



## PRESS RELEASE

### **ANNUAL GENERAL MEETING HELD**

- **FINANCIAL STATEMENTS FOR 2007 APPROVED**
- **DIVIDEND OF €2.06 PER SHARE DECLARED**
- **NEW BOARD OF DIRECTORS APPOINTED:  
ITS SIZE OF 15 MEMBERS CONFIRMED, OF WHOM 7  
INDEPENDENT**
- **NEW INCENTIVE SCHEMES APPROVED**

### **BOARD OF DIRECTORS HAS MET**

- **MARCO TRONCHETTI PROVERA CONFIRMED AS  
CHAIRMAN AND CARLO A. PURI NEGRI AS DEPUTY  
CHAIRMAN & CHIEF EXECUTIVE OFFICER**

*Milan, April 14th, 2008* – The shareholders of Pirelli & C. Real Estate met today in ordinary and extraordinary session.

During the ordinary session, the shareholders approved the financial statements for 2007, which closed with consolidated net income of €151.1 million, and declared a **dividend** of **€2.06** per share, corresponding to a pay-out of around 58%, in line with the target range contained in the 2006-2008 three-year plan. The dividend will be paid on April 24th, 2008, with the shares going ex-div on April 21st, 2008.

The shareholders established that the new **Board of Directors** would remain in office for three financial years (ie. until approval of the financial statements for the year ended December 31st, 2010) and determined its size as **15 members**, of whom **7 independent**. The gross annual compensation of the entire Board was set at €600,000, and that of the Executive Committee, if appointed, at €75,000.

The following directors were reappointed: Marco Tronchetti Provera, Carlo Alessandro Puri Negri, Reginald Bartholomew, Emilio Biffi, Paolo Massimiliano Bottelli, William Dale Crist, Carlo Emilio Croce, Claudio De Conto, Olivier Yves de Poulpiquet de Brescanvel, Claudio Recchi and Dario Trevisan; while the following were appointed for the first time: David Brush, Jacopo Franzan, Dolly Predovic and Wolfgang Weinschrod.

Reginald Bartholomew, David Brush, William Dale Crist, Carlo Emilio Croce, Dolly Predovic, Claudio Recchi and Dario Trevisan all qualify as independent in accordance

with the criteria established by the Financial Markets Consolidation Act and by the Corporate Governance Code.

The curricula vitae of the directors can be consulted on the Company's website at [www.pirellire.com](http://www.pirellire.com).

The shareholders also engaged **Reconta Ernst & Young S.p.A.** to perform the **audit** of the annual separate and consolidated financial statements and the condensed half-year reports **for the period 2008-2016**.

The meeting also voted to authorize, until the approval of financial statements for 2008, the **purchase of treasury shares** up to the maximum legal limit of 10% of share capital, establishing the related ways of using them and revoking the previous resolution adopted by the shareholders in their meeting of April 20th, 2007 to the extent not utilized. Details of the conduct of the previously authorized buyback programme are appended to this press release, along with details of the new buyback programme.

Still in ordinary session, the shareholders then approved the **incentive schemes** adopted by the Board of Directors on March 6th, 2008, whose objective is to secure management loyalty and provide incentives for achieving the growth targets for Pirelli RE's European expansion, thereby fostering an alignment of interests with shareholders through the increase in enterprise value. The Board of Directors was authorized by today's meeting to implement these plans and will provide adequate information thereon, also by supplementing the specific information circular published on March 28, 2008.

During the extraordinary session, the shareholders voted to amend article 7 (Shareholders' Meetings), articles 12 and 18 (Management) and article 22 (Board of Statutory Auditors) of the Articles of Association, principally to update them based on new laws and regulations.

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The **Board of Directors** met once the AGM was over and confirmed Marco Tronchetti Provera as Chairman and Carlo Alessandro Puri Negri as Deputy Chairman & Chief Executive Officer.

The Board also voted to appoint Marco Tronchetti Provera, Carlo Alessandro Puri Negri, Claudio De Conto, Olivier De Poulpiquet and Claudio Recchi as members of the **Executive Investment Committee**.

The Board of Directors also appointed a **Supervisory Board**, in compliance with the 231 Organizational Model adopted by the Company, consisting of Roberto Bracchetti, Chairman of the Board of Statutory Auditors, Massimo Cunico, from the Internal Audit department of Pirelli & C. S.p.A., and Dario Trevisan, an independent director.

In compliance with the Corporate Governance Code, the Board then established the **Audit and Corporate Governance Committee**, appointing as its members the independent directors William Dale Crist, Dolly Predovic and Dario Trevisan, and the **Compensation Committee**, appointing as its members the independent directors Reginald Bartholomew, Carlo Emilio Croce and Claudio Recchi. Gerardo Benuzzi, Chief Financial & HR Officer, was confirmed as the Financial Reporting Officer.

Trusting that a clearer picture will emerge in the second half of the year allowing better guidance, the new Board of Directors has announced that the review of the new industrial plan will take place in the second half of the year, also considering what already announced by the parent company Pirelli & C. S.p.A..

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CONDUCT OF THE SHARE BUYBACK PROGRAMME UNDER THE PREVIOUS AUTHORIZATION

Brief details will now be provided of the conduct of the share buyback programme announced to the market on April 20th, 2007:

- on April 20th, 2007 the Company held 359,394 treasury shares and, during the period April 20th, 2007 - April 13th, 2008, it purchased another 1,179,378 treasury shares, at an average price of €40.13;
- at today's date, the Company holds 1,299,522 treasury shares - corresponding to around 3.051% of share capital - which, except for currently unpredictable contingencies making other decisions appropriate or necessary, will service the stock grant and stock option incentive schemes for directors and employees of the Pirelli RE Group;
- over the period July-December 2007 a total of 239,250 treasury shares were transferred to directors and employees after exercising an equal number of stock options granted to them under the 2004-2006 plan.

NEW SHARE BUYBACK PROGRAMME

Details of the new share buyback programme are as follows:

- the aim is to enable the Company to have a sufficient number of treasury shares to allow it to meet its obligations under its equity-based compensation schemes or other forms of remuneration pro-tempore granted to directors and/or employees and/or contract workers of the Company or the Group, taking account of the existing quantity of treasury shares available for such purpose;
- purchases must not exceed distributable earnings and the distributable reserves reported in the latest duly approved financial statements and, in any case, their total amount may not be more than €400 million;
- treasury share purchases must stay within the maximum legal limit of 10% of share capital, and must be carried out at a price per share that is no more than 15% higher or lower than the weighted average official price reported in the three trading sessions prior to each transaction;
- purchases may be made, on one or more occasions, until the approval of financial statements for 2008, in accordance with the procedures contained in article 132 of Decree 58 of February 24th, 1998 and article 144-*bis* of Consob resolution 11971/1999 (bearing in mind the specific exemption allowed by paragraph 3 of article 132 of Decree 58/1998) and, nonetheless, in any other manner allowed by legal and regulatory provisions in this regard.

Pirelli RE will promptly inform the market of any subsequent amendments and/or additions to this buyback programme.