



Pirelli & C. S.p.A.

Minutes of the Board of Directors held on
21 December 2017
(notarial minutes relevant to the second items of the agenda)

Minutes meeting of the Board of Directors

Republic of Italy

In the year 2017 (two thousand and seventeen)

on the 21st (twenty first) day

of the month of December

at 12:15 am

in Milan, viale Piero e Alberto Pirelli n. 25.

before me, **Carlo Marchetti**, Notary Public in Milan, registered on the Milan Board of Notaries, the following person appeared:

Mr. Tronchetti Provera Marco, born in Milan, on the 18th of January 1948 domiciled for the purposes of its duties in Milan, viale Piero e Alberto Pirelli n. 25, whose personal identity I, the notary, am certain, and who in his capacity of Executive Vice Chairman and CEO and so in the interest of the listed company called:

"Pirelli & C. S.p.A."

with registered office in Milan, viale Piero e Alberto Pirelli n. 25, subscribed and paid-in capital of Euro 1,904,374,935.66, tax code and registration number in the Milan Register of Companies no. 00860340157, registered with the R.E.A. of Milan no. 1055 (the "**Company**"), who has asked me to put into record, for the part concerning the second item on the agenda, second part, of the meeting of the Board of Directors convened on this day and place in order to discuss and resolve on the following:

agenda

Omissis

Euro Medium term Note" (EMTN) program and in this context authorization for the issue of bonds by the Company or its subsidiaries, possibly guaranteed by the Company, intended to be underwritten exclusively by qualified investors; necessary and consequent resolutions

Omissis

I comply with the request and acknowledge that the Board (which has already dealt with the previous points on the agenda, the subject of a separate recording) is held, as regards the discussion of the second point, second part, as follows.

Pursuant to the By-laws of the Company, the Appearing Party in his aforementioned capacity and once again ascertains and acknowledges that:

- the meeting was convened with a notice sent on 18 December 2017, through electronic mail to all those entitled pursuant the By-laws of the Company;
- intervene the Directors G. BRUNO, M. PAPPALARDO and G. TRONCHETTI PROVERA and the Statutory Auditors F. FALLACARA, F. ARTONI, L. NICODEMI and A. VILLANI, and, by call-conference

pursuant to the By-laws, the Directors L. CIOLI, D.DE SOLE, C. SCOCCHIA, Z. GOLDBERG, X. YANG, Y. WEI, X. BAI, X. FAN and H. TAO and the Statutory Auditor A. CARU’;

- the Chairman of the Board of Directors J. REN has justified his absence;

The Chairperson therefore declares once again the meeting validly constituted, having this been validly convened as above, and is also fit to resolve on the second item on the agenda, second part.

Turning to the discussion of the same, the Chairperson recalls, first of all, that article 2410 of the Italian Civil Code confers on the administrative body, unless otherwise provided for by the By-laws of the Company, the power to approve the issue of non-convertible notes. Furthermore, article 2412 of the Italian Civil Code: (i) provides that notes can be issued for a total amount not exceeding twice the share capital, the legal reserve and distributable reserves shown on the last approved financial statement and (ii) excludes the existence of the aforementioned limits in the case of the issue of notes intended to be listed on regulated markets or in multilateral trading systems or notes that give the right to acquire or subscribe shares.

The Chairperson then illustrates the proposal to authorize a transaction consisting of the possible issue of one or more series of notes based on (and therefore within the context of) the "*Euro Medium Term Note*" Programme (the "**EMTN Programme**") previously approved as an item of this agenda, and directed exclusively at qualified investors.

The transaction would allow the Company to promptly seize appropriate market conditions that should also arise in the light of a favorable environment for companies with a good credit rating, while allowing at the same time the continuation of the diversification of financing sources and a further extension of the average maturity of the consolidated debt.

The Chairperson, in light of all the above and in relation to (and therefore within the context of) the EMTN Programme previously approved as an item on this agenda, proposes to authorise the issue of one or more non-convertible series of notes, to be issued each in one or more instalments starting from 1 January 2018 and until 31 January 2019, all for a total maximum amount (and therefore combining the nominal value of direct issues and that of any personal guarantees) of Euro 1,000,000,000, all such financing to be placed with qualified Italian and / or foreign investors. The notes will be governed by English law and may, although not necessarily, be listed on the Luxembourg Stock Exchange and / or other regulated market.

The Chairperson then summarizes the characteristics of the operation:

- Frequency: also in several issues and each consisting in one or more tranches;
- Issuer: in accordance with the provisions of the EMTN Programme;
- Recipients: qualified investors in accordance with the terms and conditions of the EMTN Program;
- Duration: the duration of the individual issues and series will be based on market conditions in force at the time of issuance and in any case not exceeding 10 years;
- Use of proceeds: the amounts raised collected from the issue of the notes may be used from time to time both for general corporate activities, including refinancing of existing debt at Group level in order to finance specific projects including, but not limited to, research and development projects and with a particular environmental aspect, such as in the event that the issue of the so-called *green bonds* is considered;
- Currency of issue: Euro or other currency,

- Denomination: minimum of € 100,000.00 (one hundred thousand / 00), corresponding to the nominal value (or equivalent if in another currency);
- The issue price: which may be different for each of the individual issues or tranches, will be determined depending on the total return offered to subscribers as per market conditions in place at the time of issuance;
- Interest rate: the rate of interest, which may be different for each of the individual issues or tranches, shall not in any case exceeding 2.5% beyond the relevant benchmark rate for each issue or tranche;
- Applicable law: English law, except for any bondholders' meetings, which will be governed by Italian law and in any case not in conflict with Italian law;
- Listing: the notes may, although not necessarily, be listed on the Luxembourg Stock Exchange and / or other regulated market;
- Repayment: in one single instalment on maturity or in several instalments of equal amount, without prejudice to the right of the Issuer to proceed with early repayment upon notice; all according to the conditions and terms contained in the same note and in the EMTN Programme;
- Placement fees: not more than 1%;
- Personal guarantees: own guarantee or from Pirelli Tyre S.p.a. on issues of notes of the subsidiary Pirelli International Plc and any personal guarantee issued by the subsidiary Pirelli Tyre S.p.A. on the Company's issues;
- Other terms: *Make Whole Issuer Call*, pursuant to which the Issuer has the right to redeem, in whole or in part, the notes in advance in accordance with the conditions set out in the EMTN Programme and by paying as consequence the relevant premium.

It is reiterated that the effects of the resolution would start as from 1.01.2018, while the final term for the issue of the bonds would be 31.01.2019.

The Chairman of the Board of Statutory Auditors intervenes in the name of the entire Statutory Board and pursuant to article 2412, first paragraph, of the Italian Civil Code, and certifies that the proposal to authorise the issue of notes complies with the limits set forth in article 2412 of the Italian Civil Code.

The Chairman, moreover, points out that the issues of non-convertible bonds as per today's proposal, as falling within the framework of the regulation of bond loans potentially destined to be listed on regulated markets, would not be subject to quantitative limits in terms of case of actual listing. In any case, from time to time, if not listed on regulated markets, the compliance with the provisions of art. 2412, first paragraph, of the Italian Civil Code for any issue referred to in the current proposal within the terms and within the limits illustrated above will be verified.

The Board of Directors, therefore,

- having acknowledged the regulations governing the issue of notes and the granting of guarantees in relation to issues of notes to be listed on regulated markets or in multilateral trading systems, pursuant to articles 2410 and 2412 of the Italian Civil Code;
- heard the Chairperson's report;

- subject to compliance with all obligations and conditions provided for by the applicable regulations and with a commitment to report to the Board of Directors on the state of execution of the transactions referred to below;

unanimously decides

First of all

to authorise the issue, based on (and therefore within the context of) the EMTN Programme previously approved as an item set forth in letter (A) of the present agenda of today's Board of Directors meeting, also in several issues and each in one or more tranches, of non-convertible bonds, starting from 1 (first) January 2018 (two thousand and eighteen) and until the date of 31 (thirty first) January 2019 (two thousand and nineteen), for a total maximum amount of Euro 1,000,000,000, (one billion) having the following features in summary:

- Frequency: also in several issues and each consisting in one or more tranches;
- Issuer: in accordance with the provisions of the EMTN Programme;
- Recipients: qualified investors in accordance with the terms and conditions of the EMTN Program;
- Duration: the duration of the individual issues and series will be based on market conditions in force at the time of issuance and in any case not exceeding 10 years, save the faculty of early repayment according to the terms and conditions of the Programme EMTN;
- Use of proceeds: the amounts raised collected from the issue of the notes may be used from time to time both for general corporate activities, including refinancing of existing debt at Group level in order to finance specific projects including, but not limited to, research and development projects and with a particular environmental aspect, such as in the event that the issue of the so-called *green bonds* is considered;
- Currency of issue: Euro or other currency,
- Denomination: minimum of € 100,000.00 (one hundred thousand / 00), corresponding to the nominal value (or equivalent if in another currency);
- The issue price: which may be different for each of the individual issues or tranches, will be determined depending on the total return offered to subscribers as per market conditions in place at the time of issuance;
- Interest rate: the rate of interest, which may be different for each of the individual issues or tranches, shall not in any case exceeding 2.5% (two/5) beyond the relevant benchmark rate for each issue or tranche;
- Applicable law: English law, except for any bondholders' meetings, which will be governed by Italian law and in any case not in conflict with Italian law;
- Listing: Luxembourg Stock Exchange and / or other regulated market;
- Repayment: in one single instalment on maturity or in several instalments of equal amount, without prejudice to the right of the Issuer to proceed with early repayment upon notice; all according to the conditions and terms contained in the same note and in the EMTN Programme;
- Placement fees: not more than 1%;

- Personal guarantees: own guarantee or from Pirelli Tyre S.p.a. on issues of notes of the subsidiary Pirelli International Plc and any personal guarantee issued by the subsidiary Pirelli Tyre S.p.A. on the Company's issues;

- Other terms: *Make Whole Issuer Call*, pursuant to which the Issuer has the right to early pay, in whole or in part, the notes in advance in accordance with the conditions set out in the EMTN Programme and by paying the relevant premium.

Secondly

to grant the Executive Vice Chairman and CEO as well as the Director Mr. Giorgio Luca Bruno, severally, with the right to sub-delegate, to implement the resolution described above with the fullest and most suitable related powers, including those to:

- to determine the amount of individual issues or tranches within the maximum limits approved, establishing, within the established limits, duration, issue price, rate and method of payment of interest, any issue discount or repayment premium and the percentage of placement commissions;

- determine, within the limits established above, terms and conditions of the individual issues or tranches in which the transaction may be articulated in accordance with the EMTN Programme, defining the regulations;

- proceed with the placement of the notes and entering into any agreements for this purpose, also with intermediaries and agents;

- proceed with the fulfilment of any requirement, including informational, with any competent Authority, whether Italian or foreign, connected with the issuance of the note, its placement and its listing, if any, also in terms of documental publication (including, but not limited to, the fulfilments connected with the definition and publication of the listing prospectus of the notes being issued);

- Complete all the necessary formalities for the present resolutions to be entered into the register of the companies with the right to introduce any changes, amendments or additions that are appropriate for the purpose and /or required by the competent Authorities, even when registering in the register of the companies;

- generally carry out everything necessary, useful or appropriate for the successful completion of the initiative.

Having dealt with the discussion of the topic referred to in the second item on the agenda, the Chairperson, at 12:25 am, declares the discussion closed.

I have read the present minutes to the Appearing person that approves them and with me subscribes at 12:27 am.

It consists of 4 sheets written with mechanical means by a person of my trust and completed for pages twelve and the thirteenth till here.

Signed Marco Tronchetti Provera

Signed the Notary Carlo Marchetti