

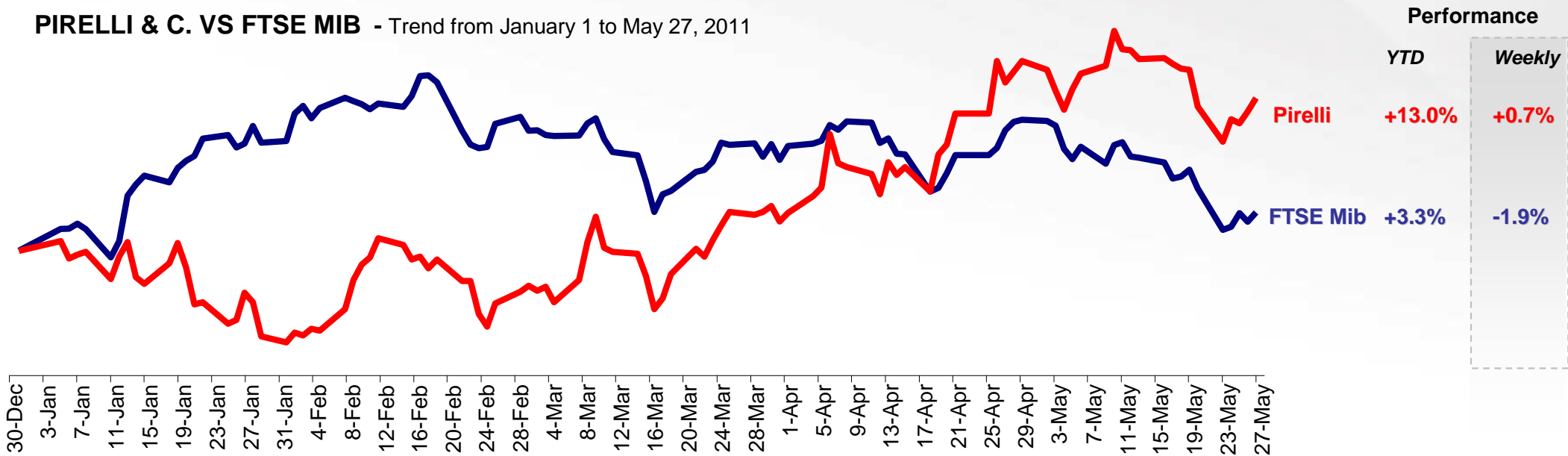


PEERS & MARKETS

23 May – 27 May 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to May 27, 2011



	Official Close 27 May	Percentage change				Daily average volumes		
		1 Week 23 May - 27 Apr	1 Month	3 Months	Year to date	1 Week 23 May - 27 Apr	1 Month	3 Months
Pirelli & C. Ord.	6.835	0.7	(1.2)	18.3	13.0	3,189,204	4,055,140	3,966,348
Pirelli & C. Risp.	5.910	(3.8)	(4.4)	9.6	5.3	14,858	35,873	32,438
Pirelli Real Estate	0.511	(0.2)	(3.1)	(4.6)	14.5	4,110,974	3,943,115	5,977,713
FTSE All Share	21603	(1.8)	(5.8)	(5.8)	3.2	1,281,998,699	1,082,757,169	1,186,764,695
FTSE MIB	20831	(1.9)	(6.3)	(6.8)	3.3	1,139,044,182	908,635,289	966,364,516

Sell side analysts evaluation on Pirelli & C (30/05/2011)

Consensus Target Price: € 8.10

Buy: 86%

% Sell: 5%

% Hold: 9%

Market Cap: €3,321.7 mln (of which ord. €3,249.3 mln)

Source: Reuters



Markets

	Official Close 27 May	Percentage change (%)			
		1 Week 23 May - 27 May	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	279.050	(0.2)	(1.1)	(1.8)	1.2
FTSE MIB	20830.870	(1.9)	(6.3)	(6.8)	3.3
FTSE 100	5880.990	(0.2)	(2.1)	(1.0)	0.7
DAX	7163.470	(1.4)	(3.3)	(0.3)	3.6
CAC 40	3950.980	(1.0)	(2.9)	(2.9)	3.8
IBEX 35	10261.200	0.3	(4.5)	(5.2)	4.1
OMX Stockholm	7233.110	(1.7)	(3.3)	(2.6)	(5.6)
FTSE ATHEX	1279.280	(2.5)	(10.0)	(23.6)	(14.5)
UNITED STATES					
DJ Industr. Average	12402.760	(0.6)	(2.0)	2.6	7.5
S&P 500	1325.690	(0.2)	(1.8)	0.9	5.8
NASDAQ Composite	2796.860	(0.2)	(2.5)	0.6	5.4
ASIA					
SSE Composite (Cina)	2709.947	(5.2)	(7.4)	(5.9)	(3.5)
Nikkei 225 (Giappone)	9521.940	(0.9)	(1.8)	(9.5)	(6.9)
Hang Seng (HK)	23118.070	(0.4)	(3.2)	0.5	0.4
All ordinaries (Australia)	4760.334	(1.0)	(3.9)	(3.3)	(1.8)
Strait Times (Singapore)	3135.520	(1.0)	(1.5)	3.6	(1.7)
BSE 30 (India)	18266.100	(0.3)	(6.1)	3.2	(10.9)
EMIRATES					
Abu Dhabi	2607.530	(1.5)	(3.3)	0.7	(4.1)
Dubai	1545.420	(2.1)	(5.4)	9.5	(5.2)
LATAM					
Bovespa (Brasile)	64098.570	2.7	(3.0)	(3.9)	(7.2)
IPC (Messico)	35742.210	1.5	(2.7)	(2.9)	(7.1)
Merval (Argentina)	3268.550	(3.5)	(3.3)	(4.9)	(7.3)

Source: Reuters

	Official Close 27 May	Percentage change (%)			
		1 Week 23 May - 27 May	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	279.050	(0.2)	(1.1)	(1.8)	1.2
Auto	343.710	(0.1)	(4.0)	0.4	0.7
Banks	194.760	0.5	(3.4)	(11.2)	(0.8)
Basic Resources	580.520	2.6	(2.4)	(5.0)	(8.6)
Chemical	585.040	(0.8)	(3.5)	5.0	3.0
Construction & Material	288.660	(0.5)	(3.9)	(0.3)	2.2
Industrial	493.690	(1.7)	(3.6)	(0.4)	1.1
Insurance	164.440	(0.7)	(3.6)	(6.1)	6.5
Finance	273.600	(0.3)	(0.8)	(0.3)	2.1
Food & Beverage	370.300	(0.3)	3.0	6.3	1.6
FTSE EPRA Eu Residential	1797.000	0.1	0.1	2.3	4.1
Media	177.650	(1.7)	(1.7)	(5.3)	(1.8)
Oil&Gas	334.710	(0.1)	(4.3)	(6.5)	0.6
Retail	272.510	0.1	3.5	2.6	1.4
Tech.	226.440	(2.4)	(3.4)	(2.0)	4.9
TLC	267.990	(1.5)	(2.3)	(4.4)	(0.4)
Travel & Leisure	127.300	(0.9)	0.4	(1.5)	(4.9)
Utilities	313.550	(0.6)	(3.2)	(4.3)	0.3
UNITED STATES					
S&P 500	1325.690	(0.2)	(1.8)	0.9	20.7
Auto	164.800	(1.7)	(4.9)	(4.5)	22.1
Banks	212.080	0.2	(4.7)	(10.3)	(5.8)
Basic Resources	294.210	3.6	(4.8)	(1.6)	29.8
Chemical	367.22	1.42	(3.24)	4.69	39.36
Construction & Materials	262.520	3.2	0.9	1.2	(4.7)
Industrial	337.740	(0.4)	(3.2)	1.2	25.8
Food & Beverage	332.230	(0.6)	2.0	7.1	25.2
Media	369.940	(0.3)	0.3	1.9	30.2
Oil&Gas	645.540	2.0	(4.3)	(2.6)	39.7
Insurance	278.030	(1.0)	(2.7)	(3.4)	13.2
Finance	284.590	0.1	(3.0)	(4.7)	6.6
RE	238.170	1.3	(0.3)	4.0	21.7
Retail	238.170	1.3	(0.3)	4.0	21.7
Tech.	678.010	(0.4)	(3.2)	(3.1)	18.4
Tyres	63.870	(0.0)	2.9	18.9	37.2
TLC	140.860	0.3	0.6	8.5	30.7
Utilities	163.640	(1.4)	1.2	5.3	18.7



Pirelli & C. vs Auto & Parts Sector

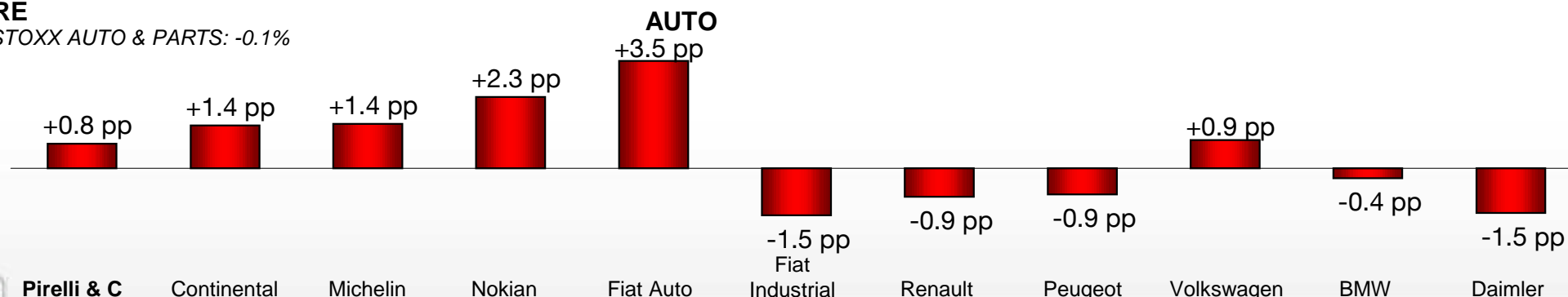
	Official Close 27 May	Percentage change				Daily average volumes		
		1 Week 23 May - 27 May	1 Month	3 Months	Year to date	1 Week 23 May - 27 May	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	343.710	(0.1)	(4.0)	0.4	0.7			
TYRE								
Pirelli & C	6.835	0.7	(1.2)	18.3	13.0	3,189,204	4,055,140	3,966,348
Continental	69.870	1.3	3.2	18.0	18.1	650,860	657,936	618,278
Michelin	63.760	1.3	(4.0)	8.8	18.7	904,179	1,108,779	1,204,697
Nokian	33.330	2.2	(2.2)	13.8	21.4	570,407	530,368	682,677
AUTO								
Fiat Auto	15.430	3.4	1.7	6.1	7.5	20,695,742	24,231,086	24,968,111
Renault	39.065	(1.0)	(4.5)	(9.0)	(10.2)	1,571,799	1,872,306	2,309,326
Peugeot	29.250	(1.0)	(3.5)	1.4	3.0	1,618,800	1,581,798	1,782,794
Volkswagen	114.800	0.8	(2.3)	5.1	8.4	169,772	158,816	179,275
BMW	60.700	(0.5)	(2.0)	3.4	3.1	2,286,947	3,226,370	3,091,243
Daimler	48.080	(1.6)	(8.9)	(5.9)	(5.2)	4,932,096	5,053,363	6,345,067
USA								
TYRE								
Goodyear	17.490	(0.3)	8.4	26.0	47.8	4,927,010	7,565,633	7,131,976
Cooper	23.720	0.8	(10.0)	2.2	1.1	476,945	528,620	708,071
AUTO								
Ford	14.560	(2.7)	(6.3)	(3.1)	(13.0)	8,475,631	7,802,763	10,578,994
ASIA								
TYRE								
Bridgestone	1814.0	(0.7)	5.3	10.2	15.6	2,719,340	3,250,213	4,513,497
Sumitomo	1065.0	(1.5)	3.7	4.9	8.3	1,224,300	1,132,830	1,519,957
Toyo	183.0	(3.7)	(7.1)	(16.4)	(6.6)	363,200	604,100	973,556
Yokohama	423.0	0.2	3.9	0.2	0.7	1,840,000	1,622,667	1,885,822
Hankook	42850.0	(0.9)	6.3	42.6	35.0	751,575	1,050,151	923,170
Khumo	16250.0	1.2	(12.4)	0.0	17.3	224,396	490,740	335,684
AUTO								
Toyota	3335.0	1.7	4.7	(11.2)	3.6	7,683,000	9,243,057	10,682,471
Nissan	796.0	2.2	2.3	(5.0)	3.0	20,099,340	23,161,680	21,955,089

Source: Reuters

EUROPE: WEEKLY TREND 23/05/2011 – 27/05/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: -0.1%



Pirelli & C

Continental

Michelin

Nokian

Fiat Auto

-1.5 pp
Fiat

Renault

Peugeot

Volkswagen

BMW

Daimler

* Historical value adjusted for coupon detachment: 6.625€

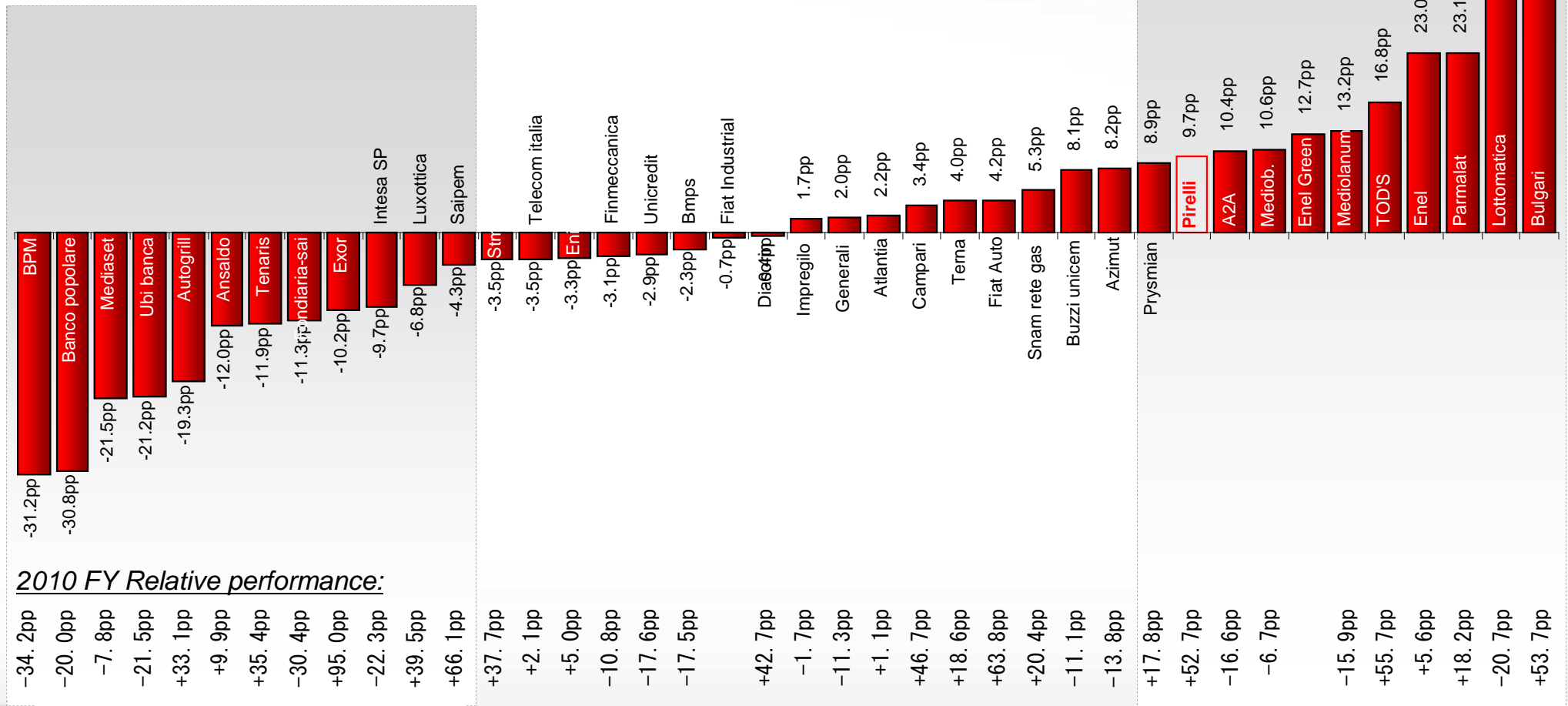
Pirelli Investor Relations - 30.05.2011



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +3.3%

Performance from January 1 to May 27, 2011



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 30/05/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 30-May-11													
		PIE			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	9,5x	8,1x	7,2x	0,7x	0,6x	0,6x	4,7x	4,1x	3,7x	7,2x	6,2x	5,5x
	Continental	10,1x	8,3x	8,3x	0,7x	0,6x	0,6x	5,0x	4,4x	4,4x	7,6x	6,4x	6,4x
	Nokian	15,1x	13,0x	11,5x	3,1x	2,6x	2,2x	10,0x	8,5x	7,4x	11,8x	10,0x	8,6x
	Simple average	11,6x	9,8x	9,0x	1,5x	1,3x	1,1x	6,6x	5,7x	5,1x	8,8x	7,5x	6,8x
	Weighted average *	10,6x	8,9x	8,3x	1,0x	0,9x	0,8x	5,6x	4,9x	4,5x	8,0x	6,8x	6,4x
US	Goodyear	16,3x	7,2x	5,5x	0,3x	0,3x		4,6x	3,7x		7,7x	5,7x	
	Cooper Tire	9,7x	8,3x		0,4x	0,3x		4,1x	3,4x		6,4x	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		7,4x	5,6x	
ASIA	Bridgestone	14,3x	10,3x	9,2x	0,6x	0,5x	0,5x	5,2x	4,4x	3,8x	10,2x	8,4x	
	Hankook	13,8x	12,0x	10,9x	1,5x	1,4x	1,2x	9,2x	8,0x	6,9x	13,0x	10,9x	9,4x
	Yokohama	11,1x	13,1x	9,1x	0,6x	0,6x	0,5x	5,3x	6,2x	4,9x	10,5x	12,9x	11,6x
	Sumitomo	13,8x	8,9x	7,9x	0,7x	0,6x	0,6x	6,0x	4,9x	4,3x	11,1x	8,2x	
	Simple average	13,3x	11,1x	9,3x	0,8x	0,8x	0,7x	6,4x	5,9x	5,0x	11,2x	10,1x	10,5x
	Weighted average *	12,2x	9,8x	8,3x	0,6x	0,6x	0,5x	5,0x	4,5x	3,9x	9,4x	8,4x	2,6x
TOT. WORLD	max	16,3x	13,1x	11,5x	3,1x	2,6x	2,2x	10,0x	8,5x	7,4x	13,0x	12,9x	11,6x
	min	9,5x	7,2x	5,5x	0,3x	0,3x	0,5x	4,1x	3,4x	3,7x	6,4x	5,2x	5,5x
	median	13,8x	8,9x	8,7x	0,7x	0,6x	0,6x	5,2x	4,4x	4,4x	10,2x	8,2x	8,6x
	Simple average	12,7x	9,9x	8,7x	0,9x	0,8x	0,9x	6,0x	5,3x	5,0x	9,5x	8,2x	8,3x
	Weighted average **	12,2x	9,5x	8,4x	0,9x	0,8x	0,7x	5,7x	5,0x	4,2x	9,1x	7,6x	4,5x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Min	Local currency	€ adjustment	% on cluster
Michelin	€11.271	€11.271	20,8%
Continental	€14.020	€14.020	25,9%
Nokian	€4.339	€4.339	8,0%
Goodyear	\$4.274,97	€2.992	5,5%
Cooper Tire	\$1.481,02	€1.037	1,9%
Bridgestone	¥1.470.902	€12.732	23,5%
Yokohama	¥144.576	€1.251	2,3%
Sumitomo	¥241.737	€2.092	3,9%
Hankook	₩6.691.725	€4.339	8,0%
TOT.		€54.074	

