



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

**SHAREHOLDERS' MEETING 10 MAY 2012**

**Reports of the Board of Directors  
and proposals of resolution**

**Appointment of Two Members  
of the Board of Directors**

## **Appointment of Two Members of the Board of Directors**

Shareholders,

The Ordinary Shareholders' Meeting held on April 21, 2011 renewed the Company Board of Directors, setting the number of Directors' seats at 20 and establishing a term of three years for the Board of Directors. Consequently, it will expire at the Shareholders' Meeting called to approve the Annual Financial Report of the Company at December 31, 2013.

Following adoption of the voting list mechanism, the non-controlling interests were able to appoint four Directors pursuant to the Company Bylaws.

Two Directors resigned from their positions in 2011. In particular:

- on November 16, 2011, Prof. Francesco Profumo (independent director elected on the list submitted by non-controlling interests) resigned after accepting his appointment as Minister of the Republic of Italy;
- on December 16, 2011, Mr Enrico Tommaso Cucchiani (Director without executive authority elected from the majority shareholder list) resigned after accepting a position at the Intesa Sanpaolo Group.

Following this resignation, at the meeting held on March 1, 2012, and pursuant to Article 10.12 of the Company Bylaws and Article 2386 paragraph 1 Italian Civil Code, the Board of Directors resolved, with approval by the Board of Statutory Auditors, to co-opt the following Directors: (i) Mr Giuseppe Vita, in replacement of Mr Enrico Tommaso Cucchiani, and (ii) on motion by the Nominations and Successions Committee, Mrs Manuela Soffientini, in replacement of Prof. Francesco Profumo. In regard to the latter appointment, although it had no obligation to do so under the law or the Corporate Governance Code, the Nominations and Successions Committee decided that it was appropriate to consult with Assogestioni in choosing the candidates to propose to the Board of Directors, insofar as Prof. Profumo had been drawn from the non-controlling interests list submitted by a group of Italian asset management companies and certain institutional investors specifically sponsored by Assogestioni.

Consistently with Pirelli's commitment to keep its corporate governance system in compliance with best Italian and international practices at all times, the Nominations and Successions Committee proposal to appoint Mrs Manuela Soffientini was also justified in view of increasing the number of women serving on the Board of Directors.

Following her co-optation, 20% of the seats on the Board of Directors are held by women, and thus immediately in compliance with the provisions of Law 120 of July 12, 2011. By amending the clauses of the Consolidated Finance Law (Legislative Decree 58 of 1998, or "TUF") that

govern the composition of management bodies (Art. 147-ter) and supervisory bodies (Art. 148), it requires that at least one fifth of the seats in company bodies be held by the least represented gender on first-time application of the law. This is in spite of the fact that the new provisions will apply beginning with the first renewal of the management and supervisory bodies one year or later after the date on which the law enters into force. Therefore, these provisions shall apply to the Pirelli Board of Directors beginning with its renewal scheduled for the Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2013.

At the same meeting, the Board of Directors found that the new Directors satisfied the prerequisites imposed by applicable law for assuming their position, as well as satisfaction by Mrs Soffientini of the prerequisites for independence envisaged in TUF (Art. 147-ter (4) and Art. 148(3) of Legislative Decree 58/98) and the Corporate Governance Code of Borsa Italiana.

Pursuant to Article 2386(1) Italian Civil Code, the terms of Directors Vita and Soffientini will expire with that of the current Board of Directors.

In the specific case, the voting list procedure does not apply since the entire Board of Directors is not being renewed. Therefore, as envisaged in Article 10.11 of the Company Bylaws, whenever Directors are appointed without applying the voting list procedure, the Shareholders' Meeting shall resolve with the majorities provided by law.

The term of Directors who are appointed in this way shall expire with that of the current Board of Directors, and thus on the date of the Shareholders' Meeting called to approve the Annual Financial Report at December 31, 2013.

Finally, it should be recalled that each member of the Board of Directors is entitled to gross annual compensation of euro 50 thousand for their position, in addition to any other emoluments established by the Board of Directors if they participate on Board of Directors committees.

#### **Motion by the Board of Directors**

On the basis of the foregoing, the Board of Directors proposes that you appoint Manuela Soffientini and Giuseppe Vita as Directors of the Company.

Their curricula vitae are available on the Company website [www.pirelli.com](http://www.pirelli.com).

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The Shareholders may also submit additional nominations of candidates for the Board of Directors during the Shareholders' Meeting.