

Pirelli & C. S.p.A. — Milano

Peers & Markets

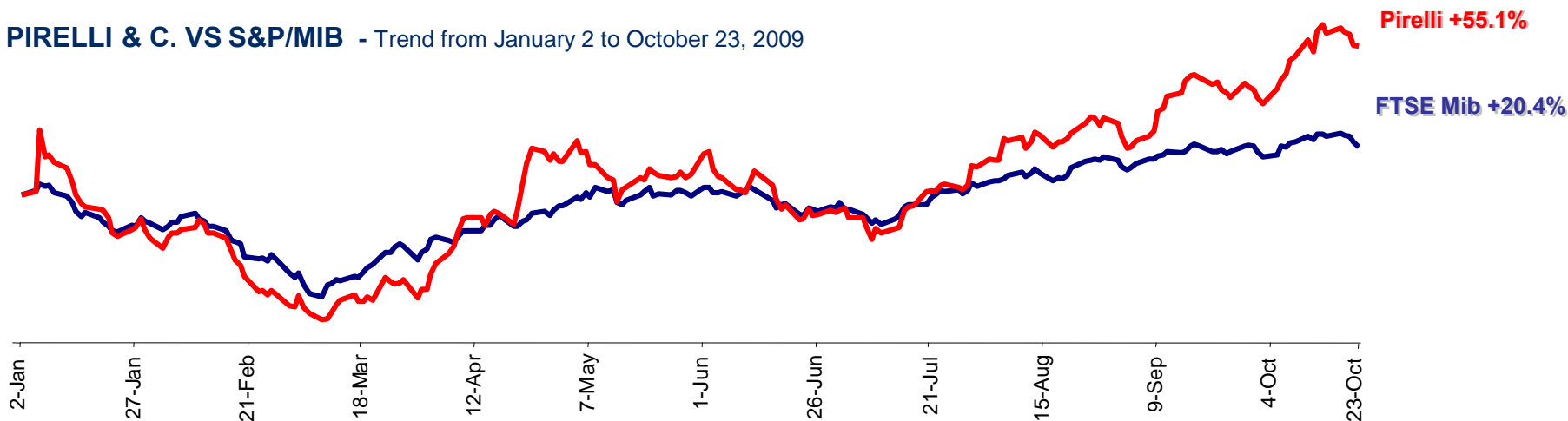
19 October – 23 October 2009



Investor Relations

Pirelli Group on the Stock Market

PIRELLI & C. VS S&P/MIB - Trend from January 2 to October 23, 2009



GROUP TREND FROM JANUARY 2 TO OCTOBER 23, 2009

	Official Close October 23	Percentage change				Daily average volumes		
		Week 19 Oct - 23 Oct	1 Month	3 Months	Year to date	Week 19 Oct - 23 Oct	1 Month	3 Months
Pirelli & C. Ord.	0.408	(2.9)	11.3	48.6	55.1	48,519,983	56,146,589	44,385,022
Pirelli & C. Risp.	0.439	(6.2)	11.1	51.6	63.2	545,338	588,534	328,804
Pirelli Real Estate	0.621	(6.6)	(1.2)	9.6	1.5	8,653,719	15,393,752	14,694,952
FTSE All Share	24324	(3.2)	0.9	14.5	20.6	862,267,534	997,144,411	887,176,101
FTSE MIB	23813	(3.0)	0.8	15.7	20.4	695,197,244	770,929,098	715,728,181

Sell side analysts evaluation on Pirelli & C (26/10/2009)

Consensus Target Price: € 0.40

% Buy: 59%

% Sell: 6%

% Hold: 35%

Market Cap: €2,200.3 mln (of which ord. €2,140.4mln)

Markets

MARKETS PERFORMANCE FROM JANUARY 2 TO OCTOBER 23, '09

	Official Close October 23	Percentage change (%)			
		Week 19 Oct - 23 Oct	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	244.890	(0.3)	0.1	11.4	24.4
FTSE MIB	23813.410	(3.0)	0.8	15.7	20.4
FTSE 100	5207.360	1.0	2.0	15.0	18.2
DAX	5740.250	(0.1)	0.7	9.4	19.3
CAC 40	3808.240	(0.5)	(0.4)	12.9	18.3
IBEX 35	11739.800	0.5	(1.0)	13.2	27.7
OMX Stockholm	6167.700	(1.1)	(6.5)	8.9	14.1
OMX Helsinki	11739.800	0.5	(1.0)	13.2	27.7
UNITED STATES					
DJ Industr. Average	10081.310	(0.2)	2.3	10.0	13.6
S&P 500	1092.910	(0.7)	1.8	10.6	19.5
NASDAQ Composite	2154.470	(0.1)	1.1	9.2	36.6
ASIA					
Nikkei 225 (Giappone)	10282.990	0.2	(0.8)	5.0	16.1
Hang Seng (HK)	22210.520	3.0	4.6	14.0	57.0
All ordinaries (Australia)	4859.700	0.4	2.5	19.3	32.8
Strait Times (Singapore)	2715.340	0.3	1.1	9.3	54.1
BSE 30 (India)	16810.810	(3.0)	0.5	10.4	74.3
EMIRATES					
Abu Dhabi	3147.440	(1.8)	0.9	16.1	31.7
Dubai	2263.100	(1.3)	3.6	29.2	38.3
BRAZIL					
IteI (indice TLC)	1428.540	(2.5)	6.6	20.3	39.7
Bovespa	66134.970	(1.7)	7.5	19.9	73.3

Source: Reuters

SECTORS PERFORMANCE FROM JANUARY 2 TO OCTOBER 23, '09

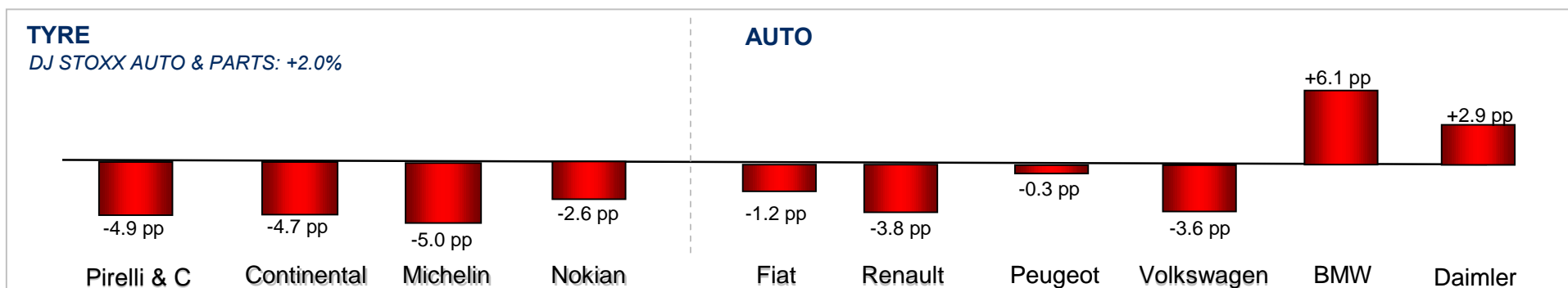
	Official Close October 23	Percentage change (%)			
		Week 19 Oct - 23 Oct	1 Month	3 Months	Year to date
EUROPE					
DJ Stoxx 600	244.890	(0.3)	0.1	11.4	24.4
Auto	247.990	2.0	8.6	3.3	24.3
Banks	234.550	(0.8)	(1.4)	18.7	56.9
Basic Resources	439.010	1.1	5.5	13.9	78.3
Chemical	412.500	(0.4)	3.9	14.0	28.3
Construction & Material	265.450	(2.9)	(0.9)	16.5	30.4
Industrial	370.420	(2.0)	(1.1)	17.9	29.9
Insurance	159.060	(1.9)	2.3	20.8	18.3
Finance	239.600	(0.7)	1.6	10.5	32.5
Food & Beverage	279.470	3.0	3.4	10.6	21.4
FTSE EPRA Eu Residential	1630.170	(0.5)	3.1	29.6	38.2
Media	149.960	(1.9)	(2.5)	11.0	11.5
Oil&Gas	317.180	0.2	2.3	6.7	19.9
Retail	225.970	0.4	(1.9)	(0.1)	24.5
Tech.	185.690	(2.0)	(5.6)	7.3	21.5
TLC	251.830	1.5	(0.9)	11.5	8.1
Travel & Leisure	102.080	(1.8)	(5.0)	10.3	10.3
Utilities	318.980	0.3	(5.0)	4.7	(5.5)
UNITED STATES					
S&P 500	1092.910	(0.7)	1.8	10.6	19.5
Auto	94.060	2.1	5.7	12.5	126.1
Banks	229.460	(2.1)	(1.1)	22.3	5.1
Basic Resources	228.720	(0.7)	2.7	22.5	57.9
Chemical	257.35	(1.94)	0.47	15.25	49.74
Construction & Materials	279.290	(1.1)	(4.8)	10.0	23.4
Industrial	248.570	(1.5)	(0.7)	13.8	17.7
Food & Beverage	267.600	(1.8)	1.6	4.4	13.6
Media	247.910	(0.6)	0.9	13.7	31.7
Oil&Gas	520.980	(1.3)	6.7	12.9	18.7
Insurance	246.470	(1.4)	2.0	18.9	10.9
Finance	269.420	(0.9)	0.1	19.1	17.2
RE	166.270	0.4	(3.4)	22.0	12.6
Retail	166.270	0.4	(3.4)	22.0	12.6
Tech.	556.730	0.9	2.9	9.5	51.6
Tyres	60.020	1.7	3.7	24.0	192.9
TLC	109.230	(0.5)	(4.7)	(2.6)	(6.5)
Utilities	143.100	(1.2)	0.0	1.6	2.2

Pirelli & C. vs Auto & Parts Sector

TREND PIRELLI & C. vs PEERS TYRE & AUTO FROM JANUARY 2 TO OCTOBER 23, 2009

	Official Close October 23	Percentage change				Daily average volumes		
		Week 19 Oct - 23 Oct	1 Month	3 Months	Year to date	Week 19 Oct - 23 Oct	1 Month	3 Months
EUROPA								
DJ Stoxx Auto	247.990	2.0	8.6	3.3	24.3			
TYRE								
Pirelli & C	0.408	(2.9)	11.3	48.6	55.1	48,519,983	56,146,589	44,385,022
Continental	40.200	(2.7)	3.8	57.3	39.2	195,682	292,407	271,964
Michelin	54.630	(3.0)	(0.9)	24.3	45.4	832,635	955,235	905,463
Nokian	16.500	(0.6)	(0.4)	20.2	108.6	429,843	525,256	636,141
AUTO								
Fiat	11.040	0.8	27.0	42.0	140.5	46,886,046	38,382,516	27,591,087
Renault	35.045	(1.8)	10.3	25.3	88.9	2,673,617	2,777,684	2,427,915
Peugeot	23.900	1.7	15.5	24.6	96.7	3,433,719	2,673,259	2,409,717
Volkswagen	115.000	(1.6)	5.1	(54.9)	(54.0)	256,118	449,189	448,153
BMW	35.940	8.1	5.9	17.5	66.3	2,967,366	2,576,093	2,233,543
Daimler	36.875	4.9	8.7	19.0	38.1	8,072,157	6,907,170	6,193,387
USA								
TYRE								
Goodyear	17.750	1.7	5.3	23.8	197.3	3,256,416	4,440,402	5,051,495
Cooper	16.980	1.9	(2.6)	25.2	175.6	794,222	1,186,731	1,168,932
AUTO								
Ford	7.760	2.8	3.7	9.3	233.2	9,836,060	11,576,693	11,845,406
ASIA								
TYRE								
Bridgestone	1566.000	(2.2)	(7.3)	(2.9)	18.0	2,325,500	2,715,833	3,784,622
Sumitomo	925.000	1.4	(2.5)	(2.9)	5.1	1,034,940	966,243	1,382,883
Toyo	168.000	(5.1)	(21.1)	(17.2)	3.7	2,385,200	1,721,600	1,730,422
Yokohama	410.000	(1.7)	(8.7)	(17.5)	(7.7)	980,400	1,234,067	1,544,933
Hankook	24150.000	14.7	14.7	39.6	57.8	1,041,241	1,290,271	1,099,073
Khumo	5310.000	(5.9)	(14.4)	1.3	18.3	248,388	312,647	623,796
AUTO								
Toyota	3590.000	(0.8)	(6.3)	(1.9)	23.6	7,147,820	8,374,777	7,987,027
Nissan	658.000	(2.1)	4.9	9.1	105.6	18,025,500	20,589,247	19,469,012

EUROPE: WEEKLY TREND 19/10/2009 – 23/10/2009 TYRES & AUTO STOCKS vs DJ STOXX AUTO & PARTS



Source: Reuters

Tyre Sector evaluation Multiples

CONSENSUS PEERS TYRE MARKET MULTIPLES AT 26/10/2009

Source: Pirelli IR analysis on Bloomberg data

TYRES MULTIPLES @ 26-Oct-09																	
	P/E				EV/SALES				EV/EBITDA				EV/EBIT				
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	
EUROPA	Michelin	40.9x	13.8x	10.4x	9.6x	0.8x	0.7x	0.7x	0.7x	7.1x	5.4x	4.7x	4.5x	19.0x	10.0x	8.2x	10.0x
	Continental		21.8x	10.3x	9.2x	0.9x	0.8x	0.7x	0.7x	8.9x	6.6x	5.3x	5.1x	87.8x	18.8x	11.2x	10.9x
	Nokian	30.2x	17.3x	13.5x		2.7x	2.4x	2.1x		12.9x	9.3x	7.4x		19.7x	12.8x	10.0x	
	Simple average	35.6x	17.6x	11.4x	9.4x	1.5x	1.3x	1.2x	0.7x	9.6x	7.1x	5.8x	4.8x	42.2x	13.9x	9.8x	10.4x
	Weighted average *	23.2x	17.5x	10.8x	8.3x	1.1x	1.0x	0.9x	0.6x	8.5x	6.4x	5.3x	4.2x	46.8x	13.9x	9.6x	9.1x
US	Goodyear		12.0x	7.9x		0.5x	0.4x			8.1x	4.9x			16.8x	7.2x		
	Cooper	16.7x	15.1x	13.1x	11.4x	1.4x	1.4x			10.5x	9.6x			12.9x	11.8x		
	Simple average	16.7x	13.6x	10.5x	11.4x	0.9x	0.9x			9.3x	7.3x			14.9x	9.5x		
	Weighted average *	10.2x	13.9x	11.1x	6.9x	1.1x	1.0x			9.5x	7.8x			14.4x	10.0x		
ASIA	Bridgestone	85.7x	17.5x	13.8x	14.1x	0.7x	0.6x	0.6x	0.5x	7.1x	5.4x	4.8x	4.2x	26.6x	12.5x	10.0x	11.0x
	Yokohama		20.4x	13.4x	11.0x	0.6x	0.6x	0.5x	0.5x	8.5x	6.3x	5.7x	5.2x	58.9x	17.0x	13.0x	11.3x
	Sumitomo	35.8x	14.5x	11.5x	10.5x	0.8x	0.8x	0.7x	0.7x	7.6x	6.9x	6.3x	6.8x	17.1x	14.4x	12.4x	13.2x
	Simple average	60.7x	17.5x	12.9x	11.9x	0.7x	0.7x	0.6x	0.6x	7.7x	6.2x	5.6x	5.4x	34.2x	14.6x	11.8x	11.8x
	Weighted average *	71.7x	17.4x	13.5x	13.4x	0.7x	0.6x	0.6x	0.6x	7.3x	5.7x	5.1x	4.7x	28.1x	13.2x	10.6x	11.3x
TOT. WORLD	max	85.7x	21.8x	13.8x	14.1x	2.7x	2.4x	2.1x	0.7x	12.9x	9.6x	7.4x	6.8x	87.8x	18.8x	13.0x	13.2x
	min	16.7x	12.0x	7.9x	9.2x	0.5x	0.4x	0.5x	0.5x	7.1x	4.9x	4.7x	4.2x	12.9x	7.2x	8.2x	10.0x
	median	35.8x	16.2x	12.3x	10.7x	0.8x	0.8x	0.7x	0.7x	8.3x	6.5x	5.5x	5.1x	19.4x	12.7x	10.6x	11.0x
	Simple average	41.9x	16.6x	11.7x	11.0x	1.1x	1.0x	0.9x	0.6x	8.8x	6.8x	5.7x	5.2x	32.4x	13.1x	10.8x	11.3x
	Weighted average *	36.6x	16.1x	11.3x	9.4x	0.9x	0.9x	0.6x	0.5x	8.1x	6.2x	4.0x	3.3x	32.4x	12.4x	7.6x	7.7x

* on peers market capitalization by geographical area

** on tyre sector market capitalization

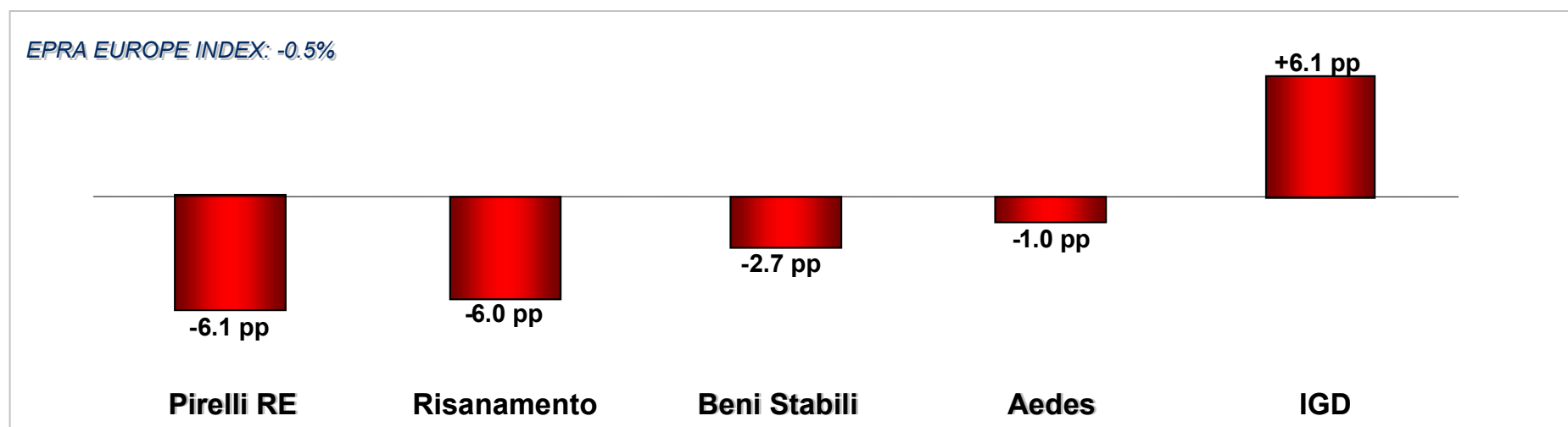
M/n	WORLD TYRE MARKET CAP			
	Local currency	€ adjustment	% on cluster	% on geographical Area
Michelin	€8,051	€8,051	22.2%	47.6%
Continental	€6,794	€6,794	18.7%	40.2%
Nokian	€2,060	€2,060	5.7%	12.2%
Goodyear	\$ 4,294	€2,857	7.9%	39.0%
Cooper	\$ 6,730	€4,478	12.4%	61.0%
Bridgestone	¥1,295,272	€9,380	25.9%	78.1%
Yokohama	¥142,521	€1,032	2.8%	8.6%
Sumitomo	¥220,693	€1,598	4.4%	13.3%
TOT.		€36,251		

Pirelli & C. RE vs Real Estate Sector

PIRELLI RE TREND vs PEERS RE FROM JANUARY 2 TO OCTOBER 23, 2009

	Official Close October 23	Percentage change				Daily average volumes		
		Week 19 Oct - 23 Oct	1 Month	3 Months	Year to date	Week 19 Oct - 23 Oct	1 Month	3 Months
Pirelli RE	0.621	(6.6)	(1.2)	9.6	1.5	8,653,719	15,393,752	14,694,952
Teda	420.000	(2.6)	(2.3)	5.0	6.1	26.80	25.03	23.13
Olinda	318.000	(3.6)	1.3	13.8	10.3	110.80	124.50	91.57
Spazio Investment	5.195	0.0	6.3	3.9	(13.4)	6,899	44,444	88,091
ITALIA								
Epra Europe	1630.170	(0.5)	3.1	29.6	38.2			
Gabetti	0.790	(3.9)	(29.3)	23.0	10.4	1,062,867	939,787	378,303
Beni Stabili	0.635	(3.2)	7.1	11.3	28.3	2,091,067	2,005,997	1,670,774
Aedes	0.242	(1.5)	(6.1)	30.0	72.6	7,422,426	15,554,232	10,342,133
Bastogi	2.290	(1.3)	(2.6)	7.5	54.8	10,793	19,164	24,578
Brioschi	0.217	(2.8)	(4.0)	16.1	10.4	621,074	1,502,548	1,201,039
Gabetti	0.790	(3.9)	(29.3)	23.0	10.4	1,062,867	939,787	378,303
IGD	1.610	5.6	19.1	35.3	54.1	571,219	574,589	513,391
Risanamento	0.459	(6.5)	(5.7)	83.6	7.2	3,142,863	5,387,213	5,651,633

WEEKLY TREND 19/10/2009 – 23/10/2009 REAL ESTATE STOCK vs EPRA EUROPE INDEX



Source: Reuters