

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II Product Governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

FINAL TERMS

23 January 2018

Pirelli & C. S.p.A.
(the "Issuer")

Issue of €600,000,000 1.375 per cent. Guaranteed Notes due 25 January 2023

Guaranteed by
Pirelli Tyre S.p.A.

under the €2,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 10 January 2018 which constitutes a base prospectus for the purposes of the Prospectus Directive (the "Base Prospectus"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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| 1. | (a) | Issuer | Pirelli & C. S.p.A. |
| | (b) | Guarantor | Pirelli Tyre S.p.A. (subject to Condition 2.3 (<i>Release and Appointment of Guarantor</i>)) |
| 2. | (a) | Series Number: | 1 |
| | (b) | Tranche Number: | 1 |

- (c) Date on which the Notes will be consolidated and form a single Series: Not Applicable
3. Specified Currency or Currencies: Euro (€)
4. Aggregate Nominal Amount:
- (a) Series: €600,000,000
- (b) Tranche: €600,000,000
5. Issue Price: 99.502 per cent. of the Aggregate Nominal Amount
6. (a) Specified Denominations: €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000
- (b) Calculation Amount: €1,000
7. (a) Issue Date: 25 January 2018
- (b) Interest Commencement Date: Issue Date
8. Maturity Date: 25 January 2023
9. Interest Basis: 1.375 per cent. Fixed Rate
(further particulars specified below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: Not Applicable
12. Put/Call Options: Change of Control Put
Issuer Call
Make-Whole Issuer Call
(further particulars specified below)
13. Date Board approval for issuance of Notes and Guarantee obtained: 21 December 2017 and 21 December 2017, respectively

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: Applicable
- (a) Rate(s) of Interest: 1.375 per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): 25 January in each year from, and including, 25 January 2019 up to, and including, the Maturity Date
- (c) Fixed Coupon Amount(s): €13.75 per Calculation Amount
(Applicable to Notes in definitive form.)

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| (d) | Broken Amount(s): | Not Applicable |
| (e) | Day Count Fraction: | Actual/Actual (ICMA) |
| (f) | Determination Date(s): | 25 January in each year |
| 15. | Floating Rate Note Provisions | Not Applicable |
| 16. | Zero Coupon Note Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 17. | Notice periods for Condition 6.2
(Redemption for tax reasons): | Minimum period: 30 days Maximum period: 60 days |
| 18. | Issuer Call: | Applicable |
| | (a) Optional Redemption Date(s): | At any time on or after 25 October 2022 but excluding the Maturity Date |
| | (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): | €1,000 per Calculation Amount |
| | (d) Notice periods: | Minimum period: 30 days Maximum period: 60 days |
| 19. | Make-Whole Issuer Call: | |
| | (a) Redemption Margin: | 0.25 per cent. |
| | (b) Reference Bond: | BOBL 0% 07OT22 (ISIN: DE0001141760) |
| | (c) Reference Dealers: | BNP Paribas, Merrill Lynch International and UniCredit Bank AG |
| | (d) Notice periods | Minimum period: 25 days Maximum period: 60 days |
| 20. | Investor Put: | Not Applicable |
| 21. | Change of Control Put: | Applicable |
| | (a) Optional Redemption Amount: | €1,000 per Calculation Amount |
| | (b) Notice periods: | Change of Control Put Period as defined in Condition 6.4 |
| 22. | Final Redemption Amount: | €1,000 per Calculation Amount |
| 23. | Early Redemption Amount payable on redemption for tax reasons or on event of default: | €1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES


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| 24. | Form of Notes: | |
| | (a) Form: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note |
| | (b) New Global Note: | Yes |

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| 25. | Additional Financial Centre(s): | Not Applicable |
| 26. | Talons for future Coupons to be attached to Definitive Notes: | No |
| 27. | CNY Currency Event <i>(Only applicable to CNY Notes)</i> : | Not Applicable |
| 28. | Party responsible for calculating the Alternate Settlement Rate <i>(Only applicable to CNY Notes)</i> : | Not Applicable |
| 29. | Relevant Currency <i>(Only applicable to CNY Notes)</i> : | Not Applicable |

Signed on behalf of Pirelli & C. S.p.A.:

Signed on behalf of Pirelli Tyre S.p.A.:

By: 
Duly authorised

By: 
Duly authorised

PART B – OTHER INFORMATION

30. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from 25 January 2018.
- (ii) Estimate of total expenses related to admission to trading: €3,600.00

31. RATINGS

Ratings: The Notes to be issued are not expected to be rated.

32. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees of payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business. Some Managers may have granted loans to the Issuer and/or the Guarantor and/or certain affiliates of the Issuer and/or the Guarantor, as the case may be, and part of the proceeds from the issue of the Notes may be used by the Issuer to repay such loans.

33. YIELD (*Fixed Rate Notes only*)

Indication of yield: 1.479%

The yield specified above is as calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

34. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

Not Applicable

35. OPERATIONAL INFORMATION

- (i) ISIN: XS1757843146
- (ii) Common Code: 175784314
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (vi) Deemed delivery of clearing system notices for the purposes of Condition 12 (*Notices*): Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the second business day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

36. **DISTRIBUTION**

- (i) Method of distribution: Syndicated
- (ii) If syndicated, names of Managers:
BNP Paribas
Merrill Lynch International
UniCredit Bank AG
Banca IMI S.p.A.
Commerzbank Aktiengesellschaft
HSBC Bank plc
J.P. Morgan Securities plc
Mediobanca – Banca di Credito Finanziario S.p.A.
Mizuho International plc
- (iii) Date of Subscription Agreement: 23 January 2018
- (iv) Stabilisation Manager(s) (if any): Not Applicable
- (v) If non-syndicated, name of relevant Dealer: Not Applicable
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D
- (vii) Prohibition of Sales to EEA Retail Investors: Applicable