



Pirelli & C. S.p.A.

Report to the Shareholders' Meeting

Appointment of seven directors of the Board of Directors. Pertinent and consequent resolutions

Dear Shareholders,

The ordinary general Meeting held on 12 June 2014 began re-electing the company's Board of Directors, by determining the number of its members as fifteen and setting a three-year term of office for their relevant mandate (expiring therefore with the Meeting convened for the approval of the financial statements as at 31 December 2016).

Following said shareholders' meeting, on 10 July 2014, the Board of Directors appointed, pursuant to article 10 of the Articles Of Association and article 2386, paragraph 1 of the Civil Code, with a resolution approved by the Board of Statutory Auditors, Directors Igor Sechin, Didier Casimiro, Andrey Kostin, Ivan Glasenberg, Petr Lazarev and Igor Soglaev in replacement of the Directors Claudio Sposito, Riccardo Bruno, Piero Alonzo, Emiliano Nitti, Luciano Gobbi and Enrico Parazzini, who resigned on the same date.

The Directors thus appointed were then confirmed in the office by the Shareholders' Meeting of 14 May 2015. Following the latter Shareholders' Meeting:

- On 2 September 2015, the Board of Directors appointed, pursuant to article 10 of the Articles Of Association and article 2386, paragraph 1 of the Civil Code, with a resolution approved by the Board of Statutory Auditors, Bai Xinping and Ze'ev Goldberg in replacement of the Directors Paolo Fiorentino and Gaetano Micchichè resigning on 11 August 2015;
- On 20 October 2015, the Board of Directors appointed, pursuant to article 10 of the Articles Of Association and article 2386, paragraph 1 of the Civil Code, with a resolution approved by the Board of Statutory Auditors, Ren Jianxin, Yang Xingqiang, Wang Dan, Tao Haisu, Zhang Junfang (the latter two qualified as independent pursuant to the Consolidated Finance Act and the Corporate Governance Code of the Italian Stock Exchange) by way of replacement for Anna Maria Artoni, Petr Lazarev, Ivan Glasenberg, Igor Soglaev and Didier Casimiro, resigning on 19 October 2015.

At the same board meeting on 20 October 2015 Marco Tronchetti Provera additionally tendered his resignation from the office of Chairperson and Alberto Pirelli from the office of Vice Chairperson of the Company while keeping the other offices respectively held with the Board. The Board then proceeded to appoint Ren Jianxin as Chairperson and Marco Tronchetti Provera, already Managing Director, as Executive Vice Chairperson.

Pursuant to article 2386, paragraph 1 of the Civil Code, the aforementioned seven Directors cease to hold office with today's Meeting, which, therefore, must resolve thereon.

It should be noted that, for the purposes of adopting the required shareholder resolutions, the voting list procedure does not apply, as this is not a case of complete re-election of the Board of Directors. Therefore, as envisaged by article 10 of the Articles of Association, to appoint any Directors who for any reason are not appointed according to the voting list procedure, the Meeting shall resolve with the majority votes prescribed by law .

The mandate of the Directors thus appointed shall expire together with those currently in office and, therefore, at the time of the General Meeting convened to approve the financial statements as at 31 December 2016. It is recalled that under the Articles of Association, the Board of Directors consists of a minimum of seven and maximum of twenty-three members and that each member of the Board of Directors is entitled to gross annual compensation in respect of the office amounting to euro 50 thousand in addition to any further compensation set by the Board of Directors in the event of taking part in board committees. It is finally recalled that on 6 November 2015 the ordinary shares of the Company were revoked from listing on the Stock Exchange and that the General Meeting was convened also extraordinarily in order to resolve, among other things, upon adopting a new wording for the corporate Articles of Association (reference is made to the specific extraordinary party Report for the changes proposed to the Articles of Association) and which foresees that the Board of Directors be made up of 16 (sixteen) Directors.

Proposal of the Board of Directors¹

In light of the above, the Board of Directors proposes to you:

- Confirming at 15 (fifteen) the number of members of the Board of Directors:
- Appointing as Directors Ren Jianxin, Yang Xingqiang, Bai Xinping, Ze'ev Golberg, Tao Haisu, Wand Dan and Zhang Junfang up until expiry of the mandate of the current Board, The curricula of the Directors are available on the Corporate Internet website www.pirelli.com.

¹ It is pointed out that the proposal has been formulated in abidance by applicable regulations in the matter of equilibrium of gender