



Pirelli & C. S.p.A.

**Minutes of the Ordinary General Meeting
of Shareholders held on May 15, 2018**

(ENGLISH COURTESY TRANSLATION)

PIRELLI & C. SOCIETÀ PER AZIONI
ORDINARY SHAREHOLDERS' MEETING ON 15 MAY 2018

The Ordinary Shareholders' Meeting of **PIRELLI & C. S.p.A.** (hereinafter, the “**Company**” or “**Pirelli**”) began at 10:34 a.m. on 15 May 2018 in Milan, Viale Sarca n. 214.

Mr. Marco Tronchetti Provera chaired the Shareholders' Meeting pursuant to the Bylaws and, with the unanimous approval of those present, he asked Prof. Carlo Marchetti to act as Secretary of the meeting.

First of all, the Chairman announced that:

- the Shareholders' Meeting had been called to discuss and resolve on the following

AGENDA

1. Financial Statements as at 31 December 2017. Related and consequent resolutions.
2. Appointment of a Director prior to bringing the number of members composing the Board of Directors up to 15.
3. Board of Statutory Auditors:
 - appointment of standing and alternate auditors;
 - appointment of the Chairman;
 - determination of remuneration of auditors.
4. Remuneration policy: consultation.
5. Three-year monetary Incentive Plan (2018/2020) for Pirelli's Group Management. Related and consequent resolutions.
6. "*Directors and Officers Liability Insurance*" Insurance Policy. Related and consequent resolutions.
 - pursuant to applicable laws and regulations, the notice of call was published on the website of the Company, on website of the authorised storage mechanism eMarket Storage (managed by Spafid Connect S.p.A.), and on the website of Borsa Italiana S.p.A. on 12 March 2018. The notice of call was also published in the newspapers “Il Sole 24 Ore” and “Milano Finanza” on 13 March 2018; the call of meeting was also announced to the market through publication of a specific press release on 12 March 2018;
 - the Company did not receive any request for modifications of the agenda or motions for resolutions on matters already on the agenda, pursuant to applicable laws and regulations;
 - the share capital totals 1,904,374,935.66 euros, divided into 1,000,000,000 ordinary shares without par value; as at today, the Company – either directly or through its subsidiaries – does not own treasury shares;

- a total of 363 shareholders were entitled to vote in person or by proxy at the Shareholders' Meeting for 821,823,167 ordinary shares. Therefore, the meeting participants hold a total of 82.182317% of the ordinary shares.

The Chairman then confirmed and acknowledged that the Ordinary Shareholders' Meeting was duly assembled and qualified to discuss and resolve on the items listed on the agenda.

Continuing, he made the other announcements as follows:

- the documentation regarding the various items on the agenda was published as provided by law and regulation. In particular, the following documents were made available to the public at the same time that the notice of call was published on 12 March 2018 (through filing at the registered office of the Company, publication on the Company website, on the website of Borsa Italiana, and on the website of the authorised storage mechanism eMarket Storage): the Annual Financial Report, consisting of the draft financial statement, the Consolidated Financial Statement, the management report and the certification pursuant to art. 154-bis, Paragraph 5, of Legislative Decree 58 of 24 February 1998 (the “Consolidated Law on Finance”, also referred to hereinafter as “CFA”), together with the reports of the Board of Statutory Auditors and the independent auditors, the Consolidated Non-Financial Disclosure pursuant to Legislative Decree of December 30, 2016, n. 254 (Chapter “Report on Responsible Management of the Value Chain”) accompanied by its respective Report by the Auditing Company and the annual Report on corporate governance and structure of share ownership; the Directors’ reports and the motions for resolution on all items of the agenda (the foregoing documentation was combined in the printed “Annual Report” distributed at the entrance; the Annual Report had been sent before the Shareholders’ Meeting to anyone requesting a copy); the Information Document prepared in accordance with Article 84-bis of the Issuers Regulation in regard to the incentive plan indicated at the fifth item on the agenda;

- the financial statements of the subsidiaries and financial highlights of associated companies, and the documentation required pursuant to Article 15 of Consob Regulation 20249 of 28 December 2017 were also filed at the Company registered office on 12 March 2018;

- folders containing information about the two slates of candidates for the Company Board of Statutory Auditors presented to shareholders were also handed out at the door to the conference hall. The folders contain the information and documents envisaged in Article 144-octies of Consob Resolution no. 11971/99. Pursuant to that Consob resolution, those same documents were available to the public at the registered office of the Company, at Borsa Italiana, and published on the Company website and the

authorised storage mechanism eMarket Storage on 23 April 2018. Slate no. 1 was submitted by the controlling shareholder Marco Polo International Italy S.p.A., while slate no. 2 was submitted by a group of asset management companies and institutional investors. The Company issued a press release on 21 April 2018, informing the market that those slates had been submitted;

- a copy of the documentation submitted by the same group of asset management companies and institutional investors on 11 April 2018 concerning item 2 on the agenda was also handed out at the entrance. That documentation also contains the details of the sponsors. These shareholders nominated Giovanni Lo Storto as new director of the Company. Here again, the Company informed the market of the proposal made by the minority shareholders and published that notice on the Company website and the website of the authorised storage mechanism eMarket Storage on 12 April 2018;

- according to the information contained in the Register of Shareholders as supplemented by the notices received pursuant to Article 120 of Legislative Decree 58/1998 and the other information available to the Company, the following shareholders own voting shares totalling more than 3% of the ordinary share capital:

		Number of shares	% of ordinary share capital
1	Marco Polo International Italy S.p.A. (the entity which directly controls the Company and which is indirectly controlled by China National Chemical Corporation)	631,095,164	63.11
2	Norges Bank (The Central Bank of Norway)	31,735,655	3.17

- the Company does not own treasury shares, either directly or through its subsidiaries. Every share owned confers the right to one vote;

- the list of names of those persons attending the meeting will be available at the entrance to the conference hall as soon as it is printed, and will then be appended to the minutes, complete with the additional information required under applicable laws and regulations;

- the voting shareholders are asked to indicate whether they are disqualified to vote pursuant to applicable laws and regulations;

- in regard to the shareholders' agreements regulated by Article 122 of Legislative Decree 58/1998, a dossier was provided at the entrance to the conference hall (and is attached to these minutes) containing the essential information required under Article 130 of Consob Resolution 11971/99, concerning the shareholders' agreements notified to the Company;
- in addition to the Chairman, the following individuals attended the meeting:
 - the Directors M. Pappalardo and G. Tronchetti Provera;
 - all the Statutory Auditors;
 - representatives of the independent auditor, the press, financial experts and analysts, and the meeting staff;
- Computershare S.p.A., the Company Designated Proxy, pursuant to Article 135-*undecies* of Legislative Decree 58/98, acting as the entity to which the qualified shareholders could grant a proxy with instructions for voting on all or some of the proposals on the agenda, declared that it had not received any proxy;
- the current versions of the Shareholders' Meeting Regulation and Company Bylaws were available at the entrance to the conference hall;
- pursuant to Article 127-*ter* of Legislative Decree 58/98, the shareholders Marco Bava and Tommaso Marino had submitted several questions to the Company before the Shareholders' Meeting today. As envisaged by the cited legislation, a specific dossier (attached to these minutes) containing the answers to those questions had already been published on the Company website in a "question and answer" format. Shareholder Bava had also requested certain information about the shareholders attending the Shareholders' Meeting. This information is contained in the customary lists appended to the minutes and consequently they were not read aloud. However, a list of the journalists attending the Shareholders' Meeting would soon be available at the entrance to the conference hall.

Then, the Chairman:

- set a maximum limit of 7 minutes on the length of each participant's comments so that all those present and willing to participate could do so, in exercise of their powers under the law and the Shareholders' Meeting Regulation. He asked everyone to comply with this time limit, to ensure orderly and fair proceedings, and to make comments pertinent to the agenda item being discussed at any one time. The shareholders would have an extra three minutes for any replies.

Moving on, the Chairman:

- also asked those wishing to speak on the different topics on the Agenda to reserve their speaking time by using the specific form (speaker request form) delivered during the “reception” to be transmitted to the work station located on his left. When called to speak, they were asked to go up to the microphone on the Chairman’s right and avoid making comments from the amongst the audience, so that everyone could hear clearly;
- he also announced that a recording system was being used to facilitate the minute-taking process, and a service for simultaneous translation from Italian to English and from English to Italian (the headphones are available at the entrance to the conference hall);
- he pointed out that the personal data collected by means of the sound recording, and those obtained during meeting registration, would be processed only for the purpose of properly managing the Shareholders’ Meeting and preparation of its minutes. All data processing would be carried out in compliance with privacy laws;
- on the other hand, he pointed out that audio and video recordings of the meeting proceedings by participants were prohibited;
- he informed the meeting that, in view of facilitating the proceedings, the Company uses a specific information system for recording the presence of participants at the Shareholders’ Meeting and during voting. The “radiovoter” vote counting system had also been used in the past, and the voting procedures were illustrated in the slides being projected in the hall. For all further details, he referred to the notice handed out at the entrance to the conference hall together with this device. He remarked that a special “voter assistance” station had been set up for the proxies who intended to cast differentiated votes during the meeting proceedings. He also explained that the meeting staff was ready to provide assistance as necessary. He pointed out that the procedures for voting on the two slates of candidates submitted for renewal of the Board of Statutory Auditors would be explained;
- asked the participants not to leave and not to enter the conference hall during voting so that the number of people present could be properly counted, pointing out that the radiovoter would also be used to detect the people present every time someone entered or exited the conference hall momentarily, and that it would have to be returned to the meeting staff when they left the meeting for good or at the end of the meeting itself;
- since the documentation for each point to be discussed had been provided to the public long before the meeting date, as well as having been sent to anyone who requested it and also handed out when they entered the meeting room, he would not read it, as customary.

* * *

Then, referring to the **first item on the agenda**, the Chairman informed the participants that, in regard to the significant events to be reported after the draft financial statements were approved by the Board of Directors, which took place on 26 February 2018, the Board of Directors had met on 14 May 2018 to approve the interim financial statements at 31 March 2018. The press release for that meeting was provided to all participants at the entrance to the conference hall. He then briefly reviewed the highlights for the first quarter. In particular: overall revenue grew by 5.7% to 1,310.3 million euros; the High Value segment had grown significantly; the price/mix had improved strongly; the Adjusted EBIT before start-up costs was up 4.5% to 229.4 million euros; the net profit for continuing operations was up 86.7% to 92.4 million; the net financial position was 3,938.9 million euros. The Chairman remarked that on the basis of these results, the profitability targets for 2018 and the concentration on High Value were confirmed, and he expected that overall revenue growth would be 9% or higher.

Finally, he added that a new 200 million euro “Floating Rate Note” due in September 2020 had been issued on 15 March 2018, exclusively targeting institutional investors. This bond issue, together with the 600 million euro loan issued in January 2018 and the premature repayment in March 2018 of the 600-million-euro loan issued by the subsidiary PIRELLI INTERNATIONAL PLC, had made further optimisation of the Group’s financial structure possible by extending the debt maturities and reducing borrowing costs.

Before opening the floor to discussion, the Chairman remarked that the independent auditor PricewaterhouseCoopers S.p.A. had taken over from E&Y S.p.A. upon expiration of its nine-year mandate in April 2017. Subsequently, on 1 August 2017, the Shareholders’ Meeting, acting in response to the expected new listing of Company shares on the stock market and in compliance with the provisions of Legislative Decree 39/2010, approved the necessary resolutions so that, on the date that trading in Company shares would commence, and which occurred on 4 October 2017, the mandate for statutory audits of its accounts would comply with the laws and regulations applying to “public-interest entities”. He observed that the financial statements contain the details of the compensation paid to the independent auditors and that the Shareholders’ Meeting held on 1 August 2017 had resolved in favour of paying a fee of Euro 49 thousand per year for the years from 2017 to 2025, covering the separate financial statements and the consolidated financial statements of the Pirelli Group, and for the other related activities. The Shareholders’ Meeting approved payment of a fee of Euro 21 thousand per year

for the limited audit of the condensed interim consolidated financial statements of Pirelli & C. S.p.A. for the half-year periods ending 30 June in the years from 2018 to 2025.

The Chairman then remarked that the Company had developed an innovative project for this year's annual financial report in the tradition of Pirelli constantly seeking out the most innovative forms of linguistic expression and communication. This time it recounts how digital technologies are transforming businesses by rendering them faster, nimbler, and more competitive. This transformation is occurring at Pirelli too. In its Integrated Annual Report 2017, Pirelli complements its own story about the digital transformation of a big multinational company with five stories by "version 4.0" artisans, who have managed to find a key to grow their own business through digital transformation. *Data meets passion*, is the title chosen for the Pirelli Integrated Annual Report 2017. It is keeping up the tradition of Pirelli presenting its annual financial report by using art and literature, through the contributions of artist Emiliano Ponzi and three internationally renowned authors: Mohsin Hamid, Tom McCarthy and Ted Chiang. They have been commissioned to tell the story of how digital technology is imposing changes on society and individuals. So, people remain the central focus, surrounded by technology.

He then opened discussion by reminding everyone to make statements pertaining to the specific topic in question and that each speaker was subject to a 7-minute time limit. The shareholders would be able to vote upon conclusion of the questions, answers, and any replies.

Bava, after citing his own websites, pointed out that the Chairman had proven his ability to keep word, with the relisting of Pirelli on the Stock Market, as had been previously announced. The transaction assured that the Company would preserve its Italian identity, including in terms of employment and reputation, while remaining under Chinese control. Nonetheless, he asked what would become of the Company in future, whether people should expect to see a Chinese Chairman or Chief Executive Officer, what relationship existed with the majority shareholder, and how Mr. Marco Tronchetti Provera's role had changed – who seemed to have maintained a wide margin of freedom – from that of "owner" of Pirelli to that of minority shareholder. He pointed out that the Company had definitively focused its business on the tyre segment, and emphasised the risks stemming from the possibility of

reduced automobile use in response to environmental concerns. Moreover, the shareholder continued by observing how risky new technologies were when applied to automobiles, if they were not bona fide downright marketing ploys (e.g. electric cars and self-driving cars). Therefore, he recommended careful consideration of forms of involvement in those sectors, especially in regard to self-driving cars. In his opinion, such vehicles pose serious legal problems, inter alia rendering it impossible to determine criminal liability in the event of accidents. Instead, he hoped that greater investments would be made, including advertising, in the bicycle and formula E sectors. He complained of having received only partial answers before the Shareholders' Meeting, especially in regard to sponsorships. He did not comprehend the reasons given to maintain confidentiality, especially on an issue like sponsorships, which by definition are destined to be published. He hoped that broad-based shareholding would develop in China and in Pirelli. He recommended that initiatives be taken to generate greater shareholder involvement, for example through participation at shareholders' meetings via internet, by exploiting new technologies in a positive way. Those technologies are often used improperly, as demonstrated by the bitcoin phenomenon, which in his opinion was created to facilitate money laundering.

When the Chairman asked him to conclude his remarks, Bava insisted by continuing to speak, complaining of the scant respect shown to shareholders and the absence of any legal grounds for imposing a time limit on comments. The Chairman repeated that he would have to cut off the shareholder in accordance with the rules and out of respect for the other meeting participants. Nonetheless, the shareholder would still have the possibility of speaking again in reply. Bava concluded his remarks by noting that he wanted to discuss the initiatives taken in favour of shareholders and call centers located outside of Italy. He requested that the information about the shareholders attending the meeting be provided to him free of charge via e-mail. The Chairman confirmed this.

Facchetti said that he was pleased with the relisting of the Company on the Stock Market, enabling shareholders to participate at the shareholders' meetings. He expressed his wish that all matters, including legal actions, involving the Chairman might finally be resolved. He asked whether Pirelli would be willing to dispose of its equity investment in RCS Mediagroup S.p.A. (RCS), especially if its stock price reached 1.50 euros, and asked whether Pirelli tyres would be distributed by Fintyre, which has become one of the leaders in the European tyre distribution business. The Shareholder wondered what the Chairman's principal wishes might be, and what might be the first one to be fulfilled: that

Inter win the football championship again, that Kauris win an important regatta, that Michelle Pfeiffer pose for the Pirelli calendar, and that Pirelli achieve the multiples realised by Nokian Tyres. He concluded by asking the Chairman whether, in his opinion, the time was now ripe to part ways with the Telecom network.

Garrì spoke on his own behalf and as representative of an association of informed shareholders which promotes stock ownership and financial savvy among small shareholders. He expressed his greetings to Prof. Atri, who was absent from the meeting today. He believed that the shareholders' meeting rules were inconsistent with the best practices applied by companies in this sector and asked whether there were any plans to change them, possibly by accepting the suggestions made by minority shareholders. He asked in what language the Board of Directors meetings were held, and whether an interpreting service was used by engaging specially registered translators. He then posed several detailed questions, by asking: whether all directors had the necessary professional expertise to evaluate the financial statements; what was the degree of compliance by the Company with applicable laws and regulations; whether the Board of Directors had conducted any self-evaluations; whether rules had been adopted for assigning non-auditing activities to the independent auditor; what dividend policy was to be adopted in future; what was the status of Company activities in Venezuela, what were the specific reasons for the losses made by those activities, and whether the Company had any credit claim outstanding against the authorities of that country.

Marino expressed his satisfaction with the relisting of the Company on the Stock Market, which he hoped would mark the occasion for giving satisfaction to its shareholders. He then expressed his best wishes to management that they do good work in future, in anticipation of their results. He expressed his thanks for the answers given to the questions he submitted before the Shareholders' Meeting, which manifested the care and attention dedicated by the Company in its activities. Announcing that he intended to stay within the time limit set out of respect for the Shareholders' Meeting, the rules, and the Chairman (who was also demonstrating his skill as a mediator during the Shareholders' Meeting), he discussed the issue of the designated proxy, urging that that position be assigned to parties have a close relationship with the shareholders, and not to companies – like Spafid or Computershare – that provide support services for shareholders' meetings and which – as the experience of many issuers had proven – do not receive proxies since they do not have direct relationships with the investors and are unable to take adequate measures to raise shareholder awareness and have them assume greater responsibility.

So, he asked that this aspect be considered, hoping that the greatest possible number of shareholders might attend the next Shareholders' Meetings, either in person or by proxy.

Caradonna expressed his appreciation for the stylistic format and other aspects of the annual report, which could be compared to a sort of "Pirelli calendar style financial report".

With no one else asking to speak, the **Chairman** proceeded to the answers. He first addressed the relations with the Chinese partner, reminding the audience that since the three-year industrial plan had been presented in London in 2013, the need to develop a partnership for the truck and agricultural segments. The reason was that the dimensions of the Group in those areas were too small for it to compete internationally, and because its activities were overly concentrated in Latin America. The subsequent encounter with Chem China, which was already operating in the truck segment, although this was not its core business, had allowed the Company to develop its own international position and especially its own technology. From the very outset, the agreements reached by the shareholders called for delisting the Company to simplify the separation of the truck business and then proceed with relisting. The Chairman had been delegated authority to relist the Company. The only restriction was that the IPO would have to be made at values no less than the previous listing. Through the commitment made by management and the better than expected results of the High Value segment, it was possible to relist the Company less than two years after its delisting, with a governance structure requiring the favourable vote of 90% of the shareholders to move the operating and administrative headquarters outside the City of Milan and any disposal of know-how. Moreover, the new Bylaws specifically require that the corporate governance of Pirelli be and remain based on international practice. The Chairman emphasised that all of this was done within the framework of agreements among the shareholders designed to guarantee continuity for the corporate culture and management of Pirelli, and even for the choice of who would head the Company after 2020. Therefore, the aforementioned clauses of the Bylaws assure the autonomy and independence of Pirelli as long as it enjoys success, and lay the basis for Pirelli being able to continue creating value as a public company, with the support of a relative majority shareholder representing the biggest market with the greatest growth in the world. Then the Chairman pointed out that in the context of the cited agreements, the Chinese partner had chosen an Italian CEO even to head up the holding company which controlled the truck sector. This demonstrated once again that it believed in the process of acceleration and penetration of Pirelli technology and culture in China.

As for the application of new technologies to cars, the Chairman first underscored the fact that in its own business, Pirelli had developed specific technologies for electric cars, which have different characteristics and needs than traditional automobiles (less weight, less noise, lower energy consumption). Different types of high-performance tyres for electric cars had been approved, inter alia through the use of nano-materials and the *Pirelli Noise Cancelling System*. However, this segment is still developing, and it is difficult to forecast how it will evolve. Then, in regard to self-driving cars, he confirmed that this was a segment where the uncertainties surrounding insurance and even criminal liability represent a significant unknown. In any event, he pointed out that since 1999, Pirelli has kept close track of the technologies applied to sensors that enable the transmission of information between the ground and the car for greater stability, performance, and safety of the car itself. In any event, these are limited segments of the market targeted by Pirelli, i.e. the high-end segment, which has grown constantly even when other market segments were in crisis. Regardless, the Chairman assured the greatest focus on all technological developments, even in niche segments, as confirmed by the presence of Pirelli in the bike market. That affords greater visibility for the Pirelli brand, which includes tapping on new market segments. Pirelli does not participate in Formula E, but it does participate in numerous national and international sports competitions, which constitute a bona fide “open-air laboratory” for the Group. He then confirmed the decision not to provide any details on sponsorships. Those details would allow competitors to obtain precious information about Pirelli marketing investment initiatives. He then expressed his great satisfaction for the presence of Pirelli in Formula 1, extending his special thanks to Group technicians, who during the last season had to deal with the challenge of a change in the asphalt used on various racetracks.

He then assured that the Company was absolutely open to achieving better governance, without any prejudice. He confirmed that Pirelli had several call centers located in foreign countries and confirmed that the information about the shareholders attending the Shareholders’ Meeting as requested by Bava would be provided free of charge.

Responding to Facchetti, the Chairman said that in his opinion, RCS could continue increasing its value, also attested by its recent results. He confirmed the existence of distribution agreements with Fintyre, and highlighted the fact that the multiples of Pirelli were very close to those of Nokian, having seen significant growth as compared with its competitors in recent months. That growth stands as an acknowledgement of the results achieved thus far.

In response to Garrì, the Chairman observed that the rules governing the Shareholders’ Meetings, which had been approved by the delegated bodies of the Company, are consistent with best practices

and no revisions to them are under consideration. He assured that a careful board induction process had been carried out and reminded the meeting that the Board of Directors is composed of persons possessing adequate and varied expertise and professional specialisations, including in the university world, including several Board members of Chinese nationality (including the Chairman of the Company), who have been very familiar with Pirelli for years now. He noted that the Pirelli Board of Directors resolved to adopt, after its listing and beginning with approval of the financial statements 2018, a dividend policy calling for distribution of an average 40% of the net consolidated result over the lifetime of the industrial plan.

In response to Marino, he confirmed that the Company was absolutely willing to consider all initiatives leading to greater shareholder involvement. Moreover, he noted that Computershare appeared capable of discharging its duties as designated proxy with sufficient guarantees of independence. Finally, he thanked Caradonna for his appreciation of the annual financial report layout. This reflected the passion of the communication team, capable of interpreting the spirit of Pirelli through the annual financial report.

Bava replied that China represents an extremely critical country in terms of economic and civil development, which demands realism and transparency. He admitted that Pirelli technology had acquired an enviable reputation in China, but he recommended focusing maximum attention on developments taking place on the Chinese market. He observed that special risks might arise from the current process of abandoning coal. He then confirmed that the decision to focus on batteries in the automotive sector was suicidal and that, in his opinion, the electric car had run its course. In conclusion, he asked whether China represented a development opportunity for Pirelli, even for new businesses, and what “innovative” content Pirelli could take to China and whether it could make a contribution to the development of free human rights. Finally, he declared his willingness to grant free use of one of his patents if China invited the Pope to visit and abolished the death penalty.

The **Chairman** highlighted the fact that geopolitics poses complex aspects, but he also observed that China is now an engine for development. So, the right balance had to be found in the international community among all the interests in play. However, he assured that Pirelli applies the same rules in all legal systems in its relationships with individuals and the environment. In particular, these rules are focused on sustainability and occupational safety. In the countries where it operates – and thus in China too – Pirelli focuses on technological innovation to obtain the best results. Finally, he assured his own,

personal commitment – as chairman of the Italy-China Forum – to promote relations between the two countries.

Garrì replied that he had received no answers to several questions: in what language the Board of Directors meetings were held and if an interpreting service was used, with the engagement of specially registered translators; whether rules had been adopted to commission the independent auditor to perform non-auditing work.

The **Chairman** clarified that the Board of Directors meetings are held in Italy with the assistance of professional translators, and that a procedure had been adopted to assign non-auditing work to the independent auditor.

Marino replied by expressing his thanks for the attention devoted to shareholders and observed that Computershare was certainly capable of acting as designated proxy, but it would be preferable to assign that role to parties who are closer to the shareholders.

With no one else asking to speak, the Chairman:

- declared that discussion on the first item of the agenda was closed;
- he announced that **373** shareholders owning a total of **821,823,689** ordinary shares, representing **82.182369%** of the ordinary share capital, in their own right or by proxy would be voting on the resolution;
- put the proposed motion up for vote with the radiovoter at 11:50 a.m., and it is transcribed here as follows:

“The Shareholders’ Meeting,

- *having examined the Annual Financial Report as at December 31, 2017;*
- *having acknowledged the Statutory Auditors Report;*
- *having acknowledged the Independent Auditors’ Report.*

RESOLVES

a. to approve the Company’s Financial Statements for the financial year closed at December 31, 2017, as presented by the Board of Directors in their entirety, and the individual entries and proposed allocations therein, which report a result of Euro 170,850,918.00; b. to carry forward the result equal to Euro 170,850,918.00.

The majority of the Shareholders' Meeting approved the resolution.

2,566 shares voted against.

492,473 shares abstained.

3,336,857 non-voting shares.

The remaining 817,991,793 shares present at the meeting voted in favour.

All of these results are illustrated in the enclosed details.

The Chairman proclaimed the result by acknowledging that the following had been approved:

- the annual financial report of Pirelli & C. S.p.A. at 31 December 2017;
- the allocation of net income of 170,850,918.00 euros for 2017 to the White House.

* * *

Proceeding to discussion of the **second item on the agenda**, the Chairman reprised the reasons why the present Shareholders' Meeting had been asked to increase the number of seats on the Board of Directors, and which had been repeatedly announced to the market and fully summarised in the Report of the Board of Directors to the Shareholders' Meeting.

He pointed out that, with the appointment of a new director nominated by the "minority shareholders", the number of independent directors would constitute a majority of the entire Board of Directors, in accordance with best international practice for corporate governance.

As previously mentioned, a group of asset management companies and institutional investors had proposed that this Shareholders' Meeting appoint Giovanni Lo Storto as the new Member of the Board of Directors of the Company. Among other positions that he holds, he is the General Manager of the Luiss Guido Carli University in Rome. Mr. Lo Storto declared that fulfilled the prerequisites for qualification as an "independent" director pursuant to the Consolidated Law on Finance and the Corporate Governance Code.

The proposal made by a group of asset management companies and institutional investors, which also contains the candidate's statements and curriculum vitae, was promptly reported to the market and published by the Company on its own website and on the website of the authorised storage mechanism eMarket Storage. The dossier containing those documents was handed out at the entrance to the conference hall, and consequently it was not read out to the Shareholders' Meeting. He thanked the shareholders for having taken account of what the Board of Directors had wished for in terms of the candidate's professional specialisation and expertise, inter alia in consideration of the fact that – as

previously announced to the market – it is expected that the new Director will join the Internal Control, Risks, Sustainability and Corporate Governance Committee and the Remuneration Committee.

He then opened the floor up to discussion.

Cardarelli, speaking on behalf of, inter alia, the asset management companies and institutional investors that had nominated Mr. Lo Storto, reiterated and confirmed that the proposed nomination had been announced through publication on the Pirelli website. As previously mentioned, Mr. Lo Storto has all the personal and professional qualifications for holding that position and, in addition to satisfying all the integrity requirements prescribed by applicable law, he has certified his own independence pursuant to the Consolidated Law on Finance and the Corporate Governance Code. He referred to the previously published curriculum vitae for a more detailed analysis of Mr. Lo Storto's qualifications.

Bava believes that the Company distinguishes itself by considering the minority shareholders and predicts a favourable vote. However, he thought that just one Director was not enough and hoped that Pirelli could also provide representation for the smallest and most active shareholders – wrongly painted by some as “troublemakers or extortionists” – who are often the only truly independent persons.

Garri asked whether the Trevisan firm was or had been an adviser or provider of services to the Company.

With no one else asking to speak, the **Chairman** thanked Cardarelli for his presentation of the candidate. He pointed out that the rules covering the representation of minority shareholders are based on striking a balance between protecting them and professional requirements. He reminded the meeting participants that the Pirelli Bylaws require that one fifth of the directors be elected from minority slates and that the majority be independent, in accordance with international best practices. He remarked that any conflicts among the various “minorities” would produce a conflict-ridden Board of Directors in turn. Finally, remarked that attorney Trevisan was, like many professionals, one of the advisers listed in the register of persons authorised to provide professional services to the Company.

Bava responded that in his opinion, Mr. Trevisan had a conflict of interest, on account of his dual role as the representative of several minority shareholders and advisor of the Company. He hoped that the Chairman would have the courage to provide representation for the smaller shareholders too, while recognising that he had achieved a major accomplishment for Pirelli, an Italian brand with Chinese capital.

The **Chairman** responded that when the Trevisan firm represents shareholders at the shareholders' meeting, it receives proxies with extremely specific voting instructions.

With no one else asking to speak, the Chairman:

- declared that discussion on the second item of the agenda was closed;
- he announced that **371** Shareholders owning a total of **190,727,525** ordinary shares or **19.072753%** of the ordinary share capital would be voting in person or by proxy;
- he announced that the shareholder Marco Polo International Italy S.p.A. had previously announced that it would not participate in voting on this agenda item so that the other shareholders could appoint their own representative absolutely freely;
- then, he put the motion made by a group of asset management companies and institutional investors up for a vote at 12:06 p.m., using the radiovoter. The motion was to appoint Mr. Giovanni Lo Storto as new Director of the Company after raising the total number of seats on the Board of Directors to 15. The new Director would serve in that position until the term of the entire Board of Directors expired, and thus until the Shareholders' Meeting called to approve the financial statements at 31 December 2019. He would be compensated with exactly the same amount as the compensation approved for the other members of the Board of Directors.

The majority of the Shareholders' Meeting approved the resolution.

12,641,163 shares voted against.

523 shares abstained.

The remaining 178,085,839 shares present at the meeting voted in favour (the shareholder Marco Polo International Italy S.p.A. did not participate in voting).

All of these results are illustrated in the enclosed details.

The Chairman proclaimed the result.

* * *

Proceeding to discussion of the **third item on the agenda**, the Chairman announced that two slates of candidates had been filed at the registered office of the Company, in accordance with the terms and conditions stipulated in Article 16 of the Bylaws and applicable laws and regulations, and in compliance with the provisions of the Corporate Governance Code. All the additional documentation required under current statutory provisions and the Bylaws had been filed together with the slates.

As previously mentioned at the beginning of the Shareholders' Meeting, the Company published the slates in compliance with the provisions of Article 144-octies of Consob Resolution no. 11971/99. In particular, on 21 April 2018, the Company issued a press release announcing:

- that Marco Polo International Italy S.p.A. (majority shareholder of the Company) and a group of asset management companies and institutional investors had filed two slates of candidates by the stipulated deadlines;
- the composition of the submitted slates;
- the information and documentation submitted by the shareholders together with the slates had been published on 23 April 2018 at the registered office of the Company, at Borsa Italiana, and on the Company website and authorised storage mechanism eMarket Storage, in accordance with applicable laws and regulations.

All the information required under applicable law and the Bylaws in relation to the parties that submitted the slates and candidates for the Board of Statutory Auditors was contained in the dossier distributed to the meeting participants. A propos, he also mentioned that all the candidates had declared that they satisfied the prerequisites for classification as independent directors pursuant to the Corporate Governance Code of listed companies and that, if elected, they would hold a number of positions compatible with the limits imposed in this regard by Consob.

He announced the composition of the two submitted slates:

Slate number one, Marco Polo International Italy S.p.A.

Section 1 – Standing Statutory Auditors

1. Fabio Artoni.
2. Antonella Carù.
3. Luca Nicodemi.
4. Alberto Villani.

5. Marco Taglioretti.

Section 2 – Alternate Statutory Auditors

1. Elenio Bidoggia.
2. Giovanna Oddo.
3. Daniele Fossati.

Slate number two, submitted by a group of asset management companies and institutional investors:

Section 1 – Standing Statutory Auditors

1. Francesco Fallacara.

Section 2 – Alternate Statutory Auditors

1. Franca Brusco.

The candidates' curricula vitae and the positions they held – updated today – are contained in the dossier appended to the minutes of the Shareholders' Meeting, partly in compliance with the provisions of Article 2400, last paragraph, of the Italian Civil Code.

Partly because the candidates were already well-known, the Chairman did not read out their curricula vitae, and he remarked that:

- Marco Polo International Italy S.p.A. also proposed confirming the present structure of compensation of the Board of Statutory Auditors (Euro 75,000 gross annually for the Chairman of the Board of Statutory Auditors and Euro 50,000 gross annually for the remaining Standing Statutory Auditors).
- the submitters of the second slate also declared on filing, in light of available information on significant shareholdings or the publication of shareholders' agreements, that there were no links as envisaged in Article 148-ter, paragraph 2, of the Consolidated Law on Finance;

The Chairman then expressed his personal gratitude and that of the Board of Directors to the current members of the Board of Statutory Auditors for the work that they had performed during their mandate and their demonstrated professional expertise.

He then opened the floor up to discussion.

Bava commented that the persons nominated as independent directors at the various listed companies are often the same. More in general, he reiterated the existence of overlapping and conflicting interests, including Mr. Amortisable own interests.

Garrì asked the following in order to evaluate the fairness of the proposed compensation: whether the Board of Statutory Auditors would use any assistants, how much time it would dedicate to the individual control activities and, more specifically, how its audits of the subsidiaries would take place and whether individual inspections would be performed.

Cardarelli pointed out that Mr. Trevisan had not been given any power of attorney by the institutional investors, since the powers of attorney had been given to him himself. Since he had not received any authority, he obviously did not receive any compensation for that activity.

The **Chairman** pointed out that Mr. Trevisan, who was an expert in corporate governance, had previously worked at the Group. A propos, he recalled that he had held positions as officer at Prelios (formerly Pirelli Real Estate).

Marino agreed with Bava, saying that for those reasons, the Trevisan law firm had a conflict of interest: one of his partners was an adviser to the Company, and other professionals at the same firm had received powers of attorney from the shareholders.

The **Chairman** assured that the competent offices of Pirelli apply rules designed to prevent and avoid any conflict of interest. Moreover, the compensation proposed for the members of the Board of Statutory Auditors appear consistent with the required commitment and complexity of the activities that the Statutory Auditors are asked to perform.

Bava replied that he thought that the Trevisan law firm had a conflict of interest.

Garrì replied that the statutory auditors be specifically asked to dedicate the time necessary to evaluate and perform their mandate.

The **Chairman** confirmed that the experience of the previous Board of Statutory Auditors and the candidates' curricula vitae offered adequate assurances of their commitment.

With no one else asking to speak, the Chairman:

- declared that discussion on the third item of the agenda was closed;

- he announced that **372** Shareholders owning a total of **821,822,689** ordinary shares or **82.182269%** of the ordinary share capital would be voting in person or by proxy;
- referred to the voting procedures and put the submitted slates up for vote with the radiovoter at 12:26 p.m.

The vote gave the following results

21,795 shares voted against.

523 shares abstained.

21,550,000 non-voting shares.

651,226,584 shares voted in favour of Slate no. 1.

149,023,787 shares voted in favour of Slate no. 2.

All of these results are illustrated in the enclosed details.

The Chairman proclaimed the result by acknowledging that:

- slate number 1 had received the majority of votes cast at the Shareholders' Meeting, and from which four Standing Statutory Auditors and two Alternate Statutory Auditors would thus be elected in the order that they were listed, and specifically:

Fabio Artoni, Antonella Carù, Luca Nicodemi, and Alberto Villani as Standing Statutory Auditors;

Elenio Bidoggia and Giovanna Oddo as Alternate Statutory Auditors.

The remaining two members of the Board of Statutory Auditors were consequently drawn from slate number 2, and specifically:

Francesco Fallacara as Standing Statutory Auditor.

Franca Brusco as Alternate Statutory Auditor;

- following this election of Statutory Auditors, pursuant to the provisions of Article 16 of the Bylaws, the Chairman of the Board of Statutory Auditors shall be Francesco Fallacara, named first on the slate submitted by a group of asset management companies and financial intermediaries, which received fewer favourable votes from the Shareholders' Meeting than the other slate;
- the composition of the Board of Statutory Auditors resulting from the election complies with the provisions of law and the Bylaws concerning “gender quotas”;
- the complete list of management and control positions held by the elected statutory auditors at other companies will be appended to the minutes of the shareholders' meeting.

Then, without any changes in the number of meeting participants having occurred, at 12:29 p.m. he put up the proposal by Marco Polo International Italy S.p.A. for vote with the radiovoter, to confirm the present structure of compensation for the control body, and thus Euro 75,000 gross annually for the Chairman of the Board of Statutory Auditors and Euro 50,000 gross annually for the remaining Standing Statutory Auditors.

The majority of the Shareholders' Meeting approved the resolution.

21,805 shares voted against.

363,722 shares abstained.

4,820,202 non-voting shares.

The remaining 816,616,960 shares present at the meeting voted in favour.

All of these results are illustrated in the enclosed details.

The Chairman proclaimed the result.

* * *

Proceeding to discussion of the **fourth item on the agenda**, the Chairman observed and remarked that:

- at the first Shareholders' Meeting held after the Company was relisted, the Pirelli Group Remuneration Policy was put up for advisory vote by the Shareholders' Meeting. The Policy put up for vote this year has been prepared on the basis of the Policy implemented over the previous years and experience in doing so, and also reflects the regulatory requirements adopted by Consob, as well as adoption in 2018 of a Long Term Incentive Cash Plan for the period 2018-2020 ("LTI Plan") in support of the new Industrial Plan 2017-2020, which was announced to the market during the relisting process. Moreover, consistently with the variable remuneration mechanisms adopted at the international level, the new LTI Plan would also continue to be based on the performance of Pirelli stock (as reflected in the Total Shareholder Return) and allowed full alignment of management interests with shareholder interests;

As envisaged in Article 123-ter of the Consolidated Law on Finance, the Remuneration Report submitted to the Shareholders' Meeting is broken down into two distinct sections:

I. the first section illustrates:

a. the Remuneration Policy for Directors and Key Managers, and to which Pirelli refers in

determining the remuneration of its Senior Managers and Executives;

b. the procedures used to adopt and implement this Policy.

II. the second section, personally concerning the individual members of the management and control bodies and, in aggregate form, the Key Managers, illustrates:

a. the items composing remuneration, including the compensation envisaged in the event of expiry of the position or termination of the employment relationship;

b. the amounts paid for compensation in 2017 for any reason and in any form by the Company and the subsidiaries or associated companies, while reporting components of the aforementioned compensation that could be related to activities performed in years prior to the reference year and also highlighting the compensation to be paid in one or more subsequent financial years for the activity performed during the reference year, possibly indicating an estimate for the components that could not be objectively quantified in the reference year;

- as envisaged in the Consolidated Law on Finance, the Shareholders' Meeting must hold an advisory vote on the portion of the Remuneration Report indicated in the first cited section;

- as in the past, the Policy resulted from a clear and transparent process, where the Remuneration Committee and the Board of Directors played a key role. In fact, it is approved – on motion by the Remuneration Committee – by the Board of Directors that subsequently submits it to the Shareholders' Meeting for an advisory vote. The Board of Statutory Auditors also expresses its own opinion, and specifically on the part concerning the remuneration of Directors holding specific positions. The Remuneration Report was approved by the Board of Directors after it was approved by the Remuneration Committee, which is composed entirely of independent directors. The report also describes the terms and conditions for exercise of the functions performed by that Committee.

He then opened the floor up to discussion.

Bava found the compensation to be excessive and asked who paid for the costs of the helicopter used by the Chairman.

The **Chairman** asserted that he had always thought that someone who manages a business has to be compensated if – and only if – positive results are achieved. He said that the Company did not own any helicopters and that if he occasionally used that form of transport himself for reasons unrelated to work, he did so at his own expense or at the expense of his host.

With no one else asking to speak, the Chairman:

- declared that discussion on the fourth item of the agenda was closed;
- he announced that **371** Shareholders owning a total of **821,822,189** ordinary shares or **82.182219%** of the ordinary share capital would be voting in person or by proxy;
- put the Pirelli Group Remuneration Policy up for vote with the radiovoter at 12:36 p.m.

The majority of the Shareholders' Meeting approved the resolution.

145,220,053 shares voted against.

842,226 shares abstained.

7,026,155 non-voting shares.

The remaining 668,733,755 shares present at the meeting voted in favour.

All of these results are illustrated in the enclosed details.

The Chairman proclaimed the result and acknowledged that the Shareholders' Meeting had expressed its advisory vote in favour of the Group Remuneration Policy as set out in the report submitted by the Board of Directors.

* * *

Proceeding to discussion of the **fifth item on the agenda**, the Chairman observed and remarked that as previously mentioned, the Shareholders' Meeting also had to approve, for the part tied to the Total Shareholder Return, the adoption of a new three-year cash incentive plan 2018-2020 ("LTI Plan") – applying to all of management – tied to the targets for the period 2018-2020 contained in the industrial plan 2017-2020. Consistently with the variable compensation mechanisms adopted internationally, the new LTI Plan is also based on the performance of Pirelli stock ("Total Shareholder Return"), which makes it possible to align the interests of management with those of shareholders. Just like previous plans, the new LTI Plan is entirely self-funded, insofar as the related expenses are included in the financial figures of the Industrial Plan.

He reminded the meeting participants that the Shareholders' Meeting was thus asked to vote on the new three-year incentive plan for the portion related to Total Shareholder Return.

All details of the new LTI plan are contained in the report prepared by the Directors and the information document published pursuant to current law and delivered at the entrance to the conference hall.

Before opening up the floor for discussion, he remarked that an obvious typographical error was corrected in the tables found on page 261 of the volume handed out at the entrance to the conference hall. Those tables refer to the LTI Plan targets applying to all members of Management, the Executive Deputy Chairman and the Chief Executive Officer, and to the Key Managers. That typographical error was corrected partly in light of the fact that nothing had changed from the criteria used in past.

The correct text is as follows: “the ‘absolute’ Total Shareholder Return is calculated as the ratio between: the average value per share in the last half of 2020 minus the average value per share in the last quarter of 2017 plus distributed dividends

and

the average value per share **in the last quarter of 2017.**”

Previously, the words “*last quarter of 2020*” had been printed instead of “*last quarter of 2017*” in the first printed version.

He then opened the floor up to discussion.

Bava found it inappropriate to use incentives and then asked the directors to renounce the variable component, and accept penalties if the set results were not achieved. He asked what parameters were used to assign the incentives.

Marino, disagreeing with Bava, believed that success – such as the investment obtained from the Chinese – had to be rewarded.

The **Chairman**, referring to the annual report volume for details, observed that the incentives were essentially paid according to growth in the stock price and EBIT. As for the remuneration policy in the broader sense, he pointed out that bodies assigned to set remuneration made their decisions on a merit-driven basis, and reminded the meeting participants that Pirelli was acting in accordance with international standards.

Bava believed that achieving goals of this sort fell within the normal scope of a director's duties and that it did not justify any bonus.

With no one else asking to speak, the Chairman:

- declared that discussion on the fifth item of the agenda was closed;
- he announced that **371** Shareholders owning a total of **821,822,189** ordinary shares or **82.182219%** of the ordinary share capital would be voting in person or by proxy;
- put the proposed motion up for vote with the radiovoter at 12:49 p.m. It is transcribed here as follows:
“Shareholders, on the basis of what has been illustrated, we ask you to: 1. approve – pursuant to Article 114-bis of Legislative Decree 58 of 24 February 1998, as amended – the adoption of a Three-year Cash Incentive Plan 2018-2020 (the “LTI Plan”) for Pirelli Group management, in the part where it is also based on the market performance of Pirelli stock, in the terms illustrated in this Report and as described in greater detail in the Information Document (prepared pursuant to Article 84-bis, paragraph 1, of the Issuers Regulation) in regard to the LTI Plan. Inter alia, the LTI Plan requires that a portion of the LTI Plan be determined on the basis of a Total Shareholder Return targeted calculated as Pirelli performance and an index composed by selected peers in the tyre industry; 2. grant the Board of Directors – and on its behalf, the Executive Deputy Chairman and the Chief Executive Officer – all necessary powers for full and complete implementation of the LTI Plan”.

The majority of the Shareholders' Meeting approved the resolution.

26,686,365 shares voted against.

363,731 shares abstained.

7,026,155 non-voting shares.

The remaining 787,745,938 shares present at the meeting voted in favour.

All of these results are illustrated in the enclosed details.

The Chairman proclaimed the result.

* * *

Proceeding to discussion of the **sixth item on the agenda**, the Chairman observed that, as indicated on page 480 of the Annual Report, he proposed that the Board of Directors be authorised to renew the *D&O (Directors & Officers Liability)* insurance policy and to make – during its term – any additional renewals in accordance with the terms and conditions illustrated in the Report itself.

He then opened the floor up to discussion.

Bava expressed his appreciation for the decision to put the choice up for vote by the Shareholders' Meeting, which confirms the presence of prepared legal advisors.

With no one else asking to speak, the Chairman:

- declared that discussion on the sixth item of the agenda was closed;
- he announced that **371** Shareholders owning a total of **821,822,189** ordinary shares or **82.182219%** of the ordinary share capital would be voting in person or by proxy;
- put the proposed motion up for vote with the radiovoter at 12:54 p.m. It is transcribed here as follows:
“The Ordinary Shareholders' Meeting, having noted the proposal of the Directors;

RESOLVES

a. to authorise the Board of Directors to renew the Directors & Officers Liability insurance policy, according to the terms and conditions illustrated above; b. to confer on the Board of Directors - up to the expiry of their relevant mandate -, and for their part, on the Executive Vice Chairman and Chief

Executive Officer, all the necessary powers to renew the D&O policy, and in any case, to also implement the aforesaid resolution by means of proxies; c. to entrust the Board of Directors with the task of renewing the Directors & Officers Liability insurance policy in accordance with the standard terms and conditions of the insurance market”.

The majority of the Shareholders’ Meeting approved the resolution.

491,971 shares abstained.

7,026,155 non-voting shares.

The remaining 814,304,063 shares present at the meeting voted in favour.

All of these results are illustrated in the enclosed details.

The Chairman proclaimed the result.

Having completed discussion of the agenda, the Chairman announced that the Shareholders' Meeting was terminated at 12:55 p.m.

The Secretary

The Chairman

Attachments to the Minutes are not included.