



PRESS RELEASE

PIRELLI: SHAREHOLDER'S MEETING CALLED ON 15 FEBRUARY 2016 TO RESOLVE UPON:

- THE MANDATORY CONVERSION OF SAVINGS SHARES INTO A SPECIAL CLASS OF NEWLY ISSUED NON-VOTING SHARES;
 - THE ADOPTION OF A NEW BY-LAWS;
- THE MERGER WITH THE PARENT COMPANY MARCO POLO INDUSTRIAL HOLDING

SPECIAL ASSEMBLY OF SAVING SHAREHOLDERS CALLED AS WELL

Milan, 23 november 2015 – Today the Board of Directors of Pirelli has resolved to call on 15 February, 2016, the Extraordinary Shareholders' Meeting of the Company to approve (i) the mandatory conversion of savings shares into a special class of newly issued non-voting shares, (ii) the adoption of a new By-Laws and (iii) the merger with the parent company Marco Polo Industrial Holding. It is also envisaged a resolution as Ordinary Shareholders' Meeting with the appointment of seven directors in substitution of the directors appointed by means of cooptation on September and October 2015 due to cease with the next Shareholders' Meeting.

On the same date, the Board of Directors called a meeting also for the holders of savings shares for the relative deliberations.

• **Mandatory Conversion of savings shares**

The Mandatory Conversion (the "**Mandatory Conversion**") of savings shares (the "**Savings Shares**") into a special class of newly issued non-voting delisted shares (the "**Special Shares**") will be based on the conversion ratio of n. 1 (one) Special Share, with no par value, for each n. 1 (one) Savings Share, with no par value, without cash adjustment.

The Special Shares will have no voting rights in the General Shareholders' Meeting of the Company and will carry the same economic privileges attributed to the Savings Shares by art. 6 and 18 of the current Pirelli's By-Laws. The Special Shares will not be listed.

The calling of the Shareholders' Meeting follows the public tender offer launched on the ordinary and savings share capital of Pirelli (the "**Offers**"), pursuant to art. 102 and following of Italian TUF, by Marco Polo Industrial Holding S.p.A. ("**Marco Polo Industrial Holding**"), company indirectly controlled by China National Chemical Corporation ("**ChemChina**") through China National Tire & Rubber Co., Ltd.

At the outcome of the Offers, Marco Polo Industrial Holding owns, directly and indirectly (adding to the shareholding of Marco Polo Industrial Holding also the treasury ordinary shares owned by Pirelli), 100% of the Pirelli ordinary shares, which therefore have been delisted on 6 November 2015.

As for the Savings Shares, at the outcome of the Offers and further to additional purchases, Marco Polo Industrial Holding currently owns, directly and indirectly (adding to the shareholding of Marco Polo Industrial Holding also the treasury Savings Shares owned by Pirelli), more than 93,2% of the savings share capital. Exactly, No. 824.727 Savings Shares, representing 0,169% of the total share capital and 6,732% of the savings share capital of Pirelli remain owned by minority shareholders (the "**Residual Savings Shares**").

In light of the small number of Residual Savings Shares and of the small volumes traded, the Company intends to pursue as soon as possible the conversion into Special Shares, with their consequent delisting from the *Mercato Telematico Azionario* organized and managed by *Borsa Italiana S.p.A.* (the "**Delisting**").

The Mandatory Conversion is subject exclusively to the approval, pursuant to art. 146, first paragraph, lett. b), of the Italian TUF, by the Special Assembly of the savings shareholders that the Board of Directors has resolved to call for such purpose on 15 February 2016 as well.

The savings shareholders that will not concur to the approval of the Mandatory Conversion and of the new By-laws of the Company (which will be submitted to the pertaining resolutions of the Special Assembly) will have the withdrawal right pursuant to art. 2437-*quinquies* and art. 2437 of the Italian civil code. The withdrawal consideration for the Savings Shares for which the withdrawal rights will be exercised, has been determined at 14.978 euro per share, on the basis of the arithmetic average of the closing prices during the six months prior to the publication of the notice of call of the shareholders' meeting pursuant to the Italian civil code.

The Mandatory Conversion will not affect the right to receive the 2015 dividend given that, as mentioned, the Special Shares will have the same economic rights as the Savings Shares. However, since it is envisaged that the Mandatory Conversion will become effective prior the dividend that will be distributed by Pirelli with reference to the year that ends of December 31, 2015, the savings shareholders exercising their withdrawal right will not receive such dividend.

Further information with respect to the mechanic of the Mandatory Conversion and the exercise of the withdrawal right will be published in accordance with applicable laws.

- **Adoption of a new By-Laws of the Company**

The Extraordinary Shareholders' Meeting will be called to resolve also upon the adoption of the a new By-Laws consequent to the delisting of the ordinary shares and the Mandatory Conversion.

- **Merger Plan between Pirelli and Marco Polo Industrial Holding**

The Board of Directors – without prejudice to the evaluation of the Committee for Related Parties Transactions with respect to the relevant proposal to the Shareholders' Meeting – has resolved to call the Extraordinary Shareholders' Meeting also to approve the merger with the parent company Marco Polo Industrial Holding (the "**Merger**"). The proposal to the Extraordinary Shareholders' Meeting, the merger plan and the documentation required pursuant to applicable laws will be examined and approved in a coming meeting of the Board of Directors, tentatively during next December, once the relevant process will be completed and subject to the required opinion of the Committee for Related Parties Transactions.

Terms and modalities of the Merger will be communicated upon approval of said merger plan. In consideration of the new ownership structure – with 100% of the ordinary share capital of Pirelli owned by Marco Polo Industrial Holding – it is envisaged that the Merger may be completed also through the absorption of the parent company Marco Polo Industrial Holding into Pirelli (so called reverse merger).

The information document on major related parties transactions will be published in accordance with applicable laws.

The Directors' reports and the documentation required under applicable laws concerning the items on the agenda of the shareholders' meetings will be published in accordance with applicable laws.

The notice of call of the shareholders' meetings is published on the web site of the Company and of *Borsa Italiana* and via the authorized storage mechanism "NIS-Storage" (www.emarketstorage.com) and an extract will also be published tomorrow, 24 November 2015, on the daily newspapers "Il Sole 24 Ore" and "Milano Finanza".

Pirelli also announces that it has reached an agreement with the General Manager Industrial, Lorenzo Sistino, for the consensual resolution of the existing work relationship, approved during today's meeting of the Pirelli Board of Directors and following the favourable opinion of the Remuneration Committee.

In line with Pirelli's Remuneration Policy, it has been agreed that, at the end of the work relationship effective from December 30, 2015, Mr. Sistino will be paid – beyond the termination compensations

required by law – a gross sum of 800,000 euro as an exit incentive and general and novation transaction, as well as an amount of 337,500 euro for a non-compete agreement for the heavy vehicle, agricultural vehicle and OTR tyre sectors of 12 months' duration and involving the main geographical areas where Pirelli operates. Mr. Sistino will also be awarded the 2015 MBO in proportion to his effective achievement according to the methods and timing foreseen in the company plan, while he will not receive any variable bonuses linked to the long term incentive plan (LTI).

The executive vice president and CEO of Pirelli, Marco Tronchetti Provera, will take direct responsibility for the development path of the company's Industrial activities. Simultaneously, the Chief Financial Officer Industrial, Fabio Bocchio, will also assume from today the role of Chief Operating Officer Industrial reporting directly to Mr. Tronchetti Provera.

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