

PRESS RELEASE

PIRELLI SIGNS COMPETITIVENESS AGREEMENT WITH LOMBARDY REGIONAL GOVERNMENT FOR "TOTAL SAFETY SYSTEM" PROJECT

Milan, 9 February 2016 – The Lombardy Regional Government and Pirelli today signed a competitiveness agreement which calls for a free grant regional contribution of 1.9 million euro for the *"Total Safety System"* R & D project conducted by Pirelli at its research centre in Milan.

The project, which is being developed by Pirelli Tyre and will last 24 months, has a total cost of 5.35 million euro and is part of the activities linked to the development of a new generation of tyres based on the concept of "total safety". The research activity, therefore, will extend to all phases of product conception and planning: from the use of new materials, to the development of new fully automated finished product checking, to the implementation of new application safety systems based on tyre sensors.

The high level of innovative content in the *"Total Safety System"* project will allow, in addition, a further improvement in the level of productivity, quality and efficiency, as well as the know-how for the various technologies. The project will allow Pirelli to study new product mixes oriented towards segments with higher value added, anticipating market demand and this maintaining the level of competitiveness. From this project, Pirelli expects, also, positive results in the environmental and social arena with regard to road safety, through the continual reduction of vehicular fuel consumption and raising the number of kilometres in a tyre's life.

The agreement – which is part of the programme of the Lombardy Regional Government aimed at developing and enhancing the value of human capital also through training courses, as well as production, environmental and infrastructure resources and with the goal of strengthening local employment generating ancillary employment along related supply chains – favours further growth in the group's R & D at Pirelli's Milan headquarters, where the group's main R & D centre is located employing 400 people. The contribution from the Regional Government will facilitate the employment of 12 new R & D staff members between 2015 and 2017, who will be in addition to the 130 already involved in the activities linked to the project's implementation.

"The competitiveness agreement with Pirelli demonstrates how the synergies between the public and private sectors bring concrete results here in Lombardy," said the President of the Regional Government Roberto Maroni. *"Our goal is to raise investment in research and innovation up to 3% of the region's GDP, a figure which is now close to 2%. These are two strategic which represent a natural vocation for our territory as well as a great opportunity for growth",* he explained. *"The Lombardy Region invests resources in technological development also as a way of creating employment",* Maroni continued. *"We want to move forward on this road".*

"The centre in Milan – said Marco Tronchetti Provera, Executive Vice Chairman and CEO of Pirelli – represents the main driver of our Research and Development and enables Pirelli to compete and continue to grow on international markets. The contribution of the Regional Government is an important recognition on the part of the institution of the work conducted until now and will enable the launch of a project aimed at the creation of tyres that are always safe and environmentally sustainable, able to offer clients not only safety and high performance, but also solutions that respect the environment".

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