



PRESS RELEASE

**PIRELLI DEVELOPS IN ROMANIA NEW HIGH-TECHNOLOGY  
INDUSTRIAL POLE FOR THE AUTOMOTIVE SECTOR**

**TOTAL INVESTMENT OF APPROXIMATELY 235 MILLION EUROS FOR THREE  
PLANTS: TYRES, STEELCORD, AND PARTICULATE FILTERS**

**FACTORIES ARE ENDOWED WITH INNOVATIVE TECHNOLOGY.  
ADVANCED RESEARCH UNDERWAY FOR "RADIO" MONITORING OF  
TYRE PRODUCTION**

**ONE MILLIONTH HIGH-PERFORMANCE TYRE MANUFACTURED AT NEW  
PLANT IN SLATINA**

**THE TARGET IN THE TYRE BUSINESS IS TO REACH ANNUAL GROWTH OF  
MORE THAN 10% IN EASTERN EUROPE**

**NEW FACTORY FOR ORIGINAL EQUIPMENT FILTERS UNDER  
CONSTRUCTION**

**INNOVATIVE MANUFACTURING PROCESSES TO BE USED FOR MASS  
PRODUCTION OF SILICON CARBIDE FILTERS**

**RESEARCH AGREEMENT SIGNED WITH THE UNIVERSITY OF CRAIOVA**

**AMONG SOCIAL ACTIVITIES, TWO NEW PROJECTS: COLLABORATION WITH  
FC INTERNAZIONALE FOR REALIZATION OF AN INTER CAMPUS  
AND PARTNERSHIP BETWEEN THE SLATINA HOSPITAL AND THE  
NIGUARDA HOSPITAL IN MILAN**

*Slatina (Romania), 19 July 2007* - **Pirelli** presented today in Slatina (Olt province) its **development plans** and the activities of the **new industrial and technology pole** of the Group in **Romania**.

The presentation took place on the occasion of the ceremony for manufacturing of the **one millionth high-performance tyre** in the country. Among others, **Marco Tronchetti Provera**, Chairman of Pirelli & C. SpA, **Francesco Gori**, Managing Director of Pirelli Tyre, and local authorities were present.

The Pirelli Group is building in two different areas of Romania an integrated **industrial and technology pole** of **international relevance**, with the dual **objective of conquering Central and Eastern European tyre markets** while increasing **high-end manufacturing capacity**, and developing the **new business of particulate filters**.

The new Pirelli pole in Romania is composed of **three manufacturing plants**, two already operating and one under construction, for a **total investment** of approximately **235 million** euros.

## **Tyres**

A central element of Pirelli's presence in Romania is the **new factory in Slatina** for production of **high-performance tyres** for **cars** and **SUVs**. The factory, inaugurated at the end of 2006, will close its first year of activity in line with expectations for production of more than **2 million** pieces, to become approximately **4 million** in 2008. The **investment** amounts to about **170 million** euros.

The new factory in Slatina, one of the **most modern in the world** for tyre manufacturing, uses the **best** non-robotized manufacturing **technology** and was conceived for production of high-performance tyres, where Pirelli is leader, including the Winter, High-Performance, Ultra-High-Performance and SUV ranges. Only a few months from the start of production, the factory has already obtained **ISO-TS** quality certification, an important international recognition for suppliers of the automotive sector. In June of this year the innovative **"Model Mixing Room"**, which produces extremely high technology mixes, began operating. This will make the entire manufacturing process in Slatina completely autonomous.

Thanks to a **research agreement** signed with the **University of Craiova** and the **Fondazione Silvio Tronchetti Provera**, in addition, a study has been undertaken for application of **RFID** (Radio Frequency Identification) technology within Pirelli. The aim is to create a system that allows for tracking, using a microchip, all the production phases of the tyres, guaranteeing greater and greater levels of quality and safety.

In **Slatina** there is also a **factory** in operation since 2005 manufacturing **steeltcord**, the supporting structural element in radial tyres. The plant has capacity to produce about **30,000 tons per year** of steeltcord destined for EMEA markets, for a multi-year investment of about **40 million** euros.

The entire industrial complex at Slatina, including steeltcord, extends across an area of **500,000** square meters and at year end will employ about **1,200 workers**, for which a significant **two-year training program** is planned with a total investment of about **500,000** euros. The Slatina pole is in a **strategic position** with respect to Western and Eastern European markets and represents for the Pirelli Group a **logistics and commercial hub** for all of Eastern Europe, an area in which the large automobile manufacturers are continuing to increase their production capacity. The **export quota** of tyres produced by Pirelli in Romania is more than **90%**. Central and Eastern Europe will represent over the next several years a market of reference for high-performance tyres, with expectations for **demand growth** for Pirelli of more than **10%** per year.

The new industrial plant in Romania allows Pirelli to **increase** its **manufacturing capacity** in the high-performance segment and is added to the **investments in technological innovation** currently underway in factories in **Western Europe**, in particular in Italy in

**Settimo Torinese**, where a protocol has just been signed with local institutions for realization of a unique and modern industrial complex for production of car and truck tyres.

### **Particulate filters for diesel vehicles**

In addition, construction work has just begun on the **third factory** of the Group in Romania, destined mainly to **mass production** of original equipment **particulate filters**. The plant, located on **10 hectare** area in the Industrial Park in the county of **Gorj** in southwestern Romania, will be operational starting from the **second half of 2008** and will have **two production lines**. The new factory, in a strategic industrial district on the border with Serbia, will be able to produce more than **500,000 silicon carbide filters** for original equipment of diesel engines, with about **400 workers**. The initial **investment** is estimated at more than **25 million** euros. The new plant will allow Pirelli to develop its presence in the particulate filters sector. At the moment, thanks to the production line in the Milan area, Pirelli is already active in the retrofit segment (vehicles already in circulation) with applications on buses, light and heavy commercial vehicles, and off-road vehicles.

Pirelli's particulate filters are systems for treatment of exhaust gases able to **reduce particulate emissions** of diesel engines by **more than 90%**. They are made in porous silicon carbide, a material that offers unique characters for resistance to heat and temperature variations, and can be fitted on new cars or on already circulating diesel vehicles.

In the *retrofit* segment, the increasing distribution of particulate filters is clear from the plethora of **incentive programs** in **Europe** (Great Britain, Scandinavia, France, Germany, Switzerland and Italy), **America** (USA and Mexico), and the **Far East** (Japan). In **London**, for example, a low emission zone has been defined, extending from the city center to the M25 motorway, in order to disincentivate circulation of the most polluting diesel vehicles. This program, according to estimates, will involve about **2.4 million** vehicles through 2012, which could be fitted with particulate filters to enter the city.

In the *original equipment* segment, with the new **Euro 5** regulations which establish a limit on particulate emissions of **0.005 g/km**, new diesel cars will be required to have a filter by the end of 2011, for a total of about **10.5 million** cars per year compared with about 3.5 million per year currently.

### **Projects for the local community**

Pirelli, in line with its tradition of strong roots in countries where it is present, is planning a series of initiatives in Romania, especially in the Olt province, **in support of training and wellness** of workers, of their families, and more in general of the local area.

In particular, in collaboration with **FC Internazionale** and the Association **Comunità Nuova Onlus**, Pirelli will set up in Slatina a new **“Inter Campus”**, the program that uses the game of soccer as an instrument of social promotion in favour of more than nine thousand needy children between 8 and 14 in seventeen countries around the world. In Romania in particular, the initiative is directed at young people in the Slatina community,

offering them a fun and effective instrument for growing, socializing and psychomotorial recovery.

The Group has also promoted a **collaboration project** between the **Niguarda Hospital** in **Milan** and the **Slatina** Hospital for professional training of medical personnel, nurses and technicians. The project includes a **training contribution** for personnel at the Slatina Hospital, including through **professional exchanges** and **training periods** both in Milan and in Slatina.

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