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Confirmation of your representation: In order to be eligible to view the attached Offer Document or make an investment decision pursuant to the Offer Document, you must be able to participate lawfully in the invitation by the Offeror to holders of the Issuer’s shares to tender their ordinary shares and savings shares held in the Issuer for purchase by the Offeror for cash (the “**Offers**”) on the terms and subject to the conditions set out in the Offer Document.

You are also reminded that the Offer Document has been sent to you on the basis that you are a person into whose possession the Offer Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident and you may not, nor are you authorised to, deliver the Offer Document to any other person.

The Offer Document was sent to you at your request, and by accessing the Offer Document you shall be deemed to have represented to the Issuer, the Financial Advisors and the Offeror that:

- (i) you are a holder or a beneficial owner of the Shares;
- (ii) you are otherwise a person to whom it is lawful to send the Offer Document or to make an invitation pursuant to the Offers in accordance with applicable laws; and
- (iii) you consent to delivery of the Offer Document by electronic transmission.

Any materials relating to the Offers do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law.

Restrictions: Nothing in this electronic transmission constitutes an offer to buy or the solicitation of an offer to sell securities in any jurisdiction in which such offer or solicitation would be unlawful. The Offers are subject to offer and distribution restrictions in, amongst other countries, the United States, the United Kingdom, and Italy.

The distribution of the Offer Document in certain jurisdictions may be restricted by law. Persons into whose possession the Offer Document comes are required by the Issuer, the Financial Advisors and the Offeror to inform themselves about, and to observe, any such restrictions.

NONE OF THE OFFER DOCUMENT OR ANY RELATED DOCUMENT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION, NOR HAS ANY SUCH DOCUMENT BEEN FILED WITH OR REVIEWED BY ANY U.S. STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY COUNTRY. NO AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFER DOCUMENT OR ANY RELATED DOCUMENTS, AND IT MAY BE UNLAWFUL AND A CRIMINAL OFFENSE TO MAKE ANY REPRESENTATION TO THE CONTRARY.

OFFER DOCUMENT

MANDATORY TENDER OFFER ON ORDINARY SHARES

pursuant to Arts. 106, Paragraph 1-*bis*, and 109 of Legislative Decree No. 58 of 24 February 1998,
as subsequently amended and integrated

VOLUNTARY TENDER OFFER ON SAVINGS SHARES

pursuant to Art. 102 of Legislative Decree No. 58 of 24 February 1998,
as subsequently amended and integrated

ISSUER

Pirelli & C. S.p.A.



OFFEROR

Marco Polo Industrial Holding S.p.A.

CHEMCHINA China National Tire & Rubber Co., Ltd.

FINANCIAL INSTRUMENTS SUBJECT TO THE OFFERS

maximum No. 364,328,141 ordinary shares of Pirelli & C. S.p.A.

maximum No. 12,251,311 savings shares of Pirelli & C. S.p.A.

OFFERED PRICES PER SHARE

EUR 15 per ordinary share of Pirelli & C. S.p.A.

EUR 15 per savings share of Pirelli & C. S.p.A.

DURATION OF THE OFFER PERIOD AGREED WITH BORSA ITALIANA S.P.A.

from 8:30 A.M. (Italian time) on 9 September 2015 until 5:30 P.M. (Italian time) on 13 October 2015,
unless extension of the Voluntary Tender Offer

PRICES PAYMENT DATE

20 October 2015, unless the Voluntary Tender Offer is extended

OFFEROR'S FINANCIAL ADVISORS



中国化工财务有限公司

ChemChina Finance Co.,Ltd.



J.P.Morgan

LAZARD



INTERMEDIARIES RESPONSIBLE FOR COORDINATING THE COLLECTION OF TENDERS



GLOBAL INFORMATION AGENT



The approval of the Offer Document, which occurred pursuant to Consob resolution No. 19341 of 4 September 2015, entails no judgment by Consob as to the appropriateness of accepting the offers or to the merits of the data and information contained in this document.

September 2015

Note to the English version of the Offer Document: the Italian version of the Offer Document is the only document approved by CONSOB with resolution No. 19341 of 4 September 2015.

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LIST OF THE MAIN DEFINITIONS

Listed below are the main definitions used in this Offer Document. If necessary considering the context, the singular terms maintain the same meaning in their plural form, and vice versa.

Aggregate Maximum Disbursement	The sum of the Maximum Disbursement of the Mandatory Tender Offer and the Maximum Disbursement of the Voluntary Tender Offer, equal to EUR 5,648,691,780.00.
BidCo Senior Facilities Agreement	The loan agreement of EUR 4,400,000,000 called “ <i>Bidco Senior Facilities Agreement</i> ” signed on 30 April 2015 by, <i>inter alios</i> , J.P. Morgan Limited (in its capacity as “ <i>Global Co-ordinator</i> ” and “ <i>Bookrunner</i> ”), China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (in their capacity as “ <i>Bookrunners</i> ”), BidCo and HoldCo and subsequently amended pursuant to an amendment agreement denominated “ <i>Amendment and Restatement Agreement</i> ” entered into on 5 August 2015.
Borsa Italiana	Borsa Italiana S.p.A. (the Italian Stock Exchange), with registered office in Milan, piazza Affari No. 6.
Cam 2012	Cam 2012 S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, piazza Borromeo No. 12, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 07885350962.
Cam 2012 Exchangeable Stake	The portion of the Cam 2012 Stake available for the possible exchange under the Cam Exchangeable Bond, corresponding: (i) as of the signing date of the Sale and Purchase and Co-Investment Agreement, to No. 13,199,032 Pirelli ordinary shares, representing, as of such date, 2.77% of the ordinary share capital of the Issuer and 2.70% of the entire share capital of the Issuer; and (as a result of the transfers of a portion of the underlying shares available for exchange which in the meantime occurred pursuant to the Cam Exchangeable Bond) (ii) as of the Closing Date, to No. 12,160,714 Pirelli ordinary shares, representing, as of the same date, 2.56% of the capital with voting rights of the Issuer and 2.49% of the entire share capital of the Issuer; and (iii) as of the Offer Document Date to No. 6,177,176 Pirelli ordinary shares, representing, as of the same date, 1.30% of the capital with voting rights of the Issuer and 1.27% of the entire share capital of the Issuer.

- Cam 2012 Overcollateral Stake** The portion of the Cam 2012 Stake representing an overcollateral guarantying the fulfilment of the reimbursement duties of the Cam Exchangeable Bond, corresponding, as of the signing date of the Sale and Purchase and Co-Investment Agreement, as well as the Closing Date and the Offer Document Date, to No. 14,632,200 Pirelli ordinary shares, representing 3.08% of the ordinary share capital of the Issuer and 3.00% of the entire share capital of the Issuer.
- Cam 2012 Stake** The Cam 2012 Exchangeable Stake and the Cam 2012 Overcollateral Stake, owned by Cam 2012 and subject to the Sale and Purchase and Co-Investment Agreement, corresponding: (i) as of the Sale and Purchase and Co-Investment Agreement date to No. 27,831,232 Pirelli ordinary shares, representing, as of the same date, 5.85% of the ordinary share capital of the Issuer and 5.70% of the entire share capital of the Issuer; and (as a result of the transfers of a portion of the underlying shares available for exchange which in the meantime occurred pursuant to the Cam Exchangeable Bond) (ii) as of the Closing Date, to No. 26,792,914 Pirelli ordinary shares, representing, as of the same date, 5.63% of the capital with voting rights of the Issuer and 5.49% of the entire share capital of the Issuer; and (iii) as of the Offer Document Date, to No. 20,809,376 Pirelli ordinary shares, representing, as of the same date, 4.37% of the capital with voting rights of the Issuer and 4.26% of the entire share capital of the Issuer.
- Cam Exchangeable Bond** The bond exchangeable into Pirelli ordinary shares issued by Cam 2012 on 26 October 2012 and named “€150,000,000 5.625 per cent. Guaranteed Exchangeable Bonds due 2017 guaranteed by Camfin S.p.A.”.
- Camfin** Camfin S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, piazza Borrromeo No. 12, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 00795290154.

Camfin Corporate Restructuring

The restructuring of the stake held by Coinv, LTI and LTI Ita in Camfin, set forth by the agreement signed by and between such parties on 4 August 2015, the execution of which is subject to the satisfaction of certain conditions precedent and as a resolute of which: (i) Coinv will hold the entire share capital of Camfin, which, in turn, will directly hold a stake in NewCo equal to 64% of the stake previously held by Camfin in NewCo (in addition to the shares of NewCo potentially subscribed by Camfin in execution of the Additional Capital Increase), and (ii) LTI and LTI Ita will directly hold an overall stake in NewCo equal to 36% of the stake previously held by Camfin in NewCo (excluding the shares of NewCo potentially subscribed by Camfin in execution of the Additional Capital Increase).

Cash Confirmation Letter

The guarantee of full performance, pursuant to Art. 37-bis of the Consob Issuers Regulation, being a letter issued by Intesa Sanpaolo S.p.A. and UniCredit S.p.A., pursuant to which they both irrevocably assumed, in the proportions indicated in such letter and not jointly and severally between them, the obligation to pay in one or more occasions, for the event of breach by the Offeror of the obligation of payment of Offers Prices, an amount in cash not exceeding the Aggregate Maximum Disbursement and to use such aggregate amount exclusively for the payment of the Offers Prices.

ChemChina

China National Chemical Corporation, a company incorporated under the laws of the People's Republic of China, with registered office in Beijing (P.R.China), No. 62 West Beisihuan Road, Haidian district, registered in State Administration for Industry & Commerce of P.R.China under No. 100000000038808.

CNRC

China National Tire & Rubber Corporation Ltd., a company incorporated under the laws of the People's Republic of China with registered office in Beijing (P.R.China), No. 62 West Beisihuan Road, Haidian district, registered in State Administration for Industry & Commerce of P.R.China under No. 100000000008065.

CNRC Group

CNRC and the companies, directly and/or indirectly, controlled by the latter.

Closing Date

11 August 2015, being the date on which (i) in execution of the Sale and Purchase and Co-Investment Agreement, *inter alia* the purchase of the Initial Stake by the Offeror has been completed, for a price equal to EUR 15 for each share, (ii) the Pirelli Shareholders Agreement has been signed and (iii) the Offeror Notice has been transmitted to Consob and disclosed.

Coinv	Coinv S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, piazza Borromeo No. 12, enrolled with the Companies' Registry of Milan, tax code and VAT No. 08852660961.
Coinv/LTI Shareholders Agreement	The shareholders' agreement signed on the Closing Date by and between Coinv and LTI, the essential information of which were disclosed pursuant to Art. 130 of the Consob Issuers Regulation is attached to the Offer Document as Annex M.6.
Condition of the Voluntary Tender Offer	The condition to which the effectiveness of the Voluntary Tender Offer is subject (unless such condition is waived by the Offeror), being the fact that the number of Savings Shares tendered under the Voluntary Tender Offer, together with the Savings Shares possibly purchased by the Offeror or the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) outside of the Voluntary Tender Offer, will allow the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) to hold, at the end of the Offer Period, a number of Pirelli savings shares representing at least 30% of the savings share capital of Pirelli.
Consob	The Italian National Companies and Stock Exchange Commission (<i>Commissione Nazionale per le Società e la Borsa</i>), with offices in Rome, via G.B. Martini No. 3.
Consob Issuers Regulation	The regulation concerning issuers approved by Consob with resolution No. 11971 of 14 May 1999, as subsequently amended and integrated.
Consolidated Financial Act or TUF	Italian Legislative Decree No. 58 of 24 February 1998, as subsequently amended and integrated.
Corporate Governance Code	The Corporate Governance Code of listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, in effect as of the Offer Document Date.
Depositary Intermediaries	The authorized intermediaries, such as banks, stock brokerage firms, investment companies and exchange agents, which will collect and deliver the Tender Forms of those accepting the Offers, through the Responsible Intermediaries.
Edizione	Edizione S.r.l., a company incorporated under the laws of Italy, with registered office in Treviso, Calmaggione 23, enrolled with the Companies' Registry of Treviso, tax code and VAT No. 00778570267.

Edizione Agreement	The share purchase agreement signed on 10 April 2015 by and between CNRC and Edizione, concerning the Edizione Stake and the Schematrentaquattro Stake.
Edizione Stake	The No. 7,486,559 Ordinary Shares, owned directly by Edizione as of the signing date of the Edizione Agreement and subject to the same, representing, as of such date, 1.57% of the ordinary share capital of the Issuer and 1.53% of the entire share capital of the Issuer.
Electronic Stock Market or MTA	The Electronic Stock Market (<i>Mercato Telematico Azionario</i>) organized and managed by Borsa Italiana.
HoldCo or Marco Polo Holding	Marco Polo International Holding Italy S.p.A., a company incorporated under the laws of Italy with a sole shareholder, with registered office in Milan, via San Primo No. 4, enrolled with the Companies' Registry of Milan, tax code and VAT No. 09057800964.
Independent Directors' Opinion	The reasoned opinion containing the assessments on the Mandatory Tender Offer and the adequacy of the Mandatory Tender Offer Price, approved on 2 September 2015, drafted by the Issuer's independent directors who are not related parties of the Offeror pursuant to art. 39- <i>bis</i> of the Consob Issuers Regulation.
Initial Stake	The No. 96,779,841 Pirelli ordinary shares owned by the Offeror on the Offer Document Date, representing, as of such date, 20.34% of the ordinary share capital of the Issuer and of the 19.83% of the entire share capital of the Issuer, acquired by the Offeror on the Closing Date pursuant to the Sale and Purchase and Co-Investment Agreement.
Intermediaries Responsible for Coordinating the Collection of Tenders	Banca IMI S.p.A. and Unicredit Bank AG (Milan Branch), responsible for coordinating the collection of tenders under the Offers.
Issuer or Pirelli	Pirelli & C. S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, viale Piero e Alberto Pirelli No. 25, enrolled with the Companies' Registry of Milan, tax code and VAT No. 00860340157; with share capital of EUR 1,345,380,534.66 fully subscribed and paid in, represented by No. 475,740,182 ordinary shares and No. 12,251,311 savings shares, without par value and listed on the Electronic Stock Market.
Issuer's Statement	The Issuer's statement, drafted pursuant to Art. 103 of the TUF and Art. 39 of the Consob Issuers Regulation, approved by the Issuer's board of directors on 2 September 2015 and attached to the Offer Document as Annex M.2.

Joint Procedure	The joint procedure to the fulfilment of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the exercise of the Ordinary Shares Squeeze-out, to be agreed with Consob and Borsa Italiana pursuant to Art. 50- <i>quinquies</i> , Paragraph 1, of the Consob Issuers Regulation.
Lenders	Collectively: J.P. Morgan Securities plc; China Construction Bank (Europe) S.A.; Intesa Sanpaolo S.p.A.; Unicredit S.p.A.; Banca Popolare di Milano S.c. a r.l.; Bank of America Merrill Lynch International Limited; Barclays Bank PLC; Bnp Paribas, Italian Branch; The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milano Branch; Commerzbank Aktiengesellschaft, Milan Branch; HSBC Bank plc; ICBC (Europe) S.A., Milan Branch; ING Bank N.V., Milan Branch; Mediobanca – Banca di Credito Finanziario S.p.A.; Natixis S.A., Milan Branch; Société Générale; Société Générale S.A., Milan Branch; Standard Chartered Bank; and Mizuho Bank, Ltd., Milan Branch.
LTI	Long-Term Investments Luxembourg S.A., a company incorporated under the laws of Luxembourg, with registered office at 412F, route d’Esch, L.2086, Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg Companies’ Registry at No. B-187332.
LTI Ita	LTI Holding S.r.l., a limited liability company incorporated under the laws of Italy with a sole shareholder, with registered office in Milan, via Giosuè Carducci No. 32, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 07794690961.
Mandatory Tender Offer	The mandatory tender offer on all the Ordinary Shares, launched by the Offeror pursuant to Arts. 106, Paragraph 1- <i>bis</i> , and 109 of the TUF and to the applicable provisions of the Consob Issuers Regulation, as described in the Offer Document.
Mandatory Tender Offer Price	The price offered by the Offeror in the context of the Mandatory Tender Offer equal to EUR 15 per each Ordinary Share which will be tendered under the Mandatory Tender Offer and purchased by the Offeror.
Maximum Disbursement of the Mandatory Tender Offer	The total maximum consideration of the Mandatory Tender Offer, calculated on the basis of the number of Ordinary Shares as of the Offer Document Date (including the Treasury Ordinary Shares, the Cam 2012 Exchangeable Stake, the Edizione Stake and the Schematrentaquattro Stake) which, in case all such shares are tendered under the Mandatory Tender Offer, is equal to EUR 5,464,922,115.00.

Maximum Disbursement of the Voluntary Tender Offer	The total maximum consideration of the Voluntary Tender Offer, calculated on the basis of the number of Savings Shares as of the Offer Document Date (including the Treasury Savings Shares), which, in case all such shares are tendered under the Voluntary Tender Offer, is equal to EUR 183,769,665.00.
Mergeco Facilities Agreement	The loan agreement for the amount of EUR 6,800,000,000 named “ <i>Mergeco Facilities Agreement</i> ” that may be entered into with the Lenders by the company that results from the Merger within 5 business days from the effective date of the Merger.
Merger	The merger by incorporation of Pirelli into the Offeror.
Monte Titoli	Monte Titoli S.p.A., with registered office in Milan, piazza Affari No. 6.
MTP&C	Marco Tronchetti Provera & C. S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, piazza Borromeo No. 12, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 11963760159.
NewCo or Marco Polo International	Marco Polo International Italy S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, via San Primo No. 4, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 09052130961.
Notice of the Results of the Mandatory Tender Offer at the End of the Reopening of the relevant Offer Period	The notice relating to the final results of the Mandatory Tender Offer at the end of the Reopening of the relevant Offer Period, where applicable, that will be published by the Offeror, pursuant to Art. 41, Paragraph 6, of the Consob Issuers Regulation, before the Payment Date Following the Reopening of the Offer Period.
Notice of the Results of the Offers	The notice relating to the final results of the Offers that will be published by the Offeror, pursuant to Art. 41, Paragraph 6, of the Consob Issuers Regulation, before the Payment Date.
Nuove Partecipazioni	Nuove Partecipazioni S.p.A., a company incorporated under the laws of Italy, with registered office in Milan, piazza Borromeo No. 12, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 08264530968.

Nuove Partecipazioni/UniCredit/ISP Shareholders' Agreement	The shareholders' agreement entered into on the Closing Date by and between Nuove Partecipazioni, UniCredit S.p.A. and Intesa Sanpaolo S.p.A. (together with its subsidiary Manzoni S.r.l.), the essential information of which were disclosed pursuant to Art. 130 of the Consob Issuers Regulation is attached to the Offer Document as Annex M.7.
Offers	The Mandatory Tender Offer and the Voluntary Tender Offer.
Offer Document	This offer document, drafted pursuant to Arts. 102 <i>et seq.</i> of the TUF and applicable provisions of the Consob Issuers Regulation.
Offer Document Date	The date on which the Offer Document is published pursuant to Art. 38, Paragraph 2, of the Consob Issuers Regulation.
Offer Period	The period, agreed with Borsa Italiana, which will begin at 8:30 A.M. (Italian time) on 9 September 2015 and end at 5:30 P.M. (Italian time) on 13 October 2015, inclusive, during which it will be possible to accept the Offers, unless the Voluntary Tender Offer is extended according to applicable law.
Offeror or BidCo	Marco Polo Industrial Holding S.p.A., a company incorporated under the laws of Italy with a sole shareholder, with registered office in Milan, via San Primo No. 4, enrolled with the Companies' Registry of Milan, tax code and VAT No. 09065250962.
Offeror Notice	The notice by the Offeror pursuant to Art. 102, Paragraph 1, of the TUF and Art. 37 of the Consob Issuers Regulation, disseminated on 11 August 2015 and attached to the Offer Document as Annex M.1.
Offers Prices	The Mandatory Tender Offer Price and the Voluntary Tender Offer Price.
Ordinary Shares	The No. 364,328,141 Pirelli ordinary shares (including the Treasury Ordinary Shares, the Cam 2012 Exchangeable Stake, the Edizione Stake and the Schematrentaquattro Stake), with no par value, representing as of the Offer Document Date 76.58% of the ordinary share capital of the Issuer and 74.66% of the entire share capital of the Issuer, subject to the Mandatory Tender Offer.

**Ordinary Shares Sell-out
pursuant to Art. 108, Paragraph
1, of the TUF**

The Offeror's obligation to purchase from anyone requesting it the remaining Ordinary Shares, pursuant to Art. 108, Paragraph 1, of the TUF, effective if the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold, as a result of the acceptances of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), of any purchase made outside of the Mandatory Tender Offer according to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period) and/or in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, an aggregate shareholding in the Issuer at least equal to 95% of the ordinary share capital of the same Issuer. Please note that, for the purpose of calculating the thresholds provided for by Arts. 108 and 111 of the TUF, the Treasury Ordinary Shares held by the Issuer will be added to the Offeror's shareholding (numerator) without being deducted from the Issuer's share capital (denominator).

**Ordinary Shares Sell-out
pursuant to Art. 108, Paragraph
2, of the TUF**

The Offeror's obligation to purchase, from anyone requesting it, the Ordinary Shares not tendered under the Mandatory Tender Offer, pursuant to Art. 108, Paragraph 2, of the TUF, effective if, after the Mandatory Tender Offer, the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold, as a result of the acceptances of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period) and of any purchase made outside of the Mandatory Tender Offer according to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period), an aggregate shareholding greater than 90% of the Issuer ordinary share capital, but lower than 95% of the same ordinary share capital. Please note that, for the purpose of calculating the thresholds provided for by Art. 108 of the TUF, the Treasury Ordinary Shares held by the Issuer will be added to the Offeror's shareholding (numerator) without being deducted from the Issuer's share capital (denominator).

Ordinary Shares Squeeze-out

The Offeror's right to purchase the outstanding Ordinary Shares, pursuant to Art. 111, Paragraph 1, of the TUF, effective if the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold, as a result of the acceptances of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), of any purchase made outside of the Mandatory Tender Offer according to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period) and/or in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, an aggregate shareholding at least equal to 95% of the ordinary share capital of the Issuer. Please note that, for the purpose of calculating the thresholds provided for by Arts. 108 and 111 of the TUF, the Treasury Ordinary Shares held by the Issuer will be added to the Offeror's shareholding (numerator) without being deducted from the Issuer's share capital (denominator).

Other Countries

Any country, other than Italy and the United States of America, where the publication of the Offers is not allowed without authorization from the competent authorities or is subject to other requirements to be fulfilled by the Offeror.

Payment Date

The date on which the Offers Prices will be paid, simultaneously with the transfer to the Offeror of the ownership of the Shares tendered under the Offers, being the fifth Trading Day following the end of the relevant Offer Period and thus (if the Offer Period of the Voluntary Tender Offer is not extended according to applicable law) on 20 October 2015.

Payment Date Following the Reopening of the Offer Period

The date on which, in case of Reopening of the Mandatory Tender Offer Period, the payment of the Mandatory Tender Offer Price will be made for the Ordinary Shares tendered under the Mandatory Tender Offer during the Reopening of the Mandatory Tender Offer Period, being the fifth Trading Day following the end of the Reopening of the Mandatory Tender Offer Period, and thus on 3 November 2015.

Persons Acting in Concert

Collectively, the persons acting in concert with the Offeror pursuant to Arts. 101-*bis* and 109 of the TUF, namely ChemChina, CNRC, SPV HK 1, SPV HK 2, SPV Lux, NewCo, HoldCo, Camfin, Cam 2012, Coinv, LTI and LTI Ita; since they agreed upon or amended shareholders agreements linked or preparatory to the Offers, also Silk Road Fund, Intesa Sanpaolo S.p.A. and its subsidiaries (including Manzoni S.r.l.) as well as UniCredit S.p.A. and its subsidiaries are to be considered as Persons Acting in Concert.

Pirelli Group	The Issuer and the companies, directly or indirectly, controlled by the Issuer.
Pirelli Shareholders Agreement	The shareholders' agreement signed on the Closing Date by and between ChemChina, CNRC, SPV HK 1, SPV HK 2, SPV Lux, Camfin, Coinv, LTI and LTI Ita, the essential information of which were disclosed pursuant to Art. 130 of the Consob Issuers Regulation is attached to the Offer Document as Annex M.3.
Related Parties Regulation	The Regulation concerning the operations with related parties approved by Consob with resolution No. 17221 of 12 March 2010, as subsequently amended and integrated.
Reopening of the Mandatory Tender Offer Period	The reopening of the Offer Period of the Mandatory Tender Offer for five Trading Days (specifically, for the sessions on 21, 22, 23, 26 and 27 October 2015), that will occur if the requirements provided under Art. 40- <i>bis</i> of the Consob Issuers Regulation are met.
Responsible Intermediaries	The intermediaries responsible for the collection of the tenders under the Offers, for the deposit of the Ordinary Shares and Savings Shares respectively tendered under the Offers, for the control of regularity and consistency of the Tender Forms to what is provided in the Offer Document herein, and for the payment of the Offers Prices.
Sale and Purchase and Co-Investment Agreement	The sale and purchase and co-investment agreement signed on 22 March 2015 by and between ChemChina, CNRC, Camfin, Coinv and LTI, as subsequently amended and integrated in accordance with an amending and supplementing agreement signed by the same parties on 5 August 2015.
Savings Shares	The No. 12,251,311 Pirelli savings shares (including the Treasury Savings Shares), with no par value, representing as of the Offer Document Date 100% of the savings share capital of the Issuer and 2.51% of the entire share capital of the Issuer, subject to the Voluntary Tender Offer.
Schematrentaquattro	Schematrentaquattro S.p.A., a company incorporated under the laws of Italy with a sole shareholder, with registered office in Treviso, Calmaggione No. 23, enrolled with the Companies' Registry of Treviso, tax code and VAT No. 03914040260.
Schematrentaquattro Exchangeable Bond	The bond exchangeable in Pirelli ordinary shares issued by Schematrentaquattro on 29 November 2013 and named "€200,000,000 0.25 per cent Exchange Bonds".

Schematrentaquattro Stake	The No. 14,434,805 Ordinary Shares, owned by Schematrentaquattro on the signing date of the Edizione Agreement and subject to the latter, representing, as of such date, 3.03% of the ordinary share capital of the Issuer and of the 2.96% of the entire share capital of the Issuer.
Shares	The Ordinary Shares and the Savings Shares.
Silk Road Fund or SRF	Silk Road Fund Co., Ltd., a company incorporated under the laws of the People's Republic of China with registered office in Beijing (P.R.China), F210-F211, Winland International Finance Center Tower B, 7 Financial Street, Xicheng district, registered in State Administration for Industry & Commerce of the P.R.China under No. 100000000045300(4-1).
SPV HK 1	CNRC International Limited, a company incorporated under the laws of Hong Kong (P.R.China), with registered office at RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (P.R.China), registered in the Hong Kong Companies' Registry at No. 2222516.
SPV HK 2	CNRC International Holding (HK) Limited, a company incorporated under the laws of Hong Kong (P.R.China), with registered office at RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (P.R.China), registered in the Hong Kong Companies' Registry at No. 2228664.
SPV Lux	Fourteen Sundew S. à r.l., a company incorporated under the laws of Luxembourg, with registered office at rue Robert Stümper n. 7A, L-2557, Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg Companies' Registry at No. B-195473.
SRF Agreement	The investment agreement signed on 5 June 2015 by and between Silk Road Fund, ChemChina and CNRC, concerning an investment of 25% by Silk Road Fund (through a special purpose vehicle) in the share capital of SPV HK 2 and the following participation of Silk Road Fund, with ChemChina and CNRC, in the transaction regulated by the Sale and Purchase and Co-Investment Agreement.
Stock Exchange Regulation	The Regulation of the Markets organized and managed by Borsa Italiana approved by the Borsa Italiana Board of Directors on 7 November 2014 and approved by Consob with the resolution No. 19101 of 14 January 2015, effective as of the Offer Document Date.

Target Facilities Agreement	The loan agreement for the amount of EUR 2,400,000,000 called “Multicurrency Term and Revolving Facilities Agreement” signed on 30 April 2015 by, <i>inter alios</i> , J.P. Morgan Limited (in its capacity as “Global Co-ordinator”), J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (in their capacity as “Bookrunners”) and BidCo (in its capacity as “Initial Company”) and to which Pirelli is entitled to adhere following completion of the acquisition of the Initial Stake.
Tender Form	Each of the Tender Form A and the Tender Form B.
Tender Form A	The tender form which can be used to tender under the Mandatory Tender Offer by the owners of the Ordinary Shares.
Tender Form B	The tender form which can be used to tender under the Voluntary Tender Offer by the owners of the Savings Shares.
Trading Day	Each day on which the Italian regulated markets are open according to the trading calendar established by Borsa Italiana annually.
Treasury Ordinary Shares	The No. 351,590 Ordinary Shares owned by Pirelli itself, representing as of the Offer Document Date 0.07% of the ordinary share capital of the Issuer and 0.07% of the entire share capital of the Issuer.
Treasury Savings Shares	The No. 408,342 Savings Shares owned by Pirelli itself, representing as of the Offer Document Date 3.33% of the savings share capital of the Issuer and 0.08% of the entire share capital of the Issuer.
Voluntary Tender Offer	The voluntary tender offer on all the Savings Shares, the effectiveness of which is subject to the fulfilment (or the waiver) of the Condition of the Voluntary Tender Offer, launched by the Offeror pursuant to Art. 102 of the TUF and to the applicable provisions of the Consob Issuers Regulation, as described in the Offer Document.
Voluntary Tender Offer Price	The price offered by the Offeror in the context of the Voluntary Tender Offer equal to EUR 15 per each Savings Share, which will be tendered under the Voluntary Tender Offer and purchased by the Offeror.

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INTRODUCTION

The following “Introduction” provides a summary of the structure and legal requirements for the transaction which is subject of this Offer Document (the “**Offer Document**”).

For the purposes of a complete evaluation of the terms of the transaction, a careful reading of the following Section A “Warnings” and, in any event, of the entire Offer Document is recommended.

1. Subject of the Offer Document

The transaction described in the Offer Document consists of:

- a mandatory tender offer (the “**Mandatory Tender Offer**”) launched by Marco Polo Industrial Holding S.p.A. (the “**Offeror**” or “**BidCo**”) – pursuant to Arts. 106, Paragraph 1-*bis*, and 109, of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and integrated (the “**Consolidated Financial Act**” or “**TUF**”), as well as the applicable implementing provisions set forth in the regulation approved by Consob resolution No. 11971 of 14 May 1999, as subsequently amended and integrated (the “**Consob Issuers Regulation**”) – on the ordinary shares of Pirelli & C. S.p.A. (the “**Issuer**” or “**Pirelli**”), listed on the Electronic Stock Market (the “**Electronic Stock Market**” or “**MTA**”) organized and managed by Borsa Italiana S.p.A. (“**Borsa Italiana**”); and
- a voluntary tender offer (the “**Voluntary Tender Offer**” and, together with the Mandatory Tender Offer, the “**Offers**”), launched by the Offeror – pursuant to Art. 102 of the TUF as well as the applicable implementing provisions of the Consob Issuers Regulation – on the savings shares of Pirelli, listed on the Electronic Stock Market organized and managed by Borsa Italiana.

The Offers were announced with the notices published pursuant to Arts. 114 and 102 of the TUF, respectively, on 22 March 2015 and on 11 August 2015; in particular, such notices disclosed *inter alia* (i) the signing of the Sale and Purchase and Co-Investment Agreement and (ii) the subsequent completion of the purchase of the Initial Stake by the Offeror with the simultaneous signing of the Pirelli Shareholders Agreement, and the subsequent triggering of the obligation to launch the Mandatory Tender Offer and the intention to launch the Voluntary Tender Offer. With respect to the Sale and Purchase and Co-Investment Agreement, the purchase of the Initial Stake and the Pirelli Shareholder Agreement, see Paragraph 3 of this Introduction of the Offer Document.

The purpose of the Offers, in light of the rationale and the future plans regarding the Issuer, as better explained in Section G, Paragraph G.2, of the Offer Document, is to acquire the entire share capital of the Issuer and to achieve the delisting of the Issuer’s ordinary shares and savings shares from the Electronic Stock Market.

2. The Offeror and its controlling entities

Please note that, as of the Offer Document Date, the Offeror is indirectly controlled by China National Chemical Corporation (“**ChemChina**”), a State-owned company incorporated under the laws of the People’s Republic of China, through China National Tire & Rubber Co. Ltd. (“**CNRC**”), a company incorporated under the laws of the People’s Republic of China, the share capital of which is wholly-owned by ChemChina and that is mainly active in the research, development and operations of tires, rubber and related products.

In particular, the Offeror is a company incorporated under the laws of Italy the share capital of which is wholly-owned by Marco Polo International Holding Italy S.p.A. (“**HoldCo**” or “**Marco Polo Holding**”), a company incorporated under the laws of Italy the share capital of which is wholly-owned by Marco Polo International Italy S.p.A. (“**NewCo**” or “**Marco Polo International**”). In turn, NewCo is a company incorporated under the laws of Italy the share capital of which is owned as follows:

- 65%, indirectly by CNRC, through Fourteen Sundew S. à r.l. (“**SPV Lux**”), a special purpose vehicle incorporated under the laws of Luxemburg the share capital of which is wholly-owned by a company incorporated under the laws of Hong Kong, CNRC International Holding (HK) Limited (“**SPV HK 2**”), the share capital of which is held **(i)** 75% by CNRC (through CNRC International Limited – “**SPV HK 1**” – which is another special purpose vehicle incorporated under the laws of Hong Kong the share capital of which is wholly-owned by CNRC) and **(ii)** 25% by Silk Road Fund Co., Ltd. (“**Silk Road Fund**” or “**SRF**”), through a special purpose vehicle;
- 35%, by Camfin S.p.A. (“**Camfin**”), a company incorporated under the laws of Italy the share capital of which is in turn held **(i)** 50.00%, by Coinv S.p.A. (“**Coinv**”), controlled by Nuove Partecipazioni S.p.A. (“**Nuove Partecipazioni**”), as to 76% of the share capital, and participated by Unicredit S.p.A. and Intesa Sanpaolo S.p.A. (through its subsidiary Manzoni S.r.l.) each with a stake of 12% of the share capital; Nuove Partecipazioni is a company incorporated under the laws of Italy controlled by Mr Marco Tronchetti Provera (Chairman and Chief Executive Officer of Pirelli) through Marco Tronchetti Provera & C. S.p.A. a company incorporated under the laws of Italy (“**MTP&C**”); **(ii)** 25.94% by Long-Term Investments Luxembourg S.A. (“**LTI**”), a company incorporated under the laws of Luxembourg, wholly-owned - indirectly, through Long-Term Investments LLC, a company incorporated under the laws of the Russian Federation - by a closed-end investment fund named “RFR Long-Term Investments”, which is managed by “Management Company RegionFinanceResurs”; and **(iii)** as of 24.06%, by LTI Holding S.r.l. (“**LTI Ita**”), a company incorporated under the laws of Italy with a sole shareholder, wholly-owned by LTI.

For additional information, see Section B, Paragraphs B.1 and B.3, of the Offer Document.

3. Legal requirements of the Offers

The obligation to launch the Mandatory Tender Offer follows the completion of a purchasing transaction the main phases of which are provided below, in summary.

On 22 March 2015, ChemChina and CNRC, on one side, and Camfin and its shareholders Coinv and LTI, on the other side, signed a sale and purchase and co-investment agreement (subsequently amended and integrated in accordance with an amending and supplementing agreement signed by the same parties on 5 August 2015, the “**Sale and Purchase and Co-Investment Agreement**”) aimed at regulating the terms and conditions, *inter alia*, of:

- (i)** the purchase by the Offeror, subject to conditions customary for a transaction of this type (such as the approval by the relevant competition authority and by the other competent authorities), for a price equal to EUR 15 per Pirelli ordinary share (“*ex dividend*”, meaning that the coupon relating to the dividend approved by the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is excluded), of:

- (x) the No. 96,779,841 Pirelli ordinary shares, representing 20.34% of the ordinary share capital of the Issuer and 19.83% of the entire share capital of the Issuer (the “**Initial Stake**”), at that time directly held by Camfin,

and, to the extent possible, as specified below,

- (y) the No. 27,831,232 Pirelli ordinary shares, representing 5.85% of the ordinary share capital of the Issuer and 5.70% of the entire share capital of the Issuer (“**Cam 2012 Stake**”), at that time held by Cam 2012 S.p.A. (“**Cam 2012**”), a company the share capital of which is wholly-owned by Camfin, of which (a) No. 13,199,032 ordinary shares of Pirelli, representing 2.77% of the ordinary share capital of the Issuer and 2.70% of the entire share capital of the Issuer (the “**Cam 2012 Exchangeable Stake**”), available for the possible exchange under a bond exchangeable in Pirelli ordinary shares issued by Cam 2012 on 26 October 2012 and called “€150,000,000 5.625 per cent. Guaranteed Exchangeable Bonds due 2017 guaranteed by Camfin S.p.A.” (the “**Cam Exchangeable Bond**”), and (b) No. 14,632,200 Pirelli ordinary shares, representing 3.08% of the ordinary share capital of the Issuer and 3.00% of the entire share capital of the Issuer (the “**Cam 2012 Overcollateral Stake**”), representing an overcollateral guarantying the fulfilment of the reimbursement duties of the Cam Exchangeable Bond;

- (ii) the reinvestment by Camfin (or, should LTI and LTI Ita no longer be shareholders of Camfin as a result of the Camfin Corporate Restructuring, by Camfin, LTI and LTI Ita) in NewCo, at the same terms and conditions as those of CNRC, of a portion of the proceeds of the sale and purchase of the Initial Stake;
- (iii) simultaneously with the execution of the sale and purchase referred to in point (i) above, the signing by and between ChemChina, CNRC, SPV HK 1, SPV HK 2 and SPV Lux, Camfin and Coinv, LTI Ita and LTI, of a shareholders’ agreement, a draft of which was attached to the Sale and Purchase and Co-Investment Agreement, regulating, *inter alia*, the corporate governance of Pirelli, NewCo, HoldCo and the Offeror, as well as the transfer of the respective shares (the “**Pirelli Shareholders Agreement**”);
- (iv) following the completion of the acquisition referred to in point (i) above and the concurrent signing of the Pirelli Shareholders Agreement, the launch by the Offeror of the Mandatory Tender Offer and the Voluntary Tender Offer, with the objective to acquire the entire share capital of the Issuer or, in any case, to achieve the delisting from the MTA of the ordinary and the savings shares of Pirelli.

As disclosed in the press release dated 22 March 2015 disseminated pursuant to Art. 114 of the TUF, whereby the signing of the Sale and Purchase and Co-Investment Agreement was disclosed, the transaction contemplated by the Sale and Purchase and Co-Investment Agreement is aimed at implementing a long-term industrial partnership between CNRC and Coinv and LTI (shareholders of Camfin) in relation to Pirelli, with the goal to strengthen its development plans, to cover geographically strategic areas and to achieve the integration of tire activities of the Industrial segment of CNRC and Pirelli, by preserving the continuity and independence of the current management structure of the Pirelli Group. For additional information with respect to the future plans of the Issuer, see Section G, Paragraph G.2, of the Offer Document.

With reference to the Cam 2012 Stake, please note that, pursuant to the Sale and Purchase and Co-Investment Agreement, Camfin has undertaken to act in such a way that Cam 2012 does not tender under the Mandatory

Tender Offer, but sells and transfers to the Offeror, at a price equal to, and not higher than, the Mandatory Tender Offer Price, the ordinary shares of Pirelli corresponding to the Cam 2012 Overcollateral Stake and the residual Cam 2012 Exchangeable Stake, in relation to which the exchange right has not been exercised pursuant to the regulation of the Cam Exchangeable Bond. The entire Cam 2012 Exchangeable Stake is in any case involved in the object of the Mandatory Tender Offer since it is not known, as of today, if and how many owners of the Cam Exchangeable Bond will exercise the exchange right pursuant to the Cam Exchangeable Bond regulation; those who exercise such exchange right will indeed be able to tender under the Mandatory Tender Offer the ordinary shares of Pirelli deriving from the exchange. For sake of completeness, note that on 21 August 2015, Cam 2012 has disclosed its intention to proceed with the early redemption of the Cam 2012 Exchangeable Bond in accordance with the relevant regulation by publishing the applicable notice (so called optional redemption notice). The holders of the Cam 2012 Exchangeable Bond may exercise their exchange right in ordinary shares of Pirelli within 7 September 2015. It is provided that the early redemption of the Cam 2012 Exchangeable Bond will be completed on 21 September 2015.

On 30 April 2015, the loan agreements required for the completion of the transaction contemplated by the Sale and Purchase and Co-Investment Agreements were signed, and in particular:

- (i) the loan agreement for a total amount of EUR 4,400,000,000, named “*Bidco Senior Facilities Agreement*” (the “**Bidco Senior Facilities Agreement**”), finalized to make available the financial resources required to complete the transaction, signed by and between HoldCo and BidCo, on one side, and, *inter alios*, J.P. Morgan Limited (in its capacity as “Global Co-ordinator”), J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (in their capacity as “Bookrunners”), and subsequently amended pursuant to an amendment agreement denominated “Amendment and Restatement Agreement” entered into on 5 August 2015;
- (ii) the loan agreement for EUR 2,400,000,000 named “*Multicurrency Term and Revolving Facilities Agreement*” (the “**Target Facilities Agreement**”), destined, *inter alia*, to refinance a portion of the existing Issuer’s indebtedness and working capital, entered into by and between, *inter alios*, J.P. Morgan Limited (in its capacity as “Global Co-ordinator”), J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (in their capacity as “Bookrunners”) and Bidco (in its capacity as “Initial Company”), to which Pirelli is entitled to adhere following completion of the acquisition of the Initial Stake.

For additional information with respect to the Bidco Senior Facilities Agreement and the Target Facilities Agreement, as well as to the other loan agreements envisaged in relation to the transaction, see Section G of the Offer Document.

On 5 August 2015, ChemChina, CNRC, Camfin, Coinv and LTI entered into an amendment agreement to the Sale and Purchase and Co-Investment Agreement, whereby it was agreed, following the obtainment of the relevant authorizations by the competent competition authorities and the other relevant authorities (for additional information see Section C, Paragraph C.3, of the Offer Document), to schedule the closing of the transaction and, thus, the transfer to the Offeror of the Initial Stake, on 11 August 2015.

On 11 August 2015 (the “**Closing Date**”), in execution of the Sale and Purchase and Co-Investment Agreement and upon satisfaction of the remaining conditions precedent to the Sale and Purchase and Co-Investment Agreement:

- (i) the Offeror purchased the Initial Stake, for a price of EUR 15 per Pirelli ordinary share;
- (ii) Camfin reinvested in NewCo a portion of the proceeds of the sale and purchase of the Initial Stake, by subscribing a first *tranche* of the capital increase of NewCo reserved to Camfin, as a result of which Camfin acquired a stake corresponding to the 35% of the share capital of NewCo (for additional information, see Section B, Paragraph B.1.5, of the Offer Document);
- (iii) ChemChina, CNRC, SPV HK 1, SPV HK 2, SPV Lux, Camfin, Coinv, LTI Ita and LTI, signed the Pirelli Shareholders Agreement (for additional information on the provisions of the Pirelli Shareholders Agreement, see Paragraph H.2 of the Offer Document); please note that, with effect from the Closing Date, both the Initial Stake (as of the Closing Date equal to 20.34% of the ordinary share capital of the Issuer) and the residual Cam 2012 Stake (as of the Closing Date (as of the Closing Date equal to 5.63% of the ordinary share capital of the Issuer, considering the transfers of part of the shares available for exchange under the Cam Exchangeable Bond executed in the meantime in accordance with the Cam Exchangeable Bond) are syndicated to the Pirelli Shareholders Agreement and in aggregate represent, as of the Closing Date, 25.97% of the ordinary share capital of the Issuer;
- (iv) the new Board of Directors of the Offeror has been appointed with the following directors: Bai Xinping (Chairman), Marco Tronchetti Provera (Chief Executive Officer), Yang Xingqiang, Shi Jie, Ze’ev Goldberg, Wang Dan, Jiao Chonggao, Yang Xun, Zhang Haitao, Giorgio Luca Bruno, Carlo Acutis, Alberto Pirelli, Luca Rovati, Viacheslav Sheloputov, Nataliya Mincheva and Gennady Pavlov.

For sake of completeness, please note that, on the Closing Date, pursuant to the Sale and Purchase and Co-Investment Agreement and the Pirelli Shareholders Agreement, ChemChina, CNRC, SPV Lux, Camfin, LTI and LTI Ita signed the put option deed concerning the participations in NewCo owned by Camfin, LTI and LTI Ita (for additional information on the content of such agreement, see the essential information document relating to the Pirelli Shareholders Agreement, disclosed pursuant to Art. 130 of the Consob Issuers Regulation and attached to the Offer Document as Annex M.3), while CNRC, Camfin, LTI and LTI Ita signed a call option agreement concerning the participations in NewCo by Camfin, LTI and LTI Ita (for additional information on the content of such agreement, see the essential information document relating to the Pirelli Shareholders Agreement, disclosed pursuant to Art. 130 of the Consob Issuers Regulation and attached to the Offer Document as Annex M.3).

In light of the foregoing and pursuant to Arts. 102, Paragraph 1, of the TUF and 37 of the Consob Issuers Regulation, on the Closing Date the Offeror released the notice relating to the triggering of the legal requirements for the launch of the Mandatory Tender Offer as well as to its intention to launch the Voluntary Tender Offer, which contains the essential terms of the Offers (the “**Offeror Notice**”).

On 20 August 2015, the Offeror launched the Offers by filing the Offer Document to Consob, pursuant to Art. 102, Paragraph 3, of the TUF, and to the market by means of a press release.

In accordance with the Sale and Purchase and Co-Investment Agreement, the joint obligation of the Offeror and the Persons Acting in Concert to launch the Mandatory Tender Offer pursuant to Arts. 106, Paragraph 1-*bis*, and 109, Paragraphs 1 and 3, of the TUF, is therefore fulfilled by the Offeror. For additional information on the Persons Acting in Concert with the Offeror in relation to the Offers, see Section B, Paragraph B.3, of the Offer Document.

4. The Mandatory Tender Offer

The Mandatory Tender Offer refers to maximum No. 364,328,141 ordinary shares of Pirelli (the “**Ordinary Shares**”), representing 76.58% of the ordinary share capital of the Issuer, that is equal to the entire ordinary share capital of the Issuer excluding (i) the No. 96,779,841 ordinary shares of Pirelli, representing 20.34% of the ordinary share capital of the Issuer and 19.83% of the entire share capital of the Issuer, held by the Offeror on the date of publication of the Offer Document (the “**Offer Document Date**”), as well as (ii) the No. 14,632,200 ordinary shares of Pirelli, representing 3.08% of the ordinary share capital of the Issuer and 3.00% of the entire share capital of the Issuer, corresponding to the Cam 2012 Overcollateral Stake, held by Cam 2012 (a Person Acting in Concert with the Offeror in relation to the Offers pursuant to and for the purposes of Art. 109, Paragraphs 1 and 3, of the TUF) on the Offer Document Date. For additional information with respect to the Ordinary Shares subject to the Mandatory Tender Offer, see Section C, Paragraph C.1, of the Offer Document.

The price offered by the Offeror per each Ordinary Share tendered under the Mandatory Tender Offer (the “**Mandatory Tender Offer Price**”) is equal to EUR 15.

The Mandatory Tender Offer Price was set in accordance with the provision of Art. 106 of the TUF and coincides with the price paid by the Offeror for the purchase of the Initial Stake pursuant to the Sale and Purchase and Co-Investment Agreement. For additional information, also relating to the premium included in the Mandatory Tender Offer Price with respect to the market price, see Section E of the Offer Document.

The Mandatory Tender Offer is not subject to any condition of effectiveness and is directed, within the limits referred to in Section F, Paragraph F.4, of the Offer Document, on a non-discriminatory basis and on equal terms, to all the ordinary shareholders of the Issuer.

5. The Voluntary Tender Offer

The Voluntary Tender Offer refers to all of the outstanding No. 12,251,311 savings shares of Pirelli (the “**Savings Shares**” and, together with the Ordinary Shares, the “**Shares**”) as of the Offer Document Date. For additional information with respect to the Savings Shares subject to the Voluntary Tender Offer, see Section C, Paragraph C.2, of the Offer Document.

The price offered by the Offeror per each Savings Share tendered under the Voluntary Tender Offer is equal to EUR 15 (the “**Voluntary Tender Offer Price**”).

The Voluntary Tender Offer is subject to the condition (unless such condition is waived by the Offeror) that the number of Savings Shares tendered under the Voluntary Tender Offer, together with the Savings Shares possibly purchased by the Offeror or the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) outside of the Voluntary Tender Offer, will allow the Offeror and the Persons Acting in Concert

(jointly considered pursuant to Art. 109 of the TUF) to hold, at the end of the Offer Period, a number of Pirelli savings shares representing at least 30% of the savings share capital of Pirelli (the “**Condition of the Voluntary Tender Offer**”) and is directed, within the limits referred to in Section F, Paragraph F.4, of the Offer Document, on a non-discriminatory basis and on equal terms, to all the savings shareholders of the Issuer.

The Offeror deemed appropriate to launch, simultaneously with the Mandatory Tender Offer on the Ordinary Shares of the Issuer, also the Voluntary Tender Offer on the Savings Shares of the Issuer, although the latter is subject to the fulfillment of the Condition of the Voluntary Tender Offer, so that also the owners of the Savings Shares may liquidate their investment.

6. The maximum consideration of the Offers

In the event that all the Shares are tendered under the Offers, the aggregate maximum consideration of the Offers calculated on the basis of the number of Shares existing as of the Offer Document Date is equal to EUR 5,648,691,780.00 (the “**Aggregate Maximum Disbursement**”), of which EUR 5,464,922,115.00 represents the aggregate maximum consideration of the Mandatory Tender Offer (the “**Maximum Disbursement of the Mandatory Tender Offer**”) and EUR 183,769,665.00 represents the aggregate maximum consideration of the Voluntary Tender Offer (the “**Maximum Disbursement of the Voluntary Tender Offer**”).

For additional information, also with respect to the method of financing of the Offers, see Section E, Paragraph E.2, and Section G, Paragraph G.1, of the Offer Document.

7. Other relevant agreements

For sake of completeness, on 5 June 2015, ChemChina and CNRC signed with Silk Road Fund an investment agreement (the “**SRF Agreement**”) concerning an investment of 25% by Silk Road Fund (through a special purpose vehicle) in the share capital of SPV HK 2 and, therefore, the participation of Silk Road Fund, together with ChemChina and CNRC, to the transaction regulated by the Sale and Purchase and Co-Investment Agreement. For additional information, see Section H, Paragraph H.2, of the Offer Document.

Moreover, please note that, on 10 April 2015, CNRC and Edizione S.r.l. (“**Edizione**”) entered into a sale and purchase agreement (the “**Edizione Agreement**”) concerning:

- No. 7,486,559 Ordinary Shares, representing 1.57% of the ordinary share capital of the Issuer and 1.53% of the entire share capital of the Issuer (the “**Edizione Stake**”), directly held by Edizione,

and, to the extent possible, as specified below,

- the No. 14,434,805 Ordinary Shares, representing 3.03% of the ordinary share capital of the Issuer and of the 2.96% of the entire share capital of the Issuer (the “**Schematrentaquattro Stake**”), at that time held by Schematrentaquattro S.p.A. (“**Schematrentaquattro**”), a wholly-owned subsidiary of Edizione, underlying the bond exchangeable in Pirelli ordinary shares issued on 29 November 2013 by Schematrentaquattro itself and named “*€200,000,000 0.25 per cent Exchange Bonds*” (the “**Schematrentaquattro Exchangeable Bond**”).

Pursuant to the Edizione Agreement, the execution of which was subject to the condition precedent of the completion of the acquisition of the Initial Stake by the Offeror, Edizione has undertaken:

- to sell the Edizione Stake to the Offeror at the price of EUR 15 (“ex dividend”, meaning that the coupon relating to the dividend approved by the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is excluded) per ordinary share of Pirelli: **(i)** by transferring the Edizione Stake to the Offeror on the Closing Date, simultaneously with the acquisition of the Initial Stake by the Offeror; or, at the choice of Edizione, **(ii)** by tendering the Ordinary Shares corresponding to the Edizione Stake under the Mandatory Tender Offer;
- to procure that Schematrentaquattro, in compliance with the terms and conditions provided by the Schematrentaquattro Exchangeable Bond, tenders under the Mandatory Tender Offer, by transferring to the Offeror the Ordinary Shares corresponding to the Schematrentaquattro Stake for which an exchange right pursuant to Schematrentaquattro Exchangeable Bond’s regulation has not been exercised, provided that: **(i)** the Mandatory Tender Offer Price is at least equal to the value of the Ordinary Shares corresponding to the Schematrentaquattro Stake, as determined by an independent financial consultant appointed in accordance with the Schematrentaquattro Exchangeable Bond’s regulation; and **(ii)** the acceptance of the Mandatory Tender Offer and the transfer of the Ordinary Shares corresponding to the Schematrentaquattro Stake is not in conflict with any contractual or other provision applicable to the Schematrentaquattro Exchangeable Bond.

Please note that, in execution of the Edizione Agreement and by exercising the right provided therein, Edizione has notified the Offeror of its intention to transfer the Edizione Stake to the Offeror (not simultaneously with the Initial Stake, but) by tendering under the Mandatory Tender Offer.

For additional information see Section H, Paragraph H.2, of the Offer Document.

Again for sake of completeness, please also note that:

- (i)** on 4 August 2015, Coinv, LTI and LTI Ita signed an agreement in order to regulate the restructuring of the stake held by them in Camfin (the “**Camfin Corporate Restructuring**”), the execution of which is subject to the satisfaction of some conditions precedent and as a result of which: **(a)** Coinv will hold the entire share capital of Camfin, which, in turn, will directly hold a stake in NewCo equal to 64% of the stake previously held by Camfin in NewCo (in addition the shares of NewCo potentially subscribed by Camfin in execution of the Additional Capital Increase), and **(b)** LTI and LTI Ita will directly hold an overall stake in NewCo equal to 36% of the stake previously held by Camfin in NewCo (excluding the shares of NewCo potentially subscribed by Camfin in execution of the Additional Capital Increase);
- (ii)** on the Closing Date, Coinv and LTI signed a shareholders agreement, which will enter into force on the date of completion of the Camfin Corporate Restructuring, which integrates and completes, in some provisions and with regard exclusively to the relations between Coinv and LTI, the Pirelli Shareholders Agreement, providing, in particular, the terms and conditions aimed at reflecting, starting from the completion of the Camfin Corporate Restructuring, the internal shareholders agreements between Coinv and LTI in relation to their respective stakes held (directly or indirectly) in NewCo and the corporate governance and the exit provisions set forth by the Pirelli Shareholders Agreement (the “**Coinv/LTI Shareholders Agreement**”);

- (iii) on the Closing Date, Nuove Partecipazioni, Coinv, LTI, UniCredit S.p.A. and Intesa Sanpaolo S.p.A. (through its subsidiary Manzoni S.r.l.) mutually terminated, with effects from the Closing Date, the shareholders agreement signed by and between them on 24 May 2014 regarding Camfin and Pirelli; and
- (iv) on the Closing Date, Nuove Partecipazioni (controlled by Marco Tronchetti Provera through MTP&C), Unicredit S.p.A. and Manzoni S.r.l. (controlled by Intesa Sanpaolo S.p.A.) have (a) mutually terminated, with effects from the Closing Date, the shareholders agreement signed by and between them, in force from 10 July 2014, regarding Coinv, Camfin, Pirelli and Prelios S.p.A. and (b) signed a new shareholders agreement which amends the terms of the previous shareholders agreement in order to take into account, only in relation to the stake held in Camfin, the new corporate governance rules and of certain exit procedures as provided by the Pirelli Shareholders Agreement and the Coinv/LTI Shareholders Agreement, and leaves unchanged, repeating them in the new text, the provisions set forth in the previous shareholders agreement in relation to the stake held by Coinv in Prelios S.p.A. (the “**Nuove Partecipazioni/UniCredit/ISP Shareholders Agreement**”).

8. Table of the main events relating to the Offers

For a better understanding of the transaction within which the Offers are launched, the table below summarizes, in chronological order, the main events relating to the abovementioned transaction and the Offers.

Event	Date	Method of disclosure to the market
Signing of the Sale and Purchase and Co-Investment Agreement.	22 March 2015.	Press release issued pursuant to Art. 114 of the TUF.
Notice to Consob of the shareholders agreement provisions contained in the Sale and Purchase and Co-Investment Agreement and in the draft of the Pirelli Shareholders Agreement annexed thereto, publication of the relevant excerpt on the newspaper “Il Sole24Ore” and of the essential information on the internet web site www.pirelli.com , and filing with the Companies’ Registry of Milan.	27 March 2015.	Notices and publications pursuant to Art. 122 of the TUF and relevant implementing provisions contained in the Consob Issuers Regulation.
Signing of the Edizione Agreement.	10 April 2015.	Press release by CNRC.
Notice to Consob of the shareholders agreement provisions contained in the Edizione Agreement, publication of the relevant excerpt on the newspaper “Italia Oggi” and of the essential information on the internet web site www.pirelli.com , and filing with the Companies’ Registry of Milan.	15 April 2015.	Notices and publications pursuant to Art. 122 of the TUF and relevant implementing provisions contained in the Consob Issuers Regulation.
Signing of the Bidco Senior Facilities Agreement and the Target Facilities Agreement.	30 April 2015.	-
Signing of SRF Agreement.	5 June 2015.	Joint press release by CNRC and Silk Road Fund.

Event	Date	Method of disclosure to the market
Notice to Consob of the shareholders agreement provisions contained in the SRF Agreement, publication of the relevant excerpt on the newspaper “Italia Oggi” and of the essential information on the internet web site www.pirelli.com , and filing with the Companies’ Registry of Milan.	10 June 2015.	Notices and publications pursuant to Art. 122 of the TUF and relevant implementing provisions contained in the Consob Issuers Regulation.
Approval of the transaction by the European Commission.	1 July 2015.	Press release by CNRC.
Signing by and between Coinv, LTI and LTI Ita of an agreement relating to the Camfin Corporate Restructuring.	4 August 2015.	-
Signing of the addendum to the Sale and Purchase and Co-Investment Agreement.	5 August 2015.	Press release issued pursuant to Art. 114 of the TUF.
Completion of the acquisition of the Initial Stake by the Offeror and execution of the Pirelli Shareholders Agreement, and the subsequent triggering of the obligation to launch the Mandatory Tender Offer and the intention to launch the Voluntary Tender Offer.	11 August 2015.	Press release issued pursuant to Art. 114 of the TUF.
Subscription by Camfin of the minority stake in NewCo.		
Offeror Notice.		Notice of the Offeror pursuant to Arts. 102, Paragraph 1, of the TUF and 37 of the Consob Issuers Regulation.
Signing of the Coinv/LTI Shareholders Agreement.	11 August 2015.	-
Signing of the Nuove Partecipazioni/UniCredit/ISP Shareholders Agreement.	11 August 2015.	-
Notice to Consob of the signing of the Pirelli Shareholders Agreement, publication of the relevant excerpt on the newspaper “IlSole24Ore” and of the relevant essential information on the internet web site www.pirelli.com , and filing with the Companies’ Registry of Milan.	13 August 2015.	Notices and publications pursuant to Art. 122 of the TUF and relevant implementing provisions contained in the Consob Issuers Regulation.
Notice to Consob of the signing of the Coinv/LTI Shareholders Agreement, publication of the relevant excerpt on the newspaper “IlSole24Ore” and of the essential information on the internet web site www.pirelli.com , and filing with the Companies’ Registry of Milan.	13 August 2015.	Notices and publications pursuant to Art. 122 of the TUF and relevant implementing provisions contained in the Issuer’s Regulation.

Event	Date	Method of disclosure to the market
Notice to Consob of the signing of the Nuove Partecipazioni/UniCredit/ISP Shareholders Agreement, publication of the relevant excerpt on the newspaper “ <i>IISole24Ore</i> ” and of the essential information on the internet web site www.pirelli.com , and filing with the Companies’ Registry of Milan.	13 August 2015.	Notices and publications pursuant to Art. 122 of the TUF and relevant implementing provisions contained in the Issuer’s Regulation.
Filing of the Offer Document with Consob, pursuant to Art. 102, Paragraph 3, of the TUF.	20 August 2015.	Offeror Notice pursuant to Arts. 102, Paragraph 3, of the TUF and 37-ter of the Consob Issuers Regulation.
Approval by the Issuer’s board of directors of the Issuer’s Statement.	2 September 2015.	Issuer’s Statement pursuant to Arts. 103 of the TUF and 39 of the Consob Issuers Regulation.
Approval by the independent directors of the Issuer, who are not related parties to the Offeror, of the Independent Directors’ Opinion.		
Approval of the Offer Document by Consob.	4 September 2015.	Notice of the Offeror pursuant to Arts. 114 of the TUF and 66 of the Consob Issuers Regulation.
Publication of the Offer Document and of the Issuer’s Statement (including the Independent Directors’ Opinion and the opinion of the external advisor pursuant to Art. 39-bis of the Consob Issuers Regulation).	8 September 2015.	Notice pursuant to Art. 38, Paragraph 2, of the Consob Issuers Regulation. Release of the Offer Document pursuant to Arts. 36, Paragraph 3, and 38, Paragraph 2, of the Consob Issuers Regulation.
Beginning of the Offer Period.	9 September 2015.	-
Potential notice regarding the exceeding of the thresholds relevant for the Reopening of the Mandatory Tender Offer Period.	At least 5 Trading Days before the end of the Offer Period and, therefore, within 6 October 2015.	Notice pursuant to Arts. 114 of the TUF and 40-bis, Paragraph 1, letter b), number 2, of the Consob Issuer’s Regulation.
End of the Offer Period.	13 October 2015 (unless the Voluntary Tender Offer is extended pursuant to applicable law).	-
Notice of the provisional results of the Offers.	By the evening of the last day of the Offer Period and, in any case, within 7.59 A.M. (Italian time) of the first Trading Day following the end of the Offer Period.	Notice pursuant to Arts. 114 of the TUF and 66 of the Consob Issuers Regulation (“ Notice of the Provisional Results of the Offers ”).

Event	Date	Method of disclosure to the market
Notice (i) of the final results of the Offers, (ii) of the fulfillment or the non-fulfillment of the Condition of the Voluntary Tender Offer, as well as of the potential waiver of the Condition of the Voluntary Tender Offer, (iii) of the fulfillment of the requirements for the Reopening of the Mandatory Tender Offer Period (if applicable), and (iv) of the fulfillment of the requirements for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF or the requirements for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Ordinary Shares Squeeze-out (if applicable).	Within the Payment Date of the Offers Prices relating to the Shares tendered under the Offers during the Offer Period, <i>i.e.</i> by 20 October 2015 (unless the Offer Period of the Voluntary Tender Offer is extended pursuant to applicable law).	Notice pursuant to Art. 41, Paragraph 6, of the Consob Issuers Regulation (“ Notice of the Results of the Offers ”).
Payment of the Offers Prices relating to the Shares tendered under the Offers during the Offer Period (Payment Date).	The fifth Trading Day following the conclusion of the Offer Period, <i>i.e.</i> within 20 October 2015 (unless the Offer Period of the Voluntary Tender Offer is extended pursuant to applicable law).	-
Beginning of the potential Reopening of the Mandatory Tender Offer Period.	21 October 2015.	-
End of the potential Reopening of the Mandatory Tender Offer Period.	27 October 2015.	Notice pursuant to Arts. 114 of the TUF and 66 of the Consob Issuers Regulation.
Notice of the provisional results of the Mandatory Tender Offer at the end of the potential Reopening of the Mandatory Tender Offer Period.	Within the evening of the last day of the Reopening of the Mandatory Tender Offer Period or in any event within 7:59 A.M. (Italian time) of the first Trading Day following the end of the Reopening of the Mandatory Tender Offer Period.	Notice pursuant to Arts. 114 of the TUF and 66 of the Consob Issuers Regulation.
Notice (i) of the overall results of the Mandatory Tender Offer following the potential Reopening of the Mandatory Tender Offer Period, and (ii) of the fulfillment of the requirements for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF or the requirements for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Ordinary Shares Squeeze-out (if applicable).	Within the Payment Date of the Offers Prices relating to the Ordinary Shares tendered under the Reopening of the Mandatory Tender Offer Period, <i>i.e.</i> within 3 November 2015.	Notice pursuant to Art. 41, Paragraph 6, of the Consob Issuers Regulation (“ Notice of the Results of the Mandatory Tender Offer at the End of the Reopening of the Relevant Offer Period ”).
Payment of the Offer Price of the Ordinary Shares tendered under the Reopening of the Mandatory Tender Offer Period (Payment Date Following the Reopening of the Offer Period).	The fifth Trading Day following the end of the Reopening of the Mandatory Tender Offer Period, <i>i.e.</i> within 3 November 2015.	-

Event	Date	Method of disclosure to the market
If the requirements for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF are met, publication of a notice containing the information necessary to comply with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2 of the TUF, as well as the relevant indication of the timing of the delisting of the Ordinary Shares.	Starting once legal requirements have been satisfied.	Notice pursuant to Art. 50- <i>quinquies</i> of the Consob Issuers Regulation.
If the requirements for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Ordinary Shares Squeeze-out are met, publication of a notice containing the information necessary to comply with the obligations relating to the Ordinary Shares Squeeze-out and, simultaneously, the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1 of the TUF, triggering the Joint Procedure, as well as the relevant indication of the timing of the delisting of the Ordinary Shares.	Starting once legal requirements have been satisfied.	Notice pursuant to Art. 50- <i>quinquies</i> of the Consob Issuers Regulation.

Note: all the notices under the preceding table, where not otherwise specified, will be disseminated in compliance with Art. 36, Paragraph 3, of the Consob Issuers Regulation; notices relating to the Offers will be published without delay on the Issuer's website (www.pirelli.com).

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A. WARNINGS

A.1 Conditions for the Effectiveness of the Offers

The Mandatory Tender Offer is not subject to any condition of effectiveness.

The effectiveness of the Voluntary Tender Offer is subject to the condition (unless such condition is waived by the Offeror) that the number of Savings Shares tendered under the Voluntary Tender Offer, together with the Savings Shares possibly purchased by the Offeror and by the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) outside of the Voluntary Tender Offer, allows the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) to hold, within the end of the Offer Period, a number of Pirelli savings shares representing at least 30% of the share capital of the Issuer represented by savings shares (the “**Condition of the Voluntary Tender Offer**”).

The Offeror shall give notice if the Condition of the Voluntary Tender Offer is satisfied or not satisfied or is waived, pursuant to applicable law and, in particular, to Art. 36 of the Consob Issuers Regulation.

For further information see Section F, Paragraph F.8, of the Offer Document.

A.2 Information relating to the financing of the Offers

The obligation to launch the Mandatory Tender Offer follows the execution of the Sale and Purchase and Co-Investment Agreement and, in particular, the completion of the purchase of the Initial Stake by the Offeror and the simultaneous signing of the Pirelli Shareholders Agreement. Please note that the Initial Stake was purchased by the Offeror at a price of EUR 15 per each Pirelli ordinary share and thus for a total amount of EUR 1,452 million.

Pursuant to the Sale and Purchase and Co-Investment Agreement, the joint and several obligation to launch the Mandatory Tender Offer imposed on the Offeror and the Persons Acting in Concert, under Arts. 106, Paragraph 1-*bis*, and 109, Paragraphs 1 and 3, of the TUF, is fulfilled by the Offeror. Simultaneously with the Mandatory Tender Offer on the Ordinary Shares of the Issuer, the Offeror deemed appropriate to launch also the Voluntary Tender Offer on the Savings Shares of the Issuer, with effectiveness subject to the fulfillment of the Condition of the Voluntary Tender Offer, so that also the owners of the Savings Shares may liquidate their investment.

In the event that all the Shares are tendered under the Offers, the aggregate maximum consideration of the Offers calculated on the basis of the number of Shares as of the Offer Document Date is equal to EUR 5,648,691,780.00 (the “**Aggregate Maximum Disbursement**”), of which EUR 5,464,922,115.00 represents the aggregate maximum consideration of the Mandatory Tender Offer (the “**Maximum Disbursement of the Mandatory Tender Offer**”) and EUR 183,769,665.00 represents the aggregate maximum consideration of the Voluntary Tender Offer (the “**Maximum Disbursement of the Voluntary Tender Offer**”). For additional information, also with respect to the method of financing of the Offers, see Section E, Paragraph E.2, and Section G, Paragraph G.1, of the Offer Document.

The Offeror obtained the resources needed to proceed with the purchase of the Initial Stake and intends to finance the Aggregate Maximum Disbursement by making use, in part, of its own funds and, in part, of bank indebtedness.

It is specified that, pursuant to the Bidco Senior Facilities Agreement, the Lenders made available to the Offeror a loan divided into certain credit facilities, as follows:

- a term facility (the “**Term Facility**”) up to EUR 4,200,000,000, to be used to **(i)** issue “*Cash Confirmation Letters*” (as defined in the Bidco Senior Facilities Agreement) to be issued in the interest of BidCo pursuant to applicable law to secure payment of the cash price of the Mandatory Tender Offer, the Voluntary Tender Offer, the purchase of Pirelli shares in accordance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and to the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF and **(ii)** to finance, *inter alia*, **(a)** the purchase of Pirelli shares in connection with the Sale and Purchase and Co-Investment Agreement, **(b)** the purchase of Pirelli shares in connection with the Mandatory Tender Offer, the Voluntary Tender Offer, the purchase of shares of Pirelli in the case of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Obligation the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, in relation to the exercise of the withdrawal right pursuant to Article 2437-*quinquies* of the Italian Civil Code by shareholders of BidCo and Pirelli in connection with the Merger by incorporation into the Offeror, and **(c)** the transaction costs incurred to acquire shares of Pirelli; and
- a revolving facility (the “**Revolving Facility**”) up to EUR 200,000,000, to be used to **(i)** finance the interest and the fees to be paid in respect of the loans disbursed under the Bidco Senior Facilities Agreement, and **(ii)** the operating and administrative costs of BidCo up to the maximum amount of EUR 5,000,000.

Under the Bidco Senior Facilities Agreement, J.P. Morgan Europe Limited acts also in its capacity as “Agent” and BNP Paribas, Italian Branch as “Security Agent”.

The Term Facility shall be repaid in a single payment (unless the termination date under the Bidco Senior Facilities Agreement is extended by a three-month period) on 31 October 2016; the Revolving Facilities shall be repaid (with regard to any drawdowns under this credit facility) at the end of each interest period (and in any case – unless the termination date is extended by a three-month period under the Bidco Senior Facilities Agreement – within 31 October 2016).

Under the Bidco Senior Facilities Agreement, HoldCo shall comply with certain financial covenants consisting, *inter alia*, in maintaining certain limits, to be tested on a quarterly basis starting from the first financial quarter following the purchase of the Initial Stake, as follows: *(i)* Consolidated EBITDA (of not less than EUR 1,000,000,000); and *(ii)* ratio of consolidated net debt to consolidated EBITDA (“*Net Debt Cover*”, which shall not exceed the ratio of 2.50:1.00).

In line with market practice for transactions comparable to the financing contemplated under the Bidco Senior Facilities Agreement, the Bidco Senior Facilities Agreement provides for specific information undertakings, representations and warranties and general undertakings of the Offeror.

In particular, the security interests guaranteeing the Bidco Senior Facilities Agreement in favour of the Lenders are the following: *(i)* a pledge over shares of HoldCo and BidCo, *(ii)* a security securing – granted by NewCo, HoldCo and BidCo respectively – receivables arising out from any infra-group loans granted from these companies to, HoldCo, BidCo and the Issuer respectively, *(iii)* a pledge over the bank accounts of HoldCo and BidCo, *(iv)* a pledge over the shares of the Issuer acquired on the Closing Date (including an obligation to

pledge any further shares of the Issuer acquired by BidCo from time to time), and (v) the assignment by way of security by BidCo of the receivables arising from the agreement for the deposit of the ordinary shares of the Issuer.

Terms and conditions of the security documents are in line with the terms and conditions of the banking industry for similar transactions. In line with the above, the voting rights related to the Pirelli pledged shares shall be exercised by the Offeror until an event of default under the Bidco Senior Facilities Agreement occurs and the Lenders accelerate reimbursement of the loans under the Bidco Senior Facilities Agreement. Voting rights are regulated in the same way under the security documents for the granting of a pledge over the shares of HoldCo and BidCo.

In line with market practice for similar transactions, under the Bidco Senior Facilities Agreement the Lenders have the right to ask for the mandatory prepayment of the facilities after the occurring of a cross-default relating to payment obligations for significant amounts in relation to other financial indebtedness for each of BidCo, HoldCo or a company of the Pirelli Group.

The Bidco Senior Facilities Agreement does not provide for limits to the dividends distribution by the Issuer. It is specified that, after the potential Merger, the Mergeco Facilities Agreement, which shall be signed by the entity resulting from the Merger (for additional information, see Section G, Paragraph G.2.3 of the Offer Document), will provide for a restraint or a limit to the dividends distribution by HoldCo and by the entity resulting from such Merger, save for the case of the “*Permitted Payment*” and the “*Permitted Transactions*” as identified therein.

For further information in relation to the resources obtained by the Offeror to proceed with the purchase of the Initial Stake and the means by which the Offeror intends to finance the Aggregate Maximum Disbursement, as well as the main terms of the Bidco Senior Facilities Agreement and the related guarantee, see Section G, Paragraph G.1, of the Offer Document.

A.3 Related Parties

Please note that, pursuant to applicable law and particularly under the Regulation concerning transactions with related parties approved by Consob with resolution No. 17221 of 12 March 2010, as subsequently amended (the “**Related Parties Regulation**”), the Offeror became a related party to the Issuer on the Closing Date of the Sale and Purchase and Co-Investment Agreement, because, as an effect of the completion of the acquisition of the Initial Stake, it acquired a shareholding greater than 20% of the ordinary share capital of Pirelli.

With respect to the direct and indirect material shareholders of the Offeror as of the Offer Document Date, the following qualify as related parties to the Issuer, pursuant to the Related Parties Regulation:

- ChemChina and the companies (*i.e.*: CNRC, SPV HK 1, SPV HK 2, SPV Lux, NewCo and HoldCo) through which ChemChina controls the Offeror;
- Silk Road Fund, being a party to the SRF Agreement;
- Camfin, Coinv, LTI and LTI Ita, being parties to the Pirelli Shareholders Agreement; and

- Marco Tronchetti Provera (Chairman and Chief Executive Officer of Pirelli) and the companies controlled by him (*i.e.*: Coinv, Nuove Partecipazioni and MTP&C) through which as of the Date of the Offer Document he holds a shareholding equal to 50.00% in Camfin.

Please note that: (i) the directors of the Offeror, Messrs Marco Tronchetti Provera and Alberto Pirelli are also, respectively, Chairman and CEO, and Deputy Chairman of the Issuer; (ii) the director of the Offeror, Mr Giorgio Luca Bruno, is a senior manager of the Pirelli Group and is a member of the corporate bodies of companies controlled by Pirelli, and is also Chairman of Prelios S.p.A.; (iii) the directors of the Offeror, Messrs Bai Xinping and Ze'ev Goldberg have been appointed directors of the Issuer by cooptation, by the board of directors of the Issuer on 2 September 2015, in substitution of the directors Messrs Gaetano Micciché and Paolo Fiorentino who resigned effective on the Closing Date; and (iv) the effective statutory auditor of the Offeror, Mr Fabio Artoni, is also the effective statutory auditor of the Issuer and other company controlled by Pirelli (for further information see Paragraph B.1 and B.2.4 of the Offer Document).

A.4 Future plans of the Offeror relating to the Issuer

The purpose of the Offers is to acquire the entire share capital of the Issuer and achieve the delisting of the ordinary and savings shares of the Issuer from the MTA.

It is believed that the delisting of the ordinary and savings shares of the Issuer from the MTA will increase the operating and decision-making flexibility necessary to achieve the long-term industrial partnership between CNRC, Coinv and LTI provided for by the Sale and Purchase and Co-Investment Agreement in relation to Pirelli. On the other hand, it is believed that such industrial partnership may be realized also without the delisting, in compliance with applicable procedures, considering that the project has a strong industrial relevance and given the presence of a shareholder that will own a significant shareholding in the share capital with voting rights of Pirelli.

Such industrial partnership is aimed at reinforcing the development plans of Pirelli, controlling geographically strategic areas and achieving the integration of the tire activities in the “Industrial” segment of CNRC and Pirelli, while maintaining the continuity and autonomy of the current management structure of the Pirelli Group.

In relation to the above mentioned industrial integration, the completion of which will require an approximate period of several years and the satisfaction of several conditions (including procedural conditions), it could not be excluded that it may be necessary to employ additional resources for the completion of the related industrial projects, and, similarly, possible savings and advantages deriving from the synergies related to such integration could not be evaluated.

For further information, see Section G, Paragraph G.2, of the Offer Document.

A.5 Merger

If the delisting of the ordinary shares of Pirelli from the MTA has been achieved or the Offeror holds as a result of the Offers a stake in the ordinary share capital of the Issuer actually sufficient to approve the relevant resolution of the extraordinary shareholders’ meeting, the members of the Pirelli Shareholders Agreement are willing to pursue, as a result of the Offers and in compliance with the applicable rules and procedures of

corporate governance, the merger by incorporation of Pirelli into the Offeror (the “**Merger**”). In any event, the commencement of the Merger process represents one of the obligations provided for under the Bidco Senior Facilities Agreement in the event that BidCo reaches a stake equal to 55% of the voting capital of Pirelli (for further information, see Section G, Paragraph G.1.1.2 of the Offer Document).

In the event that as a result of the Offers, the delisting of the ordinary shares from the MTA is not achieved, the ordinary shareholders of the Issuer that have not accepted the Mandatory Tender Offer nor have voted in favor of the resolution approving the Merger will be entitled to exercise the withdrawal right pursuant to Art. 2437-*quinquies* of the Italian Civil Code, if the Offeror’s shares which the Issuer’s ordinary shareholders receive in exchange as a result of the Merger are not listed on any regulated market (the “**Withdrawal Right**”). Similarly, in the event that as a result of the Offers the delisting of the savings shares from the MTA is not achieved, the savings shareholders of the Issuer that have not accepted the Voluntary Tender Offer will be entitled to exercise the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code (given that the savings shareholders do not concur in the resolution on the Merger’s approval, not even in their special meeting, provided that, following the Merger, pursuant to Art. 6.6 of the company by-laws of Pirelli, they maintain the rights and privileges provided by the law and the by-laws itself), if the Offeror’s shares which the Issuer’s savings shareholders receive in exchange as a result of the Merger are not listed on any regulated market.

With regard to the above, please note that the liquidation value of the Pirelli ordinary and savings shares in relation to which a Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code is exercised will be determined pursuant to Art. 2437-*ter*, Paragraph 3, of the Italian Civil Code (the “**Withdrawal Consideration**”), with exclusive reference to the arithmetic average of the closing prices during the six months prior to the notice of call of the shareholders’ meeting convened to decide on the Merger.

However, if the Withdrawal Consideration due to the ordinary shareholders of the Issuer is greater than the Mandatory Tender Offer Price, the Sale and Purchase and Co-Investment Agreement provides that the Offeror’s shares admission to listing on the Electronic Stock Market is requested in concurrence with the completion of the Merger, given that the completion of the Merger will be contingent upon admission to listing of the Offeror’s shares. In the event that only the Withdrawal Consideration due to the savings shareholders of the Issuer is higher than the Voluntary Tender Offer Price, the members of the Pirelli Shareholders Agreement reserve the right to assess whether to proceed or not with the listing of the Offeror. In any case of listing of the Offeror in concurrence with the completion of the Merger, in the Offeror’s opinion the ordinary and savings shareholders of the Issuer that did not accept the Offers will not be entitled to the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code.

Finally, for completeness of information, please note that the members of the Pirelli Shareholders Agreement will consider the possibility to proceed with a merger by incorporation of the company resulting from the Merger (or, in the absence of the Merger, by incorporation of the Offeror only) into HoldCo, if allowed by the Lenders pursuant to the Bidco Senior Facilities Agreement.

For further information regarding the further reorganization transactions envisaged following completion of the Offers in relation to the Issuer, see Section G, Paragraph G.2.5, of the Offer Document.

A.6 Notices and authorizations to proceed the Offers

The launch of the Offers is not subject to the obtainment of any authorization.

For completeness of information, please note that the Sale and Purchase and Co-Investment Agreement was subject to the condition precedent, *inter alia*, of the approval by the relevant competition authorities and the other competent authorities.

The relevant authorizations pursuant to the Sale and Purchase and Co-Investment Agreement were obtained before the Closing Date.

For further information see Section C, Paragraph C.3, of the Offer Document.

A.7 Reopening of the Mandatory Tender Offer Period

Pursuant to Art. 40-*bis* of the Consob Issuers Regulation, within one Trading Day following the Payment Date, the Offer Period of the Mandatory Tender Offer shall be re-opened for 5 Trading Days – specifically for the sessions 21, 22, 23, 26 and 27 October 2015 – if the Offeror, when the notice of the results of the Offers is published pursuant to Art. 41, Paragraph 6, of the Consob Issuers Regulation (the “**Notice of the Results of the Offers**”), gives notice that it reached a shareholding greater than one half of the ordinary share capital of the Issuer (the “**Reopening of the Mandatory Tender Offer Period**”).

However, pursuant to Art. 40-*bis*, Paragraph 3, of the Consob Issuers Regulation, the Reopening of the Mandatory Tender Offer Period will not occur, *inter alia*:

- if the Offeror gives notice to the market that it reached a shareholding greater than one half of the ordinary share capital of the Issuer at least 5 Trading Days before the end of the Offer Period; or
- if, as a result of the Offer Period, the Offeror holds the shareholding referred to in Art. 108, Paragraph 1, of the TUF (that is greater than or equal to 95% of the Issuer’s ordinary share capital) or referred to in Art. 108, Paragraph 2, of the TUF (that is greater than or equal to 90% of the Issuer’s ordinary share capital).

Please note that the Voluntary Tender Offer is not subject to the reopening of the Offer Period pursuant to Art. 40-*bis* of the Consob Issuers Regulation.

For further information see Section F, Paragraph F.1, of the Offer Document.

A.8 Statement with regard to the potential restoration of the free float and the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF

The delisting of the ordinary shares and the savings shares of the Issuer from the MTA is one of the goals of the Offers in the light of the rationale and future plans regarding the Issuer.

As a consequence, in the event that, as a result of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as an effect of the acceptances of the Mandatory Tender Offer and of any purchase made outside of the Mandatory Tender Offer pursuant to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period), the Offeror and the

Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold an overall shareholding greater than 90%, but lower than 95% of the ordinary share capital of the Issuer, the Offeror hereby declares, also on behalf of the Persons Acting in Concert, its intention not to restore a free float sufficient to ensure the regular trading of the ordinary shares of Pirelli.

The consequent obligation to purchase the remaining Ordinary Shares from the Issuer's shareholders so requesting, pursuant to Art. 108, Paragraph 2, of the TUF (the "**Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF**"), jointly and severally imposed upon the Offeror and the Persons Acting in Concert pursuant to Art. 109 of the TUF, in compliance with the provisions of the Sale and Purchase and Co-Investment Agreement, will be fulfilled by the Offeror.

Pursuant to Art. 108, Paragraph 3, of the TUF, the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF will be fulfilled by the Offeror at a price per Ordinary Share equal to the Mandatory Tender Offer Price.

The Offeror will disclose whether the requirements for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF are met in the Notice of the Results of the Offers (or, if applicable, in the Notice of the Results of the Mandatory Tender Offer at the End of the Reopening of the relevant Offer Period). Please note that, for the purpose of calculating the thresholds provided for by Art. 108 of the TUF, the Treasury Ordinary Shares held by the Issuer will be added to the Offeror's shareholding (numerator) without being deducted from the Issuer's share capital (denominator).

The means and timing of the Offeror's compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF will be disclosed as soon as possible following the occurrence of the relevant requirements.

Please note that, pursuant to Art. 2.5.1 of the regulation of the markets organized and managed by Borsa Italiana in effect as of the Offer Document Date (the "**Stock Exchange Regulation**"), if the conditions of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF are met, Borsa Italiana will delist the ordinary shares of Pirelli starting on the Trading Day following the last day of payment of the price for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF.

Thus, if the conditions of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF are met, the owners of the Ordinary Shares that have not accepted the Mandatory Tender Offer and have not requested the Offeror to purchase their Ordinary Shares under the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF (without prejudice to the following Warnings A.9 and A.10), will hold financial instruments that are not traded on any regulated market, with resulting difficulty in liquidating their investment.

Finally please note that the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF does not apply to the Savings Shares. However, if the conditions of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF are met, pursuant to Art. 2.5.1, Paragraph 6, of Stock Exchange Regulation, Borsa Italiana may simultaneously delist the Savings Shares, taking into account the aggregate value of the relevant free float at the end of the Voluntary Tender Offer. In case of delisting of the Savings Shares, the owners of Savings Shares that decided not to tender under the Voluntary Tender Offer will hold financial instruments that are not traded in any regulated market, with resulting difficulty in liquidating their investment.

For further information see Section G, Paragraph G.3, of the Offer Document.

A.9 Statement with regard to compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the exercise of the Ordinary Shares Squeeze-out pursuant to Art. 111 of the TUF

In the event that, following the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as a result of the acceptances of the Mandatory Tender Offer and of any purchase made outside of the Mandatory Tender Offer itself pursuant to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period) and/or in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold an aggregate shareholding greater than or equal to 95% of the ordinary share capital of the Issuer, the Offeror hereby declares its intent to exercise its squeeze-out right on the outstanding Ordinary Shares, pursuant to Art. 111 of the TUF (the “**Ordinary Shares Squeeze-out**”).

Pursuant to Art. 108, Paragraph 3, of the TUF, as referred to by Art. 111 of the TUF, the Ordinary Shares Squeeze-out will be exercised by the Offeror at a price equal to the Mandatory Tender Offer Price per each Ordinary Share.

The Offeror will disclose whether or not the legal requirements for the exercise of the Ordinary Shares Squeeze-out occurred in the Notice of the Results of the Offers (or, if applicable, in the Notice of the Results of the Mandatory Tender Offer at the End of the Reopening of the relevant Offer Period) or in the notice regarding the results of the procedure for complying with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF. Please note that, for the purpose of calculating the thresholds provided for by Arts. 108 and 111 of the TUF, the Treasury Ordinary Shares held by the Issuer will be added to the Offeror’s shareholding (numerator) without being deducted from the Issuer’s share capital (denominator).

The Ordinary Shares Squeeze-out will be exercised as soon as possible after the conclusion of the Mandatory Tender Offer or the compliance procedure of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF.

Please note that, in the event that, as a result of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as an effect of the acceptances of the Mandatory Tender Offer and of any purchase made outside of the Mandatory Tender Offer itself pursuant to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period) and/or in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold an overall shareholding greater than or equal to 95% of the ordinary share capital of the Issuer, the Offeror and the Persons Acting in Concert would be jointly and severally obligated, pursuant to Arts. 108, Paragraph 1, and 109 of the TUF, to purchase the Ordinary Shares not tendered under the Mandatory Tender Offer by anyone requesting it (the “**Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF**”).

By exercising the Ordinary Shares Squeeze-out, the Offeror will comply, also on behalf of the Persons Acting in Concert, with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF, thereby triggering a single procedure (the “**Joint Procedure**”).

It is also noted that, if the conditions of the Ordinary Shares Squeeze-out and of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF are met, in accordance with Art. 2.5.1, Paragraph 6, of the Stock Exchange Regulation, Borsa Italiana will order the suspension from listing and the delisting of the ordinary shares of Pirelli, taking into account the time required to exercise the Ordinary Shares Squeeze-out.

Finally, please note that the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Ordinary Shares Squeeze-out do not apply to the Savings Shares. However, if the conditions of the Ordinary Shares Squeeze-out and the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF are met, again pursuant to Art. 2.5.1, Paragraph 6, of Stock Exchange Regulation, Borsa Italiana may simultaneously delist the Savings Shares, taking into account the aggregate value of the relevant remaining free float at the end of the Voluntary Tender Offer. In case of delisting of the Savings Shares, the owners of Savings Shares that decided not to tender their shares under the Voluntary Tender Offer will hold financial instruments that are not traded in any regulated market, with resulting difficulty in liquidating their investment.

For further information see Section G, Paragraph G.3, of the Offer Document.

A.10 Potential insufficiency of the free float

Notwithstanding the previous Warnings A.8 and A.9, if, at the end of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), the free float is not sufficient to ensure regular trading of the ordinary shares of Pirelli, also considering the potential persistence of shareholders owning more than 2% the Issuer's share capital, Borsa Italiana may order the suspension from listing and/or the delisting of the ordinary shares of the Issuer pursuant to Art. 2.5.1 of the Stock Exchange Regulation, unless the Offeror decides to restore a free float sufficient to ensure regular trading. In case of insufficiency of the free float, the Offeror does not intend to take measures aimed, for timing and manner, at restoring the minimum requirements of free float to ensure regular trading of the ordinary shares of Pirelli, since no relevant obligation is set forth by the applicable law.

Furthermore, if, at the end of the Voluntary Tender Offer, the free float is not sufficient to ensure regular trading of the savings shares of Pirelli, Borsa Italiana may also order the suspension from listing and/or the delisting of the savings shares of the Issuer pursuant to Art. 2.5.1 of the Stock Exchange Regulation, taking into account the collective value of the free float of such shares, unless the Offeror decides to restore a free float sufficient to ensure regular trading. In case of insufficiency of the free float, the Offeror does not intend to take measures aimed, for timing and manner, at restoring the minimum requirements of free float to ensure regular trading of the savings shares of Pirelli, since no relevant obligation is set forth by the applicable law.

In case of delisting of the ordinary shares and/or savings shares of Pirelli, the owners of these Shares who decided not to tender under the Offers (without prejudice to the previous Warnings A.8 and A.9) will hold financial instruments that are not traded in any regulated market, with resulting difficulty in liquidating their investment.

A.11 Savings Shares rights in case of delisting from the MTA

Pursuant to Art. 6.6 of the company by-laws of Pirelli in effect as of the Offer Document Date, the savings shares of Pirelli retain the rights and privileges set forth by the law and the company's by-laws even if the ordinary shares and the savings shares of Pirelli are delisted.

A.12 Potential conflicts of interest between the persons involved in the transaction

With reference to the pending relationships between the persons involved in the Offers, note in particular the following.

- Mr Bai Xinping, Chairman of CNRC, the Offeror, HoldCo and NewCo, has also been appointed director of the Issuer by cooptation by the Board of Directors of the Issuer on 2 September 2015.
- Mr Marco Tronchetti Provera, CEO of the Offeror, is also the Chairman and CEO of Pirelli and owns No. 1,251 shares of the Issuer; in addition, he is Chairman and CEO of Pirelli Tyre S.p.A..
- Mr Alberto Pirelli, director of the Offeror, HoldCo and NewCo, is also Deputy Chairman of Pirelli and owns No. 131,629 shares of the Issuer; in addition, he is Deputy Chairman of Pirelli Tyre S.p.A..
- Mr Ze'ev Goldberg, director of the Offeror, HoldCo and NewCo, has also been appointed director of the Issuer by cooptation by the Board of the Issuer on 2 September 2015.
- Mr Giorgio Luca Bruno, director of the Offeror and CEO of HoldCo and NewCo, is a senior manager of the Pirelli Group and is a member of the corporate bodies of companies controlled by Pirelli, and is also Chairman of Prelios S.p.A..
- Mr Fabio Artoni, effective statutory auditor of the Offeror, is also an effective statutory auditor of the Issuer and other companies controlled by Pirelli.
- ChemChina Finance Co., Ltd. (controlled by ChemChina), Rothschild, Lazard, J.P. Morgan Securities (Asia Pacific) Limited and Intermonte are financial advisors of the Offeror; such financial advisors, and their subsidiaries and affiliates, in the ordinary course of their business, could have provided or may in the future, provide financial consultancy, commercial or investment banking or financial services to, or have investment and commercial banking, trust and other relationships with, may at any time hold long or short positions, and, subject to applicable law, including without limitation Rule 14e-5 under the Exchange Act, may trade or otherwise effect transactions, for their account or the accounts of customers, in debt or equity securities, senior loans or other financial instruments of the Offeror, the Issuer or persons involved in the Offers, or their subsidiaries and affiliates; in particular, under the Bidco Senior Facilities Agreement and the Target Facilities Agreement, J.P. Morgan Limited acts also in its capacity as Global Coordinator and Bookrunner, and J.P. Morgan Europe Limited in its capacity as Agent on such facilities; furthermore, J.P. Morgan Securities plc is also Original Lender under each of the Bidco Senior Facilities Agreement and Target Facilities Agreement; J.P. Morgan Limited, J.P. Morgan Europe Limited and J.P. Morgan Securities plc act in the same capacities in relation to the MergeCo Facilities Agreement; J.P. Morgan Securities plc is also providing ratings advisory services to the Issuer.

Furthermore, with specific reference to the fact that each of Intesa Sanpaolo S.p.A. (through its subsidiary Manzoni S.r.l.) and UniCredit S.p.A. hold a stake equal to 12% in Coinv (a director of which is an employee

of UniCredit S.p.A.) and are parties to the Nuove Partecipazioni/UniCredit/ISP Shareholders Agreement, exercising the rights granted to them in accordance thereto, note in particular the following.

- Banca IMI S.p.A. (a subsidiary of Intesa Sanpaolo S.p.A.) and UniCredit Bank AG (a subsidiary of UniCredit S.p.A.) are the Intermediaries Responsible for Coordinating the Collection of Tenders in relation to the Offers and will earn a fee as consideration for such services.
- Under the Bidco Senior Facilities Agreement and the Target Facilities Agreement, Intesa Sanpaolo S.p.A. and UniCredit S.p.A. act not only as Lenders but also in their capacity as Bookrunners.
- Intesa Sanpaolo S.p.A. e UniCredit S.p.A. acted as *global coordinators, mandated lead arrangers, bookrunners* and lenders, and UniCredit Bank AG acted as agent, in the context of two credit facilities granted in August 2015 in favour of Camfin and its subsidiary Cam 2012, aimed at supporting the financial needs of such companies in relation to their corporate activity, including in the context of the transaction.
- Intesa Sanpaolo S.p.A. and UniCredit S.p.A. have issued the guarantee of full performance of the Offers, pursuant to Art. 37-*bis* of the Consob Issuers Regulation (so called Cash Confirmation Letter).
- Intesa Sanpaolo banking Group has granted significant facilities to Pirelli and the companies belonging to the Pirelli Group; Banca IMI S.p.A. has also acted in its capacity as Joint Bookrunner in relation to the bonds issued by Pirelli in November 2014 and as financial advisor in relation to the disposal by Pirelli of its Steelpcord business; in addition, Banca IMI S.p.A. has acted in its capacity as Joint Bookrunner and Joint Lead Manager in relation to the issuance by Camfin of a bond exchangeable in Pirelli shares.
- UniCredit banking Group has acted in its capacity as (i) Joint Bookrunner in relation to the bonds exchangeable in Pirelli's shares issued by Camfin in October 2012 and (ii) Agent, Sole Arranger and lender in relation to the facilities originally granted to Camfin by a pool of financial institutions.
- For sake of completeness note that, with regard to Prelios S.p.A., UniCredit S.p.A. and Intesa Sanpaolo S.p.A. are parties to a shareholders' agreement entered into with Feidos 11 S.p.A. and Pirelli in relation to Fenice S.r.l., a company incorporated by the parties with the function of an economic and financial strengthening of Prelios S.p.A. pursuant to a restructuring plan qualified under Art. 67, par. 3, lett. d), of the Italian Royal Decree No. 267 of 16 March 1942, in the context of which an agreement for the restructuring of financial indebtedness of Prelios S.p.A. was entered into by the latter with its financial creditors, represented by Pirelli and a pool of banks, including UniCredit S.p.A. and Intesa Sanpaolo S.p.A..
- Camfin, Coinv, Prelios SGR S.p.A. and Fenice S.r.l. are related parties to the Intesa Sanpaolo Group.
- Camfin, Coinv, Prelios S.p.A. and Fenice S.r.l. are related parties to the UniCredit Group.

Note that Intesa Sanpaolo S.p.A. and its subsidiaries, in the ordinary course of their business, have provided, provide or may provide in the future or on a continuative basis lending, advisory, investment banking and corporate finance services to the persons directly or indirectly involved in the transaction (and/or in the negotiation and execution of the transaction) and/or to Pirelli and/or to Prelios S.p.A. and/or to their respective shareholders and/or to their respective subsidiaries and/or to other entities operating in the same business. Also

UniCredit Group, in the ordinary course of its business, could have provided, provide or may provide in the future or on a continuative basis lending, advisory, investment banking and corporate finance services to the persons directly or indirectly involved in the transaction (and/or in the negotiation and execution of the transaction), and/or to Pirelli and/or to Prelios S.p.A. and/or to their respective shareholders and/or to their respective subsidiaries and/or to other entities operating in the same business.

Finally, note that Mediobanca – Banca di Credito Finanziario S.p.A., a shareholder of Pirelli, is among the Lenders under the Bidco Senior Facilities Agreement and the Target Facilities Agreement.

A.13 Possible alternative scenarios for the holders of the Shares

A.13.1. Possible alternative scenarios for the holders of the Ordinary Shares

For purposes of clarity, the possible scenarios for the holders of the ordinary shares of the Issuer to whom the Mandatory Tender Offer is addressed are set out below.

(A) ACCEPTANCE OF THE MANDATORY TENDER OFFER

In case of acceptance of the Mandatory Tender Offer during the Offer Period (as well as, if applicable, during the Reopening of the Mandatory Tender Offer Period), the ordinary shareholders of the Issuer will receive EUR 15 per each Ordinary Share they hold and which they tendered under the Mandatory Tender Offer.

(B) NON-ACCEPTANCE OF THE MANDATORY TENDER OFFER

In case of non-acceptance of the Mandatory Tender Offer during the Offer Period (as well as, if applicable, during the Reopening of the Mandatory Tender Offer Period), the ordinary shareholders of the Issuer will face one of the possible scenarios described below:

(b1) Insufficiency of the free float following the Mandatory Tender Offer

If, following the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold a stake lower than 90% of the ordinary share capital of the Issuer, and in the event of an insufficiency of the free float such as not to ensure regular trading (also considering the potential persistence of shareholders owning more than 2% of the share capital of Pirelli), Borsa Italiana may suspend and/or revoke the listing of the Issuer's ordinary shares pursuant to Art. 2.5.1, Paragraph 6, of the Stock Exchange Regulation, unless the Offeror decides to restore a free float sufficient to ensure regular trading. In the event of insufficiency of the free float, the Offeror does not intend to take measures aimed, for timing and manner, at restoring the minimum requirements of free float to ensure regular trading of the Ordinary Shares, given that the applicable law does not provide any such obligation. Following the delisting of the Pirelli ordinary shares ordered by Borsa Italiana, the ordinary shareholders who did not tender under the Mandatory Tender Offer will hold financial instruments that are not traded on any regulated market, with resulting difficulty in liquidating their investment.

(b2) Reaching a shareholding greater than 90% but lower than 95% of the ordinary share capital of the Issuer

If, following the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as a consequence of the acceptances of the Mandatory Tender Offer and of any purchase made outside

of such offer, pursuant to applicable law, during the Offer Period (including during the potential Reopening of the Mandatory Tender Offer Period), the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold a total shareholding greater than 90% but lower than 95% of the ordinary share capital of the Issuer, the Offeror, as it does not intend to restore a free float sufficient to ensure the regular trading, will be subject to the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF. Therefore, in such case, ordinary shareholders of Pirelli who did not tender under the Mandatory Tender Offer will be entitled to request the Offeror to purchase their Ordinary Shares, pursuant to Art. 108, Paragraph 2, of the TUF, for a price determined pursuant to Art. 108, Paragraph 3, of the TUF, *i.e.*, a price equal to the Mandatory Tender Offer Price.

Following the occurrence of the requirements of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, Borsa Italiana will order the delisting of the Pirelli ordinary shares pursuant to Art. 2.5.1, Paragraph 6, of the Stock Exchange Regulation. In such case, the ordinary shareholders of Pirelli who did not tender under the Mandatory Tender Offer and did not exercise their right to request the Offeror to purchase their Ordinary Shares in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF (without prejudice to the following point *b3*), will hold financial instruments that are not traded on any regulated market, with resulting difficulty in liquidating their investment.

(b3) Reaching a shareholding greater than or equal to 95% of the ordinary share capital of the Issuer

If, following the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as a result of tenders under the Mandatory Tender Offer and any purchase made outside of such offer pursuant to applicable law during the Offer Period (including during the potential Reopening of the Mandatory Tender Offer Period), and/or in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold a total shareholding greater or equal to 95% of the ordinary share capital of the Issuer, the Offeror will initiate the Joint Procedure for the exercise of the Ordinary Shares Squeeze-out and to comply with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF. In that case, the ordinary shareholders who did not tender under the Mandatory Tender Offer will be obligated to transfer the ownership of their Ordinary Shares to the Offeror and, as a consequence, will receive per Ordinary Share a price determined pursuant to Art. 108, Paragraph 3, of the TUF, *i.e.* a price equal to the Mandatory Tender Offer Price.

Upon occurrence of the requirements triggering the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF, and the Ordinary Shares Squeeze-out, Borsa Italiana will order the delisting of the Pirelli ordinary shares from the Electronic Stock Market pursuant to Art. 2.5.1, Paragraph 6, of the Stock Exchange Regulation.

(b4) Merger

If the Delisting of the ordinary shares of Pirelli from the MTA has been achieved or, as a result of the Offers, the Offeror holds, a stake in the ordinary share capital of the Issuer actually sufficient to approve the relevant resolution of the extraordinary shareholders' meeting, the members of the Pirelli Shareholders Agreement are willing to pursue, following completion of the Offers and in compliance with the applicable rules and procedures of corporate governance, the Merger by incorporation of Pirelli into the Offeror. In any event, the commencement of the Merger process represents one of the obligations provided for under the Bidco Senior

Facilities Agreement in the event that BidCo reaches a stake equal to 55% of the voting capital of Pirelli (for further information, see Section G, Paragraph G.1.1.2 of the Offer Document).

In the event that, as a result of the Offers, the delisting of the ordinary shares from the MTA is not achieved, if the shares of the Offeror that the Issuer's ordinary shareholders will receive in exchange following the Merger are not listed on any regulated market, the ordinary shareholders of the Issuer who have not accepted the Mandatory Tender Offer and have not voted in favor of the resolution approving the Merger will be entitled to exercise the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code. Similarly, in the event that the delisting of the savings shares from the MTA is not achieved as a result of the Offers, if the shares of the Offeror that the savings shareholders of the Issuer will receive in exchange following the Merger are not listed on any regulated market, also the savings shareholders of the Issuer that have not accepted the Voluntary Tender Offer will be entitled to exercise the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code (given that the savings shareholders do not concur in the resolution on the Merger's approval, not even in their special meeting, provided that, following the Merger, pursuant to Art. 6.6 of the company by-laws of Pirelli, they maintain the rights and privileges provided by the law and the by-laws itself).

With regard to the above, the Withdrawal Consideration will be determined pursuant to Art. 2437-*ter*, Paragraph 3, of the Italian Civil Code, *i.e.* only on the basis of the arithmetic average of the closing prices during the six months prior to the publication of the notice of call of the shareholders' meeting convened to decide on the Merger.

However, if the Withdrawal Consideration due to the ordinary shareholders of the Issuer is greater than the Mandatory Tender Offer Price, the Sale and Purchase and Co-Investment Agreement provides that the Offeror's shares admission to listing on the Electronic Stock Market is requested in concurrence with the completion of the Merger, given that the completion of the Merger will be contingent upon admission to listing of the Offeror's shares. In the event that only the Withdrawal Consideration due to the savings shareholders of the Issuer is higher than the Voluntary Tender Offer Price the members of the Pirelli Shareholders Agreement reserve the right to assess whether to proceed or not with the listing of the Offeror. In any case of listing of the Offeror in concurrence with the completion of the Merger, in the Offeror's opinion the ordinary and savings shareholders of the Issuer that did not accept the Offers will not be entitled to the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code.

A.13.2. Possible alternative scenarios for the holders of the Savings Shares

For purposes of clarity, below are set out the possible scenarios for the holders of the savings shares of the Issuer in the event the Voluntary Tender Offer:

- is completed due to the fulfillment of the Condition of the Voluntary Tender Offer or the waiver of the Condition of the Voluntary Tender Offer by the Offeror, distinguishing the case of acceptance of the Voluntary Tender Offer from the case of non-acceptance of such offer;

or

- is not completed due to non-fulfillment of the Condition of the Voluntary Tender Offer, without a waiver of such condition by the Offeror.

(A) COMPLETION OF THE VOLUNTARY TENDER OFFER AND ACCEPTANCE OF THE VOLUNTARY TENDER OFFER

If the Condition of the Voluntary Tender Offer is satisfied or is waived by the Offeror, the savings shareholders of the Issuer who tendered under the Voluntary Tender Offer will receive EUR 15 per Savings Share which they hold and tendered under the Voluntary Tender Offer.

Please note that the Voluntary Tender Offer is not subject to the reopening of the Offer Period referred to in Art. 40-*bis* of the Consob Issuers Regulation.

(B) COMPLETION OF THE VOLUNTARY TENDER OFFER AND NON-ACCEPTANCE OF THE VOLUNTARY TENDER OFFER

If the Condition of the Voluntary Tender Offer is satisfied or is waived by the Offeror, the savings shareholders of the Issuer who did not tender under the Voluntary Tender Offer will face one of the possible scenarios described below.

(b1) Insufficiency of the free float following the Voluntary Tender Offer

If following the Voluntary Tender Offer an insufficiency of the free float occurs such that regular trading is not ensured, Borsa Italiana may suspend and/or revoke the listing of the Issuer's savings shares pursuant to Art. 2.5.1 of the Stock Exchange Regulation, taking into account the collective value of the free float of such shares, unless a free float sufficient to ensure regular trading is restored. In the event such insufficiency of the free float occurs, the Offeror does not intend to take measures aimed at, for timing and manner, restoring the minimum requirements of free float to ensure regular trading of the Savings Shares, given that the applicable law does not provide any such obligation. Following delisting of the Savings Shares ordered by Borsa Italiana, the savings shareholders who did not tender under the Voluntary Tender Offer will hold financial instruments that are not traded on any regulated market, with resulting difficulty in liquidating their investment.

(b2) Merger

If the delisting of the ordinary shares of Pirelli from the MTA has been achieved or the Offeror holds as a result of the Offers a stake in the ordinary share capital of the Issuer actually sufficient to approve the relevant resolution of the extraordinary shareholders' meeting, the members of the Pirelli Shareholders Agreement are willing to pursue, following completion of the Offers and in compliance with the applicable rules and procedures of corporate governance, the Merger by incorporation of Pirelli into the Offeror. In any event, the commencement of the Merger process represents one of the obligations provided for under the Bidco Senior Facilities Agreement in the event that BidCo reaches a stake equal to 55% of the voting capital of Pirelli (for further information, see Section G, Paragraph G.1.1.2 of the Offer Document).

In the event that, as a result of the Offers, the delisting of the ordinary shares of Pirelli from the MTA is not achieved, the ordinary shareholders of the Issuer who did not tender under the Mandatory Tender Offer and did not vote in favor of the resolution approving the Merger will have the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code, if the shares of the Offeror that the Issuer's ordinary shareholders will receive in exchange following the Merger are not listed on any regulated market. Similarly, in the event that, as a result of the Offers, the delisting of the savings shares from the MTA is not achieved, the savings

shareholders of the Issuer that have not accepted the Voluntary Tender Offer will be entitled to exercise the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code (given that the savings shareholders do not concur in the resolution on the Merger's approval, not even in their special meeting, provided that, following the Merger, pursuant to Art. 6.6 of the company by-laws of Pirelli, they maintain the rights and privileges provided by the law and the by-laws itself), if the shares of the Offeror that the savings shareholders of the Issuer will receive in exchange following the Merger are not listed on any regulated market.

With regard to the above, the Withdrawal Consideration will be determined pursuant to Art. 2437-*ter*, Paragraph 3, of the Italian Civil Code, *i.e.* only on the basis of the arithmetic average of the closing prices during the six months prior to the publication of the notice of call of the shareholders' meeting convened to decide on the Merger.

However, if the Withdrawal Consideration due to the ordinary shareholders of the Issuer is greater than the Mandatory Tender Offer Price, the Sale and Purchase and Co-Investment Agreement provides that the Offeror's shares admission to listing on the Electronic Stock Market is requested in concurrence with the completion of the Merger, given that the completion of the Merger will be contingent upon admission to listing of the Offeror's shares. In the event that only the Withdrawal Consideration due to the savings shareholders of the Issuer is higher than the Voluntary Tender Offer Price, the members of the Pirelli Shareholders Agreement reserve the right to assess whether to proceed or not with the listing of the Offeror. In any case of listing of the Offeror in concurrence with the completion of the Merger, in the Offeror's opinion the ordinary and savings shareholders of the Issuer that did not accept the Offers will not be entitled to the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code.

(C) NON-COMPLETION OF THE VOLUNTARY TENDER OFFER

If the Condition of the Voluntary Tender Offer is not satisfied and is not waived by the Offeror and, thus, in the event of non-completion of the Voluntary Tender Offer, the Savings Shares tendered under the Voluntary Tender Offer will be released within the first Trading Day following the first notice disclosing the non-fulfillment of the Condition of the Voluntary Tender Offer and returned to their respective owners without additional costs and expenses; therefore the Savings Shares will remain listed on the Electronic Stock Market and the Issuer's savings shareholders will hold financial instruments that are traded on a regulated market, without prejudice to the delisting of the savings shares from the MTA that could follow the Merger referred to in this Paragraph A.13.2, point (b2) above.

A.14 Available rights of those accepting

The Ordinary Shares tendered under the Mandatory Tender Offer during the Offer Period (notwithstanding the potential Reopening of the Mandatory Tender Offer Period) will be transferred to the Offeror on the Payment Date. The Ordinary Shares tendered under the Mandatory Tender Offer during the Reopening of the Mandatory Tender Offer Period, will be transferred to the Offeror on the Payment Date Following the Reopening of the Offer Period.

If the Voluntary Tender Offer becomes effective (and thus if the Condition of the Voluntary Tender Offer occurs or if the Condition of the Voluntary Tender Offer is waived by the Offeror), the Savings Shares tendered under the Voluntary Tender Offer will be transferred to the Offeror on the Payment Date.

Until the Payment Date (or, for the Ordinary Shares tendered under the Mandatory Tender Offer during the Reopening of the Mandatory Tender Offer Period, until the Payment Date Following the Reopening of the Offer Period), the shareholders retain and may exercise the property and administrative rights arising from the ownership of the Shares tendered under the Mandatory Tender Offer and/or the Voluntary Tender Offer; however, the shareholders who tendered under the Mandatory Tender Offer and/or the Voluntary Tender Offer may not transfer their tendered Shares, apart from tendering under any competitive offers or higher bids pursuant to Art. 44 of the Consob Issuers Regulation.

For further information see Section F, Paragraph F.2, of the Offer Document.

A.15 Independent Directors' Opinion

Pursuant to Art. 39-*bis* of the Consob Issuers Regulation, the independent directors of the Issuer, who are not related parties to the Offeror, have to prepare a reasoned opinion containing an assessments on the Mandatory Tender Offer and the adequacy of the Mandatory Tender Offer Price (the “**Independent Directors' Opinion**”). For this purpose, the independent directors may rely on the support of an external advisor at the Issuer's expense. For this role the independent directors of the Issuer appointed Citigroup Global Markets Ltd..

The Independent Directors' Opinion was approved on 2 September 2015 and is annexed, collectively with the opinion of the external advisor Citigroup Global Markets Ltd., to the Issuer's Statement (see Notice A.16 below) attached as Annex M.2 to the Offer Document.

A.16 Issuer's Statement

The statement that the board of directors of the Issuer is required to publish pursuant to the combined provisions of Arts. 103, Paragraph 3, of the TUF and 39 of the Consob Issuers Regulation (the “**Issuer's Statement**”), containing all information useful for understanding and properly evaluating the Offers, was approved by the board of directors of the Issuer on 2 September 2015 and is attached to the Offer Document as Annex M.2, accompanied by the relative fairness opinion issued by Deutsche Bank and Goldman Sachs International, as well as the Independent Directors' Opinion and the opinion of the external advisor of which the independent directors availed themselves.

In addition, please note that the representatives of the employees have the right to issue a separate opinion on the impact of the Mandatory Tender Offer on employment.

A.17 Notice to U.S. resident holders of the Shares

The Offers will be made for the Shares of Pirelli, an Italian company with shares listed on the Electronic Stock Market organized and managed by Borsa Italiana, and are subject to Italian disclosure and procedural requirements, which are different from those of the United States of America.

The Offers are being made in the United States of America pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act, and otherwise in accordance with the requirements of Italian law. Accordingly, the Offers are subject to disclosure and other procedural requirements, including with respect to potential withdrawal rights, the Offers' timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws.

To the extent permissible under applicable law and regulation, in accordance with normal Italian practice and pursuant to Rule 14e-5 of the U.S. Securities Exchange Act, the Offeror and its affiliates or brokers and financial advisors (acting as agents for the Offeror or its affiliates, as applicable) have purchased since 22 March 2015 (as set forth below) and may from time to time purchase after the Offer Document Date, and other than pursuant to the Offer, directly or indirectly, or arrange to purchase, Pirelli shares or any securities that are convertible into, exchangeable for or exercisable for Pirelli shares. Since 22 March 2015 and prior to the Offer Document Date no such purchases have been made by the Offeror, its affiliates and their brokers (acting as agents for the Offeror or its affiliates, as applicable) other than the purchase of Initial Stake by the Offeror and no arrangements to purchase have been executed by the abovementioned persons other than the Sale and Purchase and Co-Investment Agreement and the Edizione Agreement. Furthermore, since 22 March 2015, Banca IMI S.p.A., a subsidiary of Intesa Sanpaolo S.p.A., has purchased No. 123 Ordinary Shares in accordance with normal Italian practice and pursuant to Rule 14-e5(b)(5). Any purchases of Ordinary Shares or Savings Shares by the Offeror and its affiliates or brokers (acting as agents for the Offeror or its affiliates, as applicable) will not be made at prices higher than the consideration of the Mandatory Tender Offer and the consideration of the Voluntary Tender Offer, respectively, unless such respective consideration, as applicable, is increased accordingly or such purchases qualifies under an applicable exemption to Rule 14-e5(b).

To the extent information about such purchases or arrangements to purchase is made public in Italy, such information will be disclosed as required in Italy by means of a press release, pursuant to Art. 41, Paragraph 2, letter (c), of Consob Issuers Regulation, or other means reasonably calculated to inform U.S. shareholders of Pirelli. In particular, during the Offer Period (including any extension thereto pursuant to applicable law or during the Reopening of the Mandatory Tender Offer Period, as the case may be), the Offeror and the Persons Acting in Concert reserve the right to purchase Ordinary Shares and Savings Shares of the Issuer outside of the Offers, to the extent permissible under applicable Italian law and regulation, and will communicate those purchases pursuant to Art. 41, Paragraph 2, letter (c), of Consob Issuers Regulation. In addition, the financial advisors to the Offeror and the Issuer may, subject to applicable law, including Rule 14e-5 under the U.S. Securities Exchange Act, also engage in ordinary course trading activities in securities of Pirelli, which may include purchases or arrangements to purchase such securities.

Neither the United States Securities & Exchange Commission nor any securities commission of any State of the United States of America has (a) approved or disapproved of the Offers; (b) passed upon the merits or fairness of the Offers; or (c) passed upon the adequacy or accuracy of the disclosure in the Offer Document. Any representation to the contrary is a criminal offence in the United States of America.

See also Section F, Paragraph F.4, of the Offer Document.

B. PERSONS PARTICIPATING IN THE TRANSACTION

B.1 Information relating to the Offeror

B.1.1. Name, legal form and registered office

The Offeror's company name is "Marco Polo Industrial Holding S.p.A."

The Offeror is an Italian company limited by shares (*società per azioni*) with a sole shareholder, with registered office in Milan, via San Primo No. 4, enrolled with the Companies' Registry of Milan, tax code and VAT No. 09065250962.

B.1.2. Incorporation and duration

The Offeror was incorporated on 21 April 2015, by deed executed by notary public Andrea De Costa of Novate Milanese (repertory No. 537, collection No. 235), in view of the fulfillment of the Sale and Purchase and Co-Investment Agreement.

Pursuant to the company's by-laws, the term of the Offeror is 31 December 2100, unless such term is extended or the Offeror is early wound up by resolution of the shareholders' extraordinary meeting.

B.1.3. Governing law and court with jurisdiction

The Offeror is a company incorporated under the laws of Italy and operates on the basis of Italian law.

In regard to any disputes to which the Offeror itself is a party, the Offeror's by-laws do not contain provisions exempting such disputes from ordinary court jurisdiction. Therefore, provisions of law applicable from time to time shall determine the court with jurisdiction to resolve disputes among shareholders or between shareholders and the Offeror, as well as for any other matter not expressly set forth in the by-laws.

B.1.4. Share capital

As of the Offer Document Date, the authorized share capital of the Offeror is equal to maximum EUR 10,224,351.90. Such share capital has been subscribed and fully paid in, as of the Offer Document Date, for an amount equal to EUR 3,389,347.90, divided into No. 10,822,090 ordinary shares, with no par value.

The Offeror's shares are not listed on any regulated market.

As of the Offer Document Date, the Offeror has not issued special categories of shares nor any bond exchangeable into shares nor any other equity financial instrument.

B.1.5. Shareholders and shareholders' agreements

As of the Offer Document Date:

- (i) the Offeror's share capital is wholly-owned by HoldCo, *i.e.* "Marco Polo International Holding Italy S.p.A.", an Italian company limited by shares (*società per azioni*) with a sole shareholder, with registered office in Milan, via San Primo No. 4, enrolled with the Companies' Registry of Milan, tax

code and VAT No. 09057800964, with share capital equal to EUR 3,389,347.90, fully subscribed and paid in, divided in No. 10,822,090 ordinary shares, with no par value;

- (ii) the share capital of HoldCo is wholly-owned by NewCo; *i.e.* “Marco Polo International Italy S.p.A.” an Italian company limited by shares (*società per azioni*), with registered office in Milan, via San Primo No. 4, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 09052130961, with share capital equal to EUR 3,389,347.90, fully subscribed and paid in, divided in No. 10,822,090 ordinary shares, with no par value, of which No. 7,034,360 class “A” ordinary shares and No. 3,787,730 class “B” ordinary shares.
- (iii) the share capital of NewCo is held:
- as to No. 7,034,360 class “A” shares of NewCo, representing 100% of the class “A” share capital and 65% of the entire share capital of NewCo, by SPV Lux, *i.e.* “Fourteen Sundew S. à r.l.”, a *société à responsabilité limitée*, incorporated under the laws of Luxembourg, with registered office in Luxembourg, rue Robert Stümper n. 7A, L-2557, registered in the Luxembourg Companies’ Registry at No. B195473;
 - as to No. 3,787,730 class “B” shares of NewCo, representing 100% of the class “B” share capital and 35% of the entire share capital of NewCo, by Camfin, the share capital of which is held (a) 50.00% by Coinv, controlled by Nuove Partecipazioni, which holds 76% of the share capital, and in which each of Unicredit S.p.A. and Intesa Sanpaolo S.p.A. (through the subsidiary Manzoni S.r.l.) hold 12% of the share capital; Nuove Partecipazioni is a company incorporated under the laws of Italy controlled by Dr. Marco Tronchetti Provera (Chairman and Chief Executive Officer of Pirelli) through MTP&C, an Italian company; and (b) 25.94% by LTI, *i.e.* Long-Term Investments Luxembourg S.A., a *société anonyme* incorporated under the laws of Luxembourg, wholly-owned, through Long-Term Investments LLC, a company incorporated under the laws of the Russian Federation (“**LTI Russia**”), by a closed-end investment fund “RFR Long-Term Investments” (the “**Mutual Fund**”), which is managed by “Management Company RegionFinanceResurs” (Russia), as the trust manager of the assets of the Mutual Fund (the “**Management Company**”); the Management Company, as the trust manager of the assets of the Mutual Fund, exercises all the rights of the sole participant in LTI Russia, including voting rights. The sole shareholder in the Management Company is Ms. Natalia Bogdanova, who has an ultimate decision-making power as a sole shareholder, and (c) 24.06% by LTI Ita, *i.e.* LTI Holding S.r.l., a limited liability company incorporated under the laws of Italy with a sole shareholder, wholly-owned by LTI;
- (iv) the share capital of SPV Lux is wholly-owned by SPV HK 2, *i.e.* “CNRC International Holding (HK) Limited”, a limited company incorporated under the laws of Hong Kong (P.R.China), with registered office at RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (P.R.China), registered in the Hong Kong Companies’ Registry at No. 2228664;
- (v) the share capital of SPV HK 2 is held as follows:
- 75% by SPV HK 1, *i.e.* “CNRC International Limited”, a limited company incorporated under the laws of Hong Kong (P.R.China), with registered office in with registered office at RMS 05-

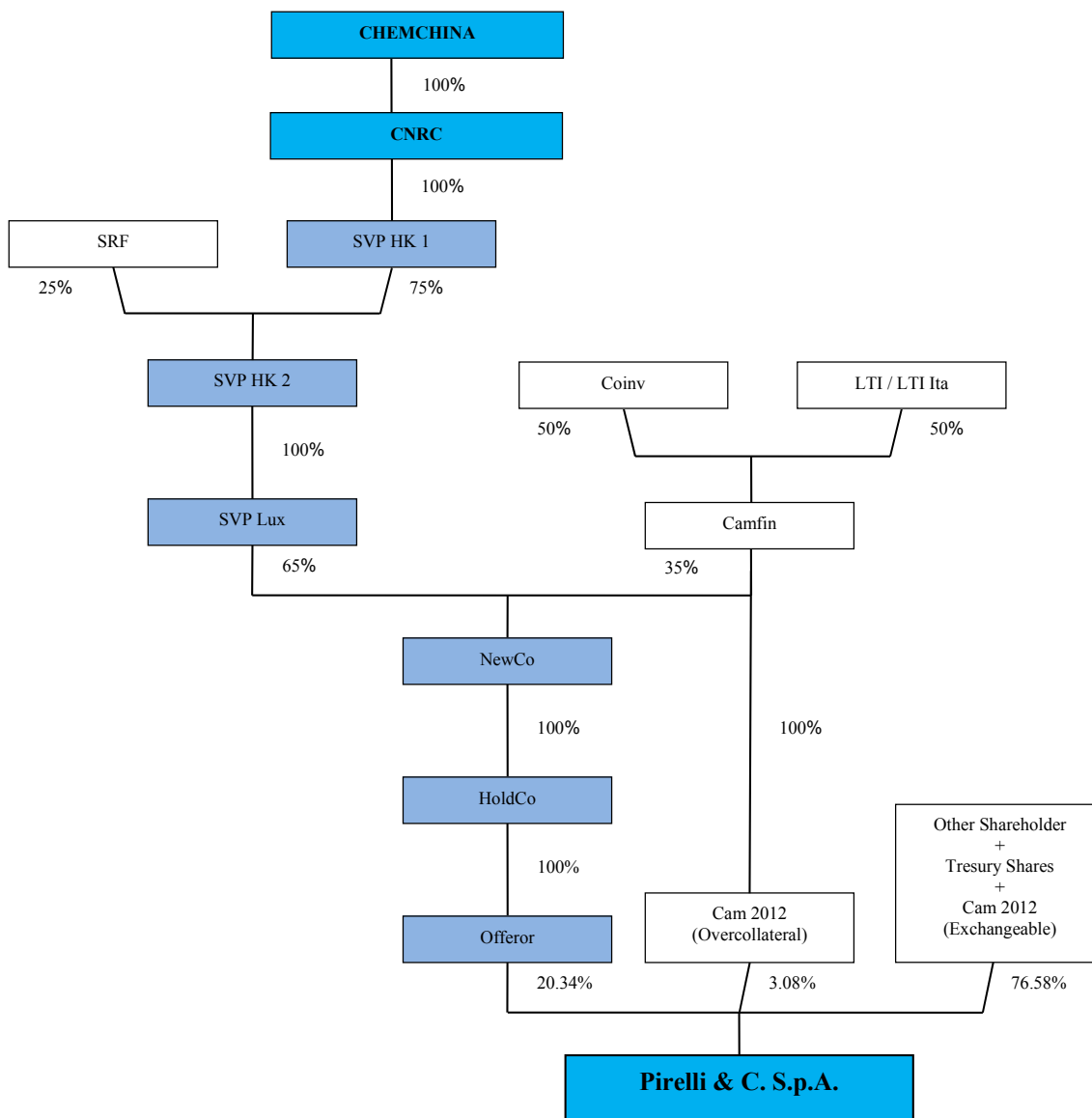
15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (P.R.China), registered in the Hong Kong Companies' Registry at No. 2222516;

- 25% by Silk Road Fund (through a subsidiary);

- (vi) the share capital of SPV HK 1 is wholly-owned by CNRC, *i.e.* “China National Tire & Rubber Co., Ltd.”, *a limited company* incorporated under the laws of the People’s Republic of China, with registered office in Beijing (People’ Republic of China), registered in State Administration for Industry & Commerce of the People’s Republic of China, No. 10000000008065 and tax code No. 110102100008069, wholly-owned by ChemChina;
- (vii) ChemChina, *i.e.* “China National Chemical Corporation”, is a state-owned enterprise (SOE) incorporated under the laws of the People’s Republic of China, with registered office in Beijing (People’ Republic of China), registered in State Administration for Industry & Commerce of the People’s Republic of China, No. 10000000038808 and tax code No. 110108710932515.

Therefore, as of the Offer Document Date, the Offeror is indirectly controlled by ChemChina, through CNRC, SPV HK 1, SPV HK 2, SPV Lux, NewCo and HoldCo, pursuant to Art. 2359, Paragraph 1, No. 1, of the Italian Civil Code.

The following chart describes the Offeror’s chain of control on the Offer Document Date.



As of the Offer Document Date the following agreements relating to the Offeror are published pursuant to Art. 122 of the TUF:

- the Pirelli Shareholders Agreement (for further information about the content of the Pirelli Shareholders Agreement see Section H, Paragraph H.2, of the Offer Document);
- the Coinv/LTI Shareholders Agreement (for further information about the content of the Coinv/LTI Shareholders Agreement see Section H, Paragraph H.2, of the Offer Document); and
- some provisions contained in the SRF Agreement (for further information about the SRF Agreement content see Section H, Paragraph H.2, of the Offer Document).

B.1.6. Corporate bodies**Board of Directors**

Pursuant to the company's by-laws, the Offeror is governed by a board of directors consisting of 16 members.

The directors are appointed by the shareholders' meeting on the basis of the lists submitted by the shareholders, they need not be shareholders and remain in office, accordingly to the determinations of the shareholders' meeting, for a maximum of 3 financial years and may be re-appointed.

The board of directors of the Offeror in office as of the Offer Document Date was appointed by the shareholders' meeting of the Offeror on 11 August 2015 and expires on the date of the shareholders' meeting called for the approval of the 31 December 2017 financial statements.

The current composition of the board of directors of the Offeror is the following:

Position	Name and Surname
Chairman of the board	Bai Xinping
Chief Executive Officer	Marco Tronchetti Provera
Director	Yang Xingqiang
Director	Shi Jie
Director	Ze'ev Goldberg
Director	Wang Dan
Director	Jiao Chonggao
Director	Yang Xun
Director	Zhang Haitao
Director	Giorgio Luca Bruno
Director	Carlo Acutis
Director	Alberto Pirelli
Director	Luca Rovati
Director	Viacheslav Sheloputov
Director	Nataliya Mincheva
Director	Gennady Pavlov

Please note that, pursuant to the combined provisions of the Pirelli Shareholders Agreement, the Coinv/LTI Shareholders Agreement and the SRF Agreement, of the 16 members of the board of directors of the Offeror, No. 7 are designated by CNRC, No. 1 is designated by SRF, No. 5 are designated by Camfin and No. 3 are designated, jointly, by LTI and LTI Ita.

Except for the CEO, Mr Marco Tronchetti Provera, no other member of the board of directors of the Offeror is an executive director. Please note, however, that Messrs Bai Xinping, Zhang Haitao, Giorgio Luca Bruno and Alberto Pirelli have been granted with powers to act on behalf of the Offeror in the context of the Offers.

For completeness of information the charts below show the composition, as of the Offer Document Date, of the Board of Directors of ChemChina, CNRC, NewCo and HoldCo.

Board of Directors of ChemChina

Position	Name and Surname	Appointment date	Expiry date
Chairman of the board	Ren Jianxin	1 December 2014	30 November 2017
Director	Yang Xingqiang	1 December 2014	30 November 2017
Director	Xiao Jinquan	1 December 2014	30 November 2017
Director	Zhang Peng	1 December 2014	30 November 2017
Director	Jin Kening	1 December 2014	30 November 2017
Director	Pan Deyuan	1 December 2014	30 November 2017
Director	Liu Yawen	1 January 2015	31 December 2017

Board of Directors of CNRC

Position	Name and Surname	Appointment date	Expiry date
Chairman of the board	Bai Xiping	24 October 2014	24 October 2017
Director	Sun Zhenhua	21 December 2012	20 December 2015
Director	Wang Feng	21 December 2012	20 December 2015
Director	Li Gaoping	21 December 2012	20 December 2015

Board of Directors of NewCo (appointed on 11 August 2015, shall remain in office until the date of the shareholders' meeting called for the approval of the 31 December 2017 financial statements)

Position	Name and Surname
Chairman of the board	Bai Xiping
Chief Executive Officer	Giorgio Luca Bruno
Director	Yang Xingqiang
Director	Shi Jie
Director	Ze'ev Goldberg
Director	Wang Dan
Director	Jiao Chonggao
Director	Yang Xun
Director	Zhang Haitao
Director	Carlo Acutis
Director	Alberto Pirelli
Director	Luca Rovati
Director	Giovanni Tronchetti Provera
Director	Viacheslav Sheloputov
Director	Nataliya Mincheva
Director	Gennady Pavlov

Board of Directors of HoldCo (appointed on 11 August 2015, expires on the date of the shareholders' meeting called for the approval of the 31 December 2017 financial statements)

Position	Name and Surname
Chairman of the board	Bai Xinping
Chief Executive Officer	Giorgio Luca Bruno
Director	Yang Xingqiang
Director	Shi Jie
Director	Ze'ev Goldberg
Director	Wang Dan
Director	Jiao Chonggao
Director	Yang Xun
Director	Zhang Haitao
Director	Carlo Acutis
Director	Alberto Pirelli
Director	Luca Rovati
Director	Giovanni Tronchetti Provera
Director	Viacheslav Sheloputov
Director	Nataliya Mincheva
Director	Gennady Pavlov

It is also noted that, to the Offeror's knowledge, none of the members of the board of directors of the Offeror, ChemChina, CNRC, NewCo and HoldCo serves in offices of, or holds economic interests in, the Issuer or in any companies of the Pirelli Group, except, as of the Offer Document Date, for the following positions:

- Mr Bai Xinping, Chairman of CNRC, the Offeror, HoldCo and NewCo, has also been appointed director of the Issuer by cooptation by the Board of Directors of the Issuer on 2 September 2015;
- Mr Marco Tronchetti Provera, CEO of the Offeror, is also the Chairman and CEO of Pirelli and owns No. 1,251 shares of the Issuer; in addition, he is Chairman and CEO of Pirelli Tyre S.p.A.;
- Mr Alberto Pirelli, director of the Offeror, HoldCo and NewCo, is also Deputy Chairman of Pirelli and owns No. 131,629 shares of the Issuer; in addition, he is Deputy Chairman of Pirelli Tyre S.p.A.;
- Mr Ze'ev Goldberg, director of the Offeror, HoldCo and NewCo, has also been appointed director of the Issuer by cooptation by the Board of the Issuer on 2 September 2015;
- Mr Giorgio Luca Bruno, director of the Offeror and CEO of HoldCo and NewCo, is a senior manager of the Pirelli Group and is a member of the corporate bodies of companies controlled by Pirelli, and is also Chairman of Prelios S.p.A..

Board of Statutory Auditors

In accordance with the company's by-laws, the board of statutory auditors of the Offeror consists of five effective statutory auditors and two alternate statutory auditors.

The statutory auditors are appointed by the shareholders' meeting on the basis of the lists submitted by the shareholders, remain in office for three financial years and may be re-appointed.

The board of statutory auditors in office as of the Offer Document Date was appointed by the shareholders' meeting of the Offeror on 11 August 2015 and expires on the date of the shareholders' meeting called for the approval of the 31 December 2017 financial statements.

The current composition of the board of statutory auditors of the Offeror is the following:

Position	Name and Surname
Chairman of the board of statutory auditors	Domenico Litido
Effective statutory auditor	Alessandra Tronconi
Effective statutory auditor	Federico Quaiotti
Effective statutory auditor	Fabio Artoni
Effective statutory auditor	Fabrizio Acerbis
Alternate statutory auditor	Elenio Bidoggia
Alternate statutory auditor	Paolo Micanti

Please note that, pursuant to the combined provisions of the Pirelli Shareholders Agreement and the Coinv/LTI Shareholders Agreement, it is provided that, of the members of the board of statutory auditors of the Offeror, No. 3 effective statutory auditors are designated by CNRC, No. 1 effective statutory auditor and No. 1 alternate statutory auditor are designated by Camfin and No. 1 effective statutory auditor and No. 1 alternate statutory auditor are designated, jointly, by LTI and LTI Ita.

For completeness of information the charts below show the composition, as of the Offer Document Date, of the control bodies of CNRC, NewCo and HoldCo.

Board of Supervisors of CNRC

Carica	Nome e Cognome	Data di nomina	Data di cessazione
Chairman of the board	Cao, Xingong	21 December 2012	21 December 2015
Supervisor	Gong, Jianying	21 December 2012	21 December 2015
Supervisor	Qi, Chunyu	21 December 2012	21 December 2015

Board of Statutory Auditors of NewCo (appointed on 11 August 2015 expires on the date of the shareholders' meeting called for the approval of the 31 December 2017 financial statements)

Position	Name and Surname
Chairman of the board of statutory auditors	Domenico Litido
Effective statutory auditor	Alessandra Tronconi
Effective statutory auditor	Federico Quaiotti
Effective statutory auditor	Fabio Artoni
Effective statutory auditor	Fabrizio Acerbis
Alternate statutory auditor	Elenio Bidoggia
Alternate statutory auditor	Paolo Micanti

Board of Statutory Auditors of HoldCo (appointed on 11 August 2015 expires on the date of the shareholders' meeting called for the approval of the 31 December 2017 financial statements)

Position	Name and Surname
Chairman of the board of statutory auditors	Domenico Litido
Effective statutory auditor	Alessandra Tronconi
Effective statutory auditor	Federico Quaiotti
Effective statutory auditor	Fabio Artoni
Effective statutory auditor	Fabrizio Acerbis
Alternate statutory auditor	Elenio Bidoggia
Alternate statutory auditor	Paolo Micanti

It is also noted that, to the Offeror's knowledge, none of the members of the aforesaid control bodies of the Offeror, CNRC, NewCo and HoldCo serves in offices of or holds economic interests in the Issuer or in any companies of the Pirelli Group, with exception of Mr Fabio Artoni, who is also an effective statutory auditor of the Issuer and other companies controlled by Pirelli.

B.1.7. Brief description of the Offeror's group

Except for the Initial Stake, equal to 20.34% of the ordinary share capital of the Issuer and 19.83% of the entire share capital of the Issuer, as of the Offer Document Date the Offeror does not hold stakes in any company nor is owner of other assets or contracts that do not pertain to the Offers.

The Offeror, HoldCo, NewCo, SPV Lux, SPV HK 2 and SPV HK 1 are companies specifically incorporated for the execution of the transaction set forth in the Sale and Purchase and Co-Investment Agreement.

As already mentioned, as of the Offer Document Date, the Offeror is indirectly controlled by ChemChina, through CNRC.

B.1.8. CNRC Group's business

ChemChina (China National Chemical Corporation), established in 2004 by reorganizing the subsidiary companies under the former Ministry of the Chemical Industry of the People's Republic of China, is a state-owned enterprise (SOE) in which the Chinese Central Government exercises its rights through the *State-owned Assets Supervision and Administration Commission of the State Council* ("SASAC") of the People's Republic of China. ChemChina has independent power of decision from SASAC since the latter is required by law not to interfere with the independent operation of ChemChina and not to interfere in the production and operational activities of ChemChina and its subsidiaries. SASAC is only entitled to perform the responsibilities of an investor.

ChemChina, headquartered in Beijing, is the largest enterprise in China's chemical industry, ranking 265th among the 2015 Fortune 500 companies. It registered in 2014 total assets of RMB 272.1 billion, sales revenue of RMB 257.6 billion and profit before tax of RMB 2 billion.

ChemChina operates production and R&D bases in 140 countries and regions across the world, and boasts a full-fledged marketing network. Specifically, it has 6 strategic business units (advanced chemical materials and specialty chemicals, basic chemicals, oil processing, agrochemicals, tire & rubber products and chemical

equipment), 2 directly affiliated units, 112 production and operation enterprises, 6 overseas enterprises, 24 research institutes and design academies. Moreover, it controls 9 China A-share listed companies.

ChemChina rubber product business unit is operated by CNRC (China National Tire & Rubber Co., Ltd.) and the entities directly and indirectly controlled by CNRC (the “**CNRC Group**”). CNRC Group’s main products include truck and bus radial (TBR) tires, passenger car radial (PCR) tires, bias tires, rubber conveyer belt, brake hose and automobile services. With a combined capacity of more than 16 million TBR, off-the-road (OTR) and PCR tires, CNRC Group is a leading tire and rubber product manufacturer in China: it is the largest off-the-road (OTR) tire manufacturer, one of the largest (TBR) tire manufacturers, and also the largest manufacturing base of automobile brake hoses and leading high-strength conveyor belt manufacturer in China. CNRC Group is the long-term supplier for major Chinese auto OEMs and construction machinery vehicle manufacturers and its products are sold in over 140 nations around the world. Major export destination includes the USA, EU, Australia and Russia. In addition, CNRC owns a 42.58% stake in Fengshen Tires Stock Limited Company (AEOLUS), a company listed on the Shanghai Stock Exchange (further information relating to Aeolus are available in the English language section of the website of such company: www.aeolustyre.com/aeolus_english).

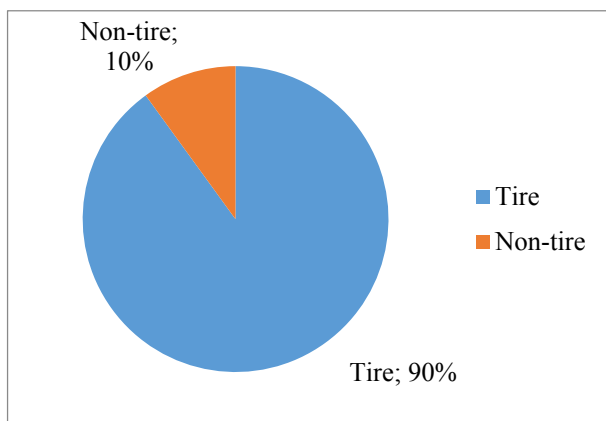
The brand portfolio of CNRC Group’s rubber products includes Aeolus, Yellow sea, Torch, Double Happiness, Rubber Six and 7425, of which Aeolus, Yellow Sea, Torch and Double Happiness are leading industrial tire brands in China, and Rubber Six and 7425 are a leading conveyer belt player and the largest manufacturer of automotive brake hoses in China, respectively.

CNRC registered total assets of RMB 17.2 billion and sales revenue of RMB 11.5 billion in 2014.

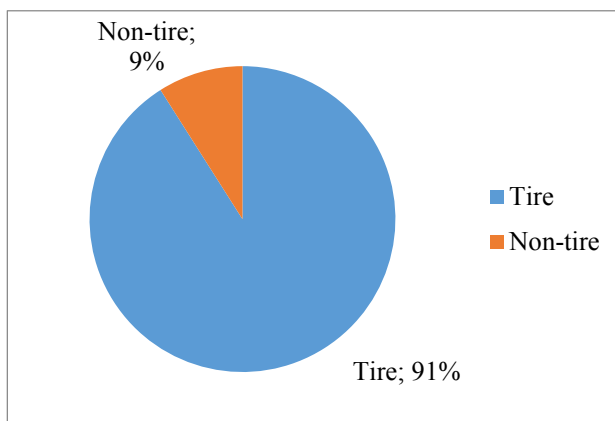
The following charts summarize CNRC Group’s sales by product type and sales by region for the fiscal years 2013 and 2014.

Sales by product type

2013

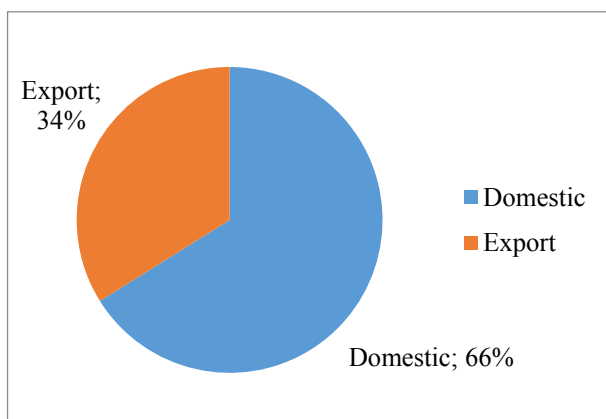


2014

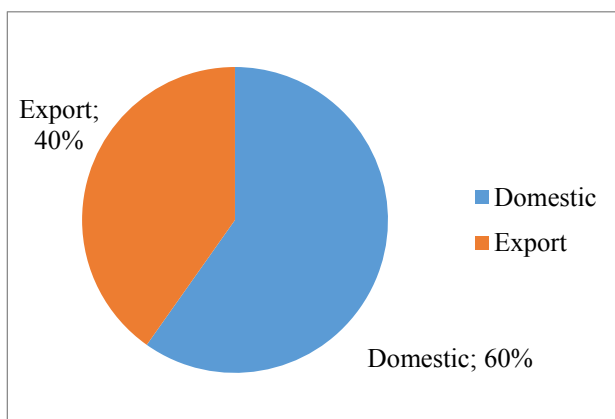


Sales by region

2013



2014



As of the end of June 2015, CNRC Group has a total number of employees of 13,315, of which approx. 90% engaged in industrial tire business.

B.1.9. Accounting principles

As described in Paragraph B.1.1 of the Offer Document, the Offeror was incorporated on 21 April 2015 and has not, as of the Offer Document Date, completed a financial year. The financial statements of the Offeror will be drawn up in accordance with the *International Financial Reporting Standards* adopted by the European Union (“**IFRS**”).

The consolidated financial statements of CNRC were prepared in accordance with the rules and the accounting principles named Chinese Accounting Standards adopted by the People’s Republic of China.

B.1.10. Balance sheet and profit and loss account

The Offeror, because of its recent incorporation (21 April 2015) and lack of operating activity, has not prepared any financial statements. The Offeror’s first fiscal year will end on 31 December 2015. Therefore, as of the Offer Document Date, there is no information relating to the financial statements of the Offeror.

The table below contains a summary representation of the Offeror’s balance sheet prepared as of 12 August 2015, based on international accounting principles (IAS/IFRS), which was not subject to any accounting review and was prepared solely for purposes of insertion in the Offer Document.

<i>(Expressed in million of Euro)</i>			
Assets		Liabilities	
Cash & cash equivalents	23.70	Trade payables (1)	23.83
Investment	1,473.04	Financial liabilities	395.65
	1,496.74	Total liabilities	419.48
		Share capital	3.39
		Additional paid in capital	1,073.87
		Total Equity	1,077.26
Total assets	1,496.74	Total liabilities and equity	1,496.74

(1) Related to costs and expenses connected with the transaction.

An income statement for the Offeror has not been included in the Offer Document since, from the date of its incorporation, the Offeror has not carried out significant operating activities outside those relating to the acquisition of the Initial Stake and the preparation of the Offers.

In light of the envisaged means of funding of the Offers, the Offers will cause an increase in the financial assets and corresponding increase in aggregate of net worth and financial debts.

Consolidated financial information of CNRC as of 31 December 2013 and 31 December 2014

The following tables show the CNRC consolidated financial statements as of and for the years ended 31 December 2014 and 2013, drawn up in accordance with the rules and the accounting principles named “Chinese Accounting Standards” adopted by the People’s Republic of China.

The data set forth in the following tables has been derived from the consolidated financial statements of CNRC as of 31 December 2014 and 2013, approved by the competent corporate bodies and audited by BDO China Shu Lun Pan Certified Public Accountants LLP, which issued its audit report with unqualified opinion.

Note that the consolidated financial statements of CNRC as of 31 December 2014 and 2013 are drawn up in RMB. The relevant exchange rate of 1 RMB to EUR is the following (source: Bloomberg):

- 31 December 2014: 0.13255;
- 31 December 2013: 0.12000;
- 2014 average: 0.12236;
- 2013 average: 0.12250.

The figures in the tables below have been rounded to the nearest one thousand RMB and therefore some minor rounding differences relative to the totals may have arisen.

CNRC – Consolidated Balance Sheet

(data in RMB thousand)

Item	31/12/2014	31/12/2013
<i>Current Assets</i>		
Cash at bank and on hand	1,805,712	1,342,558
Bills receivable	408,491	971,061
Accounts receivable	1,668,368	1,557,981
Prepayments	503,029	571,677
Other receivables	1,717,156	1,671,780
Inventories	2,649,647	2,503,674
including: Raw materials	551,139	507,327
Finished goods	1,929,111	1,879,295
Other current assets	119,630	7,500
Total Current Assets	8,872,033	8,626,231
<i>Non-current Assets:</i>		
Available-for-sale financial assets	90,130	59,854
Investment property	59,125	60,796
Fixed assets- Original cost	7,842,971	7,870,956
Minus: Accumulated depreciation	2,678,978	2,395,237
Fixed assets- Net book value	5,163,993	5,475,720
Minus: Provision for impairment	52,738	37,084
Carrying amounts	5,111,255	5,438,636
Construction in progress	2,296,683	1,896,567
Construction materials	3,738	3,739
Fixed assets to be disposed of	3,997	1,586
Intangible assets	383,223	394,044
Long-term deferred expenses	120,445	96,085
Deferred tax assets	60,519	64,946
Other non-current assets	159,492	115,816
Total Non-Current Assets	8,288,608	8,132,069
Total assets	17,160,641	16,758,300

<i>Current liability</i>	31/12/2014	31/12/2013
Short-term loans	4,292,712	4,346,419
Bills payable	1,343,715	901,934
Accounts payable	2,146,135	2,191,772
Advances from customers	508,643	698,817
Employee benefits payable	242,476	245,399
including: Salary payable	33,015	47,254
Welfare payable	67	1,578
Taxes and charges payable	49,724	-74,963
including: Taxes payable	48,421	-76,867
Interests payable	4,884	3,694
Other payables	724,504	792,123
Non-current liabilities due within one year	1,503,162	506,956
Total Current Liabilities	10,815,956	9,612,150
<i>Non-Current Liabilities:</i>		
Long-term loans	2,563,833	3,325,295
Long-term payables	120,305	182,060
Long-term employee benefits payable	1,398	1,885
Special payables	76,100	76,100
Provisions	3,415	3,415
Deferred income	89,384	98,294
Deferred tax liabilities	5,787	941
Total Non-Current Liabilities	2,860,222	3,687,990
Total Liabilities	13,676,178	13,300,140

<i>Owners' Equity</i>	31/12/2014	31/12/2013
Paid-in capital	1,600,000	1,600,000
National capital	1,600,000	1,600,000
In which: State-owned legal person's capital	1,600,000	1,600,000
Net paid-up capital	1,600,000	1,600,000
Capital reserves	-83,620	-83,620
Other comprehensive income	14,357	2,457
Retained earnings	218,060	351,839
Total equity attributable to the shareholders of parent company	1,748,797	1,870,676
Non-controlling interests	1,735,667	1,587,485
Total Owners' Equity	3,484,464	3,458,161
Total Liability and Owner's Equity	17,160,641	16,758,300

In relation to the data above, please note the following.

CNRC's fully owned or controlling subsidiaries include the following:

- ChemChina Rubber Guilin Co., Ltd.;
- ChemChina Rubber Qingdao Co., Ltd.;
- Zhongche Double Happiness Tire Co. Ltd.;
- Double Happiness Tire Industrial Corp., Ltd.;

- Qingdao Rubber Six Conveyor Belt Co. Ltd.;
- Qingdao Rubber Six Group Ltd.;
- Aeolus Tire Corp., Ltd.;
- Nanjing 7425 Rubber and Plastic Co. Ltd.;
- Zhongche (Beijing) Auto Repair Chain Co. Ltd.;
- Jiaozuo 7447 Vehicle Engineering Machinery Co. Ltd.

“Accounts Receivable” include those from related companies including Qingdao Rubber Mixing Co. Ltd, Qingdao Yellow Sea Rubber Co. Ltd, Taiyuan Rubber Plant and other related companies, which, as of 31 December 2014 were equal to RMB 92.56 million.

“Cash at bank and on hand” includes:

- Unrestricted cash, equal to RMB 1.32 billion and RMB 0.97 billion at 31 December 2014 and 31 December 2013, respectively;
- Bank deposits under banks’ custody due to the issuance by CNRC of “bank’s acceptance bills”, equal to RMB 0.49 billion and RMB 0.38 billion at 31 December 2014 and 31 December 2013, respectively, whereby the bank must unconditionally pay to the bearer of the bill (CNRC pledges the bank deposit until expiry of the Bill).

CNRC – Consolidated Profit Statement*(data in RMB thousand)*

Items	31/12/2014	31/12/2013
I. Total operating revenue	11,500,166	12,018,713
including: Operating income	11,500,166	12,018,713
II. Total operating costs	11,434,900	11,906,993
including: Operating cost	9,300,533	9,829,770
Business taxes and surcharges	87,162	114,140
Selling and distribution expenses	779,944	743,841
General and administrative expenses	773,571	717,140
including: research and development costs	380,532	350,931
Financial expenses	415,755	394,101
including: interest expenditure	495,166	461,312
Interests income	92,794	87,345
Net exchange loss (net income is represented with “-”)	10,267	9,979
Impairment losses	77,934	108,000
Add: Investment income (“-” for losses)	8,735	782
III. Operating profit (loss is represented with “-”)	74,002	112,503
Add: Non-operating income	44,856	29,652
Including: Gains from disposal of non-current assets	10,737	5,794
Governmental subsidy	14,290	7,834
Gain of debt restructuring	777	3,944
Less: Non-operating expenses	15,313	9,556
Including: Losses from disposal of non-current assets	5,051	1,602
Loss of debt restructuring	5,944	-
IV. Total profits (Total loss is represented with “-”)	103,545	132,598
Less: Income tax expense	83,471	76,383
V. Net profit (net loss is represented with “-”)	20,073	56,215
Attributable to: Shareholders of the Company	-133,100	-90,434
Non-controlling interests	153,173	146,649
VI. Other comprehensive income, net of tax	28,439	-6,490
(I). Items that will not be reclassified to profit or loss:	-	-
(1) Remeasurement of defined benefit plan liability	-	-
(2) Share of other comprehensive income of the equity-accounted investee	-	-
(II). Items that may be reclassified to profit or loss:	28,439	-6,490
(1) Share of other comprehensive income of the equity-accounted investee	-	-
(2) Gains or losses arising from changes in fair value of available-for-sale financial assets	28,439	-6,490
(3) Investment held-to-maturity is reclassified into gains and loss of financial assets available-for-sale	-	-
(4) Effective hedging portion of gains or losses arising from cash flow hedging instruments	-	-
(5) Translation differences arising on translation of foreign currency financial statements	-	-
VII. Total comprehensive income for the year	48,513	49,725
Attributable to: Shareholders of the Company	-104,660	-96,923
Non-controlling interests	153,173	146,648
VIII. Earnings per share (EPS)		
(I) Basic EPS	-	-
(II) Diluted EPS	-	-

In relation to the data above, please note the following.

“Total Operating Revenue” includes revenue from main businesses totaling RMB 10.74 billion in year 2014, the majority of which is from tire sales.

“Total Operating Cost” includes depreciation/amortization cost of RMB 478 million, while selling and distribution expenses include transportation cost of RMB 279 million for year 2014.

CNRC – Consolidated Cash Flow Statement

(data in RMB thousand)

Items	31/12/2014	31/12/2013
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	9,051,578	8,055,221
Refund of taxes	6,803	7,416
Proceeds from other operating activities	530,520	740,186
Subtotal of cash inflows from operating activities	9,588,902	8,802,823
Payment for goods and services	6,505,292	6,470,678
Payment to and for employees	820,623	658,033
Payment of various taxes	343,626	496,103
Payment for other operating activities	791,754	1,098,591
Sub-total of cash outflows from operating activities	8,461,295	8,723,405
Net cash [inflow] [outflow] from operating activities	1,127,607	79,418
II. Cash flows from investing activities:		
Proceeds from disposal of investments	3,945	706
Investment returns received	7,523	728
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	24,093	1,180
Proceeds from other investing activities	-	1,086,825
Subtotal of cash inflows from investment activities	35,560	1,089,440
Payment for other investing activities, intangible assets and other long-term assets	309,587	512,551
Payment for acquisition of investments	1,000	-
Payment for other investing activities	-	1,447,342
Subtotal of cash outflows from investment activities	310,587	1,959,893
Net cash [inflow] [outflow] from investing activities	-275,027	-870,454
III. Cash flows from financing activities:		
Proceeds from investors	-	341,352
Proceeds from borrowings	6,116,436	7,078,895
Proceeds from other financing activities	1,000	32,875
Subtotal of cash inflows from financing activities	6,117,436	7,453,122
Repayments of borrowings	6,037,317	5,995,581
Payment for dividends, profit distributions or interest	544,941	498,075
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries	21,530	20,708
Payment for other financing activities	26,245	63,283
Subtotal of cash outflows from financing activities	6,608,504	6,556,940
Net cash [inflow] [outflow] from financing activities	-491,068	896,183
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-7,618	-36,645
V. Net increase in cash and cash equivalents	353,894	68,502
Add: Cash and cash equivalents at the beginning of the year	966,068	897,566
VI. Cash and cash equivalents at the end of the year	1,319,962	966,068

CNRC – Consolidated Statement of Changes in Owners' Equity

(data in RMB thousand)

Items	Current balance (2014)							Net Total net equity of third parties			
	Share capital	Other net equity instruments	Capital reserves	Less: own shares	Total net equity of the Group	Extraordinary reserves	Other reserves allowance		Profit carried forward	Other equity	Subtotal
I. Ending balance of last year	1,600,000		-83,620		2,457			351,839	1,870,675	1,587,485	3,458,161
Plus: Effect of changes in accounting policy											
Correction of prior year errors											
Other											
II. Opening balance for the year	1,600,000		-83,620		2,457			351,839	1,870,675	1,587,485	3,458,161
III. Increases and decreases of the current year (decrease is represented with “-”)					11,901			-133,779	121,878	148,182	26,303
(I) Total comprehensive income					11,901			-133,100	121,199	169,712	48,513
(II) Capital paid in and reduced by owners											
1. Common stock paid in by owners											
2. Capital contributed by holder of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Withdrawal and use of special reserves											
1. Drawing of special reserve											
2. Application of special reserve											
(IV) Profit Application											
1. Applied to surplus reserves											
In which: legal reserve											
Other surplus reserves											
# Reserve funds											
# Enterprise development fund											
# Capital redemption											
2. Applied to general risk reserve											
3. Distributions to shareholders											
4. Others											
(V) Transfers within equity											
1. Capital reserves converted to capital											
2. Surplus reserves converted to capital											
3. Surplus reserves applied to offset losses											
4. Equity impact of remeasurement of accounting estimates											
5. Others											
IV. Ending balance of this year	1,600,000		-83,620		14,357			218,060	1,748,797	1,735,667	3,484,464

CNRC – Consolidated Net Financial Indebtedness*(Data in RMB)*

	31-dic-14	31-dic-13
A. Cash	1,319,962	966,068
B. Cash equivalent	-	-
C. Trading securities	-	-
D. Liquidity (A) + (B) + (C)	1,319,962	966,068
E. Current financial receivables	-	-
F. Current bank debt	(4,292,712)	(4,346,419)
G. Current portion of non-current debt	(1,503,162)	(506,956)
H. Other current financial debt	-	-
I. Current financial debt (F)+(G)+(H)	(5,795,874)	(4,853,375)
J. Net current financial indebtedness (I) – (E) – (D)	(4,475,912)	(3,887,307)
K. Non-current bank debt	(2,563,833)	(3,325,295)
L. Bonds issued	-	-
M. Other non-current financial debt	(100,305)	(162,060)
N. Non-current financial indebtedness (K) + (L) + (M)	(2,664,138)	(3,487,355)
O. Net financial indebtedness (J) + (N)	(7,140,050)	(7,374,661)

⁽¹⁾ The amount of such liquidity is included in the “Cash at bank and on hand” provision in the Balance Sheet, equal to collective RMB 1.81 billion as of 31 December 2014 and collective RMB 1.34 billion as of 31 December 2013, which Balance Sheet has been drafted in compliance with the Chinese Accounting Standards.

Consolidated financial information of CNRC as of 30 June 2015

Based on the unaudited interim results which were prepared for management purpose only, CNRC’s Total Operating Revenue for the first 6 months of 2015 was RMB 4.57 billion, the total asset as of 30 June 2015 was RMB 17.23 billion. There are no major changes to the normal business operations of CNRC for the first half of 2015.

Moreover, based on the interim results above, the consolidated net financial indebtedness of CNRC is equal to RMB 6.44 billion.

The exchange rate of 1 RMB to EUR was 0.14416 as at 30 June 2015.

Impact of the acquisition on the economic results, balance sheet and financial position of CNRC

As to the impact of the Offer on the economic results, balance sheet and financial position of CNRC, please refer to Sections G.1 and G.2 of the Offer Document.

B.1.11. Recent trend

During the period between the Offeror’s incorporation and the Offer Document Date, no events occurred which are significant for purposes of the economic, asset and liability and financial situation of the Offeror and CNRC, except for the activities connected to the purchase of the Initial Stake and to the presentation of the Offers. The recent instability in the Chinese equity and capital markets did not have any impact, as of the Date of the Offer Document, on the commitment and ability of the Offeror and CNRC to proceeding with finalizing, through the Offers, the acquisition of Pirelli, as provided for in the Sale and Purchase and Co-Investment Agreement.

B.2 Issuer of the financial instruments subject to the Offers

B.2.1. Name, legal form and registered office

The Issuer's company name is "Pirelli & C. S.p.A."

The Issuer is an Italian company limited by shares (*società per azioni*) incorporated under the laws of Italy, with registered office in Milan, viale Piero e Alberto Pirelli No. 25, enrolled with the Companies' Registry of Milan, No. 00860340157.

Pursuant to Art. 4 of the company's by-laws, the term of the Issuer is 31 December 2100, unless such term is extended or the Issuer is early wound up.

B.2.2. Share capital

As of the Offer Document Date, the share capital of the Issuer is equal to EUR 1,345,380,534.66, fully subscribed and paid in, divided into No. 487,991,493 shares, with no par value, of which No. 475,740,182 ordinary shares and No. 12,251,311 savings shares.

The ordinary shares and the savings shares of the Issuer are listed on the Electronic Stock Market and are in book-entry form pursuant to Art. 83-*bis* of the TUF.

No class shares other than the ordinary shares and the savings shares are issued. The Issuer has neither issued any bond exchangeable into shares, nor is there any commitment for the issuing of bonds nor any delegation granting to the board of directors the power to resolve on the issuance of bonds exchangeable into shares.

As of the Offer Document Date, the Issuer holds directly No. 351,590 Treasury Ordinary Shares, equal to 0.07% of the class capital, and No. 408,342 Treasury Savings Shares, equal to 3.3% of the class capital; instead, no shares of the Issuer are held by its subsidiary companies.

Please note that, on 14 May 2015, the shareholders' ordinary meeting of the Issuer deliberated:

- "a) *to authorize the Board of Directors to purchase treasury shares, both of ordinary and savings type, within the maximum limit provided for in Article 2357, paragraph 3 of the Civil Code and, more specifically, up to a maximum number of such shares that does not exceed 10% of the pro-tempore share capital of Pirelli, taking into account the shares already held by the Company and those held by subsidiaries, establishing that:*
- *the purchase can be made in one or more tranches, within 18 months from the date of this resolution, using any of the methods set out in the combined provisions of Arts. 132 of the Legislative Decree of 24 February 1998 no. 58 and 144-bis, letter a), b) and d) of the Issuers' Regulations adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended, taking into account the specific exemption provided by paragraph 3 of said Article 132 of the Legislative Decree of 24 February 1998 no. 58 and, in any event, using any other method authorized by the laws and regulations in force, both at the national and EU levels, and in compliance with all other applicable regulations, including laws and regulations, at the national and EU levels, with regard to market*

abuse, with the sole exception of the purchase methods provided for in Article 144-bis, letter c), of the abovementioned Issuers' Regulations;

- *purchase transactions of treasury shares will be done with adequate notice, in compliance with the applicable disclosure requirements;*
- *the purchase price of each share must not be more than 15% lower or higher than the weighted average price of the shares as registered by the Italian Stock Exchange in the three days prior to each transactions;*
- *purchases of treasury shares must be made by using distributable profits and retained earnings and available reserves from the last properly approved financial statement at the time of carrying out the transaction, constituting treasury shares reserve, and this being accompanied by the accounting entries such as are necessary within the law, as above, and, in any event, in accordance with and subject to the other provisions of any law and regulations in force pro-tempore on such matters;*

b) to authorize, in whole or in part, and without time limits, the disposal, either directly or through intermediaries, of the treasury shares purchased pursuant to the resolution under section a), including before having fully exercised the authorization to purchase treasury shares, establishing that:

- *the disposal can be carried out according to the objectives, and using any of the methods permitted by law, including the use of treasury shares to service stock incentive plans, and that are in compliance with all other applicable regulations, including legal and regulatory provisions at national and EU levels, with regard to market abuse;*
- *sale transactions of treasury shares will be done with adequate notice, in compliance with the applicable disclosure requirements;*
- *assignment of treasury shares may take place on one or more occasions, and at any time, including public offer, to shareholders, on the market or in the context of any extraordinary transactions. The shares may also be transferred in combination with bonds or warrants for the exercise of same and, in any event, according to the methods permitted by the laws and regulations in force, at the discretion of the Board of Directors;*
- *disposal of treasury shares may be done at the price, or at least according to the conditions and criteria, determined by the Board of Directors, with consideration being given to the methods employed, the trend of stock prices in the period preceding the transaction, and the best interests of the Company;*
- *disposal may, in any event, be carried out according to the methods permitted by the laws and regulations in force, at the discretion of the Board of Directors;*

c) to carry out, in accordance with Art. 2357-ter, third paragraph of the Civil Code, all accounting entries that are necessary or appropriate in connection with treasury shares transactions, observing the provisions of applicable laws and accounting standards;

d) *to grant to the Board of Directors – and thereby to the Chairman and/or the CEO – the broadest powers necessary to carry out transactions for the purchase and disposal of treasury shares, including via subsequent transactions between them and, in any case, to implement the aforementioned resolutions, including via agents, in a manner that complies with any requests from the competent authorities.”*

B.2.3. Significant shareholders

As of the Offer Document Date, the shareholders (in addition to the Offeror, Cam 2012 and Edizione) holding, directly or indirectly, shares of the Issuer representing more than 2% of the current Issuer’s share capital are listed in the following chart.

Please note that the percentages listed below are taken from the website www.consob.it and are based on the notices given by the shareholders pursuant to Art. 120 of the TUF: therefore, as specified therein, percentages might be not in line with data processed and published by different sources, in the event that variation of the shareholdings did not imply any notice obligation for the shareholders.

Declarant	Direct shareholder	Quota % of the ordinary share capital held	Ownership title
Malacalza Investimenti S.r.l.	Malacalza Investimenti S.r.l.	6.980	Property
John Paulson	Paulson & Co. Inc	6.046	Non- discretionary asset management
Mediobanca – Banca di Credito Finanziario S.p.A.	Mediobanca – Banca di Credito Finanziario S.p.A.	3.954	Property

As of the Offer Document Date the following agreements relating to Pirelli are published pursuant to Art. 122 of the TUF:

- the Pirelli Shareholders Agreement (for further information about the content of the Pirelli Shareholders Agreement see Section H, Paragraph H.2, of the Offer Document);
- the Coinv/LTI Shareholders Agreement (for further information about the content of the Coinv/LTI Shareholders Agreement see Section H, Paragraph H.2, of the Offer Document);
- the Nuove Partecipazioni/UniCredit/ISP (for further information about the content of the Nuove Partecipazioni/UniCredit/ISP see Section H, Paragraph H.2, of the Offer Document);
- the SRF Agreement (for further information about the SRF Agreement content see Section H, Paragraph H.2, of the Offer Document);
- the Edizione Agreement (for further information about the content of the Edizione Agreement see Section H, Paragraph H.2, of the Offer Document).

B.2.4. Corporate bodies and external auditor

B.2.4.1 Board of directors

Pursuant to Art. 10 of the company's by-laws, the board of directors of the Issuer consists of a number of members variable between 7 and 23, appointed by the shareholders' meeting on the basis of lists submitted by the shareholders. The directors remain in office for three financial years (unless a shorter period is deliberated by the shareholders' meeting at the time of their appointment) and may be re-appointed.

The board of directors of the Issuer in office as of the Offer Document Date consists of 15 members and was appointed by the shareholders' meeting on 12 June 2014, except for:

- the directors Igor Sechin, Didier Casimiro, Andrey Kostin, Ivan Glasenberg, Petr Lazarev and Igor Soglaev, who were appointed by co-optation, pursuant to Art. 2386 of the Italian Civil Code, by the board of directors of the Issuer on 10 July 2014 (in replacement of Claudio Sposito, Riccardo Bruno, Piero Alonzo, Emiliano Nitti, Luciano Gobbi and Enrico Parazzini, who resigned on the same date) and then confirmed in their position by the shareholders' meeting on 14 May 2015; as also
- the directors Bai Xiping and Ze'ev Goldberg, who were appointed by co-optation, pursuant to Art. 2386 of the Italian Civil Code, by the board of directors of the Issuer on 2 September 2015, in replacement of Gaetano Micciché and Paolo Fiorentino, who submitted their resignations, effective on the Closing Date.

The directors of the Issuer appointed by the shareholders' meeting on 12 June 2014 and 14 May 2015 expire on the date of the shareholders' meeting of the Issuer called for the approval of the 31 December 2016 financial statements. Instead, the directors co-opted by the board of directors on 2 September 2015 will expire on the date of the next shareholders' meeting.

Thus, the current composition of the board of directors of Pirelli is the following:

Position	Name and Surname	Appointment date	Expiry date
Chairman and CEO ⁽¹⁾	Tronchetti Provera Marco	12 June 2014	31/12/2016 financial statements approval
Vice-Chairman ^{(1) (3)}	Pirelli Alberto	12 June 2014	31/12/2016 financial statements approval
Director ^{(2) (3)}	Artoni Anna Maria	12 June 2014	31/12/2016 financial statements approval
Director ⁽²⁾	Bai Xiping	2 September 2015	Date of the next shareholders' meeting
Director ⁽²⁾	Casimiro Didier	14 May 2015	31/12/2016 financial statements approval
Director ^{(2) (3)}	Glasenberg Ivan	14 May 2015	31/12/2016 financial statements approval
Director ⁽²⁾	Goldberg Ze'ev	2 September 2015	Date of the next shareholders' meeting
Director ^{(2) (3)}	Kostin Andrey	14 May 2015	31/12/2016 financial statements approval
Director ⁽²⁾	Lazarev Petr	14 May 2015	31/12/2016 financial statements approval
Director ^{(2) (3)}	Magistretti Elisabetta	12 June 2014	31/12/2016 financial statements approval
Director ^{(2) (3)}	Pietrogrande Paolo	12 June 2014	31/12/2016 financial statements approval
Director ^{(2) (3)}	Roth Luigi	12 June 2014	31/12/2016 financial statements approval
Director ⁽²⁾	Sechin Igor	14 May 2015	31/12/2016 financial statements approval
Director ^{(2) (3)}	Soffientini Manuela	12 June 2014	31/12/2016 financial statements approval
Director ⁽²⁾	Soglaev Igor	14 May 2015	31/12/2016 financial statements approval

⁽¹⁾ Executive director.

⁽²⁾ Non-executive director.

⁽³⁾ Independent director.

Marco Tronchetti Provera was appointed Chairman and Chief Executive Officer by the board of directors on 12 June 2014; on the same date, the board of directors appointed Alberto Pirelli Vice-Chairman.

As of the Offer Document Date no executive committee has been established.

Furthermore, pursuant to Art. 11 of the company's by-laws, the board of directors of the Issuer established the following internal committees, with advisory and proposal tasks, also for purposes of adjusting the corporate governance structure in line with the recommendations issued from time to time by the pertinent authorities.

- *Audit, Risks, Sustainability and Corporate Governance Committee*

The audit, risks, sustainability and corporate governance Committee consists of the following directors: Anna Maria Artoni (independent director and chairman of the committee), Andrey Kostin (independent director) and Elisabetta Magistretti (independent director).

The Committee monitors the internal audit activity and the corporate governance structure, the sustainability management and the risk management system. The *Audit, Risks, Sustainability and Corporate Governance Committee* (composed of independent directors only) is also assigned the tasks of the "Committee for Related Parties Transactions", with the sole exception of issues pertaining to the remuneration, which are entrusted to the *Remuneration Committee*.

- *Remuneration Committee*

The remuneration Committee consists of the following directors: Luigi Roth (Lead Independent Director and chairman of the committee), Ivan Glasenberg (independent director) and Manuela Soffientini (independent director).

The Committee examines the structure of the remunerations and of long-term incentive of the *Chief Executive Officer* and of all those managers that have strategic responsibilities.

- *Appointment & Successions Committee*

The appointments and successions Committee consists of the following directors: Marco Tronchetti Provera (chairman of the Committee), Anna Maria Artoni (independent director), Didier Casimiro (non-independent director) and Paolo Pietrogrande (independent director).

The Committee has the responsibility to propose to the board of directors changes to be made at the independent directors level. It also deals with planning of the offices in case of succession.

- *Strategies Committee*

The strategies Committee consists of the following directors: Marco Tronchetti Provera (chairman of the Committee), Didier Casimiro (non-independent director), Andrey Kostin (independent director), Luigi Roth (Lead Independent Director), Igor Sechin (non-independent director) and Manuela Soffientini (independent director).

The Committee has the duty to examine the plans and budgets before they are submitted for examination to the board of directors.

B.2.4.2 Board of Statutory Auditors

Pursuant to Art. 16 of the company's by-laws, the board of statutory auditors of Pirelli consists of three effective statutory auditors and three alternate statutory auditors appointed by the shareholders' meeting on the basis of the lists submitted by shareholders. The statutory auditors remain in office for three financial years, expire on the date of the shareholders' meeting called for the approval of the financial statements relating to the third financial year of their term, and may be re-appointed.

The board of statutory auditors in office as of the Offer Document Date, appointed by the shareholders' meeting of 14 May 2015 and in office until the approval of the 31 December 2017 financial statements, is composed as follows:

Position	Name and Surname	Appointment date	Expiry date
Chairman of the board	Fallacara Francesco	14 May 2015	31/12/2017 financial statements approval
Effective statutory auditor	Carù Antonella	14 May 2015	31/12/2017 financial statements approval
Effective statutory auditor	Artoni Fabio	14 May 2015	31/12/2017 financial statements approval
Alternate statutory auditor	Lorenzatti Andrea	14 May 2015	31/12/2017 financial statements approval
Alternate statutory auditor	Facchini Fabio	14 May 2015	31/12/2017 financial statements approval
Alternate statutory auditor	Oddo Giovanna	14 May 2015	31/12/2017 financial statements approval

B.2.4.3 External Auditor

The shareholders' meeting of the Issuer held on 29 April 2008 appointed Reconta Ernst & Young S.p.A. as external auditor for the statutory and consolidated financial statements and abbreviated halfyearly financial reports for the years 2008-2016.

B.2.4.4 Common representative of the savings shareholders

The common representative of the savings shareholders of Pirelli is Mr Angelo Cardarelli, appointed by the savings shareholders' meeting held on 27 January 2015 for the three-year period 2015/ 2017.

B.2.5. Recent and future trends

With regard to the statement on the recent and future trends of the Issuer and the relevant economic and financial data, please see the contents of the 31 December 2014 financial statements and the 30 June 2015 six-month financial statement that are available to the public on the website of the Issuer (www.pirelli.com, section "Investors/Documents & Presentations").

B.3 Persons Acting in Concert

As of the Offer Document Date, ChemChina, as well as CNRC, SPV HK 1, SPV HK 2, SPV Lux, NewCo e HoldCo, companies through which ChemChina controls the Offeror, are to be considered Persons Acting in Concert with the Offeror pursuant to Art. 101-bis, Paragraph 4-bis, letter b), of the TUF (for further information relating to ChemChina, CNRC, SPV HK 1, SPV HK 2, SPV Lux, NewCo and HoldCo see Paragraph B.1 of the Offer Document).

Furthermore, pursuant to Art. 101-*bis*, Paragraph 4-*bis*, letter a), of the TUF, the following are also to be considered Persons Acting in Concert with the Offeror, being members of the Pirelli Shareholders Agreement:

- Camfin, *i.e.* “Camfin S.p.A.”, an Italian company limited by shares with registered office in Milan, piazza Borromeo No. 12, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 00795290154;
- Coinv, *i.e.* “Coinv S.p.A.”, an Italian company limited by shares, with registered office in Milan, piazza Borromeo No. 12, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 08852660961;
- LTI, *i.e.* “Long-Term Investments Luxembourg S.A.”, a *société anonyme* incorporated under the laws of Luxembourg, with registered office in 412F, route d’Esch, L.2086, Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg Companies’ Registry at No. B-187332;
- LTI Ita, *i.e.* “LTI Holding S.r.l.”, an Italian limited limited company, with registered office in Milan, via Giosuè Carducci No. 32, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 07794690961.

In addition, Cam 2012, *i.e.* “Cam 2012 S.p.A.” – a company incorporated under the laws of Italy, with registered office in Milan, piazza Borromeo No. 12, enrolled with the Companies’ Registry of Milan, tax code and VAT No.07885350962, controlled by Camfin and owner of the Cam 2012 Stake, subject to the Pirelli Shareholders Agreement effective from the Closing Date – is also to be considered a Person Acting in Concert with the Offeror pursuant to Art. 109, Paragraph 3, of the TUF.

Finally, since they agreed upon or amended shareholders agreements linked or preparatory to the Offers, also Silk Road Fund, as well as Intesa Sanpaolo S.p.A. and its subsidiaries (including Manzoni S.r.l.), as well as UniCredit S.p.A. and its subsidiaries are to be considered Persons Acting in Concert.

B.4 Intermediaries

The intermediaries appointed by the Offeror to coordinate the collection of the acceptances of the Offers (the “**Intermediaries Responsible for Coordinating the Collection of Tenders**”) are:

- Banca IMI S.p.A., with registered office in Milan, largo Mattioli No. 3; and
- UniCredit Bank AG (Milan Branch), with registered office in Milan, piazza Gae Aulenti No. 4.

The intermediaries responsible for collecting the acceptances of the Offers that are authorized to conduct their activities through signing and delivery of the Tender Form (the “**Responsible Intermediaries**”) are:

- Banca IMI S.p.A., with registered office in Milan, largo Mattioli No. 3;
- UniCredit Bank AG (Milan Branch), with registered office in Milan, piazza Gae Aulenti No. 4;
- Banca Akros S.p.A., with registered office in Milan, viale Eginardo No. 29;
- Banca Aletti & C. S.p.A., with registered office in Milan, via Roncaglia No. 12;

- Banca Monte dei Paschi di Siena S.p.A. (Financial Services Office), with registered office in Milan, via Rossellini No. 16;
- BNP Paribas Securities Services (Milan Branch), with registered office in Milan, via Ansperto No. 5;
- Equita SIM S.p.A., with registered office in Milan, via Turati No. 9;
- I.C.B.P.I. S.p.A., with registered office in Milan, corso Sempione No. 57;
- Citibank NA (Milan Branch), with registered office in Milan, viale Brenta No. 29; and
- Intermonte SIM S.p.A., with registered office in Milan, corso Vittorio Emanuele II No. 9.

The Tender Forms can be transmitted to the Responsible Intermediaries also through all the authorized depositary intermediaries (the “**Depositary Intermediaries**”).

The Responsible Intermediaries will collect the acceptances of the Offers and hold in custody the Shares tendered and will verify the regularity and conformity of the Tender Forms and of the Shares with the conditions of the Offers.

The acceptances will be received by the Responsible Intermediaries: (i) directly through collecting the Tender Forms of those tendering under the Offers, or (ii) indirectly through the Depositary Intermediaries, that will collect the Tender Forms from those tendering under the Offers.

On the Payment Date (or, in relation to the Ordinary Shares tendered during the potential Reopening of the Mandatory Tender Offer Period, on the Payment Date Following the Reopening of the Offer Period), the Offers Prices will be paid and the Shares tendered under the Offers will be transferred to a securities deposit account in the Offeror’s name.

For further information see Section F and Section N of the Offer Document.

B.5 Global Information Agent

Sodali S.p.A., with registered office in Rome, via XXIV Maggio No. 43, was appointed by the Offeror as global information agent in order to provide information relating to the Offers, to all the shareholders of the Issuer (the “**Global Information Agent**”).

For this purpose the Global Information Agent has set up a dedicated e-mail account (opa.pirelli@sodali.com) and the telephone number 800 198 965. This phone number will be active for the entire duration of the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period), on weekdays, from 9:00 A.M. (Italian time) to 6:00 P.M. (Italian time).

For further information see Section N of the Offer Document.

C. CATEGORIES AND QUANTITIES OF THE FINANCIAL INSTRUMENTS SUBJECT TO THE OFFERS

C.1 Category of the financial instruments subject to the Mandatory Tender Offer and related quantities

The Mandatory Tender Offer refers to any and all of No. 364,328,141 Ordinary Shares of the Issuer (including the Treasury Ordinary Shares, the Cam 2012 Exchangeable Stake, the Edizione Stake and the Schematrentaquattro Stake), without par value, representing 76.58% of the ordinary share capital and 74.66% of the entire share capital of Pirelli, and equal to all the outstanding Ordinary Shares as of the Offer Document Date excluding:

- (i)** No. 96,779,841 ordinary shares of the Issuer, representing 20.34% of the ordinary share capital and 19.83% of the entire share capital of Pirelli, owned, as of the Offer Document Date, by the Offeror (corresponding to the Initial Stake purchased on the Closing Date and subject, effective from such date, to the Pirelli Shareholders Agreement); as well as
- (ii)** No. 14,632,200 ordinary shares of the Issuer, representing 3.08% of the ordinary share capital and 3.00% of the entire share capital of Pirelli, corresponding to the Cam 2012 Overcollateral Stake, held as of the Offer Document Date by Cam 2012 (please note that the Cam 2012 Overcollateral Stake is not subject to the Mandatory Tender Offer, given that such stake is subject, effective from the Closing Date, to the Pirelli Shareholders Agreement and Cam 2012, a subsidiary of Camfin, is a Person Acting in Concert with the Offeror in relation to the Offers pursuant to and for the purposes of Art. 109, Paragraphs 1 and 3, of the TUF).

The Mandatory Tender Offer is directed, on a non-discriminatory basis and on equal terms, within the limits set forth in Section F, Paragraph F.4, of the Offer Document, to all the ordinary shareholders of the Issuer. The Mandatory Tender Offer is not subject to any condition of effectiveness.

The number of the Ordinary Shares subject to the Mandatory Tender Offer may vary downwards if, within the end of the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period), the Offeror or the Persons Acting in Concert purchase Ordinary Shares outside of the Mandatory Tender Offer, in compliance with applicable law and without prejudice to the obligation to notify those purchases pursuant to Art. 41, Paragraph 2, letter c), of the Consob Issuers Regulation.

As of the Offer Document Date, the Issuer owns No. 351,590 Treasury Ordinary Shares, which are included in the Ordinary Shares subject to the Mandatory Tender Offer.

Furthermore, please note that the number of the Ordinary Shares subject to the Mandatory Tender Offer includes:

- the Cam 2012 Exchangeable Stake; please note that Camfin has undertaken to act in such a way that Cam 2012 does not tender under the Mandatory Tender Offer, but sells and transfers to the Offeror, at a price equal to, and not higher than, the Mandatory Tender Offer Price, the ordinary shares of Pirelli corresponding to the Cam 2012 Overcollateral Stake and the Cam 2012 Exchangeable Stake, in relation to which the exchange right has not been exercised pursuant to the regulation of the Cam

Exchangeable Bond; the entire Cam 2012 Exchangeable Stake is in any way included in the object of the Mandatory Tender Offer since it is not known as of the Offer Document Date if and how many owners of the Cam Exchangeable Bond will exercise the exchange right pursuant to the regulation of the Cam Exchangeable Bond; those who exercise such exchange right will indeed be able to tender under the Mandatory Tender Offer the ordinary shares of Pirelli deriving from the exchange;

- the Edizione Stake, corresponding to No. 7,486,559 Ordinary Shares, that, pursuant to the terms and conditions of the Edizione Agreement, Edizione undertook to tender under the Mandatory Tender Offer; and
- the Schematrentaquattro Stake; please note that, pursuant to the Edizione Agreement, Edizione undertook to procure that Schematrentaquattro tenders under the Mandatory Tender Offer the Ordinary Shares corresponding to the Schematrentaquattro Stake for which an exchange right pursuant to Schematrentaquattro Exchangeable Bond's regulation has not been exercised, under the condition that: **(i)** the Mandatory Tender Offer Price is at least equal to the value of the Ordinary Shares corresponding to the Schematrentaquattro Stake, as determined by an independent consultant appointed accordingly to the regulation of the Schematrentaquattro Exchangeable Bond and **(ii)** the acceptance of the Mandatory Tender Offer and the transfer of the Ordinary Shares corresponding to the Schematrentaquattro Stake is not forbidden by any rule, contractual or otherwise, applicable to the Schematrentaquattro Exchangeable Bond.

With reference to the Cam 2012 Stake, note that on 21 August 2015, Cam 2012 has disclosed its intention to proceed with the early redemption of the Cam 2012 Exchangeable Bond in accordance with the relevant regulation by publishing the applicable notice (so called optional redemption notice). The holders of the Cam 2012 Exchangeable Bond may exercise their exchange right in ordinary shares of Pirelli within 7 September 2015. It is provided that the early redemption of the Cam 2012 Exchangeable Bond will be completed on 21 September 2015.

The acceptance of the Mandatory Tender Offer by Edizione and Schematrentaquattro is subject to the same terms and conditions applicable to other ordinary shareholders of the Issuer. For further information see Section H, Paragraph H.2, of the Offer Document.

As of the Offer Document Date, the Issuer has not issued exchangeable bonds, warrants and/or financial instruments that grant voting rights, even limited to specific topics, at ordinary and extraordinary shareholders' meetings of the Issuer, and/or other financial instruments that may grant to third parties in the future rights to purchase Ordinary Shares or simply voting rights, even if limited, at shareholders' meetings of the Issuer.

C.2 Category of the financial instruments subject to the Voluntary Tender Offer and related quantities

The Voluntary Tender Offer refers to any and all of No. 12,251,311 Savings Shares of the Issuer (including the Treasury Savings Shares), without par value, representing 100% of the savings share capital and 2.51% of the entire share capital of Pirelli, and equal to all outstanding Pirelli savings shares as of the Offer Document Date.

The Voluntary Tender Offer is directed, on a non-discriminatory basis and on equal terms, within the limits set forth in Section F, Paragraph F.4, of the Offer Document, to all the savings shareholders of the Issuer.

The effectiveness of the Voluntary Tender Offer is under the condition that the number of the Savings Shares tendered under the Voluntary Tender Offer, together with the Savings Shares possibly purchased by the Offeror or by the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) outside of the Voluntary Tender Offer, allows the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) to hold, by the end of the Offer Period, a number of savings shares of Pirelli which represent at least 30% of the share capital of the Issuer represented by savings shares (the “**Condition of the Voluntary Tender Offer**”).

The number of the Savings Shares subject to the Voluntary Tender Offer may vary downwards if, within the end of the Offer Period, the Offeror or the Persons Acting in Concert purchase Savings Shares of the Issuer outside of the Voluntary Tender Offer, in compliance with applicable law and without prejudice to the obligation to notify those purchases pursuant to Art. 41, Paragraph 2, letter (c), of the Consob Issuers Regulation.

As of the Offer Document Date, the Issuer owns No. 408,342 Treasury Savings Shares, which are included in the Savings Shares subject to the Voluntary Tender Offer.

C.3 Authorizations

The launch of the Offers is not subject to the obtainment of any authorization.

For completeness of information, please note that the Sale and Purchase and Co-Investment Agreement was subject to the condition precedent, *inter alia*, of the approval by the relevant competition authorities and the other competent authorities.

The relevant authorizations pursuant to the Sale and Purchase and Co-Investment Agreement were obtained before the Closing Date. On this respect, the following is noteworthy:

- The authorization by the competent authorities of the People’s Republic of China: the *National Development and Reform Commission (General Office and Department of Foreign Capital Utilization and Outbound Investment Administration)*, as well as the Ministry of Commerce and the *State Administration of Foreign Exchange (Beijing office)*;
- That the European Commission, pursuant to Art. 6(1)(b) of the European Union Merger Regulation, on 1 July 2015, decided not to oppose the notified transaction and to declare it compatible with the common market;
- That, on 30 June 2015, the national competition authority of China, the *Ministry of Commerce*, granted its authorization, without conditions;
- That, on 2 July 2015, the national competition authority of Russia, the *Federal Antimonopoly Service of Russia*, granted its authorization, without conditions, as well as, on 19 June 2015, pursuant to applicable foreign investment control laws;
- That, on 5 June 2015, the national competition authority of Brazil, the *Administrative Council for Economic Defense*, granted its authorization, without conditions, under the condition of a waiting period equal to 15 calendar days, expired on 22 June 2015;

- That, on 10 July 2015, the national competition authority of Mexico, the *Federal Economic Competition Commission*, granted its authorization, without conditions.

Furthermore, the acquisition of Pirelli shares via tender offer is subject to the notification and waiting period requirements of the “*US Hart-Scott-Rodino Antitrust Improvements Act*” (the “**HSR Act**”), pursuant to which a transaction may not be consummated until the buyer has submitted its HSR notification to the US authorities (the “*US Federal Trade Commission*” and the “*Antitrust Division of the US Department of Justice*”) and the applicable waiting period (15 calendar days) has expired or been terminated by those authorities. The required waiting period was terminated before the Offer Document Date.

Finally, filings with the relevant authorities of Canada, Argentina and the Common Market for Eastern and Southern Africa (COMESA) have been or will be made after the execution of the transaction since under applicable local laws the notification is not required before the execution of the transaction.

D. FINANCIAL INSTRUMENTS OF THE ISSUER OWNED BY THE OFFEROR, INCLUDING THROUGH FIDUCIARY COMPANIES OR NOMINEES

D.1 Number and category of financial instruments issued by Pirelli and held by the Offeror and the Persons Acting in Concert, with specification of the type of ownership and the voting right

As of the Offer Document Date, the Offeror owns and directly holds the Initial Stake, *i.e.* No. 96,779,841 Pirelli ordinary shares, representing, as of the same date, 20.34% of the share capital of the Issuer with voting rights and 19.83% of the entire share capital of the Issuer. With regard to such Pirelli ordinary shares, which are subject to the Pirelli Shareholders Agreement effective from the Closing Date, the Offeror exercises the related voting rights.

As of the Offer Document Date, Cam 2012, a Person Acting in Concert with the Offeror, owns and directly holds the residual Cam 2012 Stake, corresponding, as of the Offer Document Date (considering the transfers of part of the shares available for exchange under the Cam Exchangeable Bond executed in the meantime in accordance with the Cam Exchangeable Bond), to No. 20,809,376 Pirelli ordinary shares, representing, as of the same date, 4.37% of the share capital of the Issuer with voting rights and 4.26% of the entire share capital of the Issuer. With regard to such Pirelli ordinary shares, which are subject to the Pirelli Shareholders Agreement effective from the Closing Date, Cam 2012 exercises the related voting rights. With reference to the Cam 2012 Stake, note that on 21 August 2015, Cam 2012 disclosed its intention to proceed with the early redemption of the Cam 2012 Exchangeable Bond in accordance with the relevant regulation by publishing the applicable notice (so called optional redemption notice). The holders of the Cam 2012 Exchangeable Bond may exercise their exchange right in ordinary shares of Pirelli within 7 September 2015. It is provided that the early redemption of the Cam 2012 Exchangeable Bond will be completed on 21 September 2015.

Furthermore, to the knowledge of the Offeror, as of the Offer Document Date:

- Intesa Sanpaolo S.p.A. does not directly and/or indirectly hold ordinary and savings shares of the Issuer; Banca IMI S.p.A. owns bonds under the Schematrentaquattro Exchangeable Bond for an aggregate value of EUR 300,000; and
- UniCredit S.p.A. owns, indirectly, through its subsidiary UniCredit Bank AG, No. 42,788 ordinary shares of Pirelli, equal to 0.009% of the ordinary share capital of the Issuer.

With reference to the executives of Intesa Sanpaolo Group and UniCredit Group, further note that, to the knowledge of the Offeror, as of the Offer Document Date: **(i)** Mr Marco Mangiagalli (member of the Supervisory Board of Intesa Sanpaolo S.p.A.) has declared to hold (since more than 12 months, as part of a portfolio managed by a company not belonging to the Intesa Sanpaolo Group) No. 698,000 shares of Pirelli, and that **(ii)** Mr Carlo Viola (director of Manzoni S.r.l.) has declared to have made an investment, around 10 years ago, in shares of Pirelli for a value of EUR 2,000.

Finally, note that Mr Marco Tronchetti Provera (CEO of the Offeror) holds No. 1,251 shares of Pirelli and that Mr Alberto Pirelli (director of the Offeror) holds No. 131,629 shares of Pirelli. Such shares have been acquired by Mr Tronchetti Provera and by Mr Pirelli on a date falling before the twelve months prior to the announcement of the Offers.

D.2 Repurchase, securities lending, right of use or pledge agreements, or other commitments on those instruments

As of the Offer Document Date, the Offeror and (to the knowledge of the Offeror) the Persons Acting in Concert have not entered into any securities lending or repurchase agreements, created any rights of use or pledge nor made any other commitments relating to the Issuer's financial instruments (such as, by way of example, options, futures, swaps or forward contracts on such financial instruments), neither directly nor through fiduciary companies or nominees or subsidiaries, except for **(i)** the guarantees granted under the Bidco Senior Facilities Agreement as referred to in Section G, Paragraph G.1, of the Offer Document; **(ii)** the undertakings by Cam 2012 in relation to the Cam 2012 Stake under the Cam Exchangeable Bond; and **(iii)** as referred to herein below in relation to Intesa Sanpaolo S.p.A. and UniCredit S.p.A..

As of the Offer Document Date, Intesa Sanpaolo S.p.A. holds directly and through its subsidiaries, as securities borrower/receiver or pledgee, aggregate No. 117,259 ordinary shares of Pirelli – of which No. 66,169 ordinary shares of Pirelli as securities borrower/receiver and No. 51,063 ordinary shares of Pirelli as pledgee – equal in aggregate to 0.025% of the ordinary share capital of the Issuer and to 0.024% of the entire share capital of the latter. Intesa Sapaolo S.p.A., directly or through its subsidiaries, has the voting right in relation to all the above mentioned ordinary shares of Pirelli held as securities borrower/receiver or pledgee.

In addition, Intesa Sanpaolo S.p.A. holds directly and through its subsidiaries, as pledgee, in aggregate No. 26,987 savings shares of Pirelli equal in aggregate to 0.006% of the entire share capital of the Issuer.

With reference to securities lending or repurchase agreements, rights of use or pledge, or other commitments relating to the Issuer's financial instruments, note that No. 117,259 ordinary shares of the Issuer related to repurchase, securities lending and pledge transactions, the voting rights of which pertains to Intesa Sanpaolo Group, fall in the ordinary borrowing or securities lending activity.

As of the Offer Document Date, UniCredit S.p.A. holds directly, as pledgee, aggregate No. 37,523 ordinary shares of Pirelli, with voting right reserved to the debtor, equal in aggregate to 0.008% of the ordinary share capital of the Issuer.

With reference to securities lending or repurchase agreements, rights of use or pledge, or other commitments relating to the Issuer's financial instruments, note that the No. 37,523 ordinary shares of the Issuer related to pledge transactions, the voting rights of which pertain to UniCredit Group, fall within the ordinary borrowing activity.

E. PER SHARE OFFERS PRICE FOR THE FINANCIAL INSTRUMENTS AND ITS RATIONALE

E.1 Indication of the per share Offers Prices and their determination

E.1.1. Mandatory Tender Offer Price

The Offeror will pay to each of those accepting the Mandatory Tender Offer a price equal to EUR 15 per each Ordinary Share tendered under the Mandatory Tender Offer (the “**Mandatory Tender Offer Price**”).

The Mandatory Tender Offer Price is intended to be net of stamp duty, fees, commissions and expenses which will be borne by the Offeror, while the substitute tax on capital gains, if due, shall be borne by those accepting the Mandatory Tender Offer.

In addition, please note that, on 14 May 2015, the Issuer’s shareholders’ meeting approved the financial statements of Pirelli related to the financial year ended on 31 December 2014, approving the distribution of a dividend of EUR 0.367 per Pirelli ordinary share. Such dividend was paid on 20 May 2015 (coupon detachment on 18 May 2015 and record date on 19 May 2015). The Mandatory Tender Offer Price is to be intended as “ex dividend”, meaning that the Savings Shares will be tendered under the Mandatory Tender Offer after the date of the coupon detachment relating to such dividend, and therefore without such coupon.

Please note that, pursuant to Art. 106, Paragraph 2, of the TUF, the Mandatory Tender Offer shall be launched at a price “*no less than the highest price paid by the offeror and by persons acting in concert with the offeror, in the twelve months preceding the notice pursuant to Art. 102, Paragraph 1, to acquire securities of the same class*”. With reference to two transactions executed by Banca IMI S.p.A. (controlled by Intesa Sanpaolo S.p.A.) on 20 March and 26 March 2015, and namely:

- (i)** the purchase of No. 4,953 ordinary shares of Pirelli at a price per each share equal to EUR 15.10, executed on 20 March 2015, and
- (ii)** the purchase of No. 123 ordinary shares of Pirelli at a price per each share equal to EUR 15.48, executed on 26 March 2015,

note that Consob, by resolution No. 19318 dated 10 August 2015, upon request of Intesa Sanpaolo S.p.A. pursuant to Art. 106, Paragraph 3, lett. g), No. 2, of the TUF and Arts. 47-*bis* and 47-*quinquies*, Paragraph 1, of the Consob Issuer Regulation, has recognized that the purchases under points (i) and (ii) above “*are not included in the purchases to be computed for the purposes of the determination of the highest price paid by the offeror and the persons acting in concert with it pursuant to Art. 106, Paragraph 2, of the TUF*”, since such purchases – in aggregate corresponding to 0.00148% of the shares subject to the Mandatory Tender Offer – have been executed in the context of the trading activity carried out by Banca IMI S.p.A. on its own account and in particular in the context of the activity carried out by Banca IMI S.p.A. as market maker on the financial instruments linked to the FTSE MIB 40 index.

Therefore, the Mandatory Tender Offer Price coincides, pursuant to Art. 106, Paragraphs 2 and 3, of the TUF, with the price paid by the Offeror to purchase the Initial Stake pursuant to the Sale and Purchase and Co-Investment Agreement.

In fact, except as represented above, the Offeror and (to the knowledge of the Offeror) the Persons Acting in Concert with it have not executed additional purchases of ordinary shares of Pirelli during the 12 months prior to the Notice of the Offeror, nor have they entered into further agreements which may potentially be relevant for the purposes of the determination of the Mandatory Offer Price.

In this respect, please also note that Consob, with communication No. 0063476/15 of 4 August 2015 (published on the website of Consob, www.consob.it), has expressed its opinion on the query submitted by CNRC, Camfin and LTI concerning the determination of the Mandatory Offer Price.

In determining the abovementioned price, neither ChemChina nor CNRC (which controls the Offeror, through SPV HK 1, SPV HK 2, SPV Lux, NewCo and HoldCo) used appraisals from independent persons or aimed at evaluating the fairness of the price itself or other evaluation documents. Such determination is based solely on the value attributed by CNRC to the Pirelli ordinary shares for the purposes of the purchase of the Initial Stake, in the context of the negotiations concerning the Sale and Purchase and Co-Investment Agreement, through an analysis performed independently by CNRC itself.

The Mandatory Tender Offer Price includes a premium to the market of approximately 25.8% over the weighted average price of the Pirelli ordinary shares of the last year prior to 20 March 2015 (included), being the last Trading Day before 22 March 2015, which is the date of the announcement of the signing of the Sale and Purchase and Co-Investment Agreement, and therefore of the transaction (for further information, see Paragraph E.4 of the Offer Document).

E.1.2. Voluntary Tender Offer Price

The Offeror will pay to each of those accepting the Voluntary Tender Offer a price equal to EUR 15 per Savings Share tendered under the Voluntary Tender Offer (the “**Voluntary Tender Offer Price**” and, together with the Mandatory Tender Offer Price, the “**Offers Prices**”).

The Voluntary Tender Offer Price is intended to be net of stamp duty, fees, commissions and expenses which will be borne by the Offeror, while the substitute tax on capital gains, if due, shall be borne by those accepting the Voluntary Tender Offer.

Please note that, on 14 May 2015, the Issuer’s shareholders’ meeting approved the financial statements of Pirelli related to the financial year ended on 31 December 2014, approving the distribution of a dividend of EUR 0.431 per Pirelli savings share. Such dividend was paid on 20 May 2015 (coupon detachment on 18 May 2015 and record date on 19 May 2015). The Voluntary Tender Offer Price is to be intended as “ex dividend”, meaning that the Savings Shares will be tendered under the Voluntary Tender Offer after the date of the coupon detachment relating to such dividend, and therefore without such coupon.

In determining the abovementioned price, neither ChemChina nor CNRC (which controls the Offeror, through SPV HK 1, SPV HK 2, SPV Lux, NewCo and HoldCo) used appraisals from independent persons or aimed at evaluating the fairness of the price itself or other evaluation documents.

The Voluntary Tender Offer Price includes a premium to the market of approximately 35.1% over the weighted average price of the Pirelli savings shares in the last year prior to 20 March 2015 (included), being the last Trading Day before 22 March 2015, which is the date of the announcement of the signing of the Sale and

Purchase and Co-Investment Agreement, therefore of the transaction (for further information, see Paragraph E.4 of the Offer Document).

Finally, please note that the Offeror and (to the knowledge of the Offeror) the Persons Acting in Concert neither purchased any Pirelli savings shares in the 12 months preceding the Offeror Notice, nor signed any other agreements that may be relevant for purposes of determining the Voluntary Tender Offer Price.

E.2 Aggregate consideration of the Offers

The total maximum consideration of the Mandatory Tender Offer, calculated on all the Ordinary Shares subject to the Mandatory Tender Offer (including the Treasury Ordinary Shares, the Cam 2012 Exchangeable Stake, the Edizione Stake and the Schematrentaquattro Stake), is equal to EUR 5,464,922,115.00 (“**Maximum Disbursement of the Mandatory Tender Offer**”).

The total maximum consideration of the Voluntary Tender Offer, calculated on all the Savings Shares subject to the Voluntary Tender Offer (including the Treasury Savings Shares), is equal to EUR 183,769,665.00 (the “**Maximum Disbursement of the Voluntary Tender Offer**”).

Therefore, the maximum consideration of the Offers, if all the entitled persons accept, is equal to EUR 5,648,691,780.00 (the “**Aggregate Maximum Disbursement**”), corresponding to the sum of the Maximum Disbursement of the Mandatory Tender Offer and the Maximum Disbursement of the Voluntary Tender Offer.

E.3 Comparison of the Offers Prices with certain indicators relating to the Issuer

The following table shows the main indicators relating to the Issuer for the financial years ended on 31 December 2014 and on 31 December 2013:

Indicators of the Last Two Financial Years – Consolidated Values		31 December 2014	31 December 2013
Number of shares⁽¹⁾		487,991,493	487,991,493
	<i>of which ordinary shares</i>	475,740,182	475,740,182
	<i>of which savings shares</i>	12,251,311	12,251,311
Dividends (€/m)⁽²⁾		179.6	156.7
	<i>per ordinary shares (€)</i>	0.37	0.32
	<i>per savings shares (€)</i>	0.43	0.39
Net income before discontinued operations (€/m)⁽³⁾		315.2	304.5
	<i>per share (€)</i>	0.62	0.62
Cash flow (€/m)⁽⁴⁾		624.2	596.0
	<i>per share (€)</i>	1.28	1.22
Shareholders’ equity (€/m)⁽⁵⁾		2,548.3	2,376.1
	<i>per share (€)</i>	5.22	4.87

Source: Issuer’s financial statements

⁽¹⁾ Including 351,590 treasury ordinary shares and 408,342 treasury savings shares.

⁽²⁾ Dividends approved and paid in the financial year following the reference one.

⁽³⁾ Calculated as the net income attributable to the group, equal to €319.3m and €303.6m in 2014 and 2013, respectively, excluding result of discontinued operations.

⁽⁴⁾ Computed as the sum of net income / (net loss) attributable to the shareholders of the Issuer plus amortisation, depreciation and impairment, as reported in the consolidated financial statements of the Issuer.

⁽⁵⁾ Computed as shareholders’ equity attributable to the shareholders of the Issuer.

The Offers Price was also compared with the trading market multiples of listed companies operating in the same sector of the Issuer and considered potentially comparable or partially comparable with the Issuer.

Considering the nature of the Issuer’s business and the trading multiples generally used by financial analysts, the following multiples were taken into consideration:

- EV/Sales, which represents the ratio of the Enterprise Value – computed as the sum of the market capitalization, net financial position, non-controlling interests, minus the investments in associates – and the sales;
- EV/EBITDA, which represents the ratio of the Enterprise Value and the EBITDA or Gross Operating Income;
- EV/EBIT, which represents the ratio of the Enterprise Value and the EBIT (*Earnings before Interest and Taxes*);
- P/E, which represents the ratio of the market capitalization and the net income attributable to the shareholders of the Issuer;
- P/CF, which represents the ratio of the market capitalization and the cash flow from operating activities.

The following table outlines the EV/Sales, EV/EBITDA, EV/EBIT, P/E and P/CF multiples related to the Issuer with reference to the financial years ended on 31 December 2014 and 31 December 2013 computed on the basis of the implied equity value of the Issuer (Offers Price multiplied by the number of outstanding shares net of Treasury Ordinary Shares and Treasury Savings Share as of 30 June 2015) and net financial position, employee benefits, non-controlling interest and investments in associates as of 30 June 2015.

Multiples ⁽¹⁾	31 December 2014	31 December 2013
EV/Sales	1.55x	1.53x
EV/EBITDA	8.0x	8.5x
EV/EBIT	11.1x	11.8x
P/E	22.9x	24.1x
P/CF	9.8x	10.8x

Source: Issuer’s financial statements

⁽¹⁾ EV/Sales, EV/EBITDA, EV/EBIT, P/E e P/CF are among the most frequently used multiples by financial analysts for valuation purposes of industrial companies, while the application of the P/BV multiple (“Price / Shareholders’ equity”) does not seem relevant for the reference sector. As a consequence, that multiple has not been considered.

The following table outlines, with reference to the Issuer’s multiples abovementioned, a comparison with similar multiples, for the financial years 2014 and 2013, of a sample of listed companies operating in the same sector of the Issuer and considered potentially comparable or partially comparable with the Issuer.

The comparable companies are the following:

- *Bridgestone Corporation* (Japan): founded in 1931, is the first tyre producer worldwide. The product portfolio includes a wide range of tyres both for the Consumer and Industrial segments, as well as other diversified products for industrial applications;

- *Continental AG* (Germany): founded in 1871, is one of the leading manufacturers of tyres, brake systems, suspension systems for vehicle stability and other components for passenger cars and trucks. The Group is the fourth tyre manufacturer in the world;
- *Goodyear Tire & Rubber Company* (United States of America): founded in 1898, supplies rubber products for several applications, among which, industrial equipments and tyres, segment in which ranks as the third manufacturer worldwide. The Group operates both in the Consumer and Industrial segments and is mainly focused on the US market;
- *Hankook Tire Co., Ltd* (South Korea): founded in 1941, is the sixth tyre producer in the world. Operates both in the Consumer and Industrial segments and is mainly present in Asia, Europe and North America;
- *Compagnie Générale des Établissements Michelin SCA* (France): founded in 1889, produces and sales tyres for different types of vehicles, both for the Consumer and Industrial segments. Leveraging on a commercial presence in over 170 countries, Michelin is the second tyre producer worldwide with a c.20% global market share;
- *Nokian Renkaat Oyj* (Finland): founded in 1898, is the seventh tyre manufacturer worldwide. Leader in the winter tyre market in Northern Europe and Russia, Nokian is mainly focused on the Consumer segment.

Comparable companies	EV/Sales		EV/EBITDA		EV/EBIT		P/E		P/CF ⁽¹⁾	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Bridgestone	1.10x	1.13x	6.0x	6.6x	8.4x	9.2x	12.3x	18.3x	n.m.	n.m.
Continental	1.49x	1.54x	10.0x	10.1x	15.4x	15.8x	18.3x	22.6x	10.4x	11.7x
Goodyear	0.68x	0.63x	5.5x	5.8x	8.1x	8.9x	11.4x	11.2x	19.0x	6.9x
Hankook	1.11x	1.05x	5.0x	5.1x	7.2x	7.2x	8.2x	8.1x	4.3x	4.7x
Michelin	1.15x	1.11x	6.9x	6.9x	10.4x	10.1x	15.7x	14.3x	6.4x	5.2x
Nokian	2.61x	2.38x	9.1x	7.6x	11.7x	9.4x	17.0x	19.2x	10.9x	11.1x
Mean	1.36x	1.31x	7.1x	7.0x	10.2x	10.1x	13.8x	15.6x	10.2x	7.9x
Median	1.13x	1.12x	6.5x	6.7x	9.4x	9.3x	14.0x	16.3x	10.4x	6.9x
Pirelli	1.55x	1.53x	8.0x	8.5x	11.1x	11.8x	22.9x	24.1x	9.8x	10.8x

Source: Companies' financial statements, Factset, Bloomberg

⁽¹⁾ CF computed as the cash flow generated by operating activities.

Please note that, with regard to the Issuer, the parameters abovementioned relative to the financial years ended on 31 December 2014 and 2013 were reached on the basis of the implied equity value of the Issuer (Offers Prices multiplied by the number of outstanding shares net of Treasury Ordinary Shares and Treasury Savings Share as of 30 June, 2015) and net financial position, employee benefits, non-controlling interests and investments in associates at 30 June, 2015.

Instead, with regard to the sample companies, the multiples were reached by the computation of the ratio between the weighted average of the security's stock exchange value in the last trading month (*i.e.*: from 23 February to 20 March 2015, included, the last Trading Day before 22 March 2015, which is the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction) and the statement of

financial position items at the latest available date preceding the Offer Document Date and the income statement items of the financial statements as of 31 December 2014 and 31 December 2013.

E.4 Monthly weighted arithmetic average of the official recorded prices of the Issuer’s shares in the twelve months preceding the date of the launch of the Offers

E.4.1. Pirelli Ordinary Shares

The following table shows the daily volume weighted arithmetic averages of the official prices of the Pirelli ordinary shares recorded in each of the twelve months preceding 20 March 2015, the last Trading Day before 22 March 2015, the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction).

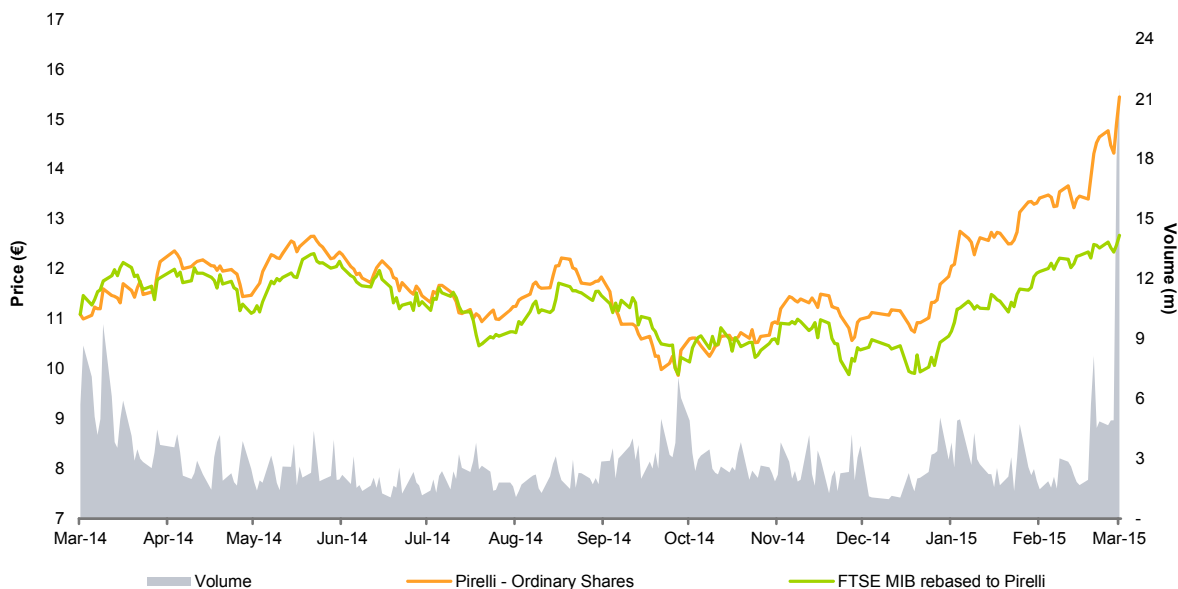
Period	Aggregate volumes	Considerations	Weighted average price⁽¹⁾	Implied premium of the Mandatory Tender Offer
	<i>thousands of shares</i>	<i>€000</i>	<i>€</i>	
21 March / 31 March 2014	45,919	517,451	11.27	33.1%
April 2014	69,000	813,150	11.78	27.3%
May 2014	50,157	599,035	11.94	25.6%
June 2014	49,620	611,775	12.33	21.7%
July 2014	42,252	491,015	11.62	29.1%
August 2014	40,485	455,030	11.24	33.5%
September 2014	55,406	640,891	11.57	29.7%
October 2014	77,780	806,001	10.36	44.8%
November 2014	49,434	538,331	10.89	37.7%
December 2014	43,357	481,314	11.10	35.1%
January 2015	62,855	745,855	11.87	26.4%
February 2015	45,129	587,822	13.03	15.2%
1 March/20 March 2015 ⁽²⁾	90,355	1,319,123	14.60	2.7%
The last 12 months	721,749	8,606,793	11.92	25.8%

Source: Borsa Italiana

⁽¹⁾ “Cum dividend” prices, thus the coupon relating to the dividend approved during the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is included (equal to €0.367 per ordinary share).

⁽²⁾ The last Trading Day before 22 March 2015.

The following chart shows the trend in the official price of the Pirelli ordinary shares for the last 12 months till 20 March 2015 (included), the last Trading Day before 22 March 2015, the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction)⁽¹⁾.



Source: Borsa Italiana

⁽¹⁾ “Cum dividend” prices, thus the coupon relating to the dividend approved during the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is included (equal to €0.367 per ordinary share).

The closing official price of each Pirelli ordinary share on 20 March 2015, the last Trading Day before 22 March 2015, the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction, is equal to EUR 15.44 (corresponding to EUR 15.07 “ex dividend” price). Compared to such price, the Mandatory Tender Offer Price includes a discount of 2.9% (a discount of 0.5% considering the “ex dividend” price).

The closing official price of each Pirelli ordinary share on 7 September 2015 (the last Trading Day before the Offer Document Date) is equal to EUR 14.96. Compared to such price, the Mandatory Tender Offer Price includes a premium of 0.25%.

The following table compares the Mandatory Tender Offer Price to (i) the last official closing price of the Pirelli ordinary shares recorded on 20 March 2015 (included), the last Trading Day before 22 March 2015, which is the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction, and (ii) the weighted arithmetic average of the official prices of the Pirelli ordinary shares relating to 1, 3, 6 months and 1 year preceding 20 March 2015, the last Trading Day before 22 March 2015, which is the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction.

Reference period	WEIGHTED AVERAGE PRICE IN THE PERIOD ⁽¹⁾	IMPLIED PREMIUM OF THE MANDATORY TENDER OFFER
Official price of the last Trading Day preceding the announcement (20 March 2015)	15.44	(2.9)%
Average price weighted according to volumes – 1 month preceding 20 March 2015 (included)	14.48	3.6%
Average price weighted according to volumes – 3 months preceding 20 March 2015 (included)	13.33	12.6%
Average price weighted according to volumes – 6 months preceding 20 March 2015 (included)	12.08	24.2%
Average price weighted according to volumes – 1 year preceding 20 March 2015 (included)	11.92	25.8%

⁽¹⁾ “Cum dividend” prices, thus the coupon relating to the dividend approved during the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is included (equal to €0.367 per ordinary share).

E.4.2. Pirelli Savings Shares

The following table shows the daily volume weighted arithmetic average of the official prices of the Pirelli savings shares recorded in each of the twelve months preceding 20 March 2015, the last Trading Day before 22 March 2015, which is the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction.

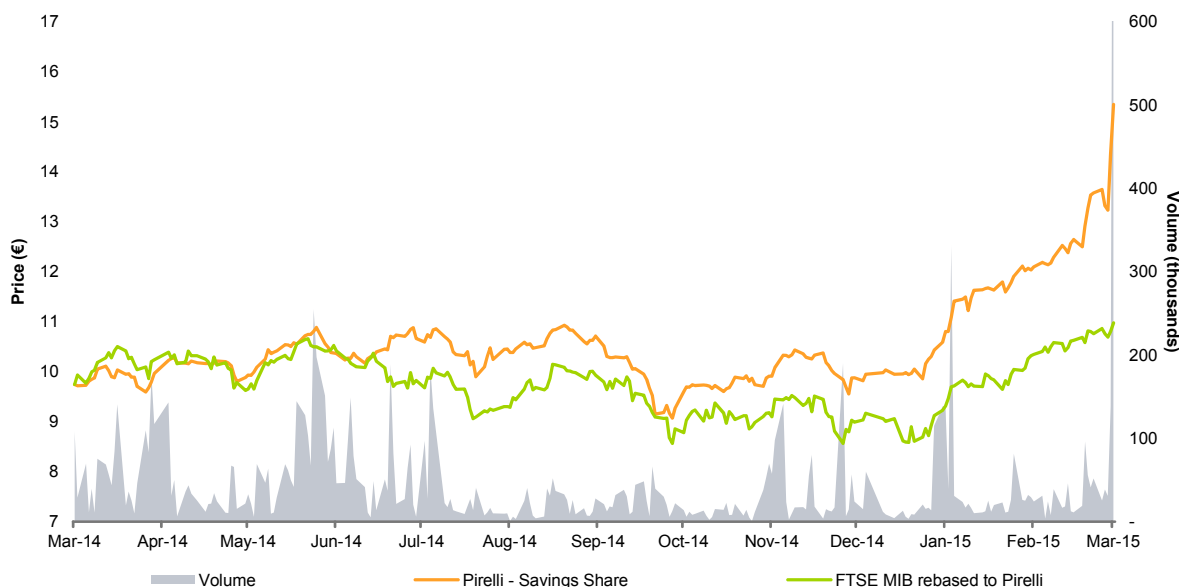
Period	Aggregate volumes <i>thousands of shares</i>	Considerations <i>€.000</i>	Weighted average price ⁽¹⁾ <i>€</i>	Implied premium of the Voluntary Tender Offer
21 March / 31 March 2014	304	3,015	9.92	51.3%
April 2014	1,291	12,852	9.95	50.7%
May 2014	619	6,277	10.14	47.9%
June 2014	2,050	21,644	10.56	42.1%
July 2014	1,303	13,923	10.69	40.3%
August 2014	296	3,057	10.34	45.1%
September 2014	509	5,410	10.62	41.2%
October 2014	434	4,174	9.61	56.0%
November 2014	624	6,261	10.03	49.6%
December 2014	635	6,352	10.00	49.9%
January 2015	992	10,735	10.82	38.7%
February 2015	477	5,706	11.95	25.5%
1 March/20 March 2015 ⁽²⁾	1,796	26,363	14.68	2.2%
The last 12 months	11,331	125,768	11.10	35.1%

Source: Borsa Italiana

⁽¹⁾ “Cum dividend” prices, thus the coupon relating to the dividend approved during the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is included (equal to €0.431 per savings share).

⁽²⁾ The last Trading Day before 22 March 2015.

The following chart illustrates the trend in the official price of the Pirelli savings shares for the last 12 months till 20 March 2015 (included), the last Trading Day before 22 March 2015, the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction⁽¹⁾.



Source: Borsa Italiana

⁽¹⁾ “Cum dividend” prices, thus the coupon relating to the dividend approved during the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is included (equals to €0.431 per savings share).

The closing official price of each Pirelli savings share on 20 March 2015, the last Trading Day before 22 March 2015, which is the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction) is equal to EUR 15.35 (corresponding to EUR 14.91 “ex dividend” price). Compared to such price, the Voluntary Tender Offer Price includes a discount of 2.3% (a premium of 0.57% considering the “ex-dividend” price).

The closing official price of each Pirelli savings share on 7 September 2015 (the last Trading Day before the Offer Document Date) is equal to EUR 14.94. Compared to such price, the Voluntary Tender Offer Price includes a premium of 0.37%.

The following table compares the Voluntary Tender Offer Price to (i) the last official closing price of the Pirelli savings shares recorded on 20 March 2015, the last Trading Day before 22 March 2015, which is the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction, and (ii) the weighted arithmetic average of the official prices of the Pirelli savings shares relating to 1, 3, 6 months and 1 year preceding 20 March 2015 (included), the last Trading Day before 22 March 2015, which is the day of the press release issued pursuant to Art. 114 of the TUF containing the notice of the signing of the Sale and Purchase and Co-Investment Agreement, thus the announcement of the transaction.

Reference period	WEIGHTED AVERAGE PRICE IN THE PERIOD ⁽¹⁾	IMPLIED PREMIUM OF THE VOLUNTARY TENDER OFFER
Official price weighted of the last Trading Day preceding the announcement (20 March 2015)	15.35	(2.3)%
Average price weighted according to volumes – 1 month preceding 20 March 2015 (included)	14.54	3.1%
Average price weighted according to volumes – 3 months preceding 20 March 2015 (included)	13.02	15.2%
Average price weighted according to volumes – 6 months preceding 20 March 2015 (included)	11.96	25.4%
Average price weighted according to volumes – 1 year preceding 20 March 2015 (included)	11.10	35.1%

Source: Borsa Italiana

⁽¹⁾ “Cum dividend” prices, thus the coupon relating to the dividend approved during the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is included (equals to €0.431 per savings share).

E.5 Indication of the values attributed to the Issuer’s shares on the occasion of financial transactions engaged in the last financial year and in the current financial year

On 10 July 2014 the transaction which made LTI own the 50% of Camfin (a company which, at the time, owned directly or indirectly a shareholding equal to 26.19% of the Pirelli ordinary share capital) has been completed, on the basis of a value of each Pirelli ordinary share owned by Camfin equal to EUR 12.

Except for the above and the purchases made by the Offeror and the Persons Acting in Concert pursuant to Paragraph E.6 of the Offer Document, during the last financial year and the current financial year neither financial transactions (such as mergers and spin-offs, share capital increases, tender offers) which involved an estimation of the ordinary or savings shares of the Issuer have been completed, nor, to the Offeror’s knowledge, transfers of relevant blocks of ordinary or savings shares of the Issuer occurred.

E.6 Indication of the values at which the Offeror and the Persons Acting in Concert, in the last twelve months, engaged in purchase and sale transactions on the shares subject to the Offers, with indication of the number of financial instruments purchased and sold

During the last twelve months, meaning the twelve months prior to the date of the Notice of Offeror (i.e.: prior to 11 August 2015), the Offeror and (to the knowledge of the Offeror) the Persons Acting in Concert have not been engaging in any transaction for the purchase and/or sale of ordinary or savings shares of the Issuer, except for those mentioned below.

Intesa Sanpaolo S.p.A. and UniCredit S.p.A., also through the companies belonging to their respective banking groups, have entered into certain purchase and/or sale transactions of ordinary shares and of savings shares of Pirelli (or of derivative financial instruments having as underlying security ordinary or savings shares of Pirelli) in the ordinary course of their activity as investment services provider and financial intermediaries, therefore not functional to the transfer of the Initial Stake and in any case at a price/value lower than EUR 15.00 per share.

With reference to two transactions executed by Banca IMI S.p.A. (controlled by Intesa Sanpaolo S.p.A.) on 20 March and 26 March 2015, and namely:

- (i) The purchase of No. 4,953 ordinary shares of Pirelli at a price per each share equal to EUR 15.10, executed on 20 March 2015, and
- (ii) The purchase of No. 123 ordinary shares of Pirelli at a price per each share equal to EUR 15.48, executed on 26 March 2015,

note that Consob, by resolution No. 19318 dated 10 August 2015, upon request of Intesa Sanpaolo S.p.A. pursuant to Art. 106, Paragraph 3, lett. g), No. 2, of the TUF and Arts. 47-*bis* and 47-*quinquies*, Paragraph 1, of the Consob Issuer Regulation, has recognized that the purchases under points (i) and (ii) above “*are not included in the purchases to be computed for the purposes of the determination of the highest price paid by the offeror and the persons acting in concert with it pursuant to Art. 106, Paragraph 2, of the TUF*”, since such purchases – in aggregate corresponding to 0.00148% of the shares subject to the Mandatory Tender Offer – have been executed in the context of the trading activity carried out by Banca IMI S.p.A. on its own account and in particular in the context of the activity carried out by Banca IMI S.p.A. as market maker on the financial instruments linked to the FTSE MIB 40 index.

Please note, further, that on 27 August 2015 UniCredit Bank AG has purchased on the market No. 130,000 ordinary shares of Pirelli, at a price per each share equal to EUR 14.93, for the purposes of settlement of a stock lending position and with settlement date on August 31, 2015 (the transaction has been disclosed to the market on 27 August 2015 with notice pursuant to Art. 41, Paragraph 2, letter c), of the Consob Issuers Regulation). Finally, note that UniCredit Bank AG used to be the owner of bonds having a value of EUR 2,700,000 pertaining to the Cam Exchangeable Bond. On 26 August 2015, such bonds have been sold to an independent third party, with settlement on 28 August 2015. The transaction has been disclosed to the market on 27 August 2015 with notice pursuant to Art. 41, Paragraph 2, letter c), of the Consob Issuers Regulation. On 3 September 2015, Banca IMI S.p.A. (a company controlled by Intesa Sanpaolo S.p.A.) has converted bonds under the Cam Exchangeable Bond, previously owned, for an aggregate value of EUR 1,000,000, into No. 87,993 ordinary shares of Pirelli (subject to adjustment) at a price per share obtained upon conversion equal to EUR 11.3645; the conversion above (which has been disclosed to the market on 3 September 2015 with notice pursuant to Art. 41, Paragraph 2, letter c), of the Consob Issuers Regulation) – closed for unwinding a delta hedged position of the trading portfolio – will be settled on the date provided by Cam 2012.

Further note that Mr Giulio Stefano Lubatti (member of the Supervisory Board of Intesa Sanpaolo S.p.A.) has declared that he acquired No. 1,300 shares of Pirelli on 15 January 2015, at a price per share equal to EUR 11.51, and sold No. 1,300 shares of Pirelli on 2 February 2015, at a price per share equal to EUR 12.66.

For sake of completeness, note that the ordinary shares of Pirelli held by Cam 2012, corresponding to the Cam 2012 Exchangeable Stake, have been and are available for exchange under the Cam Exchangeable Bond in accordance with the terms and conditions thereto and that on 21 August 2015, Cam 2012 has disclosed its intention to proceed with the early redemption of the Cam 2012 Exchangeable Bond in accordance with the relevant regulation by publishing the applicable notice (so called optional redemption notice). The holders of the Cam 2012 Exchangeable Bond may exercise their exchange right in ordinary shares of Pirelli within 7 September 2015. It is provided that the early redemption of the Cam 2012 Exchangeable Bond will be completed on 21 September 2015.

F. METHOD AND TERMS FOR ACCEPTING THE OFFER, DATES AND METHOD OF PAYMENT OF THE PRICES AND FOR RETURNING THE SHARES

F.1 Method and terms for accepting the Offers

F.1.1. Offer Period

The Offer Period for both the Mandatory Tender Offer and the Voluntary Tender Offer, agreed with Borsa Italiana, pursuant to Art. 40, Paragraph 2, of the Consob Issuers Regulation, will begin at 8:30 A.M. (Italian time) on 9 September 2015 and end at 5.30 P.M. (Italian time) on 13 October 2015 (inclusive).

13 October 2015, subject to extensions of the Voluntary Tender Offer, will thus be the date the Offers close.

The Offeror will give notice of any changes to the Offers pursuant to applicable legal and regulatory provisions.

In addition, pursuant to Art. 40-*bis* of the Consob Issuers Regulation, by the Trading Day following the Payment Date, the Offer Period of the Mandatory Tender Offer shall be re-opened for 5 Trading Days – specifically, for the sessions on 21, 22, 23, 26 and 27 October 2015 – if the Offeror, when the Notice of the Results of the Mandatory Tender Offer is published (see Paragraph F.3 of the Offer Document), gives notice that it has purchased a shareholding greater than the half of the ordinary share capital of the Issuer (the “**Reopening of the Mandatory Tender Offer Period**”). Therefore, in such case, 27 October 2015 will be the date the Mandatory Tender Offer closes.

However, pursuant to Art. 40-*bis*, Paragraph 3, of the Consob Issuers Regulation, the Reopening of the Mandatory Tender Offer Period will not occur, *inter alia*:

- if the Offeror, at least 5 Trading Days before the end of the Offer Period, notifies the market that it has purchased a shareholding greater than one half of the ordinary share capital of the Issuer; or
- if the Offeror, at the end of the Offer Period, holds the shareholding provided by Art. 108, Paragraph 1, of TUF (*i.e.* equal to 95% of the ordinary share capital of the Issuer) or the shareholding provided by Art. 108, Paragraph 2, of TUF (*i.e.* equal to 90% of the ordinary share capital of the Issuer).

Please note that the Voluntary Tender Offer is not subject to reopening of the Offer Period pursuant to Art. 40-*bis* of the Consob Issuers Regulation.

F.1.2. Method and terms for accepting

The acceptances during the Offer Period (including, for the Mandatory Tender Offer, the Reopening of the Mandatory Tender Offer Period) by the owners of the Shares (or by a representative having the power to do so) are irrevocable (except when revocation is permitted by applicable law in order to tender under competing offers, pursuant to Art. 44 of the Consob Issuers Regulation).

The acceptance of the Mandatory Tender Offer must be completed by signing the appropriate tender form (the “**Tender Form A**”), duly filled in, with simultaneous deposit of the Ordinary Shares with the Responsible Intermediaries indicated in Section B, Paragraph B.4, of the Offer Document.

The acceptance of the Voluntary Tender Offer must be completed by signing the appropriate tender form (the “**Tender Form B**” and, together with the Tender Form A, each a “**Tender Form**”), duly filled in, with simultaneous deposit of the Savings Shares with the Responsible Intermediaries indicated in the Paragraph B.4 of the Offer Document.

The shareholders of the Issuer intending to accept the Mandatory Tender Offer and/or the Voluntary Tender Offer may also deliver the Tender Forms and deposit the Shares indicated therein with the Depository Intermediaries, under the condition that the delivery and deposit are made in time to allow the Depository Intermediaries to deposit the Shares with the Responsible Intermediary no later than the last day of the Offer Period.

The Shares are book-entry securities in accordance with Arts. 83-*bis et seq.* of the TUF and the Regulation adopted by Consob and Bank of Italy with resolution on 22 February 2008 (as subsequently amended and integrated, lastly by joint resolution of the Bank of Italy/Consob of 24 February 2015, published on the Official Gazette of the Italian Republic No. 54 of 6 March 2015, with amendments come into effect on 21 March 2015).

Those who intend to tender their Shares under the Mandatory Tender Offer and/or the Voluntary Tender Offer must be owners of book-entry Shares, duly registered in a securities account with one of the Depository Intermediaries and must consult their respective brokers to provide appropriate instructions in order to accept the Mandatory Tender Offer and/or the Voluntary Tender Offer.

Therefore, the signing of the Tender Forms, in consideration of the above mentioned book-entry securities regime, will also serve as an irrevocable instruction provided by the individual owner of Shares subject to the Mandatory Tender Offer and/or the Voluntary Tender Offer to the Responsible Intermediary or to the relevant Depository Intermediary where the Shares are deposited with a securities account, to transfer the aforesaid Shares to deposits accounts with such intermediaries, for the benefit of the Offeror.

The Depository Intermediaries, as agents, must countersign the Tender Forms. Shareholders bear the entire risk of the Depository Intermediaries’ failing to deliver the Tender Forms and, if applicable, failing to deposit the Shares tendered under the Mandatory Tender Offer and/or the Voluntary Tender Offer with the Responsible Intermediary by the last valid day of the Offer Period.

At the time of tendering under the Mandatory Tender Offer and/or the Voluntary Tender Offer and depositing of the Shares by signing the Tender Forms, the Responsible Intermediary and the possible Depository Intermediary shall be delegated to perform all necessary formalities in preparation for the transfer of the Shares to the Offeror, that shall bear the related cost, through the Intermediaries Responsible for Coordinating the Collection of Tenders.

The Shares tendered under the Offers must be freely transferable to the Offeror and free of liens and encumbrances of any kind and nature, *in rem*, obligatory or personal.

Acceptances to the Mandatory Tender Offer and/or the Voluntary Tender Offer by minors or persons under guardianship or receivership, pursuant to applicable legal provisions, which are signed by the parent(s), guardian(s) or receiver(s), if not accompanied by the authorization of the guardianship or receivership court, shall be accepted under reservation and not counted for purposes of determining the Offers accepting percentage and their payment shall occur in any case only after authorization is received.

The shares may be tendered under the Offers only if, at the time of the acceptance, they are duly registered and available in a securities account of those accepting opened by them at an intermediary which is a member of the centralized management system at Monte Titoli. In particular, Shares coming from purchase transactions made on the market can be tendered under the Mandatory Tender Offer and/or the Voluntary Tender Offer, only after those transactions have been settled in the clearance system.

F.2 Ownership and exercise of administrative and economical rights pertaining to Shares tendered while the Offers are pending

The Ordinary Shares tendered under the Mandatory Tender Offer during the Offer Period (notwithstanding the potential Reopening of the Mandatory Tender Offer Period) will be transferred to the Offeror on the Payment Date.

The Ordinary Shares tendered under the Mandatory Tender Offer during the Reopening of the Mandatory Tender Offer Period will be transferred to the Offeror on the Payment Date following the Reopening of the Offer Period.

If the Voluntary Tender Offer becomes effective (*i.e.* if the Condition of the Voluntary Tender Offer occurs or if the Condition of the Voluntary Tender Offer is waived by the Offeror), the Savings Shares tendered under the Voluntary Tender Offer will be transferred to the Offeror on the Payment Date.

Until the Payment Date (*i.e.*, for the Ordinary Shares tendered under the Mandatory Tender Offer during the Reopening of the Mandatory Tender Offer Period, until the Payment Date Following the Reopening of the Offer Period), shareholders retain and may exercise the ownership and administrative rights arising from ownership of the Shares tendered under the Mandatory Tender Offer and/or the Voluntary Tender Offer; however, shareholders who tendered under the Mandatory Tender Offer and/or the Voluntary Tender Offer will not be able to transfer their tendered Shares, apart from tendering under any competitive offers or higher bids pursuant to Art. 44 of the Consob Issuers Regulation.

F.3 Notices relating to the progress and the result of the Offers

Until the last payment date of the Offers Prices, the Intermediaries Responsible for Coordinating the Collection of Tenders will provide Borsa Italiana on a daily basis, pursuant to Art. 41, Paragraph 2, letter (d), of the Consob Issuers Regulation, with information relating to the acceptances received on a daily basis and total Shares tendered under the Offers, as well as the percentage that those quantities represent with regard to the Shares subject to the Offers.

Borsa Italiana shall publish, by the day following that notice, the information by means of an appropriate notice.

The final results of the Offers will be disclosed by the Offeror, before the Payment Date, by publishing the Notice of the Results of the Offers, pursuant to Art. 41, Paragraph 6, of the Consob Issuers Regulation.

Likewise, in case of the Reopening of the Mandatory Tender Offer Period, the final results of the Mandatory Tender Offer will be disclosed by the Offeror, before the Payment Date Following the Reopening of the Offer Period, by publishing the Notice of the Mandatory Tender Offer at the End of the Reopening of the relevant Offer Period, pursuant to Art. 41, Paragraph 6, of the Consob Issuers Regulation.

Finally, with regard to the Mandatory Tender Offer, on the publication of the Notice of the Results of the Offers or, if applicable, of the Notice of the Mandatory Tender Offer at the End of the Reopening of the relevant Offer Period, the Offeror will disclose, *inter alia*: the fulfillment of the conditions provided by the law in order to trigger the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of TUF and the Ordinary Shares Squeeze-out.

With regard to the Voluntary Tender Offer, on the publication of the Notice of the Results of the Offers, the Offeror will disclose, *inter alia*: the fulfillment of the Condition of the Voluntary Tender Offer or the Offeror waiver of the Condition of the Voluntary Tender Offer.

F.4 Markets where the Offers are being launched

The Offers are launched in Italy, since the Shares are listed on the Electronic Stock Market, and are directed, under same conditions, to all shareholders who own Shares.

The Offers are launched in the United States of America pursuant to *Section 14(e)* of the *U.S. Securities Exchange Act* and of the *Regulation 14E* adopted pursuant to *U.S. Securities Exchange Act*, and, in any event, in accordance with the requirements of Italian law. For the warning directed to those which hold the Shares residents of the United States of America, see Section A, Paragraph A.17, of the Offer Document.

The Offers were not and will not be launched nor disclosed in Canada, Japan and Australia, nor in any other Country where such Offers are not permitted in absence of authorization from the competent authorities or other requirements to be fulfilled by the Offeror (all the aforesaid Country, including Canada, Japan and Australia, collectively, the “**Other Countries**”), neither by using national or international instruments of communication or commerce of the Other Countries (including, by way of illustration, the postal network, fax, telex, e-mail, telephone and internet), nor through any structure of any of the Other Countries’ financial intermediaries or in any other way.

No copy of the Offer Document, or portions thereof, or any copy of any subsequent document that the Offeror may issue in relation to the Offers, are being sent, nor shall it be sent or transmitted in any manner, or otherwise distributed, directly or indirectly, in the Other Countries. No party receiving the above documents may distribute, send or transmit them (by mail or any other means or instrument of communication or commerce) to the Other Countries.

Acceptances of the Offers resulting from solicitation activities engaged in violation of the above limitations will not be accepted.

The Offer Document does not constitute and shall not be interpreted as an offering of financial instruments directed to parties residing in the Other Countries. No instrument may be offered, bought or sold in the Other Countries in the absence of specific authorization in compliance with applicable provisions of the local law of said countries or as an exemption from said provisions.

The acceptance of the Offers by parties residing in countries other than Italy and United States of America may be subject to specific obligations or restrictions imposed by legal or regulatory provisions. Recipients of the Offers are solely responsible for complying with such laws and, therefore, before accepting the Offers, they are responsible for determining whether such laws exist and are applicable by relying on their own consultants.

F.5 Payment Date of the Offers Prices

Payment of the Offers Prices to owners of the Shares tendered under the Offers, concurrently with the transfer of ownership of those Shares, shall take place on the fifth Trading Day following the end of the Offer Period and, thus, subject to extension of the Voluntary Tender Offer, on 20 October 2015 (the “**Payment Date**”).

In the event of Reopening of the Mandatory Tender Offer Period, the payment of the Mandatory Tender Offer Price for the Ordinary Shares that were tendered under the Mandatory Tender Offer during the Reopening of the Mandatory Tender Offer Period, concurrently with the transfer of ownership of those Shares, shall take place on the fifth Trading Day following the conclusion of the Reopening of the Mandatory Tender Offer Period, and, thus, 3 November 2015 (the “**Payment Date Following the Reopening of the Offer Period**”).

Interest will not be paid on the Offers Prices from the date of tender under the Offers to the Payment Date (or, if applicable, the Payment Date Following the Reopening of the Offer Period).

F.6 Means of payment of the Offers Prices

The Offers Prices will be paid in cash.

The Offers Prices will be paid by the Offeror, through the Intermediaries Responsible for Coordinating the Collection of Tenders, to the Responsible Intermediaries that will transfer the funds to the Depository Intermediaries for crediting to the accounts of their respective customers, in accordance with the instructions provided by those accepting the Offers in the Tender Form.

The Offeror obligation to pay the Offers Prices under the Offers shall be deemed to have been fulfilled when the related amounts have been transferred to the Responsible Intermediaries. Those accepting the Offers shall bear the entire risk that the Responsible Intermediaries or the Depository Intermediaries fail to transfer such amounts to the parties entitled thereto or delay such transfer.

F.7 Law governing the contracts entered into between the Offeror and the holders of the Issuers’ financial instruments and competent jurisdiction

In relation to tendering under the Offers, the governing law is the Italian law and the competent jurisdiction is the Italian ordinary jurisdiction.

F.8 Methods and terms for returning the Shares if the Offers are ineffective and/or in the event of allocation

The Mandatory Tender Offer is not subject to any condition precedent and no allocation is contemplated, since the Mandatory Tender Offer is a mandatory public tender offer pursuant to Art. 106 of TUF.

The effectiveness of the Voluntary Tender Offer is subject to the fulfillment of the Condition of the Voluntary Tender Offer or the waiver of the Condition of the Voluntary Tender Offer by the Offeror.

In case of non-fulfillment of the Condition of the Voluntary Tender Offer and/or if such condition is not waived by the Offeror, with consequent ineffectiveness of the Voluntary Tender Offer, the Savings Shares tendered

under the Voluntary Tender Offer will be returned in the availability of their respective owners, without charging of fees or expenses, by the first Trading Day following the first public notice by which the ineffectiveness of the Voluntary Tender Offer will be disclosed.

G. METHOD OF FINANCING, GUARANTEES OF FULL PERFORMANCE AND OFFEROR'S FUTURE PLANS

G.1 Method of financing and guarantees of full performance relating to the transaction

G.1.1. Method of financing the purchase of the Initial Stake

The obligation to launch the Mandatory Tender Offer follows the execution of the Sale and Purchase and Co-Investment Agreement and, in particular, the completion of the purchase of the Initial Stake by the Offeror and the simultaneous signing of the Pirelli Shareholders Agreement. Please note that the Initial Stake was purchased by the Offeror at a price equal to EUR 15 per Pirelli ordinary share (“ex dividend”, meaning that the coupon relating to the dividend approved by the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is excluded) and thus for a total amount of EUR 1,452 million.

The resources necessary to proceed to the purchase of the Initial Stake were obtained by the Offeror, as to EUR 1,077 million, by making use of own funds and, as to EUR 462 million, through the utilization of the financing made available to the Offeror pursuant to the Bidco Senior Facilities Agreement. The abovementioned amounts, for a total of EUR 1,539 million were allocated, for a total of EUR 1,452 million, to cover financial needs relating to the purchase of the Initial Stake as well as, for a total of EUR 87 million, to cover the expected costs of the transaction.

Here below the details about the own funds used by the Offeror, and the financial indebtedness incurred, in relation to the purchase of the Initial Stake.

G.1.1.1 Offeror's own funds functional to the purchase of the Initial Stake

The Offeror obtained the own funds functional to the purchase of the Initial Stake through a share capital increase of a total amount of EUR 1,077 million (including the premium), fully subscribed and paid in on the Closing Date by its sole shareholder HoldCo.

HoldCo obtained the resources necessary to subscribe the abovementioned Offeror’s share capital increase Offeror, through a share capital increase of a total amount of EUR 1,077 million (including the premium), fully subscribed and paid in on the Closing Date by its sole shareholder NewCo.

In its turn, NewCo obtained the resources necessary to subscribe the abovementioned HoldCo’s share capital increase, through share capital increases of a total amount of EUR 1,077 million (including the premium), fully subscribed and paid in on the Closing Date by SPV Lux as well as, through the reinvestment of a portion of the proceeds from the sale of the Initial Stake, by Camfin.

G.1.1.2 Term Facility to service the acquisition of the Initial Stake

On 30 April 2015, HoldCo and BidCo, on the one hand, and the Lenders and J.P. Morgan Europe Limited (in its capacity as “Agent”) and BNP Paribas, Italian Branch (in its capacity as “Security Agent”), on the other hand, entered into the Bidco Senior Facilities Agreement (subsequently amended pursuant to an amendment agreement denominated *Amendment and Restatement Agreement* on 5 August 2015). In accordance with the Bidco Senior Facilities Agreement, the Lenders made available to Bidco the **(a)** Term Facility up to EUR 4,200,000,000, to be used, *inter alia*, to finance the acquisition of shares of the Issuer, and **(b)** the Revolving

Facility up to EUR 200,000,000, to be used, to finance, *inter alia*, **(i)** the interest and the fees to be paid in respect of the loans disbursed under the Bidco Senior Facilities Agreement, and **(ii)** the operating and administrative costs of BidCo up to EUR 5,000,000. The Term Facility has been drawn by BidCo for an aggregate amount equal to EUR 461,662,128.26 on 11 August 2015. The Revolving Facility has been drawn by BidCo for an aggregate amount equal to EUR 7,752,708.33 on 14 August 2015.

The main financial terms and conditions of the Bidco Senior Facilities Agreement are set out below.

Facility	The Loan Agreement for EUR 4,400,000,000 denominated “ <i>Bidco Senior Facilities Agreement</i> ” entered into on 30 April 2015 between, <i>inter alios</i> , J.P. Morgan Limited in its capacity as “ <i>Global Co-ordinator</i> ”, J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. in their capacity as “ <i>Bookrunners</i> ”, BidCo in its capacity as “ <i>Bidco</i> ” and HoldCo in its capacity as “ <i>Holdco</i> ” and subsequently amended by the agreement denominated “ <i>Amendment and Restatement Agreement</i> ” entered into on 5 August 2015.
Borrower	BidCo and – exclusively in the circumstances set out at Clause 2.5 (<i>Debt Flip Up – Change of Borrower</i>) of the <i>Bidco Senior Facilities Agreement</i> in case of assumption by HoldCo of the BidCo’s debt under the <i>Bidco Senior Facilities Agreement</i> – HoldCo.
Guarantors	HoldCo.
Global Co-ordinator	J.P. Morgan Limited.
Mandated Lead Arrangers	J.P. Morgan Limited, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank PLC, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Société Générale and Standard Chartered Bank.
Bookrunners	J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A..
Lenders	J.P. Morgan Securities plc, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milano Branch, Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Société Générale, Société Générale S.A., Milan Branch, Standard Chartered Bank and Mizuho Bank, Ltd., Milan Branch.
Agent	J.P. Morgan Europe Limited.
Security Agent	Bnp Paribas, Italian Branch.
Term Facility – aggregate principal	EUR 4,200,000,000.
Revolving Facility – aggregate principal	EUR 200,000,000.

Purpose of Term Facility	<p>The Term Facility will be used:</p> <p>(i) to issue certain “Cash Confirmation Letters” (as defined in the Bidco Senior Facilities Agreement) to be issued in the interest of BidCo pursuant to applicable law to secure payment of the cash price of the Mandatory Tender Offer, the Voluntary Tender Offer, the purchase of Pirelli shares pursuant to the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and to the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF and</p> <p>(ii) to finance, <i>inter alia</i>, the purchase of Pirelli shares in connection with (a) the Sale and Purchase and Co-Investment Agreement, (b) the Mandatory Tender Offer, the Voluntary Tender Offer, the purchase of Pirelli shares in the case of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Obligation the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, in exercising the withdrawal right pursuant to Article 2437-<i>quinquies</i> of the Italian Civil Code by shareholders of BidCo and Pirelli in connection with the Merger by incorporation into the Offeror, and (c) the transaction costs incurred to acquire Pirelli shares.</p>
Purpose of Revolving Credit Facilities	The Revolving Credit Facilities will be used to fund (i) the interest and fees to be paid in respect of funds disbursed under the Bidco Senior Facilities Agreement, and (ii) the operating and administrative costs of BidCo up to EUR 5,000,000.
Utilisation	A utilisation request will be sent at least three business days before the each expected utilisation date.
Repayment	The Term Facility shall be repaid in a single payment (unless the termination date under the Bidco Senior Facilities Agreement is extended by a three-month period) on or before 31 October 2016; the Revolving Facilities shall be repaid (with regard to any drawdowns under this credit facility) on or before the end of each interest period (and in any case - unless the termination date under the Bidco Senior Facilities Agreement is extended by a three-month period - within 31 October 2016).
Mandatory Repayment	In line with market practice for similar transactions, in the event of, among other things, (i) the supervening illegality of the transactions for the Lenders; (ii) material changes in the control structures of HoldCo or Pirelli and BidCo is no longer able to designate the majority of the directors of Pirelli; (iii) the sale of all or a substantial part of the assets of HoldCo, BidCo or the Pirelli Group, (iv) the transfer of single assets, and (v) the receipt of extraordinary income, as an indemnity received in connection with the Sale and Purchase and Co-Investment Agreement or income from the (private or public) placement of equity or debt instruments by HoldCo or BidCo.
Voluntary Repayment	Total or partial early repayment (if partial, amounts shall exceed EUR 1,000,000) is permitted.
Interest	<p>For both the Term Facility and the Revolving Facility the sum of:</p> <p>(a) Margin; and</p> <p>(b) EURIBOR,</p> <p>where the Margin means (i) in relation to the period that runs from the date of execution of the Bidco Senior Facilities Agreement until the date (exclusive) that falls on the day 12 months after the “Commitment Date” (<i>i.e.</i> on 22 March 2015), 2.75% annually, (ii) in relation to the period that runs from the date (inclusive) that falls on the day 12 months after the “Commitment Date” until the date (exclusive) which falls on the day 18 months after the “Commitment Date”, 3.25% annually, and (iii) in relation to the period that runs from the date (inclusive) that falls on the day 18 months after the “Commitment Date” until the “Termination Date” (<i>i.e.</i> 31 October 2016), 3.75% annually.</p>
Interest Periods and Interest Payment Date	One, three or six months; the interest shall be paid on or before each interest expiry date.

Representations and warranties	<p>The representations and warranties are in line with market practice for similar transactions, and include those regarding the status of HoldCo, BidCo and the relevant companies of the Pirelli Group, the authority to enter into the Bidco Senior Facilities Agreement (and any other finance document in connection with or related to same), the absence of any conflict with its own by-laws and articles of incorporation and previous contractual commitments, its solvency and the absence of any events that could trigger contractual remedies, the accuracy of the information provided, the accurate preparation of the 2014 consolidated financial statements of the Issuer, the absence of disputes with regard to HoldCo, BidCo and the relevant companies of the Pirelli Group which could have a substantially negative effect, compliance with applicable employment, environmental or tax laws and regulations, the ownership of the assets of the relevant companies of the Pirelli Group, compliance with applicable laws and the ownership of patents and trademarks.</p>
General covenants	<p>In line with market practice for similar transactions, including information undertakings, the ongoing validity of the authorisations to carry on its ordinary business activities, compliance with applicable laws and regulations, no changes to the corporate purpose of the Pirelli Group companies, the protection of own assets, to refrain to incur additional debt or additional guarantees, no payments or loans other than those permitted, HoldCo and BidCo to refrain from approving any dividend distribution (with the exception of those expressly provided for therein), a <i>pari passu</i> obligation, to refrain from segregating assets pursuant to Article 2447-bis, para. (a) and (b) of the Italian Civil Code, compliance with tax and pension laws and regulations, to restore the minimum share capital in the situations set out at Articles 2477 and 2482-ter of the Italian Civil Code and to use the dividends distributed by Pirelli (other than dividends distributed in relation to the 2014 financial year) to pay the interest due in respect of the funds disbursed under the Bidco Senior Facilities Agreement, the fees contemplated therein, the operating and management costs of BidCo and HoldCo (up to EUR 2,000,000) and, in respect of the remainder, the early repayment of these facilities, in the case of an assumption without recourse of the obligations (<i>accollo liberatorio</i>) by HoldCo of the BidCo indebtedness under the Bidco Senior Facilities Agreement upon completion of the Mandatory Tender Offer (if BidCo holds at least 55% of the voting capital of Pirelli) all dividends distributed by Pirelli will be used for the early repayment of this debt, to promptly proceed with the Merger once a stake in Pirelli of 55% of the voting capital.</p>
Financial covenants	<p>Holdco shall comply with the following financial covenants:</p> <ul style="list-style-type: none">- Consolidated EBITDA (“<i>Consolidated EBITDA</i>”) of not less than EUR 1,000,000,000, calculated on a quarterly basis; and- ratio of consolidated net debt to consolidated EBITDA (“<i>Net Debt Cover</i>”) not exceeding the ratio of 2.50:1.00, calculated on a quarterly basis.
Events of default	<p>In line with market practice for similar transactions, events of default include non-payment of amounts due, breach of financial covenants, recourse to certain events that could potentially have a negative effect on, or in relation to, the Pirelli Group companies (e.g. infringement of environmental laws and regulations, implementation of mergers, demergers, spin-offs, acquisitions or joint ventures other than those permitted, the creation of security interests not contractually permitted, the transfer of assets other than in the situations permitted, the granting of loans or the creation of security other than in the situations contractually permitted and incurring debt in excess of the contractually permitted amount), the breach of representations, cross default in respect of the financial indebtedness of HoldCo, BidCo or the relevant Pirelli Group companies, insolvency or entry into insolvency procedures, or own assets are subjected to enforcement procedures, the supervening illegality of the obligations of HoldCo and BidCo under the Bidco Senior Facilities Agreement (and any other related finance document), BidCo (<i>i.e.</i> post-merger with the Issuer, the company resulting from the merger between BidCo and Pirelli) ceases to be a subsidiary of HoldCo, a pending dispute in respect of HoldCo, BidCo or the relevant Pirelli Group companies that could negatively impact these companies.</p>

Security	<p>The guarantees and security are those granted in analogous transactions, including (i) a pledge over shares of HoldCo and BidCo, (ii) a security securing – on behalf of NewCo, HoldCo and BidCo respectively – receivables arising out of any infra-group loans granted from these companies to HoldCo, BidCo and the Issuer respectively, (iii) a pledge over the bank accounts of HoldCo and BidCo, (iv) a pledge over the shares of the Issuer acquired on the Closing Date (including an obligation to pledge any further shares of the Issuer acquired by BidCo from time to time), and (v) the assignment by way of security of BidCo of the receivables arising from the agreement for the deposit of the ordinary shares of the Issuer. Term and conditions of the security documents are in line with the terms and conditions of the banking sector in similar transactions. In line with the above, the voting rights related to the Pirelli shares shall be exercised by the Offeror until an event of default under the Bidco Senior Facilities Agreement occurs and the Lenders accelerate the loans under the Bidco Senior Facilities Agreement.</p> <p>Voting rights are regulated in the same way under the security document for the granting of a pledge over the shares of HoldCo and BidCo.</p>
Governing Law	English Law.
Court of jurisdiction	English Courts.

G.1.2. Method of financing the Offers

The Offeror intends to finance the Aggregate Maximum Disbursement by making use of own funds and bank financing.

More specifically, the necessary resources to finance the Aggregate Maximum Disbursement will be obtained by the Offeror, for a total of EUR 2,101.3 million, through capital injections that will be made available to the Offeror by its sole shareholder HoldCo, and, for a maximum of EUR 3,612.4 million, through the utilization of the Term Facility made available to the Offeror pursuant to Bidco Senior Facilities Agreement.

The abovementioned amounts, for a maximum total of EUR 5,713.7 million will be allocated as follows: a maximum total of EUR 5,648.7 million, to cover the financial needs relating to the Aggregate Maximum Disbursement as well as, a maximum total of EUR 65.0 million, to cover the estimated costs of the transaction.

Below are the details of the own funds which will be used by the Offeror, and the financial indebtedness which will be incurred, in relation to the Aggregate Maximum Disbursement.

G.1.2.1 *Own funds functional to the payment of the Offers Prices*

According to the Sale and Purchase and Co-Investment Agreement, ChemChina and CNRC, on one side, and Camfin, Coinv and LTI, on the other side, undertook to procure that:

- the Offeror obtains the own funds functional also to the payment of the Offers Prices through one or more share capital increases for a maximum total amount of EUR 2,205 million (including the premium) which will be subscribed and paid in by its sole shareholder HoldCo;
- HoldCo obtains the resources functional to the subscription of the abovementioned capital increase of the Offeror through one or more capital increases for a maximum total amount of EUR 2,205 million (including the premium) which will be subscribed and paid in by its sole shareholder NewCo; and

- NewCo obtains the resources functional to the subscription of the abovementioned capital increase of HoldCo, through a series of share capital increases for a maximum total of EUR 2,205 million (including the premium) which are reserved and will be subscribed and paid in respectively by its direct shareholders SPV Lux and Camfin (or, as a result of the Camfin Corporate Restructuring, SPV Lux, Camfin, LTI and LTI Ita) in accordance with the proportions provided for, also considering the results of the Offers, by the Sale and Purchase and Co-Investment Agreement.

For this purpose please note that, pursuant to the Sale and Purchase and Co-Investment Agreement, it is provided that the stake of Camfin (or, as a result of the Camfin Corporate Restructuring, the aggregate stake of Camfin, LTI and LTI Ita) in NewCo may vary (i) from 35% to 49% of the share capital of NewCo in the event that following the end of the Offers the delisting from the MTA is not achieved or (ii) from 35% to 49.9% of the share capital of NewCo in the event that, as a result of the Offers, the delisting from the MTA is achieved. Notwithstanding the above, the governance agreed between the parties pursuant to the Pirelli Shareholders Agreement will not change and each of them will have the same rights and prerogatives regardless of which is the abovementioned total stake held by Camfin (or, as a result of the Camfin Corporate Restructuring, the aggregate stake of Camfin, LTI and LTI Ita) in NewCo.

As already pointed out, Camfin, LTI and LTI Ita have already reinvested in NewCo, on the Closing Date, a portion of the resources deriving from the sale of the Initial Stake and other resources will be reinvested pursuant to the Sale and Purchase and Co-Investment Agreement. The exact amount of the total investment in the transaction by ChemChina and CNRC (through SPV Lux), on the one hand, and Camfin, LTI and LTI Ita, on the other hand, will depend also on the number of Shares tendered under the Offers and this number will be known close to the moment in which the relevant capital increase of NewCo will have to be paid in; therefore, pursuant to the Sale and Purchase and Co-Investment Agreement, Camfin has the right to require to subscribe a portion of the share capital of NewCo for 6 months following the completion of the Offers. In detail, before the Payment Date, Camfin may request (i) that a capital increase of NewCo is resolved upon, for an amount equal to maximum EUR 489 million reserved for the following six months to the subscription by Camfin and, thus, if Camfin does not subscribe it (in whole or in part), to the subscription by SPV Lux (the “**Additional Capital Increase**”), and (ii) that NewCo, in order to *medio tempore* acquire the corresponding resources, utilizes the credit line for a maximum of EUR 489 million (equal to the maximum amount of the Additional Capital Increase), granted by China Construction Bank (CCB) Lux pursuant to a facility agreement to be entered into within the Payment Date (the “**Additional Facility**”). In case of utilization of the Additional Facility and subscription by Camfin of the Additional Capital Increase, CNRC’s subscription undertakings will be reduced of a corresponding amount.

In the light of the above, in case of utilization of the Additional Facility, the resources used by NewCo to finance, through capital injections, HoldCo (and thus by HoldCo to finance, still through capital injections, the Offeror), would be partly constituted by capital injections of the shareholders of NewCo simultaneously subscribed and paid in and partly deriving from such Additional Facility, which will be then repaid by NewCo through the proceeds of the subscription of the Additional Capital Increase.

G.1.2.2 Loans functional to the payment of the Offers Prices

As already noted, the Offeror will obtain the resources needed to face the Aggregate Maximum Disbursement, up to EUR 3,612.4 million, by making use of the financing under the Bidco Senior Facilities Agreement, described in Paragraph G.1.1.2 above, which provides further details.

G.1.3. Guarantees of full performance

In order to guarantee the full performance of the Offeror's payment obligations relating to the Offers, pursuant to Art. 37-*bis* of the Consob Issuers Regulation, the Offeror obtained the issue of a letter of guarantee (the "**Cash Confirmation Letter**") by Intesa Sanpaolo S.p.A. and Unicredit S.p.A., pursuant to which they both irrevocably assumed, in the proportions indicated in such letter and not jointly and severally between them, the obligation to pay in one or more occasions, for the event of breach of the obligation of payment of Offers Prices, an amount in cash not exceeding the Aggregate Maximum Disbursement and to use such aggregate amount exclusively for the payment of the Offers Prices. Such aggregate amount corresponding to the Aggregate Maximum Disbursement is immediately due and irrevocably bound to the payment of the Offers Prices.

G.2 Rationale for the transaction and plans prepared in relation to the Issuer

G.2.1. Rationale for the Offers

The obligation to launch the Mandatory Tender Offer follows the execution of the Sale and Purchase and Co-Investment Agreement and, in particular, the completion of the purchase of the Initial Stake by the Offeror and the simultaneous signing of the Pirelli Shareholders Agreement.

According to the Sale and Purchase and Co-Investment Agreement, the joint and several obligation to launch the Mandatory Tender Offer upon the Offeror and the Persons Acting in Concert, pursuant to Art. 106, Paragraph 1-*bis*, and Art. 109, Paragraphs 1 and 3, of the TUF, is fulfilled by the Offeror.

Simultaneously with the Mandatory Tender Offer on the Issuer's Ordinary Shares, the Offeror deemed appropriate to launch also the Voluntary Tender Offer on the Issuer's Savings Shares, although its effectiveness is subject to the fulfillment of the Condition of the Voluntary Tender Offer, so that also the owners of the Savings Shares may liquidate their investment.

The purpose of the Offers is to acquire the entire share capital of the Issuer and to achieve the delisting of the ordinary and savings shares of the Issuer from the MTA.

In fact, it is believed that the delisting of the ordinary and savings shares of the Issuer from the MTA will increase the operating and decision-making flexibility necessary to achieve the long-term industrial partnership between CNRC, Coinv and LTI provided for by the Sale and Purchase and Co-Investment Agreement in relation to Pirelli. On the other hand, it is believed that such industrial partnership may be realized also without the delisting, in compliance with applicable procedures, considering that the project has a strong industrial relevance and given the presence of a shareholder that will own a significant shareholding in the share capital with voting rights of Pirelli.

G.2.2. Plans relating to the business

The transaction set forth in the Sale and Purchase and Co-Investment Agreement is aimed at achieving a long-term industrial partnership relating to Pirelli between CNRC, Camfin and LTI.

The purpose of the partnership, which will create a global leader in the field of industrial tires, is the strengthening of Pirelli development plans and the expansion of activities in Asia, area strategically located and characterized by a strong growth.

The partnership is based on the continuity of the Pirelli business and entrepreneurial culture. In fact, the parties have recognized the central role of the current top management of the Issuer as a key element of its success, its growth and its activities.

Activities and know-how that make Pirelli one of the global leaders of the industry will remain a central element of the partnership itself: the Research and Development Center and the Pirelli headquarter (the administrative and operational headquarter) will continue to be located in Italy. Furthermore, pursuant to the Pirelli Shareholders Agreement, the new by-laws of Pirelli shall provide for limitations to the transfer of the trademarks and the technological know-how of the Issuer (for further information see the essential information document published pursuant to Art. 130 of the Consob Issuers Regulation in relation to the Pirelli Shareholders Agreement, attached to the Offer Document as Annex M.3).

Finally, please note that the industrial partnership to which is aimed the Sale and Purchase and Co-Investment Agreement does not currently contemplate any plan of downsizing of the Pirelli Group's work force.

G.2.3. Future investments and financing sources

The parties to the Pirelli Shareholders Agreement intend to make the Issuer continue to invest principally in reliance on the cash flow generated by its operating activities and on its financing resources.

As of the Offer Document Date, to the extent known to the Offeror, the Issuer's board of directors has not approved any decision with reference to commitments of expenditure for investments of particular importance and/or beyond those normally required for the operational management of the business areas in which the Issuer is involved.

In relation to the Industrial Reorganization referred to in Section G.2.5 below – which is among the purposes of the partnership at which the Sale and Purchase and Co-Investment Agreement is aimed and the completion of which will require an approximate period of several years and the satisfaction of several conditions (including procedural conditions) – it could not be excluded that it may be necessary to employ additional resources for the completion of the related industrial projects, as well as, at the same time, possible savings and advantages deriving from the synergies related to such integration could not be completely evaluated.

Subsequent to the Acquisition of Pirelli shares by BidCo in accordance with the Sale and Purchase and Co-Investment Agreement, Pirelli has the right to accede to the loan agreement for up to EUR 2,400,000,000 named “Multicurrency Term and Revolving Facilities Agreement” (the “**Target Facilities Agreement**”) executed on 30 April 2015, between, *inter alios*, J.P. Morgan Limited in its capacity as “*Global Co-ordinator*” and “*Bookrunner*”, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. in their capacity as “*Bookrunners*”, BidCo in its capacity as “*Initial Company*”. Pursuant to

the Bidco Senior Facilities Agreement, the Lenders made available to BidCo the **(a)** facility “*Facility A*” up to EUR 1,800,000,000 to be used, *inter alia*, to refinance a portion of the existing debt of the Issuer, and **(b)** facility “*Facility B*” up to EUR 600,000,000 to be used, *inter alia*, to meet the financial requirements of the Issuer and its own working capital purposes.

The main financial terms and conditions of the Target Facilities Agreement are set out below.

Facility	Loan Agreement for up to EUR 2,400,000,000 denominated “ <i>Multicurrency Term and Revolving Facilities Agreement</i> ” entered into on 30 April 2015 between, <i>inter alios</i> , J.P. Morgan Limited in its capacity as “ <i>Global Co-ordinator</i> ”, J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. in their capacity as “ <i>Bookrunners</i> ” and BidCo in its capacity as “ <i>Initial Company</i> ”.
Borrower	The Issuer.
Guarantors	The Issuer (with regard to any additional borrowers (“Additional Borrowers”) who may accede to the Target Facilities Agreement).
Global Co-ordinator	J.P. Morgan Limited.
Mandated Lead Arrangers	J.P. Morgan Limited, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank plc, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Societe Generale and Standard Chartered Bank.
Bookrunners	J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A..
Lenders	J.P. Morgan Securities plc, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milano Branch, Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Société Générale, Société Générale S.A., Milan Branch, Standard Chartered Bank and Mizuho Bank, Ltd., Milan Branch.
Agent	J.P. Morgan Europe Limited.
Facility A – aggregate principal	EUR 1,800,000,000.
Facility B – aggregate principal	EUR 600,000,000.
Purpose of Facility A	Facility A will be used to refinance a portion of the existing debt of the Issuer.
Purpose of Facility B	Facility B will be used to finance the financial needs of the Issuer and its working capital needs.
Utilisation	A utilisation request will be sent at least three business days before the each expected utilisation date.
Repayment	Facility A shall be repaid in a single payment (unless the termination date under the Target Senior Facilities Agreement is extended by a three-month period) on 31 October 2016; Facility B shall be repaid (in respect of any draw-down made under this facility) at the end of each interest period (unless the termination date under the Target Senior Facilities Agreement is extended by a three-month period and in any case within 31 October 2016).

Mandatory Repayment	In line with market practice for similar transactions, in the event of, among other things, the (i) supervening illegality of the transaction for the Lenders; (ii) a material change in the control structure of HoldCo, or if BidCo (or, before the acquisition of the shares under the Sale and Purchase and Co-Investment Agreement, Camfin S.p.A.) is no longer able to designate the majority of the directors of Pirelli, or if a person other than BidCo (or, post-merger with the Issuer, the company resulting from the merger BidCo and Pirelli) will hold in Pirelli a larger shareholding than the stake held by BidCo (or, post-merger with the Issuer, the company resulting from the merger between BidCo and Pirelli), or (before the merger between BidCo and the Issuer) ceases to hold 100% of the shares of BidCo; and (iii) a sale of all or a substantial part of the assets of the Pirelli group.
Voluntary Repayment	Total or partial early repayment (if partial, amounts shall exceed EUR 1,000,000) is permitted.
Interest	<p>In respect of Facility A and Facility B, the sum of:</p> <p>(a) Margin; and</p> <p>(b) LIBOR or, in respect of disbursements in Euro, the EURIBOR,</p> <p>where the Margin means (i) in relation to the period that runs from the date of execution of the Bidco Senior Facilities Agreement until the date (exclusive) that falls on the day 12 months after the “Commitment Date” (i.e. 22 March 2015), 2.75% annually, (ii) in relation to the period that runs from the date (inclusive) that falls on the day 12 months after the “Commitment Date” until the date (exclusive) that falls on the day 18 months after the “Commitment Date”, 3.25% annually, and (iii) in respect of the period that runs from the date (inclusive) that falls on the day 18 months after the “Commitment Date” until the “Termination Date” (i.e. 31 October 2016), 3.75% annually.</p>
Interest Periods and Interest Payment Date	One, three or six months; interest shall be paid on or before each interest expiry date.
Representations and Warranties	In line with market practice for similar transactions, the representations and warranties shall include in respect of the status of the relevant Pirelli group companies, the authority to enter into the Target Facilities Agreement (and any other finance document related to same), the absence of any conflict with its own constitutional documents and previous contractual undertakings, its solvency and the absence of any events that could legitimately trigger contractual remedies, the accuracy of the information provided, the accurate preparation of 2014 consolidated financial statements of the Issuer and the absence of any disputes in respect of the Pirelli group companies which could have a substantially negative effect.
General covenants	In line with market practice for similar transactions the general covenants include information undertakings, the ongoing validity of authorisations to carry on its ordinary business activities, compliance with applicable laws and regulations, no business activities other than the permitted activities, the protection of own assets, no additional debt or additional security, payments or loans other than those permitted, no acquisitions, joint ventures, no creation of security, sale of assets, implementation of mergers other than those permitted, a <i>pari passu</i> obligation, no segregation of assets under Article 2447-bis, paragraphs (a) and (b) of the Italian Civil Code, compliance with tax, pension, environmental laws and regulations.
Financial covenants	Holdco undertook that the ratio of consolidated net debt to consolidated EBITDA (“ <i>Net Debt Cover</i> ”) is not more than 2.50:1.00, to be tested on a quarterly basis.

Events of Default	In line with market practice for similar transactions, events of default include non payment of amounts due, breach of financial covenants, breach of representations, <i>cross default</i> in respect of the financial indebtedness of the Pirelli group companies, insolvency and entry into insolvency procedures, or own assets are subjected to enforcement procedures, the supervening illegality of the obligations under the Target Facilities Agreement (and any other related finance document), the commencement of litigation which could give rise to a material adverse effect, the occurrence of any event that could have a substantially negative impact, the occurrence of any event that could give rise to a material adverse effect (“ <i>Material Adverse Effect</i> ”), the cessation or termination by a relevant Pirelli group company of its own business activities, the expropriation of all or any of the assets of a Pirelli group company if this causes a material adverse effect, a failure to restore the minimum share capital in the situations set forth in Article 2477 and 2482-ter of the Italian Civil Code.
Governing Law	English Law.
Court of Jurisdiction	English Courts.

Within five (5) business days from the effective date of the Merger, the company resulting from the Merger shall have the right to enter into the Mergeco Facilities Agreement with the Lenders. Under this agreement the Lenders shall make available (a) a credit facility named “*Term Facility*” of up to EUR 6,000,000,000 to be used, *inter alia*, (i) first, to allow payment of an extraordinary dividend in favour of HoldCo (which will be used by HoldCo to repay the Term Facility under the Bidco Senior Facilities Agreement, following the assumption by HoldCo of the BidCo’s debt under the Bidco Senior Facilities Agreement), (ii) second, to refinance the “*Facility A*” under the Target Facilities Agreement, and (iii) third, to further refinance existing indebtedness of the Issuer, and (b) a credit facility named “*Revolving Facility*” of up to EUR 800,000,000 to be used, *inter alia*, (i) first, to permit, as necessary, the payment of an extraordinary dividend in favour of HoldCo (which will be used by HoldCo to repay the “*Term Facility*” under the Bidco Senior Facilities Agreement), (ii) second, to refinance the “*Facility B*” under the Target Facilities Agreement, (iii) third, to further refinance the existing indebtedness of the Issuer, and (iv) fourth, to finance the financial needs of the borrower and its working capital requirements.

G.2.4. Potential Merger into the Offeror

If the delisting of the ordinary shares of Pirelli from the MTA has been achieved or the Offeror holds as a result of the Offers a stake in the ordinary share capital of the Issuer sufficient to approve the relevant resolution of the extraordinary shareholders’ meeting, the members of the Pirelli Shareholders Agreement intend to use their best efforts, following completion of the Offers and respecting the applicable corporate governance rules and procedures, to pursue the merger by incorporation of Pirelli into the Offeror (the “**Merger**”). In any event, the commencement of the Merger process represents one of the obligations provided for under the Bidco Senior Facilities Agreement in the event that BidCo reaches a stake equal to 55% of the voting capital of Pirelli (for further information, see Section G, Paragraph G.1.1.2 of the Offer Document).

In the event that as a result of the Offers the Delisting of the ordinary shares of Pirelli from the MTA is not achieved, the ordinary shareholders of the Issuer that have not accepted the Mandatory Tender Offer nor have voted in favor of the resolution approving the Merger will be entitled to exercise the withdrawal right pursuant to Art. 2437-*quinquies* of the Italian Civil Code, if the Offeror’s shares which Issuer’s ordinary shareholders receive in exchange as a result of the Merger are not listed on any regulated market (the “**Withdrawal Right**”). Similarly, in the event that as a result of the Offers the delisting of the savings shares of Pirelli from the MTA

was not achieved, the savings shareholders of the Issuer that have not accepted the Voluntary Tender Offer will be entitled to exercise the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code (given that the savings shareholders do not concur in the resolution on the Merger's approval, not even in their special meeting, provided that, following the Merger, pursuant to Art. 6.6 of the company by-laws of Pirelli, they maintain the rights and privileges provided by the law and the by-laws itself), if the Offeror's shares which Issuer's savings shareholders receive in exchange as a result of the Merger are not listed on any regulated market.

With regard to the above, please note that the liquidation value of the Pirelli ordinary and savings shares for which a withdrawal right has been exercised pursuant to Art. 2437-*quinquies* of the Italian Civil Code will be determined pursuant to Art. 2437-*ter*, Paragraph 3, of the Italian Civil Code (the “**Withdrawal Consideration**”), with exclusive reference to the arithmetic average of the closing prices during the six months prior to the notice of calling of the shareholders' meeting called to decide about the Merger.

However, if the Withdrawal Consideration due to the ordinary shareholders of the Issuer is greater than the Mandatory Tender Offer Price, the Sale and Purchase and Co-Investment Agreement provides that the Offeror's shares admission to listing on the Electronic Stock Market is requested in concurrence with the completion of the Merger, given that the completion of the Merger will be contingent upon admission to listing of the Offeror's shares. In the event that only the Withdrawal Consideration due to the savings shareholders of the Issuer is higher than the Voluntary Tender Offer Price, the members of the Pirelli Shareholders Agreement reserve the right to assess whether to proceed or not with the listing of the Offeror. In any case of listing of the Offeror in concurrence with the completion of the Merger, in the Offeror's opinion the ordinary and savings shareholders of the Issuer that did not accept the Offers will not be entitled to the Withdrawal Right pursuant to Art. 2437-*quinquies* of the Italian Civil Code.

For completeness of information, please note that the members of the Pirelli Shareholders Agreement will consider the possibility to proceed with a merger by incorporation of the company resulting from the Merger (or, in the absence of the Merger, by incorporation of the Offeror only) into HoldCo, if allowed by the Lenders pursuant to the Bidco Senior Facilities Agreement.

G.2.5. The Industrial Reorganization

The Sale and Purchase and Co-Investment Agreement contemplates the reorganization and long term industrial value creation of Pirelli to be implemented also through: **(i)** the completion of the industrial reorganization of the industrial tyre division of Pirelli, already on-going in implementation of the 2013-2017 Industrial Plan, that is aimed at providing autonomous relevance to such division of Pirelli (including appropriate R&D resources) through the hive-down into a newly incorporated company controlled by the Issuer (“**Pirelli Industrial**”); **(ii)** the integration of Pirelli Industrial with certain strategic assets owned by CNRC (the “**CNRC Strategic Assets**”); and **(iii)** the further integration of Pirelli Industrial into Fengshen Tires Stock Limited Company (“**Aeolus**”), a listed company participated by CNRC (jointly the “**Industrial Reorganization**”).

The implementation of each step of the Industrial Reorganization will be subject to compliance with the applicable laws and corporate governance procedures, including related parties transactions procedure applicable to **(i)** Pirelli, if Pirelli (or the Offeror in the event of Merger) is listed, and **(ii)** Aeolus, which is a company registered and listed in China. None of the steps of the Industrial Reorganization has been examined and resolved upon yet by the competent corporate bodies of the companies involved. On 10 April 2015 Pirelli

and CNRC have entered into a confidentiality agreement with the purpose to allow certain preliminary activities functional to the realization of the Industrial Reorganization.

For further information on the Industrial Reorganization, please refer to the document denominated “Appendix 15.1” annexed to the Sale and Purchase and Co-Investment Agreement, attached to the Offer Document as Annex M.8.

The implementation of the Industrial Reorganization – which is therefore subject to the assessments and the resolutions of the competent corporate bodies – will likely require at least 2-3 years to be completed and it is provided that CNRC and Camfin further negotiate the details of the transaction structure which, as a consequence, may change.

CNRC has not performed due diligence activities on Pirelli (except on public information), and CNRC and Camfin have not prepared any models or simulations, which they deem meaningful, of the economic and financial impacts on Pirelli which may result following completion of the Industrial Reorganization, nor have they carried out any complete evaluation with respect to forecasts of growth of the volumes of the Industrial tyre business following completion of the integration with the strategic assets of CNRC and with Aeolus. In this latter regard, CNRC and Camfin have just communicated, as effect of the integration, an overall post-integration capacity of around 12 million pieces, such amount being the mere sum of the volumes communicated by Pirelli (approximately 6 million pieces) with those of Aeolus (truck sector, for approximately additional 6 million pieces), it being understood that also the volumes concerning the CNRC strategic assets must be added to the above figures (for approximately further 4 million pieces).

The Sale and Purchase and Co-Investment Agreement provides, as initial step of the project of the Industrial Reorganization, that, after completion of the Offers, the CNRC Strategic Assets are managed by the relevant business units of Pirelli Industrial by way of a management agreement to be entered into at market standard conditions.

It is also provided that, after the completion of the Offers and the creation of Pirelli Industrial – the corporate governance of which will be the same agreed upon for Pirelli in the event of delisting (for additional information about the relevant provisions of the Pirelli Shareholders Agreement see the excerpt attached to the Offer Document as Annex M.3) – the competent corporate bodies of CNRC and Pirelli shall start the necessary corporate procedures (including related parties transactions procedure) to integrate Pirelli Industrial and the CNRC Strategic Assets in a joint venture registered in Beijing (China) (the “JV”). The set-up of the JV shall be subject to approval by the Chinese National Development and Reform Commission or the then competent authority, approval by the Chinese Ministry of Commerce or the then competent authority, possible Chinese anti-trust review and other PRC approvals and registrations. It is envisaged that **(i)** the contribution of Pirelli Industrial into the JV shall include all its industrial tyres business in China, including but not limited to those of Pirelli Tyre Co., Ltd, the joint venture of Pirelli located in Yanzhou, and that **(ii)** the contribution by CNRC into the JV shall include the CNRC Strategic Assets (i.e. the controlling stakes of CNRC in three companies, other than Aeolus, in the industrial tyre sector in China as well as in some other related companies) and certain debts. The JV controlled by Pirelli shall work with Aeolus to jointly avoid the horizontal competition by differentiating the types and classes of tyres in the Chinese market, and defining the specific market position of each product. The governance of the JV shall be in compliance with the rules on joint ventures and stock exchange requisites set forth under People’s Republic of China’s Laws.

An essential element of the Industrial Reorganization is the combination of the JV and Aeolus, which shall be resolved by the competent corporate bodies substantially in the same context of the integration with the CNRC Strategic Assets in Pirelli Industrial, in accordance with their respective procedures and shall be carried out subject to and with the timing required by the applicable regulations, including material assets restructuring rules and related parties transaction procedure applicable to listed company in China, approval of the Chinese Ministry of Commerce and/or the then competent authority, approval of the China Securities Regulatory Commission, and other requisite PRC approvals and registration set forth under People's Republic of China's Laws.

For the purposes of the above, Camfin and CNRC have agreed to procure, each as respectively concerned, that the directors designated by each of them promote, support and vote in favor of each step of the Industrial Reorganization, always subject to compliance with all the applicable laws and corporate governance procedures and with the Sale and Purchase and Co-Investment Agreement.

The integration of Pirelli Industrial and the CNRC Strategic Assets and Aeolus can form the first pure industrial tyre company that would rank among the top 10 global tyre manufacturers. Currently Pirelli Industrial, the CNRC Strategic Assets and Aeolus are regional niche players without truly global footprint yet. The combination of the entities will create the 4th largest global industrial tyre player. The entities are complementary to each other in many aspects. In terms of market presence and footprint, Pirelli Industrial has very strong presence in Brazil, Turkey and Egypt while the CNRC Strategic Assets and Aeolus have concentrated manufacturing footprint in China with large export volume in North America, Latin America and Russia. Pirelli Industrial offers truck and agro tyres, while the CNRC Strategic Assets and Aeolus produce truck and off-the-road (OTR) tyres. Truck, agro and OTR tyres are countercyclical. Thus the JV's product portfolio will allow hedging from economic macro trends. The brand positioning of the entities are quite complimentary as well. Pirelli Industrial has a strong premium brand position, while the CNRC Strategic Assets and Aeolus cover the middle-to-low end tier. In summary, the integration can lead to a new organization with enhanced competitive advantages, including strong manufacturing footprint in low cost countries, broad global commercial network and complete and resilient product portfolio.

Though the integration of Pirelli Industrial and the CNRC Strategic Assets and Aeolus may be rewarding, the process is expected to be time consuming and challenging. The Industrial business of Pirelli will need to first undergo a separation from the rest of the Pirelli business remaining in any case controlled by Pirelli. Only then this separated entity can be integrated with the CNRC Strategic Assets to form the JV. The JV will need to work with Aeolus to clearly define the product positioning and the focus segments of each entity in order to compete effectively in the industrial tyre segments. All these changes will likely take at least 2-3 years to complete and itself will present significant challenges for the parties involved. Such transitions require clear planning upfront, strong capabilities of executing integration and managing the change program, while the management team will need to continue to effectively execute their respective business plans throughout this multi-year transitioning period. Meanwhile, other challenges of integration such as talent retention, managing cultural and changes will remain to be issues that management team will need to work diligently to overcome. The top management of Pirelli will have a pivotal role in the integration, both in the R&D setup and the pursue of a challenging international and multicultural project, consistently with the legacy and entrepreneurial DNA of Pirelli.

After integration, the combination of Pirelli Industrial, the CNRC Strategic Assets and Aeolus's growth momentum will still take time to be fully realized. The combination of Pirelli Industrial, the CNRC Strategic Assets and Aeolus's operating model will be unprecedented since it is the first pure industrial tyre combination worldwide and neither of the entities has the experience of operating such a full-product portfolio global company. The operating model will need to be tested, reviewed and improved alongside the combination of Pirelli Industrial, the CNRC Strategic Assets and Aeolus's growth, including product strategy, commercial approach, brand repositioning, R&D setup, manufacturing footprint rationalization, operational improvement and supporting function consolidation.

As of the Offer Document Date, no restructurings and/or reorganizations related to the Issuer (such as mergers, spin-offs, transfers and sales of branches' concern) have been envisaged following completion of the Offers, in addition to what provided in the Offer Document.

G.2.6. Expected changes in the composition of the corporate bodies

As mentioned, please note that, pursuant to the Sale and Purchase and Co-Investment Agreement, Messrs Bai Xinping and Ze'ev Goldberg were appointed directors of Pirelli by cooptation, on 2 September 2015, following the resignations of the directors Gaetano Micciché and Paolo Fiorentino.

The Sale and Purchase and Co-Investment Agreement also provides that the board of directors of Pirelli is further modified after completion of the Offers. In particular, it is provided that further directors designated by CNRC will be elected as directors of Pirelli.

Pursuant to the Pirelli Shareholders Agreement, the Chairman of Pirelli will be designated by CNRC.

In addition, please note that the Pirelli Shareholders Agreement recognizes the fundamental role of Mr Marco Tronchetti Provera, as Executive Vice President and Chief Executive Officer of Pirelli, in leading the top management and protecting the continuity in Pirelli's business culture, also through his key role in appointing its successor, according to the provisions set forth in the Pirelli Shareholders Agreement. Mr Tronchetti Provera will be granted with powers for the ordinary management of Pirelli and its Group, substantially in line with those currently granted to him, as well as with the right of proposal to the board of directors of resolutions concerning certain material matters, such as the approval of the business plan and the budget of Pirelli and its Group.

G.2.7. Changes to the by-laws

According to the Pirelli Shareholders Agreement, if delisting from the MTA is not achieved as a result of the Offers, the members of the Pirelli Shareholders Agreement undertook to make the Issuer's extraordinary shareholders' meeting, in compliance with the applicable rules and procedures of corporate governance, approve a new by-laws which includes, without prejudice to the applicable law, provisions consistent with the corporate governance principles set forth in the Pirelli Shareholders Agreement (for further details related to the relevant provisions of the Pirelli Shareholders Agreement see the essential information document published pursuant to Art. 130 of the Consob Issuers Regulation attached in Appendix M.3 of the Offer Document).

Furthermore, for the sake of completeness, please note that, according to the Pirelli Shareholders Agreement, if delisting from the MTA is achieved as a result of the Offers, the members of the Pirelli Shareholders'

Agreement undertook to make the Issuer's shareholders' extraordinary meeting, in compliance with the applicable rules and procedures of corporate governance, approve a new by-laws which includes, without prejudice to the applicable law, corporate governance provisions, which are, *mutatis mutandis*, essentially corresponding to those set forth in the by-laws of NewCo, HoldCo and the Offeror (for further details related to the relevant provisions of the Pirelli Shareholders Agreement see the essential information document published pursuant to Art. 130 of the Consob Issuers Regulation attached in Appendix M.3 of the Offer Document).

Finally, please note that if delisting from the MTA is achieved, but the conditions of the Ordinary Shares Squeeze-out are not met, the members of the Pirelli Shareholders Agreement reserve the right to assess if and what changes need to be made to the by-laws of the Issuer, also considering the withdrawal right possibly provided by law, if the conditions are met, to the shareholders that have not voted in favor of the relevant resolutions.

G.3 Restoration of the free float

The delisting of the ordinary and savings shares of the Issuer from the MTA constitutes one of the Offers' objectives in light of the rationale and future plans related to the Issuer.

Therefore, if as a result of the Mandatory Tender Offer, there is a scarceness of free float which does not ensure the regular trading of the Pirelli ordinary shares, also considering the potential persistence of shareholders owning more than 2% of such shares, the Offeror does not intend to trigger any measure aimed, as timing and method, at restoring the minimum conditions of the free float necessary for a regular trading of the Pirelli ordinary shares, given that no obligations in this regard are provided by the applicable law.

Likewise if, as a result of the Voluntary Tender Offer, there is a scarceness of free float which does not ensure the regular trading of the Pirelli savings shares, taking into account the collective value of the free float of such shares, the Offeror does not intend to trigger any measure aimed, as timing and method, at restoring the minimum conditions of the free float necessary for a regular trading of the Pirelli savings shares, given that no obligations in this regard are provided by the applicable law.

In light of the above, if the conditions are met, pursuant to Art. 2.5.1 of the Stock Exchange Regulation, as a result of the Offers, Borsa Italiana could suspend or delist the Pirelli ordinary shares and/or the Pirelli savings shares from the Electronic Stock Market.

It is also noted that, if the requirements of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF and/or the conditions of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Ordinary Shares Squeeze-out are met, Borsa Italiana, pursuant to Art. 2.5.1, Paragraph 6, of the Stock Exchange Regulation, will delist the Pirelli ordinary shares.

Finally, please note that the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Ordinary Shares Squeeze-out, are not applicable to the Savings Shares. However, after the related requirements are met, pursuant to Art. 2.5.1, Paragraph 6, of the Stock Exchange Regulation, Borsa Italiana could simultaneously delist the Savings Shares, taking into consideration the aggregate consideration of their remaining free float at the end of the Voluntary Tender Offer.

In any case of delisting of the Pirelli ordinary shares from the Electronic Stock Market, the owners of the Ordinary Shares that did not tender under the Mandatory Tender Offer will be owners of financial instruments which are not listed on any regulated market, with the consequent difficulty in liquidating their investment.

In any case of delisting of the Pirelli savings shares from the Electronic Stock Market, the owners of the Savings Shares that did not tender under the Voluntary Tender Offer will be owners of financial instruments which are not listed on any regulated market, with the consequent difficulty in liquidating their investment.

H. ANY AGREEMENT AND TRANSACTION AMONG THE OFFEROR, PERSONS ACTING IN CONCERT WITH THE OFFEROR AND THE ISSUER OR ITS MATERIAL SHAREHOLDERS OR THE MEMBERS OF THE ISSUER’S GOVERNANCE AND CONTROL BODIES

H.1 Description of the financial and/or business agreements and transactions that have been implemented and/or resolved upon in the twelve months preceding the publication of the Offers, which may have or did have significant effects on the Offeror’s and/or Issuer’s activity

Except as represented in the Offer Document, the Offeror and the Persons Acting in Concert are not party to any other agreement or financial and/or business transaction with the Issuer or with any other material shareholder of the Issuer or with the members of the Issuer’s governance and control bodies, resolved upon or executed in the twelve months preceding the publication of the Offers, which have or may have significant effects on the Offeror’s and/or Issuer’s activity.

H.2 Agreements concerning the exercise of the voting right or the transfer of shares and/or other financial instruments of the Issuer

As of the Document Date, the Offeror and the Persons Acting in Concert are not party to any agreement concerning the exercise of the voting right or the transfer of the ordinary shares and/or of savings shares and/or of any other financial instrument of the Issuer, with the exception of the following.

- The Sale and Purchase and Co-Investment Agreement, signed on 22 March 2015 by and between ChemChina, CNRC, Camfin, Coinv and LTI, set forth in the Offer Document Introduction and concerning *inter alia* the purchase by the Offeror of the Initial Stake, the signing of the Pirelli Shareholders Agreement and the launch of the Offers.
- The Pirelli Shareholders Agreement, signed on the Closing Date by and between ChemChina, CNRC, SPV HK 1, SPV HK 2, SPV Lux, Camfin, Coinv, LTI and LTI Ita in order to regulate and govern, *inter alia*, (i) the relationships between the parties in their quality of direct shareholders of NewCo and the transfer of the shares to NewCo, as well as indirectly (ii) some aspects of the corporate governance of HoldCo, of the Offeror and of the Issuer.

On 27 March 2015, an excerpt of the provisions of the Sale and Purchase and Co-Investment Agreement having the character of shareholders agreement in accordance with Art. 122 of the TUF, including, in particular, those of the Pirelli Shareholders Agreement attached to the Sale and Purchase and Co-Investment Agreement, was published on the newspaper “Il Sole24ore” and filed with the Companies’ Registry of Milan; on the same date, the essential information concerning such provisions were published on the website www.pirelli.com, pursuant to Art. 130 of the Consob Issuers Regulation.

As the Pirelli Shareholders Agreement was signed on the Closing Date, a new excerpt of said agreement was published on 13 August 2015 on the newspaper “IlSole24Ore”, pursuant to Art. 122 of the TUF and to Arts. 129 and 131 of the Consob Issuers Regulation. On 13 August 2015, the essential information document published on the web site www.pirelli.com was updated, pursuant to Arts. 130 and 131 of the Consob Issuers Regulation. Said excerpt is attached to this Offer Document as Annex M.3; for any further detail, reference is to be made thereto.

- The SRF Agreement, signed on 5 June 2015 by ChemChina and CNRC with Silk Road Fund, concerning an investment of 25% by Silk Road Fund (through a special purpose vehicle) in the share capital of SPV HK 2 and the following participation of Silk Road Fund, with ChemChina and CNRC, in the transaction regulated by the Sale and Purchase and Co-Investment Agreement, and that *inter alia* entitles Silk Road Fund to some rights and prerogatives related to the corporate governance of SPV HK 2, SPV Lux, NewCo, HoldCo, the Offeror and the Issuer.

On 10 June 2015 the provisions of the SRF Agreement having the character of shareholders agreement in accordance with Art. 122 of the TUF were published on the newspaper “Italia Oggi” and filed with the Companies’ Registry of Milan; on the same date, the essential information related to these provisions were published on the web site www.pirelli.com, pursuant to Art. 130 of the Consob Issuers Regulation. The essential information document published is attached to the Offer Document as Annex M.4; for any further detail, reference is to be made thereto.

- The Edizione Agreement, signed on 10 April 2015, pending the fulfillment of the conditions precedent to which the execution of the Sale and Purchase and Co-Investment Agreement was subject, by and between CNRC and Edizione and concerning the Edizione Stake and the Schematrentaquattro Stake.

On 15 April 2015, the essential information on the provisions of the Edizione Agreement were published on the website www.pirelli.com pursuant to Art. 122 of the TUF; on the same date such provisions were published on the newspaper “Italia Oggi” and an excerpt of them was filed with the Companies’ Registry of Milan. On 19 May 2015, the excerpt and the essential information already published have been updated, due to the reduction of the number of the Ordinary Shares corresponding to the Schematrentaquattro Stake as a consequence of the exercise by some of the holders of the Schematrentaquattro Exchangeable Bond of their exchange rights pursuant to the Schematrentaquattro Exchangeable Bond regulation. The essential information document is attached to the Offer Document as Annex M.5 for any further detail, reference is to be made thereto.

- The Coinv/LTI Shareholders Agreement, signed on the Closing Date by and between Coinv and LTI, which sets forth the terms and conditions aimed at reflecting, following the completion of the Camfin Corporate Restructuring, the shareholders agreements between Coinv and LTI with regard to their respective stakes held (directly or indirectly) in NewCo and to the corporate governance and the exit provisions under the Pirelli Shareholders Agreement.

On 13 August 2015, the excerpt of the provisions of the Coinv/LTI Shareholders Agreement having the character of shareholders agreement in accordance with Art. 122 of the TUF was published on the newspaper “IISole24Ore” and filed with the Companies’ Registry of Milan; on the same date, the essential information document related to these provisions pursuant to Art. 130 of the Consob Issuers Regulation was published on the web site www.pirelli.com. The essential information document is attached to the Offer Document as Annex M.6; for any further detail, reference is to be made thereto.

- The Nuove Partecipazioni/UniCredit/ISP Shareholders Agreement, signed on the Closing Date by and between Nuove Partecipazioni (controlled by Marco Tronchetti Provera through MTP&C), UniCredit S.p.A. and Manzoni S.r.l. (controlled by Intesa Sanpaolo S.p.A.), which restates the shareholders’ agreement previously entered into between the same parties in order to take into consideration, limited

to the stake owned in Camfin, of the new corporate governance provisions and the exit procedures in relation to the Pirelli Shareholders Agreement's and the Coinv/LTI Shareholders Agreement provisions, without prejudice to the provisions contained in the previous agreement with respect to the stake owned by Coinv in Prelios S.p.A., which are restated unchanged.

On 13 August 2015 the relevant provisions contained in the Nuove Partecipazioni/UniCredit/ISP Shareholders Agreement having the character of shareholders agreement in accordance with Art. 122 of the TUF were published on the newspaper "IlSole24Ore" and filed with the Companies' Registry of Milan; on the same date, the essential information related to these provisions were published on the web site www.pirelli.com, pursuant to Art. 130 of the Consob Issuers Regulation. The essential information document published is attached to the Offer Document as Annex M.7; for any further detail, reference is to be made thereto.

I. REMUNERATION OF INTERMEDIARIES

As consideration for the services performed in the Offers, the Offeror will pay the following fee inclusive of any and all remuneration for the intermediation activity:

- (i) to the Intermediary Responsible for Coordinating the Collection of Tenders, a fix aggregate fee of maximum EUR 250,000;
- (ii) to the Responsible Intermediaries (including the Intermediary Responsible for Coordinating the Collection of Tenders), **(a)** a fee equal to 0.05% of the consideration of the Shares tendered under the Offers, and **(b)** a fixed charge of EUR 5.00 per Tender Form.

The Responsible Intermediaries will pay back the Depositary Intermediaries 50% of the fees pursuant to in point (ii)(a) above, relating to the consideration of the Shares deposited through the Depositary Intermediaries, as well as the entire fixed charge relating to the Tender Forms presented by the Depositary Intermediaries pursuant to in point (ii)(b) above.

L. POTENTIAL ALLOCATION

Since the Offers are both global tender offers, no allocation is contemplated.

M. ANNEXES

M.1 Offeror Notice

**Mandatory Tender Offer
on ordinary shares of Pirelli & C. S.p.A.
and
Voluntary Tender Offer
on savings shares of Pirelli & C. S.p.A.**

launched by Marco Polo Industrial Holding S.p.A.

*o*o*

Notice

**pursuant to Art. 102 of Italian Legislative Decree 24 February 1998, No. 58, as subsequently amended,
and Art. 37 of Consob Regulation approved with resolution No. 11971 of 14 May 1999, as
subsequently amended**

*o*o*

Milan, 11 August 2015 – Pursuant to Art. 102, Paragraph 1, of Italian Legislative Decree No. 58 of 24 February 1998, as subsequently amended (the “**TUF**”), as well as Art. 37 of the regulation concerning the issuers approved by Consob with resolution No. 11971 of 14 May 1999, as subsequently amended (the “**Consob Issuers Regulation**”), Marco Polo Industrial Holding S.p.A. (the “**Offeror**”) communicates that:

- on the date hereof the legal conditions for the launch of a mandatory tender offer (the “**Mandatory Tender Offer**”) by the Offeror, pursuant to Arts. 106 and 109 of the TUF, on the ordinary shares of Pirelli & C. S.p.A. (the “**Issuer**” or “**Pirelli**”), listed on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A., have been triggered; and that
- it has decided to launch a voluntary tender offer (the “**Voluntary Tender Offer**”) and, together with the Mandatory Tender Offer, the “**Offers**”), pursuant to Art. 102 of the TUF, on the savings shares of Pirelli, listed on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A..

The legal conditions and key terms and elements of the Offers are provided below.

For any further information, please refer to the relevant offer document (the “**Offer Document**”), which will be made available by the Offeror with the modalities and within the terms set forth by applicable law. The Offer Document will be published, *inter alia*, on the Issuer’s website www.pirelli.com.

1. PERSONS PARTICIPATING IN THE TRANSACTION

1.1 The Offeror and the entities controlling the Offeror

The Offeror is “Marco Polo Industrial Holding S.p.A.”, an Italian company limited by shares (*società per azioni*) with a sole shareholder, with registered office in Milan, via San Primo No. 4, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 09065250962, indirectly controlled by China National Chemical Corporation (“**ChemChina**”), a state-owned enterprise (SOE) incorporated under the laws of the People’s Republic of China, through China National Tire & Rubber Co., Ltd. (“**CNRC**”), a company incorporated under the laws of the People’s Republic of China wholly-owned by ChemChina and active in the research, development and operations of tires, rubber and related products.

The share capital of the Offeror is wholly-owned by Marco Polo International Holding Italy S.p.A. (“**HoldCo**”), a company incorporated under the laws of Italy whose share capital is wholly-owned by Marco

Polo International Italy S.p.A. (“**NewCo**”). NewCo is a company incorporated under the laws of Italy whose share capital is held:

- as to 65%, indirectly by CNRC, through Fourteen Sundew S. à r.l. (“**SPV Lux**”), a company incorporated under the laws of Luxembourg, whose share capital is wholly-owned by an Hong Kong company, CNRC International Holding (HK) Limited (“**SPV HK 2**”), whose share capital is in turn held *(i)* as to 75%, by CNRC (through CNRC International Limited - “**SPV HK 1**” - a further Hong Kong company wholly-owned by CNRC) and *(ii)* as to 25%, by Silk Road Fund Co., Ltd. (“**Silk Road Fund**” or “**SRF**”), through an entity controlled by the same;
- as to 35%, by Camfin S.p.A. (“**Camfin**”), a company incorporated under the laws of Italy whose share capital is in turn held *(i)* as to 50.00%, by Coinv S.p.A. (“**Coinv**”), controlled by Nuove Partecipazioni S.p.A. (“**Nuove Partecipazioni**”), which holds 76% of the share capital, and participated by Unicredit S.p.A. and by Intesa Sanpaolo S.p.A. (through its subsidiary Manzoni S.r.l.), each one holding 12% of the share capital; Nuove Partecipazioni is a company incorporated under the laws of Italy controlled by Mr. Marco Tronchetti Provera (Chairman and Chief Executive Officer of Pirelli) through MTP & C. S.p.A. (“**MTP&C**”); *(ii)* as to 25.94%, by Long-Term Investments Luxembourg S.A. (“**LTI**”), a company incorporated under the laws of Luxembourg, fully owned - indirectly, through Long-Term Investments LLC, a company incorporated under the laws of the Russian Federation - by a closed-end investment fund “RFR Long-Term Investments”, which is managed by “Management Company RegionFinanceResurs”; and *(iii)* as of 24.06%, by LTI Holding S.r.l. (“**LTI Ita**”), a company incorporated under the laws of Italy and with a sole shareholder, fully owned by LTI.

Therefore, as of the date hereof, the Offeror is indirectly controlled by ChemChina, through CNRC, SPV HK 1, SPV HK 2, SPV Lux, NewCo and HoldCo, pursuant to Art. 2359, paragraph 1, No. 1), of the Italian Civil Code.

1.2 The Persons Acting in Concert with the Offeror with regard to the Offers

ChemChina, CNRC, SPV HK 1, SPV HK 2, SPV Lux, NewCo, HoldCo, Camfin, CAM 2012 S.p.A., Coinv, LTI and LTI ITA (jointly, the “**Persons Acting in Concert**”) are to be considered persons acting in concert with the Offeror with regard to the Offers pursuant to, and for the purpose of, Art. 101-*bis* of the TUF.

Having agreed or restated shareholders agreements connected with or preparatory to the Offers, Silk Road Fund, as well as Intesa Sanpaolo S.p.A. (and its subsidiary Manzoni S.r.l.) and UniCredit S.p.A., are considered Persons Acting in Concert too.

In any case, in accordance with the provisions of the Sale and Purchase and Co-Investment Agreement (as defined below), the joint and several obligation to launch the Mandatory Tender Offer imposed on the Offeror and the Persons Acting in Concert, under Arts. 106 and 109, Paragraphs 1 and 3, of the TUF, is fulfilled by the Offeror.

1.3 The Issuer

The Issuer is “Pirelli & C. S.p.A.”, a company incorporated under the laws of Italy, with registered office in Milan, viale Piero e Alberto Pirelli No. 25, enrolled with the Companies’ Registry of Milan, tax code and VAT No. 00860340157, whose fully subscribed and paid in share capital is equal to EUR 1,345,380,534.66, divided in No. 475,740,182 ordinary shares and No. 12,251,311 savings shares, with no par value and listed on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A..

2. LEGAL CONDITIONS AND RATIONALE OF THE OFFERS

The obligation to launch the Mandatory Tender Offer follows the completion of a transaction that can be summarized as follows.

On 22 March 2015, ChemChina and CNRC, on one side, and Camfin and its shareholders Coinv and LTI, on the other side, signed a sale and purchase and co-investment agreement (as subsequently amended and integrated in accordance with an *addendum* signed on 5 August 2015, the “**Sale and Purchase and Co-Investment Agreement**”) which provides and regulates, *inter alia*:

(i) the purchase by the Offeror, subject to the fulfillment of conditions typical of a transaction of this type (as the approval by the competent competition authorities and by the other relevant authorities), for a price equal to EUR 15 per ordinary share of Pirelli (“*ex dividend*”, thus the coupon relating to the dividend approved by the Issuer’s shareholders’ meeting on 14 May 2015 and paid on 20 May 2015 is excluded), of:

(x) No. 96,779,841 Pirelli ordinary shares, representing 20.34% of the ordinary share capital of the Issuer and 19.83% of the entire share capital of the Issuer (the “**Initial Stake**”), directly held by CAMFIN,

and, as far as possible, as specified below,

(y) No. 27,831,232 Pirelli ordinary shares, representing 5.85% of the ordinary share capital of the Issuer and 5.70% of the entire share capital of the Issuer (“**Cam 2012 Stake**”), at that time held by Cam 2012 S.p.A. (“**Cam 2012**”), a company whose share capital is wholly-owned by Camfin, of which (a) No. 13,199,032 Pirelli ordinary shares, representing 2.77% of the ordinary share capital of the Issuer and 2.70% of the entire share capital of the Issuer (the “**Cam 2012 Exchangeable Bond**”), available for the possible exchange under a bond exchangeable in Pirelli ordinary shares issued by Cam 2012 on 26 October 2012 and named “*€150,000,000 5.625 per cent. Guaranteed Exchangeable Bonds due 2017 guaranteed by Camfin S.p.A.*” (the “**Cam Exchangeable Bond**”), and (b) No. 14,632,200 Pirelli ordinary shares, representing 3.08% of the ordinary share capital of the Issuer and 3.00% of the entire share capital of the Issuer (the “**Cam 2012 Overcollateral Stake**”), representing an overcollateral guarantying the fulfillment of the reimbursement duties of the Cam Exchangeable Bond;

(ii) the reinvestment by Camfin (as well as by LTI and LTI ITA, should they be no more shareholders of Camfin) in NewCo, at the same terms and conditions as CNRC, of a portion of the proceeds of the sale and purchase of the Initial Stake;

(iii) simultaneously with the execution of the sale and purchase referred to in point (i) above, the signing by ChemChina, CNRC, SPV HK 1, SPV HK 2 and SPV Lux, Camfin, Coinv, LTI and LTI Ita, of a shareholders’ agreement, which regulates, *inter alia*, the corporate governance of Pirelli, NewCo, HoldCo and the Offeror, as well as the transfer of the respective shares (the “**Pirelli Shareholders Agreement**”);

(iv) following the completion of the acquisition referred to in point (i) above and the simultaneous signing of the Pirelli Shareholders Agreement, the launch by the Offeror of the Mandatory Tender Offer and the Voluntary Tender Offer, with the purpose to acquire the entire share capital of the Issuer or in any case to achieve the delisting of the ordinary and the savings shares of Pirelli.

As already set forth in the press release dated 22 March 2015 issued pursuant to Art. 114 of the TUF, whereby the signing of the Sale and Purchase and Co-Investment Agreement has been disclosed, the transaction contemplated by the Sale and Purchase and Co-Investment Agreement is aimed at implementing a long-term industrial partnership between CNRC, Camfin and LTI in relation to Pirelli, with the goal to strengthen its development plans, to cover geographically strategic areas and to achieve the integration of tyre activities in the Industrial segment of CNRC and Pirelli, by preserving the continuity and independence of the current management of the Pirelli Group.

For the sake of completeness, note that, on 10 April 2015, CNRC and Edizione S.r.l. (“**Edizione**”) signed an agreement (the “**Edizione Agreement**”) having as object the stake held by Edizione in Pirelli, directly and indirectly through Schematrentaquattro S.p.A., as already disclosed to the market. Edizione undertook, with a dedicated notice pursuant to the Edizione Agreement, and at the terms and conditions set forth therein, to tender the above mentioned stake under the Mandatory Tender Offer.

Furthermore, note that, on 5 June 2015, ChemChina and CNRC signed with Silk Road Fund an investment agreement concerning an investment by Silk Road Fund (through an entity controlled by the same) equal to 25% in the share capital of SPV HK 2 and therefore the participation of Silk Road Fund, together with ChemChina and CNRC, to the transaction regulated by the Sale and Purchase and Co-Investment Agreement.

On the date hereof (the “**Closing Date**”), pursuant to the Sale and Purchase and Co-Investment Agreement, following the satisfaction of the relevant conditions precedent:

- (i) the Offeror purchased the Initial Stake from Camfin, for a price equal to EUR 15 per ordinary share of Pirelli;
- (ii) Camfin reinvested a portion of the proceeds of the sale and purchase of the Initial Stake in NewCo, through the subscription of the first tranche of a share capital increase of NewCo reserved to Camfin, upon which Camfin acquires a stake corresponding to the 35% of the share capital of NewCo;
- (iii) ChemChina, CNRC, SPV HK 1, SPV HK 2 and SPV Lux, Camfin, Coinv, LTI and LTI Ita, signed the Pirelli Shareholders Agreement; note that, with effect from the Closing Date, both the Initial Stake (as of the Closing Date equal to 20.34% of the ordinary share capital of the Issuer) and the residual Cam 2012 Stake (as of the Closing Date equal to 5.63% of the ordinary share capital of the Issuer, considering the transfers of part of the shares available for exchange under the Cam Exchangeable Bond executed in the meantime in accordance with the Cam Exchangeable Bond) - as of the Closing Date in aggregate equal to 25.97% of the ordinary share capital of the Issuer - are syndicated to the Pirelli Shareholders Agreement;
- (iv) The new Board of Directors of the Offeror has been appointed, as follows: Bai Xinping (Chairman), Marco Tronchetti Provera (CEO), Yang Xingqiang, Shi Jie, Ze’ev Goldberg, Wang Dan, Jiao Chonggao, Yang Xun, Zhang Haitao, Giorgio Luca Bruno, Carlo Acutis, Alberto Pirelli, Luca Rovati, Viacheslav Sheloputov, Natalia Mincheva and Gennady Pavlov. Note that Marco Tronchetti Provera and Alberto Pirelli are also Directors of the Issuer.

In light of the above, on the Closing Date the legal conditions for the launch of the Mandatory Tender Offer have been triggered.

The Offeror decides to launch, simultaneously with the Mandatory Tender Offer on the Ordinary Shares of the Issuer, also the Voluntary Tender Offer on the Savings Shares of the Issuer, although the latter is subject to the fulfillment of the Condition of the Voluntary Tender Offer (as defined herein below), so that even the owners of the Savings Shares have the possibility to liquidate their investment.

The purpose of the Offers, in light of the rationales and the future plans regarding the Issuer, is to acquire the entire share capital of the Issuer and to achieve the delisting of the Issuer’s ordinary shares and savings shares from the Electronic Stock Market.

3. ESSENTIAL ELEMENTS OF THE OFFERS

3.1 The Mandatory Tender Offer

The Mandatory Tender Offer refers to maximum No. 364,328,141 ordinary shares of Pirelli (the “**Ordinary Shares**”), representing 76.58% of the ordinary share capital of the Issuer, that is equal to the entire ordinary share capital of the Issuer excluding (i) No. 96,779,841 ordinary shares of Pirelli, representing 20.34% of the

ordinary share capital of the Issuer, corresponding to the Initial Stake and held by the Offeror as of today; and (ii) No. 14,632,200 ordinary shares of Pirelli, representing 3.08% of the ordinary share capital of the Issuer, corresponding to the CAM 2012 Overcollateral Stake, held by CAM 2012 as of today.

The price offered by the Offeror per Ordinary Share tendered under the Mandatory Tender Offer (the “**Mandatory Tender Offer Price**”) is equal to EUR 15.

The Mandatory Tender Offer Price is set in accordance with the provision of Art. 106 of the TUF and coincides with the price paid by the Offeror for the purchase of the Initial Stake pursuant to the Sale and Purchase and Co-Investment Agreement.

In this respect, please note that Intesa Sanpaolo S.p.A. has represented to the Offeror that Banca IMI S.p.A. has executed certain irrelevant transactions on its own account in the context of market making activities having as object Issuer’s shares and that, in order to get a confirmation that such transactions are irrelevant, Intesa Sanpaolo S.p.A. has prudentially filed with Consob a petition pursuant to Art. 47-*bis* and followings of the Consob Issuers Regulation and has obtained a positive resolution from the Authority.

The Mandatory Tender Offer is not subject to any condition precedent and is directed, on a non-discriminatory basis and on equal terms, to all the ordinary shareholders of the Issuer.

Please note that, pursuant to the Sale and Purchase and Co-Investment Agreement, Camfin has undertaken to procure that Cam 2012 does not tender under the Mandatory Tender Offer, but sells and transfers to the Offeror, at a price equal to, and not higher than, the Mandatory Tender Offer Price, the ordinary shares of Pirelli corresponding to the Cam 2012 Overcollateral Stake and the Cam 2012 Exchangeable Stake, in relation to which the exchange right has not been exercised pursuant to the Cam Exchangeable Bond’s regulation; the entire Cam 2012 Exchangeable Stake is in any case included as subject to the Mandatory Tender Offer since as of today it is not known if and how many owners of the Cam Exchangeable Bond are going to exercise the exchange right pursuant to the Cam Exchangeable Bond’s regulation; those who exercise such exchange right might tender under the Mandatory Tender Offer the ordinary shares of Pirelli deriving from the exchange.

3.2 The Voluntary Tender Offer

The Voluntary Tender Offer refers to any and all of the No. 12,251,311 savings shares of Pirelli (the “**Savings Shares**”) and, together with the Ordinary Shares, the “**Shares**”) issued as of today.

The price offered by the Offeror per Savings Share tendered under the Voluntary Tender Offer (the “**Voluntary Tender Offer Price**”) is equal to EUR 15.

The Voluntary Tender Offer is subject to the condition that the number of Savings Shares tendered under the Voluntary Tender Offer, together with the Savings Shares possibly purchased by the Offeror or the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) outside of the Voluntary Tender Offer, will allow the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) to hold, at the end of the Offer Period, a number of Pirelli savings shares representing at least 30% of the savings share capital of Pirelli (the “**Condition of the Voluntary Tender Offer**”), and is directed, on a non-discriminatory basis and on equal terms, to all the saving shareholders of the Issuer.

3.3 Maximum consideration of the Offers

In the event that all Shares are tendered under the Offers, the total consideration of the Offers calculated based on the number of Shares as of today is equal to EUR 5,648,691,780 (the “**Aggregate Maximum Disbursement**”), of which EUR 5,464,922,115 represents the total maximum consideration of the Mandatory Tender Offer (the “**Maximum Disbursement of the Mandatory Tender Offer**”) and EUR 183,769,665 represents the total maximum consideration of the Voluntary Tender Offer (the “**Maximum Disbursement of the Voluntary Tender Offer**”).

The Offeror intends to finance the Aggregate Maximum Disbursement (as well as the estimated costs of the transaction) by making use, for a maximum of EUR 2,101.3 million, of capital injections and, for a maximum of EUR 3,612.4 million, through the utilization of facility made available by highly rated banking institutions.

3.4 Offer period

The offer period both of the Mandatory Tender Offer and the Voluntary Tender Offer (the “**Offer Period**”) will be agreed with Borsa Italiana S.p.A. in accordance with the provisions of Art. 40 of Consob Issuers Regulation.

With respect to the Offer Period of the Mandatory Tender Offer, note that it will have a duration between a minimum of fifteen and a maximum of twenty-five trading days, saved for extensions or potential reopening of the offer period pursuant to Art. 40-*bis* of the Consob Issuers Regulation (the “**Reopening of the Mandatory Tender Offer Period**”).

Note that the Voluntary Tender Offer is not subject to the Reopening of the Offer Period.

3.5 Delisting of the Shares

3.5.1 Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF

In the event that, at the end of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as a result of the acceptances of the Mandatory Tender Offer and of any purchase made outside of the Mandatory Tender Offer pursuant to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period), the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold an overall shareholding greater than 90%, but lower than 95% of the ordinary share capital of the Issuer, the Offeror hereby declares, also on behalf of the Persons Acting in Concert, its intention not to restore a free float sufficient to ensure the regular trading of the ordinary shares of Pirelli.

The consequent obligation to purchase the remaining Ordinary Shares from the Issuer’s shareholders so requesting, pursuant to Art. 108, Paragraph 2, of the TUF (the “**Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF**”), jointly and severally imposed upon the Offeror and the Persons Acting in Concert pursuant to Art. 109 of the TUF, in compliance with the provisions of the Sale and Purchase and Co-Investment Agreement, will be fulfilled by the Offeror.

Pursuant to Art. 108, Paragraph 3, of the TUF, the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF will be fulfilled by the Offeror at a per Ordinary Share consideration equal to the Mandatory Tender Offer Price.

The Offeror will disclose whether the requirements are met for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF in compliance with applicable law.

Please note that, pursuant to Art. 2.5.1 of the regulation of the markets organized and managed by Borsa Italiana S.p.A. in effect as of today (the “**Stock Exchange Regulation**”), if the conditions of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF are met, Borsa Italiana S.p.A. will delist the ordinary shares of Pirelli with effects from the trading day following the last day of payment of the price for the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF. In such case, the ordinary shareholders of Pirelli who did not tender under the Mandatory Tender Offer and did not exercise their right to request the Offeror to purchase their Ordinary Shares in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF (without prejudice to the following point 3.5.2), will hold financial instruments that are not traded on any regulated market, with resulting difficulty in liquidating their investment.

Finally, note that the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF does not apply to the Savings Shares. However, if the conditions of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF are met, pursuant to Art. 2.5.1 of Stock Exchange Regulation, Borsa Italiana S.p.A. may simultaneously delist the Savings Shares, taking into account the aggregate value of the relevant free float at the end of the Voluntary Tender Offer. In case of delisting of the Savings Shares, the owners of Savings Shares that decided not to accept the Voluntary Tender Offer will hold financial instruments that are not traded in any regulated market, with resulting difficulty in liquidating their investment.

3.5.2 Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and Ordinary Shares Squeeze-out pursuant to Art. 111 of the TUF

In the event that, at the end of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as a result of the acceptances of the Mandatory Tender Offer and of any purchase made outside of the Mandatory Tender Offer itself pursuant to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period) and/or in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold an aggregate shareholding greater than or equal to 95% of the ordinary share capital of the Issuer, the Offeror hereby declares its intent to exercise its squeeze-out right on the outstanding Ordinary Shares, pursuant to Art. 111 of the TUF (the "**Ordinary Shares Squeeze-out**"). Pursuant to Art. 108, Paragraph 3, of the TUF, as referred to by Art. 111 of the TUF, the Ordinary Shares Squeeze-out will be exercised by the Offeror at a price equal to the Mandatory Tender Offer Price per each Ordinary Share.

The Offeror will disclose whether or not the legal requirements for the exercise of the Ordinary Shares Squeeze-out occurred, in compliance with applicable law.

The Ordinary Shares Squeeze-out will be exercised as soon as possible after the conclusion of the Mandatory Tender Offer or the compliance procedure of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF.

Note that, in the event that, at the end of the Mandatory Tender Offer (including the potential Reopening of the Mandatory Tender Offer Period), as a result of the acceptances of the Mandatory Tender Offer and of any purchase made outside of the Mandatory Tender Offer itself pursuant to applicable law during the Offer Period (including the potential Reopening of the Mandatory Tender Offer Period) and/or in compliance with the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 2, of the TUF, the Offeror and the Persons Acting in Concert (jointly considered pursuant to Art. 109 of the TUF) hold an overall shareholding greater than or equal to 95% of the ordinary share capital of the Issuer, the Offeror and the Persons Acting in Concert would be jointly and severally obligated, pursuant to Arts. 108, Paragraph 1, and 109 of the TUF, to purchase the Ordinary Shares not tendered under the Mandatory Tender Offer by anyone requesting it (the "**Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF**").

By exercising the Ordinary Shares Squeeze-out, the Offeror will fulfill, also on behalf of the Persons Acting in Concert, the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF, thereby triggering a single procedure.

Please note that, if the conditions of the Ordinary Shares Squeeze-out and of the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF are met, in accordance with Art. 2.5.1 of the Stock Exchange Regulation, Borsa Italiana S.p.A. will order the suspension from listing and the delisting of the ordinary shares of Pirelli, taking into account the time required to exercise the Ordinary Shares Squeeze-out.

Finally, note that the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF and the Ordinary Shares Squeeze-out do not apply to the Savings Shares. However, if the conditions of the Ordinary Shares Squeeze-out and the Ordinary Shares Sell-out pursuant to Art. 108, Paragraph 1, of the TUF are met, again pursuant to Art. 2.5.1 of Stock Exchange Regulation, Borsa Italiana S.p.A. may simultaneously delist the Savings Shares, taking into account the aggregate value of the relevant remaining free float at the end of the Voluntary Tender Offer. In case of delisting of the Savings Shares, the owners of Savings Shares that

decided not to tender such shares under the Voluntary Tender Offer will hold financial instruments that are not traded in any regulated market, with resulting difficulty in liquidating their investment.

3.6 Markets where the Offers are being launched

The Offers are being made in Italy, since the Shares are listed on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A., and, except as set forth below, are be subject to the disclosure and procedural requirements provided by Italian law.

The Offers are being made in the United States of America pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act, and otherwise in accordance with the requirements of Italian law. Accordingly, the Offers are subject to disclosure and other procedural requirements, including with respect to potential withdrawal rights, the Offers' timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws. For further information see the “*Warning for the holders of Shares residing in the United States of America*” attached below to this press release.

The Offers are not and will not be launched nor disclosed in Canada, Japan and Australia, as well as in any other Country where such Offers are not permitted in absence of authorization from the competent authorities or other requirements to be fulfilled by the Offeror.

The acceptance of the Offers by parties residing in countries other than Italy and United States of America may be subject to specific obligations or restrictions imposed by legal or regulatory provisions. Recipients of the Offers are solely responsible for complying with such laws and, therefore, before accepting the Offers, they are responsible for determining whether such laws exist and are applicable, by relying on their own consultants.

4. PARTICIPATIONS HELD BY THE OFFEROR AND THE PERSONS ACTING IN CONCERT

As of today, the Offeror owns and directly holds No. 96,779,841 Pirelli ordinary shares (corresponding to the Initial Stake purchased on the date hereof by the Offeror pursuant to the Sale and Purchase and Co-Investment Agreement), representing, as of the same date, 20.34% of the share capital of the Issuer with voting rights and 19.83% of the entire share capital of the Issuer.

Moreover, as of the date hereof, Cam 2012, Person Acting in Concert with the Offeror, owns and directly holds No. 26,792,914 Pirelli ordinary shares (corresponding to the residual Cam 2012 Stake object of the Sale and Purchase and Co-Investment Agreement and syndicated under the Pirelli Shareholders Agreement), representing, as of the same date, 5.63% of the share capital of the Issuer with voting rights and 5.49% of the entire share capital of the Issuer.

For sake of completeness, note that the companies belonging to the Intesa Sanpaolo banking Group and the UniCredit banking Group, in the context of the ordinary management of their own activity, may held Ordinary Shares and/or Saving Shares, or be the beneficiaries of pledges or other rights on Ordinary Shares and/or Saving Shares. Based on the information provided to the Offeror by Intesa Sanpaolo S.p.A. and UniCredit S.p.A., as of 10 August 2015 (i) the companies belonging to the Intesa Sanpaolo banking Group are beneficiaries of pledges or of rights as securities lenders or under carry-over transactions, in relation to in aggregate No. 118,777 Ordinary Shares of the Issuer as well as to in aggregate No. 26,987 Saving Shares of the Issuer; and (ii) UniCredit Bank Ag held No. 42,788 Ordinary Shares of the Issuer.

As of the date hereof, the Offeror and the Persons Acting in Concert do not own any further ordinary or savings Pirelli share, neither directly nor through fiduciary companies or nominees.

5. NOTICES AND AUTHORIZATIONS TO CONDUCT THE OFFERS

The launch of the Offers is not subject to the obtainment of any authorization.

For completeness of information, note that the Sale and Purchase and Co-Investment Agreement was conditioned and subject to prior authorization by the relevant competent competition authorities and the other competent authorities.

The relevant authorizations pursuant to the Sale and Purchase and Co-Investment Agreement have been granted before the date hereof.

6. DISCLOSURE OF THE PRESS RELEASES AND DOCUMENTS RELATING TO THE OFFERS

The Offer Document, the press releases and all the documents relating to the Offers will be published, *inter alia*, on the Issuer's website www.pirelli.com.

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WARNING FOR THE HOLDERS OF SHARES RESIDING IN THE UNITED STATES OF AMERICA

The Offers referred to in this press release will be made for the Shares of Pirelli, an Italian company with shares listed on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A., and are subject to Italian disclosure and procedural requirements, which are different from those of the United States of America. This press release does not constitute an offer to buy or a solicitation to sell the Shares of Pirelli. Before the start of the offer period, as required by applicable law, the Offeror will disclose the Offer Document, which the shareholders of Pirelli should examine carefully.

The Offers are being made in the United States of America pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act, and otherwise in accordance with the requirements of Italian law. Accordingly, the Offers are subject to disclosure and other procedural requirements, including with respect to potential withdrawal rights, the Offers' timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws.

To the extent permissible under applicable law and regulation, in accordance with normal Italian practice and pursuant to Rule 14e-5 of the U.S. Securities Exchange Act, the Offeror and its affiliates or brokers (acting as agents for the Offeror or its affiliates, as applicable) have purchased since 22 March 2015 (as set forth below) and may from time to time purchase after the date hereof, and other than pursuant to the Offer, directly or indirectly purchase, or arrange to purchase, shares of Pirelli or any securities that are convertible into, exchangeable for or exercisable for shares of Pirelli. Since 22 March 2015 and prior to the date hereof no such purchases have been made by the Offeror and its affiliates or brokers (acting as agents for the Offeror or its affiliates, as applicable) other than the purchase of Initial Stake by the Offeror and no arrangements to purchase have been executed by the abovementioned persons other than the Sale and Purchase and Co-Investment Agreement and the Edizione Agreement. In addition, since 22 March 2015, Banca IMI S.p.A, a subsidiary of Intesa Sanpaolo S.p.A., has made a non-material purchase of Ordinary Shares in accordance with normal Italian practice and pursuant to Rule 14e-5(b)(5). Any purchases of Ordinary Shares or Saving Shares by the Offeror and its affiliates or brokers (acting as agents for the Offeror or its affiliates, as applicable) will not be made at prices higher than the consideration of the Mandatory Tender Offer and the consideration of the Voluntary Tender Offer, respectively, unless such respective consideration, as applicable, is increased accordingly or such purchase qualifies under an applicable exemption to Rule 14e-5(b).

To the extent information about such purchases or arrangements to purchase is made public in Italy, such information will be disclosed as required in Italy by means of a press release, pursuant to Art. 41, paragraph 2, letter c), of Consob Issuers Regulation, or other means reasonably calculated to inform U.S. shareholders of Pirelli. In particular, during the Offer Period (including any extension thereto pursuant to applicable law or during the Reopening of the Mandatory Tender Offer Period, as the case may be), the Offeror and the

Persons Acting in Concert reserve the right to purchase Ordinary Shares and Savings Shares of the Issuer outside of the Offers, to the extent permissible under applicable Italian law and regulation, and will communicate those purchases pursuant to Art. 41, Paragraph 2, letter (c), of Consob Issuers Regulation. In addition, the financial advisors to the Offeror and the Issuer may also engage in ordinary course trading activities in securities of Pirelli, which may include purchases or arrangements to purchase such securities

Neither the United States Securities & Exchange Commission nor any securities commission of any State of the United States of America has (a) approved or disapproved of the Offers; (b) passed upon the merits or fairness of the Offers; or (c) passed upon the adequacy or accuracy of the disclosure in the Offer Document. Any representation to the contrary is a criminal offence in the United States of America.

M.2 Issuer’s Statement, accompanied by the Independent Directors’ Opinion

This document is a courtesy translation from Italian into English. In case of any inconsistency between the two versions, the Italian original version shall prevail.

RELEASE OF THE BOARD OF DIRECTORS OF PIRELLI S.P.A.
PURSUANT TO ARTICLE 103, PARAGRAPH 3 AND 3-BIS, OF LEGISLATIVE DECREE NO. 58 OF 24
FEBRUARY 1998, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED, AND ARTICLE 39 OF CONSOB
REGULATIONS ADOPTED BY RESOLUTION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY
AMENDED AND SUPPLEMENTED IN RESPECT OF

MANDATORY AND VOLUNTARY PUBLIC OFFERS OF PURCHASE

LAUNCHED BY MARCO POLO INDUSTRIAL HOLDING S.P.A. PURSUANT TO ARTICLES 102 AND 106,
PARAGRAPH 1-BIS OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

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DEFINITIONS

A list follows of the main definitions used in this Release *ex* Article 103, paragraph 3 and 3-*bis*, of the Consolidation Act, essentially matching those used in the Offer Document. Where the context so requires, terms defined in the singular will keep the same meaning also in the plural and vice versa.

Sales/Purchase and Investment Agreement only Agreement	Joint or even	The agreement for sales/purchase and joint investment signed on 22 March 2015 between CHEMCHINA, CNRC, CAMFIN, COINV and LTI as subsequently amended and supplemented pursuant to an amending and supplementary agreement signed by the same parties on 5 August 2015.
Shares		Ordinary and Savings Shares
Savings Shares		No. 12,251,311 Pirelli savings shares (including Own Savings Shares), without nominal value corresponding as at the Date of the Offer Document to 100% of the savings capital of the Issuer and to 2.51% of the entire share capital of the Issuer, which are the subject matter of the Voluntary Offer
Ordinary Shares		No. 364,328,141 Pirelli ordinary shares (including Own Ordinary Shares, CAM 2012 Exchangeable Investment, Edizione Investment and the Remaining Schematrentaquattro Investment) without nominal value, corresponding as at the Date of the Offer Document to 76.58% of the ordinary share capital of the Issuer and to 74.66 % of the entire share capital of the Issuer, which are the subject matter of the Mandatory Offer
Own Savings Shares		No. 408,342 own Savings Shares of Pirelli corresponding as at the Date of the Offer Document to 3.33% of the savings capital of the Issuer and to 0.08% of the entire share capital of the Issuer
Own Ordinary Shares		No. 351,590 own Ordinary Shares of Pirelli, corresponding as at the Date of the Offer Document to 0.07% of the ordinary share capital of the Issuer and to 0.07% of the entire share capital of the Issuer
Financing Banks		Jointly: J.P. Morgan Securities plc; China Construction Bank (Europe) S.A.; Intesa Sanpaolo S.p.A.; Unicredit S.p.A.; Banca Popolare di Milano S.c. a r.l.; Bank of America Merrill Lynch International Limited; Barclays Bank PLC; Bnp Paribas, Italian Branch; The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milan Branch; Commerzbank Aktiengesellschaft, Milan Branch; HSBC Bank plc; ICBC (Europe) S.A., Milan Branch; ING Bank N.V., Milan Branch; Mediobanca – Banca di Credito Finanziario S.p.A.; Natixis S.A., Milan Branch; Société Générale; Société Générale S.A., Milan Branch; Standard Chartered Bank; e Mizuho Bank, Ltd., Milan Branch.
BIDCO		See Offerer
Bidco Senior Facilities Agreement		The financing contract for an aggregate amount of Euro 4,400,000,000 referred to as “ <i>Bidco Senior Facilities Agreement</i> ” signed on 30 April 2015 between, <i>inter alios</i> , J.P. Morgan Limited (as “ <i>Global Co-ordinator</i> ”) and “ <i>Bookrunner</i> ”, China Construction Bank Corporation, Hong

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	<p>Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (as “Bookrunners”), BIDCO and HOLDCO, subsequently amended by means of an amendment agreement referred to as “Amendment and Restatement Agreement” signed on 5 August 2015.</p>
Borsa Italiana	<p>Borsa Italiana S.p.A., with registered office in Milan, piazza Affari n. 6.</p>
CAM 2012	<p>CAM 2012 S.p.A., a company under the law of Italy with registered office in Milan, Piazza Borromeo n. 12, enrolment number with the Register of Enterprises of Milan, Fiscal Code and VAT no. 07885350962.</p>
CAMFIN	<p>CAMFIN S.p.A., a company under the law of Italy with registered office in Milan, Piazza Borromeo n. 12, enrolment number with the Register of Enterprises of Milan, Fiscal Code and VAT no. 00795290154.</p>
Cash Confirmation Letter	<p>Guarantee of proper performance pursuant to Article 37-<i>bis</i> of the Issuers Regulations consisting of a letter issued by Intesa Sanpaolo S.p.A. and Unicredit S.p.A. pursuant to which the latter have irrevocably undertaken, in the proportions indicated in the aforesaid letter and without any joint and several liability, to pay on one or more occasions in the event the Offerer does not fulfil its obligation to pay the Considerations for the Offers, a sum in cash not exceeding the Maximum Aggregate Disbursement and to use such aggregate amount exclusively to pay the Consideration for the Offers.</p>
CHEMCHINA	<p>China National Chemical Corporation, a company under the law of China with registered office in Beijing, People’s Republic of China, no. 62 West Beisihuan Road, district of Haidianm enrolled with the registry of the State Administration of Industry and Commerce of the People’s Republic of China under no. 100000000038808).</p>
CNRC	<p>China National Tire & Rubber Corporation Ltd., a company under the law of China with registered office in Beijing, People’s Republic of China, no. 62 West Beisihuan Road, district of Haidianm enrolled with the registry of the State Administration of Industry and Commerce of the People’s Republic of China under no. 100000000008065).</p>
Code of Conduct	<p>The Code of Conduct for listed companies approved in July 2015 by the Committee for <i>Corporate Governance</i> and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonmine and Confindustria in force as at the Date of the Offer Document</p>
COINV	<p>Coinv S.p.A., a company under the law of Italy with registered office in Milan, Piazza Borromeo n. 12, enrolment number with the Register of Enterprises of Milan, Fiscal Code and VAT no. 08852660961.</p>
Release of the Issuer or even only this Release or the like	<p>This release drawn up pursuant to the combined provisions of Articles 103, paragraph 3 and 3-<i>bis</i> of of the Consolidations Act and 39 of the Issuers Regulations approved by the board of directors of the Issuer on 2 September 2015.</p>

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Communication of the Offerer	The communication of the Offerer provided for by Articles 102 paragraph 1 of the Consolidation Act and 37 of the Issuers Regulations issued to the market on 11 August 2015 and attached to the Offer Documents as Appendix M.1
Condition of the Voluntary Offer	The condition to which the effect of the Voluntary Offer is subject (unless this condition is waived by the Offerer) and consisting in the fact that the number of Savings Shares offered in the Voluntary Offer together with the Savings Shares that may be purchased by the Offerer or by Persons Acting in Concert (considered jointly pursuant to Article 109 of the Consolidation Act) outside the scope of the Voluntary Offer is such as to permit the Offerer and the Persons Acting in Concert (considered jointly Pursuant to Article 109 of the Consolidation Act) to hold, at the end of the Subscription Period, as many Pirelli savings shares representing at least 30% of the share capital of Pirelli represented by savings shares.
Consob	National Commission for Companies and the Stock Exchange with registered office in Rome, via G.B. Martini n. 3.
Edizione Contract	The agreement for the sales/purchase of investments signed on 10 April 2015 between CNRC and EDIZIONE having as its subject matter Edizione Investment and Schematrenatquattro Investment
SRF Contract	The investment contract signed on 5 June 2015 between SILK ROAD FUND, CHEMCHINA and CNRC having as its subject matter an investment of 25% by SILK ROAD FUND (through a vehicle company) in the share capital of SPV HK 2 and the consequent investment by SILK ROAD FUND together with CHEMCHINA and CNRC in the transaction governed by the Sales/Purchase and Joint Investment Agreement
Consideration	The Consideration for the Mandatory Offer and the Consideration for the Voluntary Offer
Consideration for the Mandatory Offer	The consideration offered by the Offerer under the Mandatory Offer amounting to Euro 15 for each Ordinary Share that will be offered in the Mandatory Offer and purchased by the Offerer.
Consideration for the Voluntary Offer	The consideration offered by the Offerer under the Voluntary Offer amounting to Euro 15 for each Savings Share that will be offered in the Voluntary Offer and purchased by the Offerer.
Closing Date	11 August 2015, the date on which (i) in performance of the Sales/Purchase and Joint Investment Agreement, the transaction for the acquisition of the Initial Investment by the Offerer was concluded, at a price amounting to Euro 15 per share, (ii) the Pirelli Shareholders Agreement was signed and (iii) the Communication of the Offerer was forwarded to Consob and made public.
Date of the Offer Document	The date of publication of the Offer Document pursuant to Article 38, paragraph 1 of the Issuers Regulations.
Right to Purchase Ordinary Shares	The right of the Offerer to purchase the remaining outstanding Ordinary Shares pursuant to Article 111, paragraph 1 of the

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Consolidation Act in the event that the Offerer and the Persons Acting in Concert (considered jointly pursuant to Article 109 of the Consolidation Act) become the holders of an investment equal to at least 95% of the ordinary share capital of the Issuer, as a result of the participation in the Mandatory Offer (including any Reopening of the Terms of the Mandatory Offer), of any purchases made outside the scope of the Mandatory Offer itself pursuant to the regulations in force during the Subscription Period (including any Reopening of the Terms of the Mandatory Offer) and/or of the performance of the Obligation to Purchase Ordinary Shares *ex* Article 108, paragraph 2 of the Consolidation Act. It is specified that for the purposes of calculating the thresholds foreseen under Articles 108 and 111 of the Consolidation Act, Own Ordinary Shares held by the Issuer will be counted in the investment of the Offerer (numerator) without being deducted from the share capital of the Issuer (denominator)

Offer Document

The offer document drawn up by the Offerer pursuant to Article 102 and ff of the Consolidation Act and the applicable provisions of the Issuers Regulations

EDIZIONE

Edizione S.r.l., a company under the law of Italy with registered office in Treviso, Via Calmaggione n. 23, enrolment number with the Registry of Enterprises of Treviso, Fiscal Code and VAT no. 00778570267.

Issuer or Pirelli

Pirelli & C. S.p.A., a company under the law of Italy with registered office in Milan, Viale Piero e Alberto Pirelli no. 25 enrolment number with the Registry of Enterprises of Milan, Fiscal Code and VAT no. 00860340157, with fully paid up share capital of Euro 1,345,380,534,66, represented by no. 475,740,182 ordinary shares and no. 12,251,311 savings shares, without nominal value and listed on the Telematic Share Market.

Maximum Aggregate Disbursement

The sum of the Maximum Disbursement of the Mandatory Offer and of the Maximum Disbursement of the Voluntary Offer amounting to Euro 5,648,691,780.00.

Maximum Disbursement of the Mandatory Offer

The maximum aggregate equivalent value of the Mandatory Offer calculated on the basis of the number of Ordinary Shares as at the Date of the Offer Document (including Own Ordinary Shares, CAM 2012 Exchangeable Investment, Edizione Investment and Schematrentaquattro Investment) which in the event of total subscription of the Mandatory Offer amounts to Euro 5,464,922,115.00.

Maximum Disbursement of the Voluntary Offer

The maximum aggregate equivalent value of the Voluntary Offer calculated on the basis of the number of Savings Shares as at the Date of the Offer Documents (including Own Savings Shares) which in the event of total subscription of the Voluntary Offer amounts to Euro 183,769,665.00.

Merger

Merger by incorporation of Pirelli into the Offerer.

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CNRC Group	CNRC and the companies directly and/or indirectly controlled by it.
Pirelli Group	The Issuer and the companies directly and/or indirectly controlled by it.
HOLDCO	Marco Polo International Holding Italy S.p.A., a company under the law of Italy with a sole partner with registered office in Milan, via San Primo no. 4 enrolment number with the Registry of Enterprises of Milan, Fiscal Code and VAT no. 09057800964.
Term Credit Line	The Credit line foreseen in the Bidco Senior Facilities Agreement referred to as “ <i>Term Facility</i> ” for a principal amount equal to Euro 4,200,000,000 intended for the purposes set forth under point 5.2 below.
LTI	Long-Term Investments Luxembourg S.A., a company under the law of Luxembourg with registered office at 412F, route d’Esch, L.2086, Luxembourg (Grand Duchy of Luxembourg), enrolled with the Registry of Commerce and Enterprises of Luxembourg under no. B-187332.
LTI ITA	LTI Holding S.r.l., a limited liability company with sole partner under the law of Italy with registered office in Milan, via Giosuè Carducci no. 32, enrolment number with the Registry of Enterprises of Milan, Fiscal Code and VAT no. 07794690961.
Telematic Share Market o MTA	The Telematic Share Market organised and run by Borsa Italiana
Mergeco Facilities Agreement	A financing contract for Euro 6,800,000,000 referred to as “ <i>Mergeco Facilities Agreement</i> ” which may be signed by the company resulting from the Merger with the Financing Banks within 5 working days with effect from the date of effect of the Merger
Monte Titoli	Monte Titoli S.p.A., with registered office in Milan, piazza degli Affari n. 6.
MTP&C	Marco Tronchetti Provera & C. S.p.A., a company under Italian law, with registered office in Milan, piazza Borromeo n. 12, enrolment number with the Registry of Enterprises of Milan, Fiscal Code and VAT no. 11963760159.
NEWCO	Marco Polo International Italy S.p.A., a company under Italian Law with registered office in Milan via San Primo n. 4, enrolment number with the Registry of Enterprises of Milan, Fiscal Code and VAT no. 09052130961.
NUOVE PARTECIPAZIONI	Nuove Partecipazioni S.p.A., a company under the law of Italy with registered office in Milano, piazza Borromeo n. 12, enrolment number with the Registry of Enterprises of Milan, Fiscal Code and VAT no. 08264530968.
Obligation to Purchas Ordinary Shares ex art. 108, paragraph 1, of the Consolidation Act.	The obligation of the Offerer to purchase the remaining Ordinary Shares from whoever so requests pursuant to Article 108, paragraph 1, of the Consolidation Act should the Offerer and the Persons Acting in Concert (considered jointly pursuant to Article 109 of the Consolidation Act) become the holders

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Obligation to Purchase Ordinary Shares ex art. 108, paragraph 2 of the Consolidation Act.	<p>of an aggregate investment amounting to at least 95% of the ordinary share capital of the Issuer as a result of the subscriptions to the Mandatory Offer (including any Reopening of the Terms of the Mandatory Offer) of any purchases made outside the Mandatory Offer itself pursuant to the regulations in force during the Subscription Period (including any Reopening of the Terms of the Mandatory Offer) and/or of the performance of the Obligation to Purchase Ordinary Shares ex art. 108, paragraph 2 of the Consolidation Act . It is specified that for the purposes of calculating the thresholds foreseen under Articles 108 and 111 of the Consolidation Act, Own Ordinary Shares held by the Issuer will be counted in the investment of the Offerer (numerator) without being deducted from the company capital of the Issuer (denominator).</p>
Offerer or BIDCO	<p>The obligation of the Offerer to purchase the remaining Ordinary Shares from whoever so requests pursuant to Article 108, paragraph 2, of the Consolidation Act, should the Offerer and the Persons Acting in Concert (considered jointly pursuant to Article 109 of the Consolidation Act) become the holder of an aggregate investment greater than 90% of the ordinary share capital of the Issuer but lower than 95% of the ordinary share capital of the same, as a result of the subscriptions to the Mandatory Offer (including any Reopening of the Terms of the Mandatory Offer) and of any purchases made outside the Mandatory Offer itself pursuant to the regulations in force during the Subscription Period (including any Reopening of the Terms of the Mandatory Offer) . It is specified that for the purposes of calculating the thresholds foreseen under article 108 of the Consolidation Act, Own Ordinary Shares held by the Issuer will be counted in the investment of the Offerer (numerator) without being deducted from the company capital of the Issuer (denominator).</p>
Mandatory Offer	<p>Marco Polo Industrial Holding S.p.A., a company under the law of Italy with sole partner and with registered office in Milan, via San Primo n. 4, enrolled with the Registry of Enterprises of Milan, Fiscal Code and VAT no. 09065250962.</p> <p>The total mandatory public offer to purchase Ordinary Shares launched by the Offerer pursuant to and for the purposes of Articles 106, paragraph 1-<i>bis</i>, and 109 of the Consolidation Act and the applicable implementation provisions contained in the Issuers Regulations, described in the Offer Document.</p>
Voluntary Offer	<p>The total voluntary public offer to purchase Savings Shares, whose effect is subject to the occurrence (or waiver) of the Voluntary Offer Condition, launched by the Offerer pursuant and for the purposes of Articles 102 of the Consolidation Act and the applicable implementation provisions contained in the Issuers Regulations, described in the Offer Document.</p>
Offers Opinion of the Independent	<p>The Mandatory Offer and the Voluntary Offer</p> <p>The grounded opinion containing the assessments in respect of</p>

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Directors	the Mandatory Offer and the adequacy of the Consideration for the Mandatory Offer approved on 2 September 2015, drawn up by the independent directors of the Issuer who are not related parties of the Offerer pursuant to Article 39-bis of the Issuer Regulations
CAM 2012 Investment	CAM 2012 Exchangeable Investment and the CAM 2012 Overcollateral Investment held by CAM 2012, which are the subject-matter of the Sales/Purchase and Joint Investment Agreement, corresponding: (i) at the date of the Sales/Purchase and Joint Investment Agreement to a total of 27,831,232 Pirelli ordinary shares representing, as at the same date, 5.85% of the ordinary share capital of the Issuer and 5.70% of the entire share capital of the Issuer, and (against the transfer of part of the additional shares to cover the conversion operation concluded in the meantime under the regulation of the CAM Convertible Loan) (ii) at the Closing Date to a total of 26,792,914 Pirelli ordinary shares representing, as at the same date, 5.63% of the capital with voting rights of the Issuer, and 5.49% of the entire share capital of the Issuer; as well as (iii) at the Date of the Offer Document to a total of 20,809,376 Pirelli ordinary shares, representing, as at the same date, 4.37% of the capital with voting rights of the Issuer and 4.26% of the entire share capital of the Issuer.
CAM 2012 Exchangeable Investment	The portion of the CAM 2012 Investment serving the CAM Convertible Loan corresponding (i) as at the date of subscription of the Sales/Purchase and Joint Investment Agreement to no. 13,199,032 Pirelli ordinary shares representing as at the same date 2.77% of the ordinary share capital of the Issuer and 2.70% of the entire share capital of the Issuer; and (against the transfer of part of the additional shares to cover the conversion operation concluded in the meantime under the regulation of the CAM Convertible Loan) (ii) at Closing Date to no. 12,160,714 Pirelli ordinary shares, representing as at the same date 2.56% of the capital with voting rights of the Issuer, as well as (iii) at the Date of the Offer Document to no. 6,177,176 Pirelli ordinary shares, representing, as at the same date, 1.30% of the capital with voting rights of the Issuer and 1.27% of the entire share capital of the Issuer.
CAM 2012 Overcollateral Investment	The portion of the CAM 2012 Investment securing the CAM Convertible Loan corresponding, as at the date of subscription of the Sales/Purchase and Joint Investment Agreement as well as at the Closing Date and at the Date of the Offer Document, to no. 14,632,200 Pirelli ordinary shares representing 3.08% of the ordinary share capital of the Issuer and 3.00% of the entire share capital of the Issuer.
Edizione Investment	No. 7,486,559 Ordinary Shares held directly by EDIZIONE as at the date of signing of Edizione Contract and which are the subject matter of the same representing as at the same date 1.57% of the ordinary share capital of the Issuer and 1.53% of

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Initial Investment	<p>the entire share capital of the Issuer.</p> <p>No. 96.779.841 Pirelli ordinary shares held directly by the Offer as at the Date of the Offer Document, representing as at the same date 20.34% of the ordinary share capital of the Issuer and 19.83% of the entire share capital of the Issuer, acquired by the Offerer as at the Date of the Closing in performance of the Sales/Purchase and Joint Investment Agreement.</p>
Schematrentaquattro Investment	<p>No. 14,434,805 Ordinary Shares held by SCHEMATRENTAQUATTRO as at the date of signing Edizione Contract and which are the subject matter of the same, representing as at the same date 3.03% of the ordinary share capital of the Issuer and 2.96% of the entire share capital of the Issuer purchased by the Offerer.</p>
Coinv/LTI Shareholders Agreement	<p>The shareholders agreement signed on the Date of the Closing by Coinv and LTI whose essential information published pursuant to Article 130 of the Issuers Regulations is shown in Appendix M6 to the Offer Document.</p>
Nuove Partecipazioni /Unicredit/ISP Shareholders Agreement	<p>The shareholders agreement signed as at the Date of the Closing by Nuove Partecipazioni (controlled by Marco Tronchetti Provera through MTP&C), UniCredit S.p.A. and Intesa Sanpaolo S.p.A. (with its subsidiary Manzoni S.r.l.) whose essential information published pursuant to Article 130 of the Issuers Regulations is shown in Appendix M7 to the Offer Document</p>
Pirelli Side Agreement	<p>The side agreement signed on the Closing Date by CHEMCHINA, CNRC, SPV HK 1, SPV HK 2, SPV LUX, CAMFIN, COINV, LTI ITA and LTI, whose essential information published pursuant to Article 130 of the Issuers Regulations is shown in Appendix M3 to the Offer Document</p>
Subscription Period	<p>The period agreed with Borsa Italiana running from 8:30 (Italian time) on 9 September 2015 and 17:30 (Italian time) on 13 October 2015, both dates included, during which it will be possible to subscribe to the Offers, save for any extensions of the Voluntary Offer in compliance with the applicable regulations.</p>
Persons Acting in Concert	<p>Taken together, the persons who act in concert with the Offerer pursuant to and for the purposes of Articles 101-bis and 109 of the Consolidation Act, that is CHEMCHINA, CNRC, SPV HK 1, SPV HK 2, SPV LUX, NEWCO, HOLDCO, CAMFIN, CAM 2012, COINV, LTI and LTI Ita; having reached or modified side agreements connected with or preparatory to the Offers, they are also deemed to be Persons Acting in Concert in connection with the SILK ROAD FUNS Offers, Intesa Sanpaolo S.p.A. and its subsidiaries (including Manzoni S.r.l.) as well as Unicredit S.p.A. and its subsidiaries .</p>
Schematrentaquattro Convertible Loan	<p>The bond loan convertible into Pirelli ordinary shares issued by SCHEMATRENTAQUATTRO on 29 November 2013 and referred to as “€200,000,000 0.25 per cent Exchange Bonds”.</p>
CAM Convertible Loan	<p>The bond loan convertible (<i>exchangeable</i>) into Pirelli ordinary shares issued by CAM 2012 on 26 October and referred to as</p>

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Joint Procedure	<p>“€150,000,000 5.625 per cent. Guaranteed Exchangeable Bonds due 2017 guaranteed by CAMFIN S.p.A.”.</p> <p>The joint procedure to fulfil the Obligation to Purchase the Ordinary Shares <i>ex</i> Article 108, paragraph 1 of the Consolidation Act and to exercise the Right to Purchase the Ordinary Shares to be agreed with Consob and Borsa Italiana pursuant to Article 50-<i>quinquies</i>, paragraph 1 of the Issuers Regulations.</p>
Borsa Regulations	<p>Regulations of Markets organised and run by Borsa Italiana resolved by the Board of Directors of Borsa Italiana on 7 November 2014 and approved by Consob by resolution no. 19101 dated 14 January 2015, in force as at the date of the Offer Document.</p>
Issuers Regulations	<p>The regulations implementing the Consolidation Act concerning governance of issuers and adopted by Consob resolution no. 11971 dated 14 May 1999 as subsequently amended and supplemented.</p>
CAMFIN Corporate Reorganisation	<p>The transaction for the reorganisation of the investment held by COINV, LTI and LTI ITA in CAMFIN and governed by the agreement signed between the same on 4 August 2015 and whose performance is subject to the occurrence of certain conditions precedent and upon conclusion of which: (i) COINV will be the holder of the entire share capital of CAMFIN, which in its turn will be the owner of a direct investment in NEWCO amounting to 64% of the investment previously held by CAMFIN in NEWCO (in addition to NEWCO shares subscribed to by CAMFIN, if any, in performance of the Additional Capital Increase), and (ii) LTI and LTI ITA will hold in the aggregate a direct investment in NEWCO corresponding to 36% of the investments previously held by CAMFIN in NEWCO (net of NEWCO shares, if any, subscribed to by CAMFIN in performance of the Additional Capital Increase).</p>
SCHEMATRENTAQUATTRO	<p>Schematrentaquattro S.p.A., a company under the law of Italy with sole partner with registered office in Treviso, Calmaggiore n. 23, enrolment number with the Registry of Enterprises of Treviso, Fiscal Code and VAT no. 03914040260.</p>
SILK ROAD FUND or SRF	<p>Silk Road Fund Co., Ltd., a company under the law of China with registered office in Beijing (People’s Republic of China), F210-F211, Winland International Finance Center Tower B, 7 Financial Street, district of Xicheng, enrolled with the registry of State Administration of Industry and Commerce of the People’s Republic of China under no. 100000000045300(4-1).</p>
SPV HK 1	<p>CNRC International Limited, a company under the law of Hong Kong (People’s Republic of China), with registered office in RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People’s Republic of China) enrolled with the Registry of Enterprises of Hong Kong under no. 2222516.</p>

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SPV HK 2	CNRC International Holding (HK) Limited, a company under the law of Hong Kong (People's Republic of China), with registered office in RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People's Republic of China), enrolled with the Register of Enterprises of Hong Kong under no. 2228664.
SPV LUX	Fourteen Sundew S. à r.l., a company under the law Luxembourg with registered office in Luxembourg (Grand Duchy of Luxembourg), rue Robert Stumper n. 7A, Luxembourg , L-2557, enrolled with the Register of Commerce and Enterprises of Luxembourg under no. B-195473.
Target Facilities Agreement	The loan agreement for Euro 2,400,000,000 referred to as " <i>Multicurrency Term and Revolving Facilities Agreement</i> " signed on 30 April 2015 between, <i>inter alios</i> , J.P. Morgan Limited (as " <i>Global Co-ordinator</i> "), J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (as " <i>Bookrunners</i> ") and BIDCO (as " <i>Initial Company</i> ") and which Pirelli may sign up as a result of the accomplishment of the acquisition of the Initial Investment.
Consolidation Act (on Finance) or TUF	Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented.

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PREAMBLE

A) The Offers

With the Release *ex* Article 102 of the Consolidation Act, on 11 August 2015, the Offerer made known to the market, pursuant to and for the purposes of Article 102 of the Consolidation Act and Article 37 of the Issuers Regulations: (i) that the legal conditions had been satisfied to launch a total Mandatory Offer pursuant to and for the purposes of Articles 102 and 106, paragraph 1-*bis* of the Consolidation Act having as its subject matter the totality of Ordinary Shares as well as (ii) the decision to launch a Voluntary Offer having as its subject matter the totality of Pirelli Savings Shares. The Release was also sent to the trade unions representatives of the Issuer.

The Offers have been launched by Marco Polo Industrial Holding S.p.A., a company indirectly controlled by CHEMCHINA, which is therefore to be deemed a person acting in concert (together with the other entities mentioned below) with the Offerer pursuant to Article. 101-*bis*, paragraph 4-*bis*, lett. B) of the Consolidation Act.

The Offers have been launched in Italy as the Shares are listed on the Telematic Stock Exchange and are addressed, on equal conditions, to all shareholders holding Shares.

The Offers have been launched in the United States pursuant to *Section 14(e)* of the *U. S. Securities Exchange Act* and *Regulation 14 E* adopted pursuant to the *U. S. Securities Exchange Act* and in any event at all times in compliance with the law of Italy. With respect to the direct notice given to holders of Shares resident in the United States of America, see point A.17 of the Offer Document.

The Offers have not and will not be launched or disseminated in Canada, Japan and Australia, nor in any other country where such Offers are not permitted without the authorisation by the competent authorities or other fulfilments by the Offerer (all the aforesaid countries, including Canada, Japan and Australia, referred to collectively as the “**Other Countries**”), nor using domestic or international communication or business instruments of the Other Countries (including, by way of example, the postal network, fax, telex, email, telephone and *internet*) nor through the organisation of any of the financial intermediaries of the Other Countries, nor in any other manner.

Subscription to the Offers by parties resident in countries other than Italy and the United States of America may be subject to specific obligations or restrictions provided for by law or regulations.

The **Mandatory Offer** has as subject matter a maximum of 364,328,141 Pirelli Ordinary Shares, representing 76.58% of the ordinary company capital of the Issuer, being the entire ordinary company capital of the Issuer after deducting (i) 96,779,841 Pirelli Ordinary Shares, representing 20.34% of the ordinary company capital of the Issuer, held by the Offerer as at the date of publication of the Offer Document, and (ii) 14,632,200 Pirelli Ordinary Shares representing 3.08% of the ordinary company capital of the Issuer, matching the CAM 2012 Overcollateral Investment, held by CAM 2012 at the date of publication of the Offer Document.

In accordance with what indicated by the Offerer in the Offer Document, as at the date of the Release, the Offerer held directly 96,779,841 Ordinary Shares (amounting to 20.34% of the company capital of Pirelli represented by Ordinary Shares and 19.83% of the aggregate company capital).

Pursuant to the regulations applicable to mandatory public offers of purchase, the Mandatory Offer is addressed without distinction and on equal conditions to all shareholders of the Issuer (within the limits specified in point F.4 of the Offer Document), is not subject to any conditions of effectiveness,

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is not subject to the achievement of a minimum threshold of subscription, is not conditional upon obtaining any authorisation. For a description of the judicial principles of the Offers and of the overall transaction, reference is made to the Offer Document and to point 3 of the Release.

It is specified that:

(i) CAMFIN has undertaken to procure that CAM 2012 will not offer in the Mandatory Offer but will assign and transfer to the Offerer, at a price equal to and not greater than the Consideration of the Offer, the Pirelli Ordinary Shares matching the CAM 2012 Overcollateral Investment and the CAM 2012 Exchangeable Investment (in the aggregate 27,831,232 shares corresponding to 5.85% of the ordinary capital and 5.70% of the aggregate company capital of the Issuer), in respect of which no right of conversion has been exercised pursuant to the regulations of the CAM Convertible Loan; the entire CAM 2012 Exchangeable Investment is in any event included in the subject matter of the Mandatory Offer since as at today's date it is not known if and how many holders of the CAM Convertible Loan will exercise the right to convert pursuant to the regulations of the CAM Convertible Loan; those who will exercise such right of conversion may offer in the Mandatory Offer Pirelli Ordinary Shares resulting from the conversion.

For the sake of completeness, it is specified that on 21 August 2015, Cam 2012 disclosed to the market its intention to early repay the Cam Convertible Loan pursuant to and for the purposes of the relevant regulations via publication of a specific notice (so-called *optional redemption notice*). The holders of the Cam Convertible Loan may exercise their right to convert into Pirelli ordinary shares by 7 September 3 2015. It is foreseen that the early repayment of the Cam Convertible Loan will be concluded on 21 September 2015.

(ii) on the basis of agreements reached between the parties EDIZIONE has undertaken to offer in the Mandatory Offer the Edizione Investment owned directly (7,486,559 Ordinary Shares representing, as at the date of execution of Edizione Contract 1.57% of the ordinary capital and 1.53% of the aggregate capital of the Issuer) and indirectly through SCHEMATRENTAQUATTRO (as at the above date, 14,434,805 Ordinary Shares representing 3.03% of the ordinary capital and 2.96% of the aggregate capital of the Issuer).

The **Voluntary Offer** has as its subject matter all 12,251,311 outstanding Pirelli Savings Shares.

The Voluntary Offer is subject to the condition (unless the Offerer waives such condition) that the number of Savings Shares offered in the Voluntary Offer together with the Savings Shares that may be purchased by the Offerer or Persons Acting in Concert (considered jointly pursuant to Article 109 of the Consolidation Act) outside the Voluntary Offer is such as to allow the Offerer and the Persons Acting in Concert (considered jointly pursuant to Article 109 of the Consolidation Act) to hold at the end of the Subscription Period as many Pirelli Savings Shares representing at least 30% of Pirelli company capital represented by Savings Shares. It is addressed (within the limits specified in point F.4 of the Offer Document) to all savings shareholders of the Issuer without distinction and on equal conditions

The aim of the Offers, as shown in the motivations and future plans of the Issuer as specified in the Offer Document (G.2) is to purchase the entire company capital of the Issuer and to obtain the delisting from the Telematic Share Market of the ordinary and savings shares of the Issuer. The Offer Document illustrates a number of scenarios that may occur for the shareholders of the Issuer not participating in the Offers or in one of them. Additionally, the Agreement and Pirelli Side Agreement, as also mentioned in the Offer Document, foresee a number of possible hypotheses of new admission to listing (cfr. Offer Documents and point 6 below).

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As already pointed out, the Offerer intended to launch the Mandatory Offer for Ordinary Shares of the Issuer concurrently with the Voluntary Offer for Savings Shares of the Issuer, although this is subject to the occurrence of the Condition of the Voluntary Offer, so as to allow holders of Savings Shares to dispose of their investment

So, on 11 August 2015 the Offerer circulated the Release pursuant to Article 102 of the Consolidation Act in which they gave notice of the obligation to launch the Mandatory Offer and of the decision to launch the Voluntary Offer submitting to Consob on 20 August 2015 the Offer Document pursuant to Article 102, paragraph 3 of the Consolidation Act.

The Offerer advised that: (i) CHEMCHINA, CNRC, SPV HK 1, SPV HK 2, SPV LUX, NEWCO, HOLDCO, CAMFIN, CAM 2012, COINV, LTI, LTI L ITA, SILK ROAD FUND, Intesa Sanpaolo S.p.A. and its subsidiaries (including Manzoni S.r.l.) and UniCredit S.p.A. and its subsidiaries are to be deemed the persons acting in concert with the Offerer pursuant to and for the purposes of Articles 101-bis and 109 of the Consolidation Act. For further details see point B.3 of the Offer Document; (ii) as regards the agreements between the Parties, in any case, the joint obligation to launch the Mandatory Offer incumbent on the Offerer and The Persons Acting in Concert, pursuant to Articles 106 and 109, paragraphs 1 and 3 of the Consolidation Act, has been fulfilled by the Offerer.

B) The aim of this Release

This Release has been issued pursuant to and for the purposes set forth in Article 103, paragraph 3 and 3-bis, of the Consolidation Act and Article 39 of the Issuers Regulations. It contains in summary all the data useful for evaluating the Offer and the assessment of Board of the same, as well as an assessment of the effects that the success of the Offer would have on the interests of the enterprise, on employment, and on the location of production sites.

All without prejudice in any event to the fact that for full awareness of all the preconditions, terms and conditions of the Offers reference is to be made exclusively to the Offer Document and what is attached and incorporated therein.

Therefore, this Release has the aim to enable the shareholders to whom the Offers are addressed to exercise an informed choice.

This Release is not, and cannot be deemed as, a recommendation either to accept or not to accept the Offers, and it does not replace the opinion of each individual shareholder as to the acceptance of the Offers.

C) The Mandatory Offer and art. 39-bis of the Issuer Regulations

The Mandatory Offer falls within the cases envisaged by Article 39-bis of the Issuers Regulations and hence requires the grounded opinion of the independent Directors of the Issuer, such opinion was issued on 2 September 2015 and is attached hereto.

The opinion of the depended directors concludes with the following considerations:

- i. the Mandatory Offer is compliant with the rules imposed by the legal regime for mandatory public offers of purchase, as it contains no accessory or incidental elements affecting its essential content;
- ii. the consideration for the Mandatory Offer is adequate;
- iii. the Voluntary Offer is compliant with the legal discipline governing it;
- iv. the consideration for the Voluntary Offer is adequate

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D) The documentation analysed by the Board of Directors.

The Board of Directors in expressing its assessment on the Offers and on the adequacy of the Consideration, and in order to approve of this Release, for the purposes of acquiring a complete and analytical awareness of all the conditions of the Offer, has examined, in addition, obviously, to the half-year Report as of 30 June 2015 and the various public documents in respect of the Issuer, the following documentation:

- the Notice *ex* Article 102 of the Consolidation Act whereby the Offerer disclosed the obligation to launch the Offer Pursuant to Article 106, paragraph 1-*bis*, of the Consolidation Act;
- the Offer Document as submitted by the Offerer to Consob on 20 August 2015 and forwarded to the Issuer on the same day, in the versions from time to time modified during the course of the Consob examination and forwarded to the Issuer in its final version on 4 September 2015;
- the *fairness opinions* drawn up by the *financial advisers* Deutsche Bank AG (“**DB**”) and Goldman Sachs International (together with its group companies, “**Goldman Sachs**” or “**GS**”), appointed - taking into account the absence of economic, capital, financial relationships that may affect their independence - by the Board on 23 June 2015; said fairness opinion are wholly attached hereto and have been prepared, among other things, in the light of the 2014-2017 plan of the Issuer and the projections for the years 2018 and 2019 drawn up with methodologies in common use and approved by the Board and attached hereto (cfr. Paragraph 3-bis)
- the Opinion of the Independent Directors, including the opinion of the independent expert appointed by the same Independent Directors pursuant to Article 39-*bis*, paragraph 2 of the Issuers Regulations and attached thereto;
- the Sales/Purchase and Joint Investment Agreement and Side Agreements disclosed to the public;
- The “*bank book*” concerning the financing of the overall transaction as forwarded by the Offerer.

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1. Description of the meeting of the Board of Directors

1.1. Participants in the meeting of the Board of Directors

The meeting of Board of Directors of 2 September 2015, in which the Voluntary and Mandatory Offer was examined and the Release of the Issuer was approved pursuant to Articles 103, paragraph 3 and 3-bis of the TUF and 39 of the Issuers Regulations, was attended, in person or by means of audio-conference, by the following directors :

Role	Name and surname
Chairman and CEO	Marco Tronchetti Provera
Deputy Chairman	Alberto Pirelli
Director	Artoni Anna Maria
Director	Casimiro Didier
Director	Lazarev Petr
Director	Magistretti Elisabetta
Director	Paul Pietrogrande
Director	Luigi Roth
Director	Manuela Soffientini
Director	Igor Soglaev

The following directors justified their absence: Ivan Glasenberg, Andrey Kostin and Igor Sechin, moreover, the latter transmitted to the Board of Directors a declaration whereby he shared and approved the content of this Release.

The following persons attended, in person, for the board of statutory auditors: Francesco Fallacara (Chairman), Antonella Carù and Fabio Artoni, therefore the entire Board.

It should be noted that the independent directors are Anna Maria Artoni, Ivan Glasenberg, Andrey Kostin, Elisabetta Magistretti, Paolo Pietrograndi, Luigi Roth and Manuela Soffientini and that the Lead Independent Director pursuant to Article 2.C.3 of the Code of Conduct is Luigi Roth.

1.2. Specification of ones' own or third parties interest regarding the Offer

At the beginning of the discussion of the item on the agenda regarding the examination of the Offers and approval of the Release of the Issuer, the directors present personally , Marco Tronchetti Provera, Alberto Pirelli and Elisabetta Magistretti reasserted (having already given notice thereof at the board meeting of 31 March 2015) to represent their own as well as third parties' interests regarding the Offers also pursuant to Article 2391 of the Italian Civil Code and Article 39, paragraph 1, letter b), of the Issuers Regulations, and specifically:

- Marco Tronchetti Provera, Chairman and CEO: controlling shareholder through NUOVE PARTECIPAZIONI of COINV, holding 50% of CAMFIN, the latter acting together with the Offere; Vice Chairman of Mediobanca, one of the banks belonging to the *consortium* of companies through which the transaction is financed; Chairman of NUOVE PARTECIPAZIONI and COINV; appointed as Managing Director of the Offerer at the Closing Date; having a personal interest in the covenants of Pirelli Side Agreement;
- Alberto Pirelli, Vice Chairman: shareholder and director of NUOVE PARTECIPAZIONI, appointed director of the Offerer as at the Closing Date

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- Elisabetta Magistretti, director: independent director of Mediobanca with no executive office.
It must be further pointed out that Fabio Artoni, standing statutory auditor of the Issuer (and of other subsidiaries) is also a standing statutory auditor of the Offerer.
It is finally specified that, since the first announcement of the transaction (Board Meeting of 31 March 2015), the Chairman and CEO Marco Tronchetti Provera declared that he was no to play no role in the transaction on behalf of Pirelli.

1.3. Participation in the negotiations

The companies mentioned in Section 1.2 above, in which the Chairman Chief and Executive Officer, holds offices for various reasons (and in some of them, Marco Tronchetti Provera has the role of controlling or co-controlling shareholder), participated in the negotiations which led to the transaction and therefore to the Agreement, the Shareholders Agreements, the Offers, being parties to the Agreement and/or Shareholders Agreements and/or to the various financing that are functional for the transaction. Also Marco Tronchetti Provera took part personally in negotiations. As far as known no other directors took part in the negotiations. With respect to the interests held by the individual directors reference is to be made to paragraph 1.2 above.

1.4. Outcome of the meeting of the Board of Directors

The Board of Directors has approved this Release of the Issuer with the affirmative vote of all directors participating in the meeting, with the exception of the Chairman and Chief Executive Officer Marco Tronchetti Provera, who, although present, did not take part in the discussion of the board and in the relevant voting, by reason of the situations set forth above under points 1.2. and 1.3.
The Board of Directors has also mandated the Vice Chairman Alberto Pirelli, with power to subdelegate, to take care of the publication of the Release of the Issuer and of all the formalities required by law and to make the appropriate or necessary modifications and additions to the Release as requested by Consob or by any other competent authority or to update it as necessary due to changes in the information reported in the Release pursuant to Article 39, paragraph 4, of the Issuers Regulations.

2. Data and preliminary elements for the Offers' assessment. The complex transaction in which the Offers are included. The Agreement and the Shareholders Agreement

2.1. Premise

The Offers are linked to a complex transaction announced, in its essentials, by the Release circulated pursuant to Article 114 of TUF on 22 March 2015. This transaction is governed by the Sales/Purchase and Joint Investment Agreement signed on 22 March 2015 between CHEMCHINA and CNRC, of the one part, and CAMFIN, COINV and LTI, of the other part, subsequently amended and supplemented on 5 August 2015.

For the purpose of this Release the COINV/LTI Shareholders Agreement and, above all, the Pirelli Shareholders Agreement are of particular importance and their essential aspects are the subject-matter of a specific information in the Offer Document (Appendix M.3) and can be consulted at the Register of Enterprises where they were filed in the final version on 12 August 2015 (and previously on 27 March 2015) . It is specified that Pirelli Shareholders Agreement provides for covenants concerning

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the adoption of new texts of Pirelli corporate by-laws depending on the outcome of the Offers (see Offer Document, point G.2.7).

An abstract of the Agreement in its original drafting, containing the significant provisions pursuant to Article 122, paragraph 1 and 5 of the Consolidation Act, was also filed on 27 March 2015 with the Register of Enterprises; the essential information concerning the provisions on shareholders (as well as those relating to the Pirelli Shareholders Agreement, attached to the Sales/Purchase and Joint Investment Agreement) were published on the same date on the website www.pirelli.com pursuant to Article 130 of the Issuers Regulations and subsequently updated on 13 August 2015, in accordance with the subscription of the Pirelli Shareholders Agreement on the Closing Date.

The Agreement and the Shareholders Agreements are essential, among other things, in order to assess the Offer and its consequences in terms of *governance* of the Issuer and of the corporate instruments which form and, if the Bid is successful, will form its chain of control, of future prospects of the Issuer, of the possibility of new admission to listing.

2.2. Some essential data of the Agreement

The Agreement governs the terms and conditions, among other, for:

- (i) The acquisition by the Offerer, subject to the occurrence of the customary conditions for transactions of this type (such as the approval of the relevant antitrust authorities and of other relevant authorities), at a price equal to Euro 15 for each Pirelli ordinary share ("ex dividend", thus excluding the coupon for the dividend approved by the shareholders' meeting of the Issuer on 14 May 2015 and paid on 20 May 2015), acquisition of:
 - (x) 96,779,841 Pirelli Ordinary Shares, representing 20.34% of the ordinary share capital of the Issuer and 19.83% of the entire share capital of the Issuer, held directly by CAMFIN,as well as, as far as possible, as stated below,
 - (y) 27,831,232 Pirelli Ordinary Shares, representing 5.85% of the ordinary share capital of the Issuer and 5.70% of the entire share capital of the Issuer, at that time held by CAM 2012, a fully owned subsidiary of CAMFIN, out of which (a) 13,199,032 Pirelli Ordinary Shares, representing 2.77% of the ordinary share capital of the Issuer and 2.70% of the entire share capital of the Issuer, used for a CAM 2012 Bond Loan on 26 October 2012, and (b) 14,632,200 Pirelli Ordinary Shares, representing 3.08% of the ordinary share capital of the Issuer and 3.00% of the entire share capital of the Issuer, to secure the Convertible CAM Loan;
- (ii) the reinvestment of a part of the income from the sale of the Initial Investment by CAMFIN (and also by LTI and LTI ITA even if they are no longer members of CAMFIN) in NEWCO, under the same CNRC terms and conditions;
- (iii) at the same time of the accomplishment if the sale under point (i), the entry into by CHEM CHINA, CNRC, SPV HK 1, SPV HK 2 and SPV LUX, CAMFIN, COINV, LTI and LTI ITA, of the Pirelli Shareholders Agreement containing provisions regarding, among other things, the *corporate governance* of Pirelli, NEWCO, HOLDCO and of the Offerer, as well as the transfer of the relevant shares;

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- (iv) following the completion of the sale under point (i) and the simultaneous signing of Pirelli Shareholders Agreement, the submission by the Offerer of the Mandatory Offer and the Voluntary Offer, with the aim of acquiring the entire share capital of the Issuer or otherwise obtaining the delisting of Pirelli Ordinary and Savings Shares from the Telematic Share Market.

On 10 April 2015, CNRC and EDIZIONE signed a contract having as its subject matter Pirelli holding owned by EDIZIONE, directly and indirectly through SCHEMATRENTAQUATTRO, as already communicated to the market. As stated in the Recitals of this Release, EDIZIONE undertook to offer in the Mandatory Offer the aforesaid interest.

On 11 August 2015 the legal preconditions for the submission of the Mandatory Offer were met since all the conditions precedent in the Agreement occurred:

- (i) the Offered acquired the Initial Investment from CAMFIN at a price of Euro 15 for each Pirelli Ordinary Share;
- (ii) CAMFIN has reinvested part of the profits of the sale of the Initial Investment in NEWCO, by subscribing to a first *part* of a NEWCO capital increase reserved for CAMFIN, as a result of which CAMFIN acquired an interest equal to 35% of NEWCO's capital;
- (iii) CHEM CHINA, CNRC, SPV HK 1, SPV HK 2 and SPV LUX, CAMFIN, COINV, LTI and LTI ITA signed the Pirelli Shareholders Agreement; it should be noted that, effective from the Closing Date, the Initial Investment (at the Closing Date amounting to 20.34% of the ordinary share capital of the Issuer) as well as the remaining CAM 2012 Investment (at the Closing Date amounting to 5.63%, against the transfer of part of the additional shares to cover the conversion operation concluded in the meantime under the regulation of the CAM Convertible Loan), at the Closing Date amounting to 25.97% of the ordinary share capital of the Issuer will be considered subject to the Pirelli Shareholders Agreement;
- (iv) the new Board of Directors of the Bidder is made up of the following persons: Bai Xiping (Chairman), Marco Tronchetti Provera (CEO), Yang Xingqiang, Shi Jie, Ze'ev Goldberg, Wang Dan, Jiao Chonggao, Yang Xun, Zhang Haitao, Giorgio Luca Bruno, Carlo Acutis, Alberto Pirelli, Luca Rovati, Viacheslav Sheloputov, Nataliya Mincheva and Gennady Pavlov. It is to be noted that Marco Tronchetti Provera and Alberto Pirelli are also directors of the Issuer.

As stated earlier, the Offerer has launched, simultaneously, the Mandatory Offer for the Ordinary Shares of the Issuer, as well as the Voluntary Offer for the Savings Shares of the Issuer, although the latter is subject to the occurrence of the Voluntary Offer Condition.

For the sake of completeness, it is stated that, on 5 June 2015 CHEM CHINA and CNRC entered into with SILK ROAD FUND an investment contract having as its subject-matter an investment by SILK ROAD FUND (through one of its subsidiaries) to an extent equal to 25% of the share capital of SPV HK 2 and the consequent participation of SRF, with CHEM CHINA and CNRC, in the transaction governed by the Sales/Purchase and Joint Investment Agreement.

2.3. Pirelli ownership structure on the Date of the Offer Document

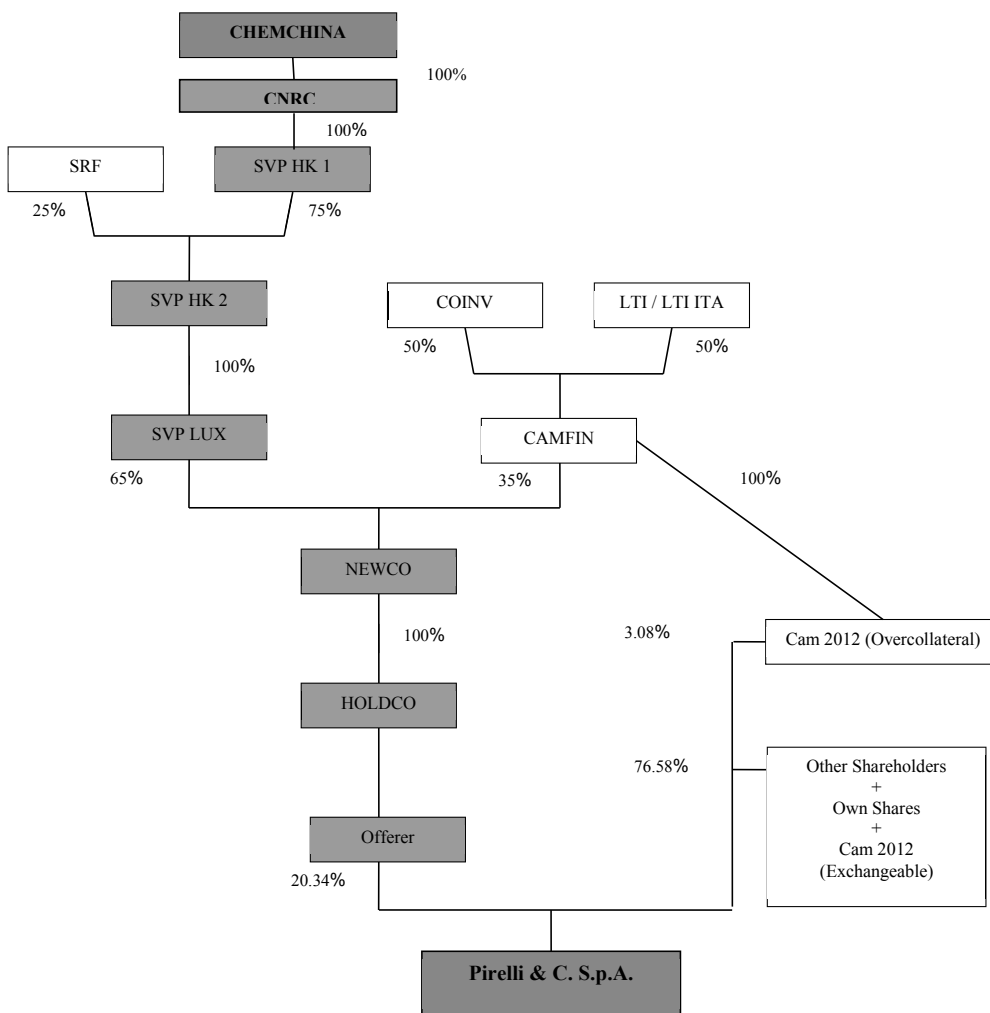
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As a result of the Agreement, on the Date of the Offer Document, Pirelli's shareholding structure starting from the Offerer is shown in the graph below. For a better identification of the participants in the chain reference is to be made to the Definitions and the following is to be noted.

- (i) the share capital of the Offerer is fully owned by HOLDCO;
- (ii) the share capital of HOLDCO is fully owned by NEWCO, whose capital is owned:
 - as to 65% indirectly by CNRC, through SPV Lux, a company under the law of Luxembourg, whose share capital is fully owned by a Hong Kong company, SPV HK 2, owned in its turn **(i)** as to 75% by CNRC (through SPV HK 1 - another Hong Kong company fully owned by CNRC) and **(ii)** as to 25% by SRF, through one of its subsidiary;
 - as to 35% by CAMFIN, whose share capital is in turn held **(i)** as to 50.00% by COINV, controlled by NUOVE PARTECIPAZIONI, owning 76% of the share capital, and by UniCredit S.p.A. and Intesa Sanpaolo S.p.A. (through the subsidiary Manzoni S.r.l.), each owning 12% of the share capital; NUOVE PARTECIPAZIONI is a company under Italian law controlled by Mr. Marco Tronchetti Provera (Chairman and Managing Director of Pirelli) through MTP&C, a company under Italian law; **(ii)** as to 25.94% by LTI, whose share capital is fully and indirectly owned by the mutual closed investment fund called "RFR Long-Term Investments", managed by the management company "RegionFinanceResurs Management Company" through Long-Term Investments LLC, a Russian company and **(iii)** as to 24.06% d by LTI ITA.

Pirelli's current shareholding structure, resulting from the Agreement, is the following:

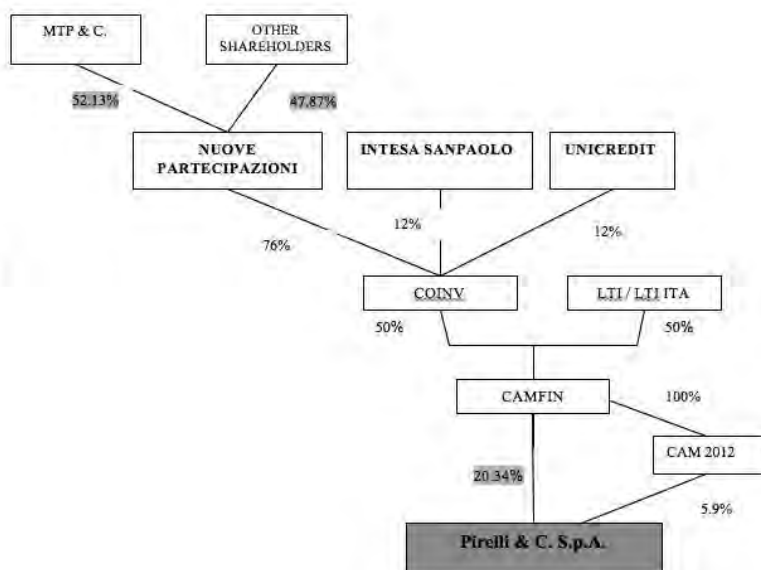
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2.4. Pirelli’s shareholding structure as at the date of the signing of the Agreement

At the date of the signing of the Agreement, Pirelli’s shareholding structure, with regard to the relative majority shareholder CAMFIN, was the following:



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2.5. Shareholders' Agreements

Excerpts from the Shareholders' Agreements are attached to the Offer Document to which you are referred to.

It is however useful to mention the content of CAMFIN press release of 22 March 2015 in such respect, which reports that the agreements concern:

- (i) the *governance* and the structure of Pirelli Board of Directors and of the relevant companies in the scenario of the delisting from the Telematic Share Market of the ordinary and savings shares of the Issuer;
- (ii) a special *quorum* for the resolutions of the relevant governing bodies on specific issues;
- (iii) Marco Tronchetti Provera's role as leader of the managerial *team* and as guarantor of the continuity of Pirelli's corporate activities;
- (iv) the appointment of Pirelli Chairman by CNRC, vested with powers of legal representation, while Marco Tronchetti Provera will be CEO and Executive Vice Chairman of the Pirelli Group;
- (v) provisions on the transfer of shares, including: (a) a 5 year *lock-up* on NEWCO, (b) permitted transfers as well as (c) a holding in NEWCO which can be transferred by CNRC up to 14.9%; such holding can be transferred to a maximum of 3 investors (which are not parties related to CNRC or CAMFIN or LTI) designated by CAMFIN starting from the end of the twelfth month and until the end of the eighteenth month following the Offer, or by CNRC starting from the nineteenth month and until the end of the twenty-fourth month following the Offer, provided that CNRC's holding in NEWCO is never reduced below 50.1%;
- (vi) Pirelli's new listing through an IPO scheduled within the fourth year after the transaction.

Also, special rights are contemplated in the following cases:

- a) Pirelli is no longer listed and the IPO is not completed within four years: put *option* in favour of CAMFIN and LTI exercisable at a price equal to CAMFIN reinvestment less the dividends and the distributions. If the put *option* is not fully exercised, call *option* in favour of CNRC;
- b) Pirelli is still listed: non-proportional demerger from the controlled instrument to CNRC and CAMFIN at the request of CAMFIN or LTI at the end of the fourth year following the transaction. If the demerger is requested by CAMFIN or LTI, CNRC is entitled to a call *option*.

3. The Offerer. Action in concert

The Offeree, named Marco Polo Industrial Holding S.p.A., is a company under Italian law indirectly controlled by CHEMCHINA through CNRC.

For the Offerer's holding chain see paragraph 2.3 above. The CHEMCHINA/CNRC Group to which the Offerer belongs is related to the central government of the Peoples' Republic of China. In fact, CHEMCHINA, set up in 2004 in the context of the reorganisation of the subsidiaries controlled by the former Ministry of Chemical Industry of the People's Republic of China, is a "state-owned enterprise" (SOE) related to the Central Chinese Government, which exercises its rights through a government agency, the "State-owned Assets Supervision and Administration Commission of the State Council" ("SASAC") of the Peoples' Republic of China. CHEMCHINA has decision-making powers independent from SASAC since, according to the applicable law, the latter is bound to respect the independence of CHEMCHINA and not to interfere with the production activities and operations of

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CHEMCHINA and its subsidiaries. SASAC is only authorised to carry out the activities of an investor.

CHEMCHINA rubber products and tires business unit is run by CNRC and the CNRC Group.

For information about the business activities, size, performance of CHEMCHINA and the CNRC Group see the Offer Document (points B.1.8 and following) and, regarding the reasons, objectives, effects of the Offers, see point 4 of this Release.

CHEMCHINA, like CNRC, SPV HK 1, SPV HK 2, SPV LUX, NEWCO and HOLDCO, companies through which CHEMCHINA controls the Offer, are to be considered, as already pointed out, persons acting in concert with the Offerer pursuant to Article 101*bis*, Paragraph 4*bis*, letter b), of TUF.

In addition, again as already pointed out, the following should be considered as persons acting in concert with the Bidder pursuant to Article 101*bis*, paragraph 4-*bis*, letter a) of TUF, as signatories of the Pirelli Shareholders Agreement:

- CAMFIN;
- COINV;
- LTI;
- LTI ITA.

Finally, it should be once again reminded that, having reached or amended the shareholders agreements connected with or preparatory to the Offers, SILK ROAD FUND, Intesa Sanpaolo S.p.A. and its subsidiaries (including Manzoni S.r.l.) as well as UniCredit and its subsidiaries are also to be deemed Persons Acting in Concert with the Offerer pursuant to Article 101-*bis*, paragraph 4-*bis* lett. A) of the Consolidation Act.

3-bis. The Issuer

For information on the profits, performance, prospects and significant events of the Issuer please see the Offer Document (B.2) as well as the documentation published on the website of the Company www.pirelli.com.

Reference is also made to the half-yearly consolidated situation of the Issuer as at 30 June 2015 circulated on 6 August 2015. No material facts are reported that are not indicated in the aforesaid half-yearly situation with the exception (press release of 13 August 2015) of the convening of the general meeting of holders of bonds due in 2016 and 2109 to resolve upon a number of proposals to modify loan regulations. More specifically holders of 2016 bonds will be requested to amend the loan regulations, especially in the part relating to change of material shareholding occurred on 11 August 2015. Should the General Meeting of Holders of 2016 Bonds not approve such proposals, the Issuer reserves the right of early reimbursement of 2016 Bonds by exercising the call option provided for to its benefit by the relevant *terms and conditions*. For information in respect of the general meetings of Bondholders reference is to be made to paragraph 5.1 and the documentation published on the website of the Company www.pirelli.com.

The documents containing the projections for the years 2018 and 2019 drawn up with methodologies in common use and shared by the Board of Directors is also attached hereto.

4. Motivations of the Offers and participations of the Issuer

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4.1. Motivations, effects

As stated from the very first communication of the Agreement (22 March 2015), the objective of the Offerer is to acquire Pirelli's entire share capital and obtain the delisting from the Telematic Share Market of all ordinary and savings shares.

Indeed, the Offerer deems that the delisting from the Telematic Share Market of the shares of the Issuer will increase the operational and decision-making flexibility required for the realization of the long term industrial *partnership* among CNRC, CAMFIN and LTI envisioned for Pirelli in the Sales/Purchase and Joint Investment Agreement. On the issue the Offerer further specified that such industrial partnership may be successfully achieved even without delisting, in compliance with the applicable procedures, being it a project with great industrial value and considering the presence of a shareholder which will be holding a relevant interest in the capital with voting rights of Pirelli.

The Offerer also declared that:

- the objective of *the partnership*, which will create a world *leader* in the sector of industrial tires, is the strengthening of Pirelli's development plans and business expansion in Asia, a geographically strategic area characterised by strong growth;
- the *partnership* is based on the continuity of Pirelli's business and *entrepreneurial* activities. Indeed the parties have acknowledged the central role of the *top management* of the Issuer as a key element of its success, its growth and its activities;
- the activities and the *know-how* which make Pirelli one of the global *leaders* of the sector will remain a central element of the *partnership* itself: Pirelli's Centre for Research and Development and Pirelli's *headquarters* will remain located in Italy.

See also the lines of the reorganisation project at point 4.2 below and in the Offer Document (point G.2.5).

Finally, the Offerer points out that at the Date of the Offer Document there is no plan to reduce the workforce of the Pirelli Group.

4.2 Possible restructuring and reorganisation. Possible Mergers

The Offerer declares that should the delisting from the Telematic Share Market of ordinary shares be achieved, or should the Offerer acquire upon conclusion of the Offers, an investment in the ordinary share capital of the Issuer anyway sufficient to pass the relevant resolution in the extraordinary General Meeting, the parties to the Pirelli Shareholders Agreement intend to proceed with the Merger, upon conclusion of the Offers and in compliance with the discipline and procedures of corporate governance applicable, that is the merger by incorporation of Pirelli into the Offerer.

The starting of the procedure relating to the Merger (in the event BIDCO achieves a holding equal to 55% of the capital with voting rights in Pirelli) is one of the obligations provided for pursuant to the *Bidco Senior Facilities Agreement* (cfr. Point G.1 of the Offer Document). The parties to the Pirelli Shareholders Agreement will assess the possibility of proceeding with the merger by incorporation of the company resulting from the Merger (or, in case of failure, the incorporation of the Offerer alone) in HOLDCO, if allowed by the Financing Banks pursuant to the *Bidco Senior Facilities Agreement*.

It is to be noted that, if the preconditions exist, the Merger will be approved and implemented in compliance with the procedure provided for by Article 2501-*bis* of the Civil Code (see moreover points 5.2 and 5.4 below of this Release).

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It is also to be noted that the Sales/Purchase and Joint Investment Agreement contemplates a project for the industrial reorganisation and enhancement of the Issuer to be achieved also through: (i) the completion by Pirelli of the industrial reorganisation project already commenced in performance of the Industrial Plan 2013-2017) and which is aimed at giving autonomous importance to the *Industrial tyre* segment (including the necessary R&D resources) also through a separate entity controlled by the Issuer (“**Pirelli Industrial**”); (ii) the further addition to Pirelli Industrial of a number of strategic assets owned by CNRC (the “**Strategic Assets of CNRC**”); and (iii) the further integration of Pirelli Industrial with Fengshen Tires Stock Limited Company (“**Aeolus**”) a company listed and invested in by CNRC (jointly the “**Industrial Reorganisation**”).

The actual achievement of this project for Industrial Reorganisation will be subject to the fulfilments required by the applicable regulations and procedures of corporate governance, including those relating to transactions with related parties applicable to (i) Pirelli, should Pirelli (or the Offerer in the event of Merger) remain listed and (ii) Aeolus, being also a listed company in China. None of the stages of the Industrial Reorganisation has yet been examined or resolved by the competent bodies of the companies involved. On 10 April 2015 Pirelli and CNRC entered into a confidentiality agreement with the purpose of allowing a number of preliminary activities ancillary for the implementation of the Industrial Reorganisation.

For further details on the possible Industrial Reorganisation reference is made to the Offer Document (G.2.5). CAMFIN and CNRC have also undertaken to procure that the directors respectively appointed by the same promote, support and vote in favour of each stage of the Industrial Reorganisation, at all times in compliance with the applicable laws and procedures of corporate governance.

Again, attention is drawn in this regard to the fact that the Offerer, while underlining the advantages that may derive from possible integration of Pirelli Industrial and the Strategic Assets of CNRC and Aeolus, evaluates the process as being “long and challenging”.

As at the Date of the Offer Document no further restructuring and/or reorganisation operations are envisaged upon conclusion of the Offers in connection with the Issuer (such as mergers, spin-offs, contributions or assignment of lines of business).

The Merger will entail, for the shareholders who did not subscribe to the Offers, the consequences (including also the possibility of a new admission to listing) set forth under point 6.5 hereof.

For the effects of the Merger on indebtedness of the company resulting from the merger and on loan agreements and sureties in force and on any need to enter into new loan agreements, reference is made to point 5.4 of this Release and more in general to point G.2.3 of the Offer Document.

4.3. Board’s assessments

The Board of Directors of the Company believes that Pirelli’s further growth in the “APAC” (Asia – Pacific) region through a greater distribution capacity of its own tires, as well as the creation, according to the process already started and disclosed to the market, of a *Industrial Joint Venture* allowing the further development of the Industrial *segment* are consistent with the public development strategy defined in the 2013-2017 Business Plan, as subsequently updated.

Pirelli Board of Directors also believes that the shareholders agreement signed by the Offer is consistent with Pirelli’s strategic positioning and with the further development of its *brand* in the parts in which such shareholders agreement provide for managerial continuity for the next 5 years as well as the need for specific majorities (90%) to amend the corporate headquarters and the Research & Development activities.

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However in order to adequately assess the synergistic and development prospects resulting from the Offers as presented by the Offer, reference is also made to the information regarding the business activity and the assets and financial situation of the CNRC group contained in the Offer Document (B.1.8 and following).

The main products of the CNRC Group include radial tires for commercial vehicles and buses (TBR), radial car tires (PCR), conventional tires, rubber conveyor belts, flexible brake hoses and car services. With a total capacity of over 16 million TBR tires, PCR tires and off-the-road "*giant*" tires (OTR), the CNRC Group is one of the leading tire manufacturers in China: it is the largest manufacturer of *off-the-road* tires, one of the leading manufacturers of TBR tires and the leading manufacturer of flexible brake hoses and high strength conveyor belts in China. For many years the CNRC Group has been the supplier of the main Chinese manufacturers of passenger cars and commercial vehicles and sells its own products in over 140 countries worldwide. Its main countries of destination are the United States, the European Union, Australia, Japan and Russia. In addition, CNRC owns a 42.58% interest in the Fengshen Tires Stock Limited Company (AEOLUS) company, listed on the Shanghai Stock Exchange.

The brand portfolio of the CNRC Group includes Aeolus, Yellow Sea, Guilin, Double Happiness, Rubber Six and 7425, out of which Aeolus, Yellow Sea, Guilin and Double Happiness are *leader* brands in the field of industrial tires and Rubber Six and 7425 are respectively the *leaders* on the market of rubber conveyor belts and the main manufacturer of flexible brake hoses in China.

In 2014 the CNRC Group recorded assets amounting to RMB 17.2 billion and it closed the fiscal year with a turnover of RMB 11.5 billion.

The CHEMCHINA Group, which controls the CNRC Group, headquartered in Beijing, is the most important company in the Chinese industrial chemical sector. In 2014 it ranked 276 on the Fortune 500 companies list. In 2014 it recorded assets amounting to RMB 272.1 billion and closed the fiscal year with a turnover of RMB 257.6 billion.

These data, considered in the context of the data provided by the Offer Document (B.1.10) regarding the CNRC Group and CHEMCHINA allow us to have a positive view of the stability and development prospects of the *partnership* envisaged with the Offers, while it is natural that the industrial, financial, market, systemic risks connected with the traceability of the Bidder to the central government of a State are still present.

The Board of Directors additionally reasserts not to have conducted, for the time being, any analysis or taken any decision concerning the integration hypothesis included in the Industrial Reorganisation envisaged by the Offerer (that is the integration of Pirelli Industrial with certain strategic assets belonging to CNRC, as well as the further integration of Pirelli Industrial with Aeolus), without prejudice instead to the process already started by the Issuer as provided for in the 2013-2017 industrial plan aimed at giving autonomous importance to the *Industrial* segment

5. Financial profiles

5.1. The financial situation of the Issuer as of the Date of the Offer Document and the effects of the Agreement and the Offers on this financial situation (article 39, paragraph 1, letter h of the Issuers Regulations)

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The consolidated financial situation of the Issuer shown in the half-year report on 30 June 2015 was summarised in the related press release as follows.

“At a consolidated level revenues as at 30 June 2015 amount to 3,178.5 million euros with a growth of 6.4% as compared to the 2,986.9 million euros of the first half-year 2014 (+3.2% excluding exchange effects, favourable for + 3.2%)

The gross operating margin (EBITDA) before restructuring charges amounts to 609.6 million euros, growing by 4.6% as compared to the 582.8 million euros of the same period of 2014.

The operating result (Ebit) before restructuring charges amounts to 451.4 million euros, growing by 2.8% as compared with the 438.9 million euros from the same period of 2014. The Ebit margin before restructuring charges amounts to 14.2% as compared to 14.7% as at 30 June 2014.

The operating result (Ebit) amounts to 446.4 million euros, growing by 4.8% as compared to the 426.2 million euros in the first half-year 2104. The improvement in the operating result (+20.4 million euros) reflects in respect of 17.5 million euros the improvement in Ebit of tyre activity thanks to the favourable trend in operating variables and 2.9 million euros the improvement in the operating result of other businesses . Restructuring charges impacted on the operating result for 4.8 million euros in respect of ongoing efficacy gaining actions (12.7 million euros as at 30 June 2014). The Ebit margin amounted to 14.1%, essentially stable as compared to the 14.3% as at 30 June 2014.

The result from investments as at 30 June 2015 is unfavourable for 4.0 million euros, a clear improvement as compared with the -27.2 million euros of the first half-year 2104. The figure for 2015 referees mainly to the impact deriving from consolidation by the net equity method of the results of the associated company Prelios S.p.A. (3.9 million euros in respect of the pro-quota loss in the fourth quarter 2014 and first quarter 2015)

Net profit from continuing operations as at 30 June 2015 amounts to 211.4 million euros, growing by 10% as compared to the 192.1 million euros of the same period 2014. This figure reflects the improvement in operating result and result from investments wears it suffers from greater net financial charges (21.3 million euros). The increase in financial charges is mainly attributable to the impact of the devaluation of the Venezuelan Bolivar (from 12 to 12.80 to the US dollar) on positions for aggregate 14.2 million euros and the rise in rates of interest in countries outside the Euro area (around 40% of the total) where Pirelli operates, especially in Russia.

The net result of operating businesses ceasing for the first half-year 2015 is unfavourable for 14.9 million euros (+1.7 million euros in the first half-year 2014). This result is due mainly to the extraordinary accounting effect tied to the disposal which occurred in February 2015 of the controlled Turkish company “steelcord” and consequence entry into the revenue account during the course of the first quarter of 1 2015 of the accrued losses on exchange from consolidation previously accounted for in net equity. Following this, total net profit amounts to 196.5 million euros, being stable as compared to the 193.8 million euros of the first half-year 2014.

Net profit of concern to Pirelli & C. S.p.A. including the result of “discontinued operations” amounts to 190.8 million euros (189.1 million euros during the same period of 2014).

Net equity as at 30 June 2015 amounts to 2,772.3 million euros as compared to the 2,611.5 million euros as at 31 December 2014. Net equity pertaining to Pirelli & C. S.p.A. as at 30 June 2015 amounts to 2,707.5 million euros (5.548 euros per share) as compared to the 2,548.3 million euros as at 31 December 2014 (5.222 per share)

The net consolidated financial position is unfavourable for 1,664.4 million euros (1,935.2 million euros in the first half-year 3 21 014 and 979.6 million euros as at 31 December 2014)

Net cash flow from operational management in the first half-year 2015 was negative for 322.8 million euros (-170.0 million euros during the same period of 2014) essentially due to the usual seasonality in the first quarter of the year in net current assets, with a growth in commercial receivables proportional to the trend in sales. In the second quarter of 2015 the net flow of operational management was positive for 366.1 million euros (304.6 million euros in the second quarter of 2014)

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with a variation in current assets favourable for 151.6 million euros (+ 77.4 million euros in the same period of 2014), thanks to the collections in the summer season in European and Russian markets. In the aggregate, in the first half year, investments were made for 188.8 million euros – growing as compared to the 143.6 million euros as at 30 June 2014 – mainly intended to increase Premium capacity in Europe, Nafta and China and improve the mix.

Aggregate net cash flow ante dividend and excluding the impact of partial disposal operations in respect of steelcord, in the half-year was unfavourable for 565.3 million euros (-456.1 million euros as at 30 June 2014). In the second quarter of 2015 this figure was favourable for 212.4 million euros (+187.2 million in the same period of 2014)

Aggregate cash flow was unfavourable for 684.8 Million euros (-612.8 million euros as at 30 June 2014) including the favourable effect deriving from the disposal of steelcord business for 60 million euros”.

During 2015 a further improvement is expected in Consumer business – thanks to the favourable trend in the Premium segment – which will allow the offsetting of the weakness in Industrial business in emerging markets, and especially in the Latam (Latin American) area. Pirelli therefore confirms the objectives for 2015 in terms of:

- Ebit amounting to ~930 million Euros after restructuring charges for 30 million approx. (40 million the previous estimate);
- Investments lower than 400 million Euros;
- Cash generation ante dividends equal to or greater than 300 million Euros prior to the disposal of steelcord;
- Net financial position amounting to 850 million Euros approx.

The parties to the Pirelli Shareholders Agreement intend to ensure that the Issuer continues to invest by relying primarily on the cash flow generated by its own business operations and its own financial resources.

At the Date of the Offer Document, the Board of Directors of the Issuer had not reached decisions regarding spending commitments for investments of particular relevance and/or which go beyond those ordinarily required for the operational management of the *business* in which the Issuer operates.

With regard to the Industrial Reorganisation envisaged by means of the *partnership* (see point 4.2 hereof), whose completion will require several years and the meeting of various conditions, including procedural ones, we cannot exclude the possible need for additional resources for the implementation of industrial projects, as at the same time we cannot assess in full any savings and profits resulting from synergies linked to these integrations.

With regard to prospective financial situations of the Offerer, please see the Offer Document (G.2). Pirelli will have the right to join the Target Facilities Agreement signed on 30 April 2015, between, among other, by J.P. Morgan Limited (as "*Global Co-ordinator*"), J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (as "*Bookrunners*"), BIDCO (as "*Initial Company*"). Pursuant to the Target Facilities Agreement, the Financing Banks have offered to BIDCO (a) the "*Facility A*" credit line amounting to Euro 1.8 billion allocated, among other, to refinance part of the existing debt of the Issuer, as well as (b) the "*Facility B*" credit line amounting to Euro 600,000,000 intended to finance, among other, the financial needs of the Issuer as well as its working capital.

For a complete description of such financing, see the Offer Document (G.2.3) making also reference to the following aspects.

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Financing	Loan agreement totalling Euro 2.4 billion called the " <i>Multicurrency Term and Revolving Facilities Agreement</i> ", signed on 30 April 2015 between, among other, J.P. Morgan Limited (as " <i>Global Co-ordinator</i> "), J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (as " <i>Bookrunners</i> ") and BIDCO (as " <i>Initial Company</i> ").
Beneficiary	The Issuer
Guarantors	The Issuer (with reference to any "Additional Borrowers" who may subscribe to the Target Facilities Agreement).
Global Coordinator	J.P. Morgan Limited
Mandated Lead Arrangers	J.P. Morgan Limited, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank plc, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Societe Generale e Standard Chartered Bank.
Bookrunners	J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A.
Financing Banks	J.P. Morgan Securities plc, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milano Branch, Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Société Générale, Société Générale S.A., Milan Branch, Standard Chartered Bank e Mizuho Bank, Ltd., Milan Branch.
Agent	J.P. Morgan Europe Limited
the "Facility A" credit line – Maximum amount	Euro 1,800,000,000
the "Facility B" credit line - maximum amount	Euro 600,000,000
Purpose of the "Facility A" Credit Line	The Facility A Line of Credit (" <i>Facility A</i> ") will be used to partially refinance the existing debts of the Issuer.
Purpose of the "Facility B" Credit Line	The Facility B Line of Credit (" <i>Facility B</i> ") will be used to finance the financial needs of the Issuer, as well as its working capital.
Means of use	By supply request to be sent within three working days prior to the scheduled date for the payment of each loan.
Repayment	The Facility A Line of Credit must be repaid (unless the final repayment

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	date is extended by three months in the cases provided for in the Target Facilities Agreement) in a lump sum on 31 October 2016; the Facility B Line of Credit must be repaid (with reference to any uses of the credit line) at the end of each relevant period (and in any case - unless the final repayment date is extended by three months in the cases provided for in the Target Facilities Agreement - by 31 October 2016).
Early repayment obligation	In line with the market practices for similar transactions, if, among other cases, (i) the illegality of the operation of the financing banks is proven; (ii) material changes are operated in the shareholding control structure of HOLDCO, or if BIDCO (or, prior to the acquisition of shares under the Sales/Purchase and Joint Investment Agreement, CAMFIN SpA) loses the ability to appoint the majority of the Pirelli directors, or if a person other than BIDCO (or, after the merger with the Issuer, the company resulting from the merger between Pirelli and BIDCO) becomes the holder of an interest in Pirelli higher than the one held by BIDCO (or, after the merger with the Issuer, the company resulting from the merger between Pirelli and BIDCO), or (prior to the merger of BIDCO and the Issuer) ceases to own 100% of the BIDCO shares; and (iii) all or a substantial part of the assets of the Pirelli Group are sold.
Early repayment option	Allowed, in whole or in part (but, if partial, for amounts exceeding Euro 1,000,000).
Interest	With reference to both the Facility A Credit Line and the Facility B Line of Credit, the sum of: (a) Margin; and (B) LIBOR or, with reference to payments made in euros, EURIBOR, where Margin indicates (i) with reference to the period commencing on the date of signing of the BIDCO Senior Facilities Agreement until the date (excluded) falling 12 months after the " <i>Commitment Date</i> " (i.e. 22 March 2015), 2.75% p.a., (ii) with reference to the period commencing on the date (included) falling 12 months after the " <i>Commitment Date</i> " until the date (excluded) falling 18 months after the " <i>Commitment Date</i> ", 3.25% p.a., and (iii) with reference to the period commencing on the date (included) falling 18 months after the " <i>Commitment Date</i> " until the " <i>Termination Date</i> " (in other words October 31, 2016), 3.75% p.a.
Period of Interest and interest payment date	One, three or six months; interest must be paid at the due date of each interest period
Representations and warranties	Representations and warranties are foreseen in line with market practices for similar transactions, including those regarding the relevant companies of the Pirelli Group, the powers to sign the Target Facilities Agreement (and any other financial documents linked to it), the absence of conflict with the incorporation documents of the same and previous contractual obligations, the solvency and the absence of events that would justify the activation of contractual remedies, the correctness of the information provided, the correct drafting of the 2014 consolidated financial statements of the Issuer and the absence of disputes regarding the companies of the Pirelli Group which could have a material adverse effect.
General undertakings	In line with market practices for similar transactions, including disclosure requirements, commitments to maintain the validity of the authorisations to

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	conduct its core business, commitments to comply with the applicable provisions, commitments not to carry out activities other than those permitted, commitment to preserve its own <i>assets</i> , commitment not to contract additional debt or additional sureties, commitment not to make payments or loans outside the permitted cases, commitment not to make acquisitions, <i>joint ventures</i> , create sureties, dispose of <i>assets</i> , implement mergers outside the permitted cases, <i>pari passu</i> obligation, commitment not to divide the <i>assets</i> pursuant to Article 2447- <i>bis</i> , paragraph 1, par. (a) and (b), of the Italian civil code and a commitment to comply with the tax, pension and environmental laws.
Financial commitments	HOLDCO undertook to ensure that the ratio of consolidated net debt and consolidated EBITDA (" <i>Net Debt Cover</i> ") does not exceed the value of 2.50:1.00. The compliance with this financial requirement will be checked on a quarterly basis.
Default events	In line with market practices for similar transactions, including the non-payment of owed amounts, violation of financial requirements, the breach of any representation, <i>cross default</i> with reference to the financial indebtedness of the companies of the Pirelli Group, insolvency and admission to bankruptcy proceedings, submission of its own assets to enforcement proceedings, the additional illegal nature of the obligations assumed under the Target Facilities Agreement (and any other financial documents linked to it) the occurrence of a dispute that may have a material adverse impact, the occurrence of an event that may result in significant damage (" <i>Material adverse effect</i> "), the termination or suspension of its own activities by an important company of the Pirelli Group, the expropriation of all or part of the assets of a company of the Pirelli Group when this results in significant damage, the failure to restore the minimal level of share capital in the cases provide for in Articles 2477 and 2482- <i>ter</i> of the civil Code
Governing Law	Law of England
Court of concern	Courts of England

With reference to the possible effects of the Agreement, of the Offers and the events related thereto on the financial situation of the Pirelli Group, in light of the information made available by the Offeror in the Offer Document, as well as the entirety of the Pirelli Group's outstanding financings as of 2 September 2015, with reference to the financial indebtedness of the Pirelli Group, it is to be noted that the overall transaction governed by the Agreement had affect and could affect the "change of control" clauses, which are standard clauses for this type of financing, and could moreover affect the provisions relating to early prepayment and creditor repayment options.

In this respect see also point 3-*bis* of this Release, since it is to be noted in particular that:

- (i) the closing of the sale of the Issuer's ordinary shares on 11 August 2015 has resulted in a change of control event under the "€500 million 5.125% Guaranteed Notes due 2016" issued by the Issuer and secured by Pirelli Tyre S.p.A. (the "**2016 Notes**"). Therefore the holders of the 2016 Notes, to the extent all the conditions set out in the terms and conditions of the 2016

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Notes¹ are met, will have the right to request that the Issuer repay the notes held by such noteholders (“**put**”), for an amount equal to 101% of the nominal value of the notes plus interest accrued at the payment date. As previously noted, the exercise of the noteholders’ rights pursuant to this change of control clause may be waived by the noteholders by adopting a resolution to that effect during the relevant noteholders’ meeting, which has already been convened by the Issuer on 24 September 2015 (cf. paragraph 3-bis). In the event that the noteholders’ meeting fails to approve the abovementioned waiver, the Issuer may evaluate, at its discretion, whether or not to exercise its right to early repay (“**call**”) all of the 2016 Notes. Indeed, pursuant to the terms and conditions of the 2016 Notes, the Issuer may at any time exercise its right to call the 2016 Notes until the maturity date of such notes (i.e. 22 February 2016) provided that it notifies the noteholders of its intention to do so at least 30 days before the repayment date². In this respect, the Issuer has at its disposal the necessary financial resources to exercise its call right, also considering the proceeds of the 2019 Notes (as defined below), in respect of which the closing of the sale of the Issuer’s ordinary shares on 11 August 2015 did not result in change of control event;

- (ii) in the event the Offeror, upon conclusion of the Offer, including the possible extension of the same, possible purchases not covered by the Offer and/or of the implementation, pursuant to applicable Italian regulations currently in force, of a purchase obligation or right to purchase:
 - holds a stake greater than 50% of the Issuer’s shares with voting rights, this circumstance will constitute a change of control event with respect to the financing arrangements referred to above;
 - holds a stake of less than or equal to 50% of the Issuer’s shares with voting rights, and where that stake would result in the right to nominate the majority of the members of the Issuer’s Board of Directors, this circumstance would constitute (should it occur) a change of control event pursuant to the private loans “US private Placement” obtained by Pirelli International Ltd. and secured by Pirelli & C. (for an amount of 150 million US Dollars) and “Schuldschein” obtained by Pirelli International Ltd. and secured by Pirelli & C. and by Pirelli Tyre (for an original amount of 155 million Euros, whose residual amount at the date hereof is 43 million Euros) for a principal amount of approximately Euro 174 million. For the sake of completeness, based on the noteholders’ agreement of 11 August 2015 between the parties, this circumstance will occur in the event that there is no delisting from the Telematic Share Market; and
- (iii) should the Merger or other extraordinary transaction be carried out as a result of which either the Issuer or Pirelli Tyre S.p.A. is not the surviving company or in any event if the Issuer holds, directly or indirectly, a stake of less than or equal to 50% of the shares with voting rights of Pirelli Tyre S.p.A (save in any case for a merger between Pirelli & C. S.p.A. and Pirelli Tyre S.p.A., subject to certain conditions), this clause will constitute a change of control event under

¹ In particular, in order for the right to exercise the “put” option to arise, 90 days must first elapse from the date when the change of control event was made public (*Change of Material Shareholding Period*), without the Issuer having been issued an investment grade rating (*Put Event*); within fourteen days of the expiry of the aforementioned period, the Issuer must inform the investors of the occurrence of the Put Event, which will give rise to the right of the holders of Notes to exercise their put option in the subsequent 90 days (*Put Period*); the date of the payment to the noteholders which have exercised their put right will then be the seventh day after the end of the period of the exercise of the put right which would thus fall at a date near the maturity date of the 2016 Notes (i.e. February 22, 2016).

² The anticipated repayment amount in the event of the exercise of the call right is equal to the greater of (i) 100% of the principal amount of the 2016 Notes and (ii) the net present value of the future cash flow relating to principal payments; in both cases plus the interest accrued at the payment date.

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the “€600 million 1.750% Guaranteed Notes due 2019” issued by Pirelli International plc and secured by Pirelli Tyre S.p.A. (the “**2019 Notes**”). The amendment of such change of control clause will be put before the noteholders’ meeting, which has been convened by the Issuer on 10 September 2015 on first call, and therefore if such amendment is approved as proposed, the abovementioned transactions will no longer result in a change of control event (cf. again paragraph 3-bis). In addition, a merger transaction or other extraordinary transaction which involves Pirelli & C. and/or Pirelli Tyre and/or other companies of the Group, depending on the configuration of the transaction, could constitute a change of control event with respect to financing arrangements other than those referred to above, for a total principal amount equal to approximately Euro 1,174 million (determined by the above mentioned private loans US Private Placement and “Schuldschein” and by the committed bank facility of 1 billion Euros executed by Pirelli International plc and subject to a shareholders’ agreement). Should the abovementioned change of control events occur, the creditors may request that the debtor repay the financing, without prejudice to Pirelli’s right – as is common practice in the aforementioned loan agreements - to request that the creditors waive their right to exercise such option.

For the sake of completeness, and without prejudice to what set out above, the effects on the financial indebtedness of the Pirelli Group of the transaction considered on the whole, of the Offer, and of any possible merger involving members of the Pirelli Group, as well as the possible need to enter into new financing arrangements, may depend on the way in which such transactions are implemented, which are at present not known to the Issuer. In particular, it is noted that the way that some of these transactions may be implemented may result in further mandatory prepayment events even after the Issuer, the companies of the Pirelli Group, or entities which control them have entered into or have drawn down any new financings.

5.2. The financing conditions of the Offers and in general the operation under the Agreement

The Offerer intends to deal with the financial coverage of the Maximum Aggregate Disbursement and the relevant accessories (Euro 5,648,691,780) through its own funds and bank debt. To be specific, the Offerer intends to deal with the financial coverage of the Maximum Aggregate Disbursement (and the estimated transaction costs) by using capital contributions up to Euro 2,101,300,000 and a line of credit up to a maximum of Euro 3,612,400,000.

For this purpose, on 30 April 2015, HOLDCO and BIDCO, of the one part, and the Financing Banks and JP Morgan Europe Limited (as “*Agent*”) and BNP Paribas, Italian Branch (as “*Security Agent*”), of the other part, entered into the Bidco Senior Facilities Agreement (subsequently amended pursuant to an amendment agreement called the “*Amendment and Restatement Agreement*” on 5 August 2015). Pursuant to the Bidco Senior Facilities Agreement, the Financing Banks offered Bidco (a) the Term Line of Credit (“*Term Facility*”) with an amount of Euro 4.2 billion, destined, among other, to finance the acquisition of the Issuer’s shares, as well as (b) the Revolving Credit Line (“*Revolving Facility*”) for an amount of Euro 200,000,000, to finance, among other, (i) the interest and commissions payable for the loans made under the Bidco Senior Facilities Agreement, and (ii) the BIDCO operating and administrative costs for a maximum amount of Euro 5,000,000. The Term Line of Credit was granted to BIDCO for an amount of Euro 461,662,128.26 on 11 August 2015. The Revolving Credit Line was used by BIDCO for an amount equal to 7,752,708.33 on 14 August 2015.

See the Offer Document (G.1.1) for a complete description of such financing, also making reference to the following aspects considered essential to assess the position and commitments of the Issuer, especially in the case of a Merger.

Financing | Loan agreement totalling Euro 4.4 billion called the “*Bidco Senior*”

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		Facilities Agreement" signed on 30 April 2015 between, among other, J.P. Morgan Limited (as "Global Co-ordinator"), J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. and Unicredit S.p.A. (as "Bookrunners"), HOLDCO and BIDCO, subsequently amended through an amendment agreement called the "Amendment and Restatement Agreement" signed on 5 August 2015.
Beneficiary		BIDCO and – exclusively in the circumstance set forth under Article 2.5 (Debt Flip Up – Change of Borrower) of the Bidco Senior Facilities Agreement in case of novation (<i>accollo liberatorio</i>) by HOLDCO of BIDCO's debt originating from the Bidco Senior Facilities Agreement) – HOLDCO.
Guarantor		HOLDCO
Global Coordinator		J.P. Morgan Limited
Mandated Arrangers	Lead	J.P. Morgan Limited, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Société Générale e Standard Chartered Bank.
Bookrunners		J.P. Morgan Limited, China Construction Bank Corporation, Hong Kong Branch, Intesa Sanpaolo S.p.A. e Unicredit S.p.A.
Financing Banks		J.P. Morgan Securities plc, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milano Branch, Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Société Générale, Société Générale S.A., Milan Branch, Standard Chartered Bank e Mizuho Bank, Ltd., Milan Branch.
Agent		J.P. Morgan Europe Limited.
Security Agent		Bnp Paribas, Italian Branch.
Mandated Arrangers	Lead	J.P. Morgan Limited, China Construction Bank (Europe) S.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., Banca Popolare di Milano S.c. a r.l., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bnp Paribas, Italian Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Commerzbank Aktiengesellschaft Filiale di Milano, HSBC Bank plc, ICBC (Europe) S.A., Milan Branch, ING Bank N.V., Milan Branch, Mediobanca – Banca di Credito Finanziario S.p.A., Natixis S.A., Milan Branch, Société Générale e Standard Chartered Bank.
the Term Line ("Term Facility")	Credit	Euro 4,200,000,000
	maximum amount	–
the Revolving Line ("Revolving Facility")	Credit	Euro 200,000,000
		–

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maximum amount	
The purpose of the Term Credit Line	<p>The Term Credit Line will be used :</p> <p>(i) for the issue of "Cash Confirmation Letters"(as defined in the Bidco Senior Facilities Agreement) to be issued on behalf of BIDCO under the applicable law as surety for the payment of the cash amount for the Mandatory Offer, the Voluntary Offer, the purchase of Pirelli shares in the event of Obligation to Purchase Ordinary Shares <i>ex</i> Article 108, paragraph 1 of TUF and of Obligation to Purchase Ordinary Shares <i>ex</i> . Article 108, paragraph 2, of TUF; as well as</p> <p>(ii) to finance, among other, the purchase of Pirelli shares in connection to (a) the Sales/Purchase and Joint Investment Agreement, (b) the Mandatory Offer, Voluntary Offer, the purchase of Pirelli shares in the case of Obligation to Purchase Ordinary Shares <i>ex</i> Article 108, paragraph 1 of TUF and of Obligation to Purchase Ordinary Shares <i>ex</i> Article 108, paragraph 2, of TUF, the exercising of the right of withdrawal <i>ex</i> Article 2437-<i>quinquies</i> of the Italian civil code by BIDCO and Pirelli shareholders in connection with the Merger with the Offerer, and (c) the transaction costs incurred for the acquisition of Pirelli shares.</p>
The purpose of the Revolving Credit Line	The Revolving Credit Line will be used to finance (i) the interest and commissions payable for the loans granted under the Bidco Senior Facilities Agreement, and (ii) the BIDCO operational and administrative costs for a maximum amount of Euro 5,000,000.
Means of use	By means of request for delivery to be sent within three working days prior to the date foreseen for the delivery of each financing.
Repayment	The Term Credit Line must be repaid (unless the final repayment date is extended by three months in the cases provided for by the Bidco Senior Facilities Agreement) in a lump sum on 31 October 2016; the Revolving Credit Line must be repaid (regarding any use of this credit line) at the end of each interest period (and in any case - unless the final repayment date is extended by three months in the cases provided for by the Bidco Senior Facilities Agreement - by 31 October 2016).
Early repayment obligation	In line with the market practices for similar transactions, if, among other cases, (i) the illegal nature of the operation of the Financing Banks is proven; (ii) material changes are operated in the shareholding control structure of HOLDCO or Pirelli and BIDCO loses the right to appoint the majority of the Pirelli directors; (iii) all or substantial part of the <i>assets</i> of HOLDCO, BIDCO or the Pirelli Group are sold, (iv) individual assets are assigned, and (v) extraordinary income are received, such as compensation received in connection with the Sales/Purchase and Joint Investment Agreement, or the profits from the (private or public) investment of debt <i>equity</i> instruments by HOLDCO or BIDCO.
Early repayment option	Admitted, in whole or in part (but, if partial, for amounts exceeding Euro 1,000,000).
Interest	With reference to both the Credit Line and the Revolving Term Credit Line, the sum of:

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	<p>(A) Margin; and</p> <p>(B) EURIBOR,</p> <p>where the Margin indicates (i) with reference to the period commencing on the date of signing of the Bidco Senior Facilities Agreement until the date (excluded) falling 12 months after the "Commitment Date" (i.e. 22 March 2015), 2.75% p.a., (ii) with reference to the period commencing on the date (included) falling 12 months after the "Commitment Date" until the date (excluded) falling 18 months after the "Commitment Dates", 3.25% p.a., and (iii) with reference to the period commencing on the date (included) falling 18 months after the "Commitment Date" until the "Termination Date" (in other words October 31, 2016), 3.75% p.a.</p>
Period of interest and interest payment date	One, two or six months: interest must be paid at the due date of each interest period
Representations and Warranties	Representations and warranties are foreseen in line with market practices for similar transactions, including those regarding the situation of HOLDCO, BIDCO and the relevant companies of the Pirelli Group, the powers to sign the Bidco Senior Facilities Agreement (and any other financial documents granted or connected thereto), the absence of conflicts with the incorporation documents of the same and with previous contractual obligations, the solvency and the absence of events that would justify the activation of contractual remedies, the correctness of the supplied information, the correct drafting of the Issuer's consolidated 2014 financial statements, the absence of disputes with respect to HOLDCO, BIDCO and the relevant companies of the Pirelli Group which may create a material adverse effect regarding the applicable legislation on labour, environment and taxation, the ownership of the assets of significant companies of the Pirelli Group and the compliance with the applicable laws and the ownership of patents and trademarks.
General commitments	In line with market practices for similar transactions, including disclosure requirements, commitments to maintain the validity of the authorisations to carry out its core business, commitments to comply with the applicable provisions, a commitment not to change the corporate object of the companies of the Pirelli Group, commitment to preserve its own assets, commitment not to undertake additional debt or additional sureties, commitment not to make payments or loans outside the allowed cases, interdiction for HOLDCO and BIDCO to approve the distribution of dividends (with the exception of the cases expressly provide for in the Bidco Senior Facilities Agreement), <i>pari passu</i> obligation, commitment not to divide the <i>assets</i> pursuant to Article 2447-bis, paragraphs (a) and (b), of the Italian civil code, commitment to comply with the tax and pension laws, commitment to restore the minimal level of the share capital in the cases provided for by Articles 2477 and 2482-ter of the Italian civil code and commitment to use the dividends distributed by Pirelli (other than the dividends distributed for the 2014 financial year) in order to pay the interest due for the loans granted under the Bidco Senior Facilities Agreement, the commissions provided for therein, the operating and management costs of HOLDCO and BIDCO (up to a maximum of Euro

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	<p>2,000,000) and, for the residual part, in order to early repay such loans , in case of novation (<i>accollo liberatorio</i>) by Holdco of BIDCO's debt under the Bidco Senior Facilities Agreement upon conclusion of the Mandatory Offer (if BIDCO becomes the holder of at least 55% of Pirelli share capital with voting rights) all the dividends distributed by Pirelli will be used for the early repayment of such debt, proceed with the Merger as soon as possible upon achievement of a holding equal to 55% of Pirelli share capital with voting rights.</p>
Financial commitments	<p>HOLDCO undertook to comply with the following financial commitments:</p> <ul style="list-style-type: none"> - Consolidated EBITDA ("<i>Consolidated EBITDA</i>") amounting to no less than Euro 1,000,000,000, calculated on a quarterly basis; and - The ratio of consolidated net debt and consolidated EBITDA ("<i>Net debt cover</i>") not exceeding the value of 2.50:1.00, calculated on a quarterly basis.
Default events	<p>In line with market practices for similar transactions, including the non-payment of due amounts, the violation of financial parameters, the occurrence of certain events having a potentially negative impact on the companies of the Pirelli Group, or otherwise regarding these companies (e.g the violation of environmental regulations, the implementation of mergers, demergers, separation, acquisition or <i>joint venture</i> other than those permitted, the creation of sureties not contractually permitted, the assignment of assets outside the cases permitted, the granting of loans or the creation of sureties outside the cases permitted by contract and the assumption of debt in excess of what is allowed by contract), the breach of any cross default representations regarding the financial debt of HOLDCO, BIDCO or of the significant companies of the Pirelli Group, insolvency and admission to bankruptcy proceedings, submission of its own assets to enforcement proceedings, the proven illegal nature of the obligations assumed by HOLDCO and BIDCO under the Bidco Senior Facilities Agreement (and any other financial documents connected thereto), BIDCO (or after the merger with the Issuer, the company resulting from the merger of BIDCO and Pirelli) ceases to be a subsidiary of HOLDCO, the occurrence of a dispute regarding HOLDCO, BIDCO or the relevant companies of the Pirelli Group which may have a negative impact on such companies.</p>
Sureties	<p>Real and personal sureties customary for similar transactions are contemplated, including (i) the setting up a pledge on HOLDCO and BIDCO shares, (ii) the assignment as surety - by, respectively, NEWCO, HOLDCO and BIDCO – of the credits arising from any intergroup loans granted by such companies, respectively, to HOLDCO, BIDCO and the Issuer, (iii) the setting up of a pledge on the current accounts of HOLDCO and BIDCO, (iv) the setting up of a pledge on the shares of the Issuer purchased in conjunction with the acquisition of the Initial Investment (with mandatory extension to the additional shares of the Issuer purchased from time to time by BIDCO) and (v) the assignment by Bidco of its own credits as surety for the contract for the deposit of the Ordinary Shares of the Issuer. The sureties contain terms and conditions in line with the banking market practices for this type of transaction. In line with SUCH</p>

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practice, among other things, the voting rights attached to the Pirelli shares will remain entirely in the possession of the Offerer until, as a result of a breach of the Bidco Senior Facilities Agreement, the Lending Banks require the Bidder to immediately repay the loan.

The same provision regarding the possession of voting rights is stipulated in the surety documents for the setting up of the pledge on the shares of HOLDCO and BIDCO.

Governing Law	Law of England
Court of concern	Courts of England

The Mergeco Facilities Agreement under paragraph 5.4 below should allow to meet the financial needs arising from the Merger also with respect to sureties existing in the previous financing relationships.

5.3. Proper Performance Guarantee

To secure the proper performance of the Offerer's payment obligations for the Offers, pursuant to Article 37-*bis* of the Issuers Regulations, the Offerer obtained the issue of a confirmation letter (the “**Cash Confirmation Letter**”) from Intesa Sanpaolo S.p.A. and UniCredit S.p.A. pursuant to which the latter irrevocably have irrevocable undertaken in the proportions indicated in the aforesaid letter and without any joint and several liability, to pay in one or more occasion, on one or more occasions in the event of non-fulfilment by the Offerer of the obligation to pay the Considerations for the Offers, a sum in cash not exceeding the Maximum Aggregate Disbursement and to use such aggregate amount exclusively to pay the Consideration for the Offers. The aforementioned total amount corresponding to the Maximum Aggregate Disbursement is immediately payable and irrevocably linked to the payment of the Consideration for the Offers.

5.4. Financial Effects of the Merger

The Company resulting from the Merger will have the right to sign the *Mergeco Facilities Agreement* with the Financing Banks pursuant to which the Financing Banks will provide a **(a)** line of credit called the “*Term Facility*” for an amount equal to Euro 6,000,000,000 intended, *inter alia*, **(i)** firstly, to allow the payment of an extraordinary dividend to HOLDCO (which will be used by HOLDCO to reimburse the *Term Facility* under the Bidco Senior Facilities Agreement, as a result of the novation (*accollo liberatorio*) by HOLDCO of BIDCO’s debt originating from the Bidco Senior Facilities Agreement), **(ii)** secondly, to refinance the “*Facility A*” credit line under the Target Facilities Agreement, and **(iii)** thirdly, to refinance another debt prior to the contract by the Issuer as well as **(b)** a line of credit called the “*Revolving Facility*” for an amount equal to Euro 800,000.000 intended, *inter alia*, **(i)** firstly, to allow, where necessary, for the payment of a special dividend for HOLDCO (which will be used by HOLDCO to repay the Term Facility Credit Line (“*Term Facility*”) as per the Bidco Senior Facilities Agreement) as a result of the novation (*accollo liberatorio*) by HOLDCO of BIDCO’s debt originating from the Bidco Senior Facilities Agreement), **(ii)** secondly, to refinance the “*Facility B*” line of credit as per the Target Facilities Agreement, **(iii)** thirdly, to refinance another debt formerly taken out by the Issuer, and **(iv)** fourthly, to finance the financial needs of HOLDCO and of the companies of the Issuer's group as well as the working capital of these companies.

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5.5. Evaluations by the Board

Pirelli's Board of Directors assessed that, if the results of the Offer results in the merger scenarios announced by the Offerer, Pirelli's net debt would undergo a significant increase with a subsequent impact on the Group's financial lever that would go from a *Net Debt/EBITDA* ratio at the end of 2014 of less than 1 (*i.e.* 0.8 times) up to a ratio slightly over 4 times the same. Even considering the additional interest due to the increase in the debt the Company would anyway generate positive cash flow (assuming that in such case dividends would not be paid).

Again, attention is drawn to the fact that where the Merger were to take place, the *Mergeco Facilities Agreement* to which the company resulting from the merger may have access (cfr. Paragraph 5.4 of the Offer Document points A.2 and G.2.3.) would foresee a “pledge or limitation of distribution of dividends by HOLDCO and the entity resulting from the fusion itself, save for the case of “Permitted Payment” or “Permitted Transaction” identified therein”.

Still with regard to the Merger hypothesis, we wish to point out that the shareholder that do not participate in the Mandatory Offer launched by the Offerer, and that following the Merger resolution do not exercise the right of termination (cfr. *point 6.5* above), will become the owner of shares not longer traded on the regulated markets with subsequent difficulty in liquidating its investment. The investment in a non-listed company moreover, as is well known, according to the rules applying to companies in Italy, grants protections to minorities especially in terms of information, that are lower than those that are proper to the rules applying to listed companies. For this kind of shareholder, the ability to liquidate its investment is dependent on a theoretical, future new share listing on the regulated markets by the Company.

Finally, with regard to BIDCO financial position, it should be pointed out that, in the event that BIDCO achieves a holding equal to 30.8% of the Issuer (essentially theorizing that the Offer has not been accepted by most shareholders but including a total contribution of 4.6% by important shareholders like EDIZIONE and SCHEMATRENTAQUATTRO), BIDCO, considering public data disclosed and the common market practice on financing terms and burdens, would have a financial lever of approximately 1.9 times the prorated EBITDA at the end of 2015.

In the event that BIDCO achieves a holding equal to 50.1% of Pirelli but in the absence of Merger, BIDCO, still on the basis set forth before, would have a financial lever of approximately 2.4 times the prorated EBITDA at the end of 2015.

6. Possible Scenarios for Shareholders Not Participating in the Offers

6.1. Introduction

It was reiterated several times that the Offerer declared the delisting from the Telematic Share Market of all Pirelli shares to be a goal, among others, of the Offer.

Here below reference is made, in summary form, (see also analytically the Release of the Offerer under 3.3, the Offer Document point A. 13, the opinion of the independent directors rendered pursuant to Article 39-*bis* of the Issuer Regulations) the position in which the shareholders that do not subscribe

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to the Offer could find themselves also with reference to the possible admission to listing of the shares of the Offerer following the Merger.

Please note that in the following paragraphs, references to the holdings upon conclusion of the Mandatory Offer are to be considered as being made with respect to the subscriptions to such Offer as well as acquisitions, if any, made in compliance with the legislation in force during the subscription period.

Please also note to that the declarations, obligations and rights under the subsequent paragraphs, also refer to everyone acting in concert (paragraph 3 above), come from, are applicable to and may be exercised only by the Offerer .

6.2. Obligation to Purchase Ordinary Shares pursuant to Article 108, section 2 of the Consolidation Act

In the case where, upon conclusion the Mandatory Offer, the Offerer and the Persons Acting in Concert (jointly considered pursuant to Article 109 of TUF) become the holder of a total interest higher than 90% but lower than 95% of the Issuer's ordinary share capital, the Offerer declares as of now its intention not to replenish a sufficient floating value to ensure the regular trading of Pirelli Ordinary Shares with the subsequent obligation to purchase the remaining ordinary shares from the shareholders of Issuer who so request pursuant to Article 108, section 2 of the Consolidation Act .

The consideration for each Ordinary Share will be equal to the Consideration of the Mandatory Offer.

Pursuant to Article 2.5.1, paragraph 6, of the Stock Market Regulations³, in such event Borsa Italiana S.p.A. will decide to delist Pirelli Ordinary Shares starting on the day the stock market is open following the last payment day of the amount of the Obligation to Pay Ordinary Shares *ex* Article 108,

³ Art. 2.5.1. of the Borsa Italiana Regulation states the following:

“Article 2.5.1 (Listing Suspension and Revocation)

1. Borsa Italiana may provide for:

a) the suspension of the listing of financial instruments if the trading of the instruments is not temporarily guaranteed or risks not being so or if it requires investor protection;
b) the delisting of financial instruments in case of a prolonged gap in trading or if, due to special conditions, it is not possible to maintain a normal and regular market for this instrument.

2. To suspend the listing set forth in the previous section, Borsa Italiana primarily refers to the following elements:

a) the disclose or non-disclosure of information that can impact the regular market operations;
b) the resolution to zero the share capital and simultaneously increase it above the legal limit;
c) allowing the issuer to begin bankruptcy proceedings;
d) dissolution of the issuer;
e) the negative opinion of an auditor or auditing company or the impossibility of the auditor to express an opinion for two consecutive fiscal years (omissis)”.

6. Should an obligation to purchase exists pursuant to Article 108, paragraphs 1 and 2, of the Consolidated Financial Text, the securities to be purchased under the law are delisted starting from the day the stock market is open following the last day of payment of the consideration, unless the obliged entity pursuant to Article 108, paragraph 1, of the Consolidated Financial Text represented its intention to restore the floating value. Should the preconditions under Article 111 of the Consolidated Financial Text exist, the securities to be purchased under the law are suspended and/or delisted taking into consideration the timing provided for the exercise of the right to purchase. Borsa Italiana shall communicate the date of delisting from the market with a suitable notice. In the foregoing cases Borsa Italiana may as well decide the simultaneous delisting of all the shares without voting rights in the event an offer has been made for the entirety of those shares, taking into account the overall equivalent value of the their residual floating value. (omissis)”.

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paragraph 2 of TUF. Upon the occurrence of such circumstances, Pirelli ordinary shareholders who do not participate in the Mandatory Offer and that have not exercised the right to request the Offerer to purchase their Ordinary Shares in fulfilment of the Obligation to Purchase Ordinary Shares *ex* Article 108, paragraph 2 of TUF (subject to the provision of point 6.3 below), shall become owners of financial instruments that are not traded on any regulated market with subsequent difficulties in liquidating their investment.

In such respect, it should be finally reminded that Consob has the faculty (upon indication of Borsa Italiana) to adopt, for the purposes of the Obligation to Purchase Ordinary Shares pursuant to Article 108, paragraph 2, of TUF, a threshold higher than 90 per cent, taking into account the need to assure a regular evolution of the negotiations (Article 112 TUF and Article 50, paragraph 3, letter a), Issuers Regulations).

6.3. Right/Obligation to Purchase Ordinary Shares pursuant to Articles 111 and 108, section 1 of the Consolidation Act

In the case where, upon conclusion of the Mandatory Offer, also as a result of the fulfilment of the Obligation to Purchase Ordinary Shares *ex* Article 108, paragraph 2 of TUF, the Offerer and the Persons Acting in Concert (jointly considered pursuant to Article 109 of TUF) become the owner of an overall holding equal at least to 95% of the Issuer's ordinary share capital, the Offerer declares as of now its intention to exercise the Right to Purchase Ordinary Shares.

Moreover, in the case set forth above, the Offerer and the Persons Acting in Concert (jointly considered in Article 109 of TUF) will be jointly and severally required, pursuant to Articles 108, paragraph 1 and 109 of TUF, to purchase Ordinary Shares that are not part of the Mandatory Offer from whoever requests so.

Therefore, the Offerer, exercising the Right to Purchase Ordinary Shares, will fulfil the Obligation to Purchase Ordinary Shares *ex* Article 108, paragraph 1 of TUF, initiating a single procedure.

The Consideration for each Ordinary Shares will be equal to that of the Mandatory Offer.

Note that following the occurrence of the preconditions for the Right to Purchase Ordinary Shares and the Obligation to Purchase Ordinary Shares *ex* Article 108, paragraph 1 of TUF pursuant to Article 2.5.1, paragraph 6, of the Stock Market Regulation, Borsa Italiana S.p.A. will suspend the listing of or delist Pirelli Ordinary Shares considering the timeframes set forth to exercise the Right to Purchase Ordinary Shares.

6.4. Savings Shares

The procedures set forth in points 6.2 and 6.3 above do not apply to the Savings Shares.

Following the procedures for Ordinary Shares and the carrying out of the Voluntary Offer, Borsa Italiana (still pursuant to Article 2.5.1, paragraph 6, of the Stock Market Regulation) may decide the simultaneous delisting of the Savings Shares, considering the total equivalent value of their residual floating value upon conclusion of the Voluntary Offer. On the point, please note that the Offerer stated its intention not to implement measures aimed at restoring the minimum floating value conditions for a fair evolution of the negotiations of the Savings Shares.

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In case of delisting of the Savings Shares, the owners of the Savings Shares who did not participate in the Voluntary Offer, will own financial instruments that are not traded on any regulated market with subsequent difficulties in liquidating their investment.

In case of non-occurrence of, and should the Offerer fail to waive, the Condition of the Voluntary Offer and, hence, should the Voluntary Offer not be accomplished, Savings Shares included in the Voluntary Offer will be released within the first day on which the stock market is open following the first communication of non-occurrence of said Condition of the Voluntary Offer and made available again to their respective holders with no charges and expenses for the latter. Therefore, in such event the Savings Shares will be traded on the Telematic Share Market and the savings shareholders of the Issuer will remain holders of financial instruments traded on a regulated market, it being understood that the delisting of savings shares from the Telematic Share Market may result from the Merger.

6.5. Cases of new admission to listing - Merger - Termination

6.5.1. Merger

In the event that upon conclusion of the Offers, the delisting of Pirelli ordinary shares is not achieved (there being no basis for the procedure set forth in point 6.3 and Borsa Italiana not having acknowledged the basis for such delisting), if the Offerer's shares that the ordinary shareholders of the Issuer receive in exchange following the Merger are not listed on any regulated market, the Issuer's ordinary shareholders that did not participate in the Mandatory Offer and in the resolution approving the Merger will be entitled to the right of withdrawal pursuant to Article 2437-*quinquies* of the Civil Code (the "**Right of Withdrawal**"). Similarly, in case the delisting of the Savings Shares is not achieved upon conclusion of the Offers, if the Offerer's shares that the savings shareholders of the Issuer receive in exchange following the Merger are not listed on any regulated market, the Withdrawal Right pursuant to Article 2437-*quinquies* of the Civil Code will be applicable also to the savings shareholders of the Issuer that have not participated in the Voluntary Offer (since savings shareholders do not take part in the resolution approving the Merger even during the special shareholders' meeting if upon completion of the Merger they maintain, pursuant to Article 6.6 of Pirelli corporate by-laws in force at the Date of the Offer Document the rights and privileges provided for by law and the by-laws).

In this regard, note that the liquidation value of Pirelli Ordinary and Savings Shares subject to withdrawal will be determined pursuant to Article 2437-*ter*, section 3 of the Civil Code (the "**Consideration for the Withdrawal**"), that is referring exclusively to the mathematical average of the closing prices in the six months prior to the publication of the notice of calling for the shareholders' meeting convened to discuss the Merger.

Nevertheless, in the case where the Consideration for the Withdrawal owed to the Issuer's ordinary shareholders exceeds the Consideration for the Mandatory Offer, the Sales/Purchase and Joint investment Agreement provides that permission to list the Offerer's shares on the Telematic Share Market is requested substantially at the same time the Merger is completed, since the completion of the Merger will be conditional upon the admission to listing of the Offerer's shares. In the case where only the Consideration for Withdrawal owed to the Issuer's savings shareholders were greater than the Consideration for the Voluntary Offer, the parties to the Pirelli Shareholders Agreement reserve the right to assess whether to proceed with the listing of the Offerer. In each case the Offerer is listed at the same time as the completion of the Merger, the Offerer is of the opinion that the Issuer's ordinary and savings shareholders who did not participate in the Offers will not be entitled to the Right of Withdrawal pursuant to Article 2437-*quinquies* of the Italian Civil Code.

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6.5.2. Provision of Pirelli Shareholders Agreement

Pirelli Shareholders Agreement provides for a *relisting* option through an IPO during the 4 years following the completion of the Offers at CAMFIN's initiative involving at least the shares held by CAMFIN and LTI in Pirelli (see also point 2.5 above).

7. The Consideration and how to determine it: Offerer's Considerations

7.1. The Consideration of the Mandatory and Voluntary Offers

The Consideration of the Mandatory Offer (15 Euros for each Ordinary Share included in the Mandatory Offer) is set in accordance with Article 106 of TUF and coincides with the price paid by the Offerer to purchase the Initial Investment in performance of the Sales/Purchase and Joint Investment Agreement.

In this regard, note that Intesa Sanpaolo S.p.A. informed the Offerer that Banca IMI S.p.A. had performed irrelevant transactions on its behalf within the *market making* activity which had as their subject-matter the Issuer's shares and that, to confirm the irrelevance of these transactions, Intesa Sanpaolo S.p.A. filed with Consob a motion as a precautionary measure *ex Articles 47-bis* and following of the Issuers Regulations and obtained a positive order by such Authority. It is further pointed out that on 27 August 2015 UniCredit Bank AG represented to have purchased on the market 130,000 Pirelli ordinary shares, at a unit price of Euro 14.93, in order to close a security loan, with registration on 31 August 2015 (the purchase was disclosed to the market on 27 August 2015 pursuant to Article 41, paragraph 6, of the Issuers Regulations). UniCredit Bank AG used to hold bonds whose equivalent aggregate value was Euro 2,700,000 from Cam Convertible Loan. Such bonds were sold to a third counterparty on 26 August 2015, with registration on 28 August 2015 (the transaction was disclosed to the market on 27 August 2015 pursuant to Article 41, paragraph 2, letter c, of the Issuers Regulation). On 3 September 2015, Banca IMI S.p.A. (a company controlled by Intesa Sanpaolo S.p.A.) converted into no. 87,993 Pirelli ordinary shares (at a unit price for each share to be converted of Euro 11.3645) bonds for an aggregate equivalent value of Euro 1,000,000 originating from CAM Convertible Loan hold by Banca IMI S.p.A.; the aforesaid conversion (communicated to the market on 3 September 2015 pursuant to Article 41, paragraph 2, letter c), of the Issuers Regulation) – which at the same time pays off the delta hedge position assumed by the trading desk within the scope of its institutional operation with the customers of the group – will be governed as provided for by CAM 2012.

The consideration corresponding to 15 Euros is “*ex dividend*”, so excludes the coupon for the dividend approved by the Issuer's Shareholders' Meeting on 14 May 2015 and paid on 20 May 2015.

The Consideration for the Mandatory Offer is net of tax stamps, compensation, commissions and fees that will be borne by the Offerer while the substitute tax on capital gains, if owed, will be borne by the participants in the Mandatory Offer.

The Consideration for the Voluntary Offer is 15 Euros (still *ex dividend*) for each Savings Share included in the Voluntary Offer.

7.2. Consob Communication in Consob Bulletin of 10 August 2015

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Whereas the Offerer and the Persons Acting in Concert declared to have not purchase any other ordinary shares of the Issuer in the twelve months prior to the Offer notice, unless as indicated in this Release and in the Offer Document, We deem it useful to reproduce the information provided in Consob Bulletin of 10 August 2015.

“ Consob confirmed that there are no elements to believe that the agreements between CAMFIN S.p.A. (Cf) and China National Tyre & Rubber Co Ltd. (CNRC) with reference to the phases following the transfer of Pirelli holdings are relevant for the purposes to determine any compulsory OPA for Pirelli & C. S.p.A. (Pirelli) ordinary shares, which is set at 15 Euros per share. Indeed, in response to this question, Consob evaluated, in particular, if these agreements may determine a further economic advantage for the seller (Cf) in respect of the consideration received for the main transaction that caused the fixing of the subsequent compulsory OPA , to the detriment of the minority shareholder of Pirelli (omissis).

The Commission first and foremost excluded that Cf's reinvestment of the revenue received from the sale of Pirelli holdings in the capitalization of Marco Polo International Italy (Newco)- the parent company of Marco Polo Industrial Holding (Bidco) in its turn controlled by CNRC and Bidco will be the transferee of its Cf holdings in Pirelli - occurs on economic conditions that guarantee an advantage which is not given to Pirelli minority shareholders. In relation to the other put/call agreements and the additional facility/additional capital increase between Cf and CNRC, the Commission, having assessed the respective features, considered that neither the put nor the use of additional facility/additional capital increase agreements would result in an advantage for Cf (omissis)”.

Usually, the Commission specifies that the opinion is based on the information provided in response to the question asked and is subject to different conclusions where there are different and additional circumstances arise.

The position quoted above is part of the response to question No. 0063476/15 of 4 August 2015.

7.3. The justification of the Consideration according to the Offerer

The Offerer first points out that to determine the price of the share paid for the purchase of Pirelli holdings held by CAMFIN, equal, as provide for by law, to the Consideration of the Offer, the Offerer (as well as CHEMCINA) did not used experts' opinions of independent subjects but only the analyses conducted independently by CNRC.

7.4. Comparison of the Consideration with the main indicators of the Issuer and comparable companies

The Offerer compares the Consideration with some indicators of the Issuer, obtaining some multiples that are compared with the multiples of some listed companies operating in the same sector as the Issuer and considered potentially or partially comparable with the same.

The following multipliers are considered (using the method set forth *above* under point 7.4 III):

- EV/Revenues, which represents the ratio between the *Enterprise Value* – calculated as the mathematical sum of the market capitalization, net financial debt, third party equity and by

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subtracting the holdings in affiliated companies assessed based on the equity methods - and revenues;

- EV/EBITDA, which represents the ratio between the *Enterprise Value* and the EBITDA or Gross Operating Margin;
- EV/EBIT, which represents the ratio between the *Enterprise Value* and EBIT (*Earnings before Interest and Taxes*);
- P/E, that represents the ratio between the market capitalization and the net results pertaining to the company's shareholders.
- P/CF that represents the ratio between the market capitalization and the operating cash flow.

(I) Consequently the Offerer prepared the following table:

Price Multipliers	31 December 2014	31 December 2013
EV/Revenue	1.55x	1.53x
EV/EBITDA	8.0x	8.5x
EV/EBIT	11.1x	11.8x
P/E	22.9x	24.1x
P/CF	9.8x	9.8x 10.8x 10.8x

In such respect the Offerer specified that EV/Revenue, EV/EBITDA, EV/EBIT, P/E and P/CF are among the multiples most frequently used by financial analysts to evaluate industrial companies, while the application of the P/BV ("Price/Book Value") multiple seems not relevant for the reference sector and therefore was not taken into consideration.

(II) The following comparison table is provided:

Comparable companies	EV/Revenue		EV/EBITDA		EV/EBIT		P/E		P/CF (1)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Bridgestone	1.10x	1.13x	6.0x	6.6x	8.4x	9.2x	12.3x	18.3x	n.s.	n.s.
Continental	1.49x	1.54x	10.0x	10.1x	15.4x	15.8x	18.3x	22.6x	10.4x	11.7x
Goodyear	0.68x	0.63x	5.5x	5.8x	8.1x	8.9x	11.4x	11.2x	19.0x	6.9x
Hankook	1.11x	1.05x	5.0x	5.1x	7.2x	7.2x	8.2x	8.1x	4.3x	4.7x
Michelin	1.15x	1.11x	6.9x	6.9x	10.4x	10.1x	15.7x	14.3x	6.4x	5.2x
Nokian	2.61x	2.38x	9.1x	7.6x	11.7x	9.4x	17.0x	19.2x	10.9x	11.1x
Average	1.36x	1.31x	7.1x	7.0x	10.2x	10.1x	13.8x	15.6x	10.2x	7.9x
Median	1.13x	1.12x	6.5x	6.7x	9.4x	9.3x	14.0x	16.3x	10.4x	6.9x
PIRELLI	1.55x	1.53x	8.0x	8.5x	11.1x	11.8x	22.9x	24.1x	9.8x	10.8x

(1) CF calculated as sum of cash flows originating from operating activities

The table shows that the Consideration brings to multipliers that, for Pirelli, are higher than the average and the median of multipliers adopted for the compared companies.

(III) It is specified that, for the methodological plan: (i) while the multipliers for the Issuer with reference to fiscal years closed on 31 December 2014 and 31 December 2013 are prepared based on the value of the Issuer's economic capital (Consideration multiplied by the number of shares issued net of Own Ordinary Shares and Own Savings Shares as of 30 June 2015) and the economic data as of 30

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June 2015 for net financial debt, staff funds, third party equity and affiliate holdings assessed according to the equity method, (ii) multiples for the sample company were instead determined by calculating the ratio between the weighted average of the stock market value in the last listing month (i.e.: from 23 February to 20 March 2015 included, the last Day the Stock Market was open prior to 22 March 2015, the date on which the press release was issued to the market pursuant to Article 114 of TUF containing the news that the Sales/Purchase and Joint Investment Agreement had been signed and, therefore, the announcement of the transaction) and the financial position figures as at the latest date available before the Date of the Offer Document and the economic results indicated in the financial statements as of 31 December 2014 and 31 December 2013.

7.5. Monthly weighted averages of the Stock Market prices in the last 12 months

The Offerer prepares two comparison tables between the Consideration for the Offers and (i) the last official closing price for the Pirelli Shares recorded on 20 March 2015, last day on which the stock market was open prior to 22 March 2015, the date on which the press release was issued to the market pursuant to Article 114 of TUF containing the news that the Sales/Purchase and Joint-Investment Agreement had been executed and hence the announcement of the transaction, and (ii) the weighted mathematical average of Pirelli Share official prices for 1, 3 and 6 months and 1 year prior to 20 March 2015 (included), last day on which the stock market was open prior to 22 March 2015, the date on which the press release was issued to the market pursuant to Article 114 of TUF containing the news that the Sales/Purchase and Joint-Investment Agreement had been executed into and hence the announcement of the transaction.

(I) Mandatory Offer

Reference period	AVERAGE WEIGHTED PRICE IN THE PERIOD⁽¹⁾	IMPLICIT PREMIUM IN THE MANDATORY OFFER
Official price –of the last day on which the stock market was open prior to the announcement (20 March 2015)	15.44	(2.9%)
Average weighted price on volumes – 1 month prior to 20 March 2015 (included)	14.48	3.6%
Average weighted price on volumes – 3 months prior to 20 March 2015 (included)	13.33	12.6%
Average weighted price on volumes – 6 months prior to 20 March 2015 (included)	12.08	24.2%
Average weighted price on volumes - 1 year prior to 20 March 2015 (included)	11.92	25.8%

(1) price “cum dividend”, hence including the coupon relating to the dividend approved by the shareholders’ meeting of the Issuer on 14 May 2015 and paid on 20 May 2015 (equal to Euro 0.367 per ordinary share)

(II) Voluntary Offer on Savings Shares

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Reference period	AVERAGE WEIGHTED PRICE IN THE PERIOD ⁽¹⁾	IMPLICIT PREMIUM IN THE VOLUNTARY OFFER
Official price of the last day on which the stock market was open prior to the announcement (20 March 2015)	15.35	(2.3)%
Average weighted price on volumes – 1 month prior to 20 March 2015 (included)	14.54	3.1%
Average weighted price on volumes – 3 months prior to 20 March 2015 (included)	13.02	15.2%
Average weighted price on volumes – 6 months prior to 20 March 2015 (included)	11.96	25.4%
Average weighted price on volumes – 1 year prior to 20 March 2015 (included)	11.10	35.1%

(1) price “cum dividend”, hence including the coupon relating to the dividend approved by the shareholders’ meeting of the Issuer on 14 May 2015 and paid on 20 May 2015 (equal to Euro 0.367 per ordinary share).

Please note as of now that financial *advisors* (see *point 8* below), considered 9 March 2015 as the last *unaffected day* before the announcement of the transaction resulting in the Offers (also on the basis of the findings that already on 10 March 2015 the volumes processed were approximately twice than the average volumes processed in the 3 previous months).

7.6. Previous premiums

The Offerer reminds that on 10 July 2014, the transaction was completed that led LTI to hold 50% of CAMFIN (a company that, at the time, held an interest equal to 26.19% of Pirelli's ordinary share capital directly or indirectly) based on the assessment of each Pirelli ordinary share held by CAMFIN at €12.

The Offerer also declares that, except for the above and for the purchases made by the Offerer and by the Persons Acting in Concert as per Paragraph E.6 of the Offer Document, no financial transactions (such as mergers and demergers, capital increases, public offers) took place in the last financial year and in the current financial year that led to the assessment of the Issuer's Ordinary or Savings Shares and that, to the best of the Offerer's knowledge, no transfers of significant blocks of the Issuer's Ordinary or Savings Share took place.

8. Methods and summary of results used by the financial advisors

8.1 Preliminary Considerations

The financial advisors at Deutsche Bank and Goldman Sachs drafted separate reports that are attached in full to this Release and to which reference is made.

Before explaining the methods and results used and reached, respectively, by each of them, it must be pointed out how both advisors:

- used a variety of generally accepted and commonly used assessment methods for analyses of the same of kind as those that were part of their assignment from Pirelli; such methods analyse the basics and information publicly available as well as the financial forecasts and projections provided by the Issuer (see Preamble D above);
- considered 9 March 2015 as the last *unaffected/undisturbed day* before the announcement of the transaction resulting in the Offers (also based on the findings that already on 10 March the

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- volumes processed were approximately twice the average volumes processed in the 3 previous months);
- considered the impact of the dividend paid out to calculate the premiums implicit in the offer .

8.2 Methods and Summary of DB Results

As concerns DB, without prejudice to the assumptions as better described in the opinion, and in the relevant Addendum (released on 2 September 2015 and attached to this Release and to which reference is made for a more thorough and in-depth analysis), the methods adopted by the *advisor* and the main results obtained can be summarized as follows:

“The valuation methodologies used by Deutsche Bank for the purposes of rendering the opinion contained in the Fairness Opinion Letter were as follows:

(I) Discounted cash flow methodology

*Deutsche Bank has applied the discounted cash flow methodology to forecasts for the Client prepared by its management as approved for Deutsche Bank’s use by the Client (“**Projections**”). Such Projections do not include any synergies or other benefits that may be derived from any future business combination or strategic partnership with the Purchaser, any of its affiliates or shareholders, or any other person. Using this methodology, the price per ordinary share ranges from Euro 13.0 to Euro 15.0.*

(II) Market prices methodology

Deutsche Bank has analysed the historical trading performance of the ordinary shares during the period of twelve calendar months immediately prior to 9 March 2015, which has been identified as the unaffected date, as well as the volume weighted average price per ordinary share during the periods of one, three and six calendar months immediately prior to 9 March 2015, respectively. Using this methodology, the price per ordinary share ranges from Euro 9.7 to Euro 13.4.

(III) Take-over premia methodology

Deutsche Bank has analysed the historical average premia paid per ordinary share in precedent mandatory tender offer transactions in the Italian market during the period from 2011 to 2015, and has applied such premia to the price per Pirelli ordinary share on 9 March 2015, and the volume weighted price per ordinary share for certain periods prior to 9 March 2015. Using this methodology, the price per ordinary share ranges from Euro 14.8 to Euro 16.8.

(IV) Research analysts’ target price methodology

*Deutsche Bank has analysed the target prices per ordinary share published by national and international research analysts in their respective research notes in relation to the Client (each, a “**Research Note**”) both prior to and after the announcement of the Transaction and the Offer (the “**Announcement Date**”). Deutsche Bank has analysed such target prices in 19 Research Notes published prior to the Announcement Date and 16 Research Notes published after the Announcement Date. In relation to any Research Notes published after the Announcement Date, Deutsche Bank has excluded from its analyses any such target prices which included any potential synergies or other benefits that may be derived from any future business combination or strategic partnership with the Purchaser, or its shareholders or subsidiaries or affiliates, or any other person. Deutsche Bank has also excluded from its analyses any such target prices that value the Client by reference to the price per ordinary share proposed to be paid by the Purchaser pursuant to the Offer. Using this methodology, the target prices per ordinary share published in the Research Notes between the*

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announcement of the Client's 2014 year-end financial statements and the Announcement Date range from Euro 11.0 to Euro 16.5, and the target prices per ordinary share published in the Research Notes after the Announcement Date range from Euro 12.3 to Euro 16.3.

(V) Comparable trading multiple methodology

Deutsche Bank has compared certain financial and stock market information for the Client with similar financial and stock market information for certain selected companies which Deutsche Bank has considered comparable to the Client and whose securities are publicly traded. Such companies operate, partially or wholly, in the tyre sector. Deutsche Bank has calculated their valuation multiples for the calendar years 2015 and 2016 based on EV/EBITDA, and has applied such multiples to the Client's relevant metrics. Using this methodology, the price per ordinary share ranges from Euro 11.1 to Euro 13.9.

(VI) Precedent transaction methodology

Deutsche Bank has reviewed the financial aspects of certain selected merger and acquisition transactions which were completed during the period from 2003 to 2015, in which the companies being acquired operated wholly or partially in the tyre sector and which Deutsche Bank has considered comparable to the Client. Deutsche Bank has used estimates of the EV/EBITDA multiples paid by the acquirer in each such transaction, and has applied such multiples to the Client's relevant metrics. Using this methodology, the price per ordinary share ranges from Euro 9.5 to Euro 14.4.

DB's opinion gets to the conclusion that "based upon and subject to the foregoing, it is Deutsche Bank's opinion as investment bankers that, as of the date of this letter, the Consideration is fair, from a financial point of view, to the Relevant Shareholders"

8.3 Methods and Summary of GS Results

As concerns GS, without prejudice to the warnings (to be considered as fully incorporated herein) contained in the relevant opinion (released on 2 September 2015), in the first place the advisor specified the following.

The Issuers informed Goldman Sachs that the financial projections made available by the Issuers do not take into consideration any strategic plan, operating synergy, strategic reorganisation, including the Industrial Reorganisation, or any analysis concerning the transfer of control from the Issuer to the Offerer.

Goldman Sachs provided its consultancy services and rendered its own opinion exclusively to inform and advise the Board with regard to the consideration of the same on the Offer and such opinion does not represent an advice for holders of the Shares to subscribe or to not subscribe to the Offers, or any other advice whatsoever.

The analysis and the opinion formulated by Goldman Sachs are necessarily based on economic, monetary, market and other conditions existing as of today's date and on the economic information made available to Goldman Sachs as at 2 September 2015; and Goldman Sachs undertakes no liability as to the updating, review or reconfirmation of this opinion on the basis of circumstances, developments or events following the date of release of the same. Goldman Sachs has supposed, with the Issuer's consent, that certain financial analyses prepared internally and the projections for Issuer were formulated on the basis of the best forecasts and opinions of the Issuer's management available as of today and, as requested by the Issuer, the analyses prepared by Goldman Sachs for the formulation of its own opinion do not take into consideration any strategic plan, operating synergy, strategic reorganisation, including the Industrial Reorganisation, or any analysis concerning the

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transfer of control from the Issuer to the Offerer. As concerns market data, quantity information used in the analyses prepared by Goldman Sachs is based on market data earlier than or updated as at 2 September 2015, unless otherwise specified, and does not necessarily reflect the current market conditions.

The results of each of the analyses are set forth below. Price intervals refer to the value per ordinary share and per savings share of the Issuer.

That being said, the methods applied, along with the respective results, are summarized by GS as follows:

“For the purposes of our analysis we have taken into consideration the values of net indebtedness, of third parties interest and of the liabilities relating to employees’ benefits as shown in the Company’s consolidated assets and financial situation statement as of 30 June 2015 and as shown in the Financial Projections; the value of investments in affiliates and joint ventures based on the latest market closing prices prior to the date hereof, or as an alternative based on the Financial Projections. Moreover, implied values per share have been calculated dividing the forecasts of the Company’s own capital value by the number of outstanding shares at the date hereof, hence attributing the same value to ordinary and savings shares.

“Discounted cash flow analysis.

We performed a discounted cash flow analysis of the Company to derive a range of implied values per Share using the Financial Projections and based on

- The unlevered cash flows for the years 2015 – 2019*
- A range of discount rates of (7.5% to 9 %), reflecting an estimate of the Company’s weighted average cost of capital and calculated using the Capital Asset Pricing Model (“CAPM”)*
- The Terminal Value of the Company at the end of 2019 based on the range of multiple outcomes (from 7.4 x to 8.6x times) applied to earnings before interest, financial charges and taxes (EBIT).*

Present value of future share price analysis.

We performed an analysis of the present value of future price and dividends per Share based on

- Forecasted earnings before financial charges and taxes (EBIT), earnings per Share and dividends per Share for the years 2016 – 2019*
- A range of multiples applied to the next twelve months earnings before financial charges and taxes (from 7.4x to 8.6x) and to next twelve months earnings per Share (from 10.1x to 13.0x times)*
- A discount rate of 8.2%, reflecting an estimate of the Company’s cost of equity and calculated using CAPM*

Precedent transaction analysis.

We analyzed certain publicly available information relating to certain transactions in the tyre industries during the last 10 years. We applied to the Company’s earnings before interests, taxes, depreciation and amortization and earnings before interests and taxes for the twelve months ending on 30 June 2015, a range of multiples, derived based on a review of the multiples paid in such similar transactions. While none of the companies that participated in the selected transactions is directly comparable to the Company, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of the Company’s results, market size and product profile.

Precedent tender offers premia.

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Using publicly available information, we have applied to the closing price of the Company's ordinary shares on 9 March 2015, considered to be the last date when the share price was unaffected by speculations of a potential tender offer (the "Undisturbed Date"), the average premia paid in tender offers of significant size and similar features as the Offers launched on shares listed on the Telematic Share Market of Borsa Italiana .

For the sake of completeness, we also considered the following market information:

Pirelli trading prices.

We have observed the closing prices of the Shares for the 52 weeks ending with the Undisturbed Date.

Analysts' target price.

We have reviewed the reports issued by the research analysts covering the Company's Shares released (i) following the publication by Pirelli of the preliminary financial results for 2014 financial year and before the Undisturbed Date and (ii) after the Undisturbed Date, and considered the respective target prices ranges.

The table below presents the results of the analyses summarized above:

<i>Methodology</i>	<i>Minimum implied value per Share (EUR)</i>	<i>Maximum implied value per Share (EUR)</i>
<i>Discounted cash flow</i>	<i>14.6</i>	<i>17.6</i>
<i>Present value of future share price (based on EBIT)</i>	<i>13.5</i>	<i>17.0</i>
<i>Present value of future share price (based on EPS)</i>	<i>11.1</i>	<i>15.2</i>
<i>Precedent transaction analysis</i>	<i>14.9</i>	<i>17.3</i>
<i>Precedent tender offers premia</i>	<i>14.9</i>	<i>16.1</i>

The table below presents certain reference market data:

<i>Market Reference Points</i>	<i>Minimum Value per Share (EUR)</i>	<i>Maximum Value per Share (EUR)</i>
<i>Closing price on the Undisturbed Date (9 March 2015)</i>		<i>13.53</i>
<i>Trading prices</i>	<i>9.9</i>	<i>13.7</i>
<i>Analysts' target price (pre-Undisturbed Date)</i>	<i>11.0</i>	<i>16.5</i>
<i>Analysts' target price (post-Undisturbed Date)</i>	<i>15.0</i>	<i>19.2</i>

[...]

Based upon and subject to the foregoing, it is our opinion that, as at the date hereof, the €15.00 in cash per Share to be paid to the holders (other than the Offerer and its subsidiaries) of the Shares pursuant to the Offeror Statement and the Offer Document is fair from a financial point of view to such holders of the Shares."

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9. Conclusions

The Consideration for the Mandatory and Voluntary Offers falls, from a financial point of view, within a *range* of congruity. Such conclusion was reached in light of the detailed analysis of the financial *advisors* based on the information obtained from the various criteria and analysis methods, criteria and methods that are generally accepted and currently used in the international practice as summarized and described above, which the Board finds convincing

The lack of alternative offers, despite the exposure of the transaction to the market for various months, the Offerer's goal to delist all Pirelli shares and the uncertainty about any new admission to listing of the shares of the Issuer (or of the Offerer following the Merger) currently create a scenario in which it is fairly uncertain, at least in the short to mid-term, that, after the Offers, the Issuers' shareholders will be able easily market their investment, whether in Ordinary Shares or Savings Shares .

In terms of the company's interest, the Offerer's strategic goal is to create an industrial *partnership* in line with the development plans both in the distribution and industrial sector of Pirelli, with particular reference to the Asia-Pacific area. While confirming the choice to give autonomous importance to the *Industrial* sector the Board takes time to examine and make all determinations with respect to the possible Industrial Reorganisation outlined by the Offerer.

The Board finds the measures contained in the Pirelli Shareholders Agreement to be in line with Pirelli's strategic position and with the further development of its *brand*, focused on taking action and on Pirelli's business culture, using the long-term retention of management as a *tool*, as also proven by the need (contemplated in the Shareholders Agreement in the manner set out therein, to which reference is made) for fairly qualified majorities to transfer Pirelli's technological *know-how* to third parties and to move Pirelli's administrative and operative offices.

Finally, according to the Board there was no breach of the regulation of public offers (whether mandatory or voluntary) imposed by the Italian legislation in force.

This Document was approved on 2 September 2015.

Annexes

- grounded opinion (including annexes thereto) of the Issuer's independent directors pursuant to Article 39-*bis* of the Issuers Regulations;
- fairness opinion of the financial advisors Deutsche Bank AG and Goldman Sachs International;
- document containing projections for years 2018 and 2019 of the Issuers

Disclaimer

- *The updating of 2013-2017 Plan forecasts and the 2018-2019 projections were requested by the financial advisors as additional element to complete the assessments supporting the decisions of Pirelli & C Spa Board of Directors following the Public Offering, and previously examined by the Board of Directors on 6 August 2015 and definitively approved on 2 September 2015 and published at the same time and attached to the Issuer's Release.*
- *Given the lack of the conditions necessary to consider the 2013-2017 Plan as fully implemented, Pirelli has not restarted, so far, the structured planning process to formulate the new 2015-2019 plan, but it has updated the main information in the 2016-2017 Plan, taking into account the 2015 Budget and its subsequent revisions (Guidance August 2015), approved by the Board of Directors and shared with the market on 6 August 2015.*
- *Pirelli has also extrapolated the plan for FYs 2018 and 2019, consistent with such update, in accordance with the AICPA guidelines regarding the production of "Prospective Financial Information".*
- *In particular, 2016 and 2017 were updated considering the differences between the 2015 data included in the 2013-2017 Plan and the last August 2015 revision, including the effects of the investment project revisions, still updated in August 2015. The 2018 and 2019 extrapolation discounts the full benefits of those investments that, although made during the Plan period as expansion investments, were not yet in full effect in 2017, with the goal of performing such extrapolation on a reasonably objective basis and in accordance with the AICPA guidelines. .*

The results of such updates of 2016 and 2017 and the extrapolation for 2018 and 2019, attached hereto, which were preliminary examined by the Board of Directors on 6 August 2015 and definitively approved on 2 September 2015, do not substantially depart, in their essential assessment elements, from the values expressed in the 2013-2017 Plan.

PIRELLI & C.	PROFIT & LOSS - ADJUSTED STRATEGIC PLAN 2015-2017 & EXTRAPOLATION 2018-2019							
	2015		2016		2017		Extrapolation	
Euro/Min @ Hystorical rates	SP Restated (w/o Steel Cord)	GUIDANCE AUGUST	SP Restated (w/o Steel Cord)	SP Adjusted (base 2015)	SP Restated (w/o Steel Cord)	SP Adjusted (base 2015)	2018	2019
Net Sales	6.952,6	6.374,2	7.392,8	6.768,4	7.887,3	7.140,1	7.291,7	7.335,8
-Variation %	6,2%	5,9%	6,3%	6,2%	6,7%	5,5%	2,1%	0,6%
EBITDA before restructuring expenses	1.278,7	1.267,6	1.424,6	1.422,8	1.552,0	1.533,0	1.567,9	1.577,3
-% of net sales	18,4%	19,9%	19,3%	21,0%	19,7%	21,5%	21,5%	21,5%
EBIT before restructuring expenses	960,2	957,6	1.089,4	1.087,3	1.201,8	1.183,1	1.214,2	1.223,2
-% of net sales	13,8%	15,0%	14,7%	16,1%	15,2%	16,6%	16,7%	16,7%
Restructuring expenses	(60,0)	(28,8)	(20,0)	(20,0)	(20,0)	(20,0)	(20,0)	(20,0)
EBIT	900,2	928,8	1.069,4	1.067,3	1.181,8	1.163,1	1.194,2	1.203,2
-% of net sales	12,9%	14,6%	14,5%	15,6%	15,0%	16,3%	16,4%	16,4%
Financial income/(expenses)		(227,0)		(213,8)		(198,8)	(173,8)	(148,8)
PBT		701,8		853,5		964,3	1.020,4	1.054,4
Fiscal charges		(245,6)		(298,7)		(337,5)	(357,1)	(369,0)
-Tax rate %		-35,0%		-35,0%		-35,0%	-35,0%	-35,0%
Net Income before discontinued oper.		456,2		554,8		626,8	663,3	685,4
Discontinued operations		(14,9)						
Net Income		441,3		554,8		626,8	663,3	685,4
Net financial position		838,1		649,4		473,7	166,2	(158,8)

Pirelli Confidential Restricted

PIRELLI & C.	NET CASH FLOW - ADJUSTED STRATEGIC PLAN 2015-2017 & EXTRAPOLATION 2018-2019						
	2015		2016		2017		Extrapolation
	SP Restated (w/o Steel Cord)	GUIDANCE AUGUST	SP Restated (w/o Steel Cord)	SP Adjusted (base 2015)	SP Restated (w/o Steel Cord)	SP Adjusted (base 2015)	2018
Euro/Min @ Historical rates							
EBIT before restr.expenses	960,2	957,6	1.089,4	1.087,3	1.201,8	1.183,1	1.214,2
Amortisation and depreciation	318,5	310,0	335,2	335,5	350,2	349,9	353,7
Net capital expenditures	(383,2)	(390,0)	(390,3)	(386,8)	(399,8)	(397,1)	(328,7)
Change in working capital	(40,8)	(39,6)	(44,6)	(45,0)	(49,4)	(48,8)	(50,0)
Pension funds	(60,0)	(45,0)	(60,0)	(60,0)	(60,0)	(60,0)	(60,0)
LTI	0,0	0,0	0,0	0,0	(60,0)	(60,0)	0,0
FREE CASH FLOW	794,7	793,0	929,7	931,0	982,8	967,1	1.129,2
Other variations		0,0		0,0		0,0	0,0
OPERATING CASH FLOW		793,0		931,0		967,1	1.129,2
Financial income/(expenses)		(227,0)		(213,8)		(198,8)	(173,8)
Fiscal charges		(245,6)		(298,7)		(337,5)	(357,1)
NET OPERATING CASH FLOW		320,4		418,5		430,8	598,3
Financial asset disposals		120,0		0,0		0,0	
Real estate disposals		0,0		5,0		5,0	
Cash-out for restructuring operations		(13,0)		(20,0)		(20,0)	(20,0)
Other dividends paid		(2,0)		(7,0)		(8,0)	(10,0)
Exchange rates difference/other		(104,0)		(26,3)		(10,2)	(10,0)
Net cash Flow before divid.		321,3		371,2		397,6	558,3
Dividend paid by Parent		(180,0)		(182,5)		(221,9)	(250,7)
NET CASH FLOW		141,3		188,7		175,7	307,5
							325,0

PIRELLI CONFIDENTIAL RESTRICTED

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Deutsche Bank



Deutsche Bank AG, London Branch
Winchester House
One Great Winchester Street
London EC2N 2DB
United Kingdom

2 September 2015

Strictly private and confidential

For the kind attention of the
Members of the Board of Directors of
Pirelli & C. S.p.A.
Viale Piero e Alberto Pirelli, 25
20126 – Milano, Italy

Dear Sirs,

In accordance with an agreement dated 22 March 2015, Marco Polo Industrial Holding S.p.A. (the "**Purchaser**"), a company owned by ChemChina, CF and LTI (each as defined below), has acquired approximately 26% of the issued and outstanding ordinary shares in the share capital of Pirelli & C. S.p.A. (the "**Client**" and such acquisition, the "**Transaction**"). As a result of the Transaction, the Purchaser is required to make a mandatory tender offer for all of the issued and outstanding ordinary shares in the share capital of the Client. The Purchaser has also announced that it will make a voluntary tender offer for all of the issued and outstanding saving shares in the share capital of the Client (such mandatory tender offer and voluntary tender offer together, the "**Offer**"). The Offer will be made upon the terms and subject to the conditions described in an offer document, a draft of which has been provided to Deutsche Bank on 28 August 2015 (the "**Offer Document**"). The consideration proposed to be paid by the Purchaser to the Relevant Shareholders (as defined below) pursuant to the Offer is EUR15 per ordinary share in the share capital of the Client and EUR15 per saving share in the share capital of the Client, in each case payable in cash (the "**Consideration**").

Deutsche Bank AG, a corporation domiciled in Frankfurt am Main, Germany, operating in the United Kingdom under branch registration number BR000005 and acting through its London branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom ("**Deutsche Bank**"), has been engaged by the Client to act as its financial adviser in connection with the Offer and Transaction.

The Client has requested that Deutsche Bank provides an opinion addressed to the board of directors of the Client (the "**Board**") as to whether the Consideration is fair, from a financial point of view, to the Relevant Shareholders (as defined below).

For the purposes of this letter: "**CF**" shall mean Camfin S.p.A. and its affiliates; "**ChemChina**" shall mean China National Chemical Corporation and its affiliates; "**Client Group**" shall mean the Client, the parent undertakings and subsidiary undertakings of the Client and any subsidiary undertakings of such parent undertakings from time to time; "**CONSOB**" shall mean the Italian Securities and Exchange Commission; "**DB Group**" shall mean Deutsche Bank AG and its

Chairman of the Supervisory Board: Paul Achleitner.
Management Board: John Cryan (Co-Chairman), Jürgen Fitschen (Co-Chairman), Stefan Kreuze,
Stephan Lellwiler, Stuart Lewis, Henry Rihchotte, Marcus Sienheck, Christian Sewing.

Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank and the BaFin, Germany's Federal Financial Supervisory Authority) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by the BaFin, and is subject to limited regulation in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority.

Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany, Local Court of Frankfurt am Main, HRB No. 30 000; Branch Registration in England and Wales BR000005 and Registered Address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG, London Branch is a member of the London Stock Exchange. (Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority, are available on request or from www.db.com/en/content/eu_disclosures.htm)



subsidiary undertakings from time to time; "LTI" shall mean Long-Term Investments Luxembourg S.A. and its affiliates; "person" shall include a reference to an individual, body corporate, association or any form of partnership (including a limited partnership); "Relevant Shareholders" shall mean the holders of ordinary and/or saving shares in the share capital of the Client from time to time, excluding CF, ChemChina, the Purchaser and LTI; and "subsidiary undertakings" shall be construed in accordance with section 1162 of the Companies Act of 2006.

In connection with Deutsche Bank's role as financial adviser to the Client, and in arriving at the opinion contained in this letter, Deutsche Bank has:

- (i) reviewed certain publicly available financial and other information concerning the Client, certain internal analyses, financial forecasts and other information furnished to it by the Client;
- (ii) held discussions with members of the management of the Client regarding the businesses and prospects of the Client;
- (iii) reviewed the reported prices and trading activity for the ordinary and the saving shares in the share capital of the Client;
- (iv) to the extent publicly available, compared certain financial and stock market information for the Client with similar financial and stock market information for certain selected companies which Deutsche Bank has considered comparable to the Client and whose securities are publicly traded;
- (v) reviewed the financial aspects of certain selected merger and acquisition transactions which Deutsche Bank has considered comparable to the Offer;
- (vi) reviewed the financial terms of the Offer;
- (vii) reviewed the terms of the draft Offer Document which has been provided to Deutsche Bank and certain related documents, including, without limitation, the draft statement to be issued by the Board in connection with the Offer (the "Issuer's Statement");
- (viii) performed such other studies and analyses, and considered such other factors, as it deemed appropriate; and
- (ix) reviewed certain extracts from an agreement dated 22 March 2015 entered into between ChemChina, CF and LTI, as published and made publicly available on the CONSOB website (the "New Shareholders Agreement").

In conducting its analyses and arriving at the opinion contained in this letter, Deutsche Bank has utilized a variety of generally accepted valuation methods commonly used for these types of analyses. The analyses conducted by Deutsche Bank were prepared solely for the purpose of enabling Deutsche Bank to provide the opinion contained in this letter to the Board as to the fairness, from a financial point of view, to the Relevant Shareholders of the Consideration and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities may actually be sold, which are inherently subject to uncertainty.

Deutsche Bank has not assumed responsibility for, and has not independently verified, any information, whether publicly available or furnished to it, concerning the Client, including, without limitation, any financial information, forecasts or projections considered in connection with the rendering of the opinion contained in this letter. Accordingly, for the purposes of rendering the



opinion contained in this letter, Deutsche Bank has, with the Client's permission, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank has not conducted a physical inspection of any of the properties or assets, and has not prepared or obtained any independent valuation or appraisal of any of the assets or liabilities (including, without limitation, any contingent, derivative, or off-balance sheet assets and liabilities), of the Client or any of its respective affiliates, nor has Deutsche Bank evaluated the solvency or fair value of the Client under any applicable law relating to bankruptcy, insolvency or similar matters.

With respect to the financial forecasts and projections made available to Deutsche Bank and used in its analyses, including, *inter alia*, certain internal financial analyses and forecasts for the Client prepared by its management as approved for Deutsche Bank's use by the Client (the "Projections"), Deutsche Bank has assumed, with the Client's permission, that such Projections have been reasonably prepared on bases reflecting the best currently available estimates and judgements of the management of the Client as to the matters covered thereby. In rendering the opinion contained in this letter, Deutsche Bank expresses no view as to the reasonableness of any such financial information, forecasts and projections (including, without limitation, the Projections) or the assumptions on which they are based. In addition, the Projections are based on the corporate structure and operations of the Client as of the date of this letter and, in particular, do not include, any synergies or other benefits that may be derived from any future business combination or strategic partnership with the Purchaser, any of its affiliates or shareholders, or any other person.

Deutsche Bank has also assumed that the extracts from the New Shareholders Agreement are compliant with CONSOB regulations and rules and represent a true, accurate and complete summary of all of the provisions of the New Shareholders Agreement that may be relevant to the rendering of the opinion contained in this letter by Deutsche Bank.

For the purposes of rendering the opinion contained in this letter, Deutsche Bank has taken into consideration: (i) the Client's corporate governance regime and the ability of CF to exercise control over the Client, which existed prior to the implementation of the Transaction (including, without limitation, the ability of CF (by virtue of its shareholding in, and voting power in relation to, the Client and the operation of the Client's by-laws) to appoint the majority of the members of the Board and influence certain key management appointments); and (ii) the ability of the Purchaser and CF, following the implementation of the Transaction, to exercise such corporate governance rights, irrespective of the level of acceptance of the Offer.

For the purposes of rendering the opinion contained in this letter, Deutsche Bank has assumed, with the Client's permission, that the Offer will, in all respects material to its analysis, be consummated in accordance with its terms, without any material waiver, modification or amendment of any term, condition or agreement. Deutsche Bank has also assumed, with the Client's permission, that all material governmental, regulatory or other approvals and consents required in connection with the making and acceptance of the Offer will be obtained and that, in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no material restrictions will be imposed.

Deutsche Bank is not a legal, regulatory, tax or accounting expert and has relied on the assessments made by the Client and its professional advisers with respect to such issues. Representatives of the Client have informed Deutsche Bank, and Deutsche Bank has further assumed, with the Client's permission, that the final terms and conditions of the Offer Document



and the Issuer's Statement will not differ materially from the terms and conditions of the draft Offer Document and draft of the Issuer's Statement, which Deutsche Bank has been provided with and reviewed.

The opinion contained in this letter is: (i) limited to the fairness, from a financial point of view, of the Consideration to the Relevant Shareholders; (ii) subject to the assumptions, limitations, qualifications and other conditions contained in this letter; and (iii) necessarily based on financial, economic, market and other conditions, and the information made available to Deutsche Bank, as in effect on and as of the date of this letter.

The Client has not asked Deutsche Bank to, and the opinion contained in this letter does not, address the fairness of the Offer, or any consideration received in connection with the Offer, to the holders of any class of securities, creditors or other constituencies of the Client (other than the Relevant Shareholders), nor does it address the fairness of the contemplated benefits of the Offer (other than the Consideration). Deutsche Bank expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this letter or the opinion contained in this letter of which it or any other member of the DB Group becomes aware after the date of this letter. Deutsche Bank expresses no opinion as to the merits of the underlying decision of the Relevant Shareholders to accept the Offer. In addition, Deutsche Bank does not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to, or to be received pursuant to the Offer by any of the officers, directors, or employees of any of the persons to whom the Offer is made, or any class of such persons. The opinion contained in this letter does not address the prices at which the ordinary shares and/or the saving shares in the share capital of the Client or any other securities will trade following the making or acceptance of the Offer.

It has not been requested that Deutsche Bank: (i) solicits or will solicit, and Deutsche Bank has not solicited, any third party indications of interest in the possible acquisition of any or all of the ordinary shares or saving shares in the share capital of the Client; or (ii) considers or will consider, and the opinion contained in this letter does not address, the relative merits of the Offer as compared to any alternative business strategies.

In consideration for the performance by Deutsche Bank of its services as a financial adviser to the Client in connection with the Offer and Transaction, Deutsche Bank will be paid a fee, which is contingent upon the completion of the mandatory tender offer referred to above. The Client has also agreed to indemnify Deutsche Bank and, *inter alia*, each other member of the DB Group against, and, at all times, hold Deutsche Bank and, *inter alia*, each other member of the DB Group harmless from and against, certain liabilities in connection with the engagement of Deutsche Bank as a financial adviser to the Client in connection with the Offer.

One or more members of the DB Group has, from time to time, provided investment banking, commercial banking (including, without limitation, extension of credit) and other financial services to the Client or its respective affiliates for which it has received compensation. In the ordinary course of its business, one or more members of the DB Group may actively trade in the ordinary shares and/or saving shares in the share capital of the Client or any other securities, and other instruments and obligations, of the Client and the Purchaser for its own account and/or for the account of its respective customers. Accordingly, one or more members of the DB Group may, at any time, hold a long or short position in any such ordinary shares, saving shares, securities, instruments and obligations. For the purposes of rendering the opinion contained in this letter,



Deutsche Bank has not considered any information that may have been provided to it in any such capacity, or in any capacity other than in its capacity as fairness opinion provider.

Based upon, and subject to, the foregoing, it is Deutsche Bank's opinion as investment bankers that, as of the date of this letter, the Consideration is fair, from a financial point of view, to the Relevant Shareholders.

This letter has been approved and authorized for issuance by a fairness opinion review committee, is addressed to, and is for the use and benefit of, the Board, and is not a recommendation to the Relevant Shareholders to accept or reject the Offer. This letter, and the opinion contained in this letter, is intended solely for the use of the Board in considering the Offer. This letter and its contents, including the opinion contained in this letter, shall not be used or relied upon by any other person or for any other purpose.

Without the prior written consent of Deutsche Bank, this letter shall not, in whole or in part, be disclosed, reproduced, disseminated, summarised, quoted or referred to at any time, in any manner or for any purpose to any other person or in any public report, public document, press release, public statement or other public communication (each, a "Public Disclosure"), *provided, however, that*, the Client shall be entitled to disclose this letter and its contents, including the opinion contained in this letter: (i) as expressly required by applicable law or regulation or so requested by the Client for inclusion in any disclosure document to be filed by the Client with any applicable securities regulatory authorities with respect to the Offer; or (ii) on a confidential and non-reliance basis to the professional advisers of the Client in relation to the Offer, *provided, further, that* this letter is disclosed in full, and that any description of, or reference to, Deutsche Bank or any other member of the DB Group in such Public Disclosure is in a form acceptable to Deutsche Bank.

Yours faithfully,

Deutsche Bank AG, London Branch

DEUTSCHE BANK AG, LONDON BRANCH

Deutsche Bank



Deutsche Bank AG, London Branch
Winchester House
One Great Winchester Street
London EC2N 2DB
United Kingdom

2 September 2015

Strictly private and confidential

For the kind attention of the
Members of the Board of Directors of
Pirelli & C. S.p.A.
Viale Piero e Alberto Pirelli, 25
20126 – Milano, Italy

Dear Sirs,

In this addendum (the "**Addendum**"), Deutsche Bank AG, acting through its London branch ("**Deutsche Bank**"), provides the board of directors of Pirelli & C. S.p.A. (the "**Client**") with a brief explanatory summary of the valuation methodologies used by Deutsche Bank, and the resulting valuation ranges obtained, in the context of rendering the attached letter addressed to the board of directors of the Client, and dated 2 September 2015 (the "**Fairness Opinion Letter**"), containing an opinion regarding the fairness, from a financial point of view, of the Consideration proposed to be paid by the Purchaser to the Relevant Shareholders.

Terms used but not defined in this Addendum shall have the meanings ascribed to such terms in the Fairness Opinion Letter.

For the purposes of rendering the opinion contained in the Fairness Opinion Letter, and in accordance with the customary practice of internationally recognised investment banking firms when rendering fairness opinion letters and performing similar valuations, Deutsche Bank has used each of the valuation methodologies referred to in this Addendum and has not attributed any particular significance or relevance to any one of such valuation methodologies. No one valuation methodology should be considered by the Client or any other person individually. Each such valuation methodology should be considered by the Client together with each other such valuation methodology, and as an integral part of the valuation process undertaken by Deutsche Bank for the purposes of rendering the opinion contained in the Fairness Opinion Letter.

The resulting valuation ranges contained in this Addendum refer to the price per ordinary share in the share capital of the Client. However, the analyses which have been performed by Deutsche Bank and the valuation methodologies which are summarised in this Addendum would apply equally to the saving shares in the share capital of the Client.

Valuation Methodologies

The valuation methodologies used by Deutsche Bank for the purposes of rendering the opinion contained in the Fairness Opinion Letter were as follows:

Chairman of the Supervisory Board: Paul Achleitner.
Management Board: John Cryan (Co-Chairman), Jürgen Fitschen (Co-Chairman), Stefan Krause, Stephan Lehner, Stuart Lewis, Henry Rittchotte, Marcus Schenck, Christian Sewing.

Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank and the BaFin, Germany's Federal Financial Supervisory Authority) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by the BaFin, and is subject to limited regulation in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority.

Deutsche Bank AG is a joint stock corporation with limited liability incorporated in the Federal Republic of Germany, Local Court of Frankfurt am Main, HRB No. 30 1900; Branch Registration in England and Wales BR000005 and Registered Address: Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG, London Branch is a member of the London Stock Exchange. (Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority, are available on request or from www.db.com/en/content/au_disclosures.htm)



- (I) **Discounted cash flow methodology**
Deutsche Bank has applied the discounted cash flow methodology to forecasts for the Client prepared by its management as approved for Deutsche Bank's use by the Client ("**Projections**"). Such Projections do not include any synergies or other benefits that may be derived from any future business combination or strategic partnership with the Purchaser, any of its affiliates or shareholders, or any other person. Using this methodology, the price per ordinary share ranges from EUR 13.0 to EUR 15.0.
- (II) **Market prices methodology**
Deutsche Bank has analysed the historical trading performance of the ordinary shares during the period of twelve calendar months immediately prior to 9 March 2015, which has been identified as the unaffected date, as well as the volume weighted average price per ordinary share during the periods of one, three and six calendar months immediately prior to 9 March 2015, respectively. Using this methodology, the price per ordinary share ranges from EUR 9.7 to EUR 13.4.
- (III) **Take-over premia methodology**
Deutsche Bank has analysed, on various bases, the historical average premia paid per ordinary share in precedent mandatory tender offer transactions in the Italian market during the period from 2011 to 2015, and has applied such premia to the price per ordinary share on 9 March 2015 and the volume weighted share prices per ordinary share for certain periods prior to 9 March 2015. Using this methodology, the price per ordinary share ranges from EUR 14.8 to EUR 16.8.
- (IV) **Research analysts' target price methodology**
Deutsche Bank has analysed the target prices per ordinary share published by national and international research analysts in their respective research notes in relation to the Client (each, a "**Research Note**") both prior to and after the announcement of the Transaction and the Offer (the "**Announcement Date**"). Deutsche Bank has analysed such target prices in 19 Research Notes published prior to the Announcement Date and 16 Research Notes published after the Announcement Date. In relation to any Research Notes published after the Announcement Date, Deutsche Bank has excluded from its analyses any such target prices which included any potential synergies or other benefits that may be derived from any future business combination or strategic partnership with the Purchaser, any of its affiliates or shareholders, or any other person. Deutsche Bank has also excluded from its analyses any such target prices that value the Client by reference to the price per ordinary share proposed to be paid by the Purchaser pursuant to the Offer. Using this methodology, the target prices per ordinary share published in the Research Notes between the announcement of the Client's 2014 year-end financial statements and the Announcement Date range from EUR 11.0 to EUR 16.5, and the target prices per ordinary share published in the Research Notes after the Announcement Date range from EUR 12.3 to EUR 16.3.
- (V) **Comparable trading multiple methodology**
Deutsche Bank has compared certain financial and stock market information for the Client with similar financial and stock market information for certain selected companies which Deutsche Bank has considered comparable to the Client and whose securities are publicly traded. Such companies operate, partially or wholly, in the tyre sector. Deutsche Bank has calculated their valuation multiples for the calendar years 2015 and 2016 based on EV/EBITDA, and has applied such multiples to the Client's relevant metrics. Using this methodology, the price per ordinary share ranges from EUR 11.1 to EUR 13.9.



(VI) **Precedent transaction methodology**

Deutsche Bank has reviewed the financial aspects of certain selected merger and acquisition transactions which were completed during the period from 2003 to 2015 in which the companies being acquired operated wholly or partly in the tyre sector, and which Deutsche Bank has considered comparable to the Client. Deutsche Bank has used estimates of the EV/EBITDA multiples paid by the acquirer in each such transaction, and has applied such multiples to the Client's relevant metrics. Using this methodology, the price per ordinary share ranges from EUR 9.5 to EUR 14.4.

This Addendum is issued upon the same terms and is subject to the same conditions, assumptions, qualifications and limitations as those contained in the Fairness Opinion Letter and, therefore, this Addendum should only be read in the context of, and together with, the Fairness Opinion Letter. Without prejudice to the generality of the foregoing, without the prior written consent of Deutsche Bank, this Addendum shall not, in whole or in part, be disclosed, reproduced, disseminated, summarised, quoted or referred to at any time, in any manner or for any purpose to any other person or in any Public Disclosure, *provided, however, that* the Client shall be entitled to disclose this Addendum and its contents: (i) as expressly required by applicable law or regulation or so requested by the Client for inclusion in any disclosure document to be filed by the Client with any applicable securities regulatory authorities with respect to the Offer; or (ii) on a confidential and non-reliance basis to the professional advisers of the Client in relation to the Offer, *provided, further, that* this Addendum is disclosed in full, and that any description of, or reference to, Deutsche Bank or any other member of the DB Group in such Public Disclosure is in a form acceptable to Deutsche Bank.

Yours faithfully,

Deutsche Bank AG, London Branch

DEUTSCHE BANK AG, LONDON BRANCH

Goldman Sachs International
Peterborough Court | 133 Fleet Street | London EC4A 2BB
Tel: +44 (0)20 7774 1000

Goldman
Sachs

PERSONAL AND CONFIDENTIAL

2 September 2015

Board of Directors
Pirelli & C. S.p.A.
Viale Piero e Alberto Pirelli n. 25
20126
Milano

Ladies and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to the holders (other than Marco Polo Industrial Holding S.p.A. ("BidCo") and its affiliates) of the outstanding ordinary shares and savings shares, without par value per share (together, the "Shares"), of Pirelli & C. S.p.A. (the "Company") of the €15.00 in cash per Share to be paid to such holders pursuant to the tender offers (together, the "Offers") to be made by BidCo pursuant to a statement published on 11 August 2015 in accordance with Art. 102 of Italian Legislative Decree 58/1998 (the "Offeror Statement") and a draft tender offer document filed by BidCo with the Italian *Commissione Nazionale per le Società e la Borsa* on 2 September 2015 (the "Tender Offer Document") for all outstanding Shares not already owned by BidCo.

The Offers follow a sale and purchase and co-investment agreement dated 22 March 2015, as amended by an *addendum* dated 5 August 2015 (the "SPA"), among Camfin S.p.A. ("Camfin"), Coinv S.p.A. ("Coinv") and Long Term Investment Luxembourg S.A. ("LTI") on the one hand, and China National Chemical Corporation ("CC"), a state owned enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, and China National Tire & Rubber Co. Ltd. ("CNRC"), on the other hand, and a shareholders agreement dated 11 August 2015 (the "Shareholders Agreement") among Camfin, Coinv, LTI, CC, CNRC and the other parties thereto relating to the Shares held by BidCo and its affiliates and the corporate governance of the Company, NewCo, HoldCo and BidCo. The Shareholders Agreement and, based on publicly available abstracts, the SPA contemplate, in addition to the launch of the Offers by BidCo, certain related transactions and agreements (the "Related Transactions"), including, among other things: (i) the sale by Camfin to BidCo, which will initially be indirectly owned by CNRC and an entity controlled by Silk Road Fund Co., Ltd. through Marco Polo International Italy S.p.A. ("NewCo"), as well as an additional holding company, Marco Polo International Holding Italy S.p.A. ("HoldCo"), of the Company's ordinary shares held by Camfin and its subsidiaries, for a price of €15.00 per ordinary share (the "Sale"); (ii) the commitment by Camfin to reinvest part of the proceeds of the Sale in a capital

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increase (the "Initial Capital Increase") of NewCo; (iii) the launch of the Offers by BidCo; (iv) the entering by NewCo into certain financing agreements; (v) the right of Camfin to elect to invest in a further capital increase of NewCo, on the same terms and conditions applicable to the Initial Capital Increase, exercisable for a six-month period following completion of the Offers; (vi) the granting by CNRC to Camfin and LTI of a put option (the "Put Option") with respect to the shares of NewCo held by Camfin and LTI, exercisable for a six-month period starting four years after the completion of the Offers, in the event the Company's shares have not been publicly listed by that time, at a price to be calculated based on the amounts invested by Camfin and LTI, net of any distributions received; (vii) in the event that the Company has not been delisted following the Offers (or earlier if the Shareholders Agreement is not renewed upon expiration of its initial three-year term), the granting to Camfin and LTI of a right, effective four years following the completion of the Offers, to require the execution of the merger of HoldCo and or BidCo into NewCo and the concurrent demerger of NewCo (the "Demerger"), as set out in the Shareholders Agreement; (viii) the granting by Camfin and LTI to CNRC of a call option on the shares of NewCo held by Camfin and LTI, exercisable in the event that the Put Option is not exercised and the Demerger is executed at the request of Camfin and LTI. The exercise price of such call option shall be between 100% and 110% of the exercise price per share of the Put Option as set out in the Shareholders Agreement; and (ix) the agreement to procure, in accordance with applicable laws and required corporate governance processes, the completion of an industrial reorganization of the industrial tyre business of the Company and the combination of such business with certain businesses controlled by CC and CNRC (the "Industrial Reorganization").

Goldman Sachs International and its affiliates (collectively, "Goldman Sachs") are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, BidCo, any of their respective affiliates and third parties, including Camfin, CNRC, Coinv, LTI and significant indirect shareholders of the Company and of BidCo (the "Significant Shareholders"), or any currency or commodity that may be involved in the Offers. We have acted as financial advisor to the Company in connection with the Offers. We expect to receive fees for our services in connection with the Offers, all of which are contingent upon consummation of the Offers, and the Company has agreed to reimburse certain of our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. We have provided certain financial advisory and/or underwriting services to the Company, CC and/or their respective affiliates from time to time. We may also in the future provide financial advisory and/or underwriting services to the Company, BidCo, Camfin, CNRC, Coinv, LTI, the Significant Shareholders and their respective affiliates for which our Investment Banking Division may receive compensation.

In connection with this opinion, we have reviewed, among other things, the press release issued by Camfin on 22 March 2015; the Offeror Statement and the Tender Offer Document; a draft, approved by the Company's board of directors on the date hereof, of the statement to be published by the Company pursuant to Art. 103 of Italian Legislative Decree 58/1998 (the "Issuer Statement"); a publicly available abstract of the SPA; the Shareholders Agreement; the Annual Reports of the Company for the ten fiscal years ended 31 December 2014; certain

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interim reports to shareholders and Quarterly Reports of the Company; certain other communications from the Company to its shareholders; certain publicly available research analyst reports for the Company; and certain internal financial analyses and forecasts for the Company prepared by its management as approved for our use by the Company (the "Forecasts"). You have advised us that such Forecasts do not take into consideration any strategic plan, operating synergies or strategic reorganization, including the Industrial Reorganization, or any other considerations related to BidCo taking control of the Company. We have also held discussions with members of the senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company; reviewed the reported price and trading activity for the Shares; compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the tyre industry; reviewed the financial terms and outcome of certain tender offers launched for shares publicly traded on the Italian market; and performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

For purposes of rendering this opinion, we have, with your consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company and, as directed by the Company, our analysis performed for the purpose of rendering this opinion does not consider any strategic plan, operating synergies or strategic reorganization, including the Industrial Reorganization, or any other considerations related to BidCo taking control of the Company. You have advised us that the Company has no information regarding future plans of BidCo or its affiliates with respect to the Company in addition to the information included in the draft Tender Offer Document and that the Company has not been provided with any financial analyses or forecasts for the Company prepared by BidCo or its affiliates. We have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Company and we have not been furnished with any such evaluation or appraisal other than an analysis of goodwill impairment test prepared by a third party. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Offers will be obtained without any adverse effect on the Company or on the expected benefits of the Offers in any way meaningful to our analysis. We have assumed that the Offers will be consummated on the terms set forth in the Offeror Statement and in the Tender Offer Document, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to our analysis, and that the Tender Offer Document as will be published by BidCo will be substantially in the form of the draft Tender Offer Document dated 2 September 2015. We have also assumed that the Issuer Statement as will be published by the Company will be substantially in the form of the draft Issuer Statement approved by the Company's board of directors on the date hereof.

In connection with rendering our opinion, we have performed certain financial analyses to calculate ranges of implied values per Share and a summary of the material financial analysis performed is presented below.

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This summary does not purport to be an exhaustive description of the financial analyses undertaken by Goldman Sachs. The order of the analyses described and the results of the analyses do not reflect the relative importance or the relative weight attributed by Goldman Sachs to such analysis.

For the purpose of our analysis, we have taken into consideration the value of net debt, non-controlling interests and employees benefits obligations as reported by the Company in its consolidated statement of financial position as of 30 June 2015 and as reflected in the Forecasts; the value of the investments in associates and joint ventures based on the latest closing trading price reported prior to the date of this opinion, or otherwise based on the Forecasts.

Furthermore, implied values per Share have been calculated by dividing the estimated equity value of the Company by the number of Shares outstanding at the date of this opinion, therefore attributing the same value per share to ordinary shares and savings shares.

Discounted cash flow analysis. We performed a discounted cash flow analysis of the Company to derive a range of implied values per Share using the Forecasts and based on

- The unlevered cash flows for the years 2015 -2019
- A range of discount rates of (7.5% to 9.0%), reflecting an estimate of the Company's weighted average cost of capital and calculated using the Capital Asset Pricing Model ("CAPM")
- Terminal value at the end of 2019 based on a range of multiples (7.4x to 8.6x) applied to the 2019 earnings before interest and taxes

Present value of future share price analysis. We performed an analysis of the present value of the future price and dividends per Share using the Forecasts and based on

- Forecasted earnings before interests and taxes, earnings per Share and dividends per Share for the years 2016 -2019
- A range of multiples applied to the next twelve months earnings before interests and taxes (7.4x to 8.6x) and to next twelve months earnings per Share (10.1x to 13.0x)
- A discount rate of 8.2%, reflecting an estimate of the Company's cost of equity and calculated using CAPM

Precedent transaction analysis. We analyzed certain publicly available information relating to certain transactions in the tyre industries during the last 10 years. We applied to the Company's earnings before interests, taxes, depreciation and amortization and earnings before interests and taxes for the twelve months ending on 30 June 2015, a range of multiples, derived based on a review of the multiples paid in such similar transactions. While none of the companies that participated in the selected transactions is directly comparable to the Company, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of the Company's results, market size and product profile.

Precedent tender offers premia. Using publicly available information, we have applied to the closing price of the Company's ordinary shares on 9 March 2015, considered to be the last date when the share price was unaffected by speculations of a potential tender offer (the "Undisturbed Date"), the average premia paid in tender offers of significant size and similar features as the Offers launched on shares listed on the Italian Stock Exchange.

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For reference purposes, we also reviewed the following market information:

Trading prices. We have observed the closing prices of the Shares for the 52 weeks ending with the Undisturbed Date.

Analysts' target price. We have reviewed the reports issued by the research analysts covering the Shares released (i) following the publication by Pirelli of the preliminary financial results for 2014 financial year and before the Undisturbed Date and (ii) after the Undisturbed Date, and considered the respective target prices ranges.

The table below presents the results of the analyses summarized above:

Methodology	Minimum implied value per Share (EUR)	Maximum implied value per Share (EUR)
Discounted cash flow	14.6	17.6
Present value of future share price (based on EBIT)	13.5	17.0
Present value of future share price (based on EPS)	11.1	15.2
Precedent transaction analysis	14.9	17.3
Precedent tender offers premia	14.9	16.1

The table below presents certain reference market data:

	Minimum value per Share (EUR)	Maximum value per Share (EUR)
Closing price on the Undisturbed Date (9 March 2015)		13.53
Trading prices	9.9	13.7
Analysts' target price (pre-Undisturbed Date)	11.0	16.5
Analysts' target price (post-Undisturbed Date)	15.0	19.2

Our opinion does not address the relative merits of the Offers as compared to any strategic alternatives that may be available to the Company; nor does it address any legal, regulatory, tax or accounting matters. We were not requested by the Board of Directors to solicit, and we did not solicit, interest from other parties with respect to an acquisition of, or other business combination with, the Company or any other alternative transaction. This opinion addresses only the fairness from a financial point of view to the holders (other than BidCo and its affiliates) of the Shares, as of the date hereof, of the €15.00 in cash per Share to be paid to such holders pursuant to the Offeror Statement and to the Tender Offer Document. We do not express any view on, and our opinion does not address, any other term or aspect of the Offers or any term or aspect of the Shareholders Agreement, the SPA, the Related Transactions, or any other agreement or instrument entered into or amended in connection with the Offers, including, the consideration paid to Camfin, Coinv or LTI in connection with the Sale, the allocation of the aggregate consideration payable pursuant to the Offeror Statement and the Tender Offer Document among the holders of the Company's ordinary shares and savings shares, the fairness of the Offers to, or any consideration received in connection therewith by, the holders of

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any class of securities other than the Shares, creditors, or other constituencies of the Company; nor to the compliance of the Offers with Italian mandatory tender offer regulation; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or class of such persons, in connection with the Offers, whether relative to the €15.00 in cash per Share to be paid to the holders (other than BidCo and its affiliates) of the Shares pursuant to the Offeror Statement and the Tender Offer Document or otherwise. We are not expressing any opinion as to the prices at which the Shares will trade at any time or as to the impact of the Offers on the solvency or viability of the Company or BidCo or the ability of the Company or BidCo to pay their respective obligations when they come due. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Offers and such opinion does not constitute a recommendation as to whether or not any holder of the Shares should tender such shares in connection with the Offers or any other matter. This opinion has been approved by a fairness committee of Goldman Sachs.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the €15.00 in cash per Share to be paid to the holders (other than BidCo and its affiliates) of the Shares pursuant to the Offeror Statement and the Tender Offer Document is fair from a financial point of view to such holders of the Shares.

Very truly yours,

A handwritten signature in black ink, appearing to be a stylized name, possibly 'P. C.', written over a horizontal line.

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**OPINION OF THE INDEPENDENT DIRECTORS OF PIRELLI & C. S.P.A.
PURSUANT TO ARTICLE 39-BIS OF THE ISSUERS' REGULATION
IN CONNECTION WITH THE TENDER OFFERS FOR
THE ORDINARY SHARES AND THE SAVING SHARES OF PIRELLI & C. S.P.A.
LAUNCHED BY MARCO POLO INDUSTRIAL HOLDING S.P.A.**

CONTENTS: 1. Scope. 2. Purposes and limitations. 3. Assessment process: selection and appointment of the independent expert. 4. Continued: activities performed; documentation reviewed; remarks by shareholders other than the Offeror; resolution on this opinion. 5. Assessments about the Offers. 5.1. Nature of the Offers and compliance check. 5.2. Considerations about the post-Offers scenarios. 5.2.1. Post Offers scenarios/1: the Mandatory Offer and the position of Pirelli ordinary shareholders. 5.2.2. Post Offers scenarios/2: the Voluntary Offer and the position of Pirelli saving shareholders. 5.3. Considerations on the relevant aspects of governance following the Offers. 6. Assessment of the fairness of Offers price. 6.1. Foreword on the price of the Mandatory Offer. 6.2. Citi's fairness opinion. 7. Conclusions.

1. Scope.

This opinion contains the assessment of the Independent Directors of Pirelli & C. S.p.A. ("**Pirelli**" or the "**Company**"), Messrs. Anna Maria Artoni, Ivan Glasenberg, Andrey Kostin, Elisabetta Magistretti, Paolo Pietrogrande, Luigi Roth and Manuela Soffientini (the "**Independent Directors**") concerning the tender offer launched by Marco Polo Industrial Holding S.p.A. (the "**Offeror**") under Articles 106, paragraph 1-*bis*, and 109 of Legislative Decree No. 58 of 24 February 1998 ("**Consolidated Law on Finance**") in relation to the whole (100%) of the ordinary outstanding share capital of Pirelli (the "**Mandatory Offer**") and concerning the fairness of the Mandatory Offer price.

This opinion is issued by the Independent Directors pursuant to Article 39-*bis* of the Regulation implementing the Consolidated Law on Finance adopted by Consob by resolution No. 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**").

Please note that, together with the Mandatory Offer, the Offeror launched also a voluntary tender offer in relation to the whole share capital of Pirelli represented by saving shares (the "**Voluntary Offer**"), at the same price per share of the Mandatory Offer. Pursuant to Article 39-*bis* of the Issuers' Regulation, the Independent Directors have to express their opinion only with reference to the Mandatory Offer. However, to the benefit of the holders of Pirelli saving shares, the Independent Directors deemed it appropriate to include in this opinion also some considerations with reference to the Voluntary Offer and the fairness of the price offered in the same.

The Mandatory Offer and the Voluntary Offer are also indicated hereinafter, together, as the "**Offers**".

Capitalised terms not defined herein shall have the same meaning ascribed to them in the Offer Document (as defined below).

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2. Purposes and limitations.

The purpose of this opinion is to help Pirelli's shareholders to make an informed choice about the acceptance of the Mandatory Offer (and, within the limitations set forth in paragraph 1 above, the Voluntary Offer), regarding the fairness of the consideration offered and the offer as a whole.

This opinion is not, and cannot be deemed as, a recommendation to either accept or not accept the Offers, nor is it intended to replace the opinion of each individual shareholder as to the acceptance of the Offers.

3. Assessment process: selection and appointment of the independent expert.

In accordance with above-mentioned Article 39-bis, paragraph 2, of the Issuers' Regulation, the Independent Directors deemed it appropriate to avail themselves, at the Company's expense, of the assistance of an independent expert identified by them. As a result of a selection procedure involving primary operators, and taken into account the absence of economic, property, and financial relations which could impact the expert's independence, the Independent Directors identified Citigroup Global Markets Limited ("Citi") as their financial advisor. Citi was therefore appointed as financial advisor in the interest of Independent Directors (as publicly announced on 23 June 2015).

4. Continued: activities performed; documentation reviewed; remarks by shareholders other than the Offeror; resolution on this opinion.

From the date of the appointment, the Independent Directors have been in constant contact with Citi. More specifically, Citi made a number of presentations to the Independent Directors regarding the reference scenario and the methods for valuing Pirelli for the purposes of drafting the fairness opinion that assesses the fairness of the Offers price, from a financial point of view, from the perspective of Pirelli's shareholders (the "Fairness Opinion"). Furthermore, Citi shared the framing of the Fairness Opinion with the Independent Directors and finally rendered the Fairness Opinion to them on 1 September 2015.

During the works for the preparation of this opinion, a review was carried out of the Offer Document prepared by the Offeror pursuant to Article 102 of the Consolidated Law on Finance (the "Offer Document"), received by the Independent Directors on 20 August 2015 at the time of its filing with Consob, then on 28 August 2015, on 31 August 2015 and 2 September 2015 as amended in light of Consob's remarks.

Furthermore, the Independent Directors by notice dated 4 August 2015, asked the Offeror to be allowed to access the information provided by the Offeror to its lenders. The Offeror met such request, providing the Independent Directors with a first set of documentation, consisting in the so-called "Bank Book" prepared by the advisors of the Offeror, on 6 August 2015. On 12 August 2015, the set of documentation was completed with the transmission of a Report prepared by the advisors of the Offeror and the Legal Due Diligence Report prepared by the legal advisors of CNRC (as defined below).

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Furthermore, the Independent Directors received a document containing a number of remarks, concerning in particular the evaluation of Pirelli, from one shareholder of the Company other than the Offeror; the Independent Directors shared the remarks received with their advisors and with the Board of Directors and took them into account when drafting this opinion.

This opinion was approved upon completion of the works on 2 September 2015, by all the Independent Directors, recognizing that director Elisabetta Magistretti has reminded the other Independent Directors, also pursuant to Article 2391 of the Italian Civil Code and to Article 39, paragraph 1, letter (b) of the Issuers Regulation, her role as independent director of Mediobanca Banca di Credito Finanziario S.p.A., as previously communicated to the Board of Directors.

5. Assessments about the Offers.

5.1. *Nature of the Offers and compliance check.*

The Mandatory Offer (for the description of the key features of which reference is made to the Offer Document) has a mandatory nature: the law requires such kind of offer not to include any accessory or incidental elements (e.g. special covenants, conditions) that may affect its content.

In this regard, the Independent Directors are of the view that the Mandatory Offer meets the statutory requirements, lacking any accessory or incidental elements.

With reference to the Voluntary Offer, this offer, as described in the Offer Document (see in particular paragraph A.1), is subject to (except in case of renunciation to this condition by the Offeror) the acceptance of the Voluntary Offer being such as to allow the Offeror and any persons acting in concert with the same (considered on a joint basis pursuant to Article 109 of the Consolidated Law on Finance), at the end of the offer period, to hold, taking into account also any saving shares possibly purchased outside of the Voluntary Offer by the Offeror or any persons acting in concert with the same (considered on a joint basis pursuant to Article 109 of the Consolidated Law on Finance), Pirelli saving shares representing at least 30% of Pirelli share capital represented by saving shares.

In the Independent Directors' opinion, the above-mentioned condition is legitimate. Please note that, in case the 30% threshold is not met and the Offeror does not renounce to the condition, the Voluntary Offer will not be effective. Therefore, any saving shares tendered in acceptance of the Voluntary Offer will be returned to their respective holders, without any costs or expenses for the same, within the first stock exchange trading day following the press release announcing the ineffectiveness of the Voluntary Offer (see Offer Document, paragraph F.8).

5.2. *Considerations about the post-Offers scenarios.*

In light of the above, in order to be able to make further considerations on the Offers apart from the ones relating to their compliance with the statutory model, it is worth considering the scenarios that may be encountered following the completion of the Offers.

As a general premise, it should first be noted that the Offeror expressed its willingness, to the extent this will be permitted by the law, to effect the delisting of Pirelli following the

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completion of the Offers. For such purpose, the Offeror outlined in the Offer Document (see in particular paragraph A.8) the various ways in which such objective can be achieved, based on the percentage of acceptance of the Offers, and however it declared that it will not restore the floating stock neither with reference to ordinary shares, nor with reference to saving shares; as a result Borsa Italiana S.p.A. may order the suspension or the revocation of the listing of the shares, in case it deems that the orderly trading is not ensured due to the small floating stock (this may be the case even if either the suspension or the revocation is not automatic pursuant to the Rules of the markets managed by Borsa Italiana S.p.A., see *infra*). Therefore, when assessing whether to accept the Offers or not, the shareholders should in our opinion consider that, in case of non-acceptance of the Offers, they might become shareholders in a delisted company, as a result of the Offers and of the subsequent transactions envisaged by the Offeror. The main consequences of this in terms of the shareholders' position will be described below in paragraphs 5.2.1 and 5.2.2.

Again in general terms, it should be noted that the Offers are set in the context of a broader agreement between certain shareholders of Pirelli (namely, Camfin S.p.A., Long Term Investments Luxembourg S.A. and Coinv S.p.A.), of the first part, and China National Tire & Rubber Co. (a company controlled by CC and in turn indirectly controlling the vehicle launching the Offers), of the second part, which agreement, as declared by the parties, is intended to set up an industrial partnership for the growth of Pirelli (for the description of which please refer to the Offer Document, in particular paragraph G.2). The possible participation in the Company's future results may be taken into account, together with the uncertainty factors typically associated with prognostic evaluation, by the shareholders at the time of deciding about whether to accept the Offers or not. With reference to the considerations by the Offeror about future scenarios and its evaluations of the uncertainties characterizing the same future scenarios, please refer to the Offer Document (see in particular paragraph G.2.3).

In particular, it has to be highlighted that, as described in the Offer Document (to which reference is made, see in particular paragraph G.2.5), the *Accordo di Compravendita e Co-Investimento* (Purchase and Co-Investment Agreement) provides for the implementation of an industrial reorganization and enhancement project of Pirelli "also through (i) the completion by Pirelli of the industrial reorganization already started implementing the 2013-2017 Industrial Plan and which is aimed at carving-out the industrial tyre segment (including the necessary R&D resources), also through a separate entity controlled by the Issuer ("**Pirelli Industrial**")"; (ii) the integration of Pirelli Industrial with certain strategic assets owned by CNRC (the "**CNRC's Strategic Assets**")"; and (iii) the further integration of Pirelli Industrial with Fengshen Tires Stock Limited Company ("**Aeolus**")", a listed company participated by CNRC (collectively, the "**Industrial Reorganization**"). As reported by the Offeror itself, the structure of the project might be amended; the Offeror highlights that "none of the phases of the Industrial Reorganization has already been examined or resolved upon by the competent corporate bodies of the relevant companies" and "the implementation of the Industrial Reorganization – which is therefore subject to the assessments and the decisions by the competent corporate bodies – will require, presumably, at least 2-3 years to be completed and it is provided that CNRC and Camfin will further negotiate the details of the transaction's structure which, therefore, could change". Furthermore, the Offeror declared that "despite the advantages that could arise from it, the integration process among Pirelli Industrial and CNRC's Strategic Assets and Fengshen is expected to be long and challenging".

As highlighted also by the Offeror (as just mentioned above), as regards the project aimed at carving-out the industrial tyre segment, the same was already provided in the 2013-2017 industrial plan, currently in course of implementation; on the contrary, with regard to the

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integration of Pirelli Industrial with certain strategic assets owned by CNRC and to the further integration of Pirelli Industrial with Aeolus, the Board of Directors of Pirelli has not carried-out any analysis nor it has taken any resolution in relation to the same. Therefore, the Independent Directors believe that, under the current circumstances, also taking into account the uncertainty factors mentioned by the Offeror, they are not in the condition to express any assessment on these latter components of the Industrial Reorganization.

Moreover, please note that, as outlined in the Offer Document (see in particular paragraph G.2.4), the parties to the Pirelli Shareholders Agreement, to the extent this will be possible on the basis of the shareholding in the ordinary share capital reached by the Offeror following the Mandatory Offer, intend to proceed with the merger of Pirelli into the Offeror (the “**Merger**”). In particular, it is worth bringing to the attention of the shareholders the following paragraphs of the Offer Document (paragraph G.2.4): “*In any case, the beginning of the process related to the Merger is one of the obligations undertaken under the Bidco Senior Facilities Agreement should BidCo reach a shareholding equal to 55% of the voting share capital of Pirelli (for more information please see Section G, Paragraph G.1.1.2 of the Offer Document)*”; “*for the sake of completeness of information, it should be noted finally that the parties to the Pirelli Shareholders Agreement will consider the possibility to proceed with the merger of the company resulting from the Merger (or, failing this, only with the merger of the Offeror) into HoldCo, if permitted by the Financing Banks pursuant to Bidco Senior Facilities Agreement*”. The main consequences of the Merger in terms of the minority shareholders’ position, along with the different scenarios with reference to the right of withdrawal from the Company, will be considered in the following paragraphs. In general terms, it has to be taken into account that the Merger would lead to the delisting of Pirelli (save for the possible simultaneous listing of the company resulting from the Merger, as discussed below), with the consequences illustrated below. Should the financing undertaken by the Offeror for the acquisition and the payment of the Offers (see *infra* in this paragraph) not be repaid at the time of the Merger, this latter would fall within the scope of the regulation of the “merger leveraged buy-out” under Article 2501-bis of the Italian Civil Code, which provides for specific safeguard measures with reference, *inter alia*, to the availability, for the company resulting from the merger, of the financial resources for the repayment of the indebtedness undertaken by the purchaser ⁽¹⁾.

Finally, it has to be highlighted that, as described in the Offer Document (see in particular section G), the Offeror undertook financing for the acquisition and the launch of the Offers (as well as for the other uses described in the Offer Document, which should be consulted also for an analytical description of the loan agreements and of any conditions and undertakings contained therein). Should the Merger be completed, provided that the loans have not been repaid at the time of such completion, the outstanding debt, as a consequence of the Merger, would be borne by the company resulting from the Merger itself. In such a case, on the basis of the loan agreements, the operations of the company resulting from the Merger would be

⁽¹⁾ “*In the event of merger among companies, one of which has contracted debts to purchase the control of the other, when as a consequence of the merger the assets of the latter represent the general guarantee or the source of the repayment of said debts, the provisions of this Article apply. The merger plan referred to in Article 2501-ter must indicate the financial resources available to pay the liabilities of the companies resulting from the merger. The report referred to in Article 2501-quinquies must indicate the reasons that justify the transaction and contain an economic and financial plan with the indication of the source of the financial resources and the description of the targets to be reached. The report of the experts referred to in Article 2501-sexies certifies the reasonableness of the indications contained in the merger plan in accordance with the preceding second paragraph. A report of the auditing company entrusted with the accounting auditing of the target company or the purchasing company must be attached to the plan. Articles 2505 and 2505-bis do not apply to the mergers referred to in the first paragraph*”.

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subject to certain limitations, provided for in the loan agreements, with reference to the distribution of dividends; in particular, as set out in the Offer Document (paragraph A.2), “following the possible Merger, the Mergeco Facilities Agreement, which the entity resulting from the Merger will be able to enter into (for more details, see Section G, Paragraph G.2.3 of the Offer Document), will provide for a covenant or a restriction to the distribution of dividends by HoldCo and the entity resulting from the Merger itself, except in case of “Permitted Payment” or “Permitted Transaction” identified therein. On the other hand, should the Merger not be carried-out, the indebtedness contracted by the Offeror would remain borne by the same. In such a case, Pirelli would not be subject to the above-mentioned limitations to the distribution of dividends and, on the contrary, the Offeror could have the interest to pursue a policy of distribution of dividends to service the repayment of its outstanding indebtedness. Of course, the distribution of dividends could impact on the value of the Company shares.

All that being said, based on the statements of the Offeror, the following alternative scenarios can be assumed. For clarity of exposition, alternative scenarios will be described separately with reference to the Mandatory Offer (and then with reference to Pirelli ordinary shareholders) and to the Voluntary Offer (and then with reference to Pirelli saving shareholders).

5.2.1. Post Offers scenarios/1: the Mandatory Offer and the position of Pirelli ordinary shareholders.

(i) Following the completion of the Mandatory Offer, the Offeror holds at least 95% of the ordinary share capital: squeeze out and direct delisting of Pirelli.

In the first scenario, the Offeror comes to hold at least 95% of the ordinary share capital.

In this case, the Offeror is entitled – pursuant to Article 111 of the Consolidated Law on Finance – to compulsorily purchase the remaining ordinary shares of Pirelli, within three months of the expiry of the time limit for acceptance of the Mandatory Offer. It should be noted that the Offeror expressed its willingness to enforce such right (“squeeze out”). In any event, under Article 108 of the Consolidated Law on Finance, in this scenario the Offeror is also under a symmetric obligation to purchase the remaining ordinary shares of Pirelli from anyone so requesting. The purchase price of the remaining shares shall, pursuant to Article 108, paragraph 3, and Article 111 of the Consolidated Law on Finance, be equal to the Offer price, *i.e.* € 15 for each ordinary share in Pirelli.

In this scenario, the holders of Pirelli’s ordinary shares would find themselves, irrespective of their will, disinvesting from Pirelli at the same price as the Mandatory Offer price.

(ii) Following the completion of the Mandatory Offer, the Offeror holds between 90% + 1 share (?) and 95% of the ordinary share capital: sell out and direct delisting of Pirelli.

In this second scenario, the Offeror would still be under the obligation to purchase the remaining ordinary shares of Pirelli as described under (i) above, at the same price as the Mandatory Offer price, unless – pursuant to Article 108, paragraph 2, of the Consolidated Law on Finance – the Offeror within 90 days restores a sufficient floating stock capable of ensuring proper trading conditions. Concerning this, it should be noted again that the Offeror expressly

(?) Or the higher percentage that Consob might determine, upon information by Borsa Italiana S.p.A., pursuant to Articles 112 TUF and 50, paragraph 3, letter a), of the Issuers Regulation.

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declared its intention not to restore the floating stock. Therefore, the obligation to purchase the remaining ordinary shares would certainly arise. It should be noted that, upon such obligation arising, the Rules of the markets organised and managed by Borsa Italiana S.p.A. (within which the stock market in which Pirelli's shares are listed falls), provide for the automatic delisting of shares (see Article 2.5.1, paragraph 6 of the Rules). It should also be taken into account that, in this scenario, based on the statements of the Offeror, Pirelli would be merged into the Offeror.

In this scenario, in our opinion, shareholders shall have to take into account, *inter alia*, the following elements:

- (i) should they decide not to accept the Mandatory Offer and not to exercise the subsequent right to sell their own shares to the Offeror pursuant to Article 108 of the Consolidated Law on Finance, Pirelli ordinary shareholders will find themselves being, at first, holders of no-longer-listed Pirelli shares, and, following the Merger, of shares in the Offeror, a non-listed company;
- (ii) therefore, to the extent the Merger occurs after the delisting of ordinary shares, shareholders not taking part in the relevant resolution will not be entitled to exercise the right of withdrawal under Article 2437-quinquies of the Italian Civil Code ⁽³⁾. The right of withdrawal might however exist, according to a view shared by most legal commentators, in the event that, as a result of the merger, the by-laws of the company in which they will become shareholders contain provisions the introduction of which gives legal grounds for withdrawal under Article 2437 of the Italian Civil Code. In this regard, please note that in the Offer Document (paragraph G.2.7) the Offeror declared that the parties to the Pirelli Shareholders Agreement reserved the right to evaluate if and how to amend Pirelli's by-laws, also on the basis of the right of withdrawal possibly granted by the law, where applicable, to any shareholders not taking part to the relevant resolution;
- (iii) the information duties towards shareholders incumbent on non-listed companies are much less stringent than those incumbent on listed companies and are substantially limited, as a rule, to annual accounts. Unlisted public companies are subject to information duties that are more stringent than those imposed upon closed companies but, however, less stringent than those imposed on listed companies ⁽⁴⁾;

⁽³⁾ According to the view that seems to be most prevalent amongst legal commentators, the event of withdrawal under Article 2437-quinquies of the Italian Civil Code – according to which the right of withdrawal may be exercised by shareholders “*who did not participate in the delisting resolution*” – should be construed to mean that such right of withdrawal belongs to all – and exclusively to – the holders of listed shares. Therefore, if there are different categories of shares, that is, both listed and unlisted ones, the right of withdrawal would only pertain to those shareholders who held listed shares prior to the resolution and did not participate in the same. In the case under examination, therefore, Pirelli ordinary shareholders would not be entitled to withdraw, since at the time of the Merger they would hold shares that are no longer listed (without prejudice to the specification above regarding amendments to the by-laws).

⁽⁴⁾ Pursuant to Article 2-bis of the Issuers' Regulation, issuers of shares widely distributed among the public mean “*Italian issuers that contemporaneously: a) have different shareholders to the majority shareholders accounting for more than five hundred, overall holding an at least 5% share in the share capital; b) are not eligible to draw up simplified annual financial statements under the first subsection of Article 2435-bis of the Italian Civil Code*”. Public companies, even if unlisted, are subject to the information duties applying to listed companies and, particularly, to the duty to disclose privileged information to the public pursuant to Article 114 of the Consolidated Law on Finance (see Article 116 of the Consolidated Law on

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- (iv) the thresholds provided for under the law for the exercise of some relevant minority rights (such as, for example, the right to challenge shareholders' meetings resolutions pursuant to Article 2377 of the Italian Civil Code or the right to bring a liability action against directors pursuant to Article 2393-bis of the Italian Civil Code) are much higher for so-called 'close companies' compared to those which resort to the capital market (listed or public companies). At present, it is not possible to exclude that Pirelli's shareholders may become the shareholders of a so-called 'close company';
- (v) even if, as a result of the delisting, Pirelli becomes a public company, it would be no longer possible to apply the 'slate voting' mechanism under Articles 147-ter et seq. of the Consolidated Law on Finance, which allows minorities to appoint their representatives in the management and supervisory bodies of the company (5);
- (vi) shares in non-listed companies are not traded on a regulated market and on the basis of official prices. The disinvestment from the company implies the research and identification of a purchaser and the negotiation of a transfer price on individual basis;
- (vii) moreover, the freedom to transfer shares may be limited by including in the by-laws clauses restricting circulation (such as pre-emption or first approval provisions) (6).

For the sake of completeness, it should be noted that, if the Company were to maintain the status of listed company as a result of the non-delisting of saving shares (7), the Merger would be subject to the provisions regulating transactions with related parties under Consob Resolution No. 17221/2010 and to the relevant Procedure adopted by the Company and, thus, the consequent safeguard measures to protect the procedural and substantive fairness of the transaction would apply.

Finally, it should be recalled that, as stated in the Offer Document, the Offeror partially financed the Offers by recourse to debt financing. Failing repayment of such debt at the time of the merger resolution, as a result thereof, Pirelli shareholders would find themselves being

Finance), as well as to the provisions governing transactions with related parties under Article 2391-bis of the Italian Civil Code and the relevant Consob Regulation (Consob Resolution No. 17221/2010). For sake of completeness, please note that, in case following the Voluntary Offer saving shares will remain listed, the Company will keep, for information duties purposes, the status of listed company.

(5) Despite the ambiguity in the wording of the law, the provisions requiring slate voting for the appointment to corporate positions (Articles 147-ter et seq. of the Consolidated Law on Finance) are deemed to apply only to "companies whose listed shares de facto involve the possibility to take part in the appointment of management and supervisory bodies, among which saving shares certainly do not fall" (see Consob, second Consultation Document on amendments to the Issuers' Regulation implementing Article 147-ter et seq. of the Consolidated Law on Finance, 6 April 2007, page 2). Therefore, representation of minority shareholders in corporate bodies would no longer be mandatorily required by law should even only Pirelli's ordinary shares be no longer listed.

(6) For the sake of completeness, it should be noted that the current by-laws of Pirelli, making use of the possibility allowed under Article 2437, paragraph 2, of the Italian Civil Code, provides that "any introduction or removal of restrictions to the circulation of shares does not involve a right of withdrawal on the part of shareholders who did not take part in the approval of the relevant resolution" (Article 6.9).

(7) In the scenario described in the text, as already clarified, Pirelli ordinary shares would mandatory subject to delisting according to the Rules of the markets organised and managed by Borsa Italiana S.p.A.. With reference to possible scenarios related to the delisting of saving shares, please refer to following paragraph 5.2.2.

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shareholders in the indebted company. As already noted, the Merger would fall within the scope of Article 2501-bis of the Italian Civil Code ⁽⁸⁾.

(iii) Following the completion of the Mandatory Offer, the Offeror holds between 2/3 and 90% of the ordinary share capital: merger into the Offeror and possible delisting.

In the third scenario, the Offeror comes to hold at least 2/3, but not more than 90%, of the ordinary share capital. In this case, the Offeror would have the so-called *de jure* control over Pirelli, by reason of the absolute majority of voting rights held by it and it would have alone a sufficient number of votes to pass resolutions also in extraordinary shareholders' meetings.

In the scenario under examination, the Offeror expressed its intention, upon completion of the Offers, to resolve upon the Merger. Furthermore, given that, in this case, the ordinary shares, at the time of the resolution upon the Merger, would be listed (except for the power of Borsa Italiana S.p.A. to suspend or revoke the listing due to the small floating stock according to the Rules of the markets managed by the same), the Offeror, given the intention to proceed with the Merger, indicated in the Offer Document two different hypotheses, on the basis of the liquidation value of the shares with reference to the right of withdrawal which the shareholder would be entitled with according to Article 2437-*quinquies* of the Italian Civil Code:

- (a) should the liquidation value in case of withdrawal be higher than the price of the Mandatory Offer, the Offeror intends to proceed with the Merger thus triggering the right of withdrawal for those shareholders not taking part to the relevant resolution. The delisting would imply for any minority shareholders not exercising the right of withdrawal the consequences above-mentioned under point (ii);
- (b) on the other hand, should the liquidation value in case of withdrawal be higher than the price of the Mandatory Offer, the listing of the Offeror on the Mercato Telematico Azionario would take place together with the Merger. In this case, the shareholders would not be entitled with the right of withdrawal from the Company according to Article 2437-*quinquies* of the Italian Civil Code, since they would end-up being shareholders of a listed company ⁽⁹⁾. It has to be noted that, as mentioned in the Offer Document, the parties to the Pirelli Shareholders Agreement reserved the right to evaluate whether to proceed with the listing of the Offeror also in the event that the liquidation value for Pirelli saving shareholders in case of withdrawal is higher than the price of the Voluntary Offer.

In both hypotheses, it has to be highlighted, from the perspective of the minority shareholders, that the liquidation value in case of withdrawal might be lower than the one the shareholders may obtain by accepting the Mandatory Offer ⁽¹⁰⁾. Furthermore, the so-called

⁽⁸⁾ See *supra* paragraph 5.2 and footnote 1.

⁽⁹⁾ For the sake of completeness, it is worth recalling that the right of withdrawal might however exist, according to a view shared by most legal commentators, in the event that, as a result of the Merger, the by-laws of the company in which they will become shareholders contain provisions the introduction of which gives legal grounds for withdrawal under Article 2437 of the Italian Civil Code. In this regard, please note that in the Offer Document (paragraph G.2.6) the Offeror declared that the parties to the Pirelli Shareholders Agreement reserved the right to evaluate if and how to amend Pirelli's by-laws, also on the basis of the right of withdrawal possibly granted by the law, where applicable, to shareholders not taking part in the relevant resolution.

⁽¹⁰⁾ Pursuant to Article 2437-ter, paragraph 3, second period, of the Italian Civil Code, "the liquidation value of shares listed on regulated markets is determined by making exclusive reference to the

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exchange ratio that will establish, within the Merger, the ratio between Pirelli shares and the shares of the company resulting from the Merger owed to each shareholder, has not been set and Pirelli valuation in such framework could be different from the one implied in the Mandatory Offer price. We wish to point out that the Merger would be subject to the provisions regulating transactions with related parties under Consob Resolution No. 17221/2010 and to the relevant Procedure adopted by the Company and, thus, the consequent measures to protect the procedural and substantive fairness of the transaction would apply. Finally, it should be recalled that, as stated in the Offer Document, the Offeror partially financed the Offers by recourse to debt financing. Failing repayment of such debt at the time of the merger resolution, as a result thereof, Pirelli's shareholders would find themselves being shareholders in the indebted company. As already noted, the merger would fall within the scope of Article 2501-*bis* of the Italian Civil Code ⁽¹¹⁾.

(iv) Following the completion of the Mandatory Offer, the Offeror holds between 50% + 1 share and 2/3 less one share of the ordinary share capital: possible merger into the Offeror

In this scenario, as well as in the previous one, the Offeror would have the so-called *de jure* control over Pirelli, by reason of the absolute majority of voting rights held by it. However, unlike the previous scenario, in this hypothesis the Offeror would not have alone a sufficient number of votes to pass resolutions also in extraordinary shareholders' meetings. Therefore, it is not sure that the Offeror would be able to achieve the merger of Pirelli into the Offeror and the consequent delisting. Two scenarios would be possible in such case:

- (a) the extraordinary shareholders meeting of Pirelli resolves upon the Merger. In such a case what has been observed in point (iii) above applies;
- (b) the extraordinary shareholders meeting of Pirelli does not resolve upon the Merger. In such a case Pirelli will remain listed. As mentioned in the Offer Document, future plans of the Offeror in case of no delisting and no Merger do not differ from those indicated in case of delisting and Merger. It has to be noted by minority shareholders, however, the following statement contained in the Offer Document (paragraph G.2.1): *"It is believed, in fact, that the revocation of the listing of the Issuer will increase the operational and decisional flexibility necessary for the realization of the long-term industrial partnership among CNRC, Camfin and LTI, foreseen in the Accordo di Compravendita e Co-Investimento (Purchase and Co-Investment Agreement) in relation to Pirelli. Moreover, it is believed that such industrial partnership could be usefully achieved also without revocation of the listing, in compliance with applicable procedures, given that the project has a big industrial value and considering the presence of a shareholder which will hold a material shareholding in Pirelli's voting share capital."*

It is worth bringing again to the attention of the shareholders the following paragraphs of the Offer Document (paragraph G.2.4): *"In any case, the beginning of the process related to the Merger is one of the obligations undertaken under the Bidco Senior Facilities Agreement should BidCo reach a shareholding equal to 55% of the voting share capital of Pirelli (for more information please see Section G, Paragraph G.1.1.2 of the Offer Document)"; "for the sake of completeness of information, it should be noted finally that the parties to the Pirelli Shareholders Agreement will consider the possibility to proceed with the merger of the company resulting from the Merger (or, failing this, only with the*

arithmetical average of the closing prices of the shares on the stock exchange during the six months preceding the publication of the notice convening the shareholders' meeting the resolution of which allows exercise of the right of withdrawal".

⁽¹¹⁾ See *supra* paragraph 5.2 and footnote 1.

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merger of the Offeror) into HoldCo, if permitted by the Financing Banks pursuant to Bidco Senior Facilities Agreement”.

(v) Following the completion of the Offer, the Offeror holds 50% or less of the ordinary share capital: possible merger into the Offeror.

In the fifth scenario, the Offeror does not come to hold more than 50% of the ordinary share capital.

In this case too, like in the case under point (iv) above, the following two alternative scenarios may be encountered:

- (a) Pirelli’s extraordinary shareholders’ meeting resolves upon the Merger;
- (b) Pirelli’s shareholders’ meeting does not resolve upon the Merger.

Please refer to point (iv) above for applicable remarks.

Moreover, it is worth noting that, in this scenario, the Offeror would not have – besides control over the extraordinary shareholders’ meeting – even the so-called *de jure* control over Pirelli, since the Offeror would not hold the majority of voting rights; however, it might be entitled – depending on the actual shareholding it may come to have upon completion of the Offer – to voting rights sufficient to obtain the so-called ‘*de facto* control’, that is the exercise of a dominant influence in the ordinary shareholders’ meeting.

5.2.2. Post Offers scenarios/2: the Voluntary Offer and the position of Pirelli saving shareholders.

As already mentioned, the Voluntary Offer is subject to (except in case of renunciation to this condition by the Offeror) the acceptance of the Voluntary Offer being such as to allow the Offeror and any persons acting in concert with the same (considered on a joint basis pursuant to Article 109 of the Consolidated Law on Finance), at the end of the offer period, to hold, taking into account also any saving shares possibly purchased outside of the Voluntary Offer by the Offeror or any persons acting in concert with the same (considered on a joint basis pursuant to Article 109 of the Consolidated Law on Finance), Pirelli saving shares representing at least 30% of Pirelli share capital represented by saving shares (the “**Condition**”).

In light of the above, it is worth making some comments introducing the following two alternative scenarios.

(i) The Condition is not met and the Offeror does not renounce to the same

Should the Condition not be met and the Offeror decide not to renounce to the same, the Voluntary Offer would not be effective. Therefore, saving shares would remain listed, regardless of the possible delisting of the ordinary shares (and always without prejudice for the possibility that Borsa Italiana S.p.A. decides either the suspension or the revocation of the listing according to the Rules of the markets managed by the same). Pursuant to the law and Pirelli’s by-laws (Article 6.6.), saving shares would maintain in such a case their current rights.

In case, at a later time, the Merger is carried-out, please consider that, as mentioned in the Offer Document (see paragraphs A.5 and G.2.4), saving shareholders would be entitled with the right of withdrawal pursuant to Article 2437-*quinquies* of the Italian Civil Code. However,

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it has to be recalled that, as stated in the Offer Document, the parties to the Pirelli Shareholders Agreement reserved the right to evaluate whether to proceed with the listing of the Offeror also in the event that the liquidation value for Pirelli saving shareholders in case of withdrawal is higher than the price of the Voluntary Offer. In such a case, saving shareholders would not be entitled with the withdrawal right pursuant to Article 2437-*quinquies* of the Italian Civil Code.

Should the Merger occur and the Offeror not be listed, any saving shareholders that decide not to exercise the right of withdrawal would find themselves as shareholders of an unlisted company, facing as a result greater difficulties in divesting their shares (see on such matter previous paragraph 5.2.1 (ii), points (vi) and (vii)).

(ii) The Condition is met or the Offeror renounces to the same

In such a case, the Voluntary Offer would become effective. With reference to saving shareholders deciding not to accept the Voluntary Offer, it is worth mentioning first of all that neither the obligation to purchase pursuant to Article 111 of the Consolidated Law on Finance, nor the right to purchase pursuant to Article 108 of the Consolidated Law on Finance, will apply in relation to the Voluntary Offer. Furthermore, based on the floating stock that will remain as such following the Voluntary Offer, Borsa Italiana S.p.A. could order either the suspension or the revocation of the listing of the shares.

Saving shareholders could, then, end-up holding shares which are not listed anymore, with the consequences already mentioned with reference to divesting difficulties. Pursuant to Pirelli's by-laws (Article 6.6.), moreover, saving shares would maintain, also in case of delisting, their current rights. Please note that should the Merger be implemented and the saving shares cease to be listed, the right of withdrawal pursuant to Article 2437-*quinquies* of the Italian Civil Code would not apply.

5.3. Considerations on the relevant aspects of governance following the Offers.

It should be recalled that, based on what is stated in the Offer Document and as previously publicly announced, the Offers are part of a broader agreement between the Pirelli main shareholders (namely, Camfin S.p.A. ("**Camfin**") and its shareholders Long Term Investments Luxembourg S.A. ("**LTI**") and Coinv S.p.A. ("**Coinv**"), collectively the "**Historical Shareholders**") and the ChemChina group (namely, China National Chemical Corporation ("**CC**") and its subsidiary China National Tire & Rubber Corporation, Ltd ("**CNRC**"), collectively "**ChemChina**") (the Historical Shareholders and ChemChina, collectively, the "**Parties**"), aimed at setting up an industrial partnership between ChemChina and Pirelli, which *inter alia* provides for a number of covenants between the Historical Shareholders and ChemChina intended to regulate the *governance* of Pirelli upon the completion of the Offers.

More specifically, it should be stressed that, on the date of the Offer Document and as mentioned in the same, the Offeror is fully (100%) controlled by Marco Polo International Italy S.p.A. ("**NewCo**"), which in turn is indirectly controlled by ChemChina group with a shareholding equal to 65% (see the Offer Document for a precise description of the control chain). The remaining 35% of NewCo's share capital is held by Camfin, which in turn is participated on a 50%-50% basis by Coinv and LTI (see the Offer Document for a precise description of the control chain). Moreover, Pirelli Shareholders Agreement provides that, at a later time, a reorganization of Camfin shall take place, as a result of which LTI will exit from

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Camfin to invest directly in NewCo (see Pirelli Shareholders Agreement, attached to the Offer Document as Appendix M.3).

First, the agreements among the Parties provide that CC, through CNRC, upon the completion of the Offers – and assuming that the percentage of acceptance of the Mandatory Offer so allows – will indirectly control Pirelli. Furthermore, based on the above covenants, the Parties undertake to procure the accomplishment of the Industrial Reorganization project, as more thoroughly defined and described in the Offer Document.

Finally, in fulfilment of the agreements, the Parties entered into the Pirelli Shareholders Agreement, publicly disclosed on 13 August 2015 pursuant to Article 122 of the Consolidated Law on Finance, intended to regulate, *inter alia*: both the Offeror's and Pirelli's corporate governance; any re-listing of Pirelli following its delisting; the exit from investment of Pirelli's Historical Shareholders in the event that there is no re-listing of Pirelli. Both in the event that Pirelli is delisted and in the event that Pirelli remains listed (and in such a case, insofar as it is allowed based on the relative shareholding that the Offeror will come to hold as a result of the Mandatory Offer), it is the Parties' intention to have Pirelli's by-laws amended in such a way as to reflect the terms of the Pirelli Shareholders Agreement as much as possible. However, it has to be recalled that, as described in the Offer Document (paragraph G.2.7), should the delisting be achieved upon completion of the Mandatory Offer, the parties to the Pirelli Shareholders Agreement reserved the right to evaluate if and how to amend Pirelli's by-laws, also on the basis of the right of withdrawal possibly granted by the law, where applicable, to any shareholders not taking part to the relevant resolutions. Please note that the reserve made about the amendments to the by-laws results to be broad and characterised by a significant decree of discretion.

Below is a summary of the key provisions that in our opinion might potentially affect Pirelli shareholders' decision to accept the Offers, it being however understood that, for a more detailed description of said terms, reference should be made to the Offer Document and to the documentation made publicly available by the Parties pursuant to Article 122 of the Consolidated Law on Finance, to which reference is to be exclusively made for a full understanding of the terms of the Pirelli Shareholders Agreement.

i. Continuity of management and role of Mr Marco Tronchetti Provera.

The Parties mutually acknowledge the primary role of Pirelli current top management in heading and managing the company and, in such context, the fundamental role of the current Managing Director of Pirelli, Mr Marco Tronchetti Provera, as head of the top management and to ensure continuity of Pirelli's business culture.

The shareholders agreements between the Parties is therefore intended to lead to the achievement of the following: (i) Marco Tronchetti Provera should continue to hold office as Pirelli's Managing Director for an initial term of at least five years; (ii) in such capacity, he should be granted exclusive power in connection with Pirelli's ordinary management as well as exclusive power to submit proposals to the board of directors – without prejudice to the tasks of the strategic committee – in connection with any resolution concerning the industrial plan and the budget of Pirelli and the Group and any industrial partnerships or strategic joint-ventures involving Pirelli and its key subsidiaries. In addition, Marco Tronchetti Provera should have the power to submit the nomination of his successor candidate to Pirelli's Nomination and Succession Committee.

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The Parties agree that Pirelli's by-laws shall contain terms aimed at ensuring that (i) Pirelli's technological know-how and trademarks are not transferred to third parties, and that (ii) the operational and administrative headquarters of Pirelli remains in Milan, unless otherwise resolved, in both cases, with the increased qualified majorities of the competent corporate bodies required under the Pirelli Shareholders Agreement, and save what is provided in respect of the use of Pirelli's technological know-how in the contest of the Industrial Reorganization of Pirelli (for the description of which please see the Offer Document).

ii. Lock-up, re-listing and investment exit procedures in case of Pirelli delisting.

With respect to the event that Pirelli's shares are delisted as a result of the Offers (according to the terms described in the alternative scenarios illustrated above), certain terms in the Pirelli Shareholders Agreement are intended to regulate time scales and criteria for the purposes of the value-enhancement of the investment in Pirelli by the parties to the Pirelli Shareholders Agreement, which *inter alia* provide as follows:

- (i) a five-year lock-up period shall apply (unless the re-listing of Pirelli occurs according to the terms set out in point (ii) below;
- (ii) Camfin shall have the right to ask Pirelli Managing Director to effect Pirelli re-listing within the fourth anniversary after the date of completion of the Offers;
- (iii) in case of re-listing, Camfin and LTI shall have the right to sell all or part of their shareholding in the context of the initial public offering, on a priority basis compared to CNRC under market conditions;
- (iv) if no-relisting occurs within the agreed time-limit, Camfin and LTI shall have a put option, exercisable within a period of six months, to sell their shareholding in NewCo to CNRC or to any nominee of CNRC;
- (v) should the put option under point (iv) not be exercised, CNRC shall have a call option, exercisable within a period of six months, to purchase Camfin's and LTI's shareholding;
- (vi) should the call option under point (v) not be exercised, CNRC shall have a right of first refusal should Camfin or LTI be willing to transfer their shareholding to third parties or if a change in the control of Camfin or LTI occurs, and Camfin and LTI shall have a right to co-sell their shareholding should CNRC be willing to sell its shareholding in NewCo to third parties.

6. Assessment of the fairness of Offers price.

6.1. *Foreword on the price of the Mandatory Offer.*

Article 106 of the Consolidated Law on Finance sets the minimum price to be offered within a mandatory public tender offer: it is the highest price paid by the Offeror, in the twelve months preceding the Offer, to purchase securities of the same category.

In the case at issue, the Mandatory Offer is launched at a price of € 15 per share, that is the same price per share paid by the Offeror to Camfin. As set out in the Offer Document, the Offeror represented that the price is in accordance with the one required under Article 106 of the Consolidated Law on Finance.

The Independent Directors acknowledge the above statement, outlining that the Offeror's purchase transactions occurred outside of their sphere of control and, generally, of the Company's sphere of control.

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Furthermore, it should be noted that CC, CNRC, Camfin and LTI submitted a specific question to Consob, asking confirmation that certain undertakings between the Parties to the Pirelli Shareholders Agreement relating to the exit mechanisms – including those relating to the put and call options described in paragraph 5.3 of this opinion – would not affect the actual calculation of the price paid by CC and CNRC to purchase Camfin’s shareholding and, therefore, concerning the correspondence between the Mandatory Offer price and the price set out in Article 106 of the Consolidated Law on Finance for mandatory tender offers. By a Communication issued on 4 August 2015 (Proceedings No. 33294/15), Consob concluded that *“there are no elements that may lead to considering that even the contingent steps of the transaction following the transfer of the shareholding in Pirelli (...) may involve a further economic benefit to [Camfin] in addition to the Euro 15.00 agreed upon for the transfer.”*

Please consider also that, as stated in the Offer Document (in particular in paragraph E.1.1), Intesa Sanpaolo S.p.A. (which, according to the Offer Document, is a person acting in concert with the Offeror pursuant to Article 109 of the Consolidated Law on Finance), has posed a question to Consob asking to confirm that two purchase transactions of Pirelli ordinary shares made by its subsidiary Banca IMI S.p.A. on 20 and 26 March 2015, for a consideration higher than € 15, do not fall within the transactions to be considered in order to determine the highest price paid by the Offeror and persons acting in concert with the same pursuant to Article 106 of the Consolidated Law of Finance. Consob, with Resolution dated 10 August 2015 (No. 19318) confirmed.

6.2. Citi’s fairness opinion.

As set out above, the Independent Directors availed themselves (pursuant to Article 39, paragraph 2, of the Issuers’ Regulation) of the assistance of Citi, which issued a fairness opinion on 1 September 2015. The Fairness Opinion is attached to this opinion as an integral part thereof and reference should be made to it for any further analysis.

As already mentioned, although Article 39-*bis* of the Issuers’ Regulation does not require it, to the benefit of the holders of Pirelli saving shares, the Independent Directors deemed it appropriate to ask Citi to extend its analysis on the fairness of the price offered in the Voluntary Offer.

As specified in the Fairness Opinion, Citi considered that, in the case at issue, the key method to be applied for the valuation of Pirelli should be the discounted cash flow (“DCF”) method. Nevertheless, Citi also analysed certain selected companies and certain selected transactions, and specified that the result arrived at originated from the whole of the valuation analyses adopted.

While referring to the Fairness Opinion for a more detailed description of the methods applied and of the analyses undertaken in connection with each of them, we set out below the result arrived at by Citi upon completion of the analysis, depending on each of the methods applied:

- the analysis of the discounted cash flows led to determine an equity value range for one Pirelli share of between € 14,05 and € 17,55;
- the analysis of certain selected companies led to determine an equity value range for one Pirelli share of between € 9,72 and € 11,88 based on the estimated 2015 EBITDA, and between € 10,43 and € 12,65 based on the estimated 2016 EBITDA;

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- the analysis of certain selected transactions led to determine an equity value range for one Pirelli share of between € 10,71 and € 15,46.

Based on the analysis undertaken, Citi came to the conclusion that the Mandatory Offer price is fair, from a financial point of view, from the perspective of Pirelli ordinary shareholders and that the Voluntary Offer price is fair, from a financial point of view, from the perspective of Pirelli saving shareholders.

7. Conclusions.

In light of the above and of the Fairness Opinion, the Independent Directors set out their view as follows:

- i. the Mandatory Offer is in accordance with the requirements of the statutory regime applying to mandatory public tender offers, as there are no ancillary or incidental elements affecting its main content;
- ii. the Mandatory Offer price is fair;
- iii. the Voluntary Offer is in accordance with the statutory regime applying to the same;
- iv. the Voluntary Offer price is fair.

Milan, 2 September 2015

SIGNED

Luigi Roth

(also on behalf of Anna Maria Artoni, Ivan Glasenberg, Andrey Kostin, Elisabetta Magistretti, Paolo Pietrogrande e Manuela Soffientini)

Annex: Fairness Opinion by Citi, Italian and English version



September 1, 2015

The Independent Directors of the Board of *Pirelli & C. S.p.A.*
Pirelli & C. S.p.A.
Viale Piero e Alberto Pirelli, 25
20126 Milan
Italy

Independent Directors of the Board of *Pirelli & C. S.p.A.*:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of the ordinary shares (the "Ordinary Shares") of *Pirelli & C. S.p.A.* ("*Pirelli*") (other than *Bidco* (defined below) and its affiliates) of the Ordinary Share Consideration (defined below) to be received by such holders (other than *Bidco* and its affiliates) pursuant to the mandatory public tender offer to be made pursuant to Articles 106 and 109 of Legislative Decree No. 58/1998, as amended (the "Italian Securities Act") (the "Mandatory Offer") and to the holders of the savings shares (the "Savings Shares") of *Pirelli* (other than *Bidco* and its affiliates) of the Savings Share Consideration (defined below) to be received by such holders (other than *Bidco* and its affiliates) pursuant to the voluntary public tender offer to be made pursuant to Article 102 of the Italian Securities Act (the "Voluntary Offer" and, together with the Mandatory Offer, the "Offers"), each announced by *Marco Polo Industrial Holding S.p.A.* ("*Bidco*"). As more fully described in an offer document to be published by *Bidco* in connection with the Offers (the "Offer Document"), pursuant to the terms and subject to the conditions of the Mandatory Offer, in the Mandatory Offer, each holder of Ordinary Shares will have the right to receive €15.00 per ordinary share (the "Ordinary Share Consideration") and pursuant to the terms and subject to the conditions of the Voluntary Offer, in the Voluntary Offer, each holder of Savings Shares will have the right to receive €15.00 per savings share (the "Savings Share Consideration").

The Mandatory Offer will be made to the holders of 364,328,141 Ordinary Shares, representing 76.58% of the Ordinary Shares. In accordance with Italian law, *Bidco* became obligated to launch the Mandatory Offer, at the Ordinary Share Consideration, set in accordance with Article 106 of the Italian Securities Act, following (i) the acquisition by *Bidco* of 96,779,841 Ordinary Shares, equal to 20.34% of the Ordinary Shares, owned by *Camfin S.p.A.* ("*Camfin*"), completed on 11 August 2015, at a purchase price of €15.00 per Ordinary Share (the "*Camfin Share Purchase*"), pursuant to a sale and purchase and co-investment agreement dated 22 March 2015, as amended on 5 August 2015 (the "*Sale and Purchase and Co-Investment Agreement*") and (ii) the execution of a shareholders' agreement, dated 11 August 2015, by and among certain of *Bidco's* indirect shareholders (the "*Pirelli Shareholders' Agreement*"), which sets forth provisions applicable to, among other things, the proposed transfer to *Bidco*, which is also subject to the *Sale and Purchase and Co-Investment Agreement*, of additional Ordinary Shares representing 5.63% of the Ordinary Shares as of 11 August 2015, at a purchase price of €15.00 per Ordinary Share, of which 3.08% will not be subject to the Mandatory Offer. As of 11 August 2015, an interest equal to 25.97% of the Ordinary Shares is subject to the *Pirelli Shareholders' Agreement*.

The Voluntary Offer will be made to the holders of 12,251,311 Savings Shares, which are all of the Savings Shares in issue as of 11 August 2015. The Voluntary Offer will be made subject to the condition that *Bidco* and its affiliates hold, by the end of the offer period, at least 30% of the Savings Shares, whether tendered under the Voluntary Offer or purchased outside of the Voluntary Offer.

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In arriving at our opinion, we reviewed a draft dated 20 August 2015 of the Offer Document, and held discussions with certain senior officers, directors and other representatives and advisors of Pirelli concerning the business, operations and prospects of Pirelli. We examined certain publicly available business and financial information relating to Pirelli as well as certain financial forecasts and other information and data relating to Pirelli which were provided to or discussed with us by the management of Pirelli. We reviewed the financial terms of the Mandatory Offer and the Voluntary Offer as set forth in the Offer Document in relation to, among other things: current and historical market prices and trading volumes of the Ordinary Shares and the Savings Shares; the historical and projected earnings and other operating data of Pirelli; and the capitalization and financial condition of Pirelli. We considered, to the extent publicly available, the financial terms of certain other transactions which we considered relevant in evaluating the Offers and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations we considered relevant in evaluating those of Pirelli. In addition to the foregoing, we conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as we deemed appropriate in arriving at our opinion. The issuance of our opinion has been authorized by our fairness opinion committee.

In rendering our opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and upon the assurances of the management of Pirelli that they are not aware of any relevant information that has been omitted or that remains undisclosed to us. With respect to financial forecasts and other information and data relating to Pirelli provided to or otherwise reviewed by or discussed with us, we have been advised by the management of Pirelli that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Pirelli as to the future financial performance of Pirelli.

We have assumed, with your consent, that the Mandatory Offer and the Voluntary Offer will be conducted in accordance with the terms of the Offer Document, in each case without waiver, modification or amendment of any material term, condition or agreement, and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Offers, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Pirelli or the Offers. We further have assumed, with your consent, that the final terms of the Offer Document will not vary materially from those set forth in the drafts reviewed by us. We have not made or been provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Pirelli nor have we made any physical inspection of the properties or assets of Pirelli. We were not requested to, and we did not, participate in the negotiation or structuring of the Camfin Share Purchase, the Pirelli Shareholders' Agreement or the Offers, nor were we requested to, and we did not, solicit third party indications of interest in the possible acquisition of all or a part of Pirelli. We express no view as to, and our opinion does not address, the underlying business decision of Camfin to effect the Camfin Share Purchase and the underlying business decision of the parties to the Pirelli Shareholders' Agreement to execute such agreement, which created the obligation under Italian law for Bidco to launch the Mandatory Offer, the relative merits of the Camfin Share Purchase, the Pirelli Shareholders' Agreement and the Offers as compared to any alternative business strategies that might exist for Pirelli or the effect of any other transaction in which Pirelli might engage. We also express no view as to, and our opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any

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compensation to any officers, directors or employees of Pirelli or Bidco, or any class of such persons, relative to the Ordinary Share Consideration or the Savings Share Consideration. Our opinion is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing, as of the date hereof.

We understand that our opinion as to the fairness, from a financial point of view, of the Ordinary Share Consideration is being requested pursuant to section 39-bis of the Consob Regulation no. 11971 dated May 14, 1999, as subsequently amended. A brief summary of certain analyses and valuation methodologies performed for the purposes of this opinion is attached hereto as Appendix A. This summary should not be considered to be, nor does it represent, a comprehensive description of all analyses performed.

Citigroup Global Markets Limited has acted as financial advisor to Pirelli for the benefit of the Independent Directors of the Board of Pirelli with respect to this opinion and will receive a fee for our services in connection with the delivery of this opinion. We and our affiliates in the past have provided, and currently provide, services to Pirelli unrelated to the Camfin Share Purchase, the Pirelli Shareholders' Agreement and the Offers, for which services we and such affiliates have received and expect to receive compensation. In the ordinary course of our business, we and our affiliates may actively trade or hold the securities of Pirelli for our own account or for the account of our customers and, accordingly, may at any time hold a long or short position in such securities. In addition, we and our affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Pirelli, Camfin, Bidco and their respective affiliates.

Our advisory services and the opinion expressed herein are provided for the benefit of the Independent Directors of the Board of Pirelli in its evaluation of the Offers, and our opinion is not intended to be and does not constitute a recommendation to any holder of Ordinary Shares or Savings Shares as to whether such holder should tender Ordinary Shares or Savings Shares in the Mandatory Offer or the Voluntary Offer, respectively, or how such stockholder should act on any matters relating to the Mandatory Offer or the Voluntary Offer.

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Ordinary Share Consideration is fair, from a financial point of view, to the holders of the Ordinary Shares (other than Bidco and its affiliates) and the Savings Share Consideration is fair, from a financial point of view, to the holders of the Savings Shares (other than Bidco and its affiliates).

Very truly yours,
CITIGROUP GLOBAL MARKETS LIMITED



Appendix A

We set out in this appendix a brief summary of certain analyses and valuation methodologies performed for the purpose of arriving at the opinion to which this appendix is attached (the "Opinion"). We refer to the Ordinary Shares and the Savings Shares herein as the "Shares." Capitalized terms used but not defined in this appendix have the meanings ascribed thereto in the Opinion. This summary is qualified in its entirety by reference to the full text of the Opinion. This summary should not be considered to be, nor does it represent, a comprehensive description of all analyses performed and factors considered in connection with the Opinion.

In preparing the Opinion, we performed a variety of financial and comparative analyses, including those described below. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, a fairness opinion is not readily susceptible to summary description. While, in this instance, we considered the discounted cash flow analysis we performed to be more relevant to the Opinion than other analyses we also performed, we arrived at the Opinion based on the results of all analyses undertaken by us and assessed as a whole, and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of the Opinion. Accordingly, we believe that our analyses must be considered as a whole and that selecting portions of our analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying our analyses and the Opinion.

For the purpose of the Opinion, we considered sector trends, commercial, financial, economic and market conditions and other matters existing as of the date of the Opinion, many of which are not under Pirelli's control. No company, activity or transaction used herein for comparability purposes is identical to Pirelli. An evaluation of these analyses is not entirely mathematical; rather, our analyses required complex considerations and judgments around financial and operating features, as well as other factors, which may have an impact on the acquisition value, the stock market value or other valuations of the companies and the transactions analyzed by us.

The estimates contained in our analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by our analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates used in, and the results derived from, our analyses are inherently subject to substantial uncertainty.

In the preparation of the Opinion, we performed, among others, a discounted cash flow analysis, a selected companies analysis and a selected transactions analysis. We also observed certain additional factors that were not considered part of our financial analysis with respect to the Opinion but which we note for informational purposes, including the following: the current and historical trading prices of the Shares, the premia paid on relevant precedent Italian tender offers, target trading prices for the Shares published by equity research analysts and return analysis for a financial investor. We did not discount the value of the Savings Shares relative to the Ordinary Shares for purposes of our analyses.

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Discounted Cash Flow Analysis

We performed a discounted cash flow analysis of Pirelli, which is an analysis designed to estimate an implied value of a company by calculating the present value of the estimated future unlevered free cash flows of that company over the projection period and the terminal value of that company at the end of the projection period.

We calculated the estimated present value of the unlevered, after-tax free cash flows that Pirelli was forecasted to generate during the last two quarters of 2015 and during the calendar years ending December 31, 2016 through December 31, 2019. The forecasted amounts for the last two quarters of calendar year 2015 and calendar years through December 31, 2019 were based on certain financial information and forecasts relating to Pirelli which were provided to us by the management of Pirelli. By their nature, such forecasts include subjective elements, which may be inaccurate.

Based on our professional judgment and experience, we then calculated implied estimated terminal value for Pirelli based on perpetuity growth rates ranging from 1.25% to 1.75%, and then discounted to present value (as of June 30, 2015) the unlevered, after-tax free cash flows and implied estimated terminal value using discount rates ranging from 8.70% to 9.70%, reflecting an estimate of the weighted average cost of capital of Pirelli.

For the purpose of determining the approximate implied per Share equity value, the enterprise value range stemming from this analysis was then adjusted in respect of Pirelli's investments in associates, net debt and certain other items, based on information in Pirelli's public financial statements or included in the financial forecasts provided to us by the management of Pirelli.

The results of this analysis yielded a range of values per Share between €14.05 and €17.55.

Selected Companies Analysis

We performed a selected companies analysis, which is an analysis designed to estimate an implied value of a company through an analysis of the public valuation and trading multiples of similar publicly traded companies. We reviewed financial and stock market information of Pirelli and the selected publicly traded companies described below (collectively, the "Selected Companies"), which include companies in the global tyre manufacturing sector. No publicly traded company is identical to Pirelli, but these companies were selected because, among other reasons, they possessed certain financial, operational or business characteristics that, in Citi's view, were sufficiently comparable to those of Pirelli or otherwise relevant for purposes of comparison. The Selected Companies considered are (in alphabetic order): Bridgestone, Continental, Goodyear, Hankook Tire, Michelin, Nokian Tyres, and Sumitomo Rubber.

We reviewed, among other information, enterprise values of the Selected Companies, calculated as equity values (based on closing stock prices of the Selected Companies on August 28, 2015) plus debt, less cash and cash equivalents and other adjustments, as a multiple of estimated earnings before interest, taxes, depreciation and amortization ("EBITDA") for each of calendar years 2015 and 2016. The observed multiples of enterprise value to calendar year 2015 estimated EBITDA for the Selected Companies ranged from a low of 4.7x to a high of 9.2x (with a median of 5.3x and average of 6.1x). The observed multiples of enterprise value to calendar year 2016 estimated EBITDA for the



Selected Companies ranged from a low of 4.3x to a high of 8.6x (with a median of 4.9x and average of 5.7x). Based on our professional judgment and experience, and taking into consideration the observed multiples for the Selected Companies, we then applied a selected range of multiples of enterprise value to calendar year 2015 estimated EBITDA of 5.3x to 6.1x, derived from the Selected Companies, to corresponding calendar year 2015 estimated EBITDA of Pirelli and a selected range of multiples of enterprise value to calendar year 2016 estimated EBITDA of 4.9x to 5.7x, derived from the Selected Companies, to corresponding calendar year 2016 estimated EBITDA of Pirelli. Financial data of the Selected Companies were based on publicly available research analysts' estimates, public filings and other information. Financial data of Pirelli were based on certain financial information and forecasts relating to Pirelli which were provided to us by the management of Pirelli, as described above. This analysis indicated an approximate implied per Share equity value reference range for Pirelli of between €9.72 and €11.88 based on calendar year 2015 estimated EBITDA, and €10.43 and €12.65 based on calendar year 2016 estimated EBITDA.

Selected Transactions Analysis

We performed a selected transactions analysis, which is an analysis designed to estimate an implied value of a company through an analysis of the multiples paid in acquisitions of similar publicly traded companies. We reviewed, to the extent publicly available, financial information for 15 selected transactions in the global tyre manufacturing sector announced between 1995 and 2015 (the "Selected Transactions"). The Selected Transactions are set forth in the table below (ordered by date).

Date	Transaction
Mar-14	LTI / Camfin / Pirelli
Jun-13	Apollo Tyres / Cooper Tire & Rubber
Jun-13	Lauro 61 / Camfin / Pirelli
May-13	Hankook Tire Worldwide / Hankook Tire Co
Jul-12	Titan International / Titan Europe
Apr-09	Apollo Tyres / Vredestein Banden
Jul-08	Schaeffler / Continental
May-08	Bridgestone / Toyo Tire & Rubber
Dec-06	Bridgestone Americas / Bandag
Jan-06	Apollo Tyres / Dunlop (South Africa)
Sep-05	Sumitomo Corp / TBC Corp
Jan-05	Cooper Tire & Rubber / Kumho Tire
Feb-03	Bridgestone Europe / Nokian Tyres
Dec-95	Michelin / Stomil-Olysztyń
Dec-95	Goodyear Tire & Rubber / Debica

For each of the Selected Transactions, Citi reviewed enterprise values of the Selected Transactions, calculated as the purchase prices paid for the target companies' equity plus debt, less cash and cash equivalents and other adjustments, as multiples, to the extent publicly available, of the EBITDA for the last twelve months ("LTM") prior to the announcement of the transaction or other relevant measurement date. The observed multiples of enterprise value to LTM EBITDA for the Selected Transactions ranged from a low of 2.9x to a high of 12.1x (with a median of 5.7x and an average of



6.0x). Based on our professional judgment and experience, and taking into consideration the observed multiples for the Selected Transactions, we then applied a selected range of multiples of enterprise value to LTM EBITDA of 6.0x to 7.9x to the LTM EBITDA of Pirelli as of June 30, 2015. Financial data of the Selected Transactions were based on publicly available information. Financial data of Pirelli were based on certain financial information and forecasts relating to Pirelli which were provided to us by the management of Pirelli, as described above. This analysis indicated an approximate implied per Share equity value reference range of between €10.71 and €15.46.

M.3 M.3 Essential Information pursuant to Art. 130 of the Consob Issuers Regulation relating to the Pirelli Shareholders Agreement

Shareholders agreement published pursuant to art. 122 of Legislative Decree 24.2.1998, n. 58 – Essential information pursuant to art. 130 of Consob Regulation no. 11971/1999, as subsequently amended

PIRELLI & C. S.P.A.

This document has been updated on August 13, 2015 in the recitals and in some paragraphs in order to take into account the execution of the "Closing" (as defined below), which took place on August 11, 2015, as well as some amendments to the Agreement (as defined below), that the relevant parties have agreed ahead of the Closing, and to the Shareholders Agreement (as defined below).

Below, in underlined italics, are the parts added or rephrased, while some parts in the recitals have been eliminated, being no longer consistent with the amendments above.

The other documents relating to the agreement, undertaken by the parties on March 22, 2015.

On March 22, 2015 (the "**Signing Date**") China National Chemical Corporation, a state owned enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the People's Republic of China ("**CC**"), and China National Tire & Rubber Corporation, Ltd., a company controlled by CC ("**CNRC**"), on one side, and Camfin S.p.A. ("**CF**"), Long-Term Investments Luxembourg S.A. ("**LTI**") and Coinv S.p.A. ("**Coinv**"), on the other side (collectively, the "**Parties**"), entered into a sale and purchase and co-investment agreement, as amended on August 5, 2015 (the "**Agreement**") which rules, subject to the satisfaction of the conditions precedent provided by the same Agreement:

- (i) the acquisition, by a newly-established Italian joint stock company (*società per azioni*), indirectly controlled by CNRC ("**Bidco**"), of the ordinary shares of Pirelli & C. S.p.A. ("**Pirelli**" or the "**Company**") held by CF directly and (to the extent possible, as described below) indirectly through CAM 2012 S.p.A. ("**CAM 2012**") (the "**Participation**");
- (ii) the reinvestment by CF of a portion of the proceeds from the sale and purchase of the Pirelli ordinary shares directly held by CF;
- (iii) the execution among the Parties, on the date of completion of the sale and purchase (respectively, the "**Closing Date**" and the "**Closing**"), of a shareholders agreement setting forth provisions concerning, amongst others, the corporate governance of the Company and of its controlling entities and the transfer of the relevant shares (the "**Shareholders Agreement**");
- (iv) after the Closing, the launch by Bidco of a mandatory tender offer on the remaining ordinary share capital of Pirelli pursuant to Sections 106, paragraph 1-*bis*, and 109 of Legislative Decree of February 24, 1998, n. 58 ("**TUF**") at the price of Euro 15,00 per share and of a voluntary tender offer on the entire saving share capital of the same Pirelli at the price of Euro 15,00 per share, subject to reaching no less than 30% of the saving share capital, with the goal to delist the Company (collectively, the "**Offer**").

The purpose of the transaction so structured (the "**Transaction**") is the implementation of a long-term industrial partnership between CNRC and the existing shareholders of CF (Coinv and LTI) in relation to Pirelli. Upon completion of the Transaction, CC is expected to exercise control over the Company.

On the same Closing Date, CF has reinvested a portion of the proceeds from the sale and purchase by subscribing, at the same conditions of CNRC, a share capital increase of Newco of variable amount (the "**Reinvestment**"). As a result of the Reinvestment, the share capital of Newco is held as follows:

- CNRC (through SPV Lux): 65%;
- CF (directly): 35%.

In addition, the Agreement provides that the shareholders of CF (Coinv, LTI and LTI Ita, as defined below) complete, after the Closing Date, the corporate restructuring of CF, the purpose of which is to allow the exit of LTI and LTI Ita from the share capital of CF and the attribution to LTI and LTI Ita of a direct participation in Newco equal to 36.0% of the Newco stake held by CF, which shall maintain a stake in Newco equal to 64.0% of the initial stake (the “Corporate Restructuring of CF”). After the Corporate Restructuring of CF, the share capital of Newco shall be held as follows:

- CNRC (through SPV Lux): between 50.1% and 65%;
- Coinv (through CF): between 22.4% and 31.9 (or, following the possible subscription of the Additional Capital Increase, as defined below, 37.3%);
- LTI (directly and through LTI Ita): between 18% and 12.6%;

provided however *that* the participation held by CNRC shall never be reduced below 50.1%.

The Agreement includes also a number of provisions relevant for the purposes of article 122, paragraphs 1 and 5, of the TUF and of the applicable provisions of Consob resolution n. 11971 of May 14, 1999 as subsequently amended (“**Issuers Regulation**”).

In particular, the Agreement includes a number of provisions, relevant for the purposes of article 122, paragraphs 1 and 5, of the TUF, summarized below.

Undertakings regarding the Board of Directors of Pirelli

On August 11, 2015 two members of Pirelli’s Board of Directors resigned from office, effective from the Closing Date. It is provided that the co-optation of two directors designated by Bidco (Mr. Bai Xinping and Mr. Ze’ev Goldberg) will take place, at the latest, on the first Pirelli Board meeting after Closing and, in any event, no later than the beginning of the offer period of the Offer.

The Agreement finally provides for the undertaking of CF to procure that, following completion of the Offer, the directors of the Company appointed out of the slate presented by CF resign from office, in order for the new directors designated by CNRC to be appointed.

Undertakings of the Parties in case of alternative offer

In case of launch by third parties of a tender offer alternative to the Offer, the Agreement provides for a period of consultation of the Parties and sets forth the respective rights and obligations of the same Parties in relation to such alternative offer.

Undertakings regarding the Merger

Subject to the satisfaction of the conditions precedent in accordance with the applicable laws and corporate governance procedures:

- (i) in case, following the Offer, Pirelli is delisted, a merger by way of incorporation of Pirelli and Bidco into Holdco shall be resolved upon (“**Merger A**”); or
- (ii) in case Pirelli is not delisted, a merger by way of incorporation of Pirelli into Bidco aimed at delisting Pirelli shall be resolved upon, Pirelli provided however that the opt-out consideration due to the ordinary shareholders of Pirelli does not exceed the Offer price, or, if this is not the case, with simultaneous listing of Bidco (“**Merger B**”); or
- (iii) in case the merger under (ii) above is not completed, the Parties will decide whether to proceed with the merger by way of incorporation of Bidco into Holdco (“**Merger C**”);

(each of the mergers described above, “**Merger**”).

Undertakings on the Industrial Reorganization

The Parties have agreed to procure that, in accordance with the applicable laws and corporate governance procedures:

- (i) the Company implements and completes the ongoing industrial project, aimed at granting autonomous relevance to the *Industrial tyre* business, also through a separate entity (referred to in the Agreement as "**Pirelli Industrial**");
- (ii) the procedures for the combination of *Pirelli Industrial* with certain strategic asset owned by CNRC (the "**CC Asset**" are completed);
- (iii) the combination of *Pirelli Industrial* with Fengshen Tires Stock Limited Company (Aeolus), company participated by CC, is completed;

(the above, collectively, the "**Industrial Reorganization**").

Standstill undertakings

The Agreement provides for the undertaking of each Party not to purchase nor carry out any transaction concerning the Pirelli shares or other financial instruments connected thereto which may cause an increase of the Offer price, as well as of the sell-out price and the squeeze-out price.

Shareholders Agreement

Finally, pursuant to the Agreement, on August 11, 2015 the Parties entered into the Shareholders Agreement.

* * *

The Shareholders Agreement sets forth the rules and the contractual undertakings of the Parties regarding, amongst others, the corporate governance of the Italian Holdings (as defined below) and of Pirelli, the possible relisting of Pirelli in case the delisting of the same is achieved and the regime for the transfer of the participations held by the Parties in the Italian Holdings and in Pirelli.

Company whose financial instruments are interested by the Shareholders Agreement

Marco Polo International Italy S.p.A. (Newco), joint stock company incorporated under Italian law, with a sole shareholder, with registered office in Milan, via San Primo no. 4, registration at the Companies Register of Milan, Tax Code and VAT no. 09052130961.

Marco Polo International Holding Italy S.p.A. (Holdco), joint stock company incorporated under Italian law, with a sole shareholder, with registered office in Milan, via San Primo no. 4, registration at the Companies Register of Milan, tax Code and VAT no. 09057800964.

Marco Polo Industrial Holding S.p.A. (Bidco), joint stock company incorporated under Italian law, with a sole shareholder, with registered office in Milan, via San Primo no. 4, registration at the Companies Register of Milan, Tax Code and VAT no. 09065250962.

Pirelli & C. S.p.A., with registered office in Milan, Viale Piero e Alberto Pirelli no. 25, registered at the Companies Register of Milan at no. 00860340157, having, at the Closing Date, a share capital of Euro 1,345,380,534.66, represented by n. 475,740,182 ordinary shares and n. 12,251,311 saving shares. The shares of the Company are listed on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A..

Parties to the Shareholders Agreement

- China National Chemical Corporation, Chinese company with registered office in Beijing (People's Republic of China), no. 62 West Beishuan Road, Haidian District, registered with the State Administration for Industry and Commerce of People's Republic of China under no. 100000000038808;

- China National Tire & Rubber Corporation, Ltd., Chinese company with registered office Beijing (People's Republic of China), no. 62 West Beishuan Road, Haidian District, registered with the State Administration for Industry and Commerce of People's Republic of China under n. 100000000008065;
- CNRC International Limied, Chinese company with registered office in RMS 05-15, 13a/f, South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People's Republic of China) ("SPV HK1");
- CNRC International Holding (HK) Limited, Chinese company with registered office in RMS 05-15, 13a/f, South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong (People's Republic of China) ("SPV HK2");
- Fourteen Sundew S.à.r.l., Luxembourgish company with registered office in Luxembourg, rue Guillaume Kroll no. 5, L-1882, registered at Luxembourg Register of Companies and Business under the no. B-195473 ("SPV Lux")
- Camfin S.p.A., Italian company with registered office in Milan, Piazza Borrromeo n. 12, number of registration with the Companies Register of Milan, Tax Code and VAT n. 00795290154;
- Long-Term Investments Luxembourg S.A., Luxembourg company with registered office in 412F, route d'Esch, L.2086, Luxembourg (Grand Duchy of Luxembourg);
- LTI Holding S.r.l., Italian company with registered office in Milan, via Giosuè Carducci no. 32, registered at Companies Register of Milan, Tax Code and VAT no. 07794690961 ("LTI Ita")
- Coinv S.p.A., Italian company with registered office in Milan, Piazza Borrromeo n. 12, number of registration with the Companies Register of Milan, Tax Code and VAT no. 08852660961.

Percentages and number of financial instruments subject to the Shareholders Agreement

The Shareholders Agreement concerns the shares and the financial instruments issued by Newco, Holdco, and Bidco (*collectively, also the "Italian Holding Companies"*) as well as the ordinary shares of Pirelli which shall be held by Bidco on the Closing Date and thereafter, following the Offer, as illustrated above, as well as the Pirelli shares held by CF through CAM 2012, in any case syndicated to the Shareholders Agreement.

On the Closing Date, Bidco purchased all the shares of the Company directly owned by CF (equal to 20.343% of the voting share capital of Pirelli). As regards the shares owned by CAM 2012 (equal to 5.63% of the voting share capital of Pirelli), CF undertook to procure that CAM 2012 transfers to Bidco, at a price equal to and not higher than the Mandatory Tender Offer, the shares owned as a collateral for an exchangeable bond issued by CAM 2012 itself, as well as the shares available for exchange for which an exchange right has not been exercised pursuant to the bond terms, and, therefore, that CAM 2012 does not adhere to the Offer.

Content of the Shareholders Agreement

Governance of the Italian Holdings

Corporate Purpose

The corporate purposes of SPV HK1, SPV HK2, SPV Lux, CF, LTI, LTI Ita and of the Italian Holdings consist exclusively in the holding and management (directly or indirectly) of the Pirelli Shares under the provisions of the Shareholders Agreement and the carrying out of the usual activities instrumental, complementary or useful for the achievement of the corporate purpose.

Participations in Newco

The participations held in Newco by CF (the "CF Stake") and by CNRC (the "CNRC Stake"):

- (i) at the date of signing of the Shareholders Agreement, are equal to 35% with reference to the CF Stake and to 65% with reference to the CNRC Stake;

(ii) at the “**Completion of the Offer**” (that is the date of payment to shareholders who have adhered to the Offer of the relevant consideration, taking into account any reopening of the terms of the same Offer, also in the context of possible procedures of sell-out and squeeze-out) and subsequently at the subscription of the capital increases reserved, respectively, to CF and to CNRC shall correspond: (x) if Pirelli is delisted to a percentage of 35% with reference to the CF Stake and to a percentage of 65% with reference to the CNRC Stake, and (y) if Pirelli is not delisted, to a percentage between 35% and 49% with reference to the CF Stake and to a percentage between 51% and 65% with respect to the CNRC Stake; and

(iii) at the date of completion of an additional capital increase (the “**Additional Capital Increase**”), opened for subscription up to 6 months following the “**Offer Closing Date**” (i.e. the date falling not later than 1 business day before the date on which Bidco will pay to the shareholders the price of the mandatory tender offer) shall correspond: (x) if Pirelli is delisted, to a percentage of 49.9% with respect to the CF Stake and to a percentage of 50.1% with respect to the CNRC Stake, if the Additional Capital Increase is fully subscribed by CF, or to a percentage between 35% and 49.9% with respect to the CF Stake and to a percentage between 50.1% and 65% with respect to the CNRC Stake if the Additional Capital Increase is not subscribed, or is subscribed only partially, by CF, and (y) if Pirelli is not delisted, to a percentage equal to 49% with respect to the CF Stake and to a percentage of 51% with reference to the CNRC Stake, if the Additional Capital Increase is fully subscribed by CF, or a percentage between 35% and 49% with respect to the CF Stake and to a percentage between 51% and 65% with respect to the CNRC Stake, if the Additional Capital Increase is not subscribed, or is only partially subscribed by CF.

It is understood that, starting from the completion of the Corporate Restructuring of the CF Stake, (x) any reference to the CF Stake shall be deemed as a reference to the participation of CF in Newco following the Corporate Restructuring of CF (the “**CF Restructured Stake**”, equal to 64% of the CF Stake) and to the participation of LTI in Newco (the “**LTI Stake**”, equal to 36% of the CF Stake); (y) the CF Restructured Stake shall be in a range between 22.4% and 37.3% (if CF subscribes the Additional Capital Increase) and (z) the LTI Stake shall be in a range between 12.6% and 18.0% of the share capital of Newco; and (w) the CNRC Stake shall never fall below 50.1%.

Corporate Governance of Newco

By-Laws

The Parties agree that the corporate governance of Newco shall be in line with the provisions of the Shareholders Agreement as reflected, to the maximum extent possible, in the by-laws of Newco.

Board of Directors

The Board of Directors of Newco shall be appointed through a voting slate system and shall be composed by 16 directors appointed as follows: (a) CNRC shall be entitled to present a slate for the appointment of directors in its capacity as “Class A” shareholder and 8 directors shall be appointed from such slate presented by CNRC, it being understood that 1 of them shall be appointed as chairman (the “**Newco Chairman**”); (b) CF and LTI or LTI Newco, as the case may be, as holders of shares of “Class B” (the “**Class B Shareholders**”) shall be entitled to appoint 8 directors, it being understood that (i) each Class B Shareholder shall have the right to submit a slate for the appointment of directors, (ii) 5 directors shall be appointed from the slate presented by CF (the “**CF Slate**”), one of whom to be appointed as chief executive officer of Newco (the “**Newco CEO**”), provided that such slate is presented by CF, and (iii) 3 directors shall be appointed from the slate submitted collectively by LTI and LTI Ita (the “**LTI Slate**”), it being understood that, until completion of the Corporate Restructuring of CF (1) any reference to Class B Shareholders shall be deemed as a reference to CF only, (2) any reference to the Class B Shareholders shall be regarded as made solely to CF, (2) CF shall present a slate containing also the 3 directors designated by LTI and LTI Ita, who will be considered for all purposes hereof as appointed from the LTI Slate; and that, except as provided in the Article 3.3.2 of the Shareholders Agreement, in case of occurrence of a LTI Event (as defined below), any reference to the Class B Shareholders shall be regarded made solely to CF and any governance right pertaining to LTI and its appointed directors shall be regarded as rights pertaining to CF and its appointed directors.

In order to preserve the composition of the Board of Directors described above, should a director cease from office for any reason whatsoever, the shareholder of Newco which appointed the ceased director (and continues to be entitled to such appointment) shall have the right to appoint the new director. The same shall apply in case of revocation.

Board of Statutory Auditors

The Board of Auditors of Newco shall be appointed through a voting slate system, according to the following provisions: (a) CNRC shall be entitled to appoint 2 effective auditors and 1 alternate auditor; (b) the Class B Shareholders shall be entitled to appoint 1 effective auditor, who shall be the Chairman of the Board of Statutory Auditors, and 1 alternate auditor.

Upon request of CF or LTI (also jointly with LTI Ita) the Board of Statutory Auditors shall be increased to 5 effective members to be appointed as follows: (i) CNRC shall be entitled to designate 3 effective members, one of which shall be the Chairman of Board of Statutory Auditors; (ii) CF shall be entitled to designate 1 effective member and 1 alternate auditor; and (iii) LTI and LTI Ita shall be entitled to jointly designate 1 effective member and 1 alternate auditor.

Resolutions of the corporate bodies

The Parties agree that the resolutions of the competent corporate bodies of Newco shall be validly adopted in accordance with the following principles:

(A) *if within the competence of the shareholders' meeting of Newco:* except as provided below, the *shareholders' meeting* of Newco shall be validly held and may validly resolve in accordance with the provisions of the Italian civil code and, in case of tie vote in the second call, the Newco shares of CNRC shall have an additional vote. Furthermore, except as otherwise provided by other provisions of the Shareholders Agreement, the following resolutions submitted to the shareholders' meeting of Newco will require the prior approval of the meeting of the Class B Shareholders which shall resolve with a quorum of 87%:

- (i) actions to pursue directors' liabilities;
- (ii) capital increases and capital decrease other than those which (x) are required by law and/or (y) are necessary for the purposes of refinancing the facilities of the loan agreements relating to the Transaction (the "**Loan Agreements**") at expiration or in case of breach or material potential breach of the financial covenants, and/or (z) are necessary to complete the purchase of additional Pirelli shares within 12 months as of the Offer Closing Date, provided with respect to (z) that (A) such purchases are made at a price equal to or lower than the price of the mandatory tender offer and (B) do not exceed the aggregate investment of CF (and, after the Corporate Restructuring of CF, of CF and LTI and LTI Ita) in the Transaction (equal to Euro 1,149 million); (it being understood that all capital increases shall be offered pursuant to article 2441 to all the shareholders and the price per share in relation thereto is determined at fair market value);
- (iii) liquidation, mergers (other than mergers under articles 2505 and 2505-*bis* of the Italian civil code) and demerger, provided in each case that the Parties shall be required to vote in favor of the approval of the Mergers;
- (iv) amendments to the clauses of the Newco by-laws (other than amendments under article 2365 of the Italian civil code);

(B) *if within the competence of the Board of Directors of Newco:*

- (1) except as provided in paragraph (2) below, a Board of Directors' meeting shall be validly held if the majority of the directors is in attendance and any resolution shall be validly taken with the favorable vote of the absolute majority of the directors in attendance, provided that at least 1 of the directors elected from the CF Slate and 1 of the directors elected from LTI slate are in attendance and that, in case of a tied vote, the Newco Chairman shall be given the casting vote; however, if a board meeting is called and cannot be validly held because of the absence of at least

one of the directors designated by the Class B Shareholders, the Chairman of the board shall reconvene as soon as practicable the Board to resolve upon the same agenda and such new meeting shall be validly held even if half of directors is in attendance, regardless of whether the directors designated by the Class B Shareholders are in attendance, and any resolution shall be validly taken with the favorable vote of the majority of the directors in attendance provided that, in case of a tied vote, the Newco Chairman shall have the *casting vote*;

(2) except as provided in paragraph (B)(4) below, the approval of the following resolutions shall always require (in any call) the presence and the favorable vote of at least 9 directors: (a) any proposals or recommendation to be submitted to the shareholders' meeting of Newco with respect to the matters listed under paragraph A) above; (b) the exercise of the voting rights in the shareholders' meeting of Holdco, Bidco and Pirelli with respect to the matters listed under the paragraph "*Corporate Governance of Pirelli – Resolutions of the corporate bodies*"; (c) the transfer, in whole or in part, of the participation in Holdco, of the participation in Bidco, of the Pirelli shares except in the event of an alternative offer, where the provisions of the Agreement shall apply and - if Pirelli is not delisted - the purchase (either directly or through Bidco) of any further Pirelli shares or that triggers either the obligation to launch a mandatory tender offer over Pirelli or implies a breach of any financial covenants set forth in the Loan Agreements, provided however that the Parties shall be bound to approve the transfers already contemplated in the Agreement; (d) the "Assumption of Indebtedness" (to be deemed as the assumption of forms of debt other than the Loan Agreements and the granting of guarantees in favor of third parties (x) for an amount in excess of Euro 450 million and/or (y) if such transaction or series of connected transactions cause the breach by the relevant company of the financial covenants and ratios provided for by the Loan Agreements, and/or provides for financial covenants and/or ratios which are less favorable for the relevant company than those provided for, and agreed in, the Loan Agreements; and/or (z) any subsequent refinancing of the sums disbursed to the relevant company under the Loan Agreements; and/or (w) changes to the material terms of the Loan Agreements), unless where necessary to refinance the indebtedness under the Loan Agreements at maturity or in the event of a breach or potential material breach of the financial covenants; (e) any transaction with related parties other than those contemplated by the Agreement and its Annexes; (f) the actions under article 2393-bis of the Italian civil code; (g) any transaction outside the annual budget and/or the business plan of Newco which has a value higher than Euro 7.5 million; (h) any amendments to the Offer; (i) instructions pursuant to article 2497 of the Italian Civil Code (a) concerning Holdco and/or Bidco, in relation to all the matters referred to in this paragraph (B)(2) to be resolved upon by the corporate bodies of Holdco and/or Bidco and (b) concerning Pirelli, if delisted, in relation to all the matters referred to in the following paragraph (B)(3) to be resolved upon by the corporate bodies of Pirelli, if delisted;

(3) the approval and/or amendment of the budget and/or the business plan of Newco shall always remain within the competence of the Board of Directors and the same rule under paragraph B(1) shall apply;

(4) the Newco by-laws provides that all the matters listed in paragraph (B)(2) above, to be decided at the level of Newco, Holdco or Bidco, shall require the prior favorable vote of the meeting of the Class B Shareholders under article 2364, paragraph 1, n. 5, of the Italian civil code with a quorum of 87%.

Corporate Governance of the other Italian Holdings

The provisions on the governance and the composition of the corporate bodies of Newco apply *mutatis mutandis* to Holdco, Bidco and (subject to the clarifications indicated below) Pirelli if delisted, as well as, in case of Merger, to each of the above companies which, upon completion of such Merger, has directly and/or indirectly the control over Pirelli.

Corporate Governance of Pirelli

General Principles

The Parties acknowledge the pivotal role of the current top management of Pirelli to direct and manage the company and monitor the industrial, economic and financial conditions that should

lead, in case of delisting, to its possible relisting and agree that all the above qualitative prerogatives shall be maintained also in case of delisting, as conditions essential for preserving Pirelli industrial history and for a successful valorization and, where possible, relisting of the same. In this respect, the Parties acknowledge the fundamental role of Mr. Marco Tronchetti Provera, in his office of chief executive officer of Pirelli, in leading the top management and ensuring the continuity of the Pirelli's business culture also through a leading role in the designation of his successor, pursuant to what set forth in this Shareholders Agreement.

Finally, the Parties agree that the new Pirelli by-laws, both in case of delisting and in case it remains listed, as the case may be, shall provide that the trademarks and the technological know-how of the Company shall never be transferable in any manner whatsoever to any third parties unless approved with the super majority indicated below, provided however that Pirelli Industrial's technological know-how will be used in the context of the combination of the CC Assets and the combination with Aeolus (it being agreed among the Parties that, for the purposes of the exception set forth in the Article 3.2 of the Newco By-laws, such combination shall be deemed as an extraordinary transaction of industrial nature).

In light of the fundamental legacies of Pirelli with its traditions and entrepreneurial culture, the new by-laws provides that the headquarters (*sede operativa e amministrativa*) of Pirelli shall remain in Milan unless otherwise resolved with the super majority indicated below.

The Parties undertake to procure that an extraordinary shareholders meeting of Pirelli takes place to approve a new by-laws consistent, to the maximum extent possible, with the provisions on the corporate governance of Pirelli, as set out in the Shareholders Agreement, provided that if (i) the squeeze-out is not reached, (ii) the adoption of such new by-laws entitles the minority shareholders to exercise the opt-out right, and (iii) the price of the opt-out right exceeds Euro 15.00, in such case the Parties will negotiate in good faith, if needed, also the amendments to the new by-laws in order to avoid the triggering of the opt-out right of the minority.

New by-laws if Pirelli is not delisted

In the event that, following the Completion of the Offer, Pirelli remains listed, the Parties undertake: (i) to procure that an extraordinary shareholders' meeting of Pirelli is held to approve a new by-laws and (ii) to vote at such shareholders' meeting in favor of the approval of the same, provided that Bidco holds a stake in Pirelli's ordinary share capital sufficient for approving such new By-laws and unless the Parties agree in writing to postpone such approval to a later date. In addition, the corporate governance of Pirelli shall, in any case, be in line with the provisions of the Shareholders Agreement, which shall be reflected, to the maximum extent possible, in the new by-laws.

Board of Directors if Pirelli is not delisted

The Parties undertake to procure that the Board of Directors of Pirelli, in case it is not delisted, is composed by 15 members (4 of whom to be independent) and shall be elected through a voting slate system with the aim to ensure the following composition, it being understood that, with respect to the applicable provisions of law on gender balance, the Parties shall allocate proportionally between them the number of candidates of the less represented gender to be appointed.

The slate presented by Bidco (the "**Bidco Slate**") shall composed of a number of candidates not lower than 15, to be designated and ranked in the following manner. With reference to the first 12 candidates:

(x) the Bidco Chairman, designated by CNRC, shall be entitled to designate: 8 positions in the Bidco Slate, of which: (a) the first place by order in the Bidco Slate shall be the Pirelli Chairman and the second place in the Bidco Slate shall be the CEO and Executive Vice Chairman of Pirelli, Mr. Marco Tronchetti Provera, as long as he is in office or thereafter the chief executive officer indicated by the Bidco CEO, (b) other 6 candidates will be ranked at numbers 3, 5, 7, 9, 11 and 12 on the Bidco Slate, including 2 independent directors to be ranked in the Bidco Slate at n. 11 and 12;

(y) the Bidco CEO, designated by CF, shall be entitled to designate 2 positions in the Bidco Slate, ranked at numbers 4 and 8 on the Bidco Slate, including 1 independent director to be ranked in the Bidco Slate at n. 8;

(z) the Bidco Director designated by LTI shall be entitled to designate 2 positions in the Bidco Slate ranked at numbers 6 and 10, on the Bidco Slate, including 1 independent director to be ranked in the Bidco Slate at n 10;

as for the remaining 3 candidates for the event that no minority directors will be appointed, the Bidco Chairman shall be entitled to designate 1 candidate to be ranked in the Bidco Slate at n. 13; the Bidco CEO shall be entitled to designate 1 candidate to be ranked in the Bidco Slate at n. 14 and the Bidco Director designated by LTI shall be entitled to designate 1 candidate to be ranked in the Bidco Slate at n. 15.

In case of LTI Event (as defined below) the position ranked as number 10 in Bidco Slate will be designated by the Bidco Chairman, within a list of three independent candidates proposed by the Bidco CEO.

Board of Statutory Auditors if Pirelli is not delisted

The Parties undertake to procure that the Board of Statutory Auditors of Pirelli, in case it is not delisted, is appointed as follows: (a) the Bidco Chairman shall be entitled to designate 1 effective member and 1 alternate auditor; (b) the Bidco CEO shall be entitled to designate 1 effective member, and 1 alternate auditor.

It being understood that in the event that no member of the Board of Statutory Auditor is elected by the minority shareholders the remaining 1 effective member and 1 alternate auditor shall be appointed upon Bidco Chairman's designation and the Chairman of the Board of Statutory Auditors will be the member designated by the Bidco CEO.

Chairman

The Pirelli Chairman shall have the power to legally represent the company as well as the other powers granted to the chairman according to the current by-laws of the Company. The Chairman shall also chair the Remuneration Committee.

CEO and Executive Vice Chairman - Significant Matters

Mr. Marco Tronchetti Provera shall be the CEO and Executive Vice Chairman of Pirelli for an initial term of at least five years. The CEO and Executive Vice Chairman shall be delegated the exclusive power and authority concerning the ordinary management of the Company and its group, consistently with the power and authority currently attributed to Mr. Marco Tronchetti Provera in its capacity as current Chairman and Chief Executive Officer of Pirelli – with the exclusion of the powers which shall be the competence of the Pirelli Chairman and with the limitations set out below – and the power to propose to the Board of Directors (the "**Power to Propose**") the adoption of the following resolutions (collectively, the "**Significant Matters**"): (i) approval of the business plan and the budget of *Pirelli and the Pirelli Group*, as well as any material amendments thereto; (ii) any resolution concerning industrial partnerships or strategic joint ventures of Pirelli and/or Pirelli Tyre and/or any affiliate of Pirelli (the "**Principal Subsidiaries**"), subject in any case to the prior examination and discussion in the Strategies Committee indicated below.

All resolutions on the Significant Matters will be reserved to the Board of Directors and/or the shareholders' meeting, as the case may be. The Parties also agree that, with respect to the Significant Matters, any possible decision taken in the Board of Directors against the relevant proposal submitted to the Board by the CEO and Executive Vice Chairman shall be motivated and shall in any case take into account the best interest of Pirelli.

For the case in which Pirelli is delisted, the CEO and Executive Vice Chairman of Pirelli is also delegated the exclusive power to request and obtain the relisting of Pirelli within the fourth anniversary of the date of Completion of the Offer as better described below.

Resolutions of the corporate bodies

The resolutions of the competent corporate bodies of Pirelli shall be validly taken and passed in accordance with the following principles:

(A) *if within the competence of the shareholders' meeting*: except as indicated here below, the shareholders' meetings of Pirelli shall be validly held and shall validly resolve in accordance with the provisions set forth by the Italian civil code, provided however that in the shareholders' meeting called to resolve on the following matters: (i) actions to pursue directors' liabilities; (ii) capital increases and capital decreases other than those which are required by law and/or which are necessary for the purposes of refinancing or avoiding a breach or material potential breach of the financial covenants of the facilities of the Loan Agreements; (iii) liquidation; (iv) mergers (other than simplified mergers under art. 2505 and 2505-bis of the Italian civil code) and demergers; (v) amendments to the clauses of the existing Pirelli by-laws (other than the amendments pursuant to art. 2365 of the Italian civil code); the vote of Bidco (or, following the Merger or the other controlling shareholder) shall be legitimate only upon condition that, in such meetings, the relevant shareholder is represented by a proxy jointly appointed by the Bidco Chairman, the Bidco CEO and the Bidco Director designated by LTI. In any case the resolutions in relation to the clauses to be inserted in the new Pirelli by-laws pursuant to the previous paragraph "General Principles" as well as any amendment to the relevant provisions in the new Pirelli by-laws shall be resolved upon with a majority of 90% of the ordinary share capital.

(B) *if within the competence of the Board of Directors*:

(1) save as provided under (2) and (3) below, in case of a tied vote, the Chairman shall be given the casting vote;

(2) the approval of the following resolutions shall always require (in any call) the favorable vote of at least 11 directors: (a) any proposals or recommendation to be submitted to the extraordinary shareholders' meeting of Pirelli with respect to the matters listed under paragraph (A) above; (b) share capital increases or decreases, mergers, demergers or liquidation of any of the Principal Subsidiaries; (c) Assumption of Indebtedness, except where necessary for the purposes of refinancing the facilities of the Loan Agreements; (d) proposals concerning any sort of dividend and/or reserve distribution and/or any other form of distribution save for those necessary for the purposes of refinancing the facilities object of the Loan Agreements and for normal pay out of 40%; (e) any transaction with related parties (subject to, in case the Company remains listed, compliance with the existing procedure on related parties transactions) excluding the Industrial Reorganization; (f) any transfer and/or disposal in any manner whatsoever the technological know-how of Pirelli (including licensing) save for the technological know-how of Pirelli which will be used in the context of the combination of the CC Assets and the combination with Aeolus; (g) actions pursuant to Art 2393-bis of the Italian civil code; (h) any transaction outside the annual budget and/or business plan of Pirelli and the Pirelli Group having a value higher than Euro 35 million;

(3) in case Pirelli is delisted any resolution concerning industrial partnerships or strategic joint ventures of Pirelli and/or of the Principal Subsidiaries shall require the prior approval of 11 directors.

Please note that the approval and/or the amendments to the budget and/or the business plan of Pirelli and the Pirelli Group shall always be the competence of the Board of Directors and shall be resolved with the presence and the favorable vote of at least 11 directors, provided that, after 2 meetings of the Board of Directors in which such quorum is not met, at the third meeting called for the approval and/or amendment of the budget and/or the business plan of Pirelli, the resolution shall be approved with the favorable vote of a majority of the directors attending such meeting and, in case of a tied vote for the sole case in which Pirelli is not listed, the Chairman of Pirelli shall be given the casting vote.

Management

The current top manager of Pirelli, which shall be identified by Pirelli, including Mr. Marco Tronchetti Provera, in his capacity as Pirelli CEO and Executive Vice Chairman, shall benefit of the value creation at level of the Company, through incentive mechanisms to be developed on the basis of a long term incentive plan in accordance with the international best practice. The management shall be in charge of the day to day management of Pirelli, the implementation of the business plan and the recruitment and promotion of key personnel of Pirelli and its group in line with the procedure currently in place in Pirelli (which provides for the appointment of the *dirigente preposto* pursuant to art. 154-bis of the TUF by the Board of Directors) and under the supervision of the Remuneration Committee and the Committee for the Appointment and Succession as applicable.

Succession procedure of the current Chief Executive Officer

In preparation of the succession of Mr. Marco Tronchetti Provera in relation to the office of Chief Executive Officer of Pirelli the general rules already adopted by the Board of Directors of the Company shall apply with the involvement of the Committee for the Appointment and Succession, with the following integrations: (i) the candidate to be considered for succession will be indicated to the Committee for the Appointment and Succession by the Pirelli CEO and Executive Vice Chairman, (ii) an international independent primary HR firm will be appointed to evaluate the candidate, and (iii) the Committee for the Appointment and Succession will resolve upon the proposal of the CEO and Executive Vice Chairman, in case of tie vote, with the casting vote of the Pirelli CEO and Executive Vice Chairman. Provided that the above HR firm has validated the proposed candidate, the following shall apply: (i) either the Board of Directors of Pirelli appoints by means of co-optation the proposed candidate pursuant to art. 2386 of the Italian Civil Code or (ii) CF and CNRC shall cause their respective non-independent directors to resign to cause the Board to cease and the Newco CEO, Holdco CEO or Bidco CEO, as the case may be, shall have the right to designate the new Pirelli CEO in the relevant Newco Slate, Holdco Slate or Bidco Slate, as the case may be. In case Mr. Marco Tronchetti Provera is no longer able for any reason whatsoever to accomplish the above activities, the above prerogatives belonging to him will pass on to one of the members designated by CF in the Committee for the Appointment and Succession, as indicated by CF. In such case, the procedure for the selection of the candidate shall be the same as described above, provided however that none of the members of such Committee for the Appointment and Succession will have the casting vote. In any such case, provided that the above HR firm has validated the proposed candidate, the following shall apply: (i) if the Committee does not approve the candidate proposed by the member of the Committee for the Appointment and Succession indicated by CF or (ii) the Board of Directors of Pirelli does not appoint him by means of co-optation pursuant to art. 2386 of the Italian Civil Code, then CF and CNRC shall cause their respective non-independent directors to resign to cause the Board to cease and the candidate proposed by the member of the Committee for the Appointment and Succession indicated by CF shall be indicated in the relevant Newco Slate, Holdco Slate or Bidco Slate, as the case may be, by any of the Board members appointed by CF to be elected as new Pirelli CEO.

The above procedure shall remain in full force and effective for 5 years from the date of execution of the Shareholders Agreement.

Internal Committees

The Parties agree that, exclusively in case Pirelli remains listed, it shall substantially maintain the committees and procedures currently in place, with the significant role currently attributed to the independent directors, in line with the best practice of international and Italian listed companies. In particular, Pirelli shall have and maintain the following internal committees, with the following composition:

- (i) Internal Control and Risks Committee, composed of n. 3 independent directors;
- (ii) Related-Party Transaction Committee, composed by n. 3 independent directors

(iii) Strategies Committee, composed of n. 7 directors, of which: (a) n. 2 directors designated by the Class B Shareholders, one of them to be the Pirelli CEO and Vice Executive Vice Chairman, who shall be the chairman of the Strategies Committee and the other one to be appointed among those designated by the Bidco Director designated by LTI, (b) n. 3 directors designated by CNRC and (c) n. 2 independent directors;

(iv) Committee for the Appointment and Succession, composed of n. 4 directors, of which: (a) n. 2 directors to be selected out of those designated by the Class B Shareholders, 1 of them to be the Pirelli CEO and Vice Executive Vice Chairman, who shall chair the Committee for the Appointment and Succession and shall have the casting vote, and the other to be an independent director designated by the Bidco Director designated by LTI, (b) n. 2 directors designated by CNRC, one of them to be the Pirelli Chairman; and

(v) Remuneration Committee, composed of n. 3 non-executive directors, of which: (a) n. 1 director designated by the Class B Shareholders, and (b) n. 1 director designated by CNRC, to be the Pirelli Chairman who shall be the chairman of the Remuneration Committee.

In any case in which the casting vote is exercised by the Chairman of either Newco, Holdco, Bidco or Pirelli, as applicable, or by the Chairman of the Appointment and Succession Committee of Pirelli such casting vote shall be motivated.

Provisions concerning the transfer of the shares of the Italian Holdings and of Pirelli

Restrictions to transfer

Lock-Up Period

The Parties agree that the main goal of the Transaction is the value creation of Pirelli and its group and, in case of delisting, its re-listing through the IPO described herein. Consistently with the above, the Parties agree that, without prejudice to the Permitted Transfers as defined herein and to the right of the Class B Shareholders to sell their respective Participations in Pirelli within the context of the IPO and to the rights herein below, the Parties shall not transfer their respective participations (*also indirect*) in Newco and Pirelli (as well as any right or financial instrument connected thereto, each a "**Participation**") until the expiry of the fifth anniversary as of the Completion of the Offer.

Right of First Offer of CNRC

Each Class B Shareholder hereby irrevocably grants to CNRC a right of first offer (the "**Right of First Offer**") exercisable (i) in case, after the expiry of the Call Option Exercise Period (as defined below), any or both of the Class B Shareholders intend to transfer, in whole or in part, their respective Participation to a third party, including to any other shareholder of the relevant company (if any) other than the other Class B Shareholder and (ii) in case of a Change of Control (as defined below), provided however that the Right of First Offer shall not be triggered in connection with the Change of Control if the Participation of the Parties to which the Change of Control applies is transferred to the other Newco shareholders holding the same Class of shares.

Tag-along right

Should CNRC intend to transfer, after the expiry of the Call Option Exercise Period (as defined below), all or part of its Participation to a third party other than an affiliate, CNRC shall grant to each and both the Class B Shareholders the right of co-sale under the terms and conditions better described in the Shareholders Agreement.

Permitted transfers

In partial derogation to the restrictions above: (i) CNRC and each of the Class B Shareholders shall be entitled to transfer between them, in whole or in part, their respective Participation (it being agreed and understood that a pre-emption right among the shareholders of the same class of

shares will apply except in case of exercise of the Put Option (as defined below) and of exercise of the Right of First Offer); (ii) CNRC and each of the relevant Class B Shareholder shall be entitled to transfer, in whole or in part, their respective Participation to one or more affiliates and (iii) any Transfer by CF to LTI and LTI Ita in the context and exclusively for the purpose of the Corporate Restructuring of CF is also permitted.

The Parties also agree that in case CF has not exercised in whole its subscription right in relation to the Additional Capital Increase, under the Agreement, the transfer by CNRC of a participation equal to the portion not subscribed by CF, and in any case never exceeding 14%, if Pirelli is not De-listed (it being understood that in such a case the CNRC Stake shall never be below 51%), and 14.9% if Pirelli is De-listed (it being understood that if Pirelli is De-listed and the forced sale described below is exercised the CNRC Stake shall never be below 50.1%), is not subject to the lock up during the period starting from the end of the 12th month until the end of the 24th month after the Offer Closing Date (the "**Disposable Newco Stake**"), provided that such Transfer is carried out as follows:

(a) starting from the end of the 12th month and until the end of the 18th month after the Offer Closing Date, CF shall have the right to cause CNRC to sell the Disposable Newco Stake to no more than 3 investors, which shall not be related parties to CF;

(b) starting from the end of the 18th month and until the end of the 24th month after the Offer Closing Date, if the Forced Sale has not taken place, CNRC will be free to sell the Disposable Newco Stake to no more than 3 investors, which shall not be related parties to CNRC;

(c) the relevant buyer of the Disposable Newco Stake shall not be entitled to exercise any of the governance rights set out for the class A shares under the Shareholders Agreement or the by-laws of Newco.

Relisting and IPO

In case of delisting of Pirelli, during the initial four years following Completion of the Offer (the "**Relisting Period**") (it being understood that in case the IPO preparation is under progress at the expiry of the Re-listing Period, the Relisting Period will be automatically extended, only for one time, by additional 5 months to allow completion of IPO), CF shall have the right to ask the Pirelli CEO to cause the relisting of Pirelli through an initial public offering (the "**IPO**") concerning at least the Participations held by CF and LTI in Pirelli.

The Pirelli CEO and Executive Vice Chairman shall have the powers to represent Pirelli in the IPO procedure and to decide – taking into account the best interest of Pirelli and its group and the success of the IPO – the terms and conditions of the IPO – including, without limitation, the choice and appointment of counsels and advisors, including the joint global coordinators except one of them that will be appointed by CNRC – and to carry out any and all activities deemed necessary or appropriate in his sole discretion to ensure the successful completion of the IPO. Notwithstanding any of the foregoing, it is hereby agreed and understood that in the event that the IPO price per share is lower than the price per share of the mandatory tender offer, the IPO shall be launched only upon agreement of the parties.

CNRC shall provide its reasonable cooperation for the success of the IPO including CNRC accepting to be diluted provided that that CNRC, after the dilution, maintains the control over Pirelli pursuant to Article 2359 of the Italian Civil Code, the right to consolidate the Company in its accounts and remains the main shareholder of Pirelli. In the context of the IPO, CF, LTI and LTI Ita will have the right to sell all or part of their stakes with priority over CNRC subject to market conditions/standards for the size of a secondary offering of shares.

Exit procedures

Put Option in favor of the Class B Shareholders

In the following circumstances each of the Class B Shareholders shall have the right to exercise a put option on the participation held by the same in Newco (the "**Put Option**"): (i) in the event that following Completion of the Offer or within 12 months following the Offer Closing Date, Pirelli is delisted, and the IPO has not been completed within the expiry of the Relisting Period as possibly extended (pursuant to what indicated above); (ii) in case of completion of Merger B, if and to the extent that Pirelli is delisted without Bidco being listed, and the IPO has not been completed within the expiry of the Re-listing Period as possibly extended.

The Put Option shall be exercisable by the relevant Class B Shareholder for a period of 6 months as from the expiry of the Re-listing Period, as extended pursuant to the above (the "**Put Exercise Period**").

The purchase price to be paid by CNRC or the relevant designee for the purchase of the participation under the Put Option shall be equal to the amount reinvested by the relevant Class B Shareholder into Newco and any further subscriptions by the same Class B Shareholder of share capital increases of Newco in order to purchase additional Pirelli shares within 12 months from the Offer Closing Date, less any dividends and distributions actually received by the relevant Class B Shareholder with respect to the Put Option participation.

Demerger

The Newco By-Laws *provides* that, if and to the extent that Pirelli is not delisted after Completion of the Offer or within 12 months following the Offer Closing Date and any of the following events occur: (i) at the expiry of the first 3-year term the Shareholders Agreement is not renewed; or (ii) the Shareholders Agreement is automatically renewed after the initial 3-year term and, as at the expiry of fourth year as of Completion of the Offer, *Pirelli is not Delisted*; in such cases each of the Class B Shareholders shall be entitled to request and obtain the collapse into Newco of Holdco and/or Bidco, as the case may be, and the non-proportional demerger of Newco, with the attribution in favor of CF (or a wholly-owned subsidiary of CF) and in favor of LTI *and/or LTI Ita* of assets (including a number of shares of Pirelli) and debts proportional to their Participation.

Call Option

For a period of (a) 6 months as from the expiry of the Put Option Period or (b) one month as of receipt of the notice requesting the Newco demerger (the "**Call Option Exercise Period**"), CNRC shall have the right to purchase, directly or through a different Person designated by the same, the Participations held by both the Class B Shareholders (the "**Call Option**").

The purchase price to be paid by CNRC or by the relevant designee for the Participation object of the Call Option shall be equal to (i) in case Pirelli is delisted: the exercise price of the Put Option or, if higher, the fair market value of the Participation, with a cap of 110% of the exercise price of the Put Option or (ii) in case Pirelli is listed: the exercise price of the Put Option or if higher the market value of the Participation object of the Put Option calculated as the see through based on 3 month average share price of Pirelli.

Term and effectiveness of the Shareholders Agreement

Term and automatic renewal

The Shareholders Agreement shall be executed on the Closing Date, subject to the satisfaction of the conditions precedent set forth in the Agreement, and shall enter into force on the same date Closing Date and shall remain in full force and effect:

- (i) in case of delisting of Pirelli, until the fifth anniversary of the Closing Date;
- (ii) in case Pirelli remains listed, until the fifth anniversary of the Closing Date for any provision concerning Newco, Holdco and Bidco and the third anniversary of the Closing Date for any provision concerning Pirelli.

The Shareholders Agreement shall be automatically renewed for a further term of 2 years, unless a Party notifies in writing the other *Parties* of its intention not to renew the Shareholders Agreement at least 4 months prior to the expiration of the relevant term.

Automatic Termination

The rights and prerogatives provided by the Shareholders Agreement in favor of the Class B Shareholders (as in the by-laws of the Italian *Holdings* and of Pirelli) are granted on the assumption and provided that (i) their aggregate Participation is at least equal to 20% of Newco and (ii) the *CF Restructured Stake* is at least equal to 13% of Newco and (iii) the LTI Stake is at least equal to 7% of Newco. Therefore, the Shareholders Agreement shall automatically terminate in the event that the Participations of the Class B Shareholders fall below the above mentioned thresholds unless in the event that this is consequence of (x) a permitted Transfer to one or more affiliates, at the terms and conditions set forth in the Shareholders Agreement; (y) the Permitted Transfer of all or part of the LTI Participation causing the LTI Participation to fall below 7% of Newco, provided that the CF Participation remains above 20% ("LTI Event") or (z) capital increases necessary to refinance the indebtedness under the Loan Agreements at the expiry or in case of breach or potential material breach of the financial covenants shall be considered for the purposes of the above thresholds only persisting 12 months after their occurrence, it being agreed and understood that CNRC shall grant to CF and/or LTI *and/or LTI Ita*, as the case may be, the possibility to cure such dilution at the same conditions for 12 months after the dilution has taken place.

However, CF and LTI will in any case maintain a proportional representation in the corporate bodies of Newco as shall be provided in the relevant by-laws.

In case of occurrence of a LTI Event, CF shall consult with LTI for the appointment of one member in the Board of Directors of Newco within the CF Slate.

Change of Control

In case (i) Mr. Marco Tronchetti Provera or his heirs cease to hold, directly or indirectly, jointly or individually, the Control of *CoInv and (until completion of the Corporate Restructuring of CF) the current governance rights on CF or (after the completion of the Corporate Restructuring of CF) the control of CF (it being understood that the Corporate Restructuring of CF shall not be regarded as a Change of Control)*, (ii) RFR Long-Term Investments cease to hold, directly or indirectly, jointly or individually, the Control of LTI and/or of CF, *LTI Ita* (a "**Change of Control**"), then CNRC shall be entitled to early terminate this Shareholders Agreement with respect to the relevant Class B Shareholder and/or to exercise the Right of First Offer in both cases by means of a written notice to be sent to the relevant Class B Shareholder not later than 1 month following the date on which CNRC has been informed in writing or has become aware of the Change of Control.

Control

It is provided that, pursuant to the Shareholders Agreement, CC shall exercise, through CNRC, the control over the Company.

Type of shareholders agreement

The provisions of the Shareholders Agreement are relevant for the purposes of article 122, paragraphs 1 and 5, of the TUF.

Bodies of the Shareholders Agreement

Not provided.

Liquidated damages in case of breach of obligations

No liquidated damages are provided for the breach of the obligations under the Shareholders Agreement.

Office of the Companies Register

The Shareholders Agreement has been filed on the date hereof with the Companies Register of Milan.

August 13, 2015

M.4 Essential Information pursuant to Art. 130 of the Consob Issuers Regulation relating to the SRF Agreement

Shareholders' Agreement notification pursuant to art. 122 of Legislative Decree February 24, 1998, No. 58 ("TUF") – Essential information as per art. 130 of the Consob Regulation no. 11971/1999, as amended ("Issuers' Regulation")

PIRELLI & C. S.P.A.

On June 5, 2015 Silk Road Fund Co., Ltd. ("SRF"), China National Tire & Rubber Corporation, Ltd. ("CNRC") and China National Chemical Corporation ("CC") entered into an *Equity Investment Agreement* (the "**Agreement**") which regulates SRF's investment and participation, along with CC and CNRC, in the acquisition of the control of Pirelli & C. S.p.A. ("**Pirelli**" or the "**Issuer**"). Such acquisition (the "**Acquisition**") has been announced to the market on March 22, 2015, pursuant to art. 114 TUF.

More specifically, SRF will participate in the Acquisition through a 25% indirect equity investment in CNRC International Holding (HK) Limited ("**SPV HK**"), a special purpose vehicle controlled by CNRC and set up for the purposes of the Acquisition. SPV HK – through its 100% direct interest in Fourteen Sunden S.à r.l. ("**SPV Lux**") and its indirect 100% interest in the SPV Lux's subsidiaries in CNRC International Italy S.p.A. ("**Newco**") and CNRC International Holding Italy S.p.A. ("**Holdco**") – indirectly controls the entire share capital of CNRC Marco Polo Holding S.p.A. ("**Bidco**"), which will realize the Acquisition. SPV HK is controlled by CNRC International Limited, which is 100% controlled by CNRC; the latter, in turn, is subject to CC's control.

SRF will invest in SPV HK through a special investment vehicle named PEHP INC.. As a consequence of SRF's investment, 75% of the SPV HK's shares are indirectly owned by CNRC, while 25% are indirectly owned by SRF.

The Agreement grants to SRF certain rights and prerogatives in respect of the corporate governance of SPV HK, SPV Lux, Newco, Holdco, Bidco and Pirelli, and sets out certain restrictions to the transferability of SPV HK's share capital. Such provisions are relevant for the purposes of art. 122, paragraphs 1 and 5, TUF, as described below.

* * *

Company whose financial instruments are covered by the Agreement

CNRC International Holding (HK) Limited, a company incorporated under the laws of Hong Kong with registered office in RMS 05-15, 13A/F South Tower World Finance CTR Harbour City, 17 Canton RD TST KLN, Hong Kong, enrolled with the Registrar of Companies of Hong Kong, No. 2228664.

Fourteen Sunden S.à r.l., a company incorporated under the laws of the Grand Duchy of Luxembourg, with registered office in Luxembourg, rue Guillaume Kroll n. 5, L-1882, enrolled with the Register of Commerce and Companies of Luxembourg under No. B195473.

CNRC International Italy S.p.A., a company incorporated under the laws of the Republic of Italy, with registered office in Milano, via Monte di Pietà n. 15, enrolled in the Companies' Register of Milan, tax code and VAT No. 09052130961.

CNRC International Holding Italy S.p.A., a company incorporated under the laws of the Republic of Italy, with registered office in Milano, via Monte di Pietà n. 15, enrolled in the Companies' Register of Milan, tax code and VAT No. 09057800964.

CNRC Marco Polo Holding S.p.A., a company incorporated under the laws of the Republic of Italy, with registered office in Milano, via Monte di Pietà n. 15, enrolled in the Companies' Register of Milan, tax code and VAT No. 09065250962.

Pirelli & C. S.p.A., with registered office in Milan, 2 Viale Piero e Alberto Pirelli, enrolled in the Companies' Register of Milan under No. 00860340157, with share capital equal, as at the date of execution of the Agreement, to Euro 1,345,380,534.66, represented by No. 475,740,182 ordinary

shares and No. 12,251,311 savings shares. The Issuer's shares are listed on the Milan Stock Exchange (*Mercato Telematico Azionario*) organized and managed by Borsa Italiana S.p.A..

Parties to the Agreement

- Silk Road Fund Co., Ltd., a limited liability company organized under the laws of the People's Republic of China, having registered office in Beijing (PRC), at F210-F211, Winland International Finance Center Tower B, 7 Financial Street, Xicheng District, enrolled with the State Administration for Industry & Commerce of P.R. China, No. 10000000045300(4-1);
- China National Tire & Rubber Corporation, Ltd., a limited liability company organized under the laws of the People's Republic of China, having registered office in Beijing (PRC), enrolled with the State Administration for Industry & Commerce of P.R. China under no. 10000000008065;
- China National Chemical Corporation, a limited liability company organized under the laws of the People's Republic of China, having registered office in Beijing (PRC), No. 62 West Beisihuan Road, Haidian District, enrolled with the State Administration for Industry & Commerce of P.R. China under no. 100000000038808, and subject to control of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the People's Republic of China.

Financial instruments covered by the Agreement

The Shareholders Agreement concerns 100% of the shares and the financial instruments issued by SPV HK, SPV Lux, Newco, Holdco and Bidco, as well as the ordinary shares of Pirelli which shall be held by Bidco in the context of and following the Acquisition, as described in detail in the above-referred notice to the market dated 22 March 2015.

Essential contents of the shareholders' agreement set forth in the Agreement

Please note that some of the provisions contained in the Agreement reference the "*Sale and Purchase and Co-Investment Agreement*" in connection with the Acquisition, entered into on March 22, 2015 between CC, CNRC, SPV Lux, Camfin S.p.A, Coinv S.p.A. and Long-Term Investments Luxembourg S.A. (the "**Pirelli SPA**"), together with the attached draft shareholders' agreement (the "**Pirelli Shareholders Agreement**"). The summary content of the Pirelli SPA and the Pirelli Shareholders Agreement has been disclosed to the market and filed with the Companies' Register of Milan pursuant to Art. 122 TUF.

Corporate Governance

Shareholders' meeting of SPV HK and SPV Lux

Certain matters concerning SPV HK and SPV Lux require approval of shareholders holding more than 95% of the outstanding shares of the applicable company.

Such matters include: (1) increase or decrease of share capital, changes of capital structure and shareholding structure, except for transactions conducted in accordance with the agreement and documents concerning the Acquisition; (2) issuance of new shares by SPV HK to third parties before the expiry of the lock-up period of SRF, as described below; (3) mergers, divisions, reorganizations, dissolution or liquidation, except for transactions conducted in accordance with the agreement and documents concerning the Acquisition; (4) amendments to articles of association; (5) transfers, allocations or disposals of all or a substantial part of assets, business or goodwill of the relevant company; (6) increase or decrease of the size of board directors. All the above, without prejudice to resolutions taken in accordance with the Agreement and/or the other agreements and documents concerning the Acquisition.

Designation and appointment of directors

SRF has the right to appoint 1 (one) out of the 4 (four) directors of the SPV HK's and SPV Lux's Board of Directors, on the condition that the aggregate percentage of shares held by SRF in SPV HK shall not be less than 5%. The remaining 3 (three) directors shall be appointed by CNRC.

In order to achieve the purposes of SRF and CNRC in the joint (indirect) investment in Pirelli, the Parties agree that SRF is entitled to designate 1 (one) director candidate within the directors appointed by CNRC in the Board of Directors of Newco, Holdco, Bidco and Pirelli, and upon consent by CNRC, such candidate shall be appointed as director of Newco, Holdco, Bidco and Pirelli (after completion of the Acquisition) in accordance with the applicable procedures.

The directors appointed by SRF in SPV HK and SPV Lux, as well as the directors that SRF is entitled to designate – as described above – in Newco, Holdco, Bidco and Pirelli, are collectively referred to as “**SRF Directors**”.

Board of Directors of SPV HK and SPV Lux

The following matters of SPV HK or SPV Lux shall be submitted to the respective Board of Directors of SPV HK / SPV Lux and approved by all directors unanimously: (1) introducing other strategic investors in SPV HK / SPV Lux; (2) imposing pledge or mortgage on the assets of SPV HK / SPV Lux; (3) SPV HK / SPV Lux providing guarantee or other forms of security to third party; (4) SPV HK / SPV Lux accepting any single loan with a value exceeding HK\$ 200,000 or lending any single loan with a value exceeding HK\$ 200,000 to third party, or repaying the undue loan in advance; (5) approving related party transaction concerning SPV HK / SPV Lux, other than the related party transactions as stipulated in the Agreement, as well as in the other agreements and documents relating to the Acquisition; and (6) SPV HK / SPV Lux selecting any auditor, lawyer and other agents.

Consultation process and veto powers of SRF in respect of decisions at the level of SPV Lux, Newco, Holdco, Bidco and Pirelli (if delisted)

On the condition that SRF holds no less than 5% of SPV HK shares, before the applicable decision making authorities of SPV Lux, Newco, Holdco, Bidco and Pirelli (if Pirelli is delisted upon the completion of the Acquisition) vote on any matters for which a special quorum is required in accordance to the Pirelli Shareholders Agreement (i.e. matters listed under Section 2.2.4(A) and 2.2.4(B)(2) of the latter), CNRC shall firstly consult with SRF in order to obtain the latter's consent on the proposals concerning the above matters. If SRF denies its consent, CNRC shall not make a proposal to vote on such matter, or, as the case may be, shall procure that the 8 directors designated or appointed by CNRC (including the SRF Director) vote against such proposal.

For avoidance of doubt, the SRF Director shall vote in accordance with the instructions of SRF only with respect to the matters listed in Section 2.2.4(A) and 2.2.4(B)(2) of the Pirelli Shareholders Agreement. On the other matters, the SRF Director shall vote pursuant to the instructions made by HK SPV and in concert with the chairman directly or indirectly designated by CNRC, and SRF shall procure the SRF Director comply with the aforesaid provisions. If Pirelli is not delisted after completion of the Pirelli Acquisition, SRF shall not have any veto right as mentioned above.

Restrictions to SPV HK shares transferability

The Agreement sets forth certain lock-up provisions applicable to the parties (it being understood, however, that such provisions do not apply to any party's transfer to its affiliates). More specifically, as far as SRF is concerned (and the vehicle through which SRF invests in SPV HK): (i) until the fifth anniversary (included) of the First Closing Date (as defined in the Pirelli SPA), SRF shall not transfer, directly or indirectly, any ordinary share of SPV HK; (ii) between the fifth anniversary (excluded) and eighth anniversary (included) of the First Closing Date, SRF will be entitled to transfer up to 75% of the ordinary shares held in SPV HK; (iii) after the eighth anniversary (excluded) of the First Closing Date, SRF will be entitled to transfer all of their ordinary shares in SPV HK, with CNRC's support, where required.

As far as CNRC is concerned: (i) the lock-up period shall commence from the First Closing Date (as defined in the Pirelli SPA) and end on the earlier of the following dates: (x) the tenth

anniversary of the First Closing Date (included); or (y) the date when SRF ceases to hold any ordinary share of SPV HK; (ii) the number of SPV HK ordinary shares owned by CNRC and subject to lock-up shall be equal to 3 (three) times the number of ordinary shares owned SRF from time to time and, in any event, shall not be less than 50% of all the shares issued by SPV HK. In any event, CNRC shall be free to transfer SPV HK shares upon SRF's consent.

The Agreement also provides that, unless the SRF Director in HK SPV agrees otherwise, the HK SPV shall not issue any new shares to any third party, or accept any equity investment in any form (including but not limited to investment in the ways of convertible bonds or warrants).

Finally, the Agreement contains a right of refusal clause which will be applicable after the expiry of the applicable lock-up periods.

Control

No provision in the Agreement is in prejudice to CC's right to exercise control on the Issuer through CNRC upon the Acquisition.

Type of agreement

The clauses contained in the Agreement, whose essential contents have been reproduced above, are relevant for the purposes of art. 122, paragraphs 1 and 5, TUF.

Corporate bodies for the Agreement

No corporate body is established in relation to the Agreement.

Penalty in case of non-fulfillment

No penalties are provided for in case of non-fulfillment of any of the obligations provided for in the Agreement.

Term of the Agreement

The Agreement has been entered into on June 5, 2015 and shall not be terminated unless and until (i) it is terminated by all the parties concerned if they unanimously agree; or (ii) by one party if any of the other parties materially breaches any material obligations under the Agreement and cannot rectify its breach within 30 (thirty) days' rectification period.

Companies' Register

An abstract of the Agreement containing the provisions which are relevant for the purposes set forth in art. 122, paragraphs 1 and 5, TUF, has been filed today at the Companies' Register of Milan.

June 10, 2015

M.5 Essential Information pursuant to Art. 130 of the Consob Issuers Regulation relating to the Edizione Agreement

Shareholders' Agreement notification pursuant to art. 122 of Legislative Decree February 24, 1998, No. 58 ("TUF") – Essential information as per art. 130 of the Consob Regulation no. 11971/1999, as amended ("Issuers' Regulation")

PIRELLI & C. S.P.A.

On April 10, 2015 China National Tire & Rubber Corporation, Ltd. ("CNRC") and Edizione S.r.l. ("Edizione") entered into a share purchase agreement (the "Agreement") relating to the ordinary shares of Pirelli & C. S.p.A. ("Pirelli" or the "Issuer") directly and indirectly owned by Edizione, representing in the aggregate 4.608% of the ordinary share capital of Pirelli.

The performance of the Agreement is subject to the acquisition by a newly incorporated Italian joint stock company indirectly controlled by CNRC ("Bidco") of the ordinary shares of Pirelli currently owned by Camfin S.p.A. ("CF"); such acquisition shall be followed, inter alia, by the launch by Bidco of a mandatory tender offer on the remaining ordinary shares of Pirelli at a price equal to Euro 15 per share ex 2014 dividend (the "Offer"). The contents of the transaction above have been communicated to the market on March 22, 2015, pursuant to art. 114 TUF.

In summary, the Agreement provides that, subject to the above-mentioned condition having been fulfilled: (i) Bidco acquires, at a price of Euro 15 per share ex 2014 dividend and in accordance with the terms and conditions of the Agreement, the ordinary shares of Pirelli owned by Edizione and by Schematrentaquattro S.p.A. ("Schematrentaquattro"), a wholly owned subsidiary of Edizione; (ii) the purchase of the shares directly owned by Edizione, representing 1.574% of the ordinary share capital of Pirelli, is carried out simultaneously with the purchase of the Pirelli shares owned by CF (the "Closing Date") or, if Edizione so elects, by tendering its shares in the Offer; (iii) the purchase of the shares owned by Schematrentaquattro, representing 3.034% of the ordinary share capital of Pirelli, is completed by Schematrentaquattro tendering such shares to the Offer, in accordance with the terms and conditions specified below.

The Agreement contains certain provisions which are relevant for the purposes of art. 122, para. 5, TUF, as described below.

* * *

Company whose financial instruments are covered by the Agreement

Pirelli & C. S.p.A., with registered office in Milan, 25 Viale Piero e Alberto Pirelli, enrolled in the Companies' Register of Milan under No. 00860340157, with share capital equal, as at the date of execution of the Agreement, to Euro 1,345,380,534.66, represented by No. 475,740,182 ordinary shares and No. 12,251,311 savings shares.

The Issuer's shares are listed on the Milan Stock Exchange (*Mercato Telematico Azionario*) organized and managed by Borsa Italiana S.p.A..

Parties to the Agreement

- China National Tire & Rubber Corporation, Ltd., a corporation organized under the laws of the People's Republic of China, having registered office in Beijing (PRC), enrolled with the State Administration for Industry & Commerce of P.R. China under no. 10000000008065, and controlled by China National Chemical Corporation, a state owned enterprise subject to control of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the People's Republic of China;
- Edizione S.r.l., an company organized under the laws of Italy, having registered office in Treviso, 23 Calmaggione, number of enrolment in the Companies' Register of Treviso, Tax Code and VAT registration number 00778570267.

Percentage and number of financial instruments covered by the Agreement

As of the signing date, the Agreement referred, in the aggregate, to No. 21,921,364 ordinary shares of Pirelli, equal to 4.608% of the ordinary share capital of the Issuer, composed as follows:

- No. 7,486,559 shares owned by Edizione, equal to 1.574% of the ordinary share capital of the Issuer (the "**Edizione Shares**");
- No. 14,434,805 shares owned by Schematrentaquattro, equal to 3.034% of the ordinary share capital of the Issuer (the "**Schematrentaquattro Shares**"), currently available for the possible exchange into Pirelli ordinary shares under the "€ 200,000,000 0.25 per cent Exchange Bonds" issued by Schematrentaquattro in 2013 (the "**Exchangeable Bonds**").

As a consequence of exchange requests notified to Schematrentaquattro pursuant to the Exchangeable Bonds' terms and conditions after the execution of the Agreement, on May 13, 2015 the Schematrentaquattro Shares amounted to **No. 9,425,934**, corresponding to **1.981%** of the ordinary share capital of the Issuer.

As a result, on May 13, 2015 the number of shares referred to by the Agreement was equal to **16,912,493**, corresponding to **3.555%** of the ordinary share capital of the Issuer.

For the sake of completeness, as of May 19, 2015, as a consequence of the above-mentioned exchange requests, the Schematrentaquattro Shares amount to **No. 8,653,673**, corresponding to **1.819%** of the ordinary share capital of the Issuer and, as a result, the number of shares referred to by the Agreement is equal to **16,140,232**, corresponding to **3.393%** of the ordinary share capital of the Issuer.

Essential contents of the shareholders' agreement set forth in the Agreement

(a) Undertakings relating to the acceptance of the Offer

Edizione Shares. Subject to the condition precedent set forth in the Agreement, Edizione has undertaken to transfer to Bidco all the Edizione Shares, simultaneously with the transfer to the same company of the Pirelli shares owned by Camfin. However, Edizione shall be entitled to postpone the transfer to Bidco of the Edizione Shares until the end of the Offer, undertaking irrevocably to tender the Edizione Shares to the Offer (the "**Right to Postpone**").

Schematrentaquattro Shares. Subject to the condition precedent set forth in the Agreement, Edizione has undertaken to cause that Schematrentaquattro, in accordance with the terms and conditions of the Exchangeable Bonds, tenders to the Offer and transfers to Bidco the Schematrentaquattro Shares for which the exchange right has not been exercised pursuant to the regulations of the Exchangeable Bonds, provided that: (i) the price of Euro 15 is at least equal to the value of the Schematrentaquattro Shares as determined by an independent adviser appointed pursuant to the regulations of the Exchangeable Bonds and (ii) the acceptance of the Offer and the transfer of the Schematrentaquattro Shares does not conflict with any provision, contractual or otherwise, governing the Exchangeable Bonds.

(b) Undertakings in case of alternative offers

In the event of launch of one or more tender offers by third parties on the ordinary shares of Pirelli prior to the Closing Date or, in case of exercise of the Right to Postpone, prior to the expiration of the period for the launch of one or more competing bids pursuant to Article 44 of the Consob Issuers Regulation (each an "**Alternative Offer**"), Edizione shall have the right to withdraw from the Agreement with reference to both the Schematrentaquattro Shares and, in case of exercise of the Right to Postpone, to the Edizione Shares, by sending to CRNC a written withdrawal notice, unless CRNC within 3 business days from the receipt of said notice announces to increase the price of the Offer at least at the same price of the last Alternative Offer.

Control

None of the parties of the Agreement shall, by virtue of same, have the right to exercise any control on the Issuer.

Type of agreement

The clauses contained in the Agreement, whose essential contents have been reproduced above, are relevant for the purposes of art. 122, para. 5, TUF.

Corporate bodies for the Agreement

No corporate body is established in relation to the Agreement.

Penalty in case of non-fulfillment

No penalties are provided for in case of non-fulfillment of any of the obligations provided for in the Agreement.

Term of the Agreement

The Agreement has been entered into on April 10, 2015 and shall remain in force until all the obligations provided for therein have been satisfied.

The Agreement shall however be terminated in case the transfer to Bidco of the shares owned by CF is not completed by December 31, 2015 and, in any event, in case the Edizione Shares or the Schematrentaquattro Shares are not transferred to Bidco by March 31, 2016.

Companies' Register

An abstract of the Agreement containing the provisions which are relevant for the purposes set forth in art. 122, para. 5, TUF, has been filed at the Companies' Register of Milan on April 15, 2015.

May 19, 2015

M.6 Essential Information pursuant to Art. 130 of the Consob Issuers Regulation relating to the Coinv/LTI Shareholders Agreement

SHAREHOLDERS AGREEMENT NOTIFIED TO CONSOB PURSUANT TO ART. 122 OF LEGISLATIVE DECREE 24.2.1998, N. 58 ESSENTIAL INFORMATION PURSUANT TO ART. 130 OF CONSOB REGULATION N. 11971/1999, AS SUBSEQUENTLY AMENDED

SHAREHOLDERS' AGREEMENT BETWEEN COINV S.P.A. AND LONG-TERM INVESTMENTS LUXEMBOURG S.A.

This essential information is updated in the recitals and in some paragraphs to take into account of:

- (i) *the occurrence of the "First Closing" (as defined below) on August 11, 2015;*
- (ii) *the termination of the "CF Shareholders Agreement in Force" over Camfin S.p.A. and Pirelli & C. S.p.A., executed on May 24, 2014 among UniCredit S.p.A., Intesa Sanpaolo S.p.A., Nuove Partecipazioni S.p.A. and Long-Term Investments Luxembourg S.A. (as better described below), to which Coinv S.p.A. and Manzoni S.r.l. ("**Manzoni**") have subsequently adhered;*
- (iii) *the execution of the "Shareholders Agreement" between Coinv S.p.A. and Long-Term Investments Luxembourg S.A. (as better described below), as well as a number of amendments agreed by the parties at the time and in the context of the execution of the new Shareholders Agreement;*
- (iv) *a number of amendments to the terms for the implementation of CF Restructuring (as defined below), as well as a number of amendments to the SPA and Co-Investment, as defined below, that the parties thereto have agreed upon in view of the First Closing of the Transaction.*

Please find below in italics and underlined the provisions added or reformulated, while certain provisions in the recitals have been deleted as no longer consistent with the above amendments.

All the contractual documentation executed by the parties on March 22, 2015 remains in force.

With reference to:

- (i) the sale and purchase agreement and co-investment (the "**SPA and Co-Investment Agreement**") executed on March 22, 2015 between China National Chemical Corporation ("**CC**"), China National Tire & Rubber Corporation, Ltd. ("**CNRC**"), Camfin S.p.A. ("**CF**"), Long-Term Investments Luxembourg S.A. ("**LTI**") and Coinv S.p.A. ("**Coinv**"), which governs the terms and conditions for the completion of a large corporate and industrial transaction (the "**Transaction**") aimed at the acquisition of the control over Pirelli & C. S.p.A. ("**Pirelli**"), its possible de-listing and the subsequent reorganization and long-term industrial value creation of Pirelli in view of its possible re-listing, and
- (ii) the shareholders agreement attached to the SPA and Co-Investment Agreement - filed on the date hereof with the Companies Register of Milan and whose essential information under art. 130 of Consob Regulation n. 11971/1999 are published in accordance with the terms of the current legislation on the website www.pirelli.com - (the "**CC Shareholders Agreement**") which sets forth the rules and the contractual undertakings regarding, inter alia, (a) the governance of the corporate chain used in the context of the Transaction and of Pirelli, (b) the possible re-listing of Pirelli in the case the de-listing of the same is achieved and (c) the exit by CF and LTI from the respective investment both in the case of non de-listing of Pirelli, and in case of de-listing of the same Pirelli,

please note that, on the same March 22, 2015, Nuove Partecipazioni S.p.A. ("**NP**"), Coinv, LTI (Coinv and LTI, collectively, the "**Internal Parties**") and, for the sole purposes of certain provisions to the extent specified below, UniCredit S.p.A. ("**UC**") and Intesa Sanpaolo S.p.A. ("**ISP**") have also executed a restatement agreement (the "**Restatement**"), *to which Manzoni has adhered on April 16, 2015, and* to which, amongst others, is attached a shareholders agreement (the "**Shareholders Agreement**") which governs, as better indicated below, the relations between the Internal Parties in relation to and upon completion of the agreements and transactions under the SPA and Co-Investment Agreement and which includes provisions relevant under art. 122, paragraph one and paragraph five of Legislative Decree 24.2.1998, no. 58, as subsequently amended (the "**TUF**").

Please note that the SPA and Co-Investment Agreement provides that the Transaction is implemented, on the terms and conditions provided therein, through the completion of the following activities:

- the establishment by CNRC of the corporate structure necessary to implement the Transaction through the incorporation of (a) a Hong Kong-based company (“**SPV HK1**”), which shall be controlled by CNRC, (b) a newly incorporated Luxembourg company (“**SPV Lux**”), directly participated by an Hong Kong-based company participated by SPV HK1 and by Silk Road Fund Co. Ltd. with 25% of the share capital (“**SPV HK2**), (c) a newly incorporated Italian joint stock company (“**Newco**”), directly participated by SPV Lux; (d) a newly incorporated Italian joint stock company (“**Holdco**”), directly participated by Newco; and (e) a newly incorporated Italian joint stock company (“**Bidco**”), directly participated by Holdco;
- the acquisition by Bidco, at the date of the first closing of the Transaction, as identified and defined in the SPA and Co-Investment Agreement subject to the prior satisfaction of the conditions precedent provided therein (the “**First Closing Date**”), of the Pirelli shares held directly by CF (the “**Initial Acquisition**”);
- the undertaking by CF (and, after completion of the Restructuring of the CF Stake, as defined below, by CF and LTI pro-quota to the participation held by the same upon completion of the above restructuring), to reinvest in Newco a portion of the proceeds from the Initial Acquisition up to a maximum aggregate amount equal to Euro 1,149 million;
- for the purposes of the above *alinea*, the right of CF (and, after completion of the Restructuring of the CF Stake, as defined below, by CF and LTI pro-quota to the participation held by the same upon completion of the above restructuring) to subscribe, on the conditions set forth in the SPA and Co-Investment Agreement, certain capital increases of Newco, it being understood that: (a) the participation held by CF following the above subscriptions (the “**CF Stake**”) – and, following completion of the Restructuring of the CF Stake, by CF and LTI, jointly considered – shall not be lower than 35% nor higher than 49% if Pirelli, following the Offer (as defined below), is not de-listed, or than 49.9% if Pirelli, following the Offer, is de-listed, and that (b) the participation held by CNRC in Newco shall never be reduced below 51% Pirelli, following the Offer, is not de-listed, or 50.1% if Pirelli, following the Offer, is de-listed;
- the undertaking by CNRC to invest in Newco up to a maximum aggregate amount equal to Euro 2,133 million, subscribing in one or more solutions certain capital increases of Newco;
- the launch by Bidco of a mandatory tender offer on the remaining ordinary share capital of Pirelli pursuant to Section 106 and Section 109 of the TUF at the same price per share paid by Bidco for the acquisition of the Pirelli shares in the context of the Initial Acquisition, and of a voluntary tender offer on the entire saving share capital of Pirelli at a price of Euro 15.00 per saving share (the above offers, collectively, the “**Offer**”), with the goal to de-list Pirelli;
- following completion of the Transaction, in accordance with the applicable laws and corporate governance procedures and subject to reaching the necessary quorum in the shareholders meeting of Pirelli, the merger, as the case may be, of Pirelli and/or Bidco and/or – if and to the extent consented by the financing banks – also of Holdco, depending on whether Pirelli is de-listed or remains listed following completion of the Offer.

With the execution of this Restatement, Coinv and LTI have, amongst others, agreed to participate directly to the Transaction through the same class of shares (that is, the class B shares issued by Newco), and for the effect to allocate between them the capitalization obligations of CF in relation to Newco pursuant to the SPA and Co-Investment Agreement in the percentages indicated below. In particular, with the execution of the Restatement, CF and LTI have agreed that (a) the maximum aggregate amount of the investment of Coinv (through CF), in order to fulfill the capitalization obligations of CF in relation to Newco pursuant to the SPA and Co-Investment Agreement is equal to 64% of the portion of the aggregate investment in the share capital of Newco that CF shall be required to make from time to time pursuant to the SPA and Co-Investment Agreement, and in any event shall not exceed, in the aggregate, the maximum amount of Euro 735 million; and that (b) the maximum aggregate amount of the investment of LTI (including the 36% of the initial capitalization of Newco made by CF on the First Closing Date) in order to fulfill its capitalization obligations in relation to Newco pursuant to the SPA and Co-Investment Agreement is equal to 36% of the portion of the aggregate investment in the share capital of Newco that CF shall be required to make from time to time pursuant to the said Agreement and in any case shall not exceed, in the aggregate, the maximum amount of Euro 414 million.

For the purposes above, *the Internal Parties* have agreed to implement a reorganization of the CF Stake (the “**Restructuring of the CF Stake**”) so that, upon completion of the reorganization:

- Coinv owns a participation representing the entire share capital of CF, which, in turn, shall own a participation in Newco equal to 64% of the CF Stake, and
- LTI owns (directly *and through its subsidiary LTI Holding S.r.l. (“LTI Ita”)*) a participation in Newco equal to 36% of the CF Stake,

it being understood that the above apportionment shall remain the same also upon completion of the Offer and without prejudice, in any event, to the possibility for CF to subscribe, on the terms and conditions under the SPA and Co-Investment Agreement, an additional capital increase of Newco (the “**Additional Capital Increase**”); in such case – which in any event could not take place before the completion of the Restructuring of the CF Stake – the above apportionment (64%-36%) of the CF Stake shall be adjusted accordingly, it being understood that under no circumstances it shall allow a dilution of the participation owned by LTI *and LTI Ita, jointly considered*, in Newco below 12.6% of the share capital of Newco.

In particular, Coinv and LTI have also acknowledged and agreed to implement the Restructuring of the CF Stake through the purchase by CF of the entire participation held by LTI and LTI Ita in CF itself (the “Buy-back”). The Buy-back shall be completed after the date of the First Closing, in accordance with the terms which have been agreed upon by the parties. To this extent, Coinv and LTI have undertaken to procure that their respective representatives in the board of directors of CF and in the shareholders meeting vote for the approval of the Restructuring of the CF Stake.

In any event, the Restructuring of the CF Stake, and any other transaction connected thereto, shall always ensure that neither Coinv nor LTI receive a see-through price or other form of remuneration exceeding the price per share of the mandatory tender offer under the Offer.

The Restatement also provides as follows:

- NP, ISP, UC, Coinv and LTI have undertaken, each as far as concerned, until the expiry of the applicable term, not to purchase directly or indirectly Pirelli shares and/or financial instruments relating to the same and not to carry out any transaction which may cause an increase of the Offer price;
- on the First Closing Date the Parties and ISP and UC shall terminate by mutual agreement the *existing shareholders agreement over CF and Pirelli among NP, Manzoni, ISP, UC, Coinv and LTI, dated May 24, 2014, as subsequently amended (the “Existing CF Shareholders Agreement”)*;
- ISP and UC have executed the Restatement only to assume the undertakings regarding the termination of the Existing CF Shareholders Agreement and the standstill obligations.

Finally, with the execution of the Restatement, the Internal Parties have agreed the terms and conditions of the Shareholders Agreement *to be entered into on the date of the First Closing* exclusively once, subject to the terms and conditions of the SPA and Co-Investment Agreement, the activities to be carried out on the First Closing Date shall take place and CC, CNRC, CF, Coinv and LTI shall execute the CC Shareholders Agreement.

Whereas all the above, on August 11, 2015 the First Closing of the Transaction has been completed and, for the effect, the Internal Parties have terminated the Existing CF Shareholders Agreement and entered into the Shareholders Agreement, it being understood that the latter shall enter into force only on the date of completion of the Restructuring of the CF Stake, as better described below.

For the interim period until the completion of the Restructuring of the CF Stake, the exercise by CF of any right and/or prerogative of the same pursuant to the SPA and Co-Investment Agreement and/or the applicable laws in relation to, or for the purposes of, the implementation of the provisions set forth in the SPA and Co-Investment Agreement and, more in general, of the Transaction on the terms and conditions provided therein, shall be the exclusive competence of the board of directors of CF, which shall validly

resolve with the attendance of all the directors in office and with the favorable vote of the simple majority of the directors attending the meeting.

SHAREHOLDERS AGREEMENT

The Shareholders Agreement completes and integrates, in certain provisions and with regard only to the relations between Coinv and LTI, the CC Shareholders Agreement, providing, in particular, the terms and conditions designed to reflect, with effect from the completion of the Restructuring of the CF Stake, the internal agreements between Coinv and LTI with reference to their respective stakes held (directly or indirectly) in Newco and to the corporate governance and to the anticipated rights of exit provided in the CC Shareholders Agreement.

PARTIES TO THE SHAREHOLDERS AGREEMENT AND FINANCIAL INSTRUMENTS OBJECT OF THE SHAREHOLDERS AGREEMENT

Parties to the Shareholders Agreement.

The following companies (the “**Parties**”) are parties to the Shareholders Agreement:

- (i) **Coinv S.p.A.**, with registered office in Milan, Piazza Borromeo, no. 12, share capital, fully paid-in of Euro 167,767,088.50, registration number at the Companies Register of Milan, tax code and VAT number 08264530968, owned by (a) Nuove Partecipazioni S.p.A. (a company indirectly controlled by Mr. Marco Tronchetti Provera through Marco Tronchetti Provera & C. S.p.A.) for 76% of the share capital, (ii) Manzoni S.r.l. (a company controlled by Intesa Sanpaolo S.p.A.), with registered office in Milan, tax code and number of registration at the Companies Register of Milan 08852240962, capital of Euro 8,285,457.00 fully paid-in for 12% of the share capital and (iii) UC for 12% of the share capital;
- (ii) **Long-Term Investments Luxembourg S.A.**, with registered office in L-2086, Luxembourg, 412F, route d’Esch, share capital, fully paid-in, equal to Euro 31,000.

Long-Term Investments Luxembourg S.A. is a wholly-owned subsidiary of Long-Term Investments LLC (“**LTI LLC**”), a company incorporated under the laws of the Russian Federation, which is in turn wholly-controlled on behalf of the long-term closed-end direct investment fund “RFR Long- Term Investments” (*the “Fund”*) managed by a management company named “RegionFinanceResurs Management Company” (*the “Management Company”*). The Management Company, as trust manager of the assets of the Fund, exercises all the rights of the Fund, as sole shareholder, in LTI LLC, including the voting rights; the sole shareholder of the Management Company is Ms. Natalia Bogdanova, who is the ultimate decision-maker as sole shareholder of the same.

Any reference to LTI in the Shareholders Agreement shall be deemed as a reference to LTI acting through its subsidiary LTI Holding S.r.l. (“LTI Ita”), which, upon completion of the Restructuring of the CF Stake, shall become a class B shareholder of Newco, owning, jointly with LTI, a stake equal to 36% of the CF Stake in Newco.

Percentages and number of financial instruments subject to the Shareholders Agreement.

Newco

Newco (*that is, Marco Polo International Italy S.p.A.*) has been incorporated by SPV Lux and, *as at* the First Closing Date, following completion of the Initial Acquisition and of the subscription by CF of part of the share capital of Newco, the shares representing 100% of the share capital of Newco *are* held in the percentages indicated below:

Newco Shareholders	Percentage of participation in Newco (range)
SPV Lux	<u>65%</u>
CF	<u>35%</u>
Total	100%

At the *date of* completion of the Restructuring of the CF Stake, the shares representing 100% of the share capital of Newco shall be held in the percentages indicated below:

Newco Shareholders	Percentage of participation in Newco post Restructuring of the CF Stake (range)
SPV Lux	from 65% to 50.1%
CF	from 22.4% to 31.9%
LTI	from 12.6% to 18%
Total	100%

Holdco

Holdco (*that is, Marco Polo International Holding Italy S.p.A.*) has been incorporated by Newco and is entirely participated and controlled by Newco.

Bidco

Bidco (*that is, Marco Polo Industrial Holding S.p.A.*) has been incorporated by Holdco and is entirely participated and controlled by Holdco.

Pirelli

The shares syndicated to the Shareholders Agreement shall be represented by (a) the see-through participation held in Pirelli through the corporate chain composed of Newco, which holds, indirectly through Holdco and Bidco, 20.343% of the voting share capital of Pirelli (as well as all the additional Pirelli shares which shall be purchase at the end of the mandatory tender offer launched by Bidco), and (b) the participation held in Pirelli by CAM 2012 S.p.A. (100% controlled by CF), which is equal, at the date of the “First Closing”, to 5.63% of the voting share capital of Pirelli (taking into account the transfers of a portion of the exchange shares perfected in the meantime in accordance with the conditions of the convertible bond issued by Cam 2012 on October 26, 2012 and named “€150,000,000 5.625 per cent. Guaranteed Exchangeable Bonds due 2017 guaranteed by Camfin S.p.A.”).

CONTENT OF THE SHAREHOLDERS AGREEMENT

Governance of Newco, Holdco, Bidco and Pirelli

Prior consultation commitments in relation to certain matters of the corporate bodies of Newco, Holdco, Bidco and/or Pirelli provided by the CC Shareholders Agreement

Coinv and LTI have agreed that any decision related to:

- (i) if Pirelli is listed, the matters within the competence of the board of directors and/or of the shareholders' meeting of Pirelli subject to super-majority on the terms and conditions of the CC Shareholders Agreement; as well as
- (ii) if Pirelli is de-listed, any matters related to the exclusive power and authority of the Pirelli CEO and Vice Executive Chairman to ask and cause the re-listing of Pirelli in accordance with the provisions of the CC Shareholders Agreement,

shall be preceded by a meeting of the representatives of Coinv and LTI and, upon consultation between the Parties, the following shall apply:

- (a) if Coinv and LTI are unable to reach an agreement following conclusion of the above consultation with respect to matters referred to in point (i) above, none of the representatives of LTI and Coinv will attend the meeting of the relevant company (i.e., Newco, Holdco, Bidco or Pirelli, as the case may be);
- (b) if Coinv and LTI are unable to reach an agreement following conclusion of the above consultation with reference to the matters referred to in point (ii) above, the position to be taken by the directors designated by LTI in the relevant corporate bodies shall be the position taken by the Pirelli CEO and Vice Executive Chairman. In such case, LTI shall procure that the directors it has designated in Pirelli, to the extent allowed by applicable law, shall exercise their vote in compliance with the written indications which will be made in this respect by the Pirelli CEO and Vice Executive Chairman;
- (c) if, however, Coinv and LTI reach an agreement as a result of the above consultation with respect to any of the matters referred to in points (i) and (ii) above, the Parties will cause their representatives to exercise their voting rights in the meetings of the related companies (i.e., Newco, Holdco, Bidco or Pirelli, as the case may be) in accordance with the agreement reached by Coinv and LTI.

Internal Committees of Pirelli

Coinv and LTI have agreed that, with reference to the composition of the Internal Committees of Pirelli provided under the CC Shareholders Agreement, LTI shall also have the right to designate an independent director in the Internal Control and Risks Committee of Pirelli.

Exercise of other rights of CF and/or Coinv under the SPA and Co-Investment Agreement and/or the CC Shareholders Agreement

The Parties have agreed, amongst the others, that the right of CF to subscribe the Additional Capital Increase on the terms and conditions set forth under the SPA and Co-Investment Agreement will be the exclusive prerogative of Coinv (to be exercised through CF once the Restructuring of the CF Stake has been completed), it being understood that, if any Additional Capital Increase is made (a) the relevant contribution to the share capital of Newco shall be made only by Coinv (through CF) and/or CNRC (as the case may be) pursuant to the SPA and Co-Investment Agreement, and (b) the LTI (direct or indirect) shareholding in Newco shall not be reduced below 12.6%.

The Parties have also agreed that the right of CF to cause CNRC to sell a stake in Newco up to 14.9% to investors designated by CF (not being related parties either to CF or LTI) on the terms and conditions of the CC Shareholders Agreement shall be exercised by CF solely with the prior written consent of LTI.

Provisions relating to the transfer of participations in Newco - Exit Procedures

Restrictions on the transfer of participations in Newco under the CC Shareholders Agreement

The Parties agree and undertake that, as from the completion of the Restructuring of the CF Stake, the restrictions on the transfer of the respective participations held by each of them, directly or indirectly, in Newco shall be subject to the provisions of the CC Shareholders Agreement.

Exist solutions and procedures under the CC Shareholders Agreement

The Parties acknowledge and agree that, as from the completion of the Restructuring of the CF Stake, certain exit procedures, rights and prerogatives provided under the CC Shareholders Agreement shall apply between LTI and Coinv in accordance with the following principles:

- (a) in case LTI intends to exercise, as the case may be (i) the put option in favor of LTI exercisable under the terms and conditions provided in the CC Shareholders Agreement, or (ii) the right to request and obtain the non-proportional demerger of Newco exercisable under the terms and conditions provided in the CC Shareholders Agreement (each of the rights referred to in points (i) and (ii) above, the “**Right to Exit**”), LTI shall be required to send a notice to Coinv, it being understood and agreed that the failure by LTI to send such notice shall be considered as the intention of LTI not to exercise the relevant Right to Exit;
- (b) in case LTI sent the notice referred to under point (a) above, Coinv shall be entitled to communicate to LTI its intention not to exercise the relevant Right to Exit and for the effect to stop the triggering of the relevant exit procedure under the CC Shareholders Agreement, provided, however, that:
 - (1) Coinv offers, within such communication to LTI, to purchase from LTI, within the next 30 business days, the entire participation held, directly or indirectly, by LTI in Newco at a price equal to (as the case may be):
 - (x) if LTI has notified its intention to exercise the put option under the CC Shareholders Agreement and mentioned in the previous paragraph (a)(i), the pro-rata of the exercise price of the put option as determined on the terms and conditions of the CC Shareholders Agreement; or
 - (y) if LTI has notified its intention to exercise the right to request and obtain the non-proportional demerger of Newco under the CC Shareholders Agreement and mentioned in the previous paragraph (a)(ii), an amount equal to the sum of (a) the market price of the share price of Pirelli, calculated based on the weighted average share of the closing prices of the Pirelli shares in the 3 months before the date of receipt of the Coinv notice and the indirect participation held pro-rata in Pirelli, less (b) the net financial position of Newco and/or Holdco and/or Bidco (as the case may be), calculated in accordance with the relevant IFRS principles consistently applied, all pro rata with respect to the participation held, directly or indirectly, by LTI in Newco;
 - (2) Coinv, directly or indirectly through CF, delivers together with its communication referred to in point (b), a first demand bank guarantee issued by a primary bank of international standing to secure the payment by the same of the purchase price determined in compliance with paragraphs (1) (x) or (y) (as the case may be);
- (c) should Coinv not send any communication under the previous paragraph (b) or not complete the acquisition of the entire participation held, directly or indirectly, by LTI in Newco within the term set forth in paragraph (b)(1) above, then LTI shall have the right to exercise the relevant Right to Exit pursuant to the CC Shareholders Agreement;
- (d) for the entire period provided by the Shareholders Agreement for the delivery and receipt of the Coinv communication referred to in paragraph (b) above and, if such communication is sent, for the entire period following receipt by LTI of the above communication and until the expiry of the period of 30 business days referred to in paragraph (b)(1) above, LTI will not exercise any Right to Exit pursuant to the CC Shareholders Agreement.

Tag-Along Right in favor of LTI and LTI Ita

For so long as CF holds a participation in Newco higher than 20% of the share capital of Newco, should CF intend to transfer to CNRC – or to any Affiliate of CNRC to which the CNRC participation has been transferred in whole or in part by virtue of a “Permitted Transfer” under the CC Shareholders Agreement (the “CNRC Affiliate”) – all or part of its participation so that the remaining participation of CF would fall below 13% of Newco’s share capital, then CF – as a condition of its Transfer – shall grant to LTI and LTI Ita, jointly and not severally, a tag-along right to transfer, jointly and not severally, a portion of the shares held by each of them corresponding to the percentage of Newco share capital represented by the CF’s participation to be transferred, upon the same terms and conditions.

Anti-embarrassment provisions in case of exercise by LTI of the put option under the CC Shareholders Agreement

If Coinv has not exercised the right to request the re-listing of Pirelli on the terms and conditions of the CC Shareholders Agreement and, as a result, LTI has exercised the put option exercisable by it on the terms and conditions of the CC Shareholders Agreement, and within the following 12 months one of the following relevant events occurs (each the “**Trigger Event**”):

- (a) any transfer of Pirelli shares;
- (b) any transfer of Newco shares;
- (c) the listing of Pirelli or Newco (as the case may be);
- (d) any contribution in kind of Pirelli shares or Newco shares (as the case may be);
- (e) any merger between Pirelli (or Newco, as the case may be) and a third company; or
- (f) any agreement to do any of the foregoing.

in this case, and save as otherwise provided in the following paragraph, Coinv shall pay to LTI an amount in cash (the “**Excess Amount**”) equal to the positive difference between:

- (x) (as the case may be), (1) the implied value of each Newco share *in case of transfer of Pirelli’s shares or* in the event of a Trigger Event under points (d) *and (e)*, or (2) the purchase price per share of the Newco shares paid to Coinv (including any deferred or contingent component thereof), or (3) the price per share of the Pirelli shares on the first day of trading in case of listing, in each case multiplied by the number of shares of Newco sold by LTI upon the exercise of the put option under the CC Shareholders Agreement; and
- (y) the exercise price of the put option as determined pursuant to the terms and conditions of the CC Shareholders Agreement,

it is being expressly understood that (i) for any Trigger Event other than that referred to under point (e) above, Coinv shall be required to pay to LTI the Excess Amount only in the event that one or more Trigger Event(s) concern(s), in the aggregate, more than 20% of the Pirelli shares indirectly held by Coinv, while (ii) in case of a Trigger Event under point (e) above, Coinv shall be required to pay to LTI the Excess Amount regardless of the number of Newco shares or of Pirelli shares concerned by such Trigger Event.

ADDITIONAL UNDERTAKINGS

Standstill.

Each of the Parties undertakes, as of the entry into force of the Shareholders Agreement and until the expiration of the applicable period, not to purchase directly or indirectly shares of Pirelli and/or related financial instruments and not to engage in any transaction that could result in an increase in the mandatory tender offer price under the Offer as provided in the SPA and Co-Investment Agreement, or the sell-out price and/or the squeeze-out price pursuant to the TUF without the prior written consent of the other Parties.

Restrictive Measures.

If any competent authority of the European Union or any of its Member States or the United States of America imposes any restrictive measure affecting the assets of LTI, including its participation in Newco which, even though not affecting such participation, may reasonably be expected to be, directly or indirectly, materially adverse to (i) the business or condition (financial or otherwise) of CF or Pirelli or (ii) the ability of any Party to exercise its rights or perform its obligations under the Shareholders Agreement, then, to the maximum extent legally permitted under any applicable laws, the Parties shall negotiate in good faith the solutions to overcome the situation in the spirit of the provisions set out therein.

TERM AND EFFECTIVENESS OF THE SHAREHOLDERS AGREEMENT

The Shareholders Agreement *has been* executed on the First Closing Date, that is on *August 11, 2015*, when, in compliance with the terms and conditions of the SPA and Co-Investment Agreement, the activities and the transactions provided at the First Closing Date *have been* completed and CC, CNRC, CF, Coinv and LTI *have executed* the CC Shareholders Agreement, provided that the Shareholders Agreement shall enter into force as from the completion of the Restructuring of the CF Stake and shall remain valid and effective until (i) the fifth anniversary of the date of completion of the Restructuring of the CF Stake and (ii) with respect to the sole provisions concerning Pirelli, the third anniversary of the date of completion of the Restructuring of

the CF Stake, and at such date it will be automatically renewed for a further period of two years unless either Party notifies the other parties of its intention not to renew the Shareholders Agreement at least four months before the expiry of the initial period of three years.

CONTROL

There is no person having the right, through the Shareholders Agreement, to exercise control over Pirelli.

TYPE OF AGREEMENT

The provisions of the Shareholders Agreement are relevant for the purposes of article 122, paragraphs 1 and 5, of the TUF.

BODIES OF THE AGREEMENT

Not provided.

LIQUIDATED DAMAGES IN CASE OF BREACH OF OBLIGATIONS

No liquidated damages are provided for the breach of the obligations under the Shareholders Agreement.

OFFICE OF THE COMPANIES REGISTER

The Shareholders Agreement has been filed within the terms provided by law with the Companies Register of Milan on August 12, 2015.

Milan, August 13, 2015

M.7 Essential Information pursuant to Art. 130 of the Consob Issuers Regulation relating to the Nuove Partecipazioni/UniCredit/ISP Shareholders Agreement

SHAREHOLDERS' AGREEMENT NOTIFIED TO CONSOB PURSUANT TO ART. 122 OF LEGISLATIVE DECREE 24.2.1998, N. 58 - ESSENTIAL INFORMATION PURSUANT TO ART. 130 OF CONSOB REGULATION N. 11971/1999, AS SUBSEQUENTLY AMENDED

SHAREHOLDERS AGREEMENT BETWEEN UNICREDIT S.P.A., INTESA SANPAOLO S.P.A. AND NUOVE PARTECIPAZIONI S.P.A.

This essential information is updated in the recitals and in some paragraphs in order to take into account of:

- (i) *the occurrence of the "First Closing" (as defined below) on August 11, 2015;*
- (ii) *the termination of the First Coinv Shareholders Agreement (as defined below) executed on May 24, 2014 among Nuove Partecipazioni S.p.A., UniCredit S.p.A., Intesa Sanpaolo S.p.A. (and, with respect to some provisions, Marco Tronchetti Provera & C. S.p.A.), to which Manzoni S.r.l. has subsequently adhered on April 16, 2015;*
- (iii) *the termination of the "First CF Shareholders Agreement" (as defined below), executed on May 24, 2014 among UniCredit S.p.A., Intesa Sanpaolo S.p.A., Nuove Partecipazioni S.p.A. and Long-Term Investments Luxembourg S.A., to which Coinv S.p.A. and Manzoni S.r.l. have subsequently adhered;*
- (iv) *the execution of the new "Coinv Shareholders Agreement" (as defined and described below) among Marco Tronchetti Provera & C. S.p.A., Nuove Partecipazioni S.p.A., UniCredit S.p.A., Manzoni S.r.l. and Intesa Sanpaolo S.p.A.;*
- (v) *the execution of the "Coinv / LTI Shareholders Agreement" (as defined and described below) between Coinv S.p.A. and Long-Term Investments Luxembourg S.A.; and*
- (vi) *certain amendments to the "Coinv Restatement" (as defined below) aimed at reflecting the postponement of the completion of the Restructuring of the CF Stake (as defined below) after the First Closing as well as a number of amendments to the SPA and Co-investment Agreement, as defined below, which the parties thereto have agreed upon in view of the First Closing of the Transaction.*

Please find below in italics and underlined the provisions added or reformulated, while certain provisions in the recitals have been deleted as no longer consistent with the above amendments.

All the contractual documentation executed by the parties on March 22, 2015 remains in force.

With reference to:

- (i) the sale and purchase agreement and co-investment (the "**SPA and Co-Investment Agreement**") executed on March 22, 2015 between China National Chemical Corporation ("**CC**"), China National Tire & Rubber Corporation, Ltd. ("**CNRC**"), Camfin S.p.A. ("**CF**"), Long-Term Investments Luxembourg S.A. ("**LTI**") and Coinv S.p.A. ("**Coinv**"), which governs the terms and conditions for the completion of a large corporate and industrial transaction (the "**Transaction**") aimed at the acquisition of the control over Pirelli & C. S.p.A. ("**Pirelli**"), its possible de-listing and the subsequent reorganization and long-term industrial value creation of Pirelli in view of its possible re-listing, and
- (ii) the shareholders agreement attached to the SPA and Co-Investment Agreement - filed on the date hereof with the Companies Register of Milan and whose essential information under art. 130 of Consob Regulation n. 11971/1999 are published in accordance with the terms of the current legislation on the website www.pirelli.com - (the "**CC Shareholder Agreement**") which sets forth the rules and the contractual undertakings regarding, inter alia, (a) the governance of the corporate chain used in the context of the Transaction and of Pirelli, (b) the possible relisting of Pirelli in the case the de-listing of the same is achieved and (c) the exit by CF and LTI from the respective investment both in the case of non-de-listing of Pirelli, and in case of de-listing of the same Pirelli, and
- (iii) the restatement of shareholders agreement (the "**CF Restatement**") executed on March 22, 2015 among Nuove Partecipazioni S.p.A. ("**NP**"), Coinv, LTI (Coinv and LTI, collectively), the "**Internal**

Parties) and, for the sole purposes of certain provisions provided therein, UniCredit S.p.A. (“**UC**”) and Intesa Sanpaolo S.p.A. (“**ISP**”), *and – as from April 16, 2015 – Manzoni S.r.l. (“Manzoni”)*, to which, amongst others, is attached a shareholders agreement (the “**Coinv / LTI Shareholders Agreement**”) which rules the relations between the Internal Parties in relation to and upon completion of the agreements under the SPA and Co-Investment Agreement;

please note that, on the same March 22, 2015, UC, ISP and NP have also executed a further restatement (the “**Coinv Restatement**”), *to which Manzoni has adhered on April 16, 2015*, to which is attached a shareholders agreement (the “**Coinv Shareholders Agreement**”) which governs, as better indicated below, the relations between the parties in relation to and upon completion of the agreements under the SPA and Co-Investment Agreement and which includes provisions relevant under art. 122, paragraph one and paragraph five of Legislative Decree 24.2.1998, n. 58.

Please note that the SPA and Co-Investment Agreement provides that the Transaction is implemented, on the terms and conditions provided therein, through the completion of the following activities:

- the establishment by CNRC of the corporate structure necessary to implement the Transaction through the incorporation of (a) a Hong Kong-based company (“**SPV HK**”), which shall be controlled by CNRC and potentially participated by other investors, (b) a newly incorporated Luxembourg company (“**SPV Lux**”), directly participated by SPV HK, (c) a newly incorporated Italian joint stock company (Marco Polo International Italy S.p.A., “**Newco**”), directly participated by SPV Lux; (d) a newly incorporated Italian joint stock company (Marco Polo International Holding Italy S.p.A., “**Holdco**”), directly participated by Newco; and (e) a newly incorporated Italian joint stock company (Marco Polo Industrial Holding S.p.A., “**Bidco**”), directly participated by Holdco;
- the acquisition by Bidco, at the date of the first closing of the Transaction, as identified and defined in the SPA and Co-Investment Agreement subject to the satisfaction of the conditions precedent provided therein (the “**First Closing Date**”), of the Pirelli shares directly held by CF (the “**Initial Acquisition**”);
- the undertaking by CF (and, after completion of the Restructuring of the CF Stake, as defined below, by CF and LTI pro-quota to the participation held by the same upon completion of the above restructuring), to reinvest in Newco a portion of the proceeds from the Initial Acquisition up to a maximum aggregate amount equal to Euro 1,149 million;
- for the purposes of the above *alinea*, the right of CF (and, after completion of the Restructuring of the CF Stake, as defined below, by CF and LTI pro-quota to the participation held by the same upon completion of the above restructuring) to subscribe, on the conditions set forth in the SPA and Co-Investment Agreement, certain capital increases of Newco, it being understood that: (a) the participation held by CF following the above subscriptions (the “**CF Stake**”) – and, following completion of the Restructuring of the CF Stake, by CF and LTI, jointly considered – shall not be lower than 35% nor higher than 49% if Pirelli, following the Offer (as defined below), is not de-listed, or than 49.9% if Pirelli, following the Offer, is de-listed, and that (b) the participation held by CNRC in Newco shall never be reduced below 51% Pirelli, following the Offer, is not de-listed, or 50.1% if Pirelli, following the Offer, is de-listed;
- the undertaking by CNRC to invest in Newco up to a maximum aggregate amount equal to Euro 2,133 million, subscribing in one or more solutions certain capital increases of Newco;
- the launch by Bidco of a mandatory tender offer on the remaining ordinary share capital of Pirelli pursuant to Section 106 and Section 109 of the TUF at the same price per share paid by Bidco for the acquisition of the Pirelli shares in the context of the Initial Acquisition, and of a voluntary tender offer on the entire saving share capital of Pirelli at a price of Euro 15.00 per saving share (the above offers, collectively, the “**Offer**”), with the goal to delist Pirelli;
- following completion of the Transaction, in accordance with the applicable laws and corporate governance procedures and subject to reaching the necessary quorum in the shareholders meeting of Pirelli, the merger, as the case may be, of Pirelli and/or Bidco and/or – *if and to the extent allowed by the financing banks – also of Holdco*, depending on whether Pirelli is de-listed or remains listed following completion of the Offer.

Please also note that, with the execution of the CF Restatement,

- Coinv and LTI have agreed to participate directly to the Transaction through the same class of shares (the class B shares issued by Newco), and for the effect to allocate between them the capitalization obligations of CF in relation to Newco pursuant to the SPA and Co-Investment Agreement. For such purposes, Coinv and CF have agreed to implement a corporate reorganization of CF and restructuring of the CF Stake (jointly, the “**Restructuring of the CF Stake**”) upon completion of which LTI and its subsidiary LTI Holding S.r.l. (“LTI Ita”) shall disinvest from the corporate capital of CF and which is to be completed, where possible, on the First Closing Date so that, upon completion of such restructuring:
 - o Coinv owns a participation representing the entire share capital of CF, which, in turn, shall own a participation in Newco equal to 64% of the CF Stake, and
 - o LTI owns (directly and through LTI Ita) a participation in Newco equal to 36% of the CF Stake,

it being understood that (i) the above apportionment shall remain the same also upon completion of the Offer and without prejudice, in any event, to the possibility for CF to subscribe, on the terms and conditions under the SPA and Co-Investment Agreement, an additional capital increase; in such case – which in any event shall not take place before the completion of the Restructuring of the CF Stake – the above apportionment (64%-36%) of the CF Stake shall be adjusted accordingly, it being understood that under no circumstances it shall allow a dilution of LTI and LTI Ita, jointly considered, below 12.6% of the share capital of Newco; and (ii) until completion of the Restructuring of the CF Stake, the exercise by CF of any and all rights and/or prerogatives of the same pursuant to the SPA and Co-Investment Agreement shall be the exclusive competence of the board of directors of CF, which shall validly resolve with the attendance of all the directors in office and with the favorable vote of the simple majority of the directors attending the meeting;

- on the First Closing Date: (i) LTI, NP, Coinv, ISP, Manzoni and UC shall terminate by mutual agreement the existing shareholders agreement over CF (the “**First CF Shareholders Agreement**”) dated May 24, 2014 among NP, ISP, UC, Coinv, LTI and Manzoni and (ii) Coinv and LTI shall execute the Coinv / LTI Shareholders Agreement, whose entry into force is subject to the condition precedent of the completion of the Restructuring of the CF Stake.

With the execution of the Coinv Restatement, the parties have agreed that, by and no later than the First Closing Date (in any case subject to the condition subsequent of the execution, on the First Closing Date, of the CC Shareholders Agreement) the following activities shall be carried out and the following documents shall be executed:

- (a) UC, ISP and NP shall execute an agreement to terminate the shareholders agreement executed by the same and effective as of July 10, 2014 in relation to Coinv, CF, Pirelli and Prelios S.p.A. (the “**First Coinv Shareholders Agreement**”);
- (b) UC and ISP shall procure that (a) the director jointly designated by the same in the board of directors of CF and (b) the 2 (two) directors designated by each of them in the board of directors of Pirelli resign from office within, and with effect from the First Closing Date;
- (c) the parties shall execute the new Coinv Shareholders Agreement, in the form attached to the Coinv Restatement, which shall replace the First Coinv Shareholders Agreement.

Whereas all the above, on August 11, 2015:

- (i) the First Closing of the Transaction has been completed, the CC Shareholders Agreement has been executed and, for the effect;
- (ii) the First Coinv Shareholders Agreement has been terminated;
- (iii) the First CF Shareholders Agreement has been terminated;
- (iv) the new Coinv Shareholders Agreement has been executed.

- (v) *the Coinv / LTI Shareholders Agreement has been executed (provided that it shall enter into force only on the date of completion of the Restructuring of the CF Stake).*

SHAREHOLDERS AGREEMENT

The Coinv Shareholders Agreement restates the agreements set forth in the First Coinv Shareholders Agreement to take into account, limited to the participation held in CF, the new corporate governance rules and certain exit procedures which the parties have agreed upon in the context of the broadest agreements between all the parties involved and reflected in the CC Shareholders Agreement and in the Coinv / LTI Shareholders Agreement, while the provisions of the First Coinv Shareholders Agreement regarding the participation held by Coinv in Prelios S.p.A. are not affected and are reiterated in the new agreement.

COMPANY WHOSE FINANCIAL INSTRUMENTS ARE OBJECT OF THE SHAREHOLDERS AGREEMENT

Coinv S.p.A., joint stock company with registered office in Milan, Piazza Borromeo n. 12, share capital of Euro 167.767.088,50, fully paid-in, tax code, VAT number and registration number at the Companies Register of Milan 08852660961.

Camfin S.p.A., joint stock company with registered office in Milan, Piazza Borromeo 12, registration number at the Companies Register of Milan, tax code and VAT number 00795290154, share capital Euro 286,931,948.94.

Pirelli & C. S.p.A., joint stock company with registered office in Milan, Viale Piero e Alberto Pirelli n. 25, share capital of Euro 1,345,380,534.66, fully paid-in, tax code, VAT number and registration number at the Companies Register of Milan 00860340157, with shares listed on the MTA organized and managed by Borsa Italiana S.p.A..

Prelios S.p.A., joint stock company with registered office in Milan, Viale Piero e Alberto Pirelli 27, registration number at the Companies Register of Milan, tax code and VAT number 02473170153, subscribed share capital of Euro 426,441,257.20 (“**Prelios**”), with ordinary shares listed on the MTA organized and managed by Borsa Italiana S.p.A..

PARTIES TO THE SHAREHOLDERS AGREEMENT AND FINANCIAL INSTRUMENTS OBJECT OF THE SHAREHOLDERS AGREEMENT

Parties to the Shareholders Agreement.

The following companies (the “**Parties**”) are party to the Shareholders Agreement:

- (i) **UniCredit S.p.A.**, with registered office in Rome, Via Alessandro Specchi 16, share capital, fully paid-in, of Euro 20,257,667,511.62, tax code, VAT number and registration number at the Companies Register of Rome 00348170101, with shares listed on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A. (“**MTA**”), Holding of the UniCredit Bank Group, enrolled at the Bank Groups Register (*Albo dei Gruppi Bancari*) cod. 2008.1;
- (ii) **Manzoni S.r.l.**, with registered office in Milan, Viale Bianca Maria 25, tax code and number of registration at the Companies Register of Milan 08852240962, capital of Euro 8,285,457.00 fully paid-in, company controlled by Intesa Sanpaolo S.p.A.;
- (iii) **Intesa Sanpaolo S.p.A.**, with registered office in Turin, Piazza San Carlo 156, share capital, fully paid-in, of Euro 8,729,881,454.84, tax code and registration number at the Companies Register of Turin 00799960158, VAT number 0810700152, with shares listed on the MTA, enrolled at the Bank Groups Register (*Albo dei Gruppi Bancari*) at n. 5361 and Holding of the Intesa Sanpaolo Bank Group; and
- (iv) **Nuove Partecipazioni S.p.A.**, with registered office in Milan, Piazza Borromeo n. 12, share capital, fully paid-in, of Euro 249,314,516.00, tax code, VAT number and registration number at the

Companies Register of Milan 08264530968, indirectly controlled by Mr. Marco Tronchetti Provera through Marco Tronchetti Provera & C. S.p.A..

ISP executes the new Coinv Shareholders Agreement in its capacity as shareholder having sole control over Manzoni and, therefore, as jointly liable with Manzoni for the performance by the latter of all the obligations of the latter under the new Coinv Shareholders Agreement.

Percentages and number of financial instruments object of the Shareholders Agreement.

The following are object of the Coinv Shareholder Agreement:

With respect to Coinv, the participation representing 100% of the share capital of Coinv, which is held as follows:

Coinv Shareholders	Percentage of participation in Coinv
NP	76%
Manzoni	12%
UC	12%
Total	100%

Pursuant to the Deed of Adherence ISP acknowledges and accepts that it is a resolutive condition of the transfer to Manzoni of the participation in Coinv – performed by means of a deed of contribution entered into on 24 March 2015 between ISP and Manzoni (the “**Contribution**”) pursuant to which, with effect on the same date, ISP has contributed to Manzoni, among other participations, the participation in Coinv – that Manzoni continues to be an Affiliate (as defined in the First Coinv Shareholders Agreement) of ISP after the Contribution, provided that ISP shall remain jointly and severally liable with Manzoni for the obligations arising out of the First Coinv Shareholders Agreement and the Coinv Restatement.

With respect to Camfin, until completion of the Restructuring of the CF Stake, the participation of 50% held by Coinv. Following completion of the Restructuring of the CF Stake, the participation of Coinv equal to 100% of the share capital of CF.

The shares syndicated to the Shareholders Agreement are represented by (a) the see-through participation held in Pirelli through the corporate chain composed of CF, which owns 35% of the share capital of Newco (i.e., Marco Polo International Italy S.p.A.), which in turn owns indirectly (through Bidco, i.e., Marco Polo Industrial Holding S.p.A.) 20.343% of the voting share capital of Pirelli, as well as all the additional Pirelli shares which shall be purchased at the end of the Offer launched by Bidco), and (b) the participation held in Pirelli by Cam 2012 S.p.A. (100% controlled by CF), which is equal, at the date of the “First Closing”, to 5.63% of the voting share capital of Pirelli (taking into account the transfers of a portion of the exchange shares perfected in the meantime in accordance with the conditions of the convertible bond issued by Cam 2012 on October 26, 2012 and named “€150,000,000 5.625 per cent. Guaranteed Exchangeable Bonds due 2017 guaranteed by Camfin S.p.A.”).

With respect to Prelios, the participation held by Coinv in Prelios, equal to 8.111% of the relevant voting share capital.

CONTENT OF THE SHAREHOLDER AGREEMENT

Governance of Coinv

General rules of governance.

The governance of Coinv shall be in line with the provisions set forth in the Coinv Shareholders Agreement, which have been also reflected, to the maximum extent possible, in the corporate by-laws.

Corporate purpose.

The corporate purpose of Coinv shall consist exclusively: (i) in the holding and progressive and prompt divestment of the assets and liabilities other than the participation in CF (the “**Other Assets and Liabilities**”) and (ii) in the holding, management and subsequent divestment of the participation in CF (the “**CF Stake**”), which, after the divestment of the Other Assets and Liabilities, shall be the only asset of Coinv and, indirectly, of the Pirelli Shares. Coinv shall not carry out any activity or transaction or perform any act, other than those strictly necessary to and aimed at, the holding and progressive and prompt divestment of the Other Assets and Liabilities and the holding, management and following divestment of the CF Stake.

Board of directors of Coinv.

The Board of Directors of Newco shall be composed of 6 (six) directors appointed as follows:

- (i) NP shall be entitled to appoint 4 (four) directors, including the chairman and chief executive officer of Coinv; and
- (ii) Manzoni and UC (jointly, the “**Banks**”) shall be entitled to appoint 1 (one) director each.

The board of directors of Coinv shall be appointed on the basis of slates presented by NP and the Banks to ensure that the composition of the board is in line with the provisions under points (i) and (ii) above. The members of the board of directors of Coinv, including the chairman, shall not receive any remuneration for their office, save for the reimbursement of any reasonable expense incurred in the performance of their duties.

Board of Statutory Auditors of Coinv.

The board of statutory auditors, which shall carry out also the legal audit (*revisione legale dei conti*), shall be composed of 3 (three) effective auditors and 2 (two) alternate auditors, appointed as follows:

- (a) NP shall be entitled to appoint 2 (two) effective auditors and 1 (one) alternate auditor; and
- (b) the Banks shall be entitled to jointly appoint 1 (one) effective auditor, who shall be Chairman of the board of statutory auditors, and 1 (one) alternate auditor.

The board of statutory auditors of Coinv shall be appointed on the basis of slates presented by NP and the Banks to ensure that the composition of the board is in line with the provisions under points (i) and (ii) above.

Powers and resolutions of the competent corporate bodies of Coinv.

The Parties have undertaken to procure that Coinv carries out exclusively the activities, transactions and acts strictly necessary for the achievement of the corporate purpose, with the exclusion, therefore, of any other activity, act or transaction which may cause Coinv itself to incur costs, expenses, advisory costs in any event exceeding Euro 10.000, unless otherwise unanimously decided.

1. The shareholders meeting of Coinv **(a)** if extraordinary, is validly held with the presence of, and resolve with the favorable vote of, a number of shareholders representing at least 95% (ninety-five per cent) of the voting corporate capital; **(b)** if ordinary, is validly held with the presence of, and resolve with the favorable vote of, a number of shareholders representing at least 95% (ninety-five per cent) of the voting corporate capital with respect to the decisions concerning the remuneration of directors and statutory auditors, including those vested with special offices, as well as the purchase of treasury stock. In all other cases (including the approval of the annual financial statements), the ordinary shareholders meeting of Coinv is validly held and resolves with the majorities provided by law.

2. The resolutions of the board of directors concerning the matters listed below are reserved to the competence of the board of directors of Coinv, and therefore, save as provided under (iii), cannot be delegated and are validly adopted with the presence and the favorable vote of all directors in office, save for any act of disposal of the shareholding of CF in Newco or, as the case may be, Pirelli as a result of the exercise by Coinv (through CF), as the case may be, (i) of the “Put Option” under Article 7.1 of the CC Shareholders Agreement or (ii) of the right to request the “Newco Demerger” under Article 7.2 of the CC Shareholders Agreement (the rights under points (i) and (ii) above, the “Exit Rights”) in relation to which the board of directors is validly held and validly resolves with the majority of the directors in office, without prejudice in any event to the provisions under points (ix) and (x) below:

- (i) save for resolutions on the Exit Rights, any acquisition, assignment, transfer or any other act of disposal, in whole or in part, in any form and at any title (including, without limitation, the creation of rights in rem or encumbrances of any type), concerning the CF Stake and/or any shareholding held by CF (including treasury shares) and/or any transaction (in any form and at any title) regarding,

directly or indirectly, the CF Stake and/or any shareholding held by CF *(including treasury shares)* or which concerns or may concern, directly or indirectly, the transfer (also partial) of the CF Stake and/or any shareholding held by CF *(including treasury shares)* or the performance of acts of disposal of any nature (also through the granting of rights to third parties or the creation of burdens or encumbrances), as well as the execution of any agreement, contract or undertaking concerning the CF Stake and/or any shareholding held by CF *(including treasury shares)*, including the execution of agreements or contracts, also not binding, the granting of mandates (also of explorative nature) and the appointment of counsels or advisors, as well as the beginning of negotiations in relation to the above;

- (ii) any acquisition, assignment, transfer or any other act of disposal, in whole or in part, in any form and at any title *(including, without limitation, the creation of rights in rem or encumbrances of any type)*, concerning movable or immovable assets (other than the CF Stake and other financial instruments to which point (iii) below applies), by the Company for a value exceeding Euro 10,000 per single transaction or series of transactions connected among them;
- (iii) any act concerning the participation in Prelios S.p.A. or the winding-up and/or dismissal (in whole or in part and as a result of any act or fact) of the Other Assets and Liabilities, provided that the board of directors shall be entitled, with unanimous decision, to delegate in whole or in part the decisions concerning such acts;
- (iv) any transaction carried out by the Company (in any form and at any title) which imposes, following the same, the launch of a mandatory Tender Offer over Pirelli, as well as any decision concerning such Tender Offer;
- (v) the assumption, by the Company, of any financial debt, in any form and for whatever purpose *(including, without limitation, through restructuring of the existing debt, execution of new financings or issuance of debt instruments or securities)*, as well as the granting of any personal or *in rem* guarantee, or obligations to indemnify or keep harmless, save for the provisions set forth in the agreements *regarding the financing agreement and related security package executed on August 5, 2015, between Camfin, as borrower, and a pool of financing banks (the "CF Financing") and the financing agreement and related security package executed on August 5, 2015, between CAM 2012 S.p.A., as borrower, Camfin, as guarantor, and a pool of financing banks;*
- (vi) determination and amendments to the remuneration of the members of the board of directors of the Company and/or vested with special offices;
- (vii) execution of any agreement with a value exceeding – or which results in undertakings exceeding – Euro 10,000 per single transaction or series of transactions connected among them;
- (viii) exercise of the voting rights in the extraordinary shareholders meetings of CF concerning increases and decreases of the share capital of CF to the extent they are not required by law and/or necessary for the purposes of refinancing;
- (ix) exercise of the voting rights by the directors designated by Coinv in the board of directors of CF in relation to the decision of CF not to renew the CC Shareholders Agreement at the expiry of the initial term of 3 (three) years pursuant to Article 8.1 of the CC Shareholders Agreement, or to terminate it by mutual agreement before the expiry of the terms for the exercise by CF (i) of the “Put Option” under Article 7.1 of the CC Shareholders Agreement or (ii) of the right to request the “Newco Demerger” (*scissione di Newco*) under Article 7.2 of the CC Shareholders Agreement, it being in any case agreed and understood that in the absence of the decision by the board of directors of CF not to renew the CC Shareholders Agreement at the expiry of the initial term of 3 (three) years pursuant to Article 8.1 of the CC Shareholders Agreement, or to terminate it by mutual agreement before the expiry of the terms for the exercise by CF of any of the above rights, NP undertakes to procure that CF renews the CC Shareholders Agreement or does not terminate it by mutual agreement;
- (x) exercise of the voting rights by the directors designated by Coinv in the board of directors of CF in relation to the decision of CF to send to LTI a “CF Communication” pursuant to Article 4.1, paragraph (b), of the Coinv / LTI Shareholders Agreement and, for the effect, to purchase from LTI *and LTI Ita* the entire participation held by the same in LTI Newco, *in accordance with the provisions of the CC Shareholders Agreement;* and
- (xi) exercise of the voting rights by the directors designated by Coinv in the board of directors of CF in relation to the decision of CF to cancel, extinguish or in any case amend (i) the “Put Option” under

Article 7.1 of the CC Shareholders Agreement or (ii) the right to request the “Newco Demerger” under Article 7.2 of the CC Shareholders Agreement or to vote in favor of any other amendment to the CC Shareholders Agreement which may affect, directly or indirectly, the right of the Banks;

while in all other cases (including the approval of the annual financial statements and, as the case may be, of the budget, without prejudice in any event to the limitations provided above from (i) to (ix)), the board of directors is duly constituted and resolves with the majorities of the directors in office.

In the event that the board of directors of Coinv passes the resolutions under points (i), (iv), (v), (ix), (x) and (xi) above, the Parties undertake to procure that, in relation to the above matters, the directors designated by Coinv in the board of directors of CF comply with the resolutions adopted by the board of directors of Coinv pursuant to the above.

The Parties agree to approve as of now, and undertake to procure that the competent corporate bodies of Coinv and CF approve, any and all corporate steps and transactions necessary for the completion (i) of the Restructuring of the CF Stake (ii) of the Initial Acquisition e (iii) of the Offer, on the terms and conditions of the CF Restatement, the SPA and Co-Investment Agreement and the CC Shareholders Agreement.

(4) The Parties agree that Coinv or, as the case may be, CF shall be entitled not to exercise, as the case may be, (i) the “Put Option” pursuant to Article 7.1 of the CC Shareholders Agreement or (ii) the right to request the “Newco Demerger” pursuant to Article 7.2 of the CC Shareholders Agreement if in the meantime the CF Financing has been entirely reimbursed in accordance with the terms and conditions thereof.

(5) The Parties agree that, should the investors to be selected by Coinv as purchasers of the “Disposable Newco Stake” of CNCR pursuant to Article 5.4 of the CC Shareholders Agreement be banks or financial institutions, the latter shall be subject to the prior approval (*gradimento*) of the Banks, approval (*gradimento*) which shall not be unreasonably denied.

Governance of CF.

Until completion of the Restructuring of the CF Stake, the governance principles and rules of the First CF Shareholders Agreement shall continue to apply and, for the effect, the Banks shall be entitled to jointly designate one director and the effective auditor of the Board of Statutory Auditors of CF which, pursuant to the First CF Shareholders Agreement, must be designated by Coinv. Starting from the date of completion of the Restructuring of the CF Stake (i) the composition of the board of directors and of the board of statutory auditors of CF shall mirror exactly that of Coinv as described in the paragraphs above and (ii) the resolutions of the corporate bodies of CF shall be validly adopted in accordance with the principles and rules described above.

Provisions on the transfer of the shareholdings in Newco – Exit Procedures

Lock-up.

The Parties have agreed on a lock-up period with respect to any transfer of their participations in Coinv of five years from the date of completion of the Offer, meaning the date of payment to the shareholders who have adhered to the Offer of the relevant price, calculated taking into account the possible postponement of the same as a result of the opening of the “sell out” and “squeeze out” procedures under articles 108 and 111 of the TUF (the “**Lock-up Period**”), with the exception of the creation of any pledge or the granting of any other collateral security over the participation held by Coinv in Camfin in relation to the agreements regarding the CF Financing in accordance with the provisions of the by-laws of Camfin. Shall be in any case permitted the transfers of shares of Newco in favor of companies controlling or controlled by the Parties, provided that such transfers provide for adequate protection mechanism for the event that the control relationship ceases.

Right of first refusal of NP.

If one of the Banks wishes to proceed to a transfer, following the expiry of the Lock-up Period, in favor of a third party or another shareholder, it shall be required to offer the sale shares, at the same terms and conditions, to NP which shall have the right to acquire all (and no less than all) the sale shares.

Tag-along right.

After the Lock-up, if NP procures or receives the offer of a bona fide independent third party purchaser (the “**Offeror**”) for the purchase of part or all the shareholding held by NP in Newco, it shall inform the Banks and each of the Banks shall have the right (but not the obligation) to request that NP procures that the

Offeror purchases, in addition to the Shareholding of NP, all (and no less than all) the shareholdings held by the Banks in Newco.

Put Option in favor of the Banks.

In case the conditions are met for the exercise by CF (i) of the “Put Option” under Article 7.1(i) or 7.1(ii) of the CC Shareholders Agreement, in whole or in part, or (ii) of the right to request the “Newco Demerger” under Article 7.2 of the CC Shareholders Agreement (the rights under points (i) and (ii) above, the “**Right to Exit**”), NP shall be entitled to deliver to the Banks and to the Board of Directors of Coinv, within one month from the date the above-mentioned conditions for the exercise of the Right to Exit are met (the “**Notice Period**”), a written notice (the “**Notice**”) whereby NP informs the Banks as to whether it intends to activate the Rights to Exit through exercise of the above-mentioned “Put Option” or of the right to request the above-mentioned “Newco Demerger”. In the event that (i) at the expiry of the Notice Period, NP has not sent the Notice, or (ii) in the Notice, NP has represented its intention not to exercise the Right to Exit, then each of the Banks shall have the right to sell to NP, and NP shall have the obligation to purchase, the participation held by the same in Coinv (each sale right, the “**Put Option**”), to be exercised on the following terms:

- (i) each Bank shall be entitled to exercise its Put Option with respect to its entire participation in Coinv, in one solution, for a term of 6 (six) months from the receipt of the Notice or, in the absence of the same, from the expiry of the Notice Period (the “**Put Exercise Period**”);
- (ii) the Put Option may be exercised with notice to the other Party (the “**Exercise Notice**”); the Exercise Notice regarding the Put Option shall have the effect to have a sale and purchase agreement entered into between NP and the relevant Bank it being understood that the transfer of the ownership of the participation of the Bank to NP and the simultaneous payment of the purchase price shall take place within a term to be agreed upon subsequent to the completion of the demerger under point (iii) below or, in the event that Coinv does not have, in whole or also in part, Other Assets and Liabilities within a term to be agreed upon subsequent to the receipt of the relevant Exercise Notice;
- (iii) in the event that Coinv still owns the Other Assets and Liabilities, with the submission of the Exercise Notice each Party shall be entitled to request and obtain the proportional demerger of Coinv, with the attribution to each party of the respective, proportional portion of the Other Assets and Liabilities and of the relevant indebtedness of Coinv, to be completed within a reasonably short period of time, but in any event by and no later than the term of 6 (six) months from the beginning of such procedure or, if the transaction is subject to any authorization by law or contract, by and no later than the term of 6 (six) months from the obtainment of such authorizations;
- (iv) the purchase price for the transfer of the participation shall be equal to:
 - in the event that, at the time of exercise of the Put Option, Pirelli is de-listed: the amount resulting from the algebraic sum of the pro-quota of (i) the exercise price of the “Put Option” under Article 7.1(i) or 7.1(ii) of the CC Shareholders Agreement, (ii) the market value of the other assets of Coinv and CF, which is equal, for assets other than shareholdings in listed companies, to the value recorded in the last financial statements or balance sheet duly approved by the respective companies before the Exercise Notice or, for shareholdings in listed companies, to the amount obtained by multiplying the number of shares held and the weighted average price per share recorded in the 30 (thirty) trading days before the Exercise Notice, all the above increased or decreased, as the case may be, of the dividends, distributions / cash payments (if and when such items are not already included under point (iii) below) and of the financial revenues relating to the period between the reference date of the above financial statements (or balance sheet) and the date of the Exercise Notice, and (iii) the indebtedness and other liabilities of Coinv and CF, as recorded in the last financial statements or balance sheet duly approved by the respective companies, increased of the financial charges relating to the period between the reference date of the above financial statements (or balance sheet) and the date of the Exercise Notice, and decreased of any possible reimbursement of the debt occurred between the reference date of the above financial statements (or balance sheet) and the date of the Exercise Notice; and
 - in the event that, at the time of exercise of the Put Option, Pirelli is listed: the amount resulting from the algebraic sum of the pro-quota of (i) the market value of the Pirelli shares indirectly held (to be calculated with reference to the arithmetic mean of the closing prices in the 6 (six) months before the submission of the Exercise Notice) and of the other assets of Coinv and CF, calculated pursuant to point (ii) of paragraph (iv) above, e (ii) the indebtedness and other liabilities of Coinv and CF, calculated pursuant to point (iii) of paragraph (iv) above.

Call Option in favor of NP.

If the conditions for the exercise by the Banks of the Put Option are met, within 6 (*six*) months from the expiry of the Put Exercise Period, NP shall have the right to purchase from each Bank the participation held by the same in Coinv (the “**Call Option**”). The consideration for the transfer to NP of the participation held by each of the Banks in Coinv shall be equal to the amount resulting from the algebraic sum of the pro-quota of (i) the “CNRC Call Exercise Price” under Article 7.3(iii) of the CC Shareholders Agreement (without applying the cap of 110% of “Put Option Price” provided therein), (ii) the market value of the other assets of Coinv and CF and (iii) the indebtedness and other liabilities of Coinv and CF.

Anti-embarrassment.

In the event that, within 12 (twelve) months from the date of completion of the transfer by a Bank in favor of NP of its participation (the “**Relevant Participation**”) as a result of the exercise of the Put Option by such Bank and/or of the Call Option by NP, and

- (a) NP has transferred to a third party all or part of its participation in Coinv; or
- (b) CNRC has exercised the “CNRC Call Option” under Article 7.3 of the CC Shareholders Agreement vis-à-vis one of the “Class B Shareholders” of Newco after the exercise of the Put Option by each of the Banks; or
- (c) any other Transfer, direct or indirect, of the participations in *Camfin*, Newco, Holdco, Bidco or Pirelli has occurred; or
- (d) the shares of Newco, Holdco, Bidco or Pirelli have been relisted through an “initial public offer - IPO”; or
- (e) a contribution in kind of the shares of Pirelli and/or Newco *and/or Holdco and/or Bidco* has been made;
- (f) a merger between Pirelli (or Newco *or Holdco or Bidco*) and a third company has been completed; or
- (g) any agreement to do any of the foregoing has been entered into;

NP shall pay to such Bank an additional amount equal to the positive difference between (x) the consideration that the Bank would have received following the exercise of the Put Option or as a result of the exercise of the Call Option applying to the sale of its participation the higher price per share and (y) the price per share actually paid to the Bank for the sale of its participation, multiplied by the number of shares transferred.

Dissolution and winding-up of CF.

In the event that – after (a) the exercise by CF of the “Put Option” under Article 7.1(i) or 7.1(ii) of the CC Shareholders Agreement or (b) the exercise by CNRC of the “Call Option” under Article 7.3 of the CC Shareholders Agreement or (c) the exercise by CF of the right to request the “Newco Demerger” under Article 7.2 of the CC Shareholders Agreement – CF receives a payment in cash and/or, as the case may be, shares of Target, in accordance with the terms and conditions of the CC Shareholders Agreement, NP and each of the Banks shall have the right to request Coinv to send (and all the Parties undertake in such case to procure that Coinv sends, without any exception) to CF, as the case may be, the so-called “Dissolution Notice” or the so-called “Demerger Notice”, on the terms and modalities set forth in the by-laws of CF, thereby beginning, as the case may be, the dissolution and winding-up of CF or the demerger of CF, to be completed according to the principles indicated in the Shareholder Agreement over CF and in the CF by-laws.

Divestment from Coinv.

(a) In the event that, following (a) the exercise by CF of the “Put Option” under Article 7.1(i) or 7.1(ii) of the CC Shareholders Agreement or (b) the exercise by CNRC of the “Call Option” under Article 7.3 of the CC Shareholders Agreement or (c) any other “liquidity event”, Coinv receives proceeds in cash in lieu of/as consideration for the participation in Newco, for a period of 2 (two) months from the payment received, each Party shall be entitled to send a communication to the company whereby it requests the dissolution of the same (the “**Dissolution Notice**”). The submission by NP or any of the Banks of the Dissolution Notice represents a ground for dissolution pursuant to article 2484, paragraph 1, n. 7, of the Civil Code.

(b) To the contrary, in the event that, following the exercise of the right to request the “Newco Demerger” under Article 7.2 of the CC Shareholders Agreement or the re-listing process under Article 6.1 of the CC Shareholders Agreement, pursuant to which Coinv receives a pro-quota of Target Shares and of the indebtedness of Newco, if any, each Parte shall be entitled to request and obtain the non-proportional demerger of Coinv, with the attribution to each Party (or a wholly-owned subsidiary of the same) of the respective, proportional portion of Target Shares of the of indebtedness of Coinv and/or of CF (the “**Demerger Procedure**”). In such case, the Parties shall implement, adopt and vote, and shall cause the directors designated by the same in Coinv to implement, adopt and vote, any and all measures, documents and resolutions necessary to the completion of the Demerger Procedure within a reasonably short period of time, but in any event by and no later than the term of 6 (*six*) months from the beginning of such procedure or, if the transaction is subject to any authorization by law or contract, by and no later than the term of 6 (six) months from the obtainment of such authorizations.

TERM AND EFFECTIVENESS OF THE SHAREHOLDERS AGREEMENT

The Shareholders Agreement *has been* executed *on August 11, 2015* and shall remain valid and effective until the fifth (5th) anniversary of such date and at such date it will be automatically renewed for a further period of two years (the initial term and the possible additional term, collectively the “**Term**”), unless either Party notifies in writing the other Parties of its intention not to renew the Shareholders Agreement at least 4 (four) months before the expiry of the relevant Term.

CONTROL

There is no person having the right, through this Shareholders Agreement, to exercise control over Pirelli or Prelios.

TYPE OF AGREEMENT

The provisions of the Shareholders Agreement relevant for the purposes of art. 122 of Legislative Decree February 24, 1998, n. 58 (“**TUF**”) are relevant for the purposes of art. 122, paragraphs 1 and 5, of the TUF.

BODIES OF THE AGREEMENT

Not provided.

LIQUIDATED DAMAGES IN CASE OF BREACH OF OBLIGATIONS

No liquidated damages are provided for the breach of the obligations under the Shareholders Agreement.

OFFICE OF THE COMPANIES REGISTER

The Shareholders Agreement has been filed within the terms provided by law with the Companies Register of Milan on *August 12, 2015*.

Milan, August 13, 2015

M.8 Industrial Reorganization

Appendix 15.1 of the SPA and Co-investment Agreement: Industrial Reorganization and Integration

The Parties have agreed to the following 5 steps of the Industrial Reorganization and Integration: Step 1: the management agreement; Step 2: the hive-down of the industrial division by Target and the incorporation of Target Industrial; Step 3: integration of Target Industrial and CC Assets by means of setting up the Joint Venture and injection of the equity by both Parties; Step 4: restructure of the Shareholders' Loans and Bank Loans; Step 5: injection of the Joint Venture into Fengshen;

The Parties will further negotiate the details of the transaction structure also to determine whether the equity of the Joint Venture will be held by Target directly or through another SPV on the basis of the following agreed procedures and conditions:

Article 1: Definitions

3+3	means the entities operating the CC Assets
3+3 Entities	means the following entities owned by CNRC as follows: <ol style="list-style-type: none"> (1) (i) 100% equity of Zhongche Double Happiness Tire Co. Ltd.; (ii) 82.53% equity of Double Happiness Tire Industrial Corp., Ltd. (2) 51% equity of Nanjing 7425 Rubber and Plastic Co. Ltd. (3) 100% equity of Qingdao Rubber Six Conveyor Belt Co. Ltd. (4) 100% equity of Zhongche (Beijing) Auto Repair Chain Co. Ltd. (5) 100% equity of Qingdao Yellowsea Rubber Co., Ltd. (6) 85% equity of ChemChina Rubber Guilin Co., Ltd.
EBITDA	Net profit (Loss) adjusted by (1) adding corporate income tax expenses; (2) adding non-operating expenses; (3) deducting non-operating income; (4) adding net financial expenses; (5) adding depreciation and amortization; (6) adding asset impairment provision [OMISSIS]
Fengshen (also known as Aeolus)	means Fengshen Tires Stock Limited Company, a company registered and listed in China, with its business license #410000100002081
Joint Venture	means the limited liability company to be newly set up by Target and CNRC, as a Chinese foreign investment limited company, to which Target will contribute all of its direct or indirect equity of Target Industrial, and CNRC will contribute the equity owned in the 3+3 entities pursuant to the procedure specified in Article 4 here below
KPI	The KPI for Target Management as provided in the LTIP agreement to be executed by the Parties (including completion of the Industrial Reorganization and Integration)

Management Service Agreements	the Management Service Agreement(s) to be entered into by Target (and Target Industrial once incorporated) and each 3+3 entity to manage the CC Assets upon completion of the Mandatory Tender Offer
Bank Debt	Net Interest bearing bank loans (including financial and capital lease obligations), adjusted by (1) adding bank notes payable (2) deducting bank notes receivable (3) deducting cash and cash equivalent securities

Article 2: Management Agreement

After completion of the Mandatory Tender Offer and until the integration of Target Industrial with the CC Assets, the Parties agree that the CC Assets shall be managed by the relevant business unit of Target (i.e. the business unit to be then hived down in Target Industrial). To this purpose, subject to compliance with all the applicable Laws and corporate governance procedures, the Parties hereby undertake that, so far as it lies within the respective competence, the directors of Target designated by any of them, promote and support the execution of a Management Agreement at market standards conditions with each 3+3 entity to manage the 3+3 Assets.

Article 3: Hive-down of the Industrial Division by Target and the Incorporation of Target Industrial

- 3.1 Subject to compliance with all the applicable Laws and corporate governance procedures, Target shall hive-down its industrial division and incorporate Target Industrial which will own all the industrial tires business originally held by Target, and then contribute Target Industrial to the Joint Venture.
- 3.2 During the process of creation of Target Industrial, the incentive plan for the management team of Target (the “Incentive Package”) shall, on a reasonable proportion, be split between Target and Target Industrial (the “PI and 3+3 KPI & Incentive Package”) provided that aggregate amount of the Incentive Package shall remain the same. The management team of Target Industrial shall be given appropriate KPI and incentives with respect to the performance of the CC Assets managed under the Management Agreement.

Article 4: Setting up the Joint Venture and Equity Injection by both Parties

- 4.1 After the creation of Target Industrial and subject to the decision of competent corporate bodies in compliance with the applicable Laws and corporate governance procedures, CNRC and Target shall start the necessary corporate procedures to integrate Target Industrial and the CC Assets and – subject to this (i) not being detrimental for the interest of Target and Target Industrial and (ii) not altering the corporate governance agreed by the Parties in the Shareholders’ Agreement – shall register the Joint Venture in (Beijing) China.
- 4.2 The contribution of Target Industrial to the Joint Venture shall include all industrial tires business in China currently owned by Target, including but not limited to the joint venture located in Yanzhou. CNRC shall contribute the 3+3 Entities to the Joint Venture. **[OMISSIS]** The Parties will agree adequate representations and warranties for this kind of transaction to be given in the context of the contribution to the Joint Venture.

- 4.3 The Joint Venture shall work with Fengshen to jointly avoid the horizontal competition by differentiating the types and classes of tires in the Chinese market, and defining the specific market position of each product.
- 4.4 The governance of the Joint Venture shall be in compliance with the rules on joint ventures and stock exchange requisites set forth under People's Republic of China's Laws.

Article 5: Shareholders' Loans and Bank Loans

The debt contributed with the 3+3 Entities shall be Bank Net Debt not exceeding RMB 3 billion Yuan and Shareholders' Loans of RMB 1.307 billion Yuan.

5.1 Shareholders' Loans

The Shareholders' Loans will be converted into a participative instrument or similar instruments at the Joint Venture level regulated as follows:

- (a) The initial nominal amount is RMB 1.307 billion Yuan with perpetual tenor.
- (b) Annual dividend rate of [OMISSIS]%, fully compounded and capitalized, to be converted into shares of the Joint Venture or its successor.
- (c) CNRC shall cover the operational cash shortfall for the first 24 months after setting up the Joint Venture with a cumulative cap of RMB 290million . The nominal amount will be increased by any cash injection made by CNRC to cover such shortfall.
- (d) Each year the participative instrument shall be totally or partially converted into the common stocks of the Joint Venture starting from the last calendar month of the third year after setting up the Joint Venture, e.g., the end of December of 2018 (the "Conversion Base Date"), and the conversion will be completed within the 3 months from the Conversion Base Date. Conversion of the instrument shall be possible only subject to the following conversion criteria:
- (i) Joint Venture Aggregated Equity Value > Expected Equity Value, i.e., Initial Equity Value plus [OMISSIS]% IRR;
- (ii) Initial Equity Value = Target Industrial equity value at the completion of the Mandatory Tender Offer determined by applying to Target Industrial EBITDA the same EBITDA multiple implied in the Offer price and deducting the agreed acquisition debt allocated to Target Industrial. The Parties agree that at the time of setting up of Target Industrial, the proportion of the total Target permanent debt allocated to Target Industrial shall be equal to the proportion of the 2014 EBITDA of Target Industrial compared to the 2014 EBITDA of Target, and shall not exceed the Target leverage multiple agreed with the financing banks which the Parties aim to be for Target Industrial at 4 times of the 2014 EBITDA of Target Industrial;
- (iii) Joint Venture Aggregated Equity Value = the equity value of the Joint Venture as determined by two selected investment banks on the Conversion Base Date.
- (e) Amount to be converted into the Joint Venture common stocks is equal to the positive difference between:
- (i) the Joint Venture Aggregated Equity Value on the Conversion Base Date
- (ii) the Expected Equity Value

- (f) The equity of the Joint Venture assigned to CNRC upon conversion will be calculated on the basis of the Joint Venture Aggregated Equity Value on each Conversion Base Date.
- (g) In the event that at the time of combination of the Joint Venture with Fengshen, the full conversion of the participation instrument has not been achieved, such remaining portion shall either (a) be converted into a convertible debenture of Fengshen subject to the approval of the terms and conditions by the board of Fengshen, the board of the Joint Venture and the board of Target, or (b) survive at the SPV or at Fengshen level with the same terms and conditions as of above with any technical adjustments required.
- (h) Following the combination of the Joint Venture with Fengshen and on the assumption that Fengshen remains listed as a consequence, the conversion criteria used to calculate the Joint Venture Aggregated Equity Value will be based on Fengshen market share prices with a formula to be further agreed by the parties. Any positive difference between the Joint Venture Aggregated Equity Value calculated accordingly and the Expected Equity Value shall be repaid in Fengshen shares owned by Target or its successor.

5.2 Bank Net Debt

The Parties agree that the Bank Net Debt allocated to the 3+3 Entities for a maximum amount of RMB 3 billion Yuan will have a ring-fenced structure for the portion in excess of market standard and will not affect Target Industrial and Target ability to repay its own debt.

- (a) Upon contribution of the 3+3 Entities into the Joint Venture, a portion of the Bank Net Debt (that the Parties agree shall be equal to 4.0x 3+3 EBITDA 2014 subject to lenders' approval) will be refinanced at market terms with no guarantee by CNRC (the "Refinanced Debt").
- (b) Furthermore the Parties agree that before the combination of the Joint Venture with Fengshen, the financial indebtedness of the 3+3 will be refinanced at the then best market standard and therefore the Refinanced Debt would change accordingly and potentially reduce the Excess Debt.
- (c) Therefore, the positive difference between the Bank Net Debt and the Refinanced Debt (the "Excess Debt") shall be treated pursuant to the principles and methods as below:
 - (i) No recourse on Target Industrial or on Target.
 - (ii) CNRC will provide a guarantee on the amount of the Excess Debt.
 - (iii) The guarantee provided by CNRC shall last until the Excess Debt is repaid or is refinanced at market terms with no recourse on Target Industrial and on Target. At maturity of any Excess Debt, CNRC shall have the full discretion to refinance the Excess Debt, with no recourse on Target Industrial and Target, maintaining its guarantee or reimburse it following the principles of 5.2 (c) (iii) above.
 - (iv) In case that the combination between the Joint Venture and Fengshen occurs before maturity of the Excess Debt, CNRC will either decide to keep its guarantee (surviving the mechanism above) or fund the reimbursement of all the outstanding Excess Debt through the subscription and payment of new shares of the Joint Venture pursuant to the same initial valuation method applied when CNRC obtains the initial equity ratio of the Joint Venture under Article 4.2.
 - (v) In the event that the 3+3 Entities fails to repay any due principal of its Excess Debt from its operating cash flow, CNRC shall cover such shortfall on a yearly basis through the subscription and payment of new shares issued by the Joint Venture

pursuant to the same initial valuation method applied when CNRC obtains the initial equity ratio of the Joint Venture under Article 4.2.

- (vi) In the event that the 3+3 Entities fails to repay any due interest of its Excess Debt from its operating cash flow, CNRC shall cover such shortfall on a yearly basis through the subscription and payment of new shares issued by the Joint Venture pursuant to the same initial valuation method applied when CNRC obtains the initial equity ratio of the Joint Venture under Article 4.2.
- (vii) Any cash deriving from the sale of one or more of the companies with the 3+3 Assets would be used to repay the Bank Net Debt as described in this Article 5, in the following priority sequence, the Refinanced Debt, the Excess Debt and, if IRR being reached, the Shareholders' Loans.

Article 6: Injection of the Joint Venture into Fengshen

- 6.1 Both Parties agree that the merger of the Joint Venture and Fengshen is an integral part of the integration of the industrial tires business and shall be negotiated and discussed substantially in the same context as the 3+3 transaction. Both Parties shall agree to the principles and timeline of the integration in the Shareholders Agreement in the context of the contribution of the 3+3 assets.
- 6.2 After the Joint Venture is set up, subject to the applicable provisions of law and regulations, both Parties shall cause Target, CNRC and Fengshen to sign the relevant agreements to inject the full equity of the Joint Venture into Fengshen for shares of Fengshen.

N. DOCUMENTS THE OFFEROR IS MAKING AVAILABLE TO THE PUBLIC AND PLACES OR WEB SITES WHERE THOSE DOCUMENTS CAN BE CONSULTED

The Offer Document and the documents listed in Section N are available to the public for consultation:

- (i) at the registered office of Marco Polo Industrial Holding S.p.A. (Offeror) in Milan, via San Primo No. 4;
- (ii) at the registered office of Pirelli & C. S.p.A. (Issuer) in Milan, viale Piero e Alberto Pirelli No. 25;
- (iii) at the registered office of Banca IMI S.p.A. (Intermediary Responsible for Coordinating the Collection of Tenders) in Milan, largo Mattioli No. 3;
- (iv) at the registered office of UniCredit Bank AG (Milan Branch) (Intermediary Responsible for Coordinating the Collection of Tenders) in Milan, piazza Gae Aulenti No. 4;
- (v) on the website of the Issuer (www.pirelli.com);
- (vi) on the website of the Global Information Agent (www.sodali-transactions.com).

Note also that for any request or information relating to the Offers, the owners of Shares may contact the free phone 800 198 965 set-up by the Global Information Agent. This phone number will be active for the entire duration of the Offer Period (including the possible Reopening of the Mandatory Tender Offer Period), on weekdays, from 9:00 A.M. (Italian time) to 6:00 P.M. (Italian time).

N.1 Documents relating to the Offeror

- (i) By-laws and articles of incorporation of the Offeror.

N.2 Documents relating to the Issuer

- (i) Financial report for the financial year ended on 31 December 2014, including the consolidated financial statements and the Issuer's financial statements as of 31 December 2014, accompanied by the exhibits required by law; and
- (ii) Half-year financial report as of 30 June 2015, accompanied by the exhibits required by law.

STATEMENT OF RESPONSIBILITY

The Offeror is responsible for the completeness and accuracy of the data and information contained in the Offer Document.

The Offeror represents that, to its knowledge, the information contained in the Offer Document is true and there are no omissions that could change the meaning itself.

Marco Polo Industrial Holding S.p.A.

Signed on the original Italian version

The Chairman of the Board of Directors – BAI, X Jinping