



INFORMATION DOCUMENT

“2008 Stock Grant Plan” and “2008-2010 Stock Option Plan”

(prepared in accordance with Article 84-bis of the Issuers’ Regulations

approved with Consob Deliberation No. 11971 of 14 May 1999)

8 MAY 2008

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Preliminary Remarks

On 6 March 2008, the Pirelli & C. Real Estate S.p.A. Board of Directors, upon the proposal of the Remuneration Committee, approved the guidelines of two compensation plans based on financial instruments, to be submitted to the approval of the Shareholders’ Assembly convened on April 14, 2008 (jointly, the “Plans”):

- a stock grant plan, which foresees the free assignment of Pirelli RE shares to the Beneficiaries (“2008 Stock Grant Plan” or “2008 SGP”);
- a stock option plan, which foresees the assignment to the Beneficiaries of options for the purchase of Pirelli RE shares (“2008-2010 Stock Option Plan” or “2008-2010 SOP”).

On 14 April 2008, the Shareholders’ Assembly approved the Plans, conferring to the Board of Directors the mandate to adopt the related regulations and, at the same time, assigning to the same all the necessary and opportune powers for their activation.

On 8 May 2008, lastly, the Board of Directors, upon the proposal of the Remuneration Committee and respecting the guidelines approved by the Assembly, as well as the proxies conferred by the same, provided to activate the Plans, adopting the related regulations.

This report, prepared by the Board of Directors on 6 March 2008, published on 28 March 2008, and subsequently updated and supplemented on 8 May 2008, with limited regard to that pertaining to the 2008-2010 SOP, including with the insertion of the relative Table of the beneficiaries, constitutes the information document foreseen by Article 84-*bis* of Consob Regulation No. 11971, approved with deliberation of 14 May 1999 and modified, lastly, with Deliberation No. 15915 of 3 May 2007 (the “Issuers’ Regulations”). The information document is prepared, including in the numbering of its related paragraphs, coherently with the indications contained in Schedule 7 of Attachment 3A of the Issuers’ Regulations.

It is specified that the Plans are to be considered “particularly relevant” in accordance with Article 114-*bis*, paragraph 3, of Legislative Decree 58/1998 (the “*Testo Unico della Finanza*”, Consolidated Financial Act, or “TUF”) and of Article 84-*bis*, paragraph 2, of the Issuers’ Regulations.

Definitions

For the purposes of this document, the terms listed below have the following meaning:

2006 – 2008 LTI Plan	The multi-year variable remuneration system adopted by the Board of Directors for the 2006-2007-2008 three-year period.
2008 Stock Grant Plan or 2008 SGP	The stock grant plan for 2008, as approved by the Pirelli RE Board of Directors on 6 March 2008.
2008-2010 Stock Option Plan	

or 2008-2010 SOP	The stock option plan for the 2008-2010 period, as approved by the Pirelli RE Board of Directors on 6 March 2008.
Assembly	The Ordinary Meeting of the Pirelli & C. Real Estate S.p.A. Shareholders.
Beneficiary	Any Board Member or Employee of the Company or of the Pirelli RE Group affected by the Plans.
Board Member	The component of the Board of Directors of the Company or of a company of the Pirelli RE Group.
Board of Directors	The Board of Directors of Pirelli & C. Real Estate S.p.A..
Employee	An individual linked to the Company or the Pirelli RE Group by a subordinate work relationship.
Normal Value	This indicates the value of the Shares determined in accordance with the criteria established by Article 9 of Presidential Decree No. 917 of December 22, 1986, and, in particular, with reference to the securities traded on Italian and foreign regulated markets, based on the arithmetical average of the prices registered in the previous month.
Options	The options (stock options) that give the right to purchase own shares already in the Company portfolio.
Participant	Any Board Member or Employee of the Company or of the Pirelli RE Group affected by the Plans.
Pirelli RE Group	The Company and the companies directly or indirectly controlled by it in accordance with Article 2359, Civil Code.
Pirelli RE or Company	Pirelli & C. Real Estate S.p.A..
Plans	The 2008 Stock Grant Plan and the 2008-2010 Stock Option Plan, jointly.
Shares	Pirelli & C. Real Estate S.p.A. ordinary shares with a nominal unitary value of EUR 0.5 traded on the Borsa Italiana S.p.A..

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2008 STOCK GRANT PLAN

1. Addressees

- 1.1 The addressees of the 2008 SGP, components of the Pirelli RE Board of Directors, are Messrs:
- Emilio Biffi, Managing Director – Chief Technical Officer;
 - Paolo Massimiliano Bottelli, Board Member – Services Vice General Director;
 - Olivier Yves de Poulpiquet de Brescanvel, Board Member and Investment & Asset Management General Director.

In compliance with that specifically required by the provisions contained in Schedule 7 of Attachment 3A of the Issuers' Regulations, the addressees of the 2008 SGP, components of the Boards of Directors of companies directly and/or indirectly controlled by Pirelli RE, are Messrs:

Andrea Boeri, Angelo Cattaneo, Giuseppe Caruso, Andrea Matteoli, Carlo Mereghetti, Stefano Montuschi, Antonio Musacchio, Roberto Nicosia and Mauro Stanga.

- 1.2 The categories of Employees who are Beneficiaries of the 2008 SGP: Senior Executives.
- 1.3 The Beneficiaries of the 2008 SGP:
- a) who carry out management functions, as indicated in Article 152-*sexies*, paragraph 1, letter c)-c.2, are Messrs: Gerardo Benuzzi (Finance & Human Resources General Director) and Enrico Signori (Investment & Asset Management – Residential Co-General Director);
 - b) Not applicable;
 - c) Not applicable.
- 1.4 Description and numerical indication, separated by category:
- a) of the whole of the senior executives who have regular access to privileged information and hold the power to adopt management decisions that can affect the evolution and the future prospects of the share issuer, listed in Article 152 *sexies*, paragraph 1, letter c)-c.2: these are the subjects that make up the so-called Management Board.
Twelve subjects who belong to this category (and not already included in the preceding categories) are Beneficiaries of the 2008 SGP;
 - b) Not applicable;
 - c) Not applicable;
 - d) Not applicable.

2. Reasons that justify the adoption of the plan

- 2.1 The remuneration system adopted by the Company traditionally consists of multiple components – of annual and multi-year nature – this based upon the knowledge that the quality and the motivation of the human resources represent the main factor and key to success for a business model such as that of Pirelli RE.

This structure has been coherently defined with the objective of providing incentives for and loyalizing the key resources of the Pirelli RE Group, in order to achieve the objectives set forth from time to time in the budgets and three-year plans, including through a constant adaptation of their characteristics to the evolutionary and growth dynamics of the Group and of its related reference market, as well as to the situation of the financial markets in general.

In relation to this, the Board of Directors – in agreement with the Remuneration Committee – has deemed it opportune to proceed with a global review of this remuneration/incentive system, so that it may better respond (i) to the new and variable requested commitment needs of the Group as well as (ii) to the recent evolution of the real estate sector and of the financial markets, characterized – as everybody knows – by strong turbulence and fear linked to the risk of a huge credit crunch, factors that have led to the debate on the current medium and long-term incentive systems of the Company, the so-called Long Term Incentive (“LTI”), for which the 2006-2008 LTI Plan had been approved in the past, linked to the three-year industrial plan approved by the Company for the same period.

With specific reference to this LTI system, as this is a multi-year incentive plan whose main objectives are retention and the maximization of the possibility of achieving the objectives of the three-year plan that is in force from time to time. The above considerations and the foreseen upcoming approval of a new three-year plan for the 2008-2010 period (which will replace the 2006-2008 plan) have induced the Company (i) to revoke the 2006-2008 LTI Plan, which was evidently not coherent with that which the new 2008-2010 three-year plan will be, and (ii) to recognize for those interested parties, in way of compensation for the mutual agreement to terminate the 2006-2008 LTI Plan early, a total sum equivalent to that potentially matured until today. In order to further facilitate the objectives of loyalty, retention and incentives, in place of recognizing the monetary amount due, the Beneficiaries will be assigned the corresponding value in Pirelli RE Shares, through a stock grant system, thus aligning the interest of the same with that of the Shareholders in a framework where the expectations and the benefits deriving from the increase in value of the Pirelli RE securities is shared.

- 2.2 The assignment of the Shares is not subordinated to particular performance constraints or other key variables because, as specified *sub* 2.1, this is a “final” assignment, for activities that have already been carried out and results that have already been achieved, and not for future objectives.
- 2.3 With regard to the criteria underlying the determination of the entity of the compensation based on financial instruments, the number to Shares to be assigned has been determined – as anticipated *sub* 2.1 – on the basis of the 2006-2008 LTI component matured by each Beneficiary, at the time of revocation of the LTI, foreseeing the assignment to each Beneficiary of a number of Shares corresponding to the amount due to the same as LTI, as calculated on the basis of a Share value equal to EUR 25.00. This value has been determined, rounded to the euro, by taking into account the Normal Value of the Shares on 6 March 2008 (arithmetical average of the official prices registered on the market managed by Borsa Italiana S.p.A. in the 30 days prior to the reference date).
- 2.4 Not applicable.
- 2.5 Not applicable.
- 2.6 Not applicable.

3. Approval procedure and assignment schedule of the instruments

- 3.1 The Board of Directors is delegated by the Assembly for the activation of the 2008 SGP, with specific reference to the adoption of the related regulations, as all the necessary or opportune powers have also been assigned respecting the guidelines indicated in this Information Document.
- 3.2 The subjects appointed to administer the 2008 SGP – as explicitly indicated in the Assembly deliberation proposal – are the Chairman of the Board of Directors and the Vice Chairman and Managing Director, who will be opportunely supported by the Finance & Human Resources and Legal & Corporate Affairs functions, regarding the aspects that are of their respective competence.
- 3.3 Not applicable.
- 3.4 The 2008 SGP foresees the gratuitous assignment of own Shares that the Company holds in its portfolio, purchased and/or to be purchased on the basis of a specific Assembly authorization, that will be formalized through a stock grant contract, indicating the number of the Shares assigned to each Board Member and/or Employee of the Pirelli RE Group and the other conditions to which the assignment is subordinated.
- 3.5 The elaboration of the 2008 SGP has been carried out by the competent corporate functions, with the aid of external consultants, under the direction of the Vice President and Managing Director who does not hold an interest in the plan. Those Board Members directly interested left the conference room at the time of the discussion and deliberation of the part of the plan of interest to them.
- 3.6 The date of the Board of Directors that proposed the Plan approval to the Assembly is that of 6 March 2008. The Board meeting was preceded by the meeting of the Remuneration Committee, made up of all the independent Board Members not interested in the 2008 SGP, which proposed the adoption of the same.

- 3.7 The Board of Directors' meeting that has given execution to the Plan approved by the Shareholders' meeting is the one held on May 8, 2008. In the same date, before the Board of Directors' meeting a Remuneration Committee meeting has been held.
- 3.8 The official Stock Exchange price of one Share on 6 March 2008 was EUR 24.25. The official Stock Exchange price of one Share on 8 May 2008 was EUR [*].
- 3.9 Not applicable.

4. The characteristics of the assigned instruments

- 4.1 The 2008 SGP is structured around the gratuitous assignment of Shares (stock grant).
- 4.2 The assignment of the 2008 SGP Shares has been set for 8 May 2008 (date foreseen for the approval of the Interim Financial Statement for the period covering the 1st quarter of 2008 and to the new 2008-2010 Three-Year Plan). The Shares, therefore, will be assigned subsequent to the payment of the 2007 dividend.
- 4.3 The 2008 SGP term is set at 30 April 2009.
- 4.4 The maximum number of Shares that are assignable as a whole with the Plan is 130,000, to be assigned in one single tranche on the date indicated *sub* 4.2.
- 4.5 As specified *sub* 2.2, the actual assignment of the Shares is not subordinated to the occurrence of conditions, or rather, to the achievement of specific results, including in terms of performance. As the assignment of the Shares is directly correlated to the early termination of the 2006-2008 LTI Plan, the stock grant contract will explicitly foresee a clause that will link the adherence and undersigning of the contract to the automatic termination of the LTI contract, with the consequent renunciation of any claim to this regard on the part of the Beneficiary.
- 4.6 The 2008 SGP foresees a one year lock-up, expiring on 30 April 2009; after this date, the Beneficiaries may freely dispose of their Shares. The Board of Directors will assess the most opportune operation methodology to guarantee the respect of this constraint. Apart from the lock-up period, the Shares will not be subject to further restrictions, other than those established by the current regulations regarding the use of privileged information. To this latter regard, the Board of Directors may dictate regulations in the periods immediately prior to the main corporate deadlines or to the occurrence of extraordinary or particularly relevant events. In the case of death of the Beneficiary, the Shares will be owed to the heirs or legatees and devisees that will be entitled to them in accordance with current inheritance laws, all the while still respecting all other foreseen conditions.
- 4.7 Not applicable.
- 4.8 In the event of resignation, or rather, of termination for just cause and/or of suspension of the Board Member relationship during the lock-up period, the Company will have a call right for the repurchase of the Shares from the Beneficiary at a price corresponding substantially to the tax burden + contributions at the expense of the Beneficiary at the time of assignment, increased by 5%. In this manner, the Employee/Board Member will not be able to benefit from the possible increase in value of the Shares, but at the same time he will be held harmless of the costs linked to the assignment. This provision is not valid for Board Members who are not also Employees.
- 4.9 Not applicable.
- 4.10 There is a power foreseen, whereby the Company may declare – at its discretion – the early expiry of the lock-up period upon the occurrence (i) of particular events regarding the Company (such as, for example, market capital and extraordinary operations), or rather, the financial markets, and, however, (II) of specific situations that significantly affect the quotation of the Pirelli RE securities. In this case, the Beneficiaries may freely dispose of their Shares, without waiting for the expiry of the lock-up period.
- 4.11 As upon the assignment of the gratuitous Shares an income from work is created, and, therefore, the Beneficiary must immediately pay taxes and related contributions, the Company

will make financing available with a three-year expiry and at market rates, corresponding to the official discount rate. The financing will not regard only the Board Members who are not also Employees.

- 4.12 The expected burden for the Company is approximately EUR 4,000,000.
- 4.13 It is not expected that the 2008 SGP will have a dilution effect on the capital, as no increase in capital is foreseen.
- 4.14 No limit is foreseen for the exercise of the voting right and the assignment of the property rights related to the Shares.
- 4.15 Not applicable.
- 4.16 Not applicable.
- 4.17 Not applicable.
- 4.18 Not applicable.
- 4.19 Not applicable.
- 4.20 Not applicable.
- 4.21 Not applicable.
- 4.22 Not applicable.
- 4.23 Not applicable.
- 4.24 See attached Table.

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2008-2010 STOCK OPTION PLAN

1. Addressees

- 1.1 The addressees of the 2008-2010 SOP, components of the Pirelli RE Board of Directors, are Messrs:
- Carlo Alessandro Puri Negri, Vice President and Managing Director - Chief Executive Officer;
 - Emilio Biffi, Managing Director – Chief Technical Officer;
 - Paolo Massimiliano Bottelli, Board Member – Services Vice General Director;
 - Olivier Yves de Poulpiquet de Brescanvel – Board Member and Investment & Asset Management General Director.

In compliance with that specifically required by the provisions contained in Schedule 7 of Attachment 3A of the Issuers' Regulations, the addressees of the 2008-2010 SOP, components of the Boards of Directors of companies directly and/or indirectly controlled by Pirelli RE, are Messrs: Angelo Cattaneo, Ryszard Danielewicz, Andrea Matteoli, Antonio Musacchio, Roberto Nicosia, Stefano Montuschi e Andrea Boeri.

- 1.2 The categories of Employees who are Beneficiaries of the 2008-2010 SOP: Senior Executives.
- 1.3 Beneficiaries of the 2008-2010 SOP:
- a) who carry out management functions, as indicated in Article 152-*sexies*, paragraph 1, letter c)-c.2, are Messrs: Gerardo Benuzzi (Finance & Human Resources General Director) and Enrico Signori (Investment & Asset Management – Residential Co-General Director);
 - b) Not applicable;
 - c) Not applicable.
- 1.4 Description and numerical indication, separated by category:
- a) of the whole of the senior executives who have regular access to privileged information and hold the power to adopt management decisions that can affect the evolution and the future prospects of the share issuer, listed in Article 152 *sexies*, paragraph 1, letter c)-c.2: these are the subjects that make up the so-called Management Board.
10 subjects who belong to this category (and are not already included in the preceding categories) are Beneficiaries of the 2008-2010 SOP;
 - b) Not applicable;
 - c) Not applicable;
 - d) Not applicable.

2. Reasons that justify the adoption of the plan

- 2.1 The remuneration system adopted by the Company traditionally consists of multiple components – of annual and multi-year nature – this based upon the knowledge that the quality and the motivation of the human resources represent the main factor and key to success for a business model such as that of Pirelli RE.

This structure has been coherently defined with the objective of incentive and loyalizing the key resources of the Pirelli RE Group, in order to achieve the objectives set forth from time to time in the budgets and three-year plans, including through a constant adaptation of their characteristics to the evolutionary and growth dynamics of the Group and of its related reference market, as well as to the situation of the financial markets in general.

In relation to this, the Board of Directors – in agreement with the Remuneration Committee – has deemed it opportune to proceed with a global review of this remuneration/incentive system, so that it may better respond (i) to the new and variable requested commitment needs of the Group as well as (ii) to the recent evolution of the real estate sector and of the financial markets, characterized – as everybody knows – by strong turbulence and fear linked to the risk of a huge credit crunch, factors that have led to the debate on the current medium and long-term incentive systems of the Company, the stock option plan approved by the Company on 16 December 2005 (“2006-2008 Stock Option Plan” or

“2006-2008 SOP”) in close collaboration with the three-year industrial plan approved by the Company for the same period.

With specific reference to this stock option plan, as this is a multi-year incentive instrument whose main objective is the retention and maximization of the possibility of achieving the objectives of the three-year plan that is in force from time to time. The above elements and the foreseen upcoming approval of a new three-year plan for the 2008-2010 period (which will replace the 2006-2008 one) have placed the Company in the situation where they need to (i) reconsider the assumptions of the 2006-2008 SOP and, therefore, (ii) assess the subsistence of conditions for its effective maintenance, and consequently determining it to be opportune to proceed to its replacement with a new plan.

In fact, the launch of a new three-year plan, tied into a reference period other than that of the 2006-2008 three-year period, will obviously lead to the disappearance of the logical connection between the incentive system and the corporate objectives, and, more particularly, the maintenance of incentive forms that are not coherent with the specific situation, and the assigned objectives risk to strongly penalize every objective that was aimed to provide incentives for and loyalize the key personnel that the Company counts upon for the achievement of its results.

In the light of the above, the objectives that we intend to achieve through the assignment of the 2008-2010 SOP are – as a continuance with the traditional attention to the need to single out effective systems for the alignment of the interests of the management with those of the Company Shareholders – to provide incentives for and/or loyalize the Board Members and Directors who, through their roles and responsibilities, cover a strategic position within the Pirelli RE Group, as well as the other key resources to be retained, giving them the incentive, within the limits and on the basis of their respective competencies, to achieve the objectives set forth in the three-year plan, and, in general, to develop the business.

- 2.2 With regard to the key variables, including in the form of performance indicators considered for the purposes of the assignment of the 2008-2010 SOP, these have been identified by the Board of Directors’ meeting of 8 May 2008 – having heard the Remuneration Committee – recalling and making specific reference – as an integral part of the approved 2008-2010 SOP Regulations – to the target “operational constraints” that will be foreseen by the new three-year plan for the 2008-2010 period and relating to: Consolidated Net Profit and Net Financial Position Gearing. It is highlighted that the same will be punctually defined in terms of values/thresholds by the Board of Directors following the approval of the new 2008-2010 three-year plan or, however, coherently with the forecasts/targets of a multi-year period, that will be approved and communicated to the markets.

It is also recalled, moreover, that a “market constraint” is also foreseen, so the stock options may be exercised only under the condition that – at the time of exercise – the Pirelli RE securities are listed at more than EUR 26.00, this being the value that coincides with the IPO price.

- 2.3 With regard to the criteria at the basis of the determination of the entity of the compensation based on financial instruments, the number of Options to be attributed to the Beneficiaries has, in particular, been determined taking into account: (i) the different mix of sectors – both business and operational – and their related importance, as considered relevant in view of the new 2008-2010 three-year plan; (ii) the position covered by each Beneficiary within the Pirelli RE Group and the related responsibilities; (iii) their respective strategic value in relation to the objectives to be pursued and their related ability to concretely affect the evolution and the future prospects of the Pirelli RE Group, and (iv) the total remuneration structure foreseen for each one.

2.4 Not applicable.

2.5 Not applicable.

2.6 Not applicable.

3. Approval procedure and assignment schedule of the instruments

- 3.1 The Board of Directors, delegated by the Assembly of 14 April 2008 for the activation of the 2008-2010 SOP, on 8 May 2008 has provided to, (i) the nominal identification of the Beneficiaries and the determination of the number of Options to assign to each, this in accordance with the general criteria

indicated *sub* 2.3; (ii) the identification of the key variables and performance indicators as conditions of the 2008-2010 SOP and (iii) the adoption of all further interventions that are required to effectively and better activate the 2008-2010 SOP, in conformity with that established in this Information Document.

- 3.2 The subjects appointed to administer the 2008-2010 SOP, as explicitly indicated in the Assembly deliberation proposal, are the Chairman of the Board of Directors and the Vice Chairman and Managing Director, separately, (with the sole exception of the Options to be assigned to the Vice Chairman and Managing Director, for whom the proxy is intended as conferred to the Chairman of the Board of Directors and the Chairman of the Remuneration Committee, separately), who will be opportunely supported by the Finance & Human Resources e Legal & Corporate Affairs functions, with regard to the aspects of respective competence.
- 3.3 The power for the Company to proceed to a re-examination of the 2008-2010 SOP is foreseen, with specific reference to the number of assigned Shares or to the exercise price (henceforth, also “strike price”), upon the occurrence of particular events relating to the Company, such as, for example, corporate capital operations and extraordinary operations in general.
- 3.4 For the activation of the 2008-2010 SOP, it is foreseen that there will be an assignment of Options to the Beneficiaries for the purchase of own Shares that the Company holds in its portfolio, purchased and/or to be purchased on the basis of the authorization granted by the Assembly, which will be opportunely formalized through a stock option contract, indicating the number of Options assigned to each Board Member and/or Employee of the Pirelli RE Group, the strike price and the other conditions to which the exercise of the option right is subordinated.
- 3.5 The elaboration of the 2008-2010 SOP has been carried out by the competent corporate functions, with the aid of external consultants working jointly with the interested corporate functions, under the direction of the Vice Chairman and Managing Director. The directly interested Board Members left the conference room at the time of discussion and deliberation of the part of the plan of interest to them.
- 3.6 The date of the Board of Directors that proposed the Plan approval to the Assembly is that of 6 March 2008. The Board Meeting was preceded by the meeting of the Remuneration Committee, made up of all the independent Board Members not interested in the 2008-2010 SOP, which proposed the adoption of the same.
- 3.7 The date of the Board of Directors’ meeting that has undertaken activation of the 2008-2010 SOP, adopting the consequential decisions relating to the assignment of the stock options, is that of 8 May 2008. The board meeting was preceded by the meeting of the Remuneration Committee, made up of all the independent board members not interested by the 2008-2010 SOP, which has formulated the relative proposals.
- 3.8 The official Stock Exchange price of one Share on 6 March 2008 was EUR 24.25. The official Sock Exchange price of one share on 8 May 2008 was EUR
- 3.9 Not applicable.

4. The characteristics of the assigned instruments

- 4.1 The 2008-2010 SOP is structured around the assignment of Options that allow the subsequent purchase of the Shares, with regulations for their physical delivery (stock options).
- 4.2 The period of effective activation of the 2008-2010 SOP foresees two distinct vesting periods respectively lasting 2 and 3 years, and it is, consequently, subdivided into two exercise windows: (i) 1 May 2010 – 31 December 2011, for the first tranche relating to 40% of the assigned Options, with expiry on 30 April 2010; (ii) 1 May 2011 – 31 December 2011, for the second tranche relating to the remaining 60% of the assigned Options, with expiry on 30 April 2011.
In partial dispensation of that foreseen regarding the vesting period, in the event that a “change of control” were to occur during the active term of the 2008-2010 SOP [due to which Pirelli & C. S.p.A. (i) reduces its holding in Pirelli RE to below 30% of the corporate capital of the Company, or rather

(ii) is no longer the controlling Shareholder of Pirelli RE in accordance with Article 2359. Civil Code, paragraph 1, Nos. 1), 2) or 3)], the Company has the power to allow the Beneficiaries to immediately exercise the assigned Options, without, therefore, waiting for the opening of their respective exercise windows, with a gradual application that takes into account the time when the event occurs and the conditions for which it was possible to verify their fulfilment.

- 4.3 The expiry of the 2008-2010 SOP is set at 31 December 2011.
- 4.4 A maximum number of Options to be assigned in each fiscal year was not determined, inasmuch as – in the ambit of the maximum number of Options assignable as a whole with the 2008-2010 SOP included in the ranges of 1,300,000 to 1,600,000 Shares – it is foreseen to assign a total of 1.518.500 Options, set in one sole tranche on 8 May 2008 and subject to the two tranche exercise constraint, as indicated *sub* 4.2 The number of Options assigned on 8 May 2008 to the subjects that have been identified by name and, cumulatively, to the categories foreseen is indicated in the Table that is attached to the Information Document.
- 4.5 The exercise of the Options, in the periods and within the limits indicated *sub* 4.2, is subordinated to the condition that: (i) the work relationship and the qualification as Board Member persist at the end of each maturity period; (ii) the Pirelli RE securities have a quotation at an official price higher than EUR 26.00 (twenty-six/00); (iii) Pirelli RE has achieved the performance objectives indicated *sub* 2.2. As the assignment of the Options is directly linked to the early closing of the 2006-2008 SOP, the contract relating to the 2008-2010 SOP explicitly foresees a clause that links the adherence to and undersigning of the contract to the automatic termination of the contract relating to the 2006-2008 SOP, with the consequent renunciation to any claim to this regard on the part of the Beneficiary.
- 4.6 The Options assigned to the Beneficiaries will be nominal, personal, inalienable and non transferable and the Shares resulting from the exercise of the Options will not be subject to further restrictions, other than those prescribed by the current regulations regarding the use of privileged information. To this latter regard, the Board of Directors may dictate specific regulations in the period immediately prior to the main corporate deadlines or upon the occurrence of extraordinary or particularly relevant events. In the case of death of the Beneficiary, the Options for which the exercise conditions have not yet matured, will be totally extinguished without the heirs or legatees or devisees being able to demand anything of the Company; should the Beneficiary, on the other hand, at the time of death, have matured the right to exercise the Options, they will be due to the heirs or legatees and devisees who will be entitled to them on the basis of the current inheritance laws, still respecting all the other foreseen conditions.
- 4.7 Not applicable.
- 4.8 In the event of resignation, or rather, of termination for just cause and/or of suspension of the relationship as Board Member, should the conditions for the exercise of the Options not yet have matured, or rather, should the Options not yet have been exercised, the Beneficiary will automatically lose any related right.
- 4.9 Not applicable.
- 4.10 With reference to the Shares resulting from the exercise of the Options, a right of first offer is assigned in favour of the controlling company Pirelli & C. S.p.A. which will have the right to purchase the same Shares from the Beneficiary should the same intend to dispose of them on a payment basis. The right of first offer lasts 2 (two) years from the date of exercise of the Options and also remains effective should the work relationship or the office as Board Member end. The right of first offer is also valid for acts of transfer on a payment basis other than a sale and it is also extended to the Shares that are possibly assigned following operations on the corporate capital or other extraordinary operations. The right of first offer may also be asserted towards those heirs, legatees and devisees, donors or successors who receive the securities on a gratuitous basis from the Beneficiary.
- 4.11 Not applicable.
- 4.12 The burden for the Company deriving from the activation of the 2008-2010 SOP cannot currently be determined. It will be determined on the basis of the assessment of the economic impact deriving from

the new actuarial estimate, which must take into account the number of assigned Options, the foreseen conditions, the strike price and the quotation of the Share on the market. Therefore, we will proceed to the determination of the expected burden on the date of assignment of the Options, providing, therefore, to the consequent accounting data *pro-rata temporis* in consideration of the vesting period.

- 4.13 It is not expected that the 2008-2010 SOP will have a dilution effect on the capital, as no increase in capital is foreseen.
- 4.14 No limitation is foreseen for the exercise of voting rights and for the assignment of the property rights relating to the Shares.
- 4.15 Not applicable.
- 4.16 Each assigned Option gives the right to purchase 1 Share.
- 4.17 See point 4.2.
- 4.18 See point 4.2.
- 4.19 The purchase price of each optioned Share is equal to the Normal Value of each Share on the date of offer, determined in accordance with Article 9, paragraph 4, letter a), of Presidential Decree No. 917 of 22 December 1986, and it is therefore equal to EUR
- 4.20 Not applicable.
- 4.21 Not applicable.
- 4.22 Not applicable.
- 4.23 Not applicable.
- 4.24 See attached Table.

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS
Table No. 1 of Schedule 7 of Attachment 3 of Regulation No. 11971/1999

2008 STOCK GRANT PLAN

Date: 28 March 2008

Name or Category (1)	Qualification (to be indicated only for subjects whose name is shown)	FRAME 1						
		Financial instruments other than the Options (stock grants)						
		<u>Section 2</u> New assignment instruments based on the decision of the proposal of the competent Body to the Assembly (9)						
		Date of the Assembly Deliberation	Description of the instrument (13)	Number of financial instruments assigned for each subject or category on the part of the Board of Directors. (10)	Assignment date on the part of the Board of Directors (11)	Possible purchase price of the instruments	Market price on the day of assignment	Term of the instrument sale restriction
Components of the Board of Directors of Pirelli & C. Real Estate S.p.A.								
(2) Olivier de Poulpiquet	Board Member and Investment & Asset Management General Director of Pirelli RE	14 April 2008	Shares of the Company Pirelli RE	16,283	-	-	-	30 April 2009
(2) Paolo Bottelli	Board Member and Services Vice General Director of Pirelli RE	14 April 2008	Shares of the Company Pirelli RE	7,400	-	-	-	30 April 2009
(2) Emilio Biffi	Managing Director and Chief Technical Officer of Pirelli RE	14 April 2008	Shares of the Company Pirelli RE	5,203	-	-	-	30 April 2009
Components of the Board of Directors of Controlled Companies (only one company has been listed under Qualification, generally the most relevant)								
(2) Andrea Boeri	Managing Director of the controlled company Pirelli & C. Real Estate Società di Gestione del Risparmio S.p.A.	14 April 2008	Shares of the Company Pirelli RE	3,890	-	-	-	30 April 2009
(2) Andrea Matteoli	Managing Director of the controlled company Pirelli & C. Real Estate Facility Management S.p.A.	14 April 2008	Shares of the Company Pirelli RE	2,610	-	-	-	30 April 2009
(2) Stefano Montuschi	Board Member of Pirelli & C. Real Estate Credit Servicing S.p.A.	14 April 2008	Shares of the Company Pirelli RE	3,470	-	-	-	30 April 2009
(2) Giuseppe Caruso	Board Member of the	14 April 2008	Shares of the	2,130	-	-	-	30 April 2009

	controlled company Pirelli & C. Real Estate Agency S.p.A.		Company Pirelli RE					
(2) Roberto Nicosia	Board Member of the controlled company Pirelli & C. Real Estate Agency S.p.A.	14 April 2008	Shares of the Company Pirelli RE	770	-	-	-	30 April 2009
(2) Angelo Cattaneo	Board Member of the controlled company Servizi Amministrativi Real Estate S.p.A.	14 April 2008	Shares of the Company Pirelli RE	990	-	-	-	30 April 2009
(2) Carlo Mereghetti	Board Member of the controlled company Pirelli & C. Real Estate Energy S.r.l.	14 April 2008	Shares of the Company Pirelli RE	970	-	-	-	30 April 2009
(2) Antonio Musacchio	Board Member of the controlled company S.AN.GE S.c.ar.l.	14 April 2008	Shares of the Company Pirelli RE	840	-	-	-	30 April 2009
(2) Mauro Stanga	Board Member of the controlled company Sib S.r.L.	14 April 2008	Shares of the Company Pirelli RE	570	-	-	-	30 April 2009
Subjects with management functions ex Article 152-sexies, paragraph 1, letter c)-c.2 of the Issuers' Regulations								
(3) Enrico Signori	Investment & Asset Management – Residential Co-General Director of Pirelli RE	14 April 2008	Shares of the Company Pirelli RE	7,400	-	-	-	30 April 2009
(3) Gerardo Benuzzi	Finance & Human Resources General Director of Pirelli RE	14 April 2008	Shares of the Company Pirelli RE	4,607	-	-	-	30 April 2009
Senior Executives relevant ex Article 152-sexies, paragraph 1, letter c)-c.2 of the Issuers' Regulations								
(5) Senior Executives (12)	-	14 April 2008	Shares of the Company Pirelli RE	31,348	-	-	-	30 April 2009
Senior Executives								
(7) Senior Executives (35)	-	14 April 2008	Shares of the Company Pirelli RE	36,000	-	-	-	30 April 2009

PIANI DI COMPENSI BASATI SU STRUMENTI FINANZIARI
Tabella n. 1 dello schema 7 dell'Allegato 3A del Regolamento n. 11971/1999

STOCK OPTION PLAN 2008-2010

Data: 08/05/2008

Nominativo o categoria (1)	Qualifica (da indicare solo per i soggetti riportati nominativamente)	QUADRO 2						
		Opzioni (<i>option grant</i>)						
		Sezione 2 Opzioni di nuova assegnazione in base alla decisione dell'organo competente per l'attuazione della delibera dell'assemblea (9)						
		Data della delibera assembleare	Descrizione strumento (13)	Numero di strumenti finanziari sottostanti le opzioni assegnate per ogni soggetto o categoria	Data di assegnazione da parte dell'organo competente c.d.a. (11)	Prezzo di esercizio	Prezzo di mercato degli strumenti finanziari alla data di assegnazione	Scadenza opzione
Componenti del Consiglio di Amministrazione								
(2) Carlo Alessandro Puri Negri	Vice Presidente e Amministratore Delegato – CEO di Pirelli RE	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	300.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11

(2) De Poulpiquet Olivier	Consigliere di Amministrazione e Direttore Generale Investment & Asset Management di Pirelli RE	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	200.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Biffi Emilio	Consigliere Delegato e Chief Technical Officer di Pirelli RE	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	30.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Weinschrod Wolfgang	Consigliere di Amministrazione di Pirelli RE	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	15.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Bottelli Paolo	Consigliere di Amministrazione e Vice Direttore Generale Services di Pirelli RE	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	140.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
Componenti del consiglio di amministrazione di società controllate (nella qualifica è stata indicata una sola società, di regola la più rilevante)								
(2) Cattaneo Angelo	Consigliere di Amministrazione della controllata Servizi Amministrativi Real Estate S.p.A.	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	3.500	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Danielewicz Ryszard	Presidente del Consiglio di Amministrazione della controllata Pirelli Pekao Real Estate Sp. zo z.	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	8.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Matteoli Andrea	Amministratore Delegato della controllata Pirelli & C. Real Estate Integrated Facility Management S.p.A.	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	12.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Musacchio Antonio	Consigliere di Amministrazione della controllata S.AN.GE S.c.a.r.l.	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	4.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Nicosia Roberto	Consigliere di Amministrazione della controllata Pirelli & C.	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al	3.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11

	Real Estate Agency S.p.A		31/12/10 II° tranche dal 01/05/11 al 31/12/11					
(2) Montuschi Stefano	Consigliere di Amministrazione della controllata Pirelli RE Credit Servicing S.p.A.	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	8.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(2) Boeri Andrea	Amministratore Delegato della controllata Pirelli & C. Real Estate Società di Gestione del Risparmio S.p.A.	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	10.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
Soggetti con funzione di direzione ex art. 152-sexies, comma 1, lett. c)-c.2 del Regolamento Emittenti								
(3) Signori Enrico	Condirettore Generale Investment & Asset Management – Residential di Pirelli RE	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	140.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
(3) Benuzzi Gerardo	Direttore Generale Finance & Human Resources di Pirelli RE	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	65.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
Dirigenti rilevanti ex art. 152-sexies, comma 1, lettera c)-c.2 del Regolamento Emittenti								
(5) Dirigenti Rilevanti (nr. 10)	-	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	355.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11
Dirigenti								
(7) Dirigenti (nr. 37)	-	14/04/2008	Opzione Call con liquidazione fisica su azioni Pirelli RE: I° tranche dal 01/05/10 al 31/12/10 II° tranche dal 01/05/11 al 31/12/11	225.000	08/05/2008 (CDA)	N.D.	N.D.	31/12/11