

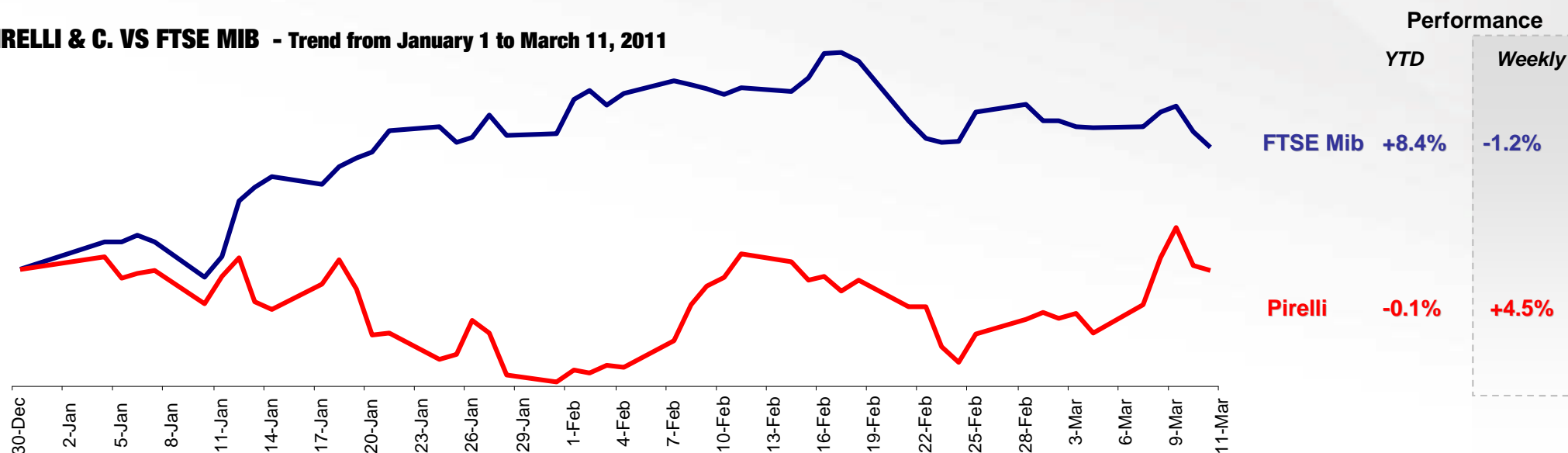


PEERS & MARKETS

7 March – 11 March 2011

Pirelli on the Stock Market

PIRELLI & C. VS FTSE MIB - Trend from January 1 to March 11, 2011



	Official Close 11 March	Percentage change				Daily average volumes		
		1 Week 7 Mar - 11 Mar	1 Month	3 Months	Year to date	1 Week 7 Mar - 11 Mar	1 Month	3 Months
Pirelli & C. Ord.	6.045	4.5	(1.1)	(1.5)	(0.1)	5,859,602	4,022,273	3,383,931
Pirelli & C. Risp.	5.630	2.6	0.5	(2.0)	0.4	39,055	25,263	22,266
Pirelli Real Estate	0.524	(1.8)	(6.7)	26.3	17.4	3,116,265	7,442,586	7,038,768
FTSE All Share	22506	(1.1)	(3.4)	6.2	7.5	1,089,227,654	1,189,123,489	1,049,420,200
FTSE MIB	21863	(1.2)	(3.7)	6.7	8.4	882,713,207	933,218,270	856,068,697

Sell side analysts evaluation on Pirelli & C (14/03/2011)

Consensus Target Price: € 7.3

% Buy: 71%

% Sell: 10%

% Hold: 19%

Market Cap: €2,939.9 mln (of which ord. €2,871.1 mln)

Source: Reuters



Markets

	Official Close 11 March	Percentage change (%)			
		1 Week 7 Mar - 11 Mar	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	275.420	(2.3)	(4.4)	(0.3)	(0.1)
FTSE MIB	21863.020	(1.2)	(3.7)	6.7	8.4
FTSE 100	5828.670	(2.7)	(3.9)	0.3	(1.2)
DAX	6981.490	(2.7)	(5.3)	(0.4)	1.0
CAC 40	3928.680	(2.3)	(4.2)	1.8	3.3
IBEX 35	10398.400	(1.0)	(3.8)	2.7	5.5
OMX Stockholm	7289.120	(1.3)	(5.1)	(1.3)	(4.9)
FTSE ATHEX	1647.890	(0.4)	(3.7)	1.9	10.1
UNITED STATES					
DJ Industr. Average	12044.400	(1.0)	(1.9)	5.6	4.0
S&P 500	1304.280	(1.3)	(1.9)	5.1	3.7
NASDAQ Composite	2715.610	(2.5)	(3.3)	3.0	2.4
ASIA					
SSE Composite (Cina)	2933.796	(0.3)	3.8	3.3	4.5
Nikkei 225 (Giappone)	10254.430	(4.1)	(3.3)	0.4	0.2
Hang Seng (HK)	23249.780	(0.7)	1.8	0.4	0.9
All ordinaries (Australia)	4734.752	(4.5)	(4.7)	(2.0)	(2.3)
Strait Times (Singapore)	3043.490	(0.6)	(1.1)	(4.5)	(4.6)
BSE 30 (India)	18174.090	(1.7)	2.5	(6.8)	(11.4)
EMIRATES					
Abu Dhabi	2655.630	3.8	(2.6)	(3.3)	(2.4)
Dubai	1512.590	8.9	(5.7)	(8.5)	(7.2)
LATAM					
Bovespa (Brasile)	66684.600	(0.9)	1.4	(2.4)	(3.8)
IPC (Messico)	36091.220	(2.2)	(2.5)	(4.2)	(6.4)
Merval (Argentina)	3403.510	(0.7)	(1.6)	0.4	(3.4)

Source: Reuters

	Official Close 11 March	Percentage change (%)			
		1 Week 7 Mar - 11 Mar	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	275.420	(2.3)	(4.4)	(0.3)	(0.1)
Auto	327.510	(1.1)	(11.3)	(7.9)	(4.0)
Banks	206.070	(1.8)	(5.9)	0.8	5.0
Basic Resources	575.110	(6.7)	(10.8)	(6.7)	(9.5)
Chemical	548.560	(3.5)	(2.7)	(2.8)	(3.5)
Construction & Material	282.220	(2.3)	(3.5)	1.3	(0.1)
Industrial	483.760	(2.5)	(4.1)	0.1	(0.9)
Insurance	169.550	(3.2)	(4.6)	8.4	9.8
Finance	270.270	(1.6)	(5.5)	1.9	0.8
Food & Beverage	344.310	(0.6)	(0.6)	(4.4)	(5.5)
FTSE EPRA Eu Residential	1764.510	(1.2)	0.6	3.9	2.2
Media	182.240	(2.7)	(5.3)	0.2	0.8
Oil&Gas	344.770	(3.9)	(2.9)	4.8	3.7
Retail	255.360	(0.9)	(4.6)	(7.8)	(5.0)
Tech.	223.200	(4.1)	(6.0)	6.7	3.4
TLC	281.440	0.0	(1.8)	2.7	4.6
Travel & Leisure	125.300	(1.1)	(6.6)	(7.1)	(6.4)
Utilities	317.100	(1.1)	(5.2)	1.8	1.4
UNITED STATES					
S&P 500	1304.280	(1.3)	(1.9)	5.1	13.4
Auto	166.960	(0.2)	(11.5)	(8.8)	17.8
Banks	236.800	0.9	(4.0)	5.1	0.9
Basic Resources	290.390	(5.3)	(4.7)	(1.0)	15.3
Chemical	349.31	(2.41)	(3.28)	5.41	28.22
Construction & Materials	263.780	1.9	(4.8)	8.0	(10.3)
Industrial	333.210	(1.0)	(3.2)	7.2	22.5
Food & Beverage	311.620	0.2	1.4	3.2	10.7
Media	361.580	(1.9)	0.2	12.0	28.8
Oil&Gas	639.050	(3.9)	0.9	13.8	27.9
Insurance	282.830	(1.0)	(1.7)	4.6	11.1
Finance	296.100	(0.2)	(3.2)	4.4	6.2
RE	227.840	0.3	(0.9)	7.8	21.1
Retail	227.840	0.3	(0.9)	7.8	21.1
Tech.	681.470	(3.0)	(4.8)	2.9	13.9
Tyres	58.050	8.8	5.7	23.9	14.8
TLC	130.560	0.8	(2.4)	0.5	17.2
Utilities	158.260	0.9	1.2	5.0	9.9



Pirelli & C. vs Auto & Parts Sector

	Official Close 11 March	Percentage change				Daily average volumes			
		1 Week 7 Mar - 11 Mar	1 Month	3 Months	Year to date	1 Week 7 Mar - 11 Mar	1 Month	3 Months	
EUROPA	DJ Stoxx Auto	327.510	(1.1)	(11.3)	(7.9)	(4.0)			
	TYRE								
	Pirelli & C	6.045	4.5	(1.1)	(1.5)	(0.1)	5,859,602	4,022,273	3,383,931
	Continental	60.810	0.9	(5.5)	(2.3)	2.8	439,288	483,567	463,886
	Michelin	59.300	2.9	0.2	8.8	10.4	1,321,968	1,294,157	1,127,105
	Nokian	28.330	0.4	(6.0)	9.8	3.2	570,144	789,582	690,460
	AUTO								
	Fiat Auto	15.430	1.7	(11.5)	0.4	(5.3)	27,629,078	24,881,419	28,722,280
	Renault	40.750	(3.4)	(12.6)	(7.4)	(6.3)	2,216,617	2,357,721	1,800,884
	Peugeot	27.840	(1.2)	(7.6)	(8.6)	(2.0)	1,809,736	2,133,608	1,680,258
	Volkswagen	105.750	(0.4)	(8.8)	(8.0)	(0.1)	177,908	174,978	237,244
BMW	56.300	(2.6)	(10.8)	(9.9)	(4.3)	2,896,700	2,846,282	2,745,284	
Daimler	47.790	(0.9)	(15.4)	(12.9)	(5.8)	5,912,368	6,154,093	4,969,533	
USA	TYRE								
	Goodyear	14.980	9.5	4.8	32.0	26.4	7,104,415	7,220,922	5,873,290
	Cooper	25.160	7.3	7.8	8.4	6.7	1,129,487	1,015,402	783,787
AUTO									
	Ford	14.360	(0.4)	(12.3)	(14.2)	(14.5)	11,633,958	13,821,685	12,713,111
ASIA	TYRE								
	Bridgestone	1753.0	(0.2)	7.6	5.0	11.7	4,631,020	4,630,127	4,644,894
	Sumitomo	1173.0	1.0	2.4	0.7	6.5	1,534,360	1,628,200	1,601,718
	Toyo	229.0	(0.4)	13.4	22.5	16.8	1,338,000	1,343,467	1,108,911
	Yokohama	432.0	(1.8)	2.6	(1.4)	2.9	2,221,600	1,723,600	1,674,389
	Hankook	32350.0	8.7	12.9	(0.6)	1.9	1,010,560	828,526	661,358
	Khumo	15950.0	3.2	6.0	(3.0)	15.2	263,696	233,884	285,993
	AUTO								
	Toyota	3595.0	(5.0)	(4.8)	11.3	11.6	9,270,000	10,870,777	9,629,437
	Nissan	798.0	(6.2)	(8.1)	(2.0)	3.2	18,839,500	17,991,713	17,480,600

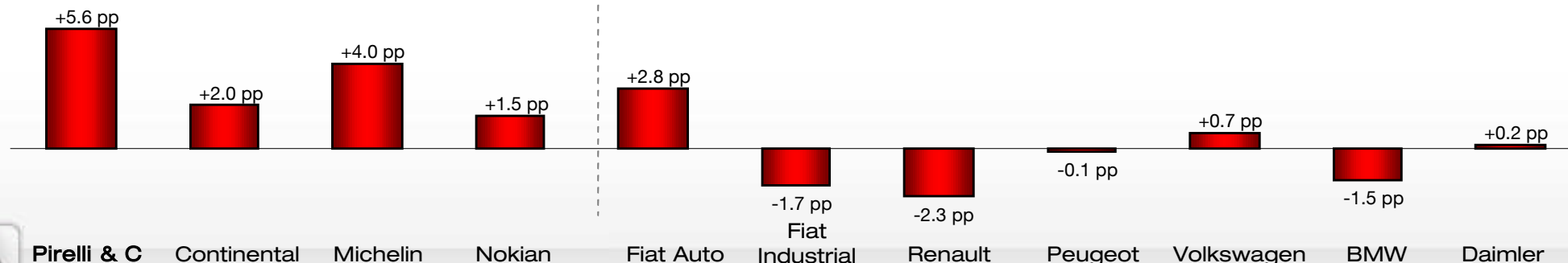
Source: Reuters

EUROPE: WEEKLY TREND 07/03/2011 - 11/03/2011 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS

TYRE

DJ STOXX AUTO & PARTS: -1.1%

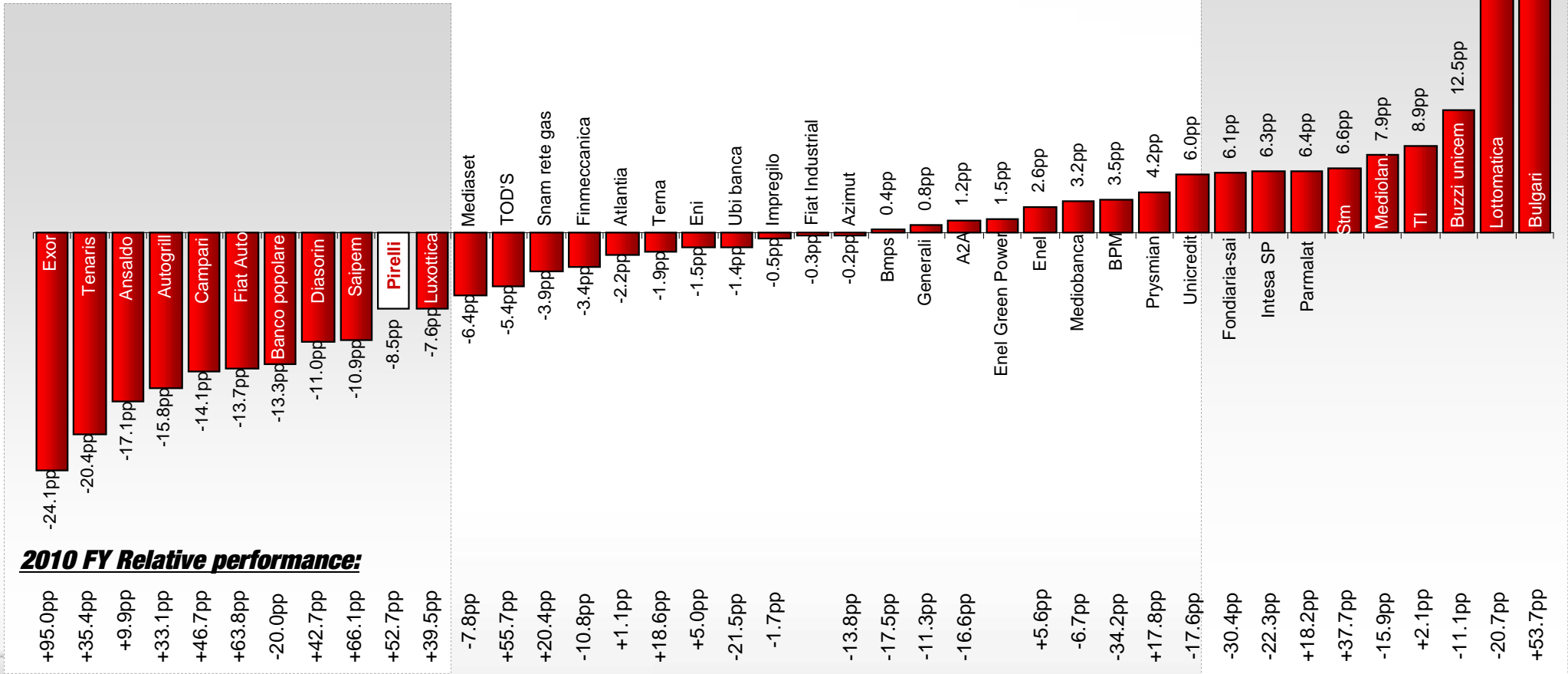
AUTO



Pirelli vs FTSE Mib relative performance (YTD)

FTSE Mib (YTD): +8.4%

Performance from January 1 to March 11, 2011



Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 14/03/2011

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 14-Mar-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	11,3x	9,7x	8,3x	7,3x	0,7x	0,6x	0,6x		4,8x	4,6x	4,1x		7,9x	7,2x	6,3x	
	Continental	12,7x	9,4x	7,5x	7,5x	0,8x	0,7x	0,6x	0,6x	5,5x	4,7x	4,1x	4,1x	8,3x	7,3x	6,1x	6,1x
	Nokian	21,6x	15,6x	12,9x	11,4x	3,6x	2,7x	2,4x	2,0x	13,3x	9,8x	8,2x	7,1x	17,4x	12,1x	9,8x	8,3x
	Simple average	15,2x	11,6x	9,6x	8,7x	1,7x	1,4x	1,2x	1,3x	7,9x	6,4x	5,5x	5,6x	11,2x	8,9x	7,4x	7,2x
	Weighted average *	13,4x	10,4x	8,6x	8,0x	1,1x	0,9x	0,8x		6,3x	5,4x	4,6x		9,4x	7,9x	6,7x	
US	Goodyear	45,8x	29,4x	7,7x	6,2x	0,4x	0,3x	0,3x		5,0x	5,0x	4,0x		9,5x	8,6x	5,8x	
	Cooper Tire	10,1x	10,3x	8,5x		0,5x	0,4x	0,3x		4,4x	4,1x	3,3x		6,5x	6,3x	4,9x	
	Simple average	28,0x	19,8x	8,1x		0,4x	0,4x	0,3x		4,7x	4,5x	3,6x		8,0x	7,4x	5,4x	
	Weighted average *	35,2x	23,7x	7,9x		0,4x	0,4x	0,3x		4,8x	4,7x	3,8x		8,6x	7,9x	5,5x	
ASIA	Bridgestone	13,6x	14,6x	10,6x	9,2x	0,7x	0,6x	0,5x	0,5x	5,4x	5,3x	4,4x	3,8x	11,2x	10,7x	8,4x	
	Hankook	11,4x	11,0x	9,7x	10,0x	1,5x	1,3x	1,2x	1,0x	8,7x	8,1x	7,0x	6,7x	11,6x	11,4x	9,4x	10,6x
	Yokohama	14,8x	10,6x	11,0x	8,4x	0,6x	0,5x	0,5x	0,5x	5,8x	5,2x	5,3x	4,5x	15,3x	10,2x	12,4x	10,7x
	Sumitomo	10,5x	12,1x	8,5x	7,6x	0,7x	0,7x	0,6x	0,6x	5,7x	5,7x	4,6x	4,3x	10,5x	9,7x	7,5x	
	Simple average	12,6x	12,1x	9,9x	8,8x	0,9x	0,8x	0,7x	0,6x	6,4x	6,1x	5,3x	4,9x	12,2x	10,5x	9,4x	10,7x
	Weighted average *	12,8x	12,7x	9,9x	8,5x	0,7x	0,6x	0,5x	0,5x	5,4x	5,1x	4,5x	3,9x	11,4x	10,0x	8,7x	2,7x
TOT. WORLD	max	45,8x	29,4x	12,9x	11,4x	3,6x	2,7x	2,4x	2,0x	13,3x	9,8x	8,2x	7,1x	17,4x	12,1x	12,4x	10,7x
	min	10,1x	9,4x	7,5x	6,2x	0,4x	0,3x	0,3x	0,5x	4,4x	4,1x	3,3x	3,8x	6,5x	6,3x	4,9x	6,1x
	median	12,7x	11,0x	8,5x	8,0x	0,7x	0,6x	0,6x	0,6x	5,5x	5,2x	4,4x	4,4x	10,5x	9,7x	7,5x	9,5x
	Simple average	16,9x	13,6x	9,4x	8,5x	1,0x	0,9x	0,8x	0,9x	6,5x	5,8x	5,0x	5,1x	10,9x	9,3x	7,9x	8,9x
	Weighted average **	14,9x	12,6x	9,1x	8,1x	1,0x	0,8x	0,7x	0,5x	6,1x	5,5x	4,7x	3,2x	10,1x	9,0x	7,4x	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	€10.561	€10.561	22,0%	40,3%
	Continental	€12.020	€12.020	25,0%	45,9%
	Nokian	€3.613	€3.613	7,5%	13,8%
	Goodyear	\$3.698,10	€2.646	5,5%	70,2%
	Cooper Tire	\$1.570,41	€1.124	2,3%	29,8%
	Bridgestone	¥1.351.376	€11.819	24,6%	65,5%
	Yokohama	¥134.984	€1.181	2,5%	19,0%
	Sumitomo	¥212.802	€1.861	3,9%	3,5%
	Hankook	₩5.007.049	€3.181	6,6%	6,2%
	TOT.		€48.006		

