

Memorandum of Understanding

AMONG
THE MINISTRY OF ENVIRONMENTAL PROTECTION OF P. R. OF CHINA (MEP)
AND
THE ITALIAN MINISTRY FOR THE ENVIRONMENT, LAND AND SEA (IMELS)
AND
PIRELLI & C. ECOTECHNOLOGY S.P.A (PIRELLI)

(Hereinafter called the Parties)

ON THE COOPERATION ON DIESEL VEHICLE RETROFIT

Premised that

- The Italian Ministry for the Environment, Land and Sea (IMELS) in the year 2000 launched a cooperation program (Sino-Italian Cooperation Program for Environmental Protection, SICP) together with the Ministry of Environmental Protection of P.R. of China (MEP, the former State Environmental Protection Administration of China).
- More than 90 cooperation projects have been implemented which refer to climate change, biodiversity conservation, reducing and controlling persistent organic pollutants (POPs), combating desertification, sustainable agriculture, sustainable transportation, renewable energy, poverty reduction, Beijing Green Olympic, Expo 2010 Shanghai China, supporting the implementation of good governance practices and so on.
- There is an ongoing cooperation between IMELS and Beijing Municipal Environmental Protection Bureau (Beijing EPB), which has the purpose to verify competitive techniques and products to retrofit diesel vehicles and to introduce the certified products to the local counterparts.
- Pirelli is active in the development of technologies and products aiming to reduce particulate emission from diesel vehicle. With the great support from Beijing EPB, Pirelli has obtained the homologation of the unique techniques and products, including DPF and FBC, in China in May 2009.

It is agreed that

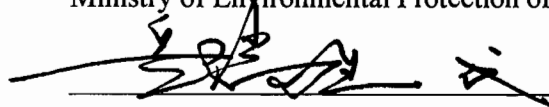
- The Parties will cooperate in order to spread the outcomes from the cooperation between IMELS and Beijing EPB on diesel vehicle retrofit pilot project.
- The Parties will identify the potential Chinese counterparts and local cities already active in vehicle pollution control measures and in-use diesel vehicle retrofit, and will introduce

the advanced techniques and products to retrofit diesel vehicles, through workshops or exhibitions.

- A further specific plan of activities to effectively reach the agreed objectives will be discussed and agreed by the Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present MoU in three copies in English, in Beijing on September 15, 2009.

Foreign Economic Cooperation Office
Ministry of Environmental Protection of P. R. China



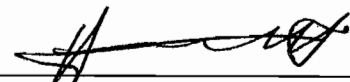
Wen Wurui, Director General, Foreign Economic Cooperation Office, MEP

Italian Ministry for the Environment, Land and Sea



Corrado Clini, Director General, IMELS

Pirelli & C. Ecotechnology S.p.a



Bruno Tronchetti Provera, Chief Executive Officer