

**SHAREHOLDERS AGREEMENT NOTIFIED TO CONSOB PURSUANT TO ART. 122 OF LEGISLATIVE DECREE 24.2.1998, N. 58 - ESSENTIAL INFORMATION PROVIDED BY ART. 130 OF THE CONSOB REGULATION N. 11971/1999, AS SUBSEQUENTLY AMENDED**

**SHAREHOLDERS AGREEMENT BETWEEN UNICREDIT S.P.A., INTESA SANPAOLO S.P.A., NUOVE PARTECIPAZIONI S.P.A. AND LONG-TERM INVESTMENTS LUXEMBOURG S.A.**

*The below Essential Information have been updated on 22 December 2014 in their recitals and in some paragraphs, to take into account:*

- (i) *the entry into force of the shareholders' agreement between UniCredit S.p.A., Intesa Sanpaolo S.p.A., Nuove Partecipazioni S.p.A. and Long-Term Investments Luxembourg S.A., as well as the completion of the Closing (as defined below);*
- (ii) *the completion and effectiveness of the First Merger (as defined below), that is of the merger by way of incorporation of Lauro Sessantuno S.p.A. into Camfin S.p.A.;*
- (iii) *the completion and effectiveness of the Demerger (as defined below), that is of the non-proportional demerger, in favor of the newly incorporated company named Coinv S.p.A., of the assets and liabilities of Camfin S.p.A. other than the shareholding in Pirelli & C. S.p.A., that is, of the shareholding in Prelios S.p.A. and of other minor shareholdings, as well as*
- (iv) *the completion and effectiveness of the Contributions (as defined below), that is of the contributions in favor of Coinv S.p.A. from UniCredit S.p.A., Intesa Sanpaolo S.p.A. and Nuove Partecipazioni S.p.A. of the shareholdings respectively held by the latter in Camfin as a result and effect of the above mentioned merger and demerger) and the simultaneous adherence by Coinv S.p.A. to the above-indicated shareholders' agreement.*

*The paragraphs added in the text below or that, as a result of the above, replace some parts of the previous text are indicated in italics and underlined.*

*All the above is without prejudice to all the contractual documentation executed by the parties on 24 May 2014.*

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On 24 May 2014, following-up the term sheet of 15 March 2014 (the "**Term Sheet**"), already published and filed pursuant to art. 122 of Legislative Decree 24.2.1998, n. 58 ("**TUF**"), the following have been executed:

- (i) a co-investment agreement (the "**Co-Investment Agreement**") between UniCredit S.p.A. ("**UC**"), Intesa Sanpaolo S.p.A. ("**ISP**"), Nuove Partecipazioni S.p.A. ("**NP**") and Long-Term Investments Luxembourg S.A. (the "**Strategic Investor**"), which sets forth the respective rights, undertakings and obligations of the parties in the context of a project aimed at the implementation of a program for the development of the business, strategies and activities of Pirelli & C. S.p.A. ("**Pirelli**") to foster the further growth of Pirelli (the "**Program**");
- (ii) a shareholders agreement (the "**Shareholders Agreement**") between the same parties, which includes provisions concerning the governance of (a) Camfin S.p.A. ("**CF**"), company indicated by the parties, as better illustrated below, as vehicle for the implementation of the partnership between the same parties, as well as (b) for certain aspects and within the limits allowed by the legal regime and the nature of such affiliate, of Pirelli, company in which CF holds, directly and indirectly, a participation equal to 26.19% of the voting share capital.

The transaction contemplated by the Term Sheet (the "**Transaction**") consisted in the implementation of a partnership through recourse to a newly incorporated company – referable as to 50% to a new corporate vehicle *newco* (participated, in turn, by NP, ISP and UC ) and as to 50% to the Strategic Investor – which would have acquired the Pirelli shareholding owned by Lauro Sessantuno S.p.A. ("**Lauro 61**") through CF and subsidiaries of the latter. For this purpose, it was envisaged the exit of Clessidra SGR S.p.A., on behalf of Clessidra Capital Partners II ("**Clessidra**") – shareholder of Lauro 61 through the company Lauro Cinquantaquattro S.r.l. ("**Lauro 54**", *now LTI Holding S.r.l.*) – as well as of ISP and UC from the partnership until now existing in Lauro 61/ CF and the simultaneous partial reinvestment by ISP and UC in the above mentioned new partnership. At the end of the negotiations carried out following the Term Sheet, with the execution of the Co-Investment Agreement the parties have agreed not to establish a new corporate vehicle but to implement the Transaction through CF which, following completion of a number of corporate

activities and transactions as described below, would have been participated as to 50% by the Strategic Investor and as to 50% by a newly incorporated company, Coinv S.p.A. (“**Newco**”), participated in turn, respectively, by NP as to 76% and by ISP as to 12% and by UC as to 12%.

In particular, the Co-Investment Agreement provided for the completion of a series of corporate activities and transactions, including the acquisition by the Strategic Investor *(i)* of the entire corporate capital of Lauro 54 held by Clessidra, *(ii)* of a shareholding equal to 12.97% of the corporate capital of Lauro 61 held by ISP and *(iii)* of a shareholding equal to 12.97% of the corporate capital of Lauro 61 held by UC. Following the above transactions, Lauro 61 was participated as follows:

- by NP, with a shareholding equal to 39.09% of the corporate capital of Lauro 61;
- by ISP, with a shareholding equal to 5.46% of the corporate capital of Lauro 61;
- by UC, with a shareholding equal to 5.46% of the corporate capital of Lauro 61; and
- by the Strategic Investor, also through Lauro 54, with a shareholding equal to 50% of the corporate capital of Lauro 61.

The Co-Investment Agreement also provided that, as soon as possible and in order to simplify the corporate chain of CF, a reorganization (the “**Reorganization**”) would be implemented through the following transactions:

- the merger by incorporation of Lauro 61 in CF (the “**First Merger**”) and, upon request of the Strategic Investor, of Lauro 54 in CF (the “**Second Merger**” and, jointly with the First Merger, the “**Merger**”);
- the non-proportional demerger in favor of Newco of the assets and liabilities of CF other than the Pirelli shareholding (the “**CF Other Assets and Liabilities**”), that is of the shareholding in Prelios S.p.A. and of other shareholdings of minor relevance (the “**Demerger**”);
- the contributions into Newco, by NP, ISP and UC, of their respective shareholdings in CF as received following completion of the said transactions (the “**Contributions**”).

As a result of the Merger, of the Demerger and of the Contributions and, therefore, following completion of the Reorganization, perfected on 22 December 2014, the corporate capital, respectively, of CF and of Newco is held as follows: *(i)* as to CF: *(aa)* the Strategic Investor holds a number of shares equal to 50% of the corporate capital of CF and *(bb)* Newco holds a number of shares equal to the remaining 50% of the corporate capital of CF, and *(ii)* as to Newco: *(xx)* NP holds a number of shares equal to 76% of the corporate capital of Newco; *(yy)* ISP holds a number of shares equal to 12 % of the corporate capital of Newco; and *(zz)* UC holds a number of shares equal to 12 % of the corporate capital of Newco.

The completion of the Transaction, including the completion of the acquisition by the Strategic Investor of the entire corporate capital of Lauro 54 as well as of the participations equal to 12.97% of the corporate capital of Lauro 61 held, respectively, by UC and ISP in Lauro 61 (the “**Closing**”) – which took place on 10 July 2014 – was subject, in particular, to the conditions precedent of the performance of certain procedures before the competent antitrust authorities, to the commencement of the procedures regarding the First Merger and the Demerger in the context of the Reorganization with the approval by the competent boards of directors of the relevant merger and demerger plans, to the absence of sanction measures impeding the completion of the Transaction and to the obtainment of certain waivers from the pool of financing banks under the existing financing agreement with CF.

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## SHAREHOLDERS AGREEMENT

The Shareholders Agreement (also the “**SHA**”), whose provisions are reflected to the maximum extent allowed by law in the new by-laws of CF adopted at Closing, sets forth the terms and conditions regarding *(i)* the governance of CF *(ii)* the presentation of the slate for the appointment of Pirelli’s directors, *(iii)* to the extent feasible and subject to reaching the necessary quorums in the Pirelli’s shareholders’ meeting, the

number of directors who shall be designated by the Parties in the board of directors of Pirelli, (iv) the rules aimed at maintaining the standards of governance of Pirelli in line with the best market practice and (v) the rules applicable to the transfer of their respective stakes in CF and, indirectly, in Pirelli.

## **COMPANY WHOSE FINANCIAL INSTRUMENTS ARE INTERESTED BY THE SHAREHOLDERS AGREEMENT**

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 of Euro 286,931,948.94, fully paid-in.

Pirelli & C. S.p.A., joint stock company with registered office in Milan, Viale Piero e Alberto Pirelli n. 25, registration number at the Companies Register of Milan, tax code and VAT number 00860340157, share capital of Euro 1,345,380,534.66, fully paid-in, with shares listed on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A. (“MTA”).

## **PERSONS ADHERING TO THE SHAREHOLDERS AGREEMENT AND FINANCIAL INSTRUMENTS OBJECT OF THE SHAREHOLDERS AGREEMENT**

### Persons adhering 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, tax code, VAT number and registration number at the Companies Register of Rome 00348170101, with shares listed on the MTA, Holding of the UniCredit Bank Group, enrolled at the Bank Groups Register (*Albo dei Gruppi Bancari*) cod. 2008.1;
- (ii) **Intesa Sanpaolo S.p.A.**, with registered office in Turin, Piazza San Carlo 156, 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;
- (iii) **Nuove Partecipazioni S.p.A.**, with registered office in Milan, Piazza Borromeo n. 12, 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.;
- (iv) **Coinv S.p.A. with registered office in Milan, Piazza Borromeo n. 12, tax code, VAT number and registration number at the Companies Register of Milan 08852660961 – participated (i) by NP for a number of shares representing 76% of its corporate capital; (ii) by ISP for a number of shares representing 12% of its corporate capital; and (iii) by UC for a number of shares representing 12% of its corporate capital – which, following the Contributions, has adhered to the Shareholders’ Agreement; and**
- (v) **Long-Term Investments Luxembourg S.A.**, with registered office in L-2086, Luxembourg, 412F, route d’Esch.

Long-Term Investments Luxembourg S.A. is the company that, following the execution of the Term Sheet, Rosneft Oil Company has designated as investor in CF.

The Strategic Investor is a wholly-owned subsidiary of Long-Term Investments LLC, company incorporated under the existing laws of the Russian Federation, which is in turn a wholly-owned subsidiary on behalf of the closed-end long-term direct investment fund “RFR Long-Term Investments” managed by a management company named “RegionFinanceResurs Management Company” (the “**Management Company**”). Neftgarant Non-State Pension Fund, a Russian institutional, autonomous and independent investor which pursues long-term investment strategies, is the sole investor of the closed-end long-term direct investment fund “RFR Long-Term Investments” (the whole chain described in this paragraph, the “**Investment Structure**”).

### Percentages and number of financial instruments object of the Shareholders Agreement.

**CF**

Following the Reorganization, to be intended as completion of the First Merger, of the Demerger and of the Contributions, the shares representing 100% of the corporate capital of CF are held, respectively, by (i) Newco as to 50% and (ii) Long-Term Investments Luxembourg S.A. (also through Lauro 54) as to the remaining 50%.

### ***Pirelli***

The shares object of the Shareholders Agreement consist in the shareholding held, directly and indirectly, by CF in Pirelli equal to 26.19%.

## **CONTENT OF THE SHAREHOLDERS AGREEMENT**

### ***Governance of CF***

The governance of CF is reflected, to the maximum extent allowed by law, in the new by-laws of CF which has been adopted at the Closing (the “**CF By-Laws**”), on 10 July 2014. In particular, the following provisions apply:

#### *Corporate purpose.*

The corporate scope of CF consists exclusively in the holding, management and divestment of the Pirelli Shares in accordance with the provisions of the Shareholders Agreement (and, until their divestment, of the CF Other Assets and Liabilities to be divested pursuant to the Co-Investment Agreement), as well as in the carrying out of the typical activities instrumental, complementary to or useful for the achievement of the corporate purpose.

#### *Board of Directors.*

The Board of Directors of CF is composed of 6 directors appointed as follows:

- the Strategic Investor is entitled to designate 3 directors; and
- Newco is entitled to designate 3 directors, one of which shall be appointed Chairman and Chief Executive Officer of CF (the “**CF Chairman and CEO**”).

The Board of Directors of CF is appointed through a voting slate system to ensure that the members of the Board of Directors are appointed in accordance with the provisions above. Should a director designated by either the Strategic Investor or Newco (the Strategic Investor and Newco, jointly, the “**CF Shareholders**” and each a “**CF Shareholder**”) resign or otherwise cease for any reason whatsoever to hold his/her office, the relevant CF Shareholder who had designated the ceased director shall have the right to designate the new director and the CF Shareholders shall exercise their voting rights so as to procure the appointment of the new director designated. Each of the CF Shareholders is entitled to request (and obtain) the revocation of one or more of the directors designated by the same. Until the director ceased or revoked is replaced, no decision or resolution shall be taken by the Board of Directors of CF and, if the CF Shareholders entitled thereto does not provide to appoint the new director, the other CF Shareholder shall have the right to appoint such director.

The members of the Board of Directors of CF (or of its Controlled companies) will not be granted any remuneration for their office except for the attendance to each Board of Directors’ meeting and for the reimbursement of any reasonable expense incurred in the performance of their duties.

#### *Board of Statutory Auditors of CF.*

The Board of Statutory Auditors of CF is appointed as follows:

- the Strategic Investor is entitled to designate 1 effective member;
- Newco is entitled to designate 1 effective member;
- the remaining effective member (who will be Chairman of the Board of Statutory Auditors) and the alternate auditors are designated jointly by the CF Shareholders.

The Board of Statutory Auditors is appointed through a voting slate system to ensure that the members of the Board of Statutory Auditors are appointed in accordance with the provisions above.

Resolutions of the competent corporate bodies of CF.

The resolutions of the competent corporate bodies of CF are validly adopted in accordance with the following principles:

- (i) as for the resolutions within the competence of the shareholders' meeting of CF, with the presence of all the CF Shareholders and the favorable vote of the simple majority of the voting share capital of CF, provided that the CF By-Laws provides for the *quorum* set forth by law in relation to the approval of the annual financial statements and the revocation of directors and statutory auditors; and
- (ii) as for the resolutions within the competence of the Board of Directors of CF, including the resolutions concerning the *Pirelli Material Matters* (as defined below and save for what expressly provided below in relation to the designation of directors in the Board of Directors of Pirelli), with the presence of all the directors and the favorable vote of the simple majority of the directors, provided that, in relation to meetings scheduled to approve the draft of the annual financial statements (*progetto di bilancio*) of CF, the principles referred to in the following point (*Undertakings of the Parties in relation to the majorities provided for the valid adoption of the corporate resolutions*) with respect to the possible appointment of the Auditor (as defined below) shall apply;
- (iii) in case of decisions concerning the financing or refinancing of the debt of CF and of its subsidiary CAM 2012 (including under the bond issues and the facility agreements), the Parties shall cause all the directors respectively appointed by each of them to be present at the relevant Board of Directors' meeting and, in case of a tied vote with respect to any such decision, the CF Chairman and CEO shall have the casting vote, and Newco shall procure that such casting vote is exercised in order to pursue the best entrepreneurial interest of CF, provided that if such financing or refinancing provides for the establishment of any Encumbrance (as defined below), the provisions indicated in the paragraph concerning the undertakings to refinance (*Undertakings to refinance*) shall apply.

Designation of directors in the Board of Directors of Pirelli.

The designation of directors in the Board of Directors of Pirelli is carried out through a mechanism, reflected also in the CF By-Laws, pursuant to which: (a) the directors of CF appointed by Newco are entitled to designate (through a mandatory delegation) half of the candidates of the slate to be presented for the election of the directors of Pirelli (including two independent directors), it being understood that the first candidate indicated in the slate shall be Mr. Marco Tronchetti Provera, as designated Chairman and Chief Executive Officer of Pirelli (the "**Pirelli Chairman and CEO**") and shall be chosen by the CF directors designated by NP, and (b) the directors of CF appointed by the Strategic Investor are entitled to designate (through a mandatory delegation) the other half of the candidates of the slate to be presented for the election of the directors of Pirelli (including two independent directors). If one of the other directors has not exercised its power of designation, the Parties shall cause the other directors to integrate the slate with two candidates indicated by the Party that appointed the director who failed to exercise his/her designation power. The formation of the slate according to the principles above shall not require a specific resolution in such respect by the Board of Directors of CF, and, in such regard, the Parties have undertaken to procure that, at the first Board of Directors' meeting of CF, it shall be delegated (i) to each director of CF, the power to designate two directors each to be included in the slate for the appointment of the Pirelli Board of Directors, as well as (ii) to the CF Chairman and CEO and to a director of CF nominated by the Strategic Investor, jointly among them, the power to deposit the slate with the registered office of Pirelli no later than 5 business days prior to the deadline set forth for the deposit of the slate as provided under Pirelli's by-laws. If the CF Chairman and CEO together with the relevant director of CF nominated by the Strategic Investor fail to deposit the slate within the terms provided, any director of CF shall have the right to deposit such slate with the registered office of Pirelli.

Undertakings of the Parties in relation to the majorities provided for the valid adoption of the corporate resolutions.

The Parties have undertaken to act, and to procure that the representatives designated by them in the Board of Directors act, with the utmost good faith and spirit of cooperation, trying to avoid, to the maximum extent possible, deadlocks and refraining from any behavior that may jeopardize the correct operation of CF and the Program. In this respect, in case of decisions concerning the financing or refinancing of the debt of CF and of its Controlled company CAM 2012 (including those under the bond issues and the facility agreements), the Parties shall cause all the directors respectively appointed by each of them to be present at the relevant Board

of Directors' meeting (in case of a tied vote with respect to any such decision, the CF Chairman and CEO having the casting vote).

In addition, with respect to the resolutions for the approval of the draft annual financial statements (*progetto di bilancio*) of CF, each of the Parties has undertaken to procure that, after two meetings of the Board of Directors in which one or more directors have been absent (therefore preventing a resolution from being validly taken), at the third meeting called for the approval of the draft annual financial statements all directors shall be in attendance. If at this third meeting a resolution is not taken, the Parties shall appoint an auditing firm among the so-called "*Big Four*" (the "**Auditor**"), which shall be independent from each Party; should the Parties not agree on the appointment of the Auditor, the Auditor shall be appointed by the Chairman of the Chamber of Commerce of Milan. The Auditor shall be bound by any fact, element, valuation or other circumstance (if any) of the draft annual financial statements which is not disputed by any director and shall act as an expert pursuant to, and for the purposes of, article 1349, first paragraph, of the Italian Civil Code (i.e., with "*equo apprezzamento*"), applying the IFRS accounting principles, consistently with past practice. NP shall procure that the CF Chairman and CEO convenes a new Board of Directors' meeting for the approval of the draft annual financial statements and the CF Shareholders shall: (1) procure that the members of the Board of Directors designated by the same resolve upon the approval of the draft financial statements as revised/integrated and/or modified by the Auditor, and (2) approve the annual financial statements in the draft approved by the Board of Directors of CF.

#### Other undertakings and dividend policy.

The Parties have also undertaken, each of them as far as it is concerned, to procure that CF has and maintains the residency for tax purposes in Italy and to carry out all the activities necessary or appropriate to procure that CF distributes to the CF Shareholders as dividends all the available cash, net of any amount required to service the then existing indebtedness of CF and bear its other expenses for the following twelve-month period.

### **Governance of Pirelli**

#### General Principles.

The Parties, acknowledging that the main goal of the Transaction is to implement the Program, have agreed, to achieve such goal, to adopt, to the extent feasible and subject to reaching the necessary quorums in the Pirelli's shareholders' meeting, on the following governance principles aimed at maintaining the standards of governance of Pirelli in line with the best market practice.

#### Board of Directors of Pirelli.

Pursuant to the Co-Investment Agreement, at Closing, the directors of Pirelli designated by Clessidra (together with two directors designated by NP) have resigned from their office to allow the election by cooptation ("*per cooptazione*"), of the directors designated by the Strategic Investor. Also, in order to finalize the entry of the Strategic Investor in the Board of Directors of Pirelli, the CF Shareholders have agreed and undertaken to procure that, at the first shareholders' meeting of Pirelli, to be convened after the date of execution of the Shareholders Agreement, CF will vote in favor of the confirmation of the co-opted directors. In addition, the CF Shareholders have agreed and undertaken to procure that, so far as it lies within their respective powers, to the extent possible and subject to reaching the necessary quorums in the Pirelli's shareholders meeting, the Board of Directors of Pirelli will be composed of 15 directors. Should however the number of the Pirelli directors be different from 15 as a result of a resolution adopted notwithstanding the opposition of CF, the principles agreed in the Shareholders Agreement shall be maintained and applied to the different number of directors approved by the Pirelli's shareholders' meeting, to the greatest extent possible, it being understood that if a director cannot be allocated in good faith to a CF Shareholder, such director shall be independent and shall be jointly designated by all the CF Shareholders. The slate that shall be submitted by CF shall include 15 candidates; for the composition of the slate, please refer to the paragraph on the Governance di CF with respect to the first 12 candidates, while the outstanding 3 candidates shall be elected among the other candidates proposed (if any) by the other shareholders of Pirelli. In case of resignation, replacement and revocation of the directors, the same provisions indicated for CF shall apply, *mutatis mutandis* and to the extent possible. All the candidates to be appointed as independent directors of Pirelli (i) shall have the requisites of independence pursuant to article 2409-septiesdecies, para. 2, of the Italian Civil Code, article 148, paragraph 3, of the Legislative Decree No. 58 of 24 February 1998 and the Corporate Governance Code ("*Codice di Autodisciplina*") issued by the Corporate Governance Committee

for listed companies, and (ii) shall be managers or professionals of recognized international reputation and experience with a background in the management or administration of primary financial institutions or big corporations, capable to devote sufficient time to participate in the activities of Pirelli's Board of Directors, as well as of the Management Control Committee (and other internal committees), and shall not to be in any conflict of interest situation.

#### Pirelli Chairman and CEO.

The CF Shareholders have agreed to propose Mr. Marco Tronchetti Provera as the Pirelli Chairman and CEO and that he shall be drawn from the members indicated in the relevant slate by NP. The Pirelli Chairman and CEO shall be delegated the exclusive power and authority concerning the ordinary management of Pirelli and of the Pirelli group, consistently with the power and authority currently delegated to the Pirelli Chairman and CEO and with some limitations (to be intended as internal limitations vis-à-vis the Board of Directors), including for transactions exceeding a certain value (e.g., financings for amounts exceeding Euro 200,000,000 and for a term longer than one year, guarantees for amounts exceeding Euro 100,000,000, acquisitions of participations or businesses for a value exceeding Euro 150,000,000, etc.). The Pirelli Chairman and CEO shall also have the power to propose to the Board of Directors (the "**Power to Propose**") the adoption of the following resolutions (collectively, the "**Pirelli Significant Matters**"):

- approval of the business plan and the budget, as well as any material amendments thereto;
- any resolution concerning industrial partnerships or strategic joint ventures of Pirelli and/or Pirelli Tyre S.p.A. and/or any company Controlled by Pirelli (the "**Pirelli Subsidiaries**"), subject in any case to the prior examination and discussion in the Strategies Committee of Pirelli.

#### Constitutive quorum of the Board of Directors of Pirelli.

Within the Pirelli Board of Directors, (i) all decisions concerning the Pirelli Significant Matters shall be resolved and approved with the favorable vote of the majority of the directors in office, while (ii) all other decisions shall be resolved and approved with the presence of the majority of the directors in office and the majority of the directors attending the relevant meeting. The approval of resolutions concerning any increase or decrease of the share capital of Pirelli, mergers, demergers or the liquidation of Pirelli or any of the Pirelli Subsidiaries (jointly, the "**Pirelli Material Matters**") shall be subject to prior consultation between the CF Shareholders at the level of the Board of Directors of CF, in any case in view of pursuing the best entrepreneurial interest of Pirelli and of all its shareholders, after which the Parties shall vote as per the decision of the Board of Directors of CF, procuring that, so far as it lies within their respective powers, if no agreement is reached on the relevant matter, the resolution is not passed by the competent corporate bodies of Pirelli.

#### Resignation of the Pirelli Chairman and CEO.

Should Mr. Marco Tronchetti Provera resign from his office of – or in any case cease to be, for any reason whatsoever, the – Pirelli Chairman and CEO, the Power to Propose shall pass to the management of Pirelli in accordance with and pursuant to the succession procedure of the Pirelli Chairman and CEO currently adopted by Pirelli, as indicated in the annual corporate governance report published by Pirelli. Newco shall use its reasonable efforts, through its designated directors of Pirelli, to appoint the most appropriate director of Pirelli designated by the Strategic Investor as a member of the Management Committee ("*Comitato di Gestione*") set forth in the above mentioned succession procedure.

#### Governance system.

The Parties shall consider to amend, subject to reaching the necessary quorums in the Pirelli's shareholders' meeting, the by-laws of Pirelli to procure that Pirelli is managed according to a one-tier monistic system ("*sistema monistico*") pursuant to article 2409-*sexiesdecies* and following of the Italian Civil Code, and has a Board of Directors composed by 15 directors.

#### Internal Committees.

Pirelli shall 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 Italian listed companies. In case of approval of the revised governance system – subject in any case to reaching the necessary quorum at the Pirelli's shareholders meeting approving the new by-laws of Pirelli – the Internal Control and Risks Committee shall be replaced by the Management Control Committee and shall be composed by 3 (three) independent directors; in case 2 (two) of such independent directors are designated in the Management Control Committee out of the slate that has been submitted by CF, (a) one of them shall be one of the

independent directors designated by Newco, while *(b)* the other one shall be one of the independent directors designated by the Strategic Investor. Up to the moment of the possible approval of the revised governance system, the Internal Control and Risks Committee shall be composed of 3 (three) independent directors and the same rule indicated above with respect to composition of the Management Control Committee shall apply, while the other Committees of Pirelli shall remain as follows:

- the Strategies Committee, composed by *(i)* two directors to be selected out of those designated by Newco (of which one by NP and one, jointly, by UC and ISP), *(ii)* two directors to be selected out of those designated by the Strategic Investor and *(iii)* three independent directors (for a total of seven directors);
- the Committee for the Appointment and Succession, composed of four directors, one of which designated by the Strategic Investor, another one designated by Newco and the remaining two directors to be independent directors; and
- the Remuneration Committee, composed of three independent directors; in case two of such independent directors are elected from the slate submitted by CF, one of them shall be one of the independent directors designated by Newco, while the other one shall be one of the independent directors designated by the Strategic Investor.

### ***Provisions on the transfer of the CF Shareholdings and of the Pirelli Shares – Exit Procedures***

#### ***Lock-up.***

The Parties have agreed on a lock-up period of four years from the Closing of the Transaction (the “**Lock-up Period**”). During such lock-up period no transfer shall be allowed of the shares of CF or of any option right, right of subscription or acquisition of such shares as provided by law, or of any other instrument, including financial instruments, warrants and/or convertible bonds granting the right to acquire or subscribe such shares or derivatives providing the beneficiary with a long position on such shares. The same principles shall apply, *mutatis mutandis*, also to any transfer of the shares held by the Italian Investors in Newco during the Lock-up Period in favor of any person other than the Italian Investors or their affiliates, meaning as such any company or person which, directly or indirectly, is controlled, controls or is controlled by the same person controlling such first person. Shall in any event be permitted the transfers of CF shares *(i)* in favor of companies controlling or controlled by the Parties, provided that such transfers provide for adequate protection mechanisms for the case that the control relationship ceases, or *(ii)* among the Parties, subject to the pre-emption right which shall be provided pursuant to the CF By-Laws. For the purposes of this Shareholders Agreement, “control” means *(i)* the holding, directly or indirectly, of more than 50% of the voting rights, *(ii)* the right to appoint or revoke a chief executive officer or the majority of the members of the board of directors or any other equivalent managing body, or *(iii)* the holding of a number of votes sufficient to exercise a dominant influence, by way of contracts or provisions included in by-laws.

#### ***Change in the Investment Structure and change of control of NP.***

In addition to what represented above with respect to the provisions of the Shareholders Agreement, please consider, for the sake of exhaustiveness, that with separate agreement Neftgarant and the Management Company have undertaken to procure that the Investment Structure is not directly or indirectly modified, also in part, for a period of 5 years, save for a number of permitted transfers, such as the transfers: *(i)* in relation to which NP has given its consent (which consent shall not be unreasonably withheld or delayed, but shall be entirely discretionary in the event that the purchaser is a competitor of Pirelli), *(ii)* resulting from the compliance with applicable provisions of law, or *(iii)* concern the participation in the Strategic Investor and are in favor of an affiliate of the fund or of the Management Company or of Rosneft Oil Company. Similarly, NP has undertaken to procure that Mr. *Marco* Tronchetti Provera does not cease to hold, also in part, directly or indirectly, the full ownership and voting rights concerning the sole control of NP for a period of 5 years. Also in such case, shall be permitted transfers consented by Neftgarant and by the Management Company (whose consent shall not be unreasonably withheld or delayed, but shall be entirely discretionary in the event that, among the others, the purchaser is a competitor of the fund or of the Management Company) or in the case of transfers to affiliates of Mr. Tronchetti Provera (including close relatives of Mr. Tronchetti Provera).

#### ***Procedures of trade sale, dissolution and demerger.***

The Parties have agreed on the common interest to maximize their indirect investment in the Pirelli Shares through the sale of all the shareholdings held in CF (the “**CF Shareholding**”) by and no later than six



months following the expiry of the Lock-up Period to a bona fide independent trade buyer offering the most favorable terms and conditions for the purchase of the CF Shareholding for a cash (only) consideration. To this end, the Parties have agreed that the exit from their respective investment in CF shall be realized exclusively through the Trade Sale Procedure (as defined below) and with the purpose to maximize the consideration of the sale. Upon expiry of the Lock-up Period, if requested by the Strategic Investor or by Newco, shall be commenced a procedure for the sale of all the shares of CF or of all the shares of Pirelli held by CF for a cash (only) consideration (the “**Trade Sale Procedure**”). The Parties shall be bound to sell the shares in the context of such procedure. The Trade Sale Procedure shall be deemed completed with the execution of a binding agreement regarding the sale of the entire CF Shareholding (or of all the Pirelli Shares), provided however that, should the transfers pursuant to such procedure be subject to antitrust and/or regulatory approvals, such transfers shall be completed within ten business days after obtainment of any applicable antitrust and/or regulatory approval and in any case by and not later than six months from the execution of the relevant binding agreement.

In the event that:

(i) the Trade Sale Procedure were not completed within six months from the expiry of the Lock-up Period with the execution of a binding agreement regarding the sale of all the entire CF Shareholding (or of all the Pirelli Shares), or

(ii) the Board of Directors of Pirelli were not appointed in accordance with the provisions of the Shareholders Agreement and, after a period of twelve months in which Newco and the Strategic Investor have tried to find and pursue solutions aimed at resolving the situation (including through convening other shareholders’ meetings of Pirelli), no such solutions may be implemented,

then any of the CF Shareholders shall be entitled to request, by way of notice (the “**Dissolution Notice**”), and obtain the dissolution of CF (the “**Dissolution Procedure**”). To the extent feasible and subject to the applicable provisions of law, the Dissolution Procedure shall entail the attribution to each CF Shareholder (or a wholly owned subsidiary of such shareholder) of its pro-rata portion of the Pirelli Shares together with the pro-rata portion of CF’s indebtedness (the “**Pro-Rata Interest**”).

For a period of two months as from the date of the Dissolution Notice, the CF Shareholder other than the one who sent the Dissolution Notice shall be entitled to request, by way of written notice (the “**Demerger Notice**”), and obtain the non-proportional demerger of CF, to be completed within six months, with the attribution to each CF Shareholder (or a wholly-owned subsidiary of each CF Shareholder) of its respective Pro-Rata Interest (the “**Demerger Procedure**”). The Demerger Procedure may be pursued only if and to the extent that no acceleration event or event of default (or other similar provision) occurs at the level of CF, Pirelli or their respective relevant subsidiaries with respect to the existing financings. To ensure the feasibility of the Dissolution Procedure and of the Demerger Procedure (if any), the Parties, each of them as far as it is concerned, have undertaken, acting reasonably, to procure that (i) the consents of the existing lenders of CF, CAM 2012, Pirelli and the relevant Pirelli subsidiaries (as the case may be) are obtained as soon as possible; and (ii) the agreements to be entered into by CF, CAM 2012, Pirelli or the Pirelli subsidiaries in relation to any new indebtedness do not include any provision prohibiting or in any way impeding the Dissolution Procedure or the Demerger Procedure.

#### Consultation Phase.

The CF By-Laws shall also provide that, during the Trade Sale Procedure, the Dissolution Procedure and/or the Demerger Procedure, as the case may be (such period also the “**Consultation Phase**”) each of the CF Shareholders shall (a) be prohibited and not allowed to transfer its CF Shareholding other than in the context and for the limited purposes of the relevant procedures, and (b) consult with the other to find a common strategy to dispose of their respective Participations in Pirelli with a view to maximizing the proceeds of any such disposal, taking also into account the best entrepreneurial interest of CF and of Pirelli. In the event that the CF Shareholders reach an agreement on such disposal, the entire CF Shareholding and/or all the Pirelli Shares owned, also indirectly, by CF shall be disposed of according to such agreement, notwithstanding and in lieu of the relevant procedure currently in place, that shall be in such case, and where required, revoked.

#### Pirelli Chairman and CEO ceasing from office.

Should Mr. Marco Tronchetti Provera:

(a) cease, for natural causes (death or permanent disability), to hold the office of Pirelli Chairman and CEO, Newco and the Strategic Investor will consult for a period of six months to find an agreement on how to proceed in their best respective interests. In case no agreement is achieved between Newco and the Strategic

Investor during such period, each of Newco and the Strategic Investor shall be entitled to request and obtain the commencement of the Dissolution Procedure and the attribution of its respective Pro-Rata Interest.

(b) resign from his office (other than for the reasons indicated in letter (a) above) without the consent of the Strategic Investor (the “**Triggering Event**”), the Strategic Investor will have the right to sell its entire CF Shareholding to NP, and the latter shall be obliged to acquire such participation (the “**Put Option**”). Such option shall be exercisable by the Strategic Investor for a period of six months from the date of the Triggering Event, for a consideration calculated in order to ensure the Strategic Investor to realize an IRR equal to 10% on the date of exercise of the Put Option. The calculation of the IRR (on a basis of 365 days per year) shall take into account all disbursements and amounts received/reimbursed by/to the Strategic Investor in connection with the Strategic Investor being a CF Shareholder. If the Strategic Investor sends the notice of exercise of the Put Option to NP, each of ISP and UC, upon written request of Newco sent not earlier than the date of completion of the transfer of the CF shareholding to NP, shall be entitled to request and obtain the commencement of the Dissolution Procedure and the attribution to Newco of its respective Pro-Rata Interest.

#### Other Exit Strategies.

Should the Trade Sale Procedure not be completed, and should neither the Dissolution Procedure nor the Demerger Procedure have been initiated, the Parties shall discuss in good faith other exit strategies in order to find a common way to dispose of their respective stakes in CF and, indirectly, in Pirelli with a view to maximizing the proceeds of any such disposal, taking also into account the best entrepreneurial interest of Pirelli.

#### Tender Offer on Pirelli.

In case of launch of a public tender offer over Pirelli, the Parties shall discuss in good faith the actions to be taken (in particular whether to tender the Pirelli Shares to such public tender offer or to launch a competing offer).

## **FURTHER UNDERTAKINGS**

#### Standstill.

None of the Parties shall be entitled to carry out any transaction for the purchase and/or transfer of any shares, options, bonds, warrants, financial instruments (even if such instrument are not equity instruments) and/or securities and/or rights of any nature (including put and call options) representing or relating to Pirelli’s share capital, both in the case such transactions were executed in cash, or through delivery of any right or interest relating to the above mentioned securities, and also in the case such transactions were executed in a different manner (including through forward purchases, derivatives or other contractual instruments).

Each of the Parties has undertaken not to perform any action or activity which may trigger the obligation of such Party or of any of the Parties to the Shareholders’ Agreement, individually or jointly, to launch a mandatory tender offer over the shares of Pirelli. In particular, in derogation to the provisions of the above paragraph, each of the Parties shall be entitled to purchase, in proportion to the stake held by it in CF, a number of shares of Pirelli which, together with the other shares already held by CF, does not trigger the obligation to launch a mandatory tender offer over Pirelli (and on condition that such purchase is communicated in advance to the other Parties).

The above undertakings do not limit or restrict the right of ISP and/or UC to perform any trading, advisory or lending activity in relation to the Pirelli’s shares, on their own behalf or on behalf of their own clients or on behalf, but in the exclusive interest of, any investment fund managed by the same or any of their affiliates, provided that (a) such activity does not trigger the obligation to launch a mandatory tender offer over the Pirelli’s shares and (b) the trading activity of ISP and/or UC over Pirelli’s shares is carried out so as to ensure that any participation respectively held by any company belonging to the ISP and/or UC banking groups does not exceed, at any time, by more than 0.25% the percentages of participation in the Pirelli share capital held at the date of execution of the Shareholders Agreement.

In any event, if the breach by any of the Parties triggers the obligation to launch a mandatory tender offer over Pirelli, the breaching Party shall undertake in full any and all obligations regarding such mandatory tender offer (including without limitation the obligation of payment of the mandatory tender offer price as well as the obligation of payment of any costs and/or expenses related to the mandatory tender offer process)

and shall keep the non-breaching Party/ies, Lauro 61, CAM 2012, Lauro 54 and CF (as the case may be) fully indemnified and harmless from and against any damages, costs, expenses and/or sanction related to the mandatory tender offer.

#### Restrictive Measures.

Should any competent authority of the European Union or any of its Member States or the United States of America impose restrictive measure affecting the assets of the Strategic Investor, including its Participation in CF 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 law, the Parties shall negotiate in good faith a solution to overcome the situation in line with the spirit of the provisions set out in the Shareholders Agreement and, to the maximum possible extent, with the objective to pursue the Program. In the event that CF, as a result of the said restrictive measures, has not been able to pursue its corporate purpose for a period of 6 (six) months from the date when the relevant restrictive measures were imposed, any Party shall be entitled to request and obtain the commencement of the Dissolution Procedure and the attribution to the CF Shareholders of their respective Pro-Rata Interest.

#### Commitment to refinance.

NP has undertaken to take any and all bona fide actions to procure the refinancing of the existing debt of CF and CAM 2012 at reasonable market terms, provided that if such terms should provide for the creation of any pledge, mortgage, encumbrance or other burden (jointly, the “**Encumbrances**”) over the assets of CF and/or CAM 2012 other than the CF Other Assets and Liabilities, which Encumbrances may result in the transfer of such asset, the Strategic Investor shall have the right (but not the obligation) to propose the financing on terms which are not less favorable for the relevant borrower than the terms of the abovementioned refinancing (the “**Alternative Financing**”). In such case, the Parties shall procure that the relevant borrower accepts the terms of the Alternative Financing and enters into the relevant agreements, provided that: (i) the Alternative Financing is provided by an international bank; (ii) the structure of the Alternative Financing (including the right of the lender to assign the rights and obligations under the Alternative Financing to a third party only subject to the borrower’s consent) is in all material respect the same as the initially proposed refinancing; and (iii) the relevant agreements to be entered with respect to the Alternative Financing shall be prepared on the basis of the *Loan Market Association* standards. The Strategic Investor shall reasonably cooperate with NP and NP shall not be responsible for any failure to obtain the refinancing attributable to the imposition of Restrictive Measures on the Strategic Investor.

### **TERM AND EFFECTIVENESS OF THE SHAREHOLDERS AGREEMENT**

The Shareholders Agreement *entered* into force on the Closing date (*that is, on 10 July 2014*) and shall remain valid and effective until (i) the fifth anniversary from 24 May 2014 with respect to all provisions concerning CF, and (ii) the third anniversary from 24 May 2014 with respect to all provisions concerning Pirelli, and, at such date, it shall automatically renew for a further period of two years, unless a Party informs the other Parties of its intention not to renew the Shareholders Agreement, with notice sent at least four months before the expiry of the initial term of three years.

### **CONTROL**

There is no person having the right, through *the* Shareholders Agreement, to exercise control over Pirelli.

### **TYPE OF SHAREHOLDERS AGREEMENT**

The provisions relevant pursuant to art. 122 of Legislative Decree n. 58/98 contained in the Shareholders Agreement are relevant under art. 122, paragraph 1 and paragraph 5, letters a) and b), of Legislative Decree n. 58/98.

### **BODIES OF THE SHAREHOLDERS AGREEMENT**

The Shareholders Agreement does not provide for the establishment of any body for its implementation.

## **LIQUIDATED DAMAGES IN CASE OF BREACH OF OBLIGATIONS**

No liquidated damages are provided for the failure to perform the obligations under the Shareholders Agreement.

## **OFFICE OF THE COMPANIES' REGISTER**

The Shareholders Agreement was filed within the terms set forth by law with the Companies' Register of Milan on 29 May 2014 (N. PRA/157696/2014CMIAUTO).

\* \* \*

**Milan, 22 December 2014**