



Pirelli & C. S.p.A.

Reports to the Shareholders' Meeting

Appointment of six members of the Board of Directors. Related and consequent resolutions.

(Approved by the Board of Directors on March 31, 2015)

Dear Shareholders,

The ordinary general Meeting held on 12 June 2014 began re-electing the company's Board of Directors, by determining the number of its members as fifteen and setting a three year term of office for their relevant mandate (expiring therefore with the Meeting convened for the approval of the company's financial statements as at 31 December 2016).

By implementing the voting slate process, the so-called minorities were able, pursuant to the articles of association, to appoint three Directors out of a total of fifteen.

After the last shareholders' meeting of the 12 June 2014:

- on the 10 July 2014, Directors Claudio Sposito, Riccardo Bruno, Piero Alonzo, Emiliano Nitti, Luciano Gobbi and Enrico Parazzini, all taken from the so-called majority slate, resigned from the Company's Board of Directors;
- also on the 10 July 2014 the Board of Directors met and appointed, pursuant to article 10 of the articles of association and article 2386, paragraph 1 of the civil code, with a resolution approved by the Board of Statutory Auditors, Directors Igor Sechin, Didier Casimiro, Andrey Kostin, Ivan Glasenberg, Petr Lazarev and Igor Soglaev in replacement of the resigning Directors.

At the time of their appointment, the Board of Directors ascertained that the new directors had the requirements set by current law to assume the position, as well as being in possession in the case of Ivan Glasenberg and Andrey Kostin, of the requirements of independence as envisaged by the [Italian] Consolidated Law on Finance (article 147-ter paragraph 4 and article 148, paragraph 3 Legislative Decree 58/1998) and by the Code of Conduct of the Italian Stock Exchange.

Pursuant to article 2386, paragraph 1 of the civil code, the newly appointed Directors cease to hold office with today's Meeting, which, therefore, must resolve thereon.

It should be noted that, for the purposes of adopting the required shareholder resolutions, the voting list procedure does not apply, as this is not a case of complete re-election of the Board of Directors. Therefore, as envisaged by article 10 of the Articles of Association, to appoint any Directors who for any reason are not appointed according to the voting list procedure, the Meeting shall resolve with the majority votes prescribed by law.

The mandate of the Directors thus appointed shall expire together with those currently in office¹ and, therefore, at the time of the General Meeting convened to approve the financial statements as at 31 December 2016. It should be noted that pursuant to the Articles of Association, the Board of Directors is composed of a minimum of seven up to a maximum of twenty three members, at least one-third of whom, pursuant to the Code of Conduct to which Pirelli adheres, are independent, in compliance likewise with the regulations pro-tempore in force in the matter of gender balance.

Finally it should be noted that each member of the Board of Directors receives a gross annual remuneration for the role of euro 50 thousand, plus any additional remuneration fixed by the Board of Directors in the event of participation in board committees.

Proposal of the Board of Directors

By reason of the above, the Board of Directors invites you to present, subject to confirmation of the number of members of the Board of Directors, your proposals for the appointment of 6 Directors to replace the Directors ceasing to hold office with today's Meeting.

¹ It should be noted that at the date of this report, the Board of Directors of Pirelli & C. S.p.a., is composed of fifteen Directors, seven of whom are in possession of the requirements of independence, both pursuant to legislative decree 58/1998 and to the Code of Conduct of listed companies.