



PRESS RELEASE

CANCELLATION OF THE PAR VALUE OF THE ORDINARY AND SAVINGS SHARES OF PIRELLI & C. AND REVERSE STOCK SPLIT

NEW SHARE CAPITAL

Milan, 22 July 2010 – Pirelli & C. S.p.A. (“**Pirelli & C.**”) informs that in accordance with the resolutions adopted by the Extraordinary Shareholders’ Meeting held on 15 July 2010, as of 26 July 2010, subject to the prior cancellation of 1 ordinary share and 8 savings shares held by Pirelli & C. to fully balance the transaction, with a corresponding reduction of the share capital from Euro 1,556,692,865.28 to Euro 1,556,692,862.67, the following transactions will be carried out:

- (i) reverse stock split of n. 5,233,142,002 ordinary shares, with no par value, in a ratio of 1 new ordinary share, with no par value, regular entitlement, coupon n. 1 (ISIN code IT0004623051) for every 11 ordinary shares, with no par value, coupon n. 15 (ISIN code IT0000072725) held;
- (ii) reverse stock split of n. 134,764,421 outstanding savings shares, with no par value, in accordance with the following ratios: (a) n. 1 new bearer savings share, with no par value, regular entitlement, n. 1 coupon (ISIN code IT0004623333) for every 11 bearer savings shares, with no par value, coupon n. 15 (ISIN code IT0000072733) held; and (b) n. 1 new registered savings share, with no par value, regular entitlement, coupon n. 1 (ISIN code IT0004623341) for every 11 registered savings shares, with no par value, coupon n. 15 (ISIN code IT0000072741) held.

Accordingly, the share capital of Pirelli & C. will be equal to Euro 1,556,692,862.67, divided into n. 487,991,493 shares with no par value, of which n. 475,740,182 (Euro 1,517,611,180.58) ordinary shares and n. 12,251,311 (Euro 39,081,682.09) savings shares, as evidenced by the filing with the Companies’ Register dated as of 21 July 2010.

In order to facilitate the reverse stock split transaction and satisfy any requests from the shareholders through the authorized intermediaries participating to the centralized management system organized by Monte Titoli S.p.A., Pirelli & C. has appointed Mediobanca – Banca di Credito Finanziario S.p.A. to be the counterparty until 31 August 2010 in respect of the settlement of the missing or exceeding Pirelli & C. share fractions within the necessary limits to enable the shareholders to hold a number of ordinary or savings shares equal to 11 or respective multiples. Such fractions will be settled on the basis of the official price of the Pirelli & C. ordinary and savings shares as of 23 July 2010, the open stock exchange day preceding the day in which the reverse stock split transactions will be carried out. No expense shall be borne by the shareholders in respect of such transactions.

The reverse stock split transactions may be carried out by all the authorized intermediaries exclusively through Monte Titoli S.p.A.
