



**PRESS RELEASE**

***PIRELLI TYRE: START OF OPERATIONS AT THE NEW FACILITY IN ROMANIA DEDICATED TO THE PRODUCTION OF HIGH-PERFORMANCE TYRES***

**WITH AN INVESTMENT OF APPROXIMATELY €170 MILLION, THE NEW PLANT AT SLATINA WILL MANUFACTURE CAR TYRES FOR EUROPE AND FOR ALL MARKETS THAT ARE MORE RECEPTIVE TO TOP-END PRODUCTS**

**ONCE FULLY OPERATIONAL, THE NEW FACILITY WILL PRODUCE OVER 4.5 MILLION TYRES A YEAR AND EMPLOY ABOUT 1,000 PERSONNEL**

**THE GROUP STRENGTHENS ITS PRESENCE IN EASTERN EUROPE WHERE IT TARGETS AN ANNUAL GROWTH OF OVER 10%**

**THANKS TO THE NEW CAR-TYRE FACILITY, AND TO THE STEEL-CORD PLANT COMMISSIONED IN 2005, SLATINA IS SET TO BECOME AN INDUSTRIAL CENTRE OF WORLD IMPORTANCE FOR THE PIRELLI GROUP**

**INITIAL MOVES ARE UNDER WAY ON LOCAL SCHEMES TO PROMOTE THE WELFARE AND TRAINING OF EMPLOYEES AND TO BENEFIT THE LOCAL COMMUNITY**

*Slatina, 26 October 2006* - **Pirelli Tyre** has officially started **tyre manufacture in Romania** at its new facility in Slatina (Olt Province). The plant will produce **top-of-the-range tyres** for cars and SUVs (Sport Utility Vehicles) and is located close to the steel-cord facility opened last year.

The new Slatina plant, one of **the world's most modern** tyre production facilities, applies **leading-edge** non-robotised production **technologies** and has been designed for producing high-performance tyres – a sector where Pirelli Tyre is a leader – including the Company's Winter, High-Performance, Ultra-High-Performance and SUV range.

The industrial complex, including the steel-cord facility, covers an area of **500,000** square meters and by the year end will employ approximately **770** personnel, of which about **450** in tyre production. Output in 2006 will be **300,000** tyres, rising to **2 million** in **2007**. The new facility, when fully operational, will have an annual output capacity

of **4.5 million** high-performance tyres with a workforce of about **1,000**. The total **investment** is approximately EUR **170 million**.

Slatina represents for the Pirelli Group a key **industrial location**. The new car-tyre and the steel-cord facilities are global asset in Pirelli's industrial strategy. Slatina, which will in time become **one of the world's biggest production centres for car tyres**, will enable Pirelli **to step up its output capacity** in response to market demand in the top-end segments, which are rapidly expanding both in Europe and in the rest of the world.

The Slatina complex is strategically located for serving markets in both Western and Eastern Europe, where the big car makers are increasingly adding production capacity. **Exports will exceed 90% of output**.

In addition Pirelli strongly believes that in the next few years **Central and Eastern European countries** will become a **major market** for high-performance tyres. **Local demand** is set to exceed **10%** per year. Consequently, Pirelli intends to develop the potential of the Slatina area by setting up, alongside its industrial operations, a platform of logistics, data-processing, and sales services to support expansion in these countries.

The new plant in Olt operates the best equipment on the market, further enhanced with modern process innovations patented by Pirelli. The plant features the very latest in Pirelli Tyre non-robotised production technology and highly sophisticated control and management systems.

The entire workforce and almost all office staff at the Slatina facility have been recruited locally. As is the Company's custom, Pirelli has plans for a series of **initiatives** in Olt to **promote the training and welfare** of its personnel and their families and, more generally, to benefit the local community. In particular, a co-operation agreement has been signed with **Craiova University** for an intensive training project based on post-graduate courses and joint research projects. Further, a number of educational and assistance initiatives for young children and professional training for young people are under consideration.

Start-up of tyre production in Romania strengthens the **international presence** of Pirelli, which was first established in Spain in 1902 and now counts **24 production facilities** in **12 countries** worldwide, in addition to an **extensive sales and distribution network** that stretches across **160 countries** in all five continents.

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