



Press Release

ERG launches a public offer for 100% of the shares of EnerTAD

Genoa 5 June 2006 – ERG SpA has deposited with the CONSOB (Italian stock market regulator) the documents relating to the launching of a public offer for the purchase of 100% of the shares of EnerTAD SpA.

The offered price is Euro 3.00 per share and the maximum disbursement, in the case of acceptance by all shareholders, would be some Euro 285 million. The period of the offer, which will commence at the end of June, will be agreed with the Borsa Italiana SpA (Italian stock exchange). The public offer is subject to the conditions set out in the attachment.

The operation is in line with the strategy of the ERG group to increase its presence in the renewable power generation sector and to be amongst the leading producers of wind power in Italy.

Business Description

ERG is the largest independent Group operating in the energy and petroleum sectors in Italy, quoted on the Stock Exchange since October 1997. It is active in crude oil processing, the distribution of petroleum products and power generation. Today it accounts for approximately 22% of the national refining capacity and is the second largest sector operator in Italy. ERG sales on the domestic market account for 9% of the national consumption of petroleum products. ERG Group activities are divided into three business areas:

- **Coastal refining:** via its subsidiary company ERG Raffinerie Mediterranee, which owns the ISAB Sud and ISAB Nord refineries in Priolo Gargallo (Syracuse), ERG manages one of the largest and most efficient refining complexes in Europe (capacity of 380,000 bbl/day) and is the largest Italian exporter of petroleum products (mainly diesel and gasoline). ERGMed also supplies products to other oil companies operating in the country. The ISAB Sud Refinery is certified ISO 14001.
- **Integrated downstream:** via its subsidiary ERG Petroli, ERG manages the marketing and logistics divisions; furthermore, ERG Petroli owns important shareholdings in two refineries: one in Trecate, near Milan, and one near Rome (combined capacity of 60,000 bbl/day). The ERG logistics system is one of the largest in Italy and is strategically positioned to allow the distribution of petroleum products throughout the country. The distribution of petroleum products in Italy is carried out via a network of some 2,000 service stations, which account for around 7% of the domestic market. ERG Petroli sells gasoline, diesel, fuel oil, bitumen and LPG on the wholesale market, via a network of wholesalers in Italy and Switzerland. ERG Petroli also operates in the retail and wholesale markets in Spain, via its subsidiary ERG Petroleos (100% ERG Petroli).
- **Power Generation:** via its subsidiary ERG Power & Gas ERG manages and develops the production and marketing of electrical power, steam and gas. In particular, ISAB Energy (51% ERG Power & Gas), certified ISO 14001, owns a power station with a capacity of 528 MW, which uses as its fuel syngas deriving from the gasification of residues from the ISAB Sud refinery. Projects are already underway for the repowering of the two power plants inside the ISAB Sud and Nord refineries to 99 MW and 450 MW respectively. They will have natural gas as a feedstock. ERG CESA Eolica (50% ERG Power & Gas), active in the development of wind farms, has 31 MW in operation and 120 MW already authorised. Furthermore, ERG Power & Gas has entered into a 50:50 joint venture with Shell Energy Italia for the development of a liquid natural gas regasification plant within the Augusta/Priolo/Melilli industrial complex in the Syracuse area.

ERG forms part of the new Kempen Capital Management/SNS Asset Management SRI Index which groups together, at a European level, the companies with the very highest standards and practice in the three areas of business: ethics, human resources and environment.

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Ex article 102 of Law 58/98 and article 37 of CONSOB regulation n. 11971/99

5 June 2006

ERG S.p.A. has deposited today with the CONSOB (Italian stock market regulator) in accordance with article 102 of Law 58 of 24 February 1998 (“TUF”) and article 37 of the CONSOB regulation 11971 of 14 May 1999, as subsequently modified (“CONSOB Regulations”), the communication of its intention to proceed with a public offer, in accordance with article 102 of the TUF (the “Offer”), for the entire share capital of EnerTAD SpA (“EnerTAD or the “Target”) consisting of 94,865,881 shares of Euro 1 each..

Attached to the above communication, in line with article 37 of the CONSOB regulations are the following documents: (i) draft of the Offer Document; (ii) declaration by ERG relating to its exact compliance with the obligations it undertakes in making the offer and (iii) a draft of the acceptance form.

The terms that follow which commence with a capital letter, where they are not expressly defined in the press release, have the same meaning as in the Offer Document.

In this regard the following is confirmed:

Essential parts of the offer

1.1 Participants in the Offer

Offeror: ERG SpA (“ERG” of the “Offeror”), with its registered office in Via Nicola Piccinni 2, Milan, fully paid up share capital equal to Euro 15,032,000, divided into 150,320,000 shares with a nominal value of Euro 0.10 each.

ERG is quoted on the MTA (Italian stock exchange) and is the holding company of a group active in the energy and oil businesses.

Target: EnerTAD SpA, with its registered office in Corsa di Porta Nuova 13/15, Milan, fully paid up share capital of Euro 94,865,881, divided into 94,865,881 ordinary shares with a nominal value of Euro 1 each. The ordinary shares of EnerTAD are quoted on the MTA (Italian stock exchange).

Intermediary mandated to coordinate the collection of the offer acceptances

The Intermediary mandated to coordinate the collection of the Offer Acceptances is UniCredit Banca Mobiliare SpA.

1.2 Shares subject to the offer

The offer is for 94,865,881 ordinary shares of EnerTAD of nominal value Euro 1 each, which represent the entire share capital of the Target fully paid up prior to the date of the Offer Document (the “Shares”) as well as the shares potentially deriving from the conversion of the convertible bond denominated “EnerTAD 2003 – 2006 Convertible”.

1.3 Recipients of the Offer

The Offer is made exclusively in Italy in that the Shares are quoted only on the Italian Stock Exchange organised by the Borsa Italiana SpA.

1.4 Total amount and unitary amount of the Offer

The price to be paid for acceptance of the Offer is Euro 3.00 for each Share, to be paid fully in cash (“Unitary Consideration”). The timing and payment means are set out on the Offer Document.

The total amount of the Offer, in the case of its full acceptance, is Euro 284,597,643 (“Total Consideration”). Such amount, in the case of full early conversion of a maximum of 17,997,821 shares to be assigned to the holders of the EnerTAD convertible bond, would be increased by Euro 53,993,463. In this respect it should be noted that article 9 of the convertible bond “EnerTAD 2003 – 2006 Convertible” regulations states that if the intention to make a public offer to the shareholders of EnerTAD for a some or all of their ordinary shares at a price that is higher than the market price of its shares in that moment is publicised, the Target will inform the bondholders of the possibility that they have to convert their shares at any moment giving the notice set out in terms of the Offer.

The Unitary Consideration is net of stamp duty, expenses and commission which will be borne by the Offeror, whilst the substitute tax on the capital gains, where due, will be for the account of those who accept the Offer.

1.5 Duration of the offer and means of acceptance

The duration of the Offer will be agreed with Borsa Italiana SpA in accordance with the law and applicable regulations. It is currently expected that the acceptance period will commence by the end of June.

The means and terms for accepting the Offer are set out in paragraph C.4 of the Offer Document.

1.6 Modification of the terms of the Offer

The Offeror reserves the right to modify the Offer, within the limits provided by the law and regulations, communicating such in the manner foreseen in article 37 of the CONSOB regulations.

1.7 Date of payment of the consideration

The payment of the consideration will be made immediately after closure of the Acceptance Period and in any case no later than the date indicated in the Offer Document (the "Payment Date").

In the case that the period for acceptance is extended, the Payment Date will be the fifth day that the stock market is open following the closure of the Offer Period, as extended, and will be communicated together with notification of the extension of the Acceptance Period and will be published in the newspapers indicated in section M of the Offering Document.

1.8 Conditions attaching to the Offer

The Offer is subject to the following conditions, as described in section C.7 of the Offer Document:

- (i) that until the moment of the publication of the communication – in accordance with article 41 of the CONSOB regulations – to CONSOB, Borsa Italiana SpA and two news agencies by 07.59 of the first day that the stock exchange is open following the Acceptance Period, that there have been no economic, political or financial market changes of an extraordinary nature either at a national or international level, situations that could prejudice or could alter substantially the assets or financial profile of the Target or the group of which it is the holding company, compared to documents or information in circulation on 5 June 2006, date of the communication to CONSOB in accordance with article 102 of the TUF;
- (ii) that the Acceptances reach a minimum number that will allow the Offeror - at the end of the Offer – to hold a number of shares (the "Minimum Shareholding") equal to 50.1% of the share capital of the Target on a fully diluted basis (that is assuming the partial or full conversion of the convertible bond in circulation) and that TadFin SpA and FinTad International SA, owners of a shareholding in the Target or more than 50%, have provided to the Offeror bank guarantees in which the banks promise expressly and unconditionally to pay the Offeror a sum equal to the percentage of the actual acceptance of the Offer multiplied by all the losses of the Target compared to the financial statements at 31 March 2006;
- (iii) that any share capital increases determined by the Board of Directors of EnerTAD, in execution of the powers given to it by the extraordinary shareholders' meeting of 30 August 2002, during the period from 5 June 2006, date of communication to CONSOB in

accordance with article 102 of the TUF, to the date in which the communication is made in accordance with article 41 of the CONSOB regulations, have not been underwritten;

- (iv) that a declaration by all the lending banks of TadFin SpA and FinTad International SA, that entered into the Convention communicated by the Target on 6 December 2004 and 7 February 2005 concerning the agreement with the lending banks, or at least five of them, is provided to the Offeror, with a commitment that the proceeds paid to FinTad International SA and TadFin SpA from the Acceptance of the Offer are utilised and distributed among the creditors such that even following partial reimbursement of the amounts due to the banks, the economic and financial situation of TadFin SpA and FinTad International SA will be substantially in equilibrium;

All of the above listed conditions can be renounced by the Offeror, who reserves the right to proceed with the acquisition even if none of them are satisfied. In the case that (iii) is not satisfied and the decision is taken to renounce it, the amount of the Offer will automatically become: Euro 3 multiplied by 94,865,881 (number of outstanding shares) + (plus) the number of shares resulting from the capital increase multiplied by their emission price (including share premium), all divided by the total number of shares following the capital increase.

It should be noted that there are no agreements between the Offeror and the majority shareholders of the Target, only negotiations

The Offeror will give notice of the satisfaction of conditions (i), (ii), (iii) and (iv) above, or of the renouncing of one or more of the conditions both via communication as set out in (i) above, and as provided by the communication of the results of the Offer, to be published in accordance with article 41, fifth sub-paragraph, of the CONSOB Regulations, the day before the Payment date. In case of renouncing condition (iii) above the consideration for the Offer will be modified as in the above calculation.

It should be noted that in the case that even if one of the conditions set out above is not satisfied and the Offeror decides not to renounce it, the shares submitted in acceptance of the Offer will be returned to their owners via the authorised intermediaries affiliated to Monte Titoli SpA by the second day that the stock exchange is open following the Acceptance Period.

2 OBJECTIVE OF THE OPERATION

The principal objective of the Offer is to obtain control of the Target, whilst at the same time maintaining the stock market quotation of the ordinary shares of EnerTAD. In the situation that the free float falls below the minimum level set by law as a result of the Offer, the Offeror will do all that is within its power to maintain EnerTAD quoted on the MTA (Italian

stock exchange), including the reconstitution of the free float which could be undertaken in one of the ways set out below, which will in any case take into account the level of acceptance of the Offer, the financial and asset situation of EnerTAD and the performance of the Italian and international markets:

- (i) reallocation via a private placement of some of the shares of the Target owned by the Offeror; and /or
- (ii) deliberation and execution of one or more capital increases of the share capital of the Target with partial or total exclusion of pre-emption rights in accordance with article 2441, sub 5 of the civil code.

It should be noted that if, following the Offer, the Offeror has a shareholding of more than 90% of the share capital of the Target, the Offeror will not launch a residual public offer for the remaining shares of EnerTAD, in accordance with article 108 of the TUF.

If, following the Offer, the Offeror has a shareholding of more than 98% of the share capital of the Target, the Offeror will not take advantage of the right to acquire the whole share capital of EnerTAD, in accordance with article 111 of the TUF.

At present the Offeror does not expect in the next twelve months to undertake a merger with the Target.

As far as concerns the other objectives of the Offer described in more detail in the Offering Document, ERG is strongly committed to developing its presence in the renewable energy sector, in particular wind power and is proceeding with the evaluation of further potential opportunities with the objective of being a major player in its domestic market. Thus, the operation is entirely coherent and in line with its objectives, permitting:

- The creation of a major private sector player in the wind power sector
- An acceleration of the growth of ERG in the electricity sector during the period 2006-2008.
- Good industrial synergies.
- Optimisation of the financial structure for the projects.
- The achievement of good profits.
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3. GUARANTEES OF THE OFFER AND METHOD OF FINANCING

3.1 Guarantees of the Offer

As a guarantee of the obligations of the Offeror to pay the Consideration for the Offer, calculated on the basis of all the shares subject to the Offer, UniCredit Banca d'Impresa SpA, in a letter dated 5 June 2006, has conceded to the Offeror, under an irrevocable commitment, the opening of a credit line up to Euro 338, 591, 106 to cover the potential

Maximum Consideration equal to Euro 284,597,643 and of a further amount of Euro 53,993,463 to cover the early conversion of a further maximum of 17,997,821 shares from EnerTAD's convertible bond.

Thus before the start of the Acceptance Period ERG will give UniCredit Banca d'Impresa SpA irrevocable and unconditional instructions to put at the disposal of the Depositary Intermediaries such an amount, exclusively for the payment of the Consideration for the Shares offered, at the simple request of the mandated Intermediary coordinating the collection of the Acceptances.

3.2 Method of financing the Offer

The Offer is entirely financed by a credit line provided to ERG by UniCredit Banca d'Impresa SpA, as mentioned in paragraph 3.1 above. In particular, ERG will give the mandated Intermediary coordinating the collection of the acceptances irrevocable and unconditional instructions to proceed with the payment to those who accept the Offer via the Depositary Intermediaries, once the related amount has been received from UniCredit Banca d'Impresa SpA, as described in paragraph 3.1 above.

4 FINANCIAL INSTRUMENTS OF THE TARGET OWNED O ACQUIRABLE BY THE OFFEROR

At the date of publication of the Offer Document the Offeror does not own any Shares.

The Offeror has not entered into, either directly or indirectly via any subsidiary, contracts to have any beneficial interest in or lien over any of the Shares.

5 CONSULTANTS OF THE OFFEROR

The financial consultant of the Offeror is EnVent srl. The legal council of the Offeror is Grimaldi and Associates.