



PIRELLI & C.

Società per Azioni

**Share capital Euros 2,791,311,344.64 fully paid-in
Registered office in Milan, Via G. Negri 10
Milan Companies Register No. 00860340157**

**Report of the Common Representative to the Special Meeting of the
savings shareholders of Pirelli & C. S.p.A.
called on 12, 13 and 14 December 2007**

PIRELLI & C. S.p.A.

Board of Directors ¹

Chairman ²	Marco Tronchetti Provera
Deputy Chairman ²	Alberto Pirelli
Deputy Chairman ²	Carlo Alessandro Puri Negri
Directors:	Carlo Acutis * Carlo Angelici * ° Gilberto Benetton Alberto Bombassei * Franco Bruni * ° Enrico Tommaso Cucchiani Gabriele Galateri di Genola Mario Garraffo * Dino Piero Giarda * Berardino Libonati * ^ Giulia Maria Ligresti Massimo Moratti Giovanni Perissinotto Giampiero Pesenti * ^ Luigi Roth * Aldo Roveri * ^ Carlo Secchi * °

* Independent director

° Member of the Internal Control and Corporate Governance Committee

^ Member of the Remuneration Committee

Secretary to the Board	Anna Chiara Svelto
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Board of Statutory Auditors ³

Chairman	Luigi Guatri
Standing members	Enrico Laghi Paolo Francesco Lazzati
Alternate members	Franco Ghiringhelli Luigi Guerra

General Managers ⁴

Operations	Claudio De Conto
Finance and Strategic Planning	Luciano Gobbi

Independent Auditors ⁵

PricewaterhouseCoopers S.p.A.

Manager responsible for financial reporting ⁶

Claudio De Conto

¹ Appointment: April 28, 2005. Expiry: shareholders' meeting called to approve the financial statements at December 31, 2007.

Alberto Bombassei (co-opted by the board of directors on September 12, 2006) and Luigi Roth were appointed by the shareholders' meeting held on April 23, 2007; on July 26, 2007, the board of directors appointed Enrico Tommaso Cucchiani to replace Paolo Vagnone.

² Post conferred by the board of directors' meeting held on April 28, 2005.

³ Appointment: April 21, 2006. Expiry: shareholders' meeting called to approve the financial statements at December 31, 2008.

⁴ Until June 30, 2006, Francesco Gori was the general manager of the Tyres Sector. Beginning July 1, 2006, he is the CEO and general manager of Pirelli Tyre S.p.A..

⁵ Appointment conferred by the shareholders' meeting held on April 28, 2005.

⁶ Appointment: conferred by the board of directors' meeting held on May 10, 2007. Expiry: shareholders' meeting called to approve the financial statements at December 31, 2007.

Pirelli & C. – Società per Azioni
Milan - Via G. Negri n. 10
Share capital Euro 2,791,311,344.64 fully paid in
Tax Code and Number of Registration with the Milan
Company Register n. 00860340157

CALL TO SPECIAL SHAREHOLDERS' MEETING

The holders of saving shares of Pirelli & C. S.p.A. (the "Company") are called to a special general meeting to be held in Milan, Viale Sarca 214

- . at 4 p.m. on Wednesday 12th December, 2007 on first call (and anyway following the General Meeting of ordinary Shareholders called at 10.30 a.m. of the same day);
 - . at 10.30 a.m. on Thursday 13th December, 2007 on second call
 - . at 10.30 a.m. on Friday 14th December, 2007 on third call
- to discuss and resolve upon the following

AGENDA

Proposal of approval, as far as the special shareholders' meeting is competent in this relation, of the resolutions adopted by the extraordinary general meeting of ordinary shareholders called on 11th December, 2007 at 10.30 a.m. on first call and on 12th December, 2007 at 10.30 a.m. on second call to resolve, among other things, on the following item of the Agenda: "*Voluntary reduction of the share capital from EUR 2,791,311,344.64 to EUR 1,556,692,865.28, according to the provisions of article 2445 of the Italian civil code, through reduction of the nominal value of the ordinary shares and of the saving shares, in order to partly repay the shareholders and partly optimize the financial structure of the Company. Consequent amendment of article 5 of the Company's By-Laws. Inherent and consequent resolutions. Granting of powers.*"

According to the provisions of law and to the Company's By-Laws, holders of savings shares for which the Company has received the communication pursuant to article 2370, paragraph 2, of the Italian Civil Code at least two days prior to the date set for each meeting shall be entitled to attend the shareholders' meeting.

The documentation relevant to the item of the agenda will be made available to the public at the Company head office and at Borsa Italiana S.p.A. within 24th November, 2007 and published on the web site of the Company (www.pirelli.com).

The above mentioned amendment to the Company's By-Laws, if approved by the general meeting of ordinary shareholders, will entitle holders of saving shares not concurring to the approval of the resolution to exercise the withdrawal right, as the above mentioned amendment will cause a substantial change to the participation rights granted to the holders of saving shares.

for the Board of Directors
The Chairman
(Dr. Marco Tronchetti Provera)

This notice has been published on the Official Gazette of the Italian Republic dated 10th November, 2007 and on "Finanza & Mercati", "Il Sole 24 Ore" e "Milano Finanza" on 13th November, 2007
A notice of amendment, due to a mistake in the text of the call, has been published on 17th November, 2007.

Report of the Common Representative on the agenda of the special meeting of the savings shareholders of Pirelli & C. Società per Azioni called on 12, 13 and 14 December 2007

Dear Shareholders,

you have been called to a special meeting to approve, to the extent of your competence, the resolution which shall be taken by the extraordinary general meeting of ordinary shareholders (called on 11 and 12 December 2007, respectively on first and second call) with reference to the proposal to voluntarily reduce the share capital through reduction of the nominal value of the ordinary shares and of the savings shares, with consequent amendment of article 5 of the Company's By-Laws.

In particular, the extraordinary general meeting of ordinary shareholders is called to resolve upon the proposal to reduce from EUR 0.52 to EUR 0.29 the nominal value of each of the ordinary shares and of the savings shares. Should the transaction obtain the necessary approvals from the shareholders' meetings, the share capital shall be reduced from the current amount of EUR 2,791,311,344.64 to EUR 1,556,692,865.28.

As pointed out in the Directors' Report concerning the agenda of the extraordinary general meeting, the voluntary reduction of the share capital is aimed partly to carry out a reimbursement to shareholders and partly to better organize the financial structure of the Company. Therefore, should the transaction be approved, the Company will:

- (i) pay an "extraordinary dividend" by way of reimbursement to both the ordinary and the savings shareholders of an amount equal to EUR 0.154 per share, for an aggregate amount equal to EUR 826,657,590.53; and
- (ii) create an available reserve for the remaining amount of EUR 407,960,888.83.

With reference to tax aspects, the transaction, involving a capital reimbursement, is tax neutral both for the Company and the shareholder being reimbursed.

You have been called to approve the resolution to reduce the share capital since the transaction, affecting the nominal value also of the savings shares, will consequently reduce the basis with reference to which, pursuant to the Company's By-Laws, the preferential treatment attributed to the class is calculated. In light of the *quora* provided by the law for the approval of resolutions that may affect the rights pertaining to the class, the proposal subject to the approval of the special savings shareholders' meeting will require, to be approved, the favourable vote of a percentage equal to at least 20% of the share capital constituted by savings shares.

Moreover, since the transaction involves a variation of the nominal value of the savings shares and, accordingly, a substantial variation of the participation rights pertaining to savings shareholders as a consequence of the reduction of the basis for the calculation of the preferential treatment, should the proposal to voluntarily reduce the share capital be approved by both the extraordinary general meeting and the special savings shareholders' meeting, savings shareholders who did not concur to adopt the resolution of the special savings shareholders' meeting will be entitled to exercise the right to withdraw from the Company, pursuant to article 2437 and ff. of Italian civil code, on terms and subject to the conditions specified in the Directors' Report and in the notices which will be published by the Company in accordance with the law (to which you may make reference).

The consideration relating to the savings shares for which the withdrawal right is exercised has been finally determined – by making reference, pursuant to the law, to the arithmetic

mean of the official stock exchange prices of the savings shares in the 6 months preceding November 10, 2007, i.e. the date of publication of the notice of call relating to the shareholders' meeting which gives rise to the right of withdrawal – in EUR 0.8055 per each savings share.

For completeness, the transaction, as far as savings shareholders are concerned, will not involve amendments to the Company's By-Laws other than those regarding the nominal value of the shares constituting the share capital. Therefore, article 18 of the Company's By-Laws, concerning the distribution of annual profits, will remain unchanged.

For any other information regarding the reduction of share capital please make reference to the Report of the Board of Directors which is available, as this Common Representative Report, at the registered office of the Company, at Borsa Italiana S.p.A. as well as on the Internet website of the Company (www.pirelli.com).

Milan, 22 November 2007

The Common Representative of savings shareholders
of Pirelli & C. Società per Azioni

Avv. Giovanni Pecorella