pp
+5.6pp
-6.7pp
-17.5pp
+37.7pp
+17.8pp
-22.3pp
-15.9pp
-11.1pp
-17.6pp



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 28/02/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 28-Feb-11																	
		P/E				EV/SALES				EV/EBITDA				EV/EBIT			
		2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
EUROPA	Michelin	11.0x	9.5x	8.1x	7.1x	0.7x	0.6x	0.6x		4.7x	4.5x	4.0x		7.7x	7.1x	6.1x	
	Continental	14.5x	10.0x	7.8x	7.8x	0.8x	0.7x	0.6x	0.6x	5.4x	4.7x	4.1x	4.1x	9.2x	7.6x	6.2x	6.2x
	Nokian	22.5x	16.3x	13.5x	11.9x	3.8x	2.9x	2.5x	2.1x	13.9x	10.3x	8.6x	7.4x	18.2x	12.6x	10.3x	8.7x
	Simple average	16.0x	11.9x	9.8x	8.9x	1.7x	1.4x	1.2x	1.4x	8.0x	6.5x	5.6x	5.7x	11.7x	9.1x	7.5x	7.5x
	Weighted average *	14.3x	10.7x	8.7x	8.1x	1.2x	1.0x	0.9x		6.4x	5.4x	4.7x		9.9x	8.1x	6.8x	
US	Goodyear	41.9x	20.6x	7.0x	6.2x	0.3x	0.3x	0.3x		4.7x	4.6x	3.8x		9.0x	8.2x	5.6x	
	Cooper Tire	9.2x	9.4x	8.0x		0.5x	0.4x	0.3x		4.1x	3.7x	3.0x		6.0x	6.0x	4.7x	
	Simple average	25.6x	15.0x	7.5x		0.4x	0.4x	0.3x		4.4x	4.1x	3.4x		7.5x	7.1x	5.1x	
	Weighted average *	32.1x	17.3x	7.3x		0.4x	0.3x	0.3x		4.5x	4.3x	3.6x		8.1x	7.5x	5.3x	
ASIA	Bridgestone	13.7x	14.0x	10.6x	10.1x	0.7x	0.6x	0.6x	0.5x	5.5x	5.4x	4.6x	4.0x	11.3x	11.3x	9.0x	
	Hankook	10.3x	9.9x	8.7x	8.9x	1.3x	1.1x	1.0x	0.8x	7.8x	7.2x	6.2x	5.8x	10.4x	10.1x	8.3x	9.9x
	Yokohama	16.1x	11.8x	11.4x	9.1x	0.6x	0.6x	0.5x	0.5x	6.0x	5.4x	5.4x	4.6x	15.9x	10.6x	12.9x	11.2x
	Sumitomo	11.4x	12.3x	8.9x	8.1x	0.8x	0.7x	0.6x	0.6x	5.9x	5.8x	4.7x	4.4x	11.0x	10.2x	7.9x	
	Simple average	12.9x	12.0x	9.9x	9.0x	0.8x	0.7x	0.7x	0.6x	6.3x	6.0x	5.2x	4.7x	12.1x	10.5x	9.5x	10.5x
	Weighted average *	13.4x	12.7x	10.2x	9.3x	0.7x	0.6x	0.6x	0.5x	5.5x	5.3x	4.7x	4.1x	11.8x	10.6x	9.4x	2.9x
TOT. WORLD	max	41.9x	20.6x	13.5x	11.9x	3.8x	2.9x	2.5x	2.1x	13.9x	10.3x	8.6x	7.4x	18.2x	12.6x	12.9x	11.2x
	min	9.2x	9.4x	7.0x	6.2x	0.3x	0.3x	0.3x	0.5x	4.1x	3.7x	3.0x	4.0x	6.0x	6.0x	4.7x	6.2x
	median	13.7x	11.8x	8.7x	8.5x	0.7x	0.6x	0.6x	0.6x	5.5x	5.4x	4.6x	4.5x	10.4x	10.1x	7.9x	9.3x
	Simple average	16.7x	12.6x	9.3x	8.6x	1.0x	0.9x	0.8x	0.9x	6.5x	5.7x	4.9x	5.0x	11.0x	9.3x	7.9x	9.0x
	Weighted average **	15.1x	12.1x	9.2x	8.4x	1.0x	0.8x	0.7x	0.5x	6.1x	5.5x	4.7x	3.3x	10.4x	9.2x	7.5x	3.1x

* 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	€10.298	€10.298	21,5%	39,5%
	Continental	€11.990	€11.990	25,1%	46,0%
	Nokian	€3.774	€3.774	7,9%	14,5%
	Goodyear	\$3.377,37	€2.442	5,1%	70,1%
	Cooper Tire	\$1.439,88	€1.041	2,2%	29,9%
	Bridgestone	¥1.361.133	€12.039	25,2%	65,8%
	Yokohama	¥146.632	€1.297	2,7%	20,8%
	Sumitomo	¥232.004	€2.052	4,3%	3,9%
	Hankook	₩4.512.432	€2.896	6,1%	5,7%
	TOT.		€47.828		

