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Minutes of Special Extraordinary Meeting of Public Listed Company
Republic of Italy

In the year 2007 (two thousand seven),
on the 20th (twentieth) day
of the month of December

in Milan, in my office in Via Agnello, 18,

Mr. Giovanni Pecorella, Solicitor, born in Milan on 17th June, 1959, whose personal identity I herewith testify in my position of Notary Public, has come to stand before myself, the undersigned Mr. Carlo Marchetti, Notary Public competent to act in the area of Rho and registered into the Notary Public List of Milan. Mr. Pecorella, having set his domicile in Milan, Via G. Negri No. 10 for the purpose of his current assignment, and in his position of Common Representative of All Savings Shareholders of the Joint-Stock Company

“Pirelli & C. Società per Azioni”

also referred to as “Pirelli & C. S.p.A.”, with registered office in Milan, Via G. Negri No. 10, with Share Capital equal to Euro 2,791,311,344.64, Fiscal Code and Registration Number into the Milan's Enterprise Registry 00860340157, requested the execution of a Notary Public deed faithfully and officially reporting records of the Saving Shareholders' Meeting, held on

December 14, 2007

on third call, in Milan, Viale Sarca No. 214, in order to discuss and resolve on the following agenda, as hereby reported. The said meeting notice is mentioned hereby too. According to the said request, this deed is a testimony of the said Meeting, and its contents are true and faithful records of the occurring thereof.

The Appearer takes the chair of the Meeting by virtue of his aforementioned position, and (at 10:45 a.m.) under Company Bylaws firstly entrusts me - in my position of Notary Public – with the assignment of drawing Minutes, then he releases acknowledgment, information, and notice of the Meeting being called in order to discuss and resolve on the following

agenda

Submitting to authorization, as provided by regulations about powers and competence, the resolution taken by the Extraordinary Shareholders' Meeting held on 11th December, 2007, at 10:30 a.m. on first call, and on 12th December 2007 a.m. on second call, if necessary, in order to resolve

on the following item of the agenda, among others:

“Share capital voluntary decrease from Euro 2,791,311,344.64 down to Euro 1,5556,692,865.28 in accordance with Article 2445 of the Italian Civil Code, by reduction of the nominal value of ordinary and savings shares, partly for Shareholders reimbursement purpose, and partly in order to optimize Company financial situation, and subsequent amendment of Article 5 of Company Bylaws accordingly. Relating and consequent resolutions. Power assignment;

- Meeting notice was published in the Official Gazette of the Italian Republic No 131, date issued, November 10, 2007; due to the necessary amendment of a misprint in the firstly published text, relevant notice of amendment was published in the Official Gazette of the Republic of Italy, issue No. 134, date issued 17th November, 2007;
- The same notice was also published, on November 13, 2007, by *Il Sole 24 Ore*, *Milano Finanza*, and *Finanza & Mercati*; relevant notice of amendment was published too by them on November 17;
- The Meeting, convened on first call on December 12, 2007, and on second call on December 13, 2007, was deserted for insufficient number of represented shares, according to the minutes which will be reported in the Company Register of Savings Shareholders' Meetings;
- Share capital amounts to Euro 2,791,311,344.64 divided into No 5,367,906,432 shares with a nominal value of Euro 0.52 each, of which 5,233,142,003 ordinary shares, and No 134,764,429 savings shares;
- To date, the Company does not own any savings shares;
- At 10:48, total number of Savings Shareholders attending the Extraordinary Meeting for special establishing purpose equals 132 on their own behalf or by proxy, for No. 29,731,967 savings shares. Therefore, holders of 22.062% of savings shares are attending the Meeting in total.

The Chairman then ascertains and acknowledges that the Meeting is regularly constituted and can discuss and deliberate on the Agenda.

Following on, he observes and recalls that:

- Documentation on the only item of the Agenda was duly noticed in accordance with applicable regulations, as well as published on the Company website; in particular, the dossier containing Director's expounding report on the proposed share capital decrease was made available to the public at the head office and at Borsa Italiana on November 22, 2007; on the same date and by the same means, the Report drawn by the Common Representative of All Savings Shareholders on the said item of the agenda was made available to the public too. As mentioned before, that documentation was also published on the Company website. A copy of the Report drawn by the Common Representative of All Savings Shareholders on

the item of today's agenda jointly with the Directors' Report that has been drawn for the Extraordinary Meeting of December 12, 2007, are hereby enclosed under Annex "A";

- The same dossier was distributed at the entrance, and was also sent to those Shareholders of Pirelli & C. S.p.A. who made request of it;
- The name list of Savings Shareholders attending to the meeting will be available at the entrance as soon as it is printed, and it will be annexed to this report.

Hence The Chairman:

- Invites Shareholders to point out the possible lack of legitimacy to vote under existing legislation;
- He states that, besides the Appearer himself, Mr. Carlo Secchi, Director and Lead Independent Director of the Company, and Mr. Paolo Francesco Lazzati, effective Auditor of the same, are attending;
- He also acknowledges the presence of operators working at the Meeting;
- He recalls that printouts of Company Bylaws are available at the entrance, upon request;
- He invites those Shareholders who wish to take the word about any of the matters at issue, to book their interventions by means of the forms provided at the entrance. When they are called to perform their speech, they are kindly asked to do so by using the microphone at the Chairman's right, thus allowing everyone to hear clearly, and not to speak from the audience;
- In order to allow participation in the discussion of all those present if they so wish, he reminds those who will be speaking to make their interventions not too long and strictly related to the agenda;
- He also informs about a recording system being set to facilitate the task of verbalization, as well as a simultaneous translation service from Italian to English and from English into Italian (headphones being available at the entrance);
- He points out that personal data collected by recording, as well as by participation applications, will be treated for the sole purpose of the proper performance of Meeting operations, including verbalization. Data will be treated in compliance with privacy protection regulations;
- He reminds Shareholders that they are not allowed to take either video or audio recording;
- He informs the audience about a dedicated information technology system for attendance survey to the first Meeting and for voting operations being used by the Company;
- Before progressing to the matters at issue, he explains the following procedure, relating to

the new voting system:

- Every attending shareholder has been provided at the entrance with an electronic device called *tele-voter*, storing respective shareholder's identification code and number of shares. Instructions for use have been provided together with the *tele-voter*;
- The said *tele-voter* will be the sole accepted way of voting;
- Voting procedure is very simple, as shown also by the slide projected in the room;
- Once the voting procedure on each item at issue is officially open, Shareholders are invited either to press "YES" on the *tele-voter* to express a positive vote, or to press "NO" to express a negative vote, or to press "ABSTAINED" to express their abstention from voting. At this point – before pressing "ENTER" – Shareholders may still redo the process if they wish to change their vote, simply by pressing the relevant key of the vote they now wish to express. After checking consistence of taken option as shown on the display with the actual vote they mean to express, Shareholders shall press "ENTER" on their *tele-voters* to finally express their votes, and they will see it confirmed on the display. At this point the vote cannot be changed by any mean other than by "assisted voting", which can be performed by the dedicated post at the Chairman's left, close to the stage;
- Those Shareholders who will not vote or will not confirm their vote by pressing the "ENTER" key, will be deemed as "NON-VOTERS". Positive and negative votes, as well as abstaining choices, will be automatically recorded and reported in detail in the Annex to the minutes of the Meeting.
- To Shareholders provided with proxy who intend to express different votes for the respective Shareholders that they represent, the already mentioned post for "assisted voting" is available;
- He kindly asks participants neither to leave nor to enter the room during the voting, not to affect attendance survey;
- He recalls again that instructions for use of *tele-voters* have been provided together with each *tele-voter*, and that assistance is available by dedicated personnel, who are in the room for such purpose, if necessary;

- He observes that *tele-voters* will be utilized also for attendance survey whenever anyone enters or exits the room for a short time, and they are to be given back to personnel in charge when their holders leave the Meeting or when the Meeting is ended;
- He acknowledges the audience about the approval of the resolution reported on page 15 of the dossier provided to present attendees, in the Shareholders Extraordinary Meeting held on December 12, 2007, voting in favour over 99% of share capital (equal to 59% of total ordinary share capital). The said resolution includes among others a Directors' detailed report of the operation that is going to be submitted to the examination of the Special Meeting today; and following up to many requests for clarification that were sent to the Company, it has been pointed out that, if the Company were to distribute dividends next year, the share nominal value to be taken into account for the purpose of computing the amount of privilege on dividends due to savings Shareholders (as provided by Paragraph a) of Article 18 of the Bylaws) will remain - both for the current year and for the year 2006, in which, he recalls, dividends were not distributed - the current nominal value amounting to euro 0.52;
- As regards the right of withdrawal, he informs the audience that, at the entrance, dedicated documentation is available, providing information for the exercise of that right. He also recalls that the valid exercise of the right of withdrawal implies losing Shareholder status and therefore the savings shareholders who have exercised such right will not have title to receive the so-called "extraordinary dividend" on savings shares withdrawn.
- Hence the Chairman, on the unanimous consent of the audience, omits reading the Report prepared by the Common Representative on the only item in today's agenda and he declares open the discussion, recommending once again to make interventions short and relating to the point in discussion.

Mr. Tarditi asks about the pay out policy on ordinary shares planned for the coming years, and he suggests taking into consideration the possibility of amending Company Bylaws to increase privilege percentage. Such amendment - he says - would be an appropriate compensation for the injury which, in fact, the savings shares suffer as a result of the reduction of the nominal value.

Mr. Mancuso asks whether Consob made specific comments on today's Meeting, pointing out however that the current period is not particularly crowded with Meetings, therefore the said Authority would have certainly had time to study the issues submitted to shareholders.

As regards the aforesaid proposal, he would recommend having separate distributions to Ordinary Shareholders and Savings Shareholders, thus complying with the provisions set forth by the Law and Company Bylaws, which, in his view, indeed require the recognition of a privilege to Savings Shareholders on occasion of every distribution.

He points out that his questions are also aiming to ensuring protection to such investment, as also guaranteed by the Constitution itself.

He also asks for some information in advance about the results of the next Financial Statements, and about current Company strategies aiming, of course, to better conditions related to share

value.

Mr. d'Atri, as a preliminary remark, says that his comments and questions are addressed partly to the Common Representative of All Savings Shareholders, and partly to the Company itself, in the present Meeting represented by its Director, Mr. Secchi.

As regards the Common Representative, he says that his intention is to verify whether the latter behaved properly in relation to his assignment, that is, he recalls, protecting the interests of the class. With regard to the attending Director, he recalls that actually Savings Shareholders are not entitled by Law to talk directly to the Company, as the Common Representative is in charge of that. However, as Mr. Secchi is kindly attending, present Shareholders are enabled to ask questions, expecting answers from the same Director, if only for kindness' sake. However he asks whether Mr. Secchi was unanimously appointed by the Board to attend today's Meeting.

Turning to the core of the issues that he means to bring to discussion, he firstly notes that, as reported in the recent Extraordinary Meeting, Pirelli incurred approximately 3 billion losses by the operation relating to Olimpia, therefore the proposed operation sounds like distributing assets deriving, indeed, from a loss. He asks how comes that such a resolution has been taken, which seems to show that the higher losses are reported, the higher assets are distributed.

In addition, the presentation of updated financial statements drawn up according to financial standards was missing, when said operation was proposed. Therefore he asks the attending Director to ensure that neither following the reported loss nor as a result of potential existing or foreseeable disputes, shall Pirelli's assets be reduced. He specially recalls that, following up to certain press reports, Telecom Italia is involved in major, so to speak, institutional issues: investigations have been performed, and by some newspaper surveys the assumption of mismanagement was mentioned, also with reference to some events related to properties formerly owned by Telecom Italia.

He therefore wonders if the Board of Directors can guarantee that there is no risk that, after all transactions concluded, Pirelli may in future be liable for any kind of damage.

On his own account, he believes that it is too early after the transfer of Olimpia in order say for sure that the distributed assets should not rather be utilized for any claims by creditors.

Referring then to the Common Representative of All Savings Shareholders, after asking how much his compensation and the allocated fund are, he assumes that they consist of very small amounts, and this is likely to prevent the task of protecting Savings Shareholders be performed as effectively as necessary.

In his view indeed, if that is true, the Common Representative should be blamed for not having requested an adequate compensation to carry out his assignment.

The Common Representative, continues the speaking Shareholder, did not even consider asking for an expertise in the interests of Savings Shareholders, and – as he reported about himself - he just accepted the decisions taken by the Board of Directors. He asks for the reasons for such inaction.

Recalling the efforts deployed by the Company for the success of today's Meeting, he asks

whether its expenses were incurred by the Company or not, and by which means Shareholders were contacted: certainly, he says, not by the Common Representative. He hopes that the necessary action to achieve the quorum was taken by Pirelli by lawful means, and that no errors were apt to lead to the assumption of an attempt to influence voting in the Shareholders' Meeting. Again, he criticises the role played in the preparation of today's Meeting by the Common Representative, who, in his view, should have been more active, giving the Shareholders adequate explanation about the fairness of the proposed operation with respect to the interests of the class. In his view, there have been very serious flaws in the governance of Pirelli, and in their relationship with Savings Shareholders, and as a consequence today's Meeting was called in such a way that seriously violates the right of expressing everyone's free opinion. He hopes to be able to have sufficient evidence to exclude that the procedure followed is such as to justify the request to voiding the Meeting, provided that any report to Consob would be likely to serve little.

Referring specifically to any violation by this Meeting, he stresses that the substance of the proposed operation itself is vitiated, since it is aimed in fact to reduce the amount guaranteed to savings shares. The fact that this proposal could result in more frequent distributions of dividends is a circumstance subject to uncertain assessments, but that does not change the substance of the said operation. The proposal, in his opinion, is therefore contrary to the interests of Shareholders, and consequently to the interests of investment funds, whose managers shall then report to their clients the reasons for their vote in the Meeting. Addressing to attending fund managers, he states that such a decision actually would subtract assets to their mandators.

Insisting on this point, the speaking Shareholder highlights that as for the reduction of capital that is distributed, after all, it could also be assumed, although it can not be proven, a certain equivalence in the position of Shareholder. Insofar as part of the reduction is attributed to reserves, though, the Company subtracts, he reiterates, assets from that part of fixed equity that is the capital itself, feeding instead a reserve that, as such, remains exposed to the risk of claims from creditors. This part of the operation, he says, can not be accepted.

After requesting confirmation to Mr. Secchi about the Company not having taken any action with the purpose of collecting proxies for this meeting, he addresses to the audience and invites them to vote contrary, based on the steady opinion that the drafted resolution takes assets away from Shareholders, with no return. Should then the resolution be adopted, he invites Shareholders to contest the same, in this regard he informs about a special section in the website being activated for such purpose.

Mr. Fiesoli believes that the proposal involves an infringement of the rights of Savings Shareholders. Today, he recalls, the savings share of Pirelli has a nominal value of 0.52 euros, on which the privilege is computed: according to current stock exchange rates, this privilege essentially guarantees a return of around 4%.

However, by the resolution at issue, it is proposed to reduce the nominal value, thereby decreasing the privilege Savings Shareholders are entitled to by Company Bylaws, and moreover, he notes, there is no contextual distribution of the full amount of the reduction of the nominal value, but

only of a part of it, since the remaining part is allocated to reserve. Still the reserves, he says, will benefit all Shareholders, and therefore also the Ordinary ones. By a simple calculation of the consequences of the said operation, anyone can see that the amount of the proposed distribution reduces the return on investment of Savings Shareholders, with consequent damage against them. Again, the speaking Shareholder recalls that the total amount of savings shares in circulation is very small, therefore, even keeping the privilege of savings shares unchanged, the Company would certainly not be charged by particular financial burdens.

The said operation, he reiterates, is to detriment of Savings Shareholders in favour of Ordinary Shareholders, so that one wonders whether there is a conflict of interest.

In order to reduce the capital without damage to Savings Shares, in his opinion, the nominal value of shares should be reduced, but at the same time the percentage of privilege as provided by Company Bylaws should be proportionally increased. In doing so, the position of savings shareholders would remain essentially unchanged, of course excluding the unlikely event of loss by the Company.

He concludes by noting how a recent article published on the Sole 24 Ore gave the erroneous impression that the position of Shareholders would remain, following the said operation, unchanged.

No one else asking to speak, the Chairman turns to replicate as follows.

- First of all, he recalls that the present Meeting is not the appropriate occasion to propose statutory changes to increase the percentage privilege granted to Savings Shareholders: the Special Meeting can not resolve other than either approval or disapproval of the decision already taken by the Extraordinary Meeting.

He follows on by asking Mr. Luciano Gobbi, Engineer, General Manager of Finance and Strategic Planning of Pirelli, who is attending, for answering the questions concerning the Company formulated by the Shareholders who previously spoke.

Mr. Gobbi then starts speaking, and, as regards the proposed operation, points out in the first place that it was approved by the Extraordinary Meeting in light of the favourable tax treatment to which the distribution is subject: this is, in fact, a return of capital, as such exempt from taxes.

Secondly, he underlines how the operation will not only provide for the distribution of assets to all Shareholders, but also the establishment of a reserve for about 408 million euros. The establishment of such a reserve, in turn, enables the Company to enjoy a valuable flexibility for the best use of financial resources.

In a market situation as complex as the present one, the possibility of having reserves - useful to promote possible buy back plans, for instance, - appears, moreover, particularly important. Specially the possible purchase of own shares, he recalls, would promote value creation to the benefit of all Shareholders, both Ordinary and Savings. Therefore, should today's Meeting decide not to approve the resolutions taken by the Extraordinary Meeting, the Company would come to miss an important instrument of financial flexibility.

Finally, with regard to requests on the future policy relating to pay out, he recalls that, as the

Chairman, Mr. Tronchetti Provera recalled too, Pirelli has always paid adequate dividends over the years, except for the financial year 2006. And the results as at September 30, 2007 show that the Group is in good shape.

Taking the word again, the Chairman confirms that Consob, to whom the report had been forwarded since November 22, 2007, did not ask for any information or clarification in this respect. As regards Company current results, he refers to official data already disclosed to the public, and he underlines that not even on occasion of the last Extraordinary Meeting any further information were disclosed. As for the strategic perspectives, he recalls that on page 9 of the Directors' Report information is given about Company refocusing on the core business, after leaving the field of telecommunications.

Turning to the objections made by Mr. D'Atri, he informs the audience in the first place that his annual gross compensation amounts to Euro 8,000, and that the fund established by the Company is Euro 40,000, inclusive of that compensation. He points out, however, that he had not considered using the said fund for any professional consultancy or external expertise, as he honestly thought that each Shareholder was already in a position to come to his/her own conclusions.

In general, he also asserts that he does not agree with regarding the Common Representative as someone called to judge operations in their merits: his assignment is rather that of verifying the legitimacy of every single transaction that may affect the class. In other words, Common Representative is the guarantor of Savings Shareholders expectations relating to legal aspects rather than financial aspects.

Again, he underlines how the Company explained the said operation in very clear and exhaustive terms, highlighting the economic consequences in detail also with respect to Savings Shareholders: therefore, he reiterates, the intervention of any external consultant was not deemed necessary.

The Extraordinary Meeting of Pirelli, he continues, took a fully legitimate resolution, in compliance with every protection granted to Savings Shareholders by the Law. This is the reason why, actually, today's Meeting was called. Similarly, Pirelli's activity aiming to promote the greatest possible participation of Savings Shareholders is to be deemed lawful, especially given that in previous occasions only 2% of Savings Capital had attended to Special Meetings. Nonetheless, on occasion of the Meeting every Shareholder is of course in a position to take any decision he/she would deem appropriate.

Furthermore, a green-line has been set, written notice of which has already been given, enabling every Shareholder to request any clarification in this respect. The said toll-free number operations were entrusted to a Company specializing in such services; all of this gives evidence for the most transparent procedure.

Expenses for the Meeting shall be supported by Pirelli, as usual, including those relating to amendment of the second Meeting notice due to a misprint in the first one.

The Common Representative adds that, on the basis of the documents he went through, he deems the operation fair with respect to each and all of Shareholders. The reduction of capital will also

create a reserve, but each and all of Shareholders will be entitled to their own rights with respect to this reserve: therefore the operation does not allow any discrimination, and indeed it does not seem that it could be structured in different ways.

Mention must be made also to the right of withdrawal granted to Savings Shareholders in the case of success of the said operation, which offers a further "escape route" to those who do not agree with its approval, should it be expressed.

Finally, the Common representative recalls that any changes in the rights of Savings Shareholders are legal on condition that they have favourable votes 20% of the class: this is the reason why the operation at issue, and today's Meeting itself, are definitely to be deemed in compliance with the Law.

Upon invitation by the Chairman, Director Mr. Secchi takes the word, and he observes that he meant to attend today's Meeting also in his capacity as Lead Independent Director, in order to follow Meeting operations closely, and to be able to report to the Independent Directors what would be discussed.

Mr. d'Atri asks to speak, in response, and he firstly recommends Mr. Secchi to report to the Independent Directors not only the outcome of the vote, but – indeed - also the spirit of every speaker's intervention: he observes that widespread dissatisfaction is being perceived in the discussion, proving that the proposal, regardless of majorities required for its approval, however, does not meet that widespread consensus that would have been appropriate to seek.

He also observes that he does not agree with Mr. Pecorella about the role and function of the Common Representative of Savings Shareholders. He does not think it is fair to stick to those limited indications provided by the Code regarding the functions of a Common Representative, conversely, a more extended dialogue between the same Common Representative and all Savings Shareholders should be established. Moreover, in his view, the political debate about the introduction of class action points out the intention of strengthening minorities and the role they can play.

With regard to what the General Manager of Pirelli said, he observes that the latter supported a series of interests of the Company itself, but such interests are in conflict with those of the class of Savings Shareholders in particular. He specially highlights that pointing out that the proposal ensures equal treatment of Shareholders is not fair, because in fact it limits the privilege granted to special Shareholders, thus increasing in fact the dividends that will be distributed to Ordinary Shareholders .

The General Manager, in the opinion of the speaking Shareholder, should actually provide more analytic data that would have enabled Savings Shareholders to verify the affordability of the operation at issue.

Besides, he blames the decision of the Common Representative against having an independent expertise, the expenses of which would presumably have been paid by the Company, therefore without additional charge on the class. The Common Representative's attitude, he reiterates, was just uncritical acceptance of the assessments made by the Company.

Again, he thinks that the fund established for Common Representative expenses is truly ridiculous, and he strongly recommend to call a new Meeting to proceed with its integration. In his view, such a trivial fund as the one existing to date in Pirelli does not allow to perform any of those actions against corporate resolutions which Savings Shareholders should have interest to activate.

He also notes that updated financial data of the Company are missing, in particular data relating to the time following Olimpia transfer operation.

Following on, Mr. d'Atri points out that actually much more could be done to encourage participation in the Meeting: for instance, no shuttle service was provided, and Shareholders can not be reimbursed for any travel expenses. And then, in his view, what has happened is that the Company has organized a collection of proxies, making instead appear that Shareholders' attendance is spontaneous. Flicking through the list of attendees, he asks, for instance, whether Mr. Romeo Giovanni, representing a total of about 4 million shares, collected the respective proxies on its own initiative or such collection was organised by the Company. In this respect, he adds that if the collection of proxies were found to have been organised by the Company, the Common Representative should be liable too, as he should guarantee that the whole operation is fairly performed.

He reiterates his question about who is Mr. Romeo and whether his attendance was made easier by any mean.

Mr. Mancuso wonders where are the representatives of Pirelli's associates and where are the representatives of mutual funds, as the said classes did not intervene.

Referring to the remarks made by the General Manager of Pirelli, he says that the favourable tax treatment of distribution is not pertaining. In his opinion, the operation is substantially to detriment of the rights and privileges of Savings Shareholders: he does not agree with the statement by the Common Representative of being in charge only of the legal aspects of the operation, conversely, in his view, also financial aspects should be taken into account.

He asks again to consider illegal and void the proposed resolution, also because it is against the provisions set forth by the Constitution insofar as they protect investments of savers. In his view, he affirms, the proposal is also contrary to Company Bylaws.

Mr. Tarditi asks whether there is someone willing to undertake proposing a change in Company Bylaws in the next Extraordinary Meeting so that privilege percentage granted to Savings Shareholders be increased, possibly up to 10%.

Upon invitation by the Chairman, Mr. Gobbi takes the word again, and he recalls that, in any case, Savings Shareholders will retain their right to have a higher dividend increase compared with Ordinary Shareholders.

Nobody, of course, is in a position to ensure that the Extraordinary Meeting will take specific resolutions about changing Company Bylaws. He underlines, however, that Savings Shareholders should be aware that, if the proposed operation is not approved, the Company will remain "blocked" from a financial standpoint, as the proposed reserved will not be possibly established.

Conversely, reserves are an additional instrument in order to create value to the benefit of all Shareholders.

- Mr. d'Atri, from the audience, notes that Mr. Gobbi's intervention may influence voting outcome, in his view.

The Chairman takes the word again, and he reaffirms his absolute conviction that the proposed operation is fully equivalent to Ordinary Shareholders and Savings Shareholders, both as regards the reduction of distributed capital, and as regards what is allocated to reserve. In the Extraordinary Meeting, the Company lawfully resolved to provide its own financial structure with a more enhanced flexibility compared with the present. This resolution implies, in turn, a change in Savings Shareholders' rights, therefore they are entitled to deny their approval. Moreover, the Law expressly authorizes taking resolutions capable to change the rights of special classes of Shareholders, thus showing that holders of such shares cannot deem their rights as absolutely unchangeable. The Company, in this case, complied with every procedure as provided by the Law relating to the intention of performing operations of such kind.

Mr. Mancuso takes the word again, and he reads out the article of Company Bylaw that ensures privileges to Savings Shares in the distribution of profits and reserves, and he argues that the proposed operation violates this policy.

The undersigned Notary reminds him, however, that what has been proposed today is a paying-off of capital rather than a distribution of profit or reserves.

Mr. Fiesoli reiterates that he does not agree with the proposed operation, since it derives from a reduction - in absolute terms - of the privilege that had been guaranteed to Savings Shares: the nominal value on which the privilege of 7% will be computed is decreased in fact from 0.52 euros to 0.29 euros. Furthermore, this change is very important with respect to investors' position, for the guaranteed minimum on which Savings Shareholders can rely is reduced.

Therefore he says that he does not understand the advantage coming from the proposed operation to Savings Shareholders: increasing the privilege would have been sufficient, he reiterates, thus keeping intact the minimum guaranteed to savings shares.

He announces his contrary vote.

Eventually, the Chairman ensures that every observations and suggestions expressed by the speakers will be brought to the attention of the competent Company organs.

No one else asking to speak, the Chairman:

- Declares that the discussion is closed;

- For the purpose of resolving purpose he states that, at 12:45 p.m. attending Savings Shareholders on their own behalf or by proxy are No. 140 for No. 30,159,247 savings shares entitled to equal number of votes and equivalent to 22.37% of total savings shares;

- He recalls that what is submitted to approval are, within the limits of relevant competence, the

resolution taken by the Extraordinary Meeting of Ordinary Shareholders held on December 12, 2007 on the voluntary reduction of share capital from Euro 2,791,311,344.64 to Euro 1,556,692,865.28, under Article 2445 of the Civil Code, by reduction of the nominal value of ordinary shares and savings shares, partly intended to reimbursement to shareholders, and partly to optimize capital structure of the Company, with consequent change of Article 5 of Company Bylaws;

- He recalls that these resolutions are reported on page 15 of the dossier that was provided to attendees, which includes the explanatory memorandum of Directors on the reduction of capital and transcribed below;

- He makes the attendees aware once again that if the operation at issue is approved, the nominal value of each savings share to be taken as a reference for the calculation of any dividend for the current financial year and also for the calculation of preferential dividend for the year 2006, as provided in subparagraphs a) and b) of Article 18 of Company Bylaws, is equal to Euro 0.52;

- He recalls again that the operation of capital reduction will be carried out only if the approval of at least 20% of savings capital is expressed ;

- He kindly asks not to leave the room until voting operations are completed;

-He invites proxy holders wishing to express diversified votes on this proposal, to go to the "assisted voting" post, while the other Shareholders may remain in place and cast their votes by using the "*tele-voter*" following the procedure previously explained;

- He then invites attendees to vote (at 12:50 p.m.) – by the exposed procedure that the Chairman mentions again - proposal to approve, within the limits of relevant competence, the resolutions taken by the Extraordinary Meeting of Ordinary Shareholders held on December 12 (twelfth), 2007 (two thousand seven) regarding the voluntary reduction of share capital from Euro 2,791,311,344.64 to Euro 1,556,692.865.28, pursuant to Article 2445 of the Civil Code, by a reduction of the nominal value of ordinary shares and savings shares, partly intended to reimbursement to shareholders and partly to optimize the capital structure of the Company, with consequent amendment of Article 5 of Company Bylaws and transcribed below:

"The Extraordinary Meeting of Pirelli & C SpA, having examined the explanatory memorandum of the Board of Directors:

RESOLVES

1) to reduce the share capital from Euro 2,791,311,344.64 (two billion seven hundred ninety-one million three hundred eleven thousand three hundred forty-four point sixty-four) to Euro 1,556,692,865.28 (one billion fifty hundred and fifty-six million six hundred and ninety-two thousand eight hundred and sixty-five point twenty-eight), by reducing the nominal value of ordinary shares and savings shares from Euro 0.52 (zero point fifty-two) to Euro 0.29 (zero point twenty-nine) for each action, with notice that the nominal value of each action to be taken as a reference for the

calculation of any dividend for the current year and, as regards savings shares only, including the calculation of privileged dividend for the year 2006 (two thousand six), if any, as provided in subparagraphs a) and b) of Article 18 of Company Bylaws, is equal to Euro 0.52 (zero point fifty-two);

2) to proceed with proportional repayment to Ordinary Shareholders and Savings Shareholders of the total amount of Euro 826,657,590.53 (eight hundred and twenty-six million six hundred and fifty-seven thousand five hundred ninety point fifty-three), equivalent to Euro 0.154 (zero point one hundred and fifty-four) for each ordinary or savings share owned;

3) to allocate to available reserve the amount of Euro 407,960,888.83 (four hundred and seven million nine hundred and sixty thousand eight hundred and eighty-eight point eighty-three);

4) to newly write the second paragraph of Article 5 (five) of Company Bylaws as follows: "By resolution taken by the Extraordinary Meeting of December 12, 2007, the voluntary reduction of share capital from Euro 2,791,311,344.64 (two billion seven hundred ninety-one million three hundred eleven thousand three hundred forty-four point sixty-four) to Euro 1,556,692,865.28 (one billion fifty hundred and fifty-six million six hundred and ninety-two thousand eight hundred and sixty-five point twenty-eight) was approved, by reducing the nominal value of ordinary shares and savings shares from Euro 0.52 (zero point fifty-two) to Euro 0.29 (zero point twenty-nine) for each action, with allocation to reserves of Euro 407,960,888.83 (four hundred and seven million nine hundred and sixty thousand eight hundred and eighty-eight point eighty-three); this reduction to be carried out in compliance with Article 2445, paragraph 3 of the Civil Code. ";

5) to note that, under Article 2445, paragraph 3 of the Civil Code, the resolution of reduction of share capital will be performed by the Board of Directors only after ninety days from its entry in the Enterprise Registry, except in the case of recurring those circumstances mentioned in Article 2445, paragraph 4, of the Civil Code;

6) to give the Board of Directors – and Chairman and Deputy Chairmen on its behalf, disjointedly, - every power required for complying with any necessary formalities to enter the adopted resolutions into the Enterprise Registry, accepting and introducing in the same any changes, additions or deletions, formal and not substantive, required by competent Authorities and for proceeding with updating figures reported in Article 5 (five) of Company Bylaws resulting from the new determination of the nominal value of shares and of share capital, once reduction of share capital has been carried out. "

The majority of Shareholders approve.

In favour: No. 29,150,752 savings shares.

Contrary: No. 1,008,455 savings shares.

No abstained savings shares.

Non-voting: No. 40 savings shares.

As per annexed details.

The Chairman declares the results and at 12:52 p.m., being exhausted the discussion of the Agenda, he states that Meeting operations are ended and thanks the audience.

* * *

The Appearer asks me to have the nominal list of the speakers at the Meeting, and voting details, annexed to these Minutes, and they are attached herein under "B".

I read this Deed to the Appearer, and he approves it and undersigns it together with myself at 02:00 p.m., having omitted reading the Annexes by his expressed permission.

This Deed consists of nine sheets written by machine by a person I trust, and completed by hand by myself for thirty pages on to the thirty-fourth page at this point.

Signed, Giovanni Pecorella

Signed, Carlo Marchetti