



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

**Minutes of the Board of Directors' Meeting  
29 July 2010  
first item of the agenda**

Index no. 18414

File no. 5907

**Minutes of the Board of Directors' Meeting**

**REPUBLIC OF ITALY**

In the year 2010 (two thousand ten)

on the 29th (twenty-ninth) day of the month of July

at 11:40 AM (eleven forty AM)

in Milan at Viale Piero e Alberto Pirelli no. 25

Before me, **Piergaetano 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 1,556,692,865.28, 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. 1055 (hereafter also referred to as the "Company" or "Pirelli"),

asks me to acknowledge, regarding the first item of the agenda, the meeting of the Company's Board of Directors, meeting in response to the summons identified below to discuss and debate the agenda also appearing below.

I respond to the request by acknowledging the following.

Dr. Marco Tronchetti Provera chairs the meeting and notes and announces that:

– the Board has been called to meet at this time, place and date with the following

agenda

*1. Financial transactions and investments.*

*A) Authorisation to issue a bonded loan to be subscribed exclusively by qualified investors. Related and consequent resolutions;*

*(omissis)*

- the meeting has been called on July 23 2010 by fax and e-mail in accordance with the Company's By-Laws;
- the meeting is attended by the party appearing before me and by all directors with the exception of directors Benetton, Cucchiani, Massimo Moratti, Perissinotto, Giampiero Pesenti, who are absent with justification, and auditors Enrico Laghi (Chairman) and Paolo Sfameni, auditor Paolo Gualtieri being absent with justification.
- with the unanimous consent of those present, the meeting is also attended by the Secretary, Mrs. Svelto, and some other Company's executives.

Following various statements recorded in separate minutes, the Chairman confirms that the meeting is duly constituted, having been called as stated above and qualified to pass resolutions on the items of the agenda appearing above, with the presence of fifteen out of twenty directors. Going on to discuss the items of the agenda, following an explanation by financial director Dr. Tanzi, the Chairman notes first of all that article 2410 of the 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, while article 2412 of the civil code 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 operation consists of possible issuing of a bonded loan to be subscribed exclusively by qualified investors (and therefore excluding any form of subscription among the general public). The planned bond issue would permit the Company to 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. In view of all these considerations, the

proposal is to authorise issuing of a non-convertible bonded loan, which may be issued in multiple tranches, by July 31 2011, up to a maximum value of 800 million Euro, to be placed on qualified Italian and/or foreign investors (excluding investors in the United States of America, Canada and Japan). The bonds will be subject to the English law (except for aspects connected with the bondholders' organisation, which will be subject to the Italian law or must in any case not conflict with the Italian law) and will be listed on the Stock Exchange of Luxembourg and/or any other regulated market.

The features of the proposed issue may be summed up as follows:

- structure: in one or more tranches;
- recipients: bonds will be offered for subscription exclusively to qualified investors in Italy and/or abroad (with the exception of the United States of America, Canada and Japan);
- term: the term of each tranche will be 3 (three) to 10 (ten) years, with an advance repayment option;
- issue currency: Euro (or another currency);
- denomination: minimum Euro 50,000 (fifty thousand);
- issue price: the issue price, which may be different for each tranche, shall be determined in accordance with the overall yield offered subscribers;
- interest rate: the interest rate, which may be different for each tranche, must be:
  - (i) if fixed, included – depending on term – between 0% (zero percent) and 5% (five percent) over the average IRS rate for the same due date;
  - (ii) if variable, included – depending on term – between 0% (zero percent) and 5% (five 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 500 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: English law, except for aspects related to bondholders' organisation, which must be subject to Italian law;
- listing: Luxembourg Stock Exchange and/or another regulated market;
- guarantee: a bond guarantee may be issued by the subsidiary Pirelli Tyre S.p.A. as a guarantee, with terms and effects 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 issuer Pirelli & C. S.p.A. 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.

It is once again stated that the final deadline for issuing bonds is July 31 2011.

The Chairman reminds that the described issue of non-convertible bonded loans is regulated by the rules which governs bonded loans listed on regulated markets by issuers whose shares are in turn listed on regulated markets, and therefore shall not be subject to quantitative limits under the law.

The Board of Directors therefore,

having acknowledged

the rules governing the issuing of bonded loans for listing on regulated markets by issuers whose shares are listed on regulated markets, as stated in sections 2410 and 2412 of the civil code;

having heard

the Chairman's report;

further to

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;

unanimously resolves,  
voting by show of hands,

Firstly

to authorise the issue, possibly in multiple tranches, of a non-convertible bonded loan by July 31 (thirty-first) 2010 (two thousand and ten) worth up to Euro 800,000,000.00 (eight hundred million/00), with the features listed below:

- structure: in one or more tranches;
- recipients: bonds will be offered for subscription exclusively to qualified investors in Italy and/or abroad (with the exception of the United States of America, Canada and Japan);
- term: the term of each tranche will be 3 (three) to 10 (ten) years, with an advance repayment option;
- issue currency: Euro (or another currency);
- denomination: minimum Euro 50,000 (fifty thousand);
- issue price: the issue price, which may be different for each tranche, shall be determined in accordance with the overall yield offered subscribers;
- interest rate: the interest rate, which may be different for each instalment, must be:
  - (a) if fixed, included – depending on term – between 0% (zero percent) and 5% (five percent) over the average IRS rate for the same due date;
  - (b) if variable, included – depending on term – between 0% (zero percent) and 5% (five 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 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 500 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: English law, except for aspects related to bondholders' organisation, which must be subject to Italian law;
- listing: Luxembourg Stock Exchange and/or another regulated market;
- guarantee: a bond guarantee may be issued by the subsidiary Pirelli Tyre S.p.A. as a guarantee, with terms and effects 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 issuer Pirelli & C. S.p.A. 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.

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 each single tranche, establishing, once again within the established limits, the term, issue price, interest rate and methods of 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 rules governing them;
- proceed to sell the bonds, stipulating all negotiations and agreements required for this, including those with intermediaries and agents;
- 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, amendments or additions thereto that may be appropriate for the purpose and/or required by the competent authorities, even during filing to the Registry of Companies;
- the power to perform all acts which are necessary, useful or appropriate for the successful conclusion of the project.

At this point the Chairman continues to discuss the other items on the agenda, described in separate minutes, from which I, the notary, am discharged.

It is now 12:10 (ten minutes past twelve)

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

It consists of four sheets of paper written by mechanical means and by my hand on thirteen sides minus four lines.

Signed, Marco Tronchetti Provera

Signed, Piergaetano 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, Piergaetano Marchetti

Milan, July 29 2010

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