

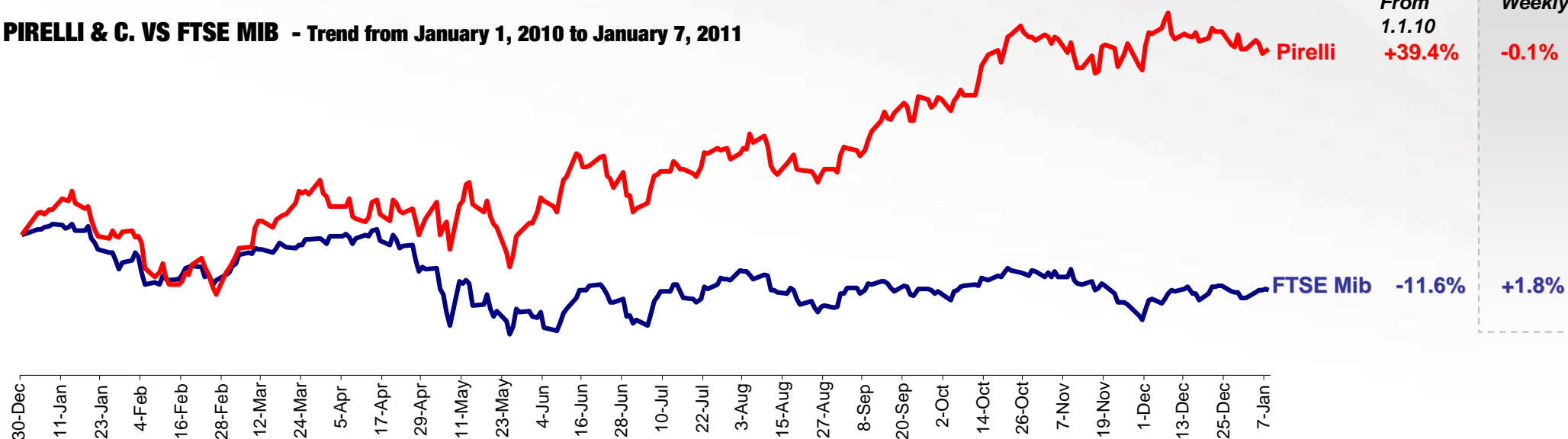


PEERS & MARKETS

3 January– 7 January 2010

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1, 2010 to January 7, 2011



	Official Close 7 January	Percentage change				Daily average volumes		
		1 Week 3 Jan - 7 Jan	1 Month	3 Months	Year to date	1 Week 3 Jan - 7 Jan	1 Month	3 Months
Pirelli & C. Ord.	6.045	(0.1)	(4.4)	6.5	(0.1)	2,075,007	2,317,919	3,366,470
Pirelli & C. Risp.	5.695	1.5	(2.1)	2.5	1.5	6,361	15,075	29,129
Pirelli Real Estate	0.443	(0.7)	3.9	(5.7)	(0.7)	3,753,172	4,304,121	6,640,624
FTSE All Share	21298	1.7	2.3	(0.0)	1.7	782,882,782	844,574,233	843,687,986
FTSE MIB	20542	1.8	2.1	(0.7)	1.8	671,711,459	716,927,826	699,419,235

Sell side analysts evaluation on Pirelli & C (10/01/2010)

Consensus Target Price: € 7.05

% Buy: 63%

% Sell: 11%

% Hold: 26%

Market Cap: €2,932.9 mln (of which ord. €2.863.9 mln)

Source: Reuters



Markets

	Official Close 7 January	Percentage change (%)			
		1 Week 3 Jan - 7 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	281.020	1.9	2.6	7.1	1.9
FTSE MIB	20542.060	1.8	2.1	(0.7)	1.8
FTSE 100	5984.330	0.2	3.0	5.7	1.4
DAX	6947.840	0.5	(0.8)	10.7	0.5
CAC 40	3865.580	1.6	1.4	2.5	1.6
IBEX 35	9560.700	(3.0)	(3.7)	(11.0)	(3.0)
OMX Stockholm	7808.080	1.4	4.6	7.7	1.9
FTSE ATHEX	1459.560	(3.1)	(11.0)	(14.7)	(2.5)
UNITED STATES					
DJ Industr. Average	11697.310	0.8	2.8	6.6	0.8
S&P 500	1273.850	1.1	3.9	9.8	1.1
NASDAQ Composite	2703.170	1.9	4.0	13.4	1.9
ASIA					
Nikkei 225 (Giappone)	10529.760	1.9	3.9	8.8	3.1
Hang Seng (HK)	23686.630	2.8	1.1	3.5	2.8
All ordinaries (Australia)	4812.025	(1.5)	(0.1)	1.4	(0.7)
Strait Times (Singapore)	3261.350	2.2	2.2	3.0	2.2
BSE 30 (India)	19691.810	(4.0)	(1.2)	(3.1)	(4.0)
EMIRATES					
Abu Dhabi	2764.150	0.8	0.1	2.9	1.6
Dubai	1665.550	(0.2)	(1.6)	(3.3)	2.1
BRAZIL					
IteI (indice TLC)	1512.760	4.3	6.6	8.2	4.3
Bovespa	70578.830	1.1	1.0	0.2	1.1

Source: Reuters

	Official Close 7 January	Percentage change (%)			
		1 Week 3 Jan - 7 Jan	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	281.020	1.9	2.6	7.1	1.9
Auto	359.650	5.4	(0.1)	25.0	5.4
Banks	201.010	2.4	0.5	(5.8)	2.4
Basic Resources	638.910	0.6	3.1	20.1	0.6
Chemical	560.530	(1.4)	(1.3)	11.9	(1.4)
Construction & Material	277.390	(1.8)	0.1	11.8	(1.8)
Industrial	489.050	0.2	(0.0)	12.9	0.2
Insurance	159.980	3.6	6.7	5.1	3.6
Finance	277.970	3.7	5.5	14.1	3.7
Food & Beverage	364.860	0.1	2.3	8.6	0.1
FTSE EPRA Eu Residential	1699.610	(1.6)	(0.5)	(3.2)	(1.6)
Media	185.360	2.5	3.2	6.8	2.5
Oil&Gas	347.570	4.5	6.8	13.5	4.5
Retail	275.440	2.4	(1.4)	(0.0)	2.4
Tech.	219.270	1.6	5.1	11.6	1.6
TLC	278.980	3.7	2.5	3.5	3.7
Travel & Leisure	140.150	4.7	3.9	14.8	4.7
Utilities	315.610	0.9	3.2	3.9	0.9
UNITED STATES					
S&P 500	1273.850	1.1	3.9	9.8	11.4
Auto	201.730	7.7	11.6	36.2	56.7
Banks	238.850	2.4	11.4	13.0	4.0
Basic Resources	306.420	(0.7)	5.0	22.0	17.5
Chemical	340.89	(0.17)	2.55	11.14	25.50
Construction & Materials	272.360	8.3	14.1	15.6	(1.6)
Industrial	319.190	1.1	3.9	12.2	21.1
Food & Beverage	305.370	(0.9)	1.6	6.0	9.3
Media	334.440	2.7	4.5	12.9	25.2
Oil&Gas	579.110	0.5	4.2	18.0	12.6
Insurance	276.820	0.4	4.3	6.5	13.9
Finance	293.610	1.4	6.3	9.9	7.1
RE	216.260	(0.3)	0.9	2.9	20.1
Retail	216.260	(0.3)	0.9	2.9	20.1
Tech.	684.080	2.7	4.4	13.6	14.1
Tyres	50.100	7.4	17.1	20.9	(8.4)
TLC	133.480	(0.9)	3.4	5.4	12.7
Utilities	153.880	0.9	2.9	1.0	4.8

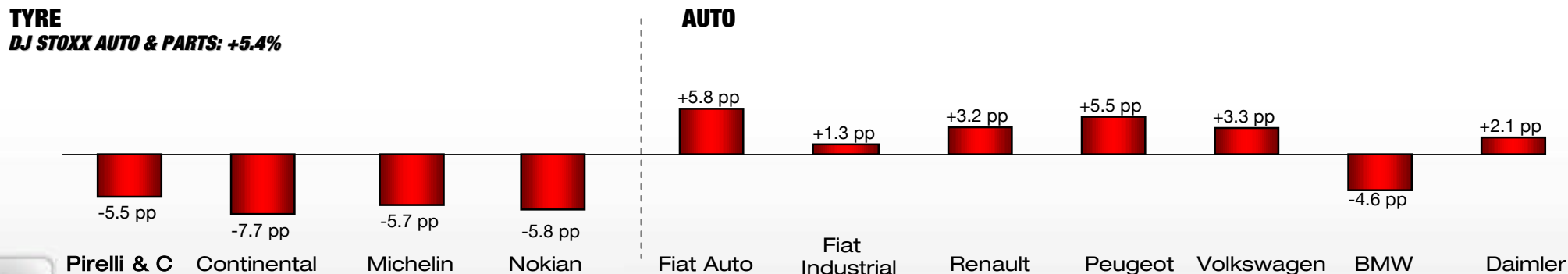


Pirelli & C. vs Auto & Parts Sector

	Official Close 7 January	Percentage change				Daily average volumes		
		1 Week 3 Jan - 7 Jan	1 Month	3 Months	Year to date	1 Week 3 Jan - 7 Jan	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	359.650	5.4	(0.1)	25.0	5.4			
TYRE								
Pirelli & C	6.045	(0.1)	(4.4)	6.5	(0.1)	2,075,007	2,317,919	3,366,470
Continental	57.800	(2.3)	(12.2)	0.7	(2.3)	482,051	412,405	395,927
Michelin	53.560	(0.3)	(1.5)	(4.7)	(0.3)	913,491	865,315	1,228,602
Nokian	27.380	(0.4)	3.4	6.7	(0.3)	352,456	615,022	616,020
AUTO								
Fiat Auto	15.430	11.2	22.1	54.1	11.2	51,220,069	30,199,062	25,866,919
Renault	47.250	8.6	3.6	19.3	8.6	1,728,468	1,251,255	1,734,345
Peugeot	31.505	10.9	(0.6)	25.3	10.9	1,439,182	1,246,605	1,785,970
Volkswagen	115.100	8.7	(2.9)	46.1	8.7	222,852	259,221	286,410
BMW	59.310	0.8	(7.3)	18.6	0.8	2,631,698	2,514,072	2,835,666
Daimler	54.530	7.5	0.7	20.2	7.5	4,691,980	4,170,707	4,529,441
USA								
TYRE								
Goodyear	12.900	8.9	22.9	17.6	8.9	6,880,329	4,814,717	4,447,244
Cooper	24.640	4.5	6.8	28.2	4.5	644,051	651,240	748,620
AUTO								
Ford	18.220	8.8	10.3	37.2	8.8	13,425,775	9,287,583	11,156,842
ASIA								
TYRE								
Bridgestone	1602.0	3.0	(0.4)	9.7	4.7	3,212,800	4,516,570	3,886,139
Sumitomo	1218.0	1.2	(1.9)	7.2	2.2	1,524,720	1,479,010	1,324,829
Toyo	208.0	2.5	7.9	20.0	4.1	988,000	1,105,900	864,878
Yokohama	436.0	2.8	0.5	6.0	4.5	1,295,200	1,459,100	1,468,411
Hankook	32650.0	2.8	0.9	(1.8)	2.8	427,901	530,789	627,707
Khumo	15500.0	11.9	(9.4)	(65.5)	11.9	400,650	289,628	217,304
AUTO								
Toyota	3380.0	6.3	6.1	17.0	7.3	7,352,640	8,477,223	9,474,631
Nissan	825.0	9.7	6.6	16.2	11.4	20,999,020	17,326,240	19,065,812

Source: Reuters

EUROPE: WEEKLY TREND 03/01/2011 – 07/01/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 10/01/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 10-Jan-11																	
		PIE				EV/SALES				EV/EBITDA				EV/EBIT			
		2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
EUROPA	Michelin	9,9x	8,6x	7,4x	7,0x	0,6x	0,6x	0,6x		4,4x	4,0x	3,7x		7,3x	6,7x	6,0x	
	Continental	14,9x	10,1x	7,8x	7,8x	0,8x	0,7x	0,6x	0,6x	5,5x	4,8x	4,1x	4,1x	9,8x	7,9x	6,5x	6,5x
	Nokian	21,9x	16,8x			3,6x	3,0x			13,4x	10,6x			17,9x	13,5x		
	Simple average	15,5x	11,8x	7,6x	7,4x	1,7x	1,4x	0,6x	0,6x	7,7x	6,5x	3,9x	4,1x	11,7x	9,4x	6,2x	6,5x
	Weighted average *	13,9x	10,5x	6,6x	6,4x	1,1x	1,0x	0,5x	0,3x	6,2x	5,3x	3,4x	2,0x	10,0x	8,2x	5,4x	3,1x
US	Goodyear	31,1x	9,3x	6,0x		0,3x	0,3x	0,3x		4,5x	3,8x	3,5x		8,3x	6,4x		
	Cooper Tire	9,8x	9,4x			0,5x				4,3x				6,5x			
	Simple average	20,5x	9,4x			0,4x				4,4x				7,4x			
	Weighted average *	24,2x	9,3x			0,4x				4,4x				7,7x			
ASIA	Bridgestone	13,7x	12,6x	10,2x	10,7x	0,7x	0,6x	0,6x	0,6x	5,5x	5,1x	4,5x	3,9x	11,2x	10,1x	8,6x	
	Hankook	11,7x	10,8x	9,9x	9,5x	1,5x	1,4x	1,3x	1,1x	8,8x	7,9x	7,1x	6,8x	11,8x	10,5x	9,2x	9,5x
	Yokohama	16,5x	12,5x	11,1x	8,9x	0,6x	0,6x	0,6x	0,5x	6,1x	5,8x	5,5x	4,8x	16,1x	12,4x	11,6x	10,1x
	Sumitomo	12,0x	10,7x	8,5x	9,0x	0,8x	0,7x	0,7x	0,6x	6,1x	5,7x	4,8x	5,0x	11,0x	9,4x	7,6x	
	Simple average	13,5x	11,6x	9,9x	9,5x	0,9x	0,8x	0,8x	0,7x	6,6x	6,1x	5,5x	5,1x	12,5x	10,6x	9,2x	9,8x
	Weighted average *	13,3x	11,7x	9,8x	9,6x	0,7x	0,6x	0,6x	0,6x	5,5x	5,2x	4,6x	4,1x	11,6x	10,0x	8,7x	2,7x
TOT. WORLD	max	31,1x	16,8x	11,1x	10,7x	3,6x	3,0x	1,3x	1,1x	13,4x	10,6x	7,1x	6,8x	17,9x	13,5x	11,6x	10,1x
	min	9,8x	8,6x	6,0x	7,0x	0,3x	0,3x	0,3x	0,5x	4,3x	3,8x	3,5x	3,9x	6,5x	6,4x	6,0x	6,5x
	median	13,7x	10,7x	8,5x	9,0x	0,7x	0,7x	0,6x	0,6x	5,5x	5,4x	4,5x	4,8x	11,0x	9,8x	8,1x	9,5x
	Simple average	15,7x	11,2x	8,7x	8,8x	1,0x	1,0x	0,7x	0,7x	6,5x	6,0x	4,7x	4,9x	11,1x	9,6x	8,2x	8,7x
	Weighted average **	14,5x	11,0x	7,8x	7,4x	0,9x	0,8x	0,6x	0,4x	6,0x	5,3x	4,0x	2,9x	10,5x	8,8x	6,4x	2,6x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

WORLD TYRE MARKET CAP					
Mn	Local currency	€ adjustment	% on cluster	% on cluster	% on geographical Area
Michelin	€9.402	€9.402	19,8%	0,0%	38,3%
Continental	€11.630	€11.630	24,4%	0,0%	47,4%
Nokian	€3.485	€3.485	7,3%	0,0%	14,2%
Goodyear	\$3.133,58	€2.430	5,1%	0,0%	67,4%
Cooper Tire	\$1.515,15	€1.175	2,5%	0,0%	32,6%
Bridgestone	¥1.335,927	€12.444	26,1%	0,0%	63,9%
Yokohama	¥150.401	€1.401	2,9%	0,0%	19,9%
Sumitomo	¥228.058	€2.124	4,5%	0,0%	4,0%
Hankook	₩5.090.753	€3.506	7,4%	0,0%	6,9%
TOT.		€47.599			

