



PRESS RELEASE

PIRELLI-RUSSIAN TECHNOLOGIES JOINT VENTURE TO FOCUS ON WINTER TYRES, HALF CARRYING THE PIRELLI BRAND

**2012-2014 investment 200 million euros
Expected 2014 sales over 500 million euros**

Milan, Moscow, 25 July 2011 –The agreement signed today with Sibur Holding entails the transfer to the joint venture being formed by Pirelli and Russian Technologies, by November 2011, of the Kirov plant, which has a current production capacity of more than 7 million pieces in the Car and Light Truck sectors, as well as a commitment to transfer further assets that should bring the JV's production to 11 million pieces by 2014. The transfer of all these assets will take place in exchange for a total consideration of 222 million euros, divided on a pro-quota basis between the partners, with a payment of 55 million euros in 2011 and 167 million euros in 2012.

Pirelli brand products can reach 50% of installed capacity (approximately 11 million pieces total) and the JV's product of reference will be winter tyres for the replacement market, in particular the "studdable" line to meet the needs of the Russian and CIS markets. The JV's market share will be approximately 20%.

The joint venture's sales are expected to be around 300 million euros in 2012, growing to over 500 million euros in 2014. This will also be the result of investments of 200 million euros, over the 3-year period 2012-2014, in plant upgrade and to increase production capacity. Once the start-up phase is over, profitability is expected to be double-digit beginning from 2013. The joint venture will be consolidated by Pirelli at the moment of acquisition, also in light of the terms of the management agreement.

Within the context of the agreements relating to the joint venture being formed by Russian Technologies and Pirelli, the latter has the possibility of raising its stake in the joint venture from 50% to 75% through a 3-year put and call option mechanism.

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