

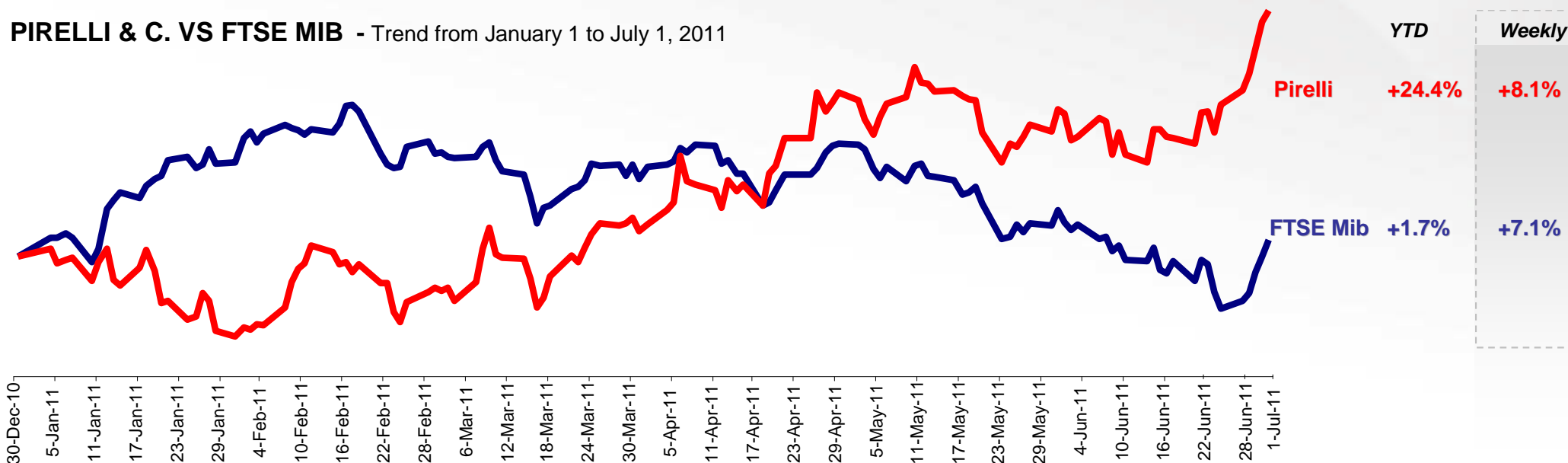


PEERS & MARKETS

27 June – 1 July 2011

Pirelli on the Stock Market

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



	Official Close 1 July	Percentage change				Daily average volumes		
		1 Week 27 Jun - 1 Jul	1 Month	3 Months	Year to date	1 Week 27 Jun - 1 Jul	1 Month	3 Months
Pirelli & C. Ord.	7.515	8.1	8.9	20.3	24.2	3,722,352	2,873,984	3,662,707
Pirelli & C. Risp.	5.895	4.6	(0.6)	0.8	5.1	33,266	20,078	29,290
Pirelli Real Estate	0.498	7.3	(4.0)	(12.1)	11.6	3,305,020	2,858,247	3,567,568
FTSE All Share	21228	6.8	(2.0)	(6.4)	1.4	1,219,460,705	1,163,569,037	1,154,795,561
FTSE MIB	20517	7.1	(1.7)	(6.6)	1.7	1,075,828,978	1,017,391,731	972,847,812

Sell side analysts evaluation on Pirelli & C (04/06/2011)

Consensus Target Price: € 8.22

Buy: 91%

% Sell: 4.5%

% Hold: 4.5%

Market Cap: €3,671.3 mln (of which ord. €3,599.0 mln)

Source: Reuters



Markets

	Official Close 1 July	Percentage change (%)			
		1 Week 27 Jun - 1 Jul	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	274.920	4.1	(1.2)	(1.8)	(0.3)
FTSE MIB	20516.990	7.1	(1.7)	(6.6)	1.7
FTSE 100	5989.760	5.1	1.0	(0.3)	1.5
DAX	7419.440	4.2	2.8	3.3	7.3
CAC 40	4007.350	5.9	1.1	(1.2)	5.3
IBEX 35	10492.000	6.9	1.5	(2.2)	6.4
OMX Stockholm	6762.440	6.2	(4.6)	(10.4)	(11.7)
FTSE ATHEX	1335.840	7.8	2.1	(15.4)	(10.8)
UNITED STATES					
DJ Industr. Average	12414.340	5.4	2.4	1.7	8.7
S&P 500	1320.640	5.6	1.9	0.5	6.5
NASDAQ Composite	2816.030	6.1	1.7	0.9	6.2
ASIA					
SSE Composite (Cina)	2759.362	0.5	0.6	(7.0)	(1.7)
Nikkei 225 (Giappone)	9868.070	2.0	1.5	1.6	(3.5)
Hang Seng (HK)	22398.100	2.9	(5.4)	(4.8)	(2.8)
All ordinaries (Australia)	4647.929	1.8	(2.9)	(6.2)	(4.1)
Strait Times (Singapore)	3139.010	2.4	(1.1)	0.6	(1.6)
BSE 30 (India)	18762.800	2.9	0.8	(3.4)	(8.5)
EMIRATES					
Abu Dhabi	2708.400	(0.3)	1.3	3.8	(0.4)
Dubai	1553.310	1.0	(0.8)	(0.1)	(4.7)
LATAM					
Bovespa (Brasile)	63394.340	3.9	(0.0)	(8.5)	(8.5)
IPC (Messico)	36558.070	4.1	3.9	(2.6)	(4.5)
Merval (Argentina)	3360.640	3.3	6.9	(2.2)	(3.6)

Source: Reuters

	Official Close 1 July	Percentage change (%)			
		1 Week 27 Jun - 1 Jul	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	274.920	4.1	(1.2)	(1.8)	(0.3)
Auto	373.820	4.9	8.0	9.4	9.6
Banks	190.670	7.6	(1.3)	(6.2)	(2.9)
Basic Resources	576.740	6.1	0.4	(5.4)	(9.2)
Chemical	598.270	3.3	0.2	4.4	5.3
Construction & Material	283.130	5.7	(2.2)	(4.4)	0.2
Industrial	504.240	4.4	0.9	(2.1)	3.3
Insurance	164.600	6.0	0.4	(4.0)	6.6
Finance	261.950	5.7	(3.8)	(4.0)	(2.3)
Food & Beverage	363.260	0.4	(2.7)	3.9	(0.3)
FTSE EPRA Eu Residential	1808.850	4.0	(0.7)	(0.3)	4.7
Media	176.990	3.7	0.2	(4.0)	(2.1)
Oil&Gas	328.960	5.5	(1.1)	(7.7)	(1.1)
Retail	253.580	0.9	(6.0)	(0.5)	(5.7)
Tech.	216.270	4.3	(3.2)	(5.5)	0.2
TLC	259.890	1.8	(1.5)	(7.9)	(3.4)
Travel & Leisure	125.290	2.4	(0.7)	1.1	(6.4)
Utilities	307.220	3.8	(0.9)	(4.3)	(1.7)
UNITED STATES					
S&P 500	1320.640	5.6	1.9	0.5	30.4
Auto	160.710	5.6	1.1	(6.2)	40.4
Banks	209.950	6.1	3.0	(8.4)	5.7
Basic Resources	289.980	6.6	1.1	(7.2)	43.3
Chemical	373.87	4.73	3.31	1.83	56.90
Construction & Materials	254.730	2.0	(1.4)	0.9	13.1
Industrial	339.170	6.4	3.8	(0.4)	40.7
Food & Beverage	334.150	3.9	1.3	5.5	29.8
Media	369.720	6.6	1.9	2.1	41.8
Oil&Gas	642.130	7.4	1.6	(4.7)	52.3
Insurance	273.610	5.0	1.2	(3.3)	17.6
Finance	281.400	5.9	2.2	(3.8)	16.7
RE	234.200	4.3	1.1	3.1	30.5
Retail	234.200	4.3	1.1	3.1	30.5
Tech.	671.430	6.2	0.8	(0.4)	28.1
Tyres	59.200	6.6	(1.9)	2.2	47.5
TLC	139.880	4.6	1.2	2.5	33.8
Utilities	164.150	3.5	1.9	4.7	22.4



Pirelli & C. vs Auto & Parts Sector

	Official Close 1 July	Percentage change				Daily average volumes		
		1 Week 27 Jun - 1 Jul	1 Month	3 Months	Year to date	1 Week 27 Jun - 1 Jul	1 Month	3 Months
EUROPE								
DJ Stoxx Auto	373.820	4.9	8.0	9.4	9.6			
TYRE								
Pirelli & C	7.515	8.1	8.9	20.3	24.2	3,722,352	2,873,984	3,662,707
Continental	72.330	7.4	2.4	12.3	22.3	493,898	605,623	648,091
Michelin	67.180	4.9	4.4	11.1	25.1	844,603	892,863	1,042,609
Nokian	34.680	8.3	2.5	12.6	26.3	610,265	519,101	582,536
AUTO								
Fiat Auto	15.430	8.3	3.6	14.7	12.4	21,044,588	20,582,038	23,607,141
Renault	40.790	4.1	4.3	2.1	(6.2)	1,812,776	1,745,202	2,127,177
Peugeot	30.740	2.9	5.4	7.2	8.2	1,285,624	1,568,618	1,635,326
Volkswagen	127.850	4.0	8.3	18.1	20.7	148,966	153,467	167,246
BMW	67.770	1.0	11.8	10.7	15.2	2,740,088	2,557,159	2,984,453
Daimler	51.590	5.2	6.3	0.0	1.7	4,749,386	4,865,949	6,113,785
USA								
TYRE								
Goodyear	16.770	8.9	2.4	13.6	45.9	5,090,659	5,955,516	6,868,286
Cooper	19.790	(0.4)	(14.3)	(23.9)	(15.9)	932,255	686,556	659,331
AUTO								
Ford	13.790	5.9	(1.5)	(7.5)	(16.5)	8,439,960	10,711,404	9,841,598
ASIA								
TYRE								
Bridgestone	1863.0	4.5	2.0	8.4	18.7	2,899,140	3,238,803	4,222,288
Sumitomo	1116.0	3.2	4.7	15.6	16.2	1,095,320	1,259,507	1,372,513
Toyo	202.0	5.2	8.6	(0.5)	3.1	735,200	705,133	949,744
Yokohama	468.0	5.9	8.3	18.2	11.4	1,686,800	1,664,267	1,824,922
Hankook	45000.0	1.6	2.5	27.8	41.7	596,601	812,097	919,318
Khumo	16950.0	4.6	6.6	5.3	22.4	500,942	578,305	453,214
AUTO								
Toyota	3335.0	1.5	(1.3)	(0.6)	3.6	7,058,740	6,777,640	9,595,973
Nissan	850.0	0.7	5.3	16.6	10.0	19,616,820	18,271,320	22,562,776

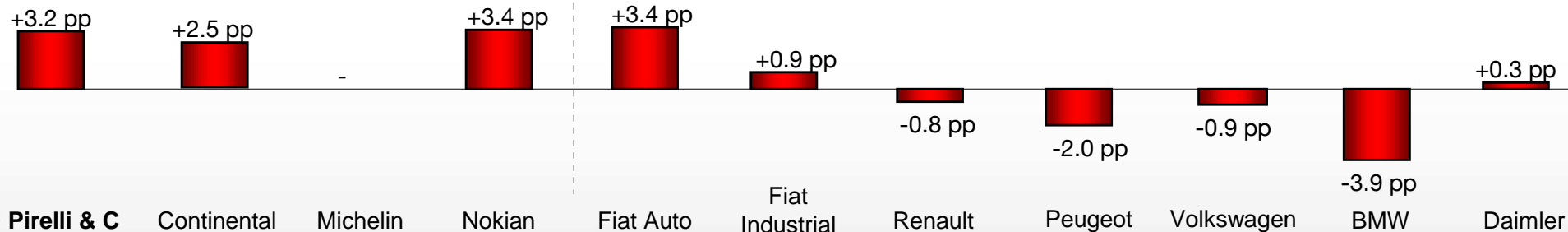
Source: Reuters

EUROPE: WEEKLY TREND 27/06/2011 – 01/07/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: +4.9%

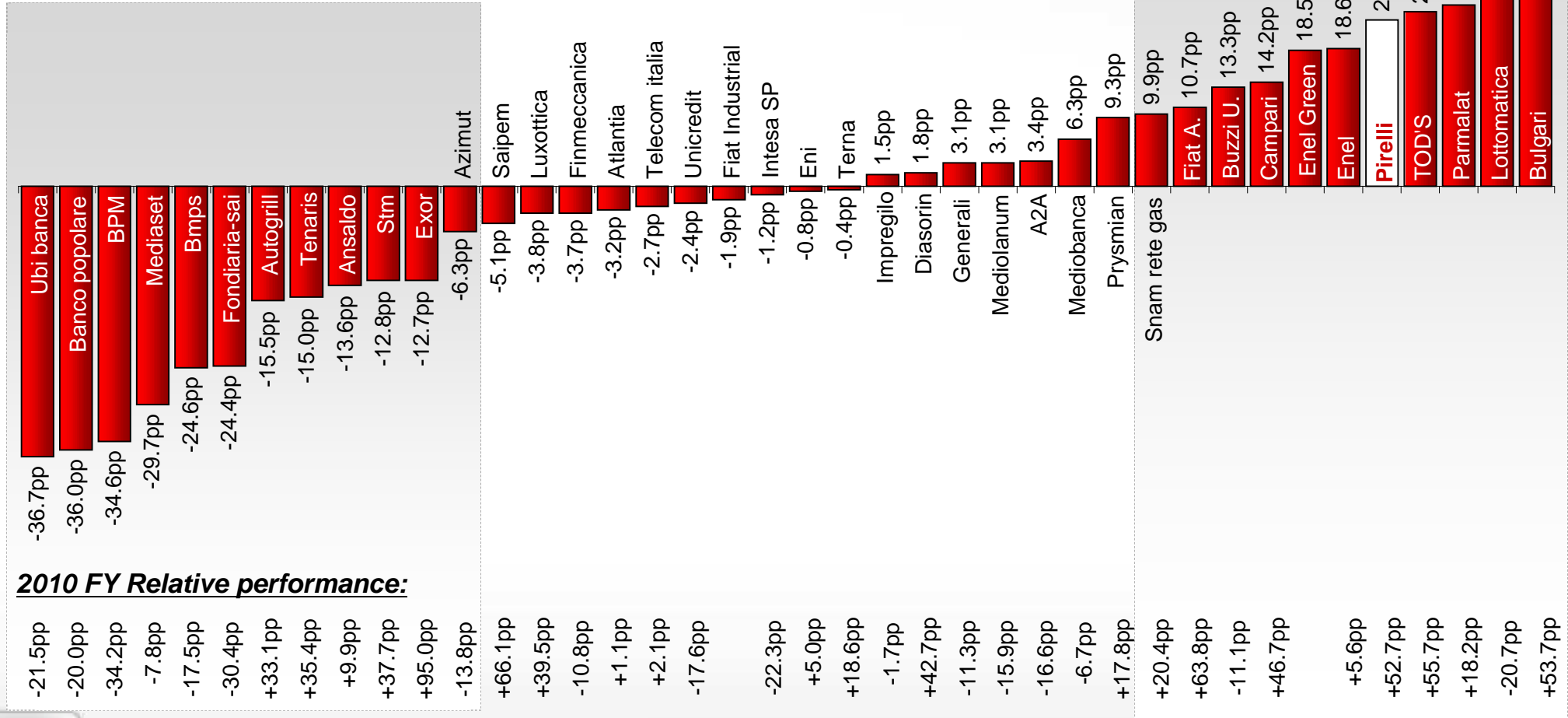
AUTO



Pirelli vs FTSE Mib relative performance (YTD)

Performance from January 1 to July 1, 2011

FTSE Mib (YTD): +1.7%



2010 FY Relative performance:

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



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 04/07/2011

Source: Pirelli IR analysis on Bloomberg data

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

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP			
Mln	Local currency	€ adjustment	% on cluster
	Michelin	€12.141	21,5%
	Continental	€14.638	25,9%
	Nokian	€4.530	8,0%
	Goodyear	\$4.221.26	5,1%
	Cooper Tire	\$1.231.39	1,5%
	Bridgestone	¥1.557.904	23,6%
	Yokohama	¥162.734	2,5%
	Sumitomo	¥265.147	4,0%
	Hankook	₩6.821.144	7,8%
	TOT.	€56.424	

