

PIRELLI & C.
Società per Azioni
Milan - Via G. Negri 10
Tax Code and Number of Registration
with the Milan Companies Register no. 00860340157

NOTICE TO PIRELLI & C. S.P.A. SHAREHOLDERS
(published pursuant to Article 84 of CONSOB Regulation no. 11971/9 and related to the registration with the Milan Companies Register, pursuant to Article 2437-*quater*, para. 2 of Italian Civil Code, of the Pre-Emptive Offer of no. 4,546,093 savings shares for which the right of withdrawal has been exercised)

Pirelli & C. S.p.A. informs that on January 25, 2008 the following was registered with the Milan Companies Register, pursuant to Article 2437-*quater*, para. 2 of Italian Civil Code:

“PRE-EMPTIVE OFFER of No. 4.546.093 PIRELLI & C. S.p.A. SAVINGS SHARES
pursuant to Article 2437-*quater*, para. 1 and 2, of Italian Civil Code

Whereas:

- on December 12, 2007, the extraordinary shareholders' meeting of Pirelli & C. S.p.A. (“**Pirelli**” or the “**Company**”) approved, *inter alia*, the voluntary reduction of share capital through reduction of the nominal value per share of both ordinary and savings shares, from EUR 0.52 to EUR 0.29 each, as well as the consequent amendment to Article 5 of the By-Laws;
- on December 14, 2007, the special meeting of Pirelli savings shareholders approved, to the extent of its competence, the above-mentioned resolution of the extraordinary shareholders' meeting;
- on December 21, 2007 (the “**Registration Date**”), the resolutions mentioned above were duly registered with the Milan Companies Register;
- Pirelli savings shareholders who did not concur to the approval of the resolution of the special savings shareholders' meeting were entitled to exercise the right of withdrawal pursuant to Article 2437, para. 1, lett. (g) of Italian Civil Code (the “**Right of Withdrawal**”) on terms already specified by the Company in accordance with the law. In particular, the Right of Withdrawal could be exercised within fifteen calendar days from the Registration Date and, therefore, until January 5, 2008 (the “**Deadline**”);
- the liquidation value of Pirelli savings shares for which the Right of Withdrawal is exercised - determined pursuant to Article 2437-*ter*, para. 3, of Italian Civil Code - is equal to Euro 0.8055 for each share (the “**Liquidation Value**”);
- at the expiration of the Deadline, the Right of Withdrawal has been exercised with respect to no. 4,546,093 Pirelli savings shares, equal to approximately 0.08% of the share capital and 3.37% of the savings share capital, for an aggregate amount equal to Euro 3,661,877.91;

- in accordance with the law, the effects of the Right of Withdrawal exercised by entitled shareholders are subject to the condition that Pirelli does not revoke, within 90 days from the Registration Date, the resolution of the above-mentioned extraordinary shareholders' meeting concerning the reduction of share capital through reduction of the nominal value per share;

Pirelli & C. S.p.A.
OFFERS IN PRE-EMPTION

the no. 4,546,093 Pirelli savings shares for which the Right of Withdrawal has been exercised (the “**Shares**” or, individually, the “**Share**”), pursuant to Article 2437-*quater*, para. 1, of Italian Civil Code, to the holders of Pirelli ordinary and/or savings shares for which the Right of Withdrawal has not been exercised, according to the following ratio: no. 1 Pirelli savings share for every no. 1,179 ordinary and/or savings shares held (the “**Pre-Emptive Offer**”).

The pre-emptive rights to purchase the Shares (the “**Pre-Emptive Rights**”) cannot be traded on the *Mercato Telematico Azionario* organized and managed by Borsa Italiana S.p.A.

The Shares subject to the Pre-Emptive Offer and the Pre-Emptive Rights have not been and will not be registered in the United States of America pursuant to the United States Securities Act 1933, and shall not be offered or sold in the United States of America, except pursuant to an exemption. The Shares subject to the Pre-Emptive Offer and the Pre-Emptive Rights have not been and will not be offered or sold in any other countries where the Pre-Emptive Offer may not be carried out, absent a specific clearance in compliance with applicable provisions of any such country or pursuant to a waiver to such provisions.

Price

The Shares are offered in pre-emption at a price per share equal to EUR 0.8055 each (the “**Price**”) which corresponds to the respective Liquidation Value.

Acceptance Period

The acceptance period of the Pre-Emptive Offer (the “**Acceptance Period**”), within which (subject otherwise to forfeiture) the shareholders so entitled may exercise the right to purchase the Shares, will start on January 28, 2008, and will end on February 27, 2008 (both dates included).

Procedure for Acceptance

The acceptance of the Pre-emptive Offer shall take place through the financial intermediaries participating in the Monte Titoli S.p.A. centralized management system, by subscribing an acceptance form drawn up in accordance with the *facsimile* available at the registered office of Pirelli S.p.A., Via G. Negri, 10, Milan, and on the Company's website at www.pirelli.com (the “**Acceptance Form**”), and subject to verification, by same financial intermediaries, that the accepting person is entitled to purchase the Shares.

Right of First Refusal

Pirelli shareholders exercising the respective pre-emptive right will have a right of first refusal (the “**Right of First Refusal**”) in the purchase of the savings shares remained not subject to pre-emption in the Pre-Emptive Offer, provided that such shareholders make an *ad hoc* request concurrently with the exercise of the Pre-Emptive Right. To this end, shareholders are required to specify, in the appropriate section of the Acceptance Form, the maximum amount of Shares for which they intend to exercise the Right of First Refusal.

Should the amount of Shares requested in exercise of the Right of First Refusal be in excess of the amount of Pirelli shares remained not subject to pre-emption upon expiry of the Pre-Emptive Offer, then a pro-ration procedure shall follow among all requesting parties, pro-rata to the number of Pre-Emptive Rights held by them; in the event that any Shares remain after an allocation on the basis of the full quotient, the remaining Shares shall be assigned according to the largest remainder.

Should any Shares remain not purchased at the end of the aforesaid procedure, including both the Pre-Emptive Offer and any exercise of the Right of First Refusal, such Shares shall be placed in the manner provided for by Italian Civil Code. Accordingly, the directors will place the Shares through an offer on the stock exchange, pursuant to Article 2437-*quater*, para. 4, of Italian Civil Code. In addition, as per Article 2437-*quater*, para. 5, of Italian Civil Code, failing a placement in accordance with the aforesaid procedures within 180 days from the notice of the withdrawal, the remaining Shares shall be bought back by the Company.

Results of the Pre-Emptive Offer

Pirelli will communicate the results of the Pre-Emptive Offer (also in light of the exercise of the Right of First Refusal, if any) by publishing a notice on at least one national newspaper (Il Sole 24 ore) and on the Company’s website at www.pirelli.com.

Procedure and terms for the payment and transfer of the Shares

By signing the Acceptance Form for the purchase of the Shares, the shareholders accepting the Pre-Emptive Offer give to the intermediary - upon payment to the same of the aggregate countervalue for the purchase of the Shares (including any Shares for which the Right of First Refusal is exercised) - a mandate to pay to Pirelli such aggregate countervalue (or the lower countervalue due, in the event of a pro-ration of the Shares subject to Right of First Refusal), and to receive from Pirelli the purchased Shares, provided that the payment of the Shares and the respective transfer will be carried out on terms and in the manner that will be announced by Pirelli through a notice published on at least one national newspaper (Il Sole 24 ore)

The payment of the Shares shall be in any event made upon conclusion of the liquidation procedures detailed above, which the Company expects to be completed at a date close to the execution of the reduction of capital and in any case before the distribution, in the context of such reduction of share capital, of the so-called “extraordinary dividend” equal to EUR 0.154 per each ordinary and/or savings share held, in accordance with what already communicated by the Company.”

Milan, January 26, 2008.

The Chairman of the Board of Directors

Marco Tronchetti Provera