



## JOINT PRESS RELEASE

### **PIRELLI AND CYOPTICS LAUNCH AN INTEGRATED PHOTONICS ALLIANCE**

***Combination of PGT Photonics and CyOptics supports development of a new generation of optical components. Pirelli to take an approximately 30% stake in CyOptics***

*Milan (Italy), Lehigh Valley (PA, USA), 24 July 2008* - The Pirelli Group and CyOptics, Inc. announce the formation of a strategic alliance in integrated photonics. The combined business will be one of the strongest in the optoelectronics industry, bringing together an unparalleled set of technologies addressing the future needs of telecommunication networks.

The agreement foresees integration between PGT Photonics, the Pirelli Group's photonics company, valued at about 40 million dollars including available cash, and CyOptics, a privately-held US company which is a leader in optical components based on Indium Phosphide technology. As part of the agreement Pirelli will participate in a CyOptics capital increase with a cash contribution of 20 million dollars.

The agreement combines the complementary technologies of CyOptics' excellence in Indium Phosphide based lasers and detectors, with PGT Photonics substantial and broad investment in silicon based photonics. Together the two companies will aggressively address products such as wavelength tunable TOSAs, Photonic Integrated Circuits (PICs), and other components aimed at improving flexibility and reducing the cost of optoelectronic communications.

Following the transaction, Pirelli will maintain an approximately 30% share in the new business, which will have annual revenue of about 80 million dollars.

*"This investment – Marco Tronchetti Provera, Chairman of Pirelli, said – is coherent with Pirelli's strategy to grow in photonics through integration with other companies in similar businesses. We strongly believe in the potential of this transaction, which allows for joining two advanced and complementary technologies and creating a leading-edge company in the optical sector".*

\*\*\*

#### **About CyOptics**

Founded in 1999, CyOptics designs, develops and markets a full line of InP optical chips and components for integration into access, metro and long-haul communications systems. The company also provides complete contract design, foundry and packaging services. CyOptics is an industry leader in both hybrid integration using

different elements in a single package and monolithic integration on a single chip. Manufacture is enabled by an automated nano-tech capable assembly and test process that delivers best performance, uniformity and cost. The Company's InP design and fabrication operations are located in Lehigh Valley, Pennsylvania, its silicon PLC fab is located in South Plainfield NJ, and its planar automated packaging and testing operations are located in Matamoros, Mexico. CyOptics is ISO 9001:2000 certified. For more information, please visit <http://www.cyoptics.com> or call 1-484-397-2061.

**About Pirelli**

Pirelli & C. SpA, listed on the Italian Stock Exchange, is the parent company of a multi-national Group active in more than 160 countries with 135 years of industrial experience. Pirelli Tyre is the fifth tyre manufacturer in the world in terms of sales revenue and leader in the high-end segments of the market. Pirelli RE operates in real estate and has affirmed its leadership in Italy in just a few years. Pirelli RE has recently begun expansion in Central and Eastern Europe. Thanks to its technological focus, in recent years the Pirelli Group has launched highly innovative start-up ventures in sectors such as broadband access, photonics, sustainable mobility, renewable energy and fashion. Pirelli Labs is the advanced research center at the services of all of Pirelli's businesses. For information: [www.pirelli.com](http://www.pirelli.com).

Pirelli Press Office: +39 02 85354270 – [pressoffice@pirelli.com](mailto:pressoffice@pirelli.com)  
Pirelli Investor Relations: +39 02 64422949 – [ir@pirelli.com](mailto:ir@pirelli.com)  
[www.pirelli.com](http://www.pirelli.com)

Ali A. Abouzari  
[ali@cyoptics.com](mailto:ali@cyoptics.com)  
+1-610-529-5758  
[www.cyoptics.com](http://www.cyoptics.com)