



Pirelli & C. S.p.A.

**Minutes of the Board of Directors
held on March 27, 2014**

(notarial minutes pertaining to the third item of the agenda)

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Minutes of the Board of Directors

REPUBLIC OF ITALY

In the year 2014 (two thousand fourteen)

on the 27th (twenty-seventh) day

of the month of March

at 2:30 (two thirty) p.m.

in Milan, Viale Piero e Alberto Pirelli n. 25

The following person has appeared before me, **Carlo Marchetti**, Notary Public in Milan, a member of the Milan Notary Association:

- **Tronchetti Provera Marco**, born in Milan on January 18, 1948, domiciled in his official capacity in Milan, Viale Piero e Alberto Pirelli n. 25, of whose personal identity I, Notary Public, am certain. This individual, affirming that he is acting in his capacity as Chairman of the Board of Directors and, as such, on behalf of the listed "società per azioni" [joint-stock company] named:

"Pirelli & C. S.p.A."

with registered office in Milan, Viale Piero e Alberto Pirelli n. 25, subscribed and paid-in share capital euro 1,345,380,534.66, Tax Identification Number and Milan Companies Register number: 00860340157, entered at no. 1055 in the Milan Administrative Business Register (R.E.A.) (also referred to hereinafter as: the **"Company" or "Pirelli"**),

asks me to record the proceedings in regard to the third item on the agenda of the Company Board of Directors meeting, which has assembled here to discuss and resolve on the following

agenda

(omitted)

3. *Authorisation for issuance by the Company or its subsidiaries of the bond in relation to and thus under the "Euro Medium Term Notes" programme, which may be guaranteed by the Company and are to be subscribed exclusively by professional investors. Related and consequent resolutions;*

(omitted)

I accept his request and acknowledge that the Board of Directors takes place as follows in regard to the third item on the agenda.

The appearing party chairs the meeting, in his aforementioned capacity pursuant to law and the Bylaws, and he ascertains and acknowledges again that:

- the Board of Directors was duly convened with the notice of call sent via electronic mail on March 21, 2014 to all those qualified to attend pursuant to Article 12 of the current Bylaws;

- in addition to the appearing party, the following persons are present: Directors A. PIRELLI, A.M. ARTONI, G. BENETTON (via

telephone link pursuant to the Bylaws), F. BRUNI, L. CAMPIGLIO, P. FIORENTINO, P. GUINDANI, E. MAGISTRETTI, M. MORATTI, R. PAGLIARO, L. ROTH, L. ROVATI, C. SPOSITO, C. SECCHI and M. SOFFIENTINI;

- the Statutory Auditors F. FALLACARA, A. CARÙ and E. LAGHI were also present;

- the absence of the other four directors was excused.

Therefore, the Chairman announces once again that the meeting has been properly convened, in consequence of the aforementioned notice of call, and may resolve on the third item of the agenda reproduced hereinabove.

Proceeding to discussion of that agenda item, the Chairman first observes that Article 2410 Italian Civil Code grants the management body, if the company bylaws do not provide otherwise, the prerogative to issue non-convertible bonds, while Article 2412 Italian Civil Code excludes quantitative limits on the issuance of bonds if these are to be listed on regulated markets or on multilateral trading systems.

The Chairman then illustrates the proposal to authorise a transaction consisting of the possible issuance of one or more bonds in relation to (and thus under) the "Euro Medium Term Notes" programme previously approved at the Board of Directors meeting on November 12, 2012 and beginning on May 1, 2014. The bonds would be offered for subscription only to professional investors (and thus excluding any subscription offer made to the general public) or in one or more indirect issues, consisting of possible issuance, alternatively or together with that one or those by the subsidiary Pirelli Tyre S.p.A., of unsecured guarantees, including full guarantees, in favour of the investors and on behalf of it or other subsidiaries that might issue bonds under the "Euro Medium Term Notes" programme. The transaction would allow the Company to exploit promptly, and either directly or through its subsidiaries, opportune market conditions arising from, inter alia, the favourable position of companies with good credit ratings, while also allowing continued diversification of financing sources and further lengthening of the average maturity of consolidated debt.

In light of all the foregoing considerations made in relation to (and thus under) the aforementioned "Euro Medium Term Notes" programme, the Chairman consequently proposes authorisation for the issuance of one or more non-convertible bonds, with each to be issued in several "tranches" beginning May 1, 2014 and by the deadline of April 30, 2015, and the grant of one or more full unsecured guarantees, with these too having to be issued also on several occasions by the same deadline on behalf of the subsidiaries as part of any other issues by these entities, with all issues having a maximum aggregate countervalue (and thus aggregating the face value of direct issues and the face value of any unsecured guarantees) of euro 1 billion (even as the countervalue of other currencies), and with the right both to buy them back and to exchange them for previously issued bonds, with all these bonds to be placed with professional Italian and/or foreign investors. The bonds shall be governed by English law

or, when applicable, by the other law that might be appropriate in light of, inter alia, the registered office of the issuing subsidiary or the markets involved, and shall be listed on the Luxembourg Stock Exchange and/or another regulated market.

The Chairman then summarises the characteristics of the transaction:

- breakdown: possibly in several issues and each one possibly in several "tranches";
- issuer: as envisaged in the "*Euro Medium Term Notes*" programme;
- target investors: the bonds will be offered for subscription only to professional Italian and/or foreign investors (and thus excluding any terms and conditions and target investors that might subject the offers to the regulatory provisions governing offers to the general public);
- duration: the term of the individual issues and tranches will be between 3 (three) and 20 (twenty) years, and may include the right of early redemption;
- issue currency: euro or other currency;
- minimum investment: minimum euro 100,000.00 (one hundred thousand);
- issue price: the issue price, which may be different for each individual issue or tranche, will be set according to the aggregate yield return offered to subscribers;
- interest rate: the interest rate, which may be different for each of the individual issues or tranches, must be:
 - (i) if fixed, between - according to the maturity - 0% (zero per cent) and 5% (five per cent) over the average IRS rate for the corresponding maturity;
 - (ii) if variable, between - according to the maturity - 0% (zero per cent) and 5% (five per cent) over the applicable monetary index benchmark (e.g. Euribor, Libor, etc.);
 - (iii) if "zero coupon" securities are issued, the absence of a coupon must be compensated by an issue discount or a redemption premium, such as to offer a yield that is financially equivalent to the interest rate set for the previously indicated interval, according to the preferred maturity; if payment of the return on a "zero coupon" is made in the form of a redemption premium, this premium would reflect recognition of the interest rate only at maturity through an adequate capitalisation mechanism. The interest may also be paid through a combination of the types illustrated hereinabove, and in accordance with the limits described hereinabove; therefore, it could be assumed that, while keeping the ceiling at 500 (five hundred) basis points over the indexing benchmark, a portion of the interest on a variable rate bond be paid during the life of the security at a fixed or variable rate, and the remainder on maturity with terms and conditions similar to those of zero coupon bonds;
- governing law: English law or, if applicable, the other law that might be appropriate in light of, inter alia, the registered office of the issuing entity or the markets involved;
- listing: Luxembourg Stock Exchange and/or another regulated market;

- guarantees: any guarantee issued by the Company, by its subsidiary Pirelli Tyre S.p.A. (if appropriate, also on behalf of the Company) or by both, whose operating terms and conditions and enforceability are to be determined and include the possibility of early redemption of the bonds before they mature, and (in this last case) renewal or new issuance of the guarantee for the bonds that have already been issued, upon occurrence of circumstances that are to be determined, in relation to satisfaction of consolidated group financial performance parameters, inter alia;

- other terms: possible "change of major shareholder" clause imposed on the Company and "ownership" clause imposed on Pirelli Tyre S.p.A., possibility of substituting both the issuer and the guarantor with operating and enforcement conditions to be determined and other clauses typical of these kinds of securities issues, satisfaction of consolidated group financial performance parameters, other parameters typical of these types of transactions or bank loans and consistent with those that have already been made for bond issues and bank loans.

It is confirmed that the effective date would be May 1, 2014 while the final deadline for issuance of the bonds would be April 30, 2015. The Chairman repeated that the issues of non-convertible bonds and grant of corresponding unsecured guarantees as envisaged in this proposal are covered by the regulations governing bonds to be floated on regulated markets or on multilateral trading systems and thus will not be subject to statutory quantitative limits.

Therefore, the Board of Directors,

taking note

of the rules governing the issuance of bonds and grant of guarantees related to bond issues to be quoted on regulated markets or multilateral trading systems, as envisaged in Articles 2410 and 2412 Italian Civil Code;

having heard

the Chairman's report,

subordinately

to satisfaction of all obligations and conditions envisaged in applicable laws and regulations and with the promise to report to the Board of Directors on the status of execution of the transactions envisaged herein;

unanimously resolves

First of all

to authorise the issuance, in relation to (and thus under) the "Euro Medium Term Notes" programme previously resolved at the Board of Directors meeting on November 12 (twelfth), 2012 (two thousand twelve), of one or more issues of non-convertible bonds, with each to be issued in several "tranches," and the grant of one or more full unsecured guarantees, with these too having to be issued on several occasions on behalf of the subsidiaries as part of any other issues by these entities, in accordance with the aforementioned "Euro Medium

Term Notes" programme, with all issues having a maximum aggregate countervalue of euro 1 (one) billion (even as the countervalue of other currencies), beginning May 1 (first), 2014 (two thousand fourteen) and by the deadline of April 30 (thirtieth), 2015 (two thousand fifteen), for a maximum aggregate countervalue (and thus aggregating the face value of direct issues and that of any unsecured guarantees) of euro 1,000,000,000.00 (one billion and no/100), with the right both to buy them back and to exchange them with previously issued bonds, having the characteristics summarised hereunder:

- breakdown: possibly in several issues and each one possibly in several "tranches";

- issuer: as envisaged in the "*Euro Medium Term Notes*" programme;

- target investors: the bonds will be offered for subscription only to professional Italian and/or foreign investors (and thus excluding any terms and conditions and target investors that might subject the offers to the regulatory provisions governing offers to the general public);

- duration: the term of the individual issues and tranches will be between 3 (three) and 20 (twenty) years, and may include the right of early redemption;

- issue currency: euro or other currency;

- minimum investment: minimum euro 100,000.00 (one hundred thousand);

- issue price: the issue price, which may be different for each individual issue or tranche, will be set according to the aggregate yield return offered to subscribers;

- interest rate: the interest rate, which may be different for each of the individual issues or tranches, must be:

- (a) if fixed, between - according to the maturity - 0% (zero per cent) and 5% (five per cent) over the average IRS rate for the corresponding maturity;

- (b) if variable, between - according to the maturity - 0% (zero per cent) and 5% (five per cent) over the applicable monetary index benchmark (e.g. Euribor, Libor, etc.);

- (c) if "zero coupon" securities are issued, the absence of a coupon must be compensated by an issue discount or a redemption premium, such as to offer a yield that is financially equivalent to the interest rate set for the previously indicated interval, according to the preferred maturity; if payment of the return on a "zero coupon" is made in the form of a redemption premium, this premium would reflect recognition of the interest rate only at maturity through an adequate capitalisation mechanism. The interest may also be paid through a combination of the types illustrated hereinabove, and in accordance with the limits described hereinabove; therefore, it could be assumed that, while keeping the ceiling at 500 (five hundred) basis points over the indexing benchmark, a portion of the interest on a variable rate bond be paid during the life of the security at a fixed or variable rate, and the remainder on maturity with terms and conditions similar to those of zero coupon bonds;

- governing law: English law or, if applicable, the other law that might be appropriate in light of, inter alia, the registered office of the issuing entity or the markets involved,
- listing: Luxembourg Stock Exchange and/or another regulated market;
- guarantees: any guarantee issued by the Company, by its subsidiary Pirelli Tyre S.p.A. (if appropriate, also on behalf of the Company) or by both, whose operating terms and conditions and enforceability are to be determined and include the possibility of early redemption of the bonds before they mature, and (in this last case) renewal or new issuance of the guarantee for the bonds that have already been issued, upon occurrence of circumstances that are to be determined, in relation to satisfaction of consolidated group financial performance parameters, inter alia;
- other terms: possible "change of major shareholder" clause imposed on the Company and "ownership" clause imposed on Pirelli Tyre S.p.A., possibility of substituting both the issuer and the guarantor with operating and enforcement conditions to be determined and other clauses typical of these kinds of securities issues, satisfaction of consolidated group financial performance parameters, other parameters typical of these types of transactions or bank loans and consistent with those that have already been made for bond issues and bank loans.

Second of all

to grant a mandate to the Chairman of the Board of Directors, Marco Tronchetti Provera, with the right to grant sub-delegations of authority, for implementation of the foregoing resolution, with full authority as appropriate in this regard, including authority to:

- determine the amount of the individual issues or tranches within the maximum resolved limits, while establishing, again within the limits resolved hereinabove, the duration, issue price, interest rate and terms and conditions for payment of interest, any issue discount or redemption premium;
- determine, within the limits resolved hereinabove, the conditions of the individual issues or tranches in which the transaction may be broken down pursuant to the aforementioned "Euro Medium Term Notes" programme;
- place the bonds, by executing every trade and agreement serving this purpose with, inter alia, intermediaries and agents;
- determine, within the limits resolved hereinabove, the conditions for grant of the individual guarantees that might be granted individually or jointly;
- satisfy all obligations, including disclosure, before all authorities having jurisdiction inside or outside Italy, related to issuance of the loan, its placement and its listing, including publication of documents (including, for example but not limited to, the obligations connected with definition and publication of the prospectus for listing of the bonds to be issued);
- execute the necessary formalities so that these resolutions be

recorded at the Companies Register, with the right to make any changes, corrections or additions that might be appropriate and/or requested by the competent authorities for this purpose, including upon recording at the Companies Register;

- do whatever is necessary, useful or appropriate in general for the success of the initiative.

Having completed discussion of the third item on the agenda, the Chairman proceeds at 2:40 (two forty) p.m. to discussion of the remaining items on the agenda, with me, Notary Public, being released from recording the minutes thereof in favour of someone else.

I have read these minutes to the appearing party, who approves them and signs them with me.

This document consists of four sheets written with mechanical means by a person entrusted by me, and completed under my own hand on fifteen pages and up to here on the sixteenth page.

Signed Marco Tronchetti Provera

Signed Carlo Marchetti, Notary Public

Copy on information technology media that is a true copy of the original paper document, pursuant to Article 22(2) Legislative Decree 82 of March 7, 2005, by the deadline for registration at the Milan Companies Register.

Signed Carlo Marchetti

Milan, April 16, 2014

Fee paid pursuant to the decree of February 22, 2007 by means of the "Modello Unico Informatico" (M.U.I.) computerised tax form.