

The volume of the initiatives currently in progress and at the development stage is for systems with overall power of about 50 MW, of which 3.1 MW completed and 9 MW in the process of realization in 2009.

Activities relating to environmental reclamation involve the complete management of problems of an environmental nature, with particular reference to the companies of the Pirelli Group and their affiliates. However, the company also conducts activities for external customers, especially in the field of environmental due diligence and energy certification for buildings.

In 2008, the activity of producing high-quality fuel (CDR-Q) was conducted through the associate company I.D.E.A. Granda S.Cons.r.l, which produced about 19,000 tons of fuel from waste. Furthermore, during the year, a new company, A.P.I.C.E. S.p.A., was formed, a 50-50 joint venture with ACEA S.p.A. (an important Italian operator in the field of energy) with the aim of promoting and developing projects to produce CDR-Q (high-quality fuel made from waste), to be used in thermal power plants and cement factories in some regions of Italy.

## PZero

Started at the end of 2007, this activity is the natural development of a licensing and brand extension project conceived in the first years of the new millennium with the aim of building Brand Equity from the Pirelli trademark. In synergy with Pirelli's communication activities, PZero, through its own activities, makes it possible to create value around the trademarks of the Group, thanks partly to the large-scale advertising campaigns on Italian and international media, the high acclaim from the Press, and numerous activities and special projects such as Sci Winter Sottozero.

2008 was dominated by the global economic crisis which had a considerable impact on consumption in the clothing and fashion accessories sector, thus further accentuating a trend that had affected the sector for a number of years.

Despite a considerable fall in demand, PZero, which specializes in articles in the medium-high price range, began a process of developing the distribution of footwear and accessories, mainly in Italy to begin with, but with the aim of expanding the business abroad, achieving sales amounting to about Euros 5 million.

In addition to the markets already covered through agency or distribution agreements at the end of 2007 (Spain, Benelux, Switzerland and Canada), in 2008 new agency contracts were signed to cover Russia and Eastern Europe, Germany and the countries of Scandinavia, and, towards the end of the year, to cover France, the U.K., Portugal, Cyprus, the Middle East and Hong Kong.

During 2008, numerous research and development activities were initiated for PZero products with a high innovative and technological content. In particular, the research aims to identify new materials, technologies or functions with special performance that can be rapidly introduced to items of clothing and footwear. What's more, in the medium term, there are plans to identify innovative technologies that can be introduced to the production processes. All the PZero R&D work is supported by Pirelli Labs and is protected by an effective system of patents.