



## **Press release**

Genoa, 12 May 2008 – ERG SpA's Board of Directors has approved an operation which, via the partial demerger of ERG Power & Gas, will allow the integration within Enertad of the Group's activities in the renewable energy sector.

Following the conferment of the business spun-off, the operation provides for an increase in the share capital of Enertad of 37,789,734 newly issued shares to ERG, sole shareholder of ERG Power & Gas. ERG, following the operation, will hold 77.4% of the share capital of Enertad, compared to the previous holding of 68.4%.

The Board of Directors has also conveyed its intention to exercise the option right pertaining to its own shareholding, as regards the capital increase of up to Euro 200 million, including any share premium, to be submitted for approval by the Enertad Shareholders' Meeting.

The purpose of the capital increase is to finance the development of activities in the sector of energy production from renewable sources.

Rothschild was the financial advisor of ERG, providing a fairness opinion on the share swap.

## **Business Description**

ERG, quoted on the Milan Stock Exchange, is active in crude oil processing, the distribution of petroleum products and power generation, steam and gas. Today it accounts for approximately 19% 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. Group activities are divided into three business areas:

- **Coastal refining:** via its subsidiary company ERG Raffinerie Mediterranee, which owns the ISAB Refinery South and North plants in Priolo Gargallo (Syracuse), ERG manages one of the largest and most efficient refining complexes in Europe (capacity of 320,000 bbl/day) and is the largest Italian exporter of petroleum products (mainly diesel and gasoline). ERG Med also supplies products to other oil companies operating in the country. Both the South and North plants of the ISAB Refinery are 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 and one near Rome (combined capacity of 60,000 bbl/day). Through a large logistics system ERG distributes 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 electricity, steam and gas.
  - *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 plant.
  - *NuCe* (100% ERG Power & Gas ): is the owner of the two power generation plants one inside each of the ISAB Refinery South and North plants with a capacity of 99 MW and 450 MW respectively. Projects are already underway for their repowering. They will have natural gas as a feedstock.
  - *Wind power generation:* Enertad (68% ERG), a company listed on the Milan Stock Exchange, has an installed capacity of 132 MW and an Italian market share of 4.5%. Its business plan for the 4-year period 2007-2010 envisages further growth to reach a total capacity of 390 MW, of which 169 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 in the Syracuse area.

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