



PRESS RELEASE

PRELIOS BOND LOAN CONVERSION

THE CONVERSION IS NOT TO IMPACT THE NET FINANCIAL POSITION

THE FOCUS ON THE TYRE BUSINESS IS CONFIRMED

Milan, 9th April 2014 – Concerning the announcement made by Prelios today, having occurred the conditions requiring the total conversion in advance of the bond loan (the so-called “Convertendo”) underwritten by Pirelli in due time within the framework of Prelios financial indebtedness readjustment plan, Pirelli announces what follows:

- In line with the bond loan regulations, following the above mentioned conversion, and as made known to the market (see press release dated 27th March 2013), in exchange for its Prelios bonds (Tranche A and B), equivalent to 148.4 million euro in total plus interests accrued, Pirelli will receive Prelios shares. Through the conversion, it is estimated that Pirelli share of Prelios capital with voting rights, made up of type A shares, will grow from the current 13% approximately to roughly 29% after the conversion, of which approximately 7%, after the conversion, can be traded freely and around 22% will be constrained by the lock-up obligations included in the agreements among Fenice partners (Pirelli, Intesa Sanpaolo S.p.A, Unicredit S.p.A. and Feidos 11 S.p.A) until July 2016, with an automatic renewal for another three years, unless revoked. In addition, through the conversion, Pirelli will also receive approximately 93 million type B shares – not listed and with no voting rights – which, according to the agreement among Fenice partners, will have to be contributed to Fenice itself, which will continue to hold the totality of type B shares after the conversion, too. It should be kept in mind that, according to Consob deliberations No 18565 of 31st May 2013 and No 18607 of 9th July 2013, following the conversion, no subject will have any obligation to promote a total public offering of Prelios shares;
- Any possible effects deriving from the conversion will be brought to account in the first half of 2014, without any impact on the net financial position. For the sake of completeness, in the financial report of 31st December 2013, the nominal value of the Convertendo had been adjusted to the fair value on that date of 104.1 million euro, with an adjustment of 44.3 million euro in the profit and loss account.

Pirelli confirms its strategic focus on Tyres as its core business and that, as already announced to the market on other occasions, it is therefore not a long-term investor in the “real estate” industry. As such, it can seize any possible opportunity that may arise from the market to value its own shareholding, with due regard for the existing agreements with Fenice partners.

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