

## APPROVED PIRELLI PRESS RELEASE

### **PIRELLI AMBIENTE ENTERS THE UNITED KINGDOM WITH ITS WASTE-TO ENERGY TECHNOLOGY**

*Agreement with ReEnergy to develop Pirelli's patented refuse derived  
fuel in the United Kingdom*

Milan, 29 November 2005 – **Pirelli Ambiente**, the company within the Pirelli Group dedicated to renewable energy sources and technologies for environment, has signed an agreement with **ReEnergy**, soon to be quoted on the London stock exchange, for the exploitation in the **United Kingdom** of **Pirelli's patented RDF (Refuse Derived Fuel)**.

Under the terms of the agreement, ReEnergy will produce and sell the **Pirelli fuel** throughout UK. Pirelli Ambiente will also supply the **technical assistance** necessary for the technology's implementation. As a part of the agreement, Pirelli Ambiente will also evaluate the business's **development potential** of using in one of Europe's most interesting markets **Pirelli RDF** as a partial **fossil fuel substitute** in electricity generation. In the United Kingdom, approximately **35%** of electricity is produced by coal-fired power plants, compared with approximately **8%** in Italy. As a part of the agreement Pirelli Ambiente may establish a joint-venture with ReEnergy in the United Kingdom and subsequently **further reinforce** its presence in the territory.

Pirelli Ambiente's patented RDF is a **renewable energy source**, almost entirely derived from the dry fraction of municipal solid waste with the addition of highly calorific components (such as chlorine free plastics and granulated rubber) and is predominantly used in co-firing in partial substitution of coal in already existing industrial facilities such as **thermoelectric power plants** and **cement kilns**, without the need for construction of new chimneys. In **Italy**, Pirelli's technology has been used for over two years in **Cuneo**, North-West of the country, where the proportion of **energy recovery from municipal solid waste** (approximately **32%**) is higher than both the Italian average (**8%**) and the European average (**25%**).

In providing an **effective solution** to the problem of **waste disposal**, the use of Pirelli RDF in partial substitution of coal in existing plants **reduces the emissions** of nitrogen oxide and carbon dioxide. In addition to the **environmental advantages**, it also offers significant **economic benefits**: according to a study by the Institute of Economy and Politics of Energy and Environment at Milan's Bocconi University, electricity produced with Pirelli's RDF has the lowest **production cost among** all renewable energy sources.

**Pirelli Ambiente**

Pirelli Ambiente Holding is a company constituted by the Pirelli Group to strengthen its presence in the environmental sector. Created at the beginning of 2005 from the union of the activities of Pirelli & C. Ambiente and Cam Technologie, Pirelli Ambiente operates in the areas of environmentally friendly industrial solutions and sustainable development. In particular, Pirelli Ambiente focuses on three business areas: the renewable energy sources, technologies for sustainable development (such as the low environmental impact fuel Gecam™ and anti-particulate filters for diesel vehicles) and soil remediation.

### **ReEnergy**

ReEnergy is a UK-based green resources company with services and products in the established markets of waste management and water treatment, with additional power generation solutions in both. Key to the Company's strategy in the use of a number of their technologies together to provide end-to-end solutions both in the waste management and water treatment.

The Group has identified a rapidly growing demand in each of the above markets for technologies and processes that are clean and resource-efficient, fuelled by strong legislative, regulatory, environmental and commercial drivers.

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