



PRESS RELEASE

PIRELLI AND RUSSIAN TECHNOLOGIES TO INVEST APPROXIMATELY 250 MILLION EUROS IN JOINT VENTURE IN RUSSIA

First details of the joint venture agreement in negotiation between Pirelli & C. SpA and Russian Technologies State Corporation have been defined. The initiative has the support of the regional Government of the Samara region where the new factory will be built

Moscow, 5 August 2008 - Pirelli & C. SpA, Russian Technologies State Corporation and the Government of the Samara Region signed an agreement in the context of the negotiations currently underway between Pirelli and Russian Technologies State Corporation aiming to set up an industrial joint venture in Russia.

According to the document - signed by Marco Tronchetti Provera (Chairman of Pirelli & C. SpA), Sergey V. Chemezov (Director General, Russian Technologies State Corporation) and Vladimir V. Artyakov (Governor of the Samara region) - the joint venture will be jointly controlled and in turn will own 100% of a company founded in Russia which will control production and sale of the JV's products.

The industrial site for tyre production will be located in the territory of the Samara region, in the area of the Togliatti industrial-technological park. The Russian company will build a tyre plant with an initial annual capacity of around 4.2 million car and industrial vehicle tyres. The investment will amount to approximately 250 million euros.

Russian Technologies State Corporation and the government of the Samara region guarantee that they will provide the Russian company with preferential tax treatment in accordance with current legislation. To achieve maximum economic benefits from the JV's activities, the government of the Samara region will come forward with an initiative to grant Special Economic Zone (SEZ) status to the Togliatti industrial-technological park, with all privileges provided for such SEZ.

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.

Russian Technologies State Corporation – is a legal body established by the Russian Federation Government in the form of State Corporation business entity in accordance with Federal Law dated November

23, 2007. The mission of the Russian Technologies State Corporation is assistance to Russian design and manufacturing organizations in developing, producing and exporting high technology industrial products in the domestic and foreign markets, and attracting investments to enterprises in various sectors of industry.

The Samara Region is located in a southeast part of the European territory of Russia, in the middle course of the Volga. It is one of the most developed industrial areas in the country and among the leading regions of the Volga Federal District.

The region's industrial complex is presented by 476 large- and medium-sized enterprises and more than 3,500 small ones. It has favorable conditions for innovative development – a significant research and production potential, a mature infrastructure for innovative activities, and a high vocational and educational level of labor.

The Samara Region's basic specialization is manufacturing activities plus well developed production of fuel and energy minerals. The region accounts for 70% of all cars manufactured in Russia, 66% of linoleum, more than one fifth of synthetic rubbers, every fourth bearing and every fourth ton of synthetic ammonia, almost tenth part of petroleum products and nitrogen fertilizers, and 4.5% of synthetic resins and plastics. The aerospace industry is also highly developed in the region.

Togliatti Industrial and Technology Park JSC. The territory of the TITP is located in a northwest part of Togliatti, on the city boundary, in close proximity to the basic industrial site of AUTOVAZ car maker. The plot has ideal transport accessibility by road and rail. The park plan provides for opportunities for further development and territory expansion in the southern and western directions.

The efficiency of the Togliatti Industrial and Technology Park results from a balanced and system organization of its basic elements accumulated in two blocks: industrial-and-production and innovative.

All the elements of the TITP are functionally connected among themselves and integrated by a single business process – from development and launching a prototype item into production to commercial production of hi-tech products.

TITP's shareholders are the Government of the Samara Region; Togliatti City Council; AUTOVAZ; AKB NOVIKOMBANK.

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