

Appointment of three Directors and/or reduction in the number of members of the Board of Directors

Dear Shareholders,

The Ordinary Shareholders' Meeting held on April 21, 2011 renewed the Company's Board of Directors, setting the number of members at twenty and establishing the duration of their respective term in office at three financial years (therefore, expiring at the Shareholders' Meeting called to approve the Company's financial statements at December 31, 2013).

The so-called minority shareholders were able to appoint four Directors, by adopting the voting list mechanism, pursuant to the Company Bylaws.

Following the last Shareholders' Meeting held on May 10, 2012:

- on May 25, 2012, Mr. Giuseppe Vita resigned - Mr. Vita had been co-opted on March 1, 2012 to substitute Mr. Enrico Tommaso Cucchiani (a non-executive Director drawn from the majority list), and duly confirmed by the Shareholders' Meeting held on May 10, 2012;
- on July, 2012, Mr. Giovanni Perissinotto (a non-executive Director drawn from the majority list) resigned;
- on July 26, 2012, the Board of Directors appointed Mr. Carlo Salvatori as a Director, pursuant to Article 10 of the Company Bylaws and Article 2386, paragraph 1 of the Italian Civil Code, with a resolution duly approved by the Board of Statutory Auditors; Mr. Salvatori was appointed to substitute Mr. Giuseppe Vita. At the time the appointment was made, the Board of Directors had ascertained that the new Director satisfied the requirements envisaged by the applicable regulations in order to assume the office.

In accordance with Article 2386, paragraph 1 of the Italian Civil Code, the Director Mr. Carlo Salvatori falls from office with today's Shareholders' Meeting, that is therefore, called to resolve accordingly;

- on November 11, 2012 prof. Paolo Ferro-Luzzi (an Independent Director drawn from the list presented by the majority) died;
- on March, 2013, Mr. Mario Greco resigned, Mr. Greco had been co-opted on November 12, 2012 to substitute Mr. Giovanni Perissinotto.

The Board of Directors wished to remind the Meeting of the rare skills and expertise on legal matters, the great wisdom and irony possessed by prof. Paolo Ferro-Luzzi.

Furthermore, the Board of Directors has deemed it appropriate not to substitute prof. Paolo Ferro-Luzzi and Mr. Mario Greco, in view of the imminence of the Shareholders' Meeting, and to defer every decision in this regard to today's Shareholders' Meeting.

You are hereby informed that the voting based on slates does not apply for the purposes of adopting the prescribed Shareholders' Meeting resolutions, since a full renewal of the Board of Directors is not involved. Accordingly, the Shareholders' Meeting resolves based on the majorities required by law, in order to appoint Directors who have not been appointed, for any reason, pursuant to the voting procedure based on slates, as envisaged under Article 10 of the Company Bylaws.

The Directors thus appointed will fall from office together with the Directors currently in office¹, and therefore, at the date of the Shareholders' Meeting called to approve the financial statements closed at December 31, 2013.

Lastly, it is important to remember that each member of the Board of Directors is eligible to receive a gross annual fee for the office held equal to euro 50 thousand, in addition to any further fees established by the Board of Directors in the case of their participation in Board Committees.

Proposal by the Board of Directors

On the basis of the foregoing, the Board of Directors proposes that you confirm Mr. Carlo Salvatori as a Company Director and invites you to appoint two Directors to substitute prof. Paolo Ferro-Luzzi and Mr. Mario Greco, or to reduce the number of members of the Board of Directors from twenty to eighteen.

The curriculum vitae of the Director Mr. Carlo Salvatori is available on the Company's website at the following address: www.pirelli.com.

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The Shareholders may also submit any additional proposals as candidates to the Board of Directors during the Shareholders' Meeting; in this case, in addition to the provisions of law and the statutory provisions, they are also invited to take into account the recommendations set out in the Self-Regulatory Code of Borsa Italiana, which the Company has adopted.

¹ It is important to note that the Board of Directors of Pirelli & C. S.p.A. is comprised of eighteen Directors at the date of this report, of which ten Directors satisfy the independence requirements, in accordance with Legislative Decree No. 58/1998 and in accordance with the Self-Regulatory Code applicable to listed companies.