



PRESS RELEASE

**PIRELLI INAUGURATES ITS “FACTORY OF CHAMPIONS” IN TURKEY
FORMULA ONE TYRE PRODUCTION AT IZMIT**

**Revenues in Turkey seen at 500 million euros in 2010, an increase of over
25% from 2009**

**140 million euros invested in Izmit facility in the last 10 years, new
investment of 30 million euros planned for 2011**

With 8 million units produced a year, Izmit is Pirelli’s biggest plant

50,000 tyres will be produced for F1 in 2011

Pirelli, present since 1960, celebrates 50 years’ activity in Turkey

Istanbul, 23 September 2010 – Pirelli today inaugurated the “Factory of Champions” at Izmit, the plant where the group will produce tyres for all the Formula One teams for the 3-year period 2011-2013. The Izmit facility, which this year celebrates 50 years’ activity, has housed the Motorsport tyre production line since 2007 and, in synergy with the Research and Development centre in Milan, will become the heart of Pirelli’s Formula One activities.

Producing 8 million tyres for cars, trucks and motorsport each year, Izmit is the Pirelli factory with the greatest unit output of all. The group has invested 140 million euros there over the last 10 years and plans to invest a further 30 million euros in 2011 to support expansion in Turkey and nearby emerging markets.

The Formula One tyre division was inaugurated with a press conference at the plant with the participation of Nihat Ergun, Turkey’s Minister for Industry and Commerce, Gianpaolo Scarante, Ambassador of Italy in Turkey, Marco Tronchetti Provera, Chairman and CEO of the Pirelli Group, Francesco Gori, CEO of Pirelli Tyre, Andrea Pirondini, CEO of Turk Pirelli Lastikleri and Metin Ar, Chairman of Turk Pirelli Lastikleri.

Pirelli in Turkey

Inaugurated in 1960, the Izmit facility produces tyres for the car and industrial segments, as well as Motorsport. It supplies key European markets (including Turkey, Italy, Germany, France, Spain, Greece, Switzerland, Austria, United Kingdom) and the Middle East, as well as car makers such as Mercedes, Jaguar, Fiat and Renault. The facility, which also houses a steel cord factory in its 25th year of activity, covers an area of 340,000 square metres and employs 1,800 people.

Pirelli expects 2010 revenue in Turkey of over 500 million euros, an increase of over 25% compared with 2009, and will strengthen its position further with new investments of 30 million euros in 2011, having already invested 140 million euros in the last 10 years.

Turkey and Formula One

With the launch of the Formula One division, Pirelli has broadened its offering of automobile sports tyres. In 2011, the Company will produce a total of 200,000 competition tyres, 50,000 of these for Formula One and 70,000 for the GP2 and GP3 championships, for which Pirelli is the sole supplier. The remainder will go to the 60 international automobile road and track competitions for which the Milan-based tyre maker is the exclusive supplier, as well as prestigious single brand championships such as the Ferrari Challenge, Lamborghini Super Trofeo and Trofeo Maserati. In total, Pirelli's automotive sports range counts 200 types of racing tyres, including rally tyres.

Formula One tyres will be produced exclusively at the Izmit plant on the basis of simulation models, compounds and structures developed by Pirelli Research and Development, which counts over 1,000 engineers and technicians. The Formula One line, which covers an area of 15,000 square metres, will run the most advanced sports tyre production machinery.

The Izmit facility, in synergy with Pirelli's centre for the preparation of sports tyres in Burton on Trent (United Kingdom), will also be the centre of all Formula One logistics activities.

First tests

The new PZero Formula One tyres, developed on the basis of Pirelli's extensive experience in road and track automobile competitions, have been tested, beginning in mid-August, with success on tracks in Mugello (Italy), Le Castellet (France) and Jerez (Spain) and have recently undergone new tests on the Monza (Italy) circuit. In Mugello and Le Castellet, structures and profiles were tested to guarantee maximum adaptability, continuity and homogeneity of tyre performance. In Jerez and Monza, testing focused on optimization of the compounds, of which there will be six: four "slicks" for dry conditions, one rain tyre and one intermediate for light rain.

Track testing was done on a Toyota TF 109, used in last season's Grand Prix, driven in Jerez by Germany's Nick Heidfeld. Final testing is expected to take place in Abu Dhabi in November after the Grand Prix.

"The tests went beyond my own expectations and I believe Pirelli is at a good point in the development of the tyres," said Heidfeld. "The Pirelli team, to whom I think I gave some

useful advice, has from the beginning been on the right track in terms of supplying all Teams with reliable and safe tyres to ensure a great show and enable each driver to express their own driving style”.

Formula One and sustainability

In line with the Pirelli Group’s Green Performance strategy, aimed at developing products and solutions that combine maximum performance and safety with respect for the environment, Formula One production was also inspired by criteria of environmental sustainability. In particular, as in all Pirelli competition tyres, the compounds for the PZero are free of highly aromatic oils. Further, the processes used in Izmit are based on energy and water efficiency and the reduction of dangerous emissions like carbon dioxide. Special attention has been given to the re-utilization of production remnants and used tyres. The waste handling protocol calls for the recycling of used F1 tyres for either the generation of new primary material or energy production. Pirelli’s attention to the issue of sustainability is also shown by its recent confirmation in the Dow Jones Sustainability STOXX and Dow Jones Sustainability World indices, where the Company has been the leading company in the “Autoparts and Tires” sector for four consecutive years.

Pirelli’s 50 years in Turkey

The inauguration of the Formula One division coincides with celebrations for the 50th anniversary of Turk Pirelli’s activities which will include, among other things, a photographic exhibition which opened yesterday at Istanbul’s Ciragan Palace. The collection of images recounts the history of the Company’s industrial presence in Turkey and its technological evolution. The official opening was attended by local authorities and leading exponents of Turkey’s business and cultural communities, including the director Ferzan Ozpetek and singer Sezene Aksu

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