



PIRELLI & C.

Joint-Stock Company

Registered Offices in Milan, Via G. Negri 10

Business Company Register of Milan No. 00860340157

Minutes of Ordinary and Extraordinary Meetings dated December 12, 2007

PIRELLI & C. JOINT-STOCK COMPANY
ORDINARY MEETING HELD ON DECEMBER 12, 2007

On December 12, 2007 at 10:30, in Milan, Viale Sarca No 214, start is given to the ordinary meeting of **PIRELLI & C. S.p.A.**

Mr. Marco Tronchetti Provera takes the chair of the Assembly under the bylaws. It is proposed, on unanimous consent of the Assembly, that Mr. Carlo Marchetti be appointed Secretary.

The President first announces that:

-- The Meeting is called to discuss and deliberate on the following

Agenda

Ordinary Part

1. -- Appointment of a Director.

Extraordinary Part

(Deleted)

-- The meeting notice was published in the Official Gazette of the Italian Republic No 131, date issued, November 10, 2007;

-- The notice was also published, on November 13, 2007, by *Il Sole 24 Ore*, *Milano Finanza*, and *Finanza & Mercati*;

The Company has not received any request of integration of the Agenda, pursuant to art. 126-bis of Legislative Decree No 58/1998;

-- The Meeting, convened in the first convocation on December 11, 2007, has been deserted for insufficient number of represented shares, according to the minutes which will be reported in the Company Register of Meetings.

As regards stock-holder proper attendance, he points out the following:

-- The share capital amounts to Euro 2,791,311,344.64 divided into No 5.367.906.432 shares with a nominal value of Euro 0.52 each, of which 5.233.142.003 ordinary shares, and No 134.764.429 savings shares;

-- As at today's date, the Company owns No 2,617,500 ordinary shares.

In order to have the Meeting regularly started, he notifies that, at 10:32, total number of Shareholders attending the Meeting equal 216 on their own behalf or by proxy, for No 2,597,945,168 ordinary

shares. Therefore, holders of 49.644% of ordinary shares are attending the Meeting in total.

The President then ascertains and acknowledges that the Meeting is regularly constituted and can discuss and deliberate on the Agenda.

Following on, he observes and recalls that:

-- Documentation on various topics on the Agenda was duly noticed in accordance with applicable regulations, as well as published on the Company website; in particular, the dossier containing Director's expounding reports on all items on the Agenda (including, among others, the resolving proposals made by the Board of Directors), was made available to the public at the head office and at Borsa Italiana on November 22, 2007. That documentation was also published on the Company website;

-- The same dossier was distributed at the entrance, and was also sent on December 4, 2007 to those Shareholders of Pirelli & C. S.p.A. who took part in one of the last three meetings, and to those who made request of it;

-- According to the findings of the Book of Members, as also integrated by communications received in compliance with Article 120 of Legislative Decree No 58/1998 and other information available, the following Shareholders have voting shares in excess of 2% of ordinary share capital:

		Number of Shares	Ordinary Share Percentage of Capital
1	MARCO TRONCHETTI PROVERA	1,370,735,560	26.19
	Directly held	13,764	0.00
	Indirectly held, through CAMFIN S.P.A.	1,369,504,398	26.17
	Indirectly held, through Cam Partecipazioni S.r.l.	1,217,398	0.02
2	ASSICURAZIONI GENERALI S.p.A.	287,045,437	5.49
	Directly held, No. 113,926,593 (2.18%) shares, and indirectly as follows:		
	. Ina Assitalia SpA - No. 104,949,245 shares (2.00%)		
	. Generali Vie S.A - No. 57,400,000 shares (1.10%)		
	. Alleanza Assicurazioni SpA - No. 964,282 shares (0.02%)		
	. Intesa Vita SpA – No. 842,952 shares (0.02%)		
	. La Venezia Assicurazioni SpA – No. 38,640 shares (0%)		

	Number of Shares	Percentage of Total Number of Ordinary Shares
CAMFIN S.p.A.	1,063,360,850	20.32
MEDIOBANCA S.p.A.	241,144,264	4.61
EDIZIONE HOLDING S.p.A.	241,135,003	4.61
FONDIARIA - SAI S.p.A.	231,355,374	4.42
ALLIANZ S.p.A.	230,749,971	4.41
ASSICURAZIONI GENERALI S.p.A. (of these, No. 57,400,000 shares through Generali Vie S.A, and No. 82,779,265 shares through Ina Assitalia S.p.A.)	230,749,965	4.41
INTESA SANPAOLO S.p.A.	84,519,252	1.62
Massimo MORATTI (of these, No. 37,420,339 shares through CMCS.p.A., and No. 13,435,544 shares held by the trustee Istifid S.p.A.)	62,407,310	1.19
SINPAR S.p.A.	33,168,521	0.63
Total	2,418,590,510	46.22

- And he states that:

- all Directors of the Board are attending, except Mr. Benetton, Mr. Bruni, Mr. Cucchiani, Mr. Galateri, Mr. Libonati, Mr. Moratti, Mr. Perissinotto, Mr. Pesenti, and Mr. Roth, who justified their absence, whereas Mr. Giarda, Ms. Ligresti, Mr. Secchi, and Mr. Garraffo announced their late arrival;
- the entire Board of Auditors is attending, except for Mr. Guatri, who justified his absence;
- Mr. Giovanni Pecorella, is attending, representing savings Shareholders as a whole;
- representatives of the Auditing Firm are attending, as well as experts, financial analysts, and operators working at the Meeting.

The President, then:

- Recalls that published texts of existing Meeting Regulations and of Company Bylaws as amended in the course of the Meeting held on April 23, 2007 are available at the entrance, upon request;
- To allow participation in the discussion of all those present if they so wish, using the powers of law and Meeting Regulations, he determines the maximum duration of speech be 15 minutes. He recalls that speakers are requested to keep the said timing for the sake of work order and proper

performance, as well as to have every intervention related to the respective issue;

-- He invites those Shareholders who wish to take the word on any of the matters at issue, to book their interventions by means of the forms provided at the entrance. When they are called to perform their speech, they are kindly asked to do so by using the microphone at the President's right, thus allowing everyone to hear clearly, and not to speak from the audience; - he also informs about a recording system being set to facilitate the task of verbalization, and a simultaneous translation service from Italian to English and from English into Italian (headphones available at the entrance);

-- He points out that personal data collected by recording, as well as by participation applications, will be treated for the sole purpose of having the Meeting works, including verbalization, performed properly. Data will be treated in compliance with privacy protection regulations;

- He reminds Shareholders that they are not allowed to take either video or audio recording.

The President then, before progressing to the matters at issue, explains how the new voting system works.

He points out that every attending shareholder has been provided at the entrance with an electronic device called *tele-voter*, storing respective shareholder's identification code and number of shares. Instructions for use have been provided together with the *tele-voter*.

The said *tele-voter* will be the sole accepted way of voting.

Referring to the slide projected behind him, the President points out that, once the voting procedure on each item at issue is officially open, Shareholders are invited either to press "YES" on the *tele-voter* to express a positive vote, or to press "NO" to express a negative vote, or to press "ABSTAIN" to express their abstention from voting.

At this point – before pressing "ENTER" – Shareholders may still redo the process if they wish to change their vote, simply by pressing the relevant key of the vote they now wish to express.

After checking that the choice shown on the display is consistent with the vote they mean to express, Shareholders should press "ENTER" on their *tele-voters* to finally express their votes, and they will see it confirmed on the display. At this point the vote cannot be changed by any mean other than by "assisted voting", which can be performed by the dedicated post at the President's left, close to the stage.

-- He points out that those Shareholders who will not vote or will not confirm their vote by pressing the

“ENTER” key, will be deemed as “NON-VOTERS”.

Positive and negative votes, as well as abstaining choices, will be automatically recorded and reported in detail in the Annex to the minutes of the Meeting.

He announces that Shareholders provided with proxy who intend to express different votes for the respective Shareholders that they represent, the already mentioned post for “assisted voting” is available.

Eventually, he kindly asks participants neither to leave nor to enter the room during the voting, not to affect attendance survey.

He recalls again that instructions for use of *tele-voters* have been provided together with each *tele-voter*, and that assistance is available by means of dedicated personnel, who are in the room for such purpose, if necessary.

Tele-voters will be utilized also for attendance survey whenever anyone enters or exits the room for a short time, and they are to be given back to personnel in charge when their holders leave the Meeting or when the Meeting is ended.

The President then starts the discussion of the Agenda, and he announces that, as usual, there is no need to read it aloud, given that for every matter at issue related documentation was made available to the public (even through the Internet) and that said documentation was also sent to those who took part in one of the last three Meetings, and it has been handed to participants at the entrance as well.

* * *

Turning to discuss the first point on the Agenda, “**Appointment of a Director**”, the President reminds that, as also recorded by the report handed to everyone attending, in its Meeting dated July 26, 2007 the Board of Directors resolved to appoint Director Mr. Enrico Tommaso Cucchiani, replacing Mr. Paolo Vagnone who resigned from his position in the same month of July 2007. Mr. Cucchiani’ powers therefore expire contextually to this meeting.

The Board of Directors proposes to confirm Mr. Cucchiani in the position of Director of the Company.

The President points out that, if he is definitely appointed Director, Mr. Cucchiani will be in charge for the same time as the other current Directors, therefore his power will expire contextually to the Shareholders’ Meeting called for the approval of Financial Statements as at December 31, 2007, when the powers of the whole Board of Directors expire. He also announces that Mr.

Cucchiaini's yearly fee amounts to Euro 50,000, as every Director's fee. As unanimously agreed by the attendees, the President omits reading Mr Cucchiaini's *curriculum vitae*, as the latter is already renown, and the said *curriculum vitae* is included in the documentation available to participants, and then he opens the discussion on the only matter at issue of the Ordinary Part, once again asking to have interventions strictly related to the point under discussion and recalling that the time available to each speaker is determined in 15 minutes.

Rimbotti recalls having anticipated the contents of his interventions by means of a letter he to the President, and he acknowledges the decision taken of suspending the contribution to Teatro alla Scala.

As regards the matter at issue, he confirms that he has been closely following Mr. Cucchiani's professional path for quite a long time, and he observes that the newly appointed Director on July 26 last neither is enlisted in any internal committee, nor results as being an independent Director.

He thinks that the newly appointed Director may offer a valuable help to the management of Pirelli, even though it cannot be forgotten that he is already in charge of several positions: therefore he asks how may Meetings of the Board of Directors Mr. Cucchiaini attended after being appointed. Finally, he notes with regret that Mr. Cucchiaini is not attending today's Meeting.

Zola asks which Directors are attending today's Meeting, and he observes that absenteeism has now become a serious phenomenon: it is therefore to be condemned, and it must be taken into consideration that if the many renowned Directors do not have time to follow the Company itself, they should not accept the position offered.

He asks if some kind of reimbursement is foreseen for Directors attending the Shareholders' Meeting, hence he complains to the Board of Auditors under Article 2408 of the Civil Code, as he indeed thinks that the phenomenon of so few Directors attending the Meeting must be condemned, specially given the entity of their fees. Moreover, he highlights that today's Meeting Agenda is important, and in fact the Company encouraged savings share holders to attend the relevant Meeting.

Therefore he asks the Board of Auditors to enquire about Directors' reasons for not attending, and to have them reported to the next Shareholders' Meeting.

Following on, he asks how tasks are assigned within the Board. Regarding the appointment of Mr. Cucchiaini in particular, he finally observes that, being a confirm, it is not a highly considerable fact.

Staffa asks if Mr. Cucchiani can be considered as an independent Director.

Fabris makes the first recommendation to the offices of the Company to control Pirelli's data published by Consob. In fact from the check on the site of the Supervisory Authority that was carried out on December 10, the data concerning major Shareholders do not coincide with those

indicated by the President at the opening of the Meeting and those mentioned in the Shareholders' agreement. He believes that the correct data are indeed those reported by the President, but he still calls to check the information disseminated by Consob, and he criticizes the latter's lack of efficiency in general.

As regards the matters at issue, he observes that the Board of Directors today includes 20 Directors, a high amount indeed. Taking into account that the Company has always paid special attention to this kind of matter, and has always been innovative in such respect; he suggests that the Board of Directors be resized. Actually, in his opinion the number of Directors could be reduced to five, and the presence of minority group representatives, as himself for instance, who could provide valuable assistance to the works of the Board, even free of charge, should be encouraged.

Eventually, he recalls that even a big personality such as Mr. Leopoldo Pirelli used to take advantage of the suggestions of minor Shareholders, and he reserves to give his comments on the bylaw regulations for appointing the Board later on, in the Extraordinary Part of the Meeting.

Finally, he announces his favorable vote in advance.

As nobody else asks to intervene, the President firstly points out that Mr. Cucchiani attended both Meetings of the Board of Directors called since his appointment, and that he wishes to confirm his commitment to the task he is entrusted with. Besides, the President continues, Mr. Cucchiaini does not have those particular features that would enable him to be deemed as an independent Director, but indeed his qualities are such as to ensure his valuable assistance with Company management.

As regards attendance by Directors, he observes that about the 50% of the Members of the Board of Directors will be attending the meeting, including those who announced their late arrival and therefore are going to attend. Actually it should also be borne in mind that, for obvious reasons, today's Meeting was not scheduled so in advance as usual; and this impeded the possibility of wider participation. Note will be taken of the observation expressed in the Meeting anyway.

After ensuring that no reimbursement is due for Directors' travels and expenses, he observes that Pirelli's governance foresees limited internal committees within the Board, demanding the utmost efforts for participation and operations, and consequently the same Directors cannot be included in different internal committees at the same time. In addition, Pirelli has been following for years the strategy of appointing a high number of independent Directors, and of Directors elected by minority groups. These are the reasons for the high number of Members of the Board of Directors, he highlights, and the Board is now playing an even more active role than it used to play in the past.

Moreover, the need of preventing members of the various internal committees from being also operating Directors has always been agreed upon, given that the committees should be in a position of providing independent advice.

As such, the Board of Directors can hardly be resized at present. Still the Board of Directors of Pirelli brings a valuable contribution to the Company, both for Members' excellent skills and for their commitment; thanks must be given to every Director, including those who are not attending today's Meeting.

Eventually, he guarantees that the necessary audits on the information published by Consob's website will be performed.

Zola replies by requesting the names of attending Members of the Board, to be in a position to assess the validity of the observations made by the President, as well as accurate details related with Shareholders' attendance; and he asks again for being acknowledged on the procedure relating to powers granted by the Company.

The President, having mentioned again the details of those Shareholders who intervened, observes that the following Directors are presently attending, besides himself: Mr. Pirelli, Mr. Puri Negri, Mr. Acutis, Mr. Angelici, Mr. Bombassei, and Mr. Garaffo, whilst the following Directors announced their late arrival: Mr. Giarda, Ms. Ligresti, Mr. Roveri, and Mr. Secchi. When these latter will be joining in, approximately 50% of the Members of the Board will be attending.

Finally, he recalls that the procedure relating to powers granted by the Company is described in details in the Financial Statements documentation: the President is entrusted with operating tasks, whereas management is in charge of the remaining tasks. Powers granted to the two Vice Presidents practically consist in representing the Company.

Nobody else asking to speak, the President,

- declares that the discussion on the Agenda of the Ordinary Part is closed;
- for resolving purpose announces that, Shareholders attending either personally or by proxy at 11:05 a.m. are No. 241, with No. 3,216,671,249 ordinary shares entitled to the same number of votes and equal to 61.467% of the total number of ordinary shares;
- puts to the vote (at 11:05 a.m.) the proposed appointment of Mr. Enrico Tommaso Cucchiani as Director of the Company until expiration of the present Board of Directors (i.e. the Shareholders' Meeting called for the approval of the Financial Statements as at December 31, 2007);
- he asks attendees to stay in the room throughout voting operations;
- he reminds those proxy holders who wish to express different votes related to the said proposal that they are kindly requested to go to the dedicated post to "assisted voting" on his left. As regards the remaining Shareholders, they may keep their seats and express their vote

by means of their *tele-vote*, following the before mentioned procedure;

- he then invites the attendees:

- to press the relevant key in order to express their vote (either YES, which corresponds to a vote in favor of the proposed appointment, or ABSTAIN, or NO, which corresponds to a vote against the proposed appointment);
- to check on the display if the choice made is correct, and to press “ENTER” if no amendments are needed;
- finally, to check on the screen if the vote has been recorded.

The majority of Shareholders approve.

Against 2,260,937 shares.

Abstain 125,206 shares.

Non-voting 120,094 shares.

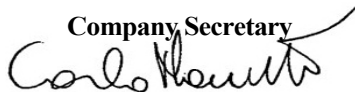
The remaining in favour. 3,214,165,012 shares. As per annexed details.

The President makes the results official.

* * *

The discussion of the Ordinary Part of the Agenda being over, and no one asking to speak, the President progresses to the Extraordinary Part of it, subject to separate verbalization.

As at 11:14 a.m.

Company Secretary



President