

# Bit Market Services

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Diffusione presunta

Oggetto : THE MERGER PLAN BY ABSORPTION  
OF MARCO POLO INDUSTRIAL  
HOLDING INTO PIRELLI APPROVED BY  
THE RESPECTIVE BOARDS OF  
DIRECTORS

*Testo del comunicato*

Vedi allegato.



## PRESS RELEASE

**THE MERGER PLAN BY ABSORPTION OF MARCO POLO INDUSTRIAL HOLDING INTO PIRELLI  
APPROVED BY THE RESPECTIVE BOARDS OF DIRECTORS**

**THE TRANSACTION WILL BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETINGS  
ON 15 FEBRUARY 2016**

**COMMON EXCHANGE RATIO FOR ALL CLASSES OF SHARES: NO. 6,30 SHARES OF PIRELLI TO  
BE ALLOCATED FOLLOWING THE MERGER TO THE SOLE SHAREHOLDER OF MARCO POLO  
INDUSTRIAL HOLDING FOR EACH NO. 1 SHARE OF MARCO POLO INDUSTRIAL HOLDING HELD  
BEFORE THE MERGER**

**COMPLETION EXPECTED BY THE FIRST SEMESTER 2016**

*Milan, 22 December 2015* – The Boards of Directors of Pirelli & C. S.p.A. and Marco Polo Industrial Holding S.p.A. have approved the merger plan of Marco Polo Industrial Holding into Pirelli. The merger between the companies entails a so called “reverse” merger by absorption of Marco Polo Industrial Holding into Pirelli.

It is noted that - in light of the outcome of the mandatory tender offers launched within the framework of the sale and purchase and co-investment agreement executed on 22 March 2015 between China National Chemical Corporation (“**ChemChina**”) and its subsidiary China National Tire & Rubber Co., Ltd. (“**CNRC**”), on one side, and Camfin and its shareholders Coinv S.p.A. and Long-Term Investments Luxembourg S.A. (“**LTI**”), on the other side - Marco Polo Industrial Holding owns, directly or indirectly, 100% of the ordinary shares of Pirelli (that have been delisted on 6 November 2015) and more than 93.2% of the savings shares of Pirelli.

On 23 November 2015 the Board of Directors of Pirelli had already resolved to call on 15 February 2016 the Extraordinary Shareholders’ Meeting to approve (i) the mandatory conversion of savings shares into a special class of newly issued non-voting shares not listed on any regulated market (the “**Special Shares**”), (ii) the adoption of a new By-Laws consequent to the delisting of the ordinary shares and to the Mandatory Conversion, and (iii) the Merger Plan.

### **Method and terms of the transaction**

Since the Merger between Marco Polo Industrial Holding and Pirelli constitutes a related-party transaction of “major importance” pursuant to the regulations containing the provisions on related-party transactions, the Committee on Related-Party Transactions of Pirelli has been involved and has expressed its favourable opinion regarding the existence of an interest for Pirelli in the execution of the Merger, as well as on the expedience and substantive fairness of the terms and conditions set forth in the said Merger Plan. The information document on major related parties transactions will be published in accordance with applicable laws.

As a result of recourse to the financial debt assumed by Marco Polo Industrial Holding to purchase the shares of Pirelli, Art. 2501-*bis* of the Italian Civil Code applies. Therefore:

- the Merger Plan indicates the financial resources provided for the fulfilment of the obligations of the company resulting from the Merger;
- the report to be issued by KPMG - the common expert subject to the supervision of Consob and appointed on 27 November 2015 by the Court of Milan following the joint petition of Pirelli and Marco Polo Industrial Holding - shall certify, in accordance with applicable laws, the reasonableness of the indications contained in the Merger Plan for the financial resources provided for the fulfilment of the obligations of the company resulting from the Merger;

- Reconta Ernst & Young S.p.A., the auditing firm in charge in auditing the financial statements of Pirelli and Marco Polo Industrial Holding, issued the report attached to the plan;
- Pirelli and Marco Polo Industrial Holding will make available to public, in accordance with applicable laws, the report explaining the reasons justifying the Merger, containing an economic and financial plan indicating the source of the financial resources and a description of the objectives intended to be achieved.

The merger financial statements are, with respect to Pirelli, the half-yearly financial report at 30 June 2015 and, with respect to Marco Polo Industrial Holding, the financials at 30 November 2015, both prepared in accordance with applicable laws.

Considering the presence of minority savings shares shareholders in Pirelli (whose stake represents 0.169% of the share capital), the Boards of Directors has determined the following common exchange ratio - which does not provide any cash payment - for both classes of shares: **No. 6,30 shares of Pirelli to be allocated following the Merger to Marco Polo International Holding Italy S.p.A. (Holdco) - the sole shareholder of Marco Polo Industrial Holding - for each No. 1 share held before the Merger by Marco Polo International Holding Italy S.p.A. (Holdco) in Marco Polo Industrial Holding.**

The reasons justifying the exchange ratio are explained in the Boards of Directors' reports of Pirelli and Marco Polo Industrial Holding, which will be made available to the public in accordance with applicable laws.

The merger is expected to be completed within the end of the first semester 2016, with effect from the 1<sup>st</sup> of January 2016, and - taking into account the minimum rounding off necessary in order to balance the operation on a mathematical basis - it will be implemented as follows:

- cancellation of all the shares of Marco Polo Industrial Holding;
- allocation on the basis of the Exchange Ratio to the sole shareholder Marco Polo Industrial Holding of No. 201,823,177 Pirelli ordinary shares and No. 4,677,655 Pirelli savings shares (or, if the Mandatory Conversion has become effective, Special Shares); and
- cancellation of the residual No. 273,565,415 ordinary shares of Pirelli and No. 6,340,587 savings shares of Pirelli (or, if the Mandatory Conversion has become effective, Special Shares) held by Marco Polo Industries Holding, with no reduction of the share capital since Pirelli shares have no par value;

the above is without prejudice to the adjustments due to the possible purchases, by Marco Polo Industrial Holding, of additional savings shares of Pirelli (or, if the Mandatory Conversion has become effective, Special Shares) entered into before the Merger is implemented.

The completion of the transaction is subject to the occurrence of the following conditions: the lack of contrary opinion expressed by the common expert KPMG regarding the fairness of the Exchange Ratio; the obtainment of the certification by KPMG regarding the reasonableness of the indications contained in the merger plan pursuant to Article 2501-bis, par. 2, of the Italian Civil Code.

The shareholders of Pirelli, other than Marco Polo Industrial Holding, holding savings shares, and Special Shares after the Mandatory Conversation, will retain the shares held by them. Also the number of treasury shares held in portfolio by Pirelli (No. 351,590 ordinary shares and No. 408,342 savings shares or, if the Mandatory Conversion has become effective, Special Shares) will remain unchanged.

The extraordinary shareholders' meeting of the Surviving Company called to resolve upon the Merger will also resolve upon, within the context of the Mandatory Conversion's approval, the text of the new By-Laws which reflects the agreement by and between ChemChina, CNRC, Camfin, LTI, LTI Holding S.r.l. ("**LTI Holding**") in the shareholders' agreement executed between them. The company name (Article 1), the registered office (current Article 3) and the duration (current Article 4) of the Surviving Company will not be amended. The new By-Laws (with particular reference to the characteristics of the Special Shares) will be illustrated in the relevant Board of Directors' report related to the shareholders' meeting on 15 February 2016.

The resolution of adoption of the new By-Laws of the Surviving Company and the Mandatory Conversion will become effective regardless of the completion of the Merger.

The Mandatory Conversion and adoption of the new By-Laws are subject to the approval of the special assembly of savings shareholders that has been called by the Board of Directors on 15 February 2016.

The Merger does not need to be approved by the special meeting of savings shareholders (nor of holders of Special Shares after the Mandatory Conversion has become effective) since the characteristics of the savings shares (or, if the Mandatory Conversion has become effective, Special Shares) are not amended as a result of the Merger.

The approval of the Merger resolution will not give rise to any right of withdrawal for Pirelli shareholder, since the conditions provided by applicable laws are not verified. The right of withdrawal pertaining to the savings shareholders as consequence of the Mandatory Conversion and the adoption of the new By-Laws will stand as described by the Board of Directors' report containing the relevant proposed resolutions.

## COMPOSITION OF THE SHAREHOLDING FOLLOWING THE TRANSACTION

On the basis of the Exchange Ratio, the ownership structure of Pirelli resulting from the Merger (except for potential purchases of additional savings shares or Special Shares by Marco Polo Industrial Holding entered into in the meantime) will be as follows:

- Marco Polo International Holding Italy S.p.A. (Holdco) will hold, directly or indirectly, No. 202,174,767 ordinary shares, equal to 100% of the share capital represented by ordinary shares and 97,16% of the entire share capital;
- Marco Polo International Holding Italy S.p.A. will hold, directly or indirectly, No. 5,085,997 savings shares (or Special Shares in the event the Mandatory Conversion has become effective), equal to 86,05% of the share capital represented by savings shares (or Special Shares in the event the Mandatory Conversion has become effective) and 2,44% of the entire share capital;
- third party shareholders will hold the remaining No. 824,727 savings shares (or Special Shares in the event the Mandatory Conversion has become effective), equal to 13,95% of the share capital represented by savings shares (or Special Shares in the event the Mandatory Conversion has become effective) and 0,4% of the entire share capital.
- the treasury shares held in portfolio by Pirelli (No. 351,590 ordinary shares and No. 408,342 savings shares or, if the Mandatory Conversion has become effective, Special Shares) will remain unchanged and are included in the stake of Marco Polo International Holding Italy S.p.A.

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With reference to the €600 million guaranteed Notes due 2019 issued by Pirelli International plc and guaranteed by Pirelli Tyre S.p.A. (ISIN: XS1139287350) (the "2019 Notes"), please note that the envisaged merger would not constitute a "change of material shareholding" event which would activate the relevant clause and as a consequence would not result in the 2019 Noteholders having the right to request the early repayment of their notes.

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All documentation (including the information document on major related parties transactions) will be filed within the terms required by applicable laws and it will remain filed until the approval of the Merger.

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Taking the de-listing of ordinary shares into account, the Board of Directors also decided to close the Long Term Incentive Plan 2014-2016 ahead of time. The relative legally required information will be published in the terms and manner required by law.

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