



Pininfarina, plan to reduce structural costs now on the starting blocks

Turin, November 17 2006 – During a meeting held this morning, Pininfarina notified the United Trade Union Representatives of the plan announced on November 10 at the time of approval of the Group Report on Operations for the first nine months of 2006. The structural cost reduction plan, directed towards organizational change and achievement of profitability targets, envisages 220 redundancies (around 10% of staff in Italy) involving in particular white-collar workers.

This decision has been taken towards the end of a year characterized by **an unprecedented financial and industrial effort on the part of the Company, directed towards launching five new models** (Alfa Romeo Spider, Alfa Romeo Brera, Ford Focus Coupé-Cabriolet, Mitsubishi Colt CZC in Italy and the Volvo C70 in Sweden), **towards identifying new customers**, in particular in the engineering services sector, and towards **innovation and research**, with a commitment in terms of financial resources channeled into investments that has weighed heavily on the financial position of the Group according to the data already communicated in the Quarterly Report at 30/9/06 .

In recent years, the Company has operated in a **fiercely competitive context** that has affected the entire industry, in both the sector of production and services (design and engineering). Nevertheless, the Company has continued to invest in production and in locating new customers in particular for design and engineering services. These efforts are reflected in the search to localize the supply of engineering services close to customer and potential customer sites on its most important markets (Germany, France and emerging markets), in the acquisition of the Matra Group in France and in the recent re-organization of its presence in Germany and China.

The structural redundancies are therefore linked to conclusion of the phase prior to production start-up of the new models which have boosted the Company's output from 8,000 cars in 2005 to the 35,000 that will be produced – while maintaining the **highest standards of quality** – by the end of 2006 at its Italian and Swedish plants. Production of more than 60,000 vehicles is forecast for 2007.