

Abstract of shareholders agreement pursuant to art. 122 of Legislative Decree 24.2.1998, n. 58 and of art. 129 of Consob Regulation n. 11971/1999, as subsequently amended

PIRELLI & C. S.P.A.

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 (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 ("**Closing Date**"), 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.

More in details, the Agreement provides that, in view of the transfer of the Participation, CNRC shall incorporate a Hong Kong-based company ("**SPV HK**"), which shall be controlled by CNRC and potentially participated by other investors. SPV HK shall incorporate a Luxembourg company ("**SPV Lux**") and the latter shall incorporate an Italian joint stock company ("**Newco**"). Newco shall then incorporate an Italian joint stock company ("**Holdco**") and Holdco shall incorporate Bidco (Newco, Holdco and Bidco, collectively, the "**Italian Entities**"). On the Closing Date: (i) CNRC shall control SPV HK; (ii) SPV HK shall own 100% of the share capital of SPV Lux; (iii) SPV Lux shall own 100% of the share capital of Newco; (iv) Newco shall own 100% of the share capital of Holdco; and (v) Holdco shall own 100% of the share capital of Bidco.

The Agreement then provides, subject to the satisfaction of the relevant conditions precedent, that: (i) the shares of the Company directly owned by CF (equal to 20.3% of the voting share capital of Pirelli) shall be transferred to Bidco on the Closing Date; (ii) the other shares included in the Participation (equal to 5.9% of the voting share capital of Pirelli), owned by CAM 2012 – a part of which serves, and a part of which secures, an exchangeable bond issued by the same CAM 2012 – shall be either transferred to Bidco on the Closing Date, to the extent possible under the above-mentioned exchangeable bond, or transferred to Bidco in the context of the Offer, and/or in any event syndicated to the Shareholders Agreement, in accordance with the provisions of the Agreement.

On the same Closing Date, CF shall reinvest 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 shall be held as follows:

- CNRC (through the Italian Entities): between 50.1% and 65%;
- CF (directly): between 35% and 49.9%.

In addition, the Agreement provides that, on the same Closing Date, the shareholders of CF (Coinv and LTI) shall be entitled to implement a corporate restructuring of the same CF, whose purpose is to allow the exit of LTI from the share capital of CF and the attribution to LTI (directly or through a newly-established Italian vehicle) 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 "**CF Restructuring**"). The CF Restructuring may be completed also after the Closing Date with the same proportions. After the CF Restructuring, the share capital of Newco shall be held as follows:

- CNRC (through the Italian Entities): between 50.1% and 65%;
- Coinv (through CF): between 22.4% and 37.3%;
- LTI (directly or through the vehicle): between 18% and 12.6%;

provided however that the participation held by CNRC shall never be reduced below 50.1%.

The Closing is subject to the satisfaction of a number of conditions precedent, including the approval of the competent antitrust authorities and of the other competent authorities, the actual granting of the facilities under the loan agreements entered into with the lenders, the absence of restrictive measures imposed by any authority.

The Agreement, to which is attached the form of the Shareholders Agreement which shall be entered into on the Closing Date, 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 the following provisions, relevant for the purposes of article 122, paragraphs 1 and 5, of the TUF:

- the undertaking by CF to procure that on the Closing Date, subject to the satisfaction of the conditions precedent referred to above, up to two directors of Pirelli resign from office, with cooptation of two new directors indicated by Bidco;
- the undertaking by 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, with consequent call of the shareholders' meeting to resolve pursuant to art. 2386 of the civil code;
- the rules governing the behaviors of the Parties in case of launch by third parties of a tender offer over the Pirelli shares which is alternative to the Offer, including, in case of adherence by CF to the alternative offer prior to the Closing Date, the payment of a break-up fee of Euro 100 million;
- the undertaking of the Parties, following completion of the Transaction and in accordance with the applicable laws and corporate governance procedures, to cause the approval of the merger between Pirelli and/or Bidco and/or Holdco, depending on whether, following completion of the Offer, Pirelli is delisted or remains listed;
- the agreement of the Parties to complete, in accordance with the applicable laws and corporate governance procedures, a reorganization of the *Industrial tyre* business of Pirelli and its combination with certain strategic assets owned by CNRC and with Fengshen Tires Stock Limited Company (Aeolus);
- 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;
- the undertaking of the Parties to execute on the Closing Date, subject to the satisfaction of the conditions precedent provided by the Agreement, the Shareholders Agreement in the form attached to the Agreement.

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The Shareholders Agreement sets forth the rules and the contractual undertakings of the Parties regarding, amongst others, the corporate governance of the Italian Entities 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 Entities and in Pirelli.

Company whose financial instruments are interested by the Shareholders Agreement

Newco, company not yet incorporated.

Holdco, company not yet incorporated.

Bidco, company not yet incorporated.

Pirelli & C. S.p.A., with registered office in Milan, Viale Piero e Alberto Pirelli, n. 25, registered at the Companies Register of Milan at n. 00860340157, having, at the Signing 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), registered with the State Administration for Industry and Commerce of P.R.China under n. 100000000038808;
- China National Tire & Rubber Corporation, Ltd., Chinese company with registered office Beijing (People's Republic of China), registered with the State Administration for Industry and Commerce of P.R.China under n. 100000000008065;
- Camfin S.p.A., Italian company with registered office in Milan, Piazza Borromeo 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);
- Coinv S.p.A., Italian company with registered office in Milan, Piazza Borromeo n. 12, number of registration with the Companies Register of Milan, Tax Code and VAT n. 08852660961.

It is also provided that the not-yet established Luxembourg company which shall be indirectly controlled by CNRC, and which shall directly own the controlling participation in Newco, shall be a party to the Shareholders Agreement.

In addition, it is provided that the not-yet established Italian company which shall be entirely controlled by LTI and which shall directly own the participation in Newco in the case of the CF Restructuring may be a party to the Shareholders Agreement.

Percentages and number of financial instruments subject to the Shareholders Agreement

The Shareholders Agreement concerns the shares and the financial instruments issued by the not yet established companies Newco, Holdco, and Bidco, 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. In any case, on the Closing Date, Bidco shall purchase all the shares of the Company directly owned by CF (equal to 20.3% of the voting share capital of Pirelli). As regards the shares owned by CAM 2012 (equal to 5.9% of the voting share capital of Pirelli) the same shall be transferred, to the extent possible, on the Closing Date, or transferred to Bidco in the context of the Offer, and/or in any event syndicated to the Shareholders Agreement, in accordance with the provisions of the Agreement.

Type and essential provisions of the Shareholders Agreement

The Shareholders Agreement includes provisions relevant pursuant to art. 122, paragraphs 1 and 5, of the TUF. In particular, the Shareholders Agreement concerns:

- (a)** the corporate governance of Newco, Holdco, Bidco in all possible scenarios of the Transaction;
- (b)** the corporate governance of Pirelli, both in case of delisting of the same, and in case the shares of the Company remain listed;
- (c)** the regime on the transfer of the participations owned, directly or indirectly, by CNRC, CF (also through CAM 2012), Coinv and LTI in the Italian Entities and in Pirelli, as the case may be.

The Shareholders Agreement shall enter into force on the Closing Date and shall remain in full force and effect between the Parties: (i) in case of delisting of the Company, for a term of 5 (five) years; and (ii) in case the Company remains listed, for a term of 5 (five) years as regards the provisions concerning the Italian Entities and for a term of 3 (three) years as regards the provisions concerning the Company.

The Shareholders Agreement shall automatically renew for further 2 (two) years, unless a Party notifies in writing each of the other of its intention not to renew the Shareholders Agreement at least 4 (four) months prior to the expiration of the initial term of 3 or 5 years.

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An abstract of the Agreement containing the provisions relevant pursuant to art. 122, paragraphs 1 and 5, of the TUF, as well as the entire content of the Shareholders Agreement have been filed on the date hereof with the Companies Register of Milan.

The essential information ex art. 130 of the Issuers Regulation, for a punctual analysis of the Agreement and of the Shareholders Agreement, are published within the terms set forth by law on the internet website www.pirelli.com.

March 27, 2015