

INTERIM CORPORATE GOVERNANCE REPORT

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The Company adopts the traditional administration and control system.

Pirelli's Corporate Governance system is based on the following: (i) the central role played by the Board of Directors that is responsible for the strategic guidance and supervision of the company's overall activities, with the power to guide the overall administration and the power to intervene directly in a series of significant decisions necessary or useful to achieve the company purpose; (ii) the central role of the Independent Directors; (iii) an effective internal control system; (iv) a proactive risk management system; (v) a remuneration system, in general, and an incentive system, in particular, for managers associated with medium and long-term economic targets, in order to align the management's interests with the shareholders' interests, by pursuing the priority objective of creating sustainable value in the medium/long term, by establishing a strong link between remuneration, on the one hand, the performance of individuals and Pirelli's performance, on the other hand; (vi) a strict discipline concerning potential conflicts of interest and solid principles of conduct to execute transactions with related parties.

Pirelli complies with the Self-Regulatory Code of companies listed on the Italian Stock Exchange (Borsa Italiana) from the date the Code was first issued.

The Company's Governance system is formally defined in the Code of Ethics, in the Company Bylaws, in the Regulation that governs Shareholders' Meetings and in a series of principles and procedures, which are updated periodically in relation to national and international best practices.

In the Interim Financial Report the Company discloses, on a voluntary basis, the updates and integrations made to its governance system compared to the details contained in the Annual Financial Report.

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Pirelli has been declared the "Best Corporate Governance in Italy" for the fourth consecutive year in the framework of the World Finance Corporate Governance Award 2014.

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The Board of Directors' mandate expired with the approval of the financial statements as at December 31, 2013. Accordingly, the Shareholders' Meeting held on June 12, 2014 renewed the Board of Directors. The Shareholders' Meeting appointed a Board of Directors comprising 15 members.

By adopting the voting slate system, the so-called minorities were able to appoint 3 Directors, corresponding to one fifth of the total (more in detail, the Directors Elisabetta Magistretti, Paolo Pietrogrande and Manuela Soffientini). In particular, 2 slates were submitted to the Shareholders' Meeting: one slate from Camfin S.p.A.¹ (that obtained approximately 62.14% of the votes of the voting capital represented in the Shareholders' Meeting²) and one slate from a group of asset management companies and financial intermediaries³ (that obtained approximately 26.48% of the votes of the voting capital represented in the Shareholders' Meeting).

The proponents of the lists made the candidates' profiles available to the shareholders to permit the prior knowledge of their personal and professional characteristics, as well as the fact that some candidates satisfied the requirements to be defined as independent.

The following persons were elected during the Shareholders' Meeting held on June 12, 2014: Marco Tronchetti Provera; Alberto Pirelli; Piero Alonzo (independent); Anna Maria Artoni (independent); Riccardo Bruno; Paolo Fiorentino; Luciano Gobbi (independent); Elisabetta Magistretti (independent); Gaetano Micciché; Emiliano Nitti (independent); Enrico Parazzini; Paolo Pietrogrande (independent); Luigi Roth (independent); Manuela Soffientini (independent); Claudio Sposito.

¹ The list was submitted by Camfin S.p.A. also for and on behalf of the subsidiary companies Cam Partecipazioni S.p.A. and Cam 2012 S.p.A.

² The reader is referred to:

http://www.pirelli.com/mediaObject/corporate/documents/common/investors/agg/2014/Pirelli_e_C_SpA-assemblea_12-6-2014-rendiconto_sintetico_votazioni0/original/Pirelli_e_C_SpA-assemblea_12-6-2014-rendiconto_sintetico_votazioni.pdf

³ AcomeA SGR.p.A. manager of the AcomeA Italia fund; Anima SGR S.p.A. manager of the following funds: Anima Geo Italia Fund, Anima Star Italia Alto Potenziale and Anima Italia Fund; APG Asset Management NV manager of the Stichting Depositary APG Developed Markets Equity Pool fund; Arca S.G.R. S.p.A. manager of the Arca BB and Arca Azioni Italia funds; Ersel Asset Management SGR S.p.A. manager of the Fondersel PMI fund; Eurizon Capital S.G.R. S.p.A. manager of the Eurizon Azioni Area Euro and Eurizon Azioni Italia funds; Eurizon Capital SA manager of the following funds: Eurizon Easy Fund Equity Italy, Eurizon Investment SICAV Europe Equities, Eurizon Easy Fund Equity Europe LTE, Eurizon Easy Fund Equity Euro LTE, Eurizon Easy Fund Equity Consumer Discretionary LTE, Rossini Lux Fund - Azionario Euro and Eurizon Easy Fund Equity Italy LTE; FIL Investments International manager of the Fidelity Funds - Italy Pool funds; Fideuram Investimenti S.G.R. S.p.A. manager of the Fideuram Italia fund; Fideuram Asset Management (Ireland) Limited manager of the following funds: Fideuram Fund Equity Italy, Fideuram Fund Equity Europe and Fonditalia Equity Italy; Interfund Sicav manager of the Interfund Equity Italy fund; Generali Investments SICAV for and on behalf of the following shareholders: GIS Small & Mid Cap Euro Equity and GIS Equity Italy; Mediolanum Gestione Fondi SgrpA manager of the Mediolanum Flessibile Italia fund; Mediolanum International Funds Limited - Challenge Funds; Pioneer Asset Management SA manager of the following funds: Pioneer Funds - Italian Equity and Pioneer Investment Management SGRpA manager of the Pioneer Italia Azionario Crescita fund.

The Board of Directors then appointed the following persons on June 12, 2014:

- Chairman and Chief Executive Officer: the Director, Marco Tronchetti Provera (also appointed to supervise the operation of the internal control system);
- Vice Chairman: the Director, Alberto Pirelli.

Lastly, the Board of Directors confirmed the Chief Financial Officer, Francesco Tanzi as the Director designated to prepare the company's accounting documents and also confirmed the qualification attributed to the previous "Executives with strategic business responsibilities": Gregorio Borgo, Francesco Tanzi, Maurizio Sala, Maurizio Boiocchi, Christian Vasino and Giuliano Menassi.

In addition, it should be noted that on June 12, 2014 Enrico Laghi resigned from the position as the Company's Statutory Auditor. As a result of the foregoing resignation, Sebastiano Umile Iacovino took over the office as Statutory Auditor, in accordance with the Company Bylaws; Sebastiano Umile Iacovino was an Alternate Auditor on the same list as the auditor that resigned.

On July 10, 2014, the Board of Directors acknowledged the resignation of the Directors Sposito, Bruno, Gobbi, Parazzini, Alonzo and Nitti and the Board co-opted the following six new directors, in accordance with Article 2386, paragraph 1 of the Italian Civil Code: Igor Sechin; Didier Casimiro; Andrey Kostin (independent); Ivan Glasenberg (independent); Petr Lazarev; Igor Soglaev.

In the same meeting the Board of Directors appointed Luigi Roth as the Lead Independent Director.

It should be noted that the Board of Directors established four Board Committees on July 10, 2014 with investigating, consultative and/or proposing duties:

- Committee for Control, Risks, Sustainability and Corporate Governance (also identified as the Committee for Transactions with Related Parties, excluding resolutions related to the remuneration of Directors and Executives with strategic responsibilities which are entrusted to the Remuneration Committee);
- Remuneration Committee;
- Strategies Committee;
- Appointments and Succession Committee.

The Board of Directors established the following conditions with regard to the structure of the above mentioned Committees:

- the Committee for Control, Risks, Sustainability and Corporate Governance was to be composed of Anna Maria Artoni, as Chairwoman, Andrey Kostin and Elisabetta Magistretti, all qualified as Independent Directors;
- the Remuneration Committee was to be composed of 3 members, exclusively independent, and in particular by: Luigi Roth, as Chairman, Ivan Glasenberg and Manuela Soffientini;
- the Strategies Committee was to be chaired by Marco Tronchetti Provera and the remaining members were to be Igor Sechin, Didier Casimiro, Andrey Kostin, Paolo Fiorentino, Luigi Roth and Manuela Soffientini;
- the Appointments and Succession Committee was to be chaired by Marco Tronchetti Provera and the other members were to be Annamaria Artoni, Didier Casimiro and Paolo Pietrogrande.

The Board of Directors also renewed the Supervisory Board on July 10, 2014, appointing Carlo Secchi as Chairman, and the Independent Director Elisabetta Magistretti, the Statutory Auditor Antonella Carù and the Internal Audit Director Maurizio Bonzi.

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It should be noted that in the above-mentioned meeting held on June 12, 2014, the Shareholders' Meeting was also called to express an opinion regarding the Pirelli Group's "Remuneration Policy", in addition to approving the financial statements and appointing the Board of Directors.

The Policy was prepared based on the Policy adopted during the previous years and on the respective application experience, and in addition, takes into account the regulatory requirements adopted by Consob, as well as the fact that the Board of Directors has adopted a new Long Term Incentive Cash Plan for the 2014-2016 period ("the new LTI Plan") in support of the new 2013-2017 Industrial Plan.

The Shareholders' Meeting expressed its favourable vote as regards the Policy with 97% of the votes of the voting capital represented in the Shareholders' Meeting. The Shareholders' Meeting also approved the adoption of the 2014-2016 three-year LTI (Long Term Incentive) Plan, for the part associated with the Total Shareholder Return; the Long-Term Incentive Plan was announced to the market on February 28 and is related to the targets of the 2013-2017 industrial plan.

Lastly, the Shareholders' Meeting was called to express an opinion on the proposal to “acquire and dispose of treasury shares”, in relation to which the Shareholders' Meeting expressed a favourable vote with 98% of the votes of the voting capital represented in the Shareholders' Meeting.