

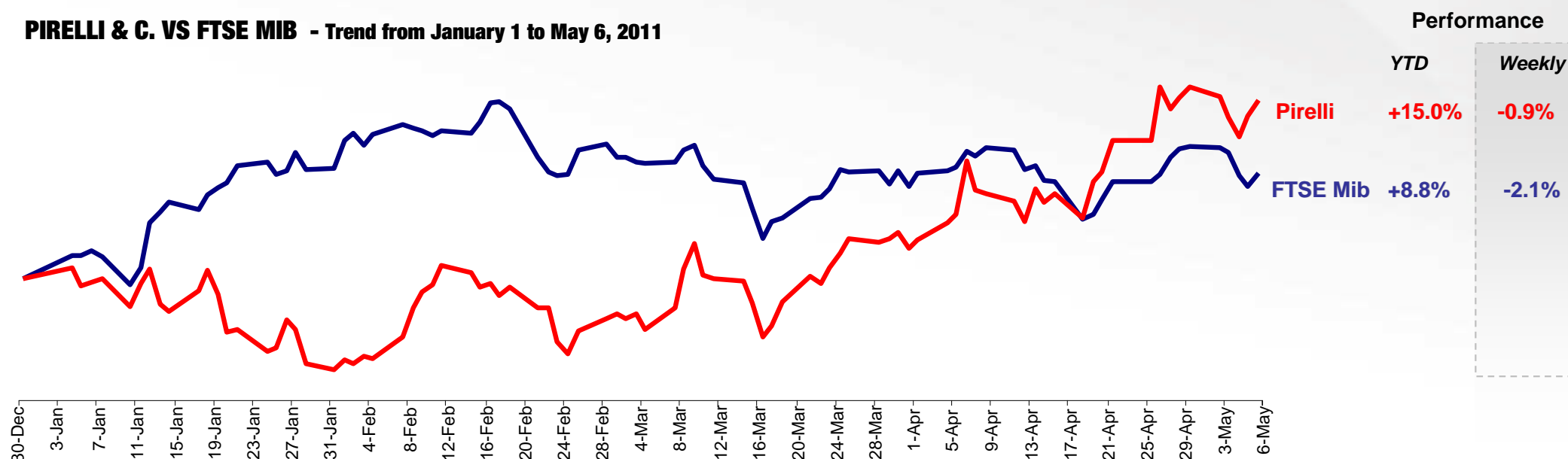


PEERS & MARKETS

2 May – 6 May 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to May 6, 2011



Performance

	YTD	Weekly
Pirelli	+15.0%	-0.9%
FTSE Mib	+8.8%	-2.1%

	Official Close 6 May	Percentage change				Daily average volumes		
		1 Week 2 May - 6 May	1 Month	3 Months	Year to date	1 Week 2 May - 6 May	1 Month	3 Months
Pirelli & C. Ord.	6.960	(0.9)	4.7	23.4	15.0	5,338,352	3,962,946	3,818,895
Pirelli & C. Risp.	6.220	0.5	2.9	18.0	10.9	39,474	39,935	30,100
Pirelli Real Estate	0.532	0.5	(5.1)	(2.9)	19.3	4,319,355	4,042,949	6,204,274
FTSE All Share	22678	(2.0)	(1.5)	(2.3)	8.3	939,554,814	1,094,874,186	1,156,497,550
FTSE MIB	21954	(2.1)	(1.7)	(2.9)	8.8	799,446,688	904,556,765	936,951,845

Sell side analysts evaluation on Pirelli & C (09/05/2011)

Consensus Target Price: € 7.9

Buy: 82%

% Sell: 4%

% Hold: 14%

Market Cap: €3,416.5 mln (of which ord. €3, 339.7 mln)

Source: Reuters



Markets

	Official Close 6 May	Percentage change (%)			
		1 Week 2 May - 6 May	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	281.330	(0.9)	(0.1)	(1.6)	2.0
FTSE MIB	21953.760	(2.1)	(1.7)	(2.9)	8.8
FTSE 100	5976.770	(1.5)	(1.1)	(0.3)	1.3
DAX	7492.250	(0.3)	3.8	3.8	8.4
CAC 40	4058.010	(1.2)	0.2	0.3	6.7
IBEX 35	10610.500	(2.5)	(2.2)	(2.2)	7.6
OMX Stockholm	7347.010	(2.3)	(3.5)	(5.7)	(4.1)
FTSE ATHEX	1394.360	(4.8)	(11.7)	(20.2)	(6.9)
UNITED STATES					
DJ Industr. Average	12584.170	(1.3)	1.7	4.5	9.2
S&P 500	1335.100	(1.7)	0.3	2.2	6.6
NASDAQ Composite	2827.560	(1.6)	1.0	2.1	6.6
ASIA					
SSE Composite (Cina)	2863.886	(0.8)	(4.6)	2.3	2.0
Nikkei 225 (Giappone)	9859.200	1.9	2.9	(6.5)	(3.6)
Hang Seng (HK)	23159.140	(2.7)	(4.6)	(3.1)	0.5
All ordinaries (Australia)	4816.145	(1.7)	(3.9)	(2.9)	(0.6)
Strait Times (Singapore)	3099.520	(2.7)	(2.2)	(3.5)	(2.8)
BSE 30 (India)	18518.810	(3.2)	(5.6)	2.8	(9.7)
EMIRATES					
Abu Dhabi	2685.710	(0.2)	3.4	(0.7)	(1.3)
Dubai	1591.750	(2.3)	2.3	(0.9)	(2.4)
LATAM					
Bovespa (Brasile)	63407.010	(2.6)	(6.7)	(1.3)	(7.1)
IPC (Messico)	35325.090	(4.7)	(7.0)	(6.0)	(8.7)
Merval (Argentina)	3305.690	(2.6)	(5.4)	(8.7)	(5.9)

Source: Reuters

	Official Close 6 May	Percentage change (%)			
		1 Week 2 May - 6 May	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	281.330	(0.9)	(0.1)	(1.6)	2.0
Auto	358.060	(1.3)	3.4	3.9	4.9
Banks	199.060	(1.8)	(3.1)	(9.1)	1.4
Basic Resources	577.570	(3.2)	(6.6)	(9.0)	(9.1)
Chemical	611.770	(0.9)	5.3	9.4	7.7
Construction & Material	296.680	(1.6)	(0.1)	2.9	5.0
Industrial	508.930	(1.4)	(1.0)	2.7	4.3
Insurance	170.610	(1.1)	(1.0)	(3.2)	10.5
Finance	275.120	(0.8)	0.5	(2.8)	2.6
Food & Beverage	364.370	1.5	3.7	4.3	0.0
FTSE EPRA Eu Residential	1792.800	(1.6)	(1.2)	3.3	3.8
Media	177.890	(2.3)	(3.3)	(6.1)	(1.6)
Oil&Gas	337.660	(3.7)	(5.5)	(4.7)	1.5
Retail	268.780	2.1	3.5	(0.1)	(0.0)
Tech.	231.290	(0.5)	0.8	(2.5)	7.2
TLC	271.630	(1.4)	(3.9)	(5.7)	1.0
Travel & Leisure	128.090	1.0	3.3	(4.5)	(4.3)
Utilities	320.220	(2.1)	(0.4)	(2.5)	2.4
UNITED STATES					
S&P 500	1335.100	(1.7)	0.3	2.2	18.8
Auto	173.720	(1.5)	(4.0)	(6.5)	27.8
Banks	222.520	(1.5)	(6.5)	(7.1)	(4.5)
Basic Resources	295.320	(6.0)	(7.0)	(4.4)	29.3
Chemical	371.65	(3.33)	(0.12)	6.48	41.67
Construction & Materials	264.860	(2.5)	1.4	(1.7)	(11.7)
Industrial	343.550	(1.9)	(0.2)	3.1	25.3
Food & Beverage	325.810	(0.6)	2.5	7.1	20.5
Media	372.460	(1.1)	2.7	7.3	31.7
Oil&Gas	634.300	(7.2)	(5.8)	0.4	31.9
Insurance	282.600	(2.2)	(1.2)	0.4	14.9
Finance	291.800	(1.7)	(2.8)	(1.7)	6.5
RE	237.590	(2.2)	2.1	5.1	20.6
Retail	237.590	(2.2)	2.1	5.1	20.6
Tech.	694.060	(1.2)	1.7	(2.1)	19.2
Tyres	64.840	(4.1)	10.8	30.6	32.3
TLC	139.380	0.1	1.9	6.5	29.0
Utilities	162.200	(0.1)	2.4	4.6	15.5



Pirelli & C. vs Auto & Parts Sector

	Official Close 6 May	Percentage change				Daily average volumes		
		1 Week 2 May - 6 May	1 Month	3 Months	Year to date	1 Week 2 May - 6 May	1 Month	3 Months
EUROPE								
DJ Stoxx Auto	358.060	(1.3)	3.4	3.9	4.9			
TYRE								
Pirelli & C	6.960	(0.9)	4.7	23.4	15.0	5,338,352	3,962,946	3,818,895
Continental	66.260	(2.2)	4.5	12.4	12.0	726,558	792,818	595,849
Michelin	67.230	(0.7)	8.2	21.0	25.2	1,186,502	1,067,348	1,207,901
Nokian	34.270	(2.1)	3.8	27.7	24.8	621,559	653,279	678,185
AUTO								
Fiat Auto	15.430	1.5	7.7	3.5	9.2	27,438,677	24,606,460	28,239,062
Renault	40.635	(1.2)	2.4	(14.4)	(6.6)	1,864,400	2,143,444	2,283,325
Peugeot	30.725	0.2	6.6	5.6	8.1	1,390,888	1,445,222	1,752,629
Volkswagen	119.700	(0.6)	8.3	8.6	13.0	169,424	173,310	189,514
BMW	62.820	(1.3)	3.3	10.5	6.7	3,660,707	2,688,108	2,894,320
Daimler	51.330	(1.6)	(2.4)	(2.6)	1.2	5,628,463	7,324,024	6,378,150
USA								
TYRE								
Goodyear	17.560	(3.3)	15.5	37.6	48.2	8,120,105	7,794,177	7,008,507
Cooper	25.240	(6.4)	(0.4)	14.5	7.0	533,121	510,515	739,407
AUTO								
Ford	15.080	(2.3)	(3.9)	(3.9)	(10.0)	8,267,486	8,766,820	10,979,122
ASIA								
TYRE								
Bridgestone	1819.0	8.1	6.3	13.1	15.9	4,417,920	3,952,327	4,533,340
Sumitomo	1098.0	6.5	9.5	6.1	8.5	1,130,360	1,095,303	1,544,042
Toyo	204.0	4.1	7.4	(0.5)	4.1	421,200	749,967	1,018,156
Yokohama	414.0	3.0	8.7	(2.6)	(1.4)	1,215,000	1,674,067	1,783,467
Hankook	41000.0	(3.1)	15.3	47.0	29.1	926,851	1,032,020	861,691
Khumo	18000.0	(6.5)	14.6	27.2	30.0	359,289	513,938	350,677
AUTO								
Toyota	3210.0	(2.0)	(1.7)	(7.2)	(0.3)	8,707,220	9,851,713	10,250,954
Nissan	777.0	2.4	9.1	(10.4)	0.5	24,948,620	26,357,157	20,937,737

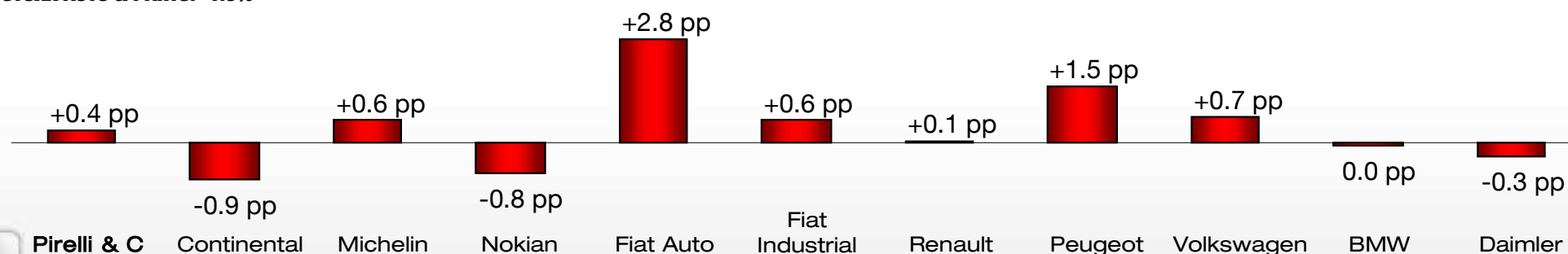
Source: Reuters

EUROPE: WEEKLY TREND 02/05/2011 – 06/05/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: -1.3%

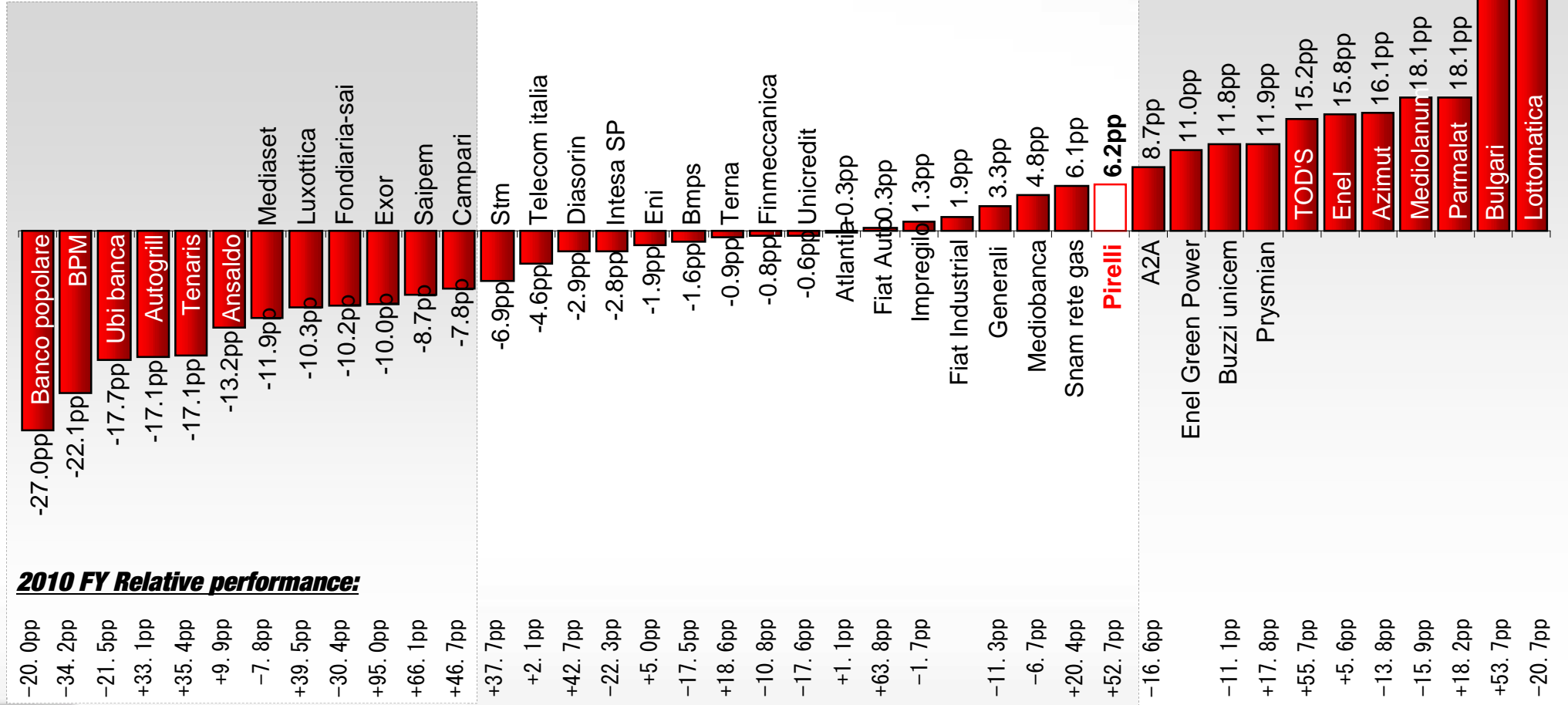
AUTO



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +8.8%

Performance from January 1 to May 6, 2011



2010 FY Relative performance:

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



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 09/05/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 9-May-11

		P/E			EV/SALES			EV/EBITDA			EV/EBIT		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
EUROPA	Michelin	10.1x	8.7x	7.6x	0.7x	0.6x	0.6x	4.9x	4.3x	3.9x	7.6x	6.6x	5.8x
	Continental	9.3x	7.6x	7.6x	0.7x	0.6x	0.6x	4.9x	4.2x	4.2x	7.1x	6.0x	6.0x
	Nokian	16.2x	13.7x	12.0x	3.2x	2.7x	2.3x	10.5x	9.0x	7.6x	12.5x	10.6x	8.6x
	Simple average	11.9x	10.0x	9.0x	1.5x	1.3x	1.2x	6.8x	5.8x	5.2x	9.1x	7.7x	6.8x
	Weighted average *	10.7x	8.9x	8.2x	1.1x	0.9x	0.9x	5.7x	5.0x	4.6x	8.1x	6.9x	6.3x
US	Goodyear	20.2x	7.7x	5.9x	0.3x	0.3x		4.8x	3.8x		7.9x	5.6x	
	Cooper Tire	10.3x	8.8x		0.4x	0.4x		4.4x	3.6x		6.7x	5.5x	
	Simple average	15.2x	8.3x		0.4x	0.3x		4.6x	3.7x		7.3x	5.5x	
	Weighted average *	17.5x	8.0x		0.4x	0.3x		4.7x	3.8x		7.6x	5.5x	
ASIA	Bridgestone	15.9x	10.8x	9.7x	0.6x	0.6x	0.5x	5.6x	4.6x	4.0x	11.4x	8.9x	
	Hankook	13.1x	11.4x	10.6x	1.5x	1.4x	1.2x	9.2x	8.0x	6.9x	12.8x	10.6x	9.3x
	Yokohama	11.2x	11.8x	8.9x	0.6x	0.5x	0.5x	5.3x	5.6x	4.7x	10.5x	12.7x	11.0x
	Sumitomo	14.0x	9.3x	8.9x	0.7x	0.6x	0.6x	6.2x	5.0x	4.6x	10.4x	8.0x	
	Simple average	13.6x	10.9x	9.5x	0.8x	0.8x	0.7x	6.6x	5.8x	5.1x	11.2x	10.1x	10.2x
	Weighted average *	13.3x	10.0x	8.7x	0.6x	0.6x	0.5x	5.3x	4.6x	4.0x	10.2x	8.8x	2.5x
TOT. WORLD	max	20.2x	13.7x	12.0x	3.2x	2.7x	2.3x	10.5x	9.0x	7.6x	12.8x	12.7x	11.0x
	min	9.3x	7.6x	5.9x	0.3x	0.3x	0.5x	4.4x	3.6x	3.9x	6.7x	5.5x	5.8x
	median	13.1x	9.3x	8.9x	0.7x	0.6x	0.6x	5.3x	4.6x	4.6x	10.4x	8.0x	8.6x
	Simple average	13.4x	10.0x	8.9x	1.0x	0.9x	0.9x	6.2x	5.3x	5.1x	9.6x	8.3x	8.2x
	Weighted average **	12.7x	9.6x	8.5x	0.9x	0.8x	0.7x	5.9x	5.0x	4.3x	9.3x	7.8x	4.4x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP

Min

	Local currency	€ adjustment	% on cluster
Michelin	€11.827	€11.827	22.1%
Continental	€13.240	€13.240	24.7%
Nokian	€4.408	€4.408	8.2%
Goodyear	\$4.287.18	€2.969	5.5%
Cooper Tire	\$1.567.33	€1.086	2.0%
Bridgestone	¥1.472.528	€12.649	23.6%
Yokohama	¥142.863	€1.227	2.3%
Sumitomo	¥240.684	€2.067	3.9%
Hankook	₩6.333.919	€4.061	7.6%
TOT.		€53.535	

* TOT.

