



**Pirelli & C. S.p.A.**

**Minutes of the Board of Directors' Meeting  
November 8, 2011  
notarised part**

**Minutes of the Board of Directors' Meeting  
REPUBLIC OF ITALY**

In the year 2011 (two thousand eleven)  
on the 8th (eighth)  
day of the month of November  
at 5:30 PM (five thirty PM)

in Milan at Viale Piero e Alberto Pirelli no. 25

Before me, **Carlo Marchetti**, notary in Milan registered in the Board of Notaries of Milan, the following person appeared:

– **Marco Tronchetti Provera**, born in Milan on January 18 1948, domiciled for the purposes of his office in Milan at Viale Piero e Alberto Pirelli no. 25, of whose personal identity I, the notary, am certain, who, declaring that he acts in his capacity as Chairman of the Board of Directors and therefore in the interests of the listed joint-stock company known as:

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

with registered offices in Milan at Viale Piero e Alberto Pirelli no. 25, fully subscribed and paid-in share capital Euro 1,345,380,534.66, tax code and Registry of Companies of Milan registration number: 00860340157, registered in the Economic and Administrative Index (R.E.A.) of Milan at no. 1,055 (hereafter also referred to as the "Company" or "Pirelli"),

asks me to acknowledge, regarding the item 3.b.h of the agenda, the meeting of the Company's Board of Directors, meeting to discuss and debate the following

**agenda**

(omissis)

*3.b. Financial transactions and investments:*

a. (omissis)

b. **Authorisation to issue a bonded loan by the Company or its subsidiaries, to be guaranteed by the Company and subscribed exclusively by qualified investors. Related and consequent resolutions;**

(omissis).

I further the request and note that the Board acts, concerning point 3.b.b of the agenda, as follows.

The appearing party takes the chair, in his aforementioned capacity, who notes and announces that:

– the Board of Directors was duly convened by summons sent on 3 November 2011 to all those with rights to attend by fax as per art. 12 of the current By-laws;

– in addition to the party appearing before me, the following directors are present: A. PIRELLI (Vice Chairman), V. MALACALZA (Vice Chairman, in tele conference), C. ACUTIS, A. M. ARTONI, G. BENETTON (in tele conference), A. BOMBASSEI, F. BRUNI (in tele conference), L. CAMPIGLIO, P. FERRO-LUZZI, P. GUINDANI, G.M. LIGRESTI, E. MAGISTRETTI, R. PAGLIARO, F. PROFUMO, L. ROTH and C. SECCHI, and statutory auditors: E. LAGHI (Chairman, in tele conference), P. GUALTIERI (in tele conference) and P. SFAMENI;

the other three directors were absent with justification.

The Chairman thus confirms that the meeting is duly constituted, having been called as stated above and qualified to pass resolutions on item 3.b.b of the agenda appearing above.

Moving on to discuss this item, the Chairman reminded those in attendance that art. 2410 of the Italian civil code grants to the Company's administrative body the power to issue non-convertible bonds, unless otherwise stated by the Company's By-Laws. Furthermore, art. 2412 of the Italian civil code allows for the issue of bonds for a total amount not exceeding twice the amount of share capital, legal reserves and available reserves resulting from the last approved financial statements and excludes the existence of any quantitative limits on the issuing of bonds by stock exchange listed companies to be listed on the same or another regulated stock exchange.

The Chairman thus illustrates the proposal to authorise issuing one or more bond loans to be subscribed exclusively by qualified investors (and therefore excluding any form of subscription among the general public) to be issued by Pirelli, the subsidiary Pirelli Tyre S.p.A. or other Pirelli subsidiaries. Pirelli will fully guarantee the loan in favour of investors and in the issuing company's interest. The single issues should be resolved by the concerned issuing company's qualified boards. The operation would permit the Company to directly, or through its subsidiaries, take advantage of any opportunities which might arise on the market in view of a context favourable to companies with

good creditworthiness, while at the same time permitting diversification of sources of financing and postponing the average payback date of the company's consolidated debt.

The Chairman, in light of the above, thus proposed to authorise the issue of one or more non-convertible bond loans, to be issued in several tranches by or before 31 December 2012, by Pirelli, the subsidiary Pirelli Tyre S.p.A or other Pirelli subsidiaries. Pirelli shall fully guarantee the loans in favour of investors and in the issuing company's interest for an equivalent maximum amount of 800 millions Euro (also as an equivalent value in other currencies), loans all to be placed with qualified Italian and/or foreign investors. The bonds will be subject to the English law (or suitable other considering the issuer subsidiary's location or concerned markets) and, for bonds issued on the Euro market, non-bearer bonds or for which listing is standard, shall be intended for and listed on the Stock Exchange of Luxembourg and/or any other regulated market, even non-European.

The Chairman thus summarises the features of the operation:

- structure: even in several issues and each even in several tranches;
- recipients: bonds will be offered for subscription exclusively to qualified investors in Italy and/or abroad (with the exception, for issues by the Company and Pirelli Tyre S.p.A., of the United States of America, Canada, Switzerland and Japan);
- term: the term of the single issues and tranches will be 3 (three) to 20 (twenty) years, with an advance repayment option;
- issue currency: Euro or another currency;
- denomination: minimum Euro 100,000.00 (one hundred thousand/00);
- issue price: the issue price, which may be different for each issue or tranche, shall be determined in accordance with the overall yield offered subscribers;
- interest rate: the interest rate, which may be different for each issue or tranche, must be:
  - (i) if fixed, included – depending on term – between 0% (zero percent) and 6% (six percent) over the average IRS rate for the same due date;
  - (ii) if variable, included – depending on term – between 0% (zero percent) and 6% (six percent) over the applicable monetary indexing parameter (such as Euribor, Libor, etc.);
  - (iii) if zero coupon securities are issued, the absence of a coupon must be compensated by an issue commission or a repayment bonus, offering a financial yield equivalent to the interest rate established within the interval indicated above, depending on the selected term; if payment of the yield in zero coupon form takes place with a repayment bonus, this bonus must take into account acknowledgement only upon expiration of the interest rate through an adequate capitalisation mechanism.

Interest may also be paid by a combination of the above types, in compliance with the limits described above; it may therefore be the case that, while the ceiling of 600 points above the reference indexing parameter remains in effect, the interest for a variable rate bond is paid partly during the lifespan of the security, to a fixed or variable extent, and partly upon its expiration, similarly to so-called zero coupons;

- applicable law: British law or other appropriate law in consideration of the issuer subsidiary's location or concerned markets;
- listing: for bonds issued on the Euro market, non-bearer bonds, or for which listing is standard, the Luxembourg Stock Exchange and/or another regulated market, even non-European;
- guarantee: a surety bond may be issued by the Company, by the subsidiary Pirelli Tyre S.p.A. (even in the company's interest) or both, as a guarantee, by methods and with an efficacy to be determined, including the possibility of extinction in advance of the bonds' due date, and (in this case) renewal or a new guarantee referring to bonds already issued in the case of circumstances to be determined, also with reference to compliance with financial parameters on a consolidated basis;
- other terms: possible change of major shareholder clause by the Company and change of ownership clause by Pirelli Tyre S.p.A., possibility of substitution of both the issuer and the guarantor, with terms and effects to be determined and other clauses typical of this kind of issue, also with reference to compliance with financial parameters on a consolidated basis, others similar to this type of operation or bank loans and in line with those already stipulated in one or the other context.

The Chairman underlines once again that the final deadline for issuing bonds is December 31 2012. The issue of non-convertible bonded loans under today's proposal, reminded the Chairman, for loans listed on regulated markets shall not be subject to quantitative limits under the law.

Thus, prof. Enrico LAGHI, on behalf of the entire Board of statutory auditors and as per art. 2412 of the Italian civil code, first paragraph, in the event of bond issues not intended and listed on regulated markets, confirms, to his knowledge, that the proposal for bond issue meets the limits stated in art. 2412 of the Italian civil code.

The Board of Directors, therefore, having acknowledged the rules governing the issuing of bonded loans as per articles 2410 and 2412 of the Italian civil code;

having heard

the Chairman's report;

subordinately

the fulfilment of all requirements and conditions of the applicable rules and with a commitment of the proxies to report to the Board on the execution of the operations described herein provided that the single issues must be resolved by the concerned issuer's qualified boards,

resolves,

voting by show of hands,

unanimously

#### Firstly

to authorise the issue, even in several issues and each in several tranches, of non-convertible bond loans, by Pirelli, the subsidiary Pirelli Tyre S.p.A., with Pirelli fully guaranteeing in favour of investors and in the issuer company's interest, all for a maximum equivalent value of Euro 800,000,000.00 (eight hundred millions/00) (even as an equivalent value in other currencies), by or before 31 (thirty-one) December 2012 (two thousand and twelve), with the features summarised below:

- structure: even in several issues and each even in several tranches;
- recipients: bonds will be offered for subscription exclusively to qualified investors in Italy and/or abroad (with the exception, for issues by the Company and Pirelli Tyre S.p.A., of the United States of America, Canada, Switzerland and Japan);
- term: the term of each tranche will be 3 (three) to 20 (twenty) years, with an advance repayment option;
- issue currency: Euro or another currency;
- denomination: minimum Euro 100,000.00 (one hundred thousand/00);
- issue price: the issue price, which may be different for each issue or tranche, shall be determined in accordance with the overall yield offered subscribers;
- interest rate: the interest rate, which may be different for each issue or tranche, must be:
  - a) if fixed, included – depending on term – between 0% (zero percent) and 6% (six percent) over the average IRS rate for the same due date;
  - b) if variable, included – depending on term – between 0% (zero percent) and 6% (six percent) over the applicable monetary indexing parameter (such as Euribor, Libor, etc.);
  - c) if zero coupon securities are issued, the absence of a coupon must be compensated (i) by an issue commission or (ii) by a repayment bonus, offering a financial yield equivalent to the interest rate established within the interval indicated above, depending on the selected term; if payment of the yield in zero coupon form takes place with a repayment bonus, this bonus must take acknowledgement into account only upon expiration of the interest rate through an adequate capitalisation mechanism.

Interest may also be paid by a combination of the above types, in compliance with the limits described above; it may therefore be the case that, while the ceiling of 600 (six hundred) points above the reference indexing parameter remains in effect, the interest for a variable rate bond is paid partly during the lifespan of the security, to a fixed or variable extent, and partly upon its expiration, similarly to so-called zero coupons;

- applicable law: British law or other appropriate law in consideration of the issuer subsidiary's location or concerned markets;
- listing: for bonds issued on the Euro market, non-bearer bonds, or for which listing is standard, the Luxembourg Stock Exchange and/or another regulated market, even non-European;
- guarantee: a surety bond may be issued by the Company, by the subsidiary Pirelli Tyre S.p.A. (even in the company's interest) or both, as a guarantee, by methods and with an efficacy to be determined, including the possibility of extinction in advance of the bonds' due date, and (in this case) renewal or a new guarantee referring to bonds already issued in the case of circumstances to be determined, also with reference to compliance with financial parameters on a consolidated basis;
- other terms: possible change of major shareholder clause by the Company and change of ownership clause by Pirelli Tyre S.p.A., possibility of substitution of both the issuer and the guarantor, with terms and effects to be determined and other clauses typical of this kind of issue, also with reference to compliance with financial parameters on a consolidated basis, others similar to this type of operation or bank loans and in line with those already stipulated in one or the other context.

#### And secondly

to appoint the Chairman of the Board of Directors Marco Tronchetti Provera to implement the

resolution to issue bonds as described above, with the power to sub-delegate and with all the broadest powers in this regard, including the power to:

- determine the amount of the issue and of individual tranches, establishing, once again within the established limits, term, issue price, interest rate and methods of interest payment, and the possible issue commission or repayment bonus;
- determine, within the limits stated above, the conditions of the loan and of the tranches into which it may be divided, determining the regulations governing them;
- proceed to sell the bonds, stipulating all negotiations and agreements required for this, including those with intermediaries and agents, with the right to proceed with necessary issued bond purchases, setting conditions;
- determine, within the above resolved limits, the sales conditions for the single sureties, that may be individually or jointly granted;
- proceed with fulfilment of all requirements, including the providing of information, with all competent authorities in Italy or abroad, in relation to the issuing of the loan, its placement and listing, including publication of documents (including, by way of example but not exhaustively, fulfilment of requirements for definition and publication of listing information on the bonds to be issued);
- performing all formalities required for these resolutions to be recorded in the Registry of Companies, with the option of introducing any variations, corrections or additions thereto that may be appropriate for the purpose and/or required by the competent authorities, even during entry in the Registry of Companies;
- the power to perform all acts which are necessary, useful or appropriate for the successful conclusion of the initiative.

At this point, the Chairman moves on to the next item on the agenda, as described in separate minutes,

It is now 5:40 (five forty)

I have read this document to the party appearing before me, who approves it and signs it with me.

It consists of five sheets of paper written by mechanical means by my entrusted employee and by my hand on fourteen sides and the fifteenth to this point.

Signed, Marco Tronchetti Provera

Signed, Carlo Marchetti, notary

Computerised exact copy of the original of the printed document in accordance with art. 23, paragraphs 3, 4 and 5 of Legislative Decree 82/2005, in sufficient time for registration in the Registry of Companies of Milan

Signed Carlo Marchetti

Milan, 16 November, 2011

Absolved via M.U.I. under February 22 2007 Decree