

**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. 100000000045300(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. 100000000008065;
- 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