



## OFFER DOCUMENT

VOLUNTARY PUBLIC PURCHASE OFFER  
PURSUANT TO ARTICLES 102 AND 106, PARAGRAPH 4,  
OF DECREE LAW NO. 58 OF 24 FEBRUARY 1998  
FOR 100% OF THE ORDINARY SHARES OF

### ENERTAD S.p.A.

OFFEROR  
**ERG S.p.A.**

FINANCIAL INSTRUMENTS SUBJECT OF THIS OFFER  
**94,865,881 EnerTAD S.p.A. ordinary shares and up to maximum 17,997,821  
EnerTAD S.p.A. ordinary shares to be granted in case of early conversion  
to EnerTAD S.p.A. convertible bondholders**

PRICE OFFERED PER SHARE  
**Euro 3.00**

DURATION OF THE OFFER AGREED WITH BORSA ITALIANA S.p.A.  
**From 6 July 2006 to 9 August 2006, start and end dates included,  
from 8:30am hrs to 05: 40pm hrs**

FINANCIAL ADVISOR OF THE OFFEROR



INTERMEDIARY IN CHARGE OF COORDINATING  
COLLECTION OF ACCEPTANCES  
**UniCredit Banca Mobiliare S.p.A.**

FILING OF THE OFFER DOCUMENT DOES NOT IMPLY ANY JUDGEMENT BY CONSOB WITH REGARDS  
TO THE ADVISABILITY OF ACCEPTING THE OFFER OR THE RELIABILITY OF THE FIGURES AND  
INFORMATION CONTAINED THEREIN

June 2006



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## DEFINITIONS

<b>Acceptors:</b>	shareholders entitled to accept the Offer who have validly conferred the shares so as to accept the Offer.
<b>Acceptance:</b>	acceptance through which each Acceptor will confer his Shares so as to accept the Offer, under the terms and conditions set forth in the Offer Document.
<b>Supervisory Authority:</b>	CONSOB and Borsa Italiana jointly.
<b>Shares:</b>	No. 94,865,881 ordinary EnerTAD shares, listed on the MTA, representing as at the publication date of this Offer Document, the whole of EnerTAD's share capital.
<b>Shareholders:</b>	the current EnerTAD shareholders to whom the Offer is addressed.
<b>Borsa Italiana:</b>	Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari, 6.
<b>CONSOB:</b>	National Commission for Listed Companies and the Stock Exchange, with registered office in Rome, Via G.B. Martini, n. 3.
<b>Financial Advisor:</b>	EnVent S.r.l. (hereunder "EnVent").
<b>Maximum Disbursement:</b>	maximum value of the Offer in the event of acceptance of the same by all offerees, amounting to Euro 284,597,643, obtained by multiplying the Consideration by the number of Shares. Such disbursement in case of early conversion of the bonds through the issuance of maximum no. 17,997,821 shares to be granted to EnerTAD convertible bondholders, shall be equal to Euro 338,591,106.
<b>Consideration of the Offer:</b>	the amount obtained by multiplying the Unitary Consideration by the number of Shares actually conferred by way of acceptance of the Offer.
<b>Unitary Consideration:</b>	the amount of Euro 3.00, which will be paid by the Offeror to Acceptors for each share conferred under the Offer, based on the provisions of Paragraph E.1 of this Offer Document.
<b>Offer Document:</b>	this Offer Document.
<b>Issuer or EnerTAD:</b>	EnerTAD S.p.A., with registered office in Milan, Corso di Porta Nuova No. 13 – 15, Taxpayer's Code and registration number in the Companies Registry of Milan No. 00276450632.
<b>Stock Exchange business day:</b>	each day on which regulated markets are open in Italy.

<b>Payment Day:</b>	the –fifth day of Open Stock Exchange -from closing of the Acceptance Period, i.e. 17 August 2006.
<b>Valid Day:</b>	each Stock Exchange business day falling within the Acceptance Period.
<b>Intermediary tasked with Coordination of the collection of the acceptances:</b>	Unicredit Banca Mobiliare S.p.A. (“UBM”) with registered office in Milan, Via Tommaso Grossi, 10.
<b>Depository Intermediaries:</b>	this term has the meaning set out in Section B, Paragraph B3.
<b>Appointed Intermediaries:</b>	this term has the meaning set out in Section B, Paragraph B3.
<b>MTA:</b>	the Telematic Stock Exchange (Mercato Telematico Azionario) organised and managed by Borsa Italiana.
<b>Offeror or ERG:</b>	ERG S.p.A., with registered office in Milan, Via Nicola Piccinni, 2.
<b>Offer:</b>	the voluntary Public Purchase Offer, pursuant to Articles 102 and 106, fourth paragraph, of the Consolidated Law on Finance, made by the Offeror on the entire share capital of EnerTAD, subject of this Offer Document.
<b>Acceptance Period:</b>	the period running between 8:30am hrs of 6 July 2006 and 05:40pm hrs of 9 August 2006.
<b>Stock Exchange Regulation:</b>	the Regulation of markets organised and managed by Borsa Italiana, passed by the Meeting of Borsa Italiana of 21 December 2005 and adopted by CONSOB resolution No. 15319 dated 8 February 2006.
<b>Issuer Regulation:</b>	the regulation adopted by CONSOB resolution No. 11971 on 14 May 1999, and subsequent amendments.
<b>Minimum Threshold:</b>	the number of shares which, if brought in by way of acceptance of the Offer, would enable the Offeror to reach the threshold of 50.1% of EnerTAD’s share capital.
<b>CONSOLIDATED LAW ON FINANCE (TUF):</b>	Decree Law 58 dated 24 February 1998, and subsequent amendments and additions.
<b>Acceptance Form:</b>	the form for accepting the Offer, which is an integral and substantial part of this Offer Document



## **BACKGROUND AND SUMMARY OF THE TRANSACTION**

This Offer Document sets forth a voluntary public purchase offer made by ERG pursuant to Articles 102, 106 Paragraph 4 of the Consolidated Law on Finance, and the provisions of the Issuer Regulation, on the whole share capital of EnerTAD consisting of 94,865,881 Shares, for a par value of Euro 1 each plus the maximum no. 17,997,821 shares accruing from conversion of convertible notes issued under the Bond Loan entitled “EnerTAD 2003 – 2006 convertible”.

The Offer, which is subject to the terms, conditions and methods described in this Offer Document, was communicated to the market on 5 June 2006 pursuant to Articles 102 and 114 of the Consolidated Law on Finance and Article 37 of the Issuer Regulation.

It should be noted that on 3 December 2004 Tad Fin S.p.A. and FinTAD International S.A., who at the date of this Offering Document own an interest in EnerTAD representing 50.622% of the share capital entered into an agreement with its lenders which provides for a moratorium in order to permit the sale of the participation held by Tad Fin S.p.A. and FinTAD International S.A. in EnerTAD together with other assets owned by such entities. In the particular the agreement provides for an adequate valorisation of the EnerTAD shares held by Tad Fin S.p.A. and FinTAD International S.A. for which a mandate to sell has been conferred upon Poli e Associati for a unitary consideration no lower than Euro 3.00. Such agreement also provide for a moratorium on the entire amount of creditors positions and, in case of sale of the participations and other assets held by Tad Fin S.p.A. and FinTAD International S.A and the other holding companies of the Agarini Group and that the repayments shall be carried out in accordance with the contractual provisions, the creditors have waived to the eventually unsatisfied part of their credit. The moratorium granted until the expiry of the 18th month following the date on which the agreement came into effect has been automatically extended of a six months period and therefore until 3 December 2006.

The shares subject of the Offer represent the whole of the Issuer’s subscribed and paid-in share capital as at the publication date of this Offer Document.

The Consideration offered by the Offeror for each Share that will be brought in by way of acceptance of the Offer is of Euro 3.00 Maximum Disbursement of the Offer calculated on the total number of shares subject of the Offer is thus Euro 284,597,643. Said disbursement, in the event of early conversion of bonds through the issuance of further maximum no. 17,997,821 shares to be assigned to the holders of convertible EnerTAD Bonds, will be equal to Euro 338,591,106.

Acceptance of the Offer is irrevocable, without prejudice to the possibility of accepting one or more competing offers or higher bids pursuant to Art. 44 of the Issuer Regulation.

For further details concerning the financial instruments subject of the Offer and the unitary consideration for the Shares, please see Sections C, D and E below.

As concerns the goals of the Offer described in greater detail at paragraph G.2.1, it should be preliminary noted that ERG is strongly committed to developing the renewable energy sector, with a particular focus on wind farms, and is continuing to assess further development opportunities with the aim of achieving a position of primary private operator on the national market. In this respect, the transaction envisaged by this Offer Document is highly consistent and in line with said mission, since it will enable:

- Entry of a major national private player in the wind power sector
- Boosting of ERG's growth in the wind power sector in the period 2006 -2008
- Good industrial synergy
- Significant financial optimisation in project development
- Growth in profits.

The Offer targets takeover of the Issuer and continuity of listing on the Stock Exchange.

As described in further details at Paragraphs A.3 and A.4 of this Offer Document, in the event that, following the Offer, the Offeror comes to hold EnerTAD shareholding greater than 90% but lower than 98% of ordinary EnerTAD shares, the Offeror will not launch a residual public offer, pursuant to Article 108 of the Consolidated Financial Law, on remaining EnerTAD shares. In the event that after the Offer the Offeror comes to hold EnerTAD shareholding greater than 98% of the Issuer's share capital, the Offeror will not exercise its purchasing rights under Article 111 of the Consolidated Law on Finance, on ordinary EnerTAD shares forming all residual share capital. After reduction as a consequence of the Offer, in the free float under the threshold envisaged by articles 108 and 111 the Offeror will take all possible actions to ensure EnerTAD remains listed on the MTA, reconstituting the free float with methods described in greater detail in paragraph G.4 below taking into account the number of acceptances received during the Offer, the company's financial and equity situation and the performance of Italian and international markets.

*The Offer is only promoted on the Italian market. Acceptance of the offer by entities residing in countries other than Italy is subject to specific legal or regulatory obligations or restrictions. It is the exclusive responsibility of offerees to comply with said rules, hence before acceptance, they should check their existence and applicability by consulting their advisors.*

*The Offer has not been made, nor will it be made, either directly or indirectly (through the postal system, any exchange method used in international trading or any other securities trading methods) - in the United States of America, Australia, Canada or Japan, nor any other country where said dissemination is not allowed unless authorised by the competent Authorities (together, the "**Other Countries**"). This includes, but is not limited to, transmission by fax, e-mail, telex, telephone or the Internet. Hence, no copy of any document pertaining to the Offer may be sent to, or in any manner transmitted to or distributed in, the United States of America or the Other Countries. The entities receiving said documents, (including, but not limited to, custodians, trustees and assignees) shall not distribute, or anyhow dispatch, said documents to the United States of America or the Other Countries and shall not use the postal system of the United States of America or any other medium for any purpose related to the Offer. Any Acceptance proposal resulting from direct or indirect infringement of said restrictions will be deemed invalid.*

*This Offer Document is not an invitation to invest, and no acceptance by an entity residing in the United States of America or the Other Countries will be accepted.*

## A. WARNING

### A.1 CONDITIONS FOR EFFECTIVENESS OF THE OFFER

Effectiveness of the Offer is subject to the following conditions:

- (i) that until the time of dissemination of the communication relating to the fulfilment of the Offer conditions, forwarded – pursuant to Article 41 of the Issuer Regulation – to CONSOB, Borsa Italiana and two press agencies by 7:59am hrs of the first Stock Exchange business day after closure of the Acceptance Period, no extraordinary economic, political or financial market changes have occurred, nor any prejudicial situations, on national and/or international level, such as to materially affect the equity and/or financial profile of the Issuer and/or the Group it heads, vis-à-vis the documents or information published until 5 June 2006, the date of communication to CONSOB was made pursuant to Article 102 of the Consolidated Law on Finance;
- (ii) that Acceptances reach a minimum amount allowing the Offeror – at the outcome of the Offer – to hold a number of shares, (the “**Minimum Threshold**”) representing 50.1% of the Issuer’s share capital, as resulting from the partial or entire conversion of outstanding convertible EnerTAD Notes and that TadFin. S.p.A and FinTad International S.A., holding more than 50% of the issuer’s share capital and whose acceptance is necessary for the fulfilment of the condition, have delivered to the Offeror, by the end of the Acceptance Period, a guarantee issued by primary banks which expressly and unconditionally undertake to pay to the Offeror a sum equal to the percentage of actual Offer Acceptance multiplied by each contingent liability of the Issuer with respect to the Quarterly Report as at 31 March 2006 (the “Quarterly Report”), where contingent liability is intended as:
  - any amount the Issuer might be required to pay with respect to actions or facts which occurred before 31 March 2006 but which were not included in the Quarterly Report and for which no specific reserve was posted in the same Report;
  - any receivable that proved to be not-existing;
  - any sum the Issuer might be required to pay to the purchasers of corporate business units “Steel” and “Waste to energy/Waste management” pursuant to clauses included in the relevant sales agreements;
  - any amount the Issuer might be required to pay due to breach, until the Payment Day, of applicable regulation including by way of example labour, social security, H&S, environmental and tax regulation, net of any specifically posted reserve;
  - the value of any tangible or intangible asset, posted in the Quarterly Report which is found not to be owned by the Issuer, or the lesser value of said assets due to liens not shown in the Quarterly Report.

Said Condition will be deemed having been fulfilled with delivery to the Offeror of the above mentioned bank guarantee, also if said guarantee has not been procured by Fintad International S.A and Tadfin S.p.A.

- (iii) that the Offeror receives a statement by the following banks (all creditors of Tadfin S.p.A. and Fintad International S.A. and parties to the Agreement mentioned in the notices issued by Tadfin S.p.A. and Fintad International S.A. on 6 December 2004 and 7 February 2005, concerning an agreement with lender banks), Banca Agricola Mantovana, Banca Antonveneta, Banca Carige, Banco di Brescia, Banca di Legnano, Banca di Roma, Banca Intermobiliare, Banca Intesa, Banca Leonardo, Banca Monte dei Paschi di Siena, Banca Nazionale del Lavoro, Banca Popolare Commercio e Industria, Banca Popolare dell'Emilia Romagna, Banca Popolare di Intra, Banca Popolare di Lodi, Banca Popolare di Milan, Banca Popolare di Novara, Banca Popolare di Vicenza, Banca Toscana, Bipop Carire, Capitalia, Cassa di Risparmio di Cento, Efibanca, Interbanca, SanPaolo IMI, Unicredito Italiano or by at least five of them, with which the same undertake to ensure that the proceeds paid to Fintad International S.A. and Tadfin S.p.A. from Acceptance of the Offer are utilised and distributed among the creditors such that, even following partial remission of the receivables owed to lender banks, the economic and financial situation of Tadfin S.p.A. and Fintad International S.A. will be substantially balanced. Said statement shall include express acknowledgement of the fact that the Offeror relied on the same to purchase the Shares.

All of the above mentioned conditions - may be waived by the Offeror, which therefore, expressly reserves the right to proceed with purchase even if any of them is not fulfilled. The Offeror will communicate fulfilment of conditions (i), (ii) and (iii) above, or of any waiver of said conditions, both in the communication mentioned in point (i) above, and in the notice on the results of the Offer, which shall be published pursuant to Article 41, paragraph five of the Issuer Regulation, on the day before Payment Day.

It should be noted that in the event that any of the above mentioned conditions is not achieved and the Offeror does not waive them, the shares conferred by way of acceptance of the Offer will be given back to their respective owners acceptors of the Offer through intermediaries authorised under the centralised management system of Monte Titoli S.p.A., by the second Stock Exchange business day following closure of the Acceptance Period.

## **A.2 ISSUER'S COMMUNICATION**

The Issuer shall public within the first day of the acceptance a communication drafted pursuant to Article 103, paragraph 3, of the Consolidated Law On Finance and Article 39 of the Issuer's Regulation, containing all useful data for perusing and assessing the Offer and the opinion of EnerTAD's Board of Directors about the Offer.

## **A.3 RESIDUAL PUBLIC PURCHASE OFFER PURSUANT TO ARTICLE 108 CONSOLIDATED LAW ON FINANCE**

In the event that, following the Offer, the Offeror comes to hold EnerTAD more than 90% of the Issuer's share capital, the Offeror will not launch a residual public offer, pursuant to Article 108 of the Consolidated Financial Law, on remaining EnerTAD shares. In calculating the above mentioned percentage the Offeror shall take into account of the shares accruing from the eventual early conversion of the bonds of Convertible Bond denominated "EnerTAD 2003 – 2006 convertible".

#### **A.4 PURCHASE RIGHT PURSUANT TO ARTICLE 111 CONSOLIDATED LAW ON FINANCE**

In the event that after the Offer the Offeror comes to hold more than 98% of the Issuer's share capital, the Offeror will not exercise its purchasing rights under Article 111 of the Consolidated Law on Finance, on ordinary EnerTAD shares forming all residual share capital. In calculating the above mentioned percentage the Offeror shall take into account of the shares accruing from the eventual early conversion of the bonds of Bond Loan entitled "EnerTAD 2003 – 2006 convertible".

#### **A.5 RECONSTITUTION OF THE FREE FLOAT**

In the cases envisaged by paragraphs A.3 ed A.4, the Offeror will take all possible actions to ensure EnerTAD remains listed on the MTA, including reconstitution of the free float, which will be performed with methods (described in greater detail in Paragraph G.4) that will take into account the number of acceptances received during the Offer, the company's financial and equity situation and the performance of Italian and international markets.

#### **A.6 OPTIONS FOR ISSUER'S SHAREHOLDERS**

Issuer's shareholders have the following options:

- (i) *accepting the Offer*: in this case, Issuer's shareholders will receive Euro 3.00 for each share conferred by way of acceptance of the Offer;
- (ii) *rejecting the Offer*: in this case, Issuer's shareholders will maintain ownership of the Shares not conferred by way of acceptance of the Offer.

#### **A.7 EVENTUAL LACK OF THE FREE FLOAT**

It should be noted that, in case the requirements for a residual public purchase offer are not met and, where also in consideration of the remaining in the shareholding of shareholding owing shares representing a percentage exceeding 2% of the share capital a lack of the free float occurs and such lack affects the regular trading of the shares entitling Borsa Italiana to exercise the powers granted by article 2.5.1 of the Stock Exchange Regulation determining the suspension or the revoke of the listing of the shares, the Offeror shall reconstitute the free float with methods described in greater detail in paragraph G.4 below taking into account the number of acceptances received during the Offer, the company's financial and equity situation and the performance of Italian and international markets

#### **A.8 POTENTIAL CONFLICT OF INTEREST**

UniCredit Banca Mobiliare S.p.A. acting as Intermediary tasked with Coordination of the collection of the acceptances belongs to the same banking group of UniCredit Banca d'Impresa S.p.A. which has granted a facility to the Offer up to maximum Euro 338,591,106 as a guarantee for the obligation to pay the Consideration of the Offer.

## **A.9 DISMISSAL OF SIGNIFICANT BUSINESSES**

On May 15 2006 the Issuer has acceptance the binding offer received on February 28, 2006 from Acea S.p.A. for the acquisition of the business “Waste to energy/Waste management”. The total value of the transaction which includes also the repayment of the intra group payables is equal to Euro 149,5 millions and shall occur by the end of June and in any case when the necessary antitrust procedures shall be completed. The agreement provides for a price adjustment mechanism based on the net financial position at closing date.

On May 31, 2006 the sale of EnerTAD France S.A.S. company operating the EnerTAD Group Business Unit “Steel” to ASBM Ltd. The consideration of the sale is equal to the consolidated net value of EnerTAD France S.A.S. provisionally determined by the parties in Euro 55 millions and is subject to an adjustment in increase or decrease if, on the basis of financial statements which shall be prepared within 45 days commencing from May 31, 2006, an increase or a decrease in the consolidated net value of the company as at May 31, 2006 is evidenced. The agreement provides for certain representations and warranties released in favour of ASBM Ltd. In case of violation of such representation and warranties the Issuer shall indemnify ASBM Ltd. for the losses suffered up to a maximum amount equal to 30% of the purchase price.

Furthermore the Issuer has entered into an agreement with Acea S.p.A. for the sale of Omnia S.r.l. operating in the Water Business Unit for a consideration equal to Euro 2.5 millions.

For further details see section B.2.5 of this Offer Document.

## **B. PARTIES INVOLVED IN THE OPERATION**

### **B.1 OFFEROR**

#### **B.1.1 Name, Legal Status and Registered Office**

ERG S.p.A., is a joint-stock company, with registered office in Milan, Via Nicola Piccinni, 2. ERG shares are currently listed on the MTA.

#### **B.1.2 Establishment, Duration and Corporate Purpose**

ERG was created through merger by way of incorporation into Omicron S.r.l. (formerly Omicron s.s., a company established on 13 January 1983 by means of private deed legalised by Notary Andrea Castello in Genoa at the Private Deed Office (*Ufficio Atti Privati*) of Genoa on 17 January 1983 with number 926) of:

- I) ERG S.p.A., a company originating from the conversion of company “Dott. Edoardo Garrone Raffineria Petroli s.a.s.” (established on 17 July 1959 with deed under the hand and seal of Notary Aldo Solimena in Genoa, rep. n. 49650/1774, registered in Genoa on 17 July 1959 with no. 1586/1816) into a joint stock company on 13 March 1965 with deed under the hand and seal of Notary Aldo Solimena in Genoa rep. n. 138072, registered in Genoa on 1 April 1965 with n. 5308;

By means of Resolution of Shareholders’ Meeting of 29 July 1973, the company changed its corporate name to ERG S.p.A. Raffineria Edoardo Garrone and with subsequent Meeting resolution of 10 December 1985, it further changed its name into ERG S.p.A.;

- II) Finerg S.p.A. Finanziaria per l’Innovazione, a company established on 23 December 1986, with deed under the hand and seal of Notary Giuseppe Torrente in Genova rep. no. 24712, registered in Genoa on 9 January 1987 with n. 1558;
- III) Garrone S.p.A., a company established on 30 September 1964, with deed under the hand and seal of Notary Aldo Solimena in Genoa rep. n. 129340, registered in Genoa on 09 October 1964 with no. 4825.

The merger deed with concurrent change of Omicron S.r.l. into a joint stock company and change of its name into ERG S.p.A., was made on 22 December 1995, under the hand and seal of Notary Giuseppe Torrente in Genoa, rep. n. 39855 and registered in the Companies’ Registers of Genoa and Milan on 27 December 1995 and 29 December 1995 respectively. Accounting and fiscal effects of the merger were back-dated to 1 July 1995.

#### **B.1.3 Governing Law and Jurisdiction**

ERG was incorporated under the laws of Italy and operates under Italian legislation.

### B.1.4 Share Capital

As at the date of this Offer Document, the share capital of Erg is equal to Euro 15,032,000.00, wholly paid up and divided into 150,320,000 shares with a par value of Euro 0.10 each.

### B.1.5 Main Shareholders

The following list shows main shareholders, as recorded in the register of shareholders and, as per the communications received by the company pursuant to Article 120 of the CONSOLIDATED LAW ON FINANCE and Article 117 of the Issuer Regulation:

Company	Shares	Quota held	Title of ownership
San Quirico S.p.A.*	83,619,940	55.63%	Ownership
Polcevera S.A.**	10,380,060	6.91%	Ownership
Goldman Sachs Goldman Sachs Asset Management L.P.	4,772,242	3.14%	Savings management
JP Morgan Asset Management U.K. Limited	3,612,002	2.40%	Savings management
Fidelity Investment Services Ltd.	3,120,806	2.08	Savings management

\* joint stock company whose shareholders are individuals belonging to the families Garrone and Mondini. None of the shareholders exercises the control over the company.

\*\* Polcevera S.A. is a fully owned subsidiary of San Quirico S.p.A.

### B.1.6 Corporate Boards

#### *Board of Directors*

Pursuant to Article 15 of the Offeror's Articles of Association, the Company is managed by a Board of Directors, the number of whose members may range between five and fifteen according to the decision of the Meeting.

As at the date of this Offer Document the Offeror was managed by a Board of Directors comprising:

Name	Place of birth	Date of birth	Position
Edoardo Garrone	Genoa	30 December 1961	Chairman
Alessandro Garrone	Genoa	28 April 1963	CEO
Domenico D'Arpizio	Manziana (Rome)	3 August 1940	Vice Chairman
Pietro Giordano	Rivarolo Canavese (TO)	19 February 1944	Vice Chairman
Giovanni Mondini	Genoa	13 May 1966	Vice Chairman
Riccardo Garrone	Genoa	23 January 1936	Director
Giuseppe Gatti	Borgo San Dalmazzo (CN)	28 September 1943	Director
Antonio Guastoni	Milan	11 January 1951	Director
Massimo Belcredi	Brindisi	24 February 1962	Director
Paolo Francesco Lanzoni	Genoa	2 October 1953	Director
Guido Sebastiano Zerbino	Vercelli	30 March 1939	Director
Gian Piero Mondini	Genoa	25 November 1929	Director
Pasquale Cardarelli	Parma	18 April 1934	Director

Directors were appointed on 28 April 2006 and will remain in office up to the Meeting adopting the financial statements for the year ending 31 December 2008. For the purposes of their position, directors have elected their domicile at the Offeror's registered office..



### ***Board of Auditors***

Pursuant to Article 22 of the Offeror's Articles of Association, the Board of Auditors is made up of three Standing Auditors and three Alternate Auditors.

As at the date of this Offer Document membership of the Board of Auditors was as follows:

<b>Name</b>	<b>Place of birth</b>	<b>Date of birth</b>	<b>Position</b>
Alfio Lamanna	Genoa	7 January 1939	Chairman
Fabrizio Cavalli	Sanremo (IM)	25 September 1961	Standing Auditor
Mario Pacciani	Ronco Scrivia (GE)	24 February 1944	Standing Auditor
Michele Cipriani	Genoa	12 November 1946	Alternate Auditor
Paolo Fasce	Genoa	16 July 1949	Alternate Auditor
Umberto Trenti	Genoa	16 January 1925	Alternate Auditor

For the purposes of their position, auditors have elected their domicile at the Offeror's registered office.

### ***External Auditors***

External auditing of the sole and consolidated financial statements and limited auditing of the six-monthly reports of Erg is performed pursuant to Article 159 of the Consolidated Law On Finance by Reconta Ernst & Young S.p.A., with registered office in Rome, Via Romagnosi 18 A, acting on the basis of a mandate conferred on 29 April 2003 and extended on 28 April 2006 by the Ordinary Meeting. The mandate will last up to the Shareholders' Meeting that will adopt the financial statements for the year ending on 31 December 2008.

## **B.1.7 Overview of the Group**

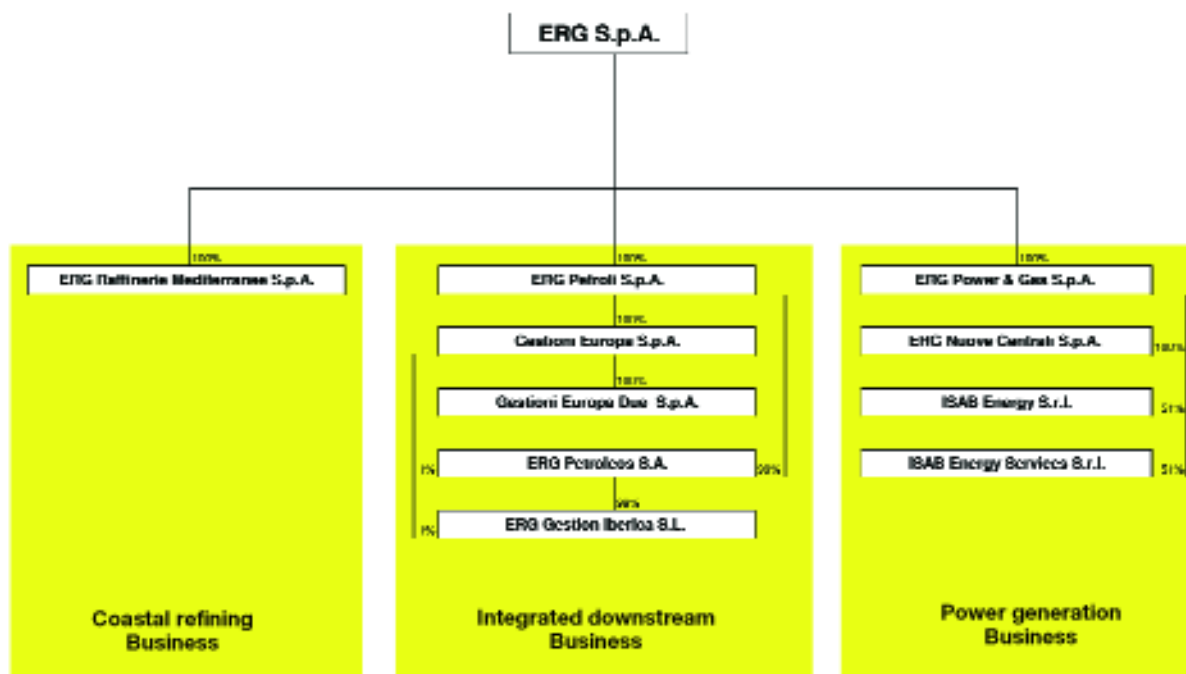
### ***Profile of the ERG Group***

ERG is the largest independent Italian Group operating in the energy and petroleum sectors. It has been listed on the Stock Exchange since October 1997. It is active in crude oil processing, the distribution of petroleum products and electrical 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:** through its subsidiary ERG Raffinerie Mediterranee, which owns the ISAB Refinery at Priolo Gargallo (Siracusa), ERG manages one of the largest and most efficient refining complexes in Europe (capacity of about 380,000 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.
- **Integrated Downstream:** through its subsidiary ERG Petroli, ERG manages marketing and logistics activities; 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 as to ERG's portion). 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 for wheeled traffic in Italy is carried out via a network of some 1,967 service stations, which account for around 7% of the domestic market. ERG Petroli also sells gasoline, diesel, fuel oil, bitumen and LPG on the wholesale market via a network of wholesalers in Italy and Switzerland. Through its wholly owned subsidiary ERG Petroleos, ERG Petroli also operates in the retail and wholesale markets in Spain.

- Power Generation:** through 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 gas deriving from the gasification of residues from the ISAB Sud refinery. Projects are already underway for the repowering of the two power plants owned by subsidiary ERG Nuove Centrali S.p.A, located within the ISAB Sud and Nord refineries to 99 MW and 450 MW respectively. They will have natural gas as main feedstock. ERG CESA Eolica (50% ERG Power & Gas), active in the development of wind farms, has 31 MW in operation and 161 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 Siracusa area.

The organisational chart of the ERG Group is shown hereunder, with representation of the companies included in the scope of consolidation:



The main operational data of the ERG Group are shown hereunder:

		2005	2004
Investments <sup>1</sup>	Millions of Euro	274	152
Employees at close of end		2,679	2,643
Processing at the refineries	Thousands tonnes	21,163	21,095
Processing at the refineries	Thousands barrels/day	426	424
Electric power production:	Million kWh	5,266	5,516
Sale of electricity:	Million kWh	4,797	5,107
Export of petroleum products	Thousands tonnes	9,190	8,305
Domestic retail sales	Thousands tonnes	2,082	2,113
Domestic retail market share <sup>2</sup>	Gasoline + diesel	7.13%	7.08%
Domestic retail outlets at close of period	Number of outlets	1,967	1,969
Average throughput <sup>3</sup>	mc/outlet at the end of the year	1,326	1,341
Stock of raw materials and products	Thousands tonnes	2,736	2,094

### B.1.8 ERG Group consolidated reclassified balance sheet and income statement for the years ended 31 December 2004 and 31 December 2005

The main economic and financial data of the ERG Group are shown hereunder<sup>4</sup>:

(Million Euro)	2005	2004
Total revenues <sup>5</sup>	9,029	6,380
EBITDA	869	583
EBITDA at replacement cost <sup>6</sup>	633	503
EBIT	712	433
EBIT at replacement cost <sup>6</sup>	477	354
Net income	421	224
Of which net group income	385	194
Net Group profit (loss) at replacement cost <sup>7</sup>	230	144
Net invested capital	1,977	1,783
Total Shareholders' equity	1,209	900
Net financial debt (excluding project financing)	415	535
Non-recourse project financing <sup>8</sup>	354	348
ROACE <sup>9</sup>	16%	12%
ROE <sup>9</sup>	25%	22%
Financial leverage	39%	50%

<sup>1</sup> Investments in tangible and intangible assets recorded in the period

<sup>2</sup> Estimated for 2005

<sup>3</sup> Calculated on the basis of number of retail outlets in the period

<sup>4</sup> The consolidated financial statements for the year ended 31 December 2005 and the first quarter of 2006 have been prepared in conformity with International Accounting Standards (IAS/IFRS); comparison data for the year ended 31 December 2004 were adapted accordingly.

<sup>5</sup> not including excise duties, swaps and forward dealings on crude oil and products

<sup>6</sup> EBITDA and EBIT at replacement cost do not include gains or losses on inventory or non-recurring items

<sup>7</sup> Net Group profit at replacement cost does not include gains or losses on inventory or non-recurring items and related theoretical taxes

<sup>8</sup> net of cash and cash equivalents

<sup>9</sup> calculated on profit (loss) at replacement cost

### **B.1.9 Recent Performance**

Save for from the items illustrated in this paragraph, no other significant operations took place during the financial year in question with regards to the financial, equity and income situation of ERG reference is made to the quarterly report and consolidated financial statements at 31 March 2006, published on [www.erg.it](http://www.erg.it)

#### **a) Performance in the first quarter ended 31 March 2006**

The first quarter shows earnings before interest and taxes (EBIT) of Euro 83.1 million (Euro 100.5 million in the first quarter of 2005) after charging amortisation and depreciation of Euro 36.6 million (Euro 36.8 million in 2005). The figure for EBIT at replacement cost<sup>10</sup> amounts to Euro 36.1 million for the first quarter (Euro 84.8 million for the first quarter of 2005).

The highlights of performance for the first quarter, as compared to the same period of 2005, are as follows:

- an increase in total refinery processing (from 4.4 million tonnes to 5.3 million tonnes) following the scheduled maintenance shutdown of the ISAB Impianti Nord refinery in the first quarter of 2005;
- a retail market share essentially in line with the previous year (7.02%);
- an increase in consolidated revenues, which increased from Euro 1,614 to 2,481 million as a result of increases in both sales prices and sales volumes;
- a decline in EBITDA at replacement cost (from Euro 122 to 73 million) due primarily to the following:
  - a decrease in the coastal refining division's EBITDA at replacement cost (from Euro 55 million to a loss of Euro 2 million), despite greater production, due primarily to a less favourable scenario than in 2005;
  - an increase in the integrated downstream division's EBITDA at replacement cost (from Euro 17 to 24 million), due primarily to the improved performance of the network and the increase in production for the inland refineries;
  - a slight increase in the power generation division's EBITDA at replacement cost from Euro 54 million to Euro 56 million;
- net indebtedness at Euro 653 million, down by Euro 116 million with respect to 31 December 2005 and by Euro 46 million compared to 31 March 2005. The decrease in net indebtedness from 31 December 2005 is due primarily to the cash flows generated during the period and the elimination of the effects of the advance payment of VAT and excise duties at the end of the period.

#### **b) Events during the first quarter of 2006**

On 13 March, the ISAB Sud Refinery was temporarily shut down due to a blackout at the electrical plant that provides electricity to it. The amount of lost production is estimated at roughly 500,000 barrels.

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<sup>10</sup> EBITDA and EBIT at replacement cost do not include gains or losses on inventory or non-recurring items

**c) Seasonality**

The ERG Group's operating results are influenced both by the performance of the market and the seasonality of the demand of certain petroleum products, as well as by the maintenance shut-downs of the refineries and power stations.

As such, the operating results and cash flow for the first quarter may not be indicative of performance for the full financial year.

**d) Tables of accounts**

(Million Euro)	1 <sup>st</sup> quarter 2006	1 <sup>st</sup> quarter 2005	Year 2005
Revenues from ordinary operations	2,469.4	1,601.7	8,958.4
Other revenues and income	11.5	12.3	70.5
<b>TOTAL REVENUES</b>	<b>2,480.8</b>	<b>1,614.0</b>	<b>9,028.8</b>
Purchases and changes in inventories	(2,188.2)	(1,332.5)	(7,500.3)
Services and other operational costs	(172.9)	(144.1)	(659.9)
<b>EBITDA</b>	<b>119.7</b>	<b>137.3</b>	<b>868.7</b>
Amortisation, depreciation and write-downs	(36.6)	(36.8)	(156.2)
<b>EBIT</b>	<b>83.1</b>	<b>100.5</b>	<b>712.5</b>

(Million Euro)	1 <sup>st</sup> quarter 2006	1 <sup>st</sup> quarter 2005	Year 2005
<b>EBITDA</b>	119.7	137.3	868.7
<i>Exclusion of Gains / Losses on inventory</i>	<i>(47.0)</i>	<i>(15.8)</i>	<i>(207.8)</i>
<i>Exclusion of non-recurring items</i>	–	–	<i>(27.6)</i>
<b>EBITDA at replacement cost<sup>11</sup></b>	<b>72.7</b>	<b>121.5</b>	<b>633.4</b>
<b>EBIT</b>	83.1	100.5	712.5
<i>Exclusion of Gains / Losses on inventory</i>	<i>(47.0)</i>	<i>(15.8)</i>	<i>(207.8)</i>
<i>Exclusion of non-recurring items</i>	–	–	<i>(27.6)</i>
<b>EBIT at replacement cost<sup>11</sup></b>	<b>36.1</b>	<b>84.8</b>	<b>477.2</b>

***Revenues from ordinary operations***

The following tables show ERG Group performance as to financial indebtedness

(Million Euro)	31 March 2006	31 December 2005	31 March 2005
Medium and long-term financial indebtedness	615.5	624.8	716.8
Short-term financial indebtedness	37.5	143.8	-18
<b>TOTAL</b>	<b>652.9</b>	<b>768.6</b>	<b>698.8</b>

<sup>11</sup> EBITDA and EBIT at replacement cost do not include gains or losses on inventory or non-recurring items

Medium and long-term financial indebtedness can be broken down as follows:

(Million Euro)	31 March 2006	31 December 2005	31 March 2005
Medium/long term bank borrowings	352.5	362.0	322.0
Current portion of mortgages and loans	(91.6)	(91.6)	(49.1)
Medium/long-term financial payables	21.7	21.7	21.7
<b>Total</b>	<b>282.6</b>	<b>292.1</b>	<b>294.7</b>
Medium/long-term project financing	424.6	424.4	504.6
Current portion of project financing	(91.7)	(91.7)	(82.4)
<b>Total Project Financing</b>	<b>332.9</b>	<b>332.7</b>	<b>422.1</b>
<b>TOTAL</b>	<b>615.5</b>	<b>624.8</b>	<b>716.8</b>

The amounts pertaining to non-recourse project financing refer to the loans, inclusive of interest, granted to ISAB Energy S.r.l. by a pool of international banks. These loans were originally for an amount equalling 90% of the cost of the cogeneration plant.

Short-term financial indebtedness can be broken down as follows:

(Million Euro)	31 March 2006	31 December 2005	31 March 2005
Short-term bank borrowings	230.6	193.6	171.1
Other short-term financial payables	14.0	11.0	11.4
<b>Short-term financial payables</b>	<b>244.6</b>	<b>204.6</b>	<b>182.6</b>
Cash and cash equivalents	(125.9)	(74.7)	(96.5)
Securities and other short-term financial receivables	(4.0)	(7.2)	(6.6)
<b>Short-term financial assets</b>	<b>(129.9)</b>	<b>(81.9)</b>	<b>(103.0)</b>
Short-term project financing	91.7	91.7	82.4
Cash and cash equivalents	(168.9)	(70.6)	(180.0)
<b>Project Financing</b>	<b>(77.2)</b>	<b>21.1</b>	<b>(97.6)</b>
<b>TOTAL</b>	<b>37.5</b>	<b>143.8</b>	<b>(18.0)</b>

The balance of cash and cash equivalents is mainly made up of the current accounts of ISAB Energy, which are restricted on the basis of the conditions defined in the project financing agreement, as well as temporary liquidity at the end of the period.

#### e) Significant events subsequent to the end of the quarter

On 26 April, the Annual Shareholders' Meeting of ERG Raffinerie Mediterranee S.p.A. appointed the new Board of Directors for 2006-2008, with Edoardo Garrone being reappointed as the Company's Chairman.

On 28 April, the Board of Directors of ERG S.p.A. confirmed Alessandro Garrone as Chief Executive Officer and Domenico D'Arpizio and Giovanni Mondini as Vice Chairmen, while also appointing Pietro Giordano as Vice Chairman.

On 28 April, both shareholders and the public were informed of the failure involving one of the two primary transformers of the ISAB Energy power plant and which, as a result of the estimated decrease in electricity generation, will result in a reduction in consolidated EBITDA, net of insurance reimbursements, of no more than Euro 28 million, or roughly Euro 10 million in terms of net profit attributable to the Group.

On 30 April, a leak occurred from a pipe conveying crude oil from the tanks to the processing plants at the ISAB Nord Refinery. While remedial activities were underway, the crude oil caught fire, which then affected several pipes in the area. As a precautionary measure, the plant at the Refinery was immediately shut down, but was in no way affected by the fire, which was contained to the area in which it had begun.

On 26 May, the State Attorney's Office at Syracuse authorised, starting from 27 May 2006, use of the pipelines of the ISAB Nord Refinery plant and ensuing resumption of production activity in the manner to be agreed between the Company and the experts appointed by the Attorney's Office.

The technical departments of ERG Raffinerie Mediterranee S.p.A. subsequently prepared, in agreement with the technical experts appointed by the Attorney's Office in Syracuse the plan for resumption of production in the ISAB Nord Refinery Plant. Scheduled production from 4 June 2006 will be 120,000 barrels per day of crude oil, equal to 80% of Nord plant output capacity. Under the operations resumption plan the Nord plant should return to full capacity by the end of June 2006.

## **f) Outlook for operations**

### ***Coastal Refining***

#### *Petroleum demand*

For 2006, the demand for petroleum is expected to reach an average of 85.1 million barrels per day (source: IEA). The average increase should be approximately 1.5% over 2005, equivalent to 1.5 million barrels per day, of which over a million barrels per day is attributed to the non-OECD area.

#### *Petroleum supply*

For 2006, production for non-OPEC countries should increase significantly (reaching an average of 51.3 million barrels per day), making a significant contribution to satisfying the expected increase in global demand. As a result, the expected increase in OPEC production should allow for a gradual increase in reserve capacity.

#### *Crude oil price*

In 2006, despite the expected increase in production capacity, ongoing considerable geopolitical tension should keep the price of crude high.

#### *Brent-Ural differential*

The Brent-Ural differential, which is influenced by demand consistently focused on light crudes, as well as by the good availability of crude oil to the Mediterranean from former Soviet countries, should remain fairly wide and, in any event, in line with the numbers posted during the previous year.

#### *Refining margins*

The projected demand for light products point to a recovery in margins, which should reach satisfying levels despite the weak margins of the first part of the year.

In terms of processing volumes, in addition to the effects of the aforementioned incident of 30 April at the ISAB Impianti Nord refinery, in the second quarter of 2006, production is expected to be lower by roughly 1.5 million tonnes as a result of the general shutdown of the ISAB Sud refinery, which began on 30 April and is scheduled to last for approximately 45 days.

### ***Integrated Downstream***

In 2006, for the retail network, there is expected to be a slight drop in the market share achieved in 2005 due to a reduction in volumes that generate limited profitability. We also expect marketing margins for the retail network to remain essentially in line with those of the previous year.

For the wholesale market, the objective is to consolidate sales levels in 2006, as well as the margins achieved in 2005, particularly those of diesel fuels. For inland refining, the favourable economic landscape is expected to continue in 2006, resulting in satisfactory refining margins.

The increase in the equity interest in the Rome refinery and the expected plant availability will ensure greater processing potential than in 2005.

### ***Power Generation***

The Power generation division's activities will be focused on the continuation of investment in the renewable energy sector, particularly wind, as well as on the creation of new thermo-electric capacity and the pursuit of opportunities in the gas sector. With regard to ISAB Energy, the aforementioned transformer failure will result in a decline in quantities produced as compared to the previous year, the effects of which on profits will be partially offset by improvements in the scenario.

## **B.2 ISSUER**

Except where otherwise indicated, the data provided in this Section B.2 are taken from information available to the public, including the Issuer's annual report and consolidated financial statements for the year ended 31 December 2005, as well as the consolidated report for the quarter ended 31 March 2006. Therefore, the Offeror is in no way liable as regards the truth and completeness of information concerning EnerTAD and the Group it heads.

### **B.2.1 Name, Legal Status and Registered Office**

EnerTAD is a joint-stock company incorporated under the laws of Italy, with registered office in Milan, Corso di Porta Nuova No. 13 – 15, Taxpayer's Code and registration number in the Companies' Registry of Milan No. 00276450632. Ordinary EnerTAD shares are traded on the Telematic Stock Exchange - MTA.

### **B.2.2 Share Capital and Shareholders**

As at the date of this Offer Document, the share capital of EnerTAD was Euro 94,865,881, wholly paid up and divided into 94,865,881 shares with a par value of Euro 1 each.



The following table lists those entities which, on publication of this Offer Document hold, directly or indirectly, interest in the Issuer's ordinary share capital, based on the communications issued pursuant to Article 120 of the Consolidated Law on Finance.

<b>EnerTAD shareholders</b>	<b>Title to the shares</b>	<b>% of Capital</b>	<b>No. of shares (*)</b>
Luigi Agarini (**)	Ownership	0,821 %	778,849
– Fintad International SA (***)	Ownership	33.234 %	31,527,727
– TAD Fin S.p.A.	Ownership	17.388 %	16,495,279
<b>Total attributable to Agarini Luigi</b>	<b>Ownership</b>	<b>51.443 %</b>	<b>48,801,855</b>
<b>Alerion Industries S.p.A.</b>	<b>Ownership</b>	<b>17.385 %</b>	<b>16,492,433</b>
<b>DWS Investments Italy SGR S.p.A.</b>	<b>Savings management</b>	<b>5.177 %</b>	<b>4,911,207</b>

Source: CONSOB - Commissione Nazionale per le Società e la Borsa. Figures as at 06/21/06

(\*) Number of shares calculated on the basis of percentages provided by CONSOB

(\*\*) A number of shares corresponding to 0.821% shareholding were placed under a pledge for the benefit of Banca Commerciale di Lugano. Related voting rights are held by the pledge beneficiary, to whom said Shares have also been fiduciary registered.

(\*\*\*) A number of shares corresponding to 17.301% shareholding were placed under a pledge for the benefit of Banca Intesa SpA, Unicredit Banca d'Impresa SpA, Efibanca SpA, Banca Popolare di Milano Scarl, Banca di Roma SpA, and Bipop Carive SpA, for a bank guarantee which has been released. Following the enforcement of such bank guarantee the lenders benefiting from the pledge will be entitled but not obliged to take part in the Ordinary and/or Extraordinary Company Shareholders' Meetings and/or exercise their voting rights therein, so as to protect their interests as regards their rights on the pledged shares.

It should also be noted that:

- no. 16,000,000 ordinary shares of EnerTAD representing 16.87% of the share capital and owned by TAD Fin S.p.A. have been pledged in favour of Banca Intesa S.p.A. as security for loans granted to TAD Fin S.p.A.. without prejudice for the undertake to not exercise the voting rights in a manner which might affect the pledgee rights;
- no. 6,000,000 ordinary shares of EnerTAD representing the 6.32% of the share capital and owned by Fin Tad International S.A.. have been pledged in favour of UniCredit Banca d'Impresa S.p.A. as security for loans granted to Fin Tad International S.A. Voting rights shall be exercised by Fin Tad International S.A.
- no. 495,000 ordinary shares of EnerTAD representing the 0.52% of the share capital and owned by TAD FIN S.p.A. have been pledged in favour of Banca Intermobiliare S.p.A. as security for loans granted to FinTAD International S.A.. Voting rights shall be exercised by TAD Fin S.p.A.;
- the value of the aggregate of no. 2,048,377 shares of EnerTAD owned by FinTAD International S.A have been pledged in favour of Banca Intermobiliare S.p.A. Voting rights shall be exercised by FinTAD International S.A.

As at the date of this Offer Document, therefore, Luigi Agarini controls, directly and indirectly (through Fintad International SA and TAD Fin S.p.A.), pursuant to Article 93 of the Consolidated Law On Finance, 51.443% of EnerTAD's share capital.

### **Shareholders Agreement**

For purposes of this Offer, it is reported that on 10 May 2004 and 10 August 2004 Fintad International S.A., Tadfina S.p.A. and Alerion Industries S.p.A. ("Participants") signed two shareholders' agreement concerning EnerTAD shares, syndicating the shares they held. An abstract of such shareholders agreement published pursuant to articles 122 of the Consolidated Law On Finance and 129 and 130 of the Issuer Regulation is contained in Section N of this Offer Document.

### **Convertible Bonds**

On April 14, 2003, the Extraordinary Shareholders' Meeting resolved on the issue of a convertible bond with exclusion of any pre-emption right, for a maximum disbursement of Euro 76.5 million.

As at 31 December 2005, the convertible bond "EnerTAD 2003-2006 convertible" consisted of 17,997,821 convertible bonds with nominal unit value of Euro 4.25 for a total nominal value of Euro 76,490,739.25, issue price equal to nominal value and maturity 30 November 2006.

Bonds are convertible into ordinary shares at a nominal value of Euro 1.00 each, 1 share for each convertible bond.

Interest is payable on a six months basis on May 31 and November 30 of each year from 2003 to 2006. The nominal interest rate is equal to 5.75% (step-up clause: up to 6.10%).

Article 9 of the Terms and Conditions of the convertible bond requires that in the event the intention is publicly expressed of launching a public purchase or exchange offer addressed to EnerTAD shareholders concerning all or part of the Issuer's ordinary shares for a consideration or counter-value that under the terms established for the public purchase or exchange offer is higher than the market value of ordinary EnerTAD shares on the date the offer is published, the Issuer engages to inform bondholders of the possibility of converting their bonds at any time, with the maximum advance notice allowed by the terms of the offer.

### **Stock Option Plan**

The EnerTAD Extraordinary Shareholders' Meeting of December 23, 2004 resolved to grant to the Board of Directors the power to increase in one or more times the share capital for a period of 5 years from the date of the Shareholders' Meeting resolution for a maximum nominal amount of Euro 3.6 million through the issuance of a maximum of 3,600,000 ordinary EnerTAD shares, with ordinary rights of a par value of Euro 1 each. Such shares shall be offered in subscription to the Directors and senior management of EnerTAD or subsidiary companies in accordance with article 2359 of the Italian Civil Code that hold positions directly responsible for the results of the Group. The issue price cannot be lower than the nominal value, and shall correspond to the average arithmetical official prices of the EnerTAD shares registered on Telematic Stock Exchange (MTA) managed by Borsa Italiana during the thirty days preceding the granting of the shares by the Board of Directors.

The terms and conditions of the stock option plan provides for beneficiaries to receive option rights for purchase of ordinary EnerTAD shares. The option rights, which will be granted in a staggered manner over the period 2004-2006, will be exercisable after three years from the date on which the options were actually granted and for a period of no more than five years thereafter. The terms and conditions of the stock option plan does not provide the possibility to exercise the options in case of a public tender offer on the shares of EnerTAD.

On February 1 2005 the Board of Directors of EnerTAD has resolved to execute the first tranche of the stock option plan granting no. 830,200 options.

### **Share Capital Increase**

The Extraordinary Shareholders' Meeting of EnerTAD held on 30 August 2002 empowered the Board of Directors with the power, pursuant to Article 2443 of the Civil Code, to increase the share capital of EnerTAD up to a maximum par value of Euro 100,000,000 (one hundred million) by means of one or several issues within five years from the Meeting's resolution.

The Board of Directors, in its meeting of 12 April 2006, approved the possibility of a share capital increase in the amount of Euro 45 million, including share premium, and authorised the Chairman to submit a proposal. A primary financial institution has committed to enter into an agreement to guarantee or to make guarantee the entire subscription of the share capital increase. It should be noted that, based on the information publicly available the Board of Directors has not exercised the power to resolve the capital increase. For more details see Paragraph B.2.5 below.

#### **B.2.3 Issuer's Board of Directors**

The current Board of Directors, comprising 7 members, was originally appointed by EnerTAD's Shareholders' Meeting on 23 June 2004 for the years 2004, 2005 and 2006. On April 29, 2005, the

Shareholders' Meeting of EnerTAD SpA appointed Mario Bonamigo as new non-executive member of the Board of Directors, replacing Carlo Mazzi, a non-executive director who had resigned his office in February 2005.

Details of Board members are listed in the table below.

<b>Position</b>	<b>Name</b>	<b>Place of birth</b>	<b>Date of birth</b>
Chairman and Managing Director	Russo Salvatore	Neaples	21 March 1939
Vice Chairman and Managing Director	Panella Paolo	Sesta Godano (SP)	6 February 1939
Director	Bonamigo Mario	Treviso	30 July 1947
Director	Cimoli Giancarlo	Fivizzano (MC)	12 December 1939
Director	Colleoni Gastone	Verona	26 October 1947
Director	Loli Giorgio	Livorno	23 August 1939
Director	Monti Ernesto	Marigliano (NA)	2 January 1946

For the purposes of their position, directors have elected their domicile at the Issuer's registered office.

#### **B.2.4 Issuer's Board of Auditors**

The Board of Auditors appointed by the Shareholders' Meeting of EnerTAD S.p.A. on 29 April 2005 for the years 2005, 2006 and 2007 will remain in office until adoption of the financial statements for the year ended 31 December 2007.

Details of the Issuer's Board of Auditors' members are listed in the table below.

<b>Position</b>	<b>Name</b>	<b>Place of birth</b>	<b>Date of birth</b>
Chairman of the Board of Statutory Auditors	De Ruvo Marco	Milan	8 November 1962
Standing Statutory Auditor	Tavormina Carlo	Rome	24 October 1964
Standing Statutory Auditor	Della Fontana Alessandro	Modena	6 May 1932
Alternate Statutory Auditor	De' Mozzi Myrta	Vicenza	1 March 1974
Alternate Statutory Auditor	Messina Gioacchino	Orvieto (TR)	27 September 1953

For the purposes of their position, statutory auditors have elected their domicile at the Issuer's registered office.

#### **B.2.5 Recent Performance of the Issuer and Outlook**

EnerTAD is the Italian holding company, listed on the Stock Exchange, of a group of companies (together, the "EnerTAD Group") which until 15 May 2006 operated in the following services and industrial activities:

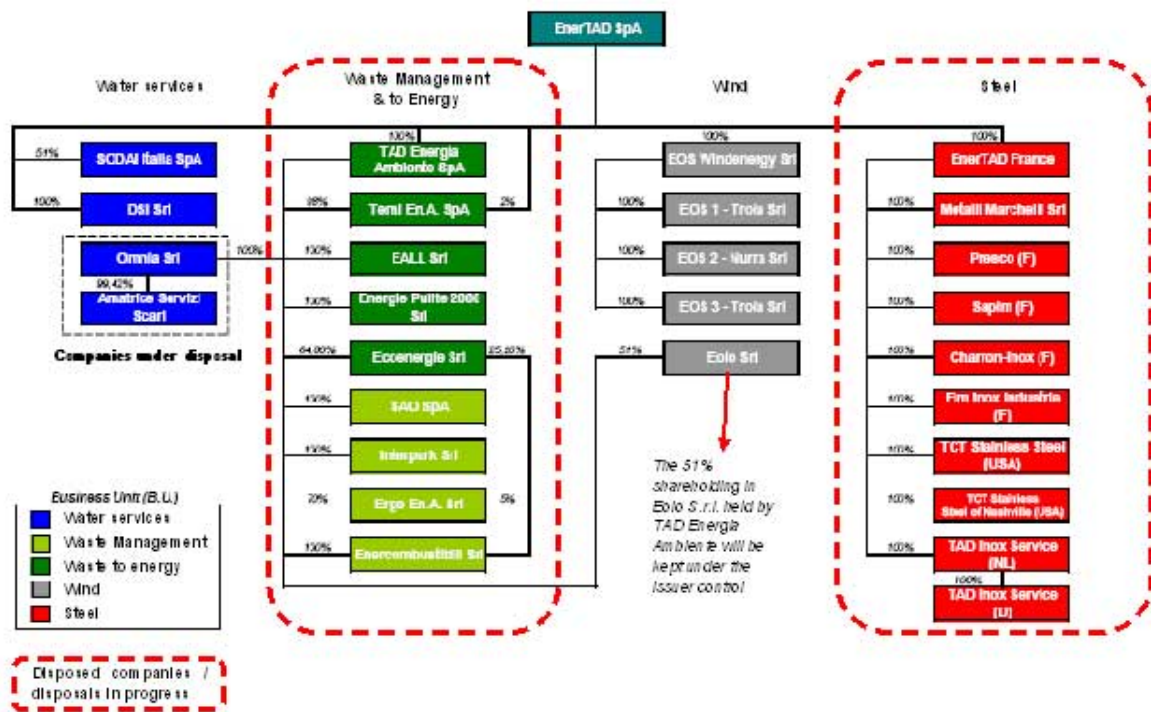
- electricity generation from renewable sources (wind and waste to energy)
- waste treatment and disposal
- waste water treatment
- processing and distribution of semi-finished stainless steel products

The activities of the EnerTAD group are divided into the following business divisions:

- **Wind:** design, construction and management of plant for the production of electricity from wind.

- **Waste Management & Waste to Energy (WTE):** collection, storage, treatment and disposal of solid urban waste and industrial waste including hazardous waste; production of fuel from waste for waste-to-energy production.
- **Water Services:** management of aqueducts, sewerage networks, civil and industrial purification plant; recovery, transport and disposal of biological sludge and sewage of various kinds.
- **Steel:** processing and distribution of stainless steel semi-finished products through a network of service centres and warehouses in Italy, France, the Netherlands, Germany and the United States.

Such division into business areas is reflected in the Group structure:



On 15 May 2006, the Board of Directors of EnerTAD approved the sale of EnerTAD France S.A.S., a sub-holding of the Steel business to ASBM Ltd., a US investment company owned by an investor group holding interests in companies specialized in metal distribution businesses. The sale has been completed on 31 May 2006 for an amount of approximately Euro 55 million which will be the subject of a price adjustment mechanism based on the consolidated financial statements of EnerTAD France S.A.S. as at 31 May 2006.

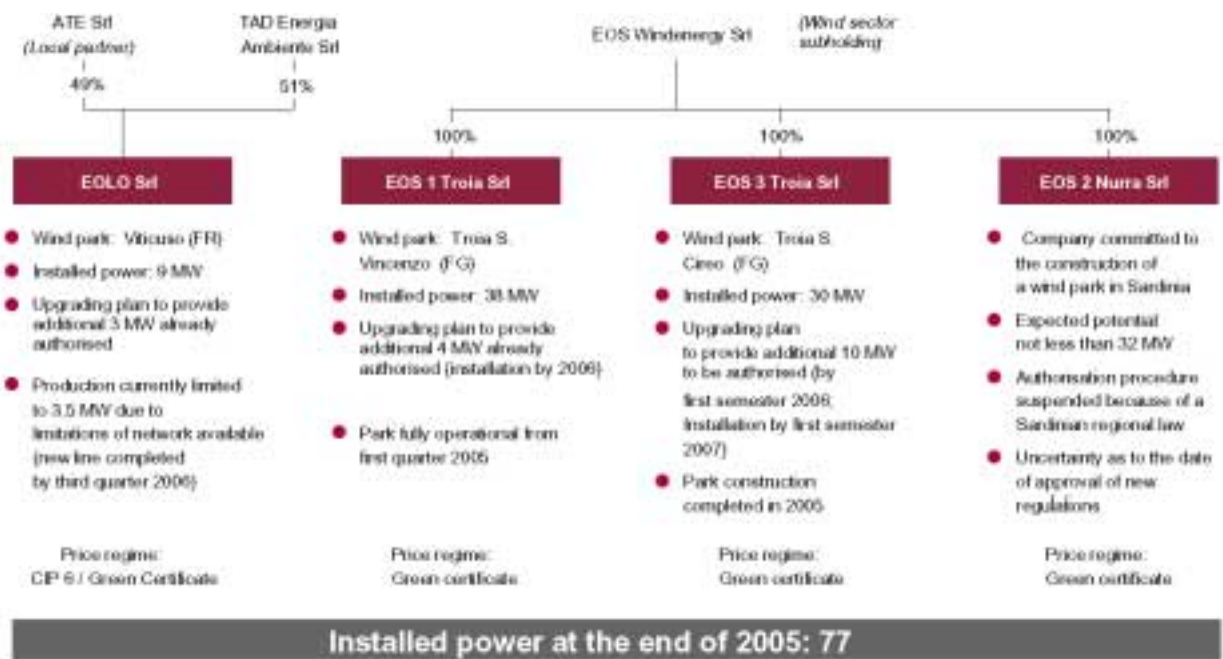
The Board of Directors of EnerTAD also approved, again on 15 May 2006, the offer made by Acea S.p.A. to purchase the "Waste-to-energy/Waste management" business, through purchase of TAD Energia Ambiente SpA shares. The total value Acea SpA will pay for the purchase is Euro 149.5 million, divided as follows: Euro 13.9 million for purchase of the shares, Euro 82.8 million for repayment of intra-group payables to EnerTAD Group companies and Euro 52.8 million for financial payables to third parties. The contract also provides for a price adjustment mechanism based on net financial position at closing date, which should fall in late June 2006, once the required anti-trust procedures have been completed. The dismissal does not include the interest held by TAD Energia

Ambiente S.p.A. in Eolo S.r.l. which shall remain in the consolidation perimeter of the EnerTAD Group.

After takeover by Acea S.p.A. of 100% Tad Energia Ambiente S.p.A., EnerTAD guaranteed to Acea S.p.A. repayment of trade payables overdue as at closing date and not collected in the subsequent 24 months. Total amount of trade payables (overdue and current) as at 31 December 2005 was about Euro 32 million.

Moreover, the Issuer entered with Acea S.p.A. into a contract for sale of 100% of the Omnia Srl company to, as indicated in the corporate structure chart for a consideration equal to Euro 2.5 million.

## Wind Business Unit



After completion of construction of the Troia San Cireo park (15 wind-turbines with overall power 30 MW), since the end of February 2006 total production has been 77 MW, of which 38 MW at the Troia San Vincenzo park and 9 MW at the Eolo – Viticuso Park (said power will be fully available after construction of the new transmission line already authorised and to be completed by the end of this year).

On 3 February 2006 the business unit for the wind park at Faeto in Puglia (24 MW authorised power) was acquired; by May 2006 a project financing arranger will be selected and construction will commence.

Moreover, in the coming months works will commence on the upgrading of the Troia San Vincenzo wind park from 38 MW to 42 MW. Finally, the authorisation process for other already optioned wind parks of approximately 100 MW power is in the final stages, and their purchase should be executed by the second quarter of 2006.

## Water Business Unit

SODAI Italia S.p.A. (51 % - Enertad 49 % - Trenitalia)	DSI Srl (100% - Enertad)
<ul style="list-style-type: none"> <li>➤ Joint Venture between Enertad and Trenitalia – ownership and management of 23 industrial effluent treatment plants Trenitalia (captive market).</li> <li>➤ <b><u>Put option Trenitalia vs Enertad on 49% of SODAI shares held exercisable by 31 May 2009 starting from April 2007 (minimum value € 17.5 millions, included among the components of Net Financial Position as at 31 December 2005).</u></b></li> <li>➤ SODAI put option on the sale of one or more plants (a maximum of three) to Trenitalia subordinated to obtaining authorisations pursuant to Article 27 and Article 28 of Decree Law 22/97 (Ronchi Decree) exercisable by the end of April 2007.</li> <li>➤ Upgrading of existing sites for the treatment of liquid waste on behalf of third parties and procedure to obtain associated authorisations. (Ronchi Decree, recently modified by Legislative Decree 58/2005) in progress.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Management of a plant for stocking and treating liquid and solid waste in the Province of Frosinone.</li> <li>➤ Company acquired in October 2003 and managed directly by Enertad starting from January 2005 (up to 2004 by a local partner).</li> <li>➤ <b><u>Activity reduced as a result of problems in obtaining authorisation from the Municipality of Frosinone (suspension of discharge into sewer trunk line during 2005).</u></b></li> <li>➤ Investments in environmental and technical upgrading targeting renewal of existing authorisations.</li> <li>➤ Company reporting losses in 2004 and 2005.</li> </ul> <p><i>NOTE: Starting from 31 December 2005, Omnia srl is no longer a part of the Business Unit Water since it has been ceded to ACEA. Before cession to ACEA Omnia handed over transport activity to Interpart Srl (together with 16 staff) and liquid waste disposal to DSL Srl (together with 11 staff).</i></p>

On January 20, 2006 the contract was signed for the sale of 100% of the company Omnia Srl to the company ACEA SpA starting from 1 January 2006. Anti-trust procedures were successfully completed on 20 April 2006.

## EnerTAD Consolidated Financial Statements

Performance of the EnerTAD Group headed by the Issuer is summarised below, with regards to the financial years ended 31 December 2004 and 2005 and to the first quarter of 2006<sup>12</sup>.

Income data listed in this Section are taken from the financial statements for 2005 approved by the Shareholders' Meeting on 28 April 2006 and the Quarterly Report for the period ending 30 March 2006 adopted on 15 May 2006.

Consolidated Income Statement	2004	2005	1 <sup>st</sup> quart. 06	1 <sup>st</sup> quart. 05
<b>Operating revenues</b>				
Revenues from sales of goods and services	282,756	292,864	71,112	86,505
Change in inv. of fin. prod. and prod. in work of prog.	1,225	(3,750)	(1,009)	1,629
Other operating income and revenues	2,718	3,467	445	1,339
<b>Value of production</b>	<b>286,699</b>	<b>292,681</b>	<b>70,548</b>	<b>89,473</b>
<b>Costs of production</b>				
Raw materials	(170,134)	(173,416)	(43,871)	(51,306)
Services	(53,810)	(49,078)	(10,168)	(12,089)
Personnel costs	(35,480)	(36,834)	(8,499)	(9,341)
Other operating expenses	(2,530)	(4,005)	(682)	(755)
<b>Costs of production</b>	<b>(261,954)</b>	<b>(263,333)</b>	<b>(63,220)</b>	<b>(73,490)</b>
<b>EBITDA</b>	<b>24,745</b>	<b>29,348</b>	<b>7,328</b>	<b>15,983</b>
Amortisation	(15,173)	(17,175)	(4,047)	(5,237)
Provisions & write-downs	(11,012)	(3,616)	(286)	(18)
<b>EBIT</b>	<b>(1,440)</b>	<b>8,357</b>	<b>2,995</b>	<b>10,728</b>
Net financial income and charges	(14,442)	(15,328)	(3,522)	(3,833)
Other financial income and charges	1,985	901	542	54
<b>EBT</b>	<b>(13,897)</b>	<b>(6,070)</b>	<b>15</b>	<b>6,949</b>
Income taxes	(6,532)	(5,837)		
Result from continued activities	(20,429)	(11,907)	15	6,949
Result from discontinued activities			(100)	(165)
<b>Net profit(loss) for the year</b>	<b>(20,429)</b>	<b>(11,907)</b>	<b>(85)</b>	<b>6,784</b>
Minority interest	312	47		
<b>Group net profit(loss) for the year</b>	<b>(20,117)</b>	<b>(11,860)</b>	<b>(85)</b>	<b>6,784</b>

Revenues from sales and services for the year ended 31 December 2005 (Euro 293 million) increased by Euro 10.2 million (+3.6%) compared to 2004.

Group EBITDA for the year 2005 was Euro 29.3 million, with an increase of Euro 4.6 million on 2004. Before changes due to the holding, the main components of the Euro 4.6 million increase are ascribable to (i) the Wind business (+Euro 9.1 million) due to the start of production and good technical performance of the Troia San Vincenzo park and (ii) the Waste-to-energy business (+Euro 7.2 million) for significant improvements in the technical efficiency of waste-to energy plants, (iii) partially offset by the Waste management business (- Euro 4.5 million) and the Steel business (- Euro 7.8 million) due to decrease in quantities sold and in trade margins, in line with market trends.

<sup>12</sup> The consolidated financial statements for the year ended 31 December 2005 and the first quarter of 2006 have been prepared in conformity with International Accounting Standards (IAS/IFRS); comparison data for the year ended 31 December 2004 were adapted accordingly.

Consolidated net result of the EnerTAD Group at 31 December 2005 was Euro – 11.9 million (Euro – 20.1 million in 2004) due to: (i) greater financial charger (+ Euro 1.4 million) and (ii) lower tax (- Euro 0.7 million).

Operating result of the EnerTAD Group as at 31 March 2006 was positive by Euro 10.7 million, with a Euro 7.7 million increase compared with the operating result as at 31 March 2005. Consolidated result for the period before tax of the EnerTAD Group as at 31 March 2006 was positive by Euro 6.8 million, with a Euro 6.9 million increase on the negative result of Euro 85 thousand in the first quarter of 2005.

This improvement is mainly due to the greater profitability of the Wind business and, to a lesser extent, to all other business units, which increased their profitability compared to 31 March 2005.

Consolidated Balance Sheet	Euro thousands					
	2004	%	2005	%	1 <sup>st</sup> quart. 06	%
<b>UTILISATIONS</b>						
<b>Fixed assets</b>						
Tangible fixed assets	179,113	54.3%	225,538	58.2%	227,424	56.6%
Intangible fixed assets	91,011	27.6%	93,912	24.3%	94,442	23.5%
Financial assets	8,060	2.4%	7,497	1.9%	6,910	1.7%
<b>Fixed assets (A)</b>	<b>278,184</b>	<b>84.3%</b>	<b>326,947</b>	<b>84.4%</b>	<b>328,776</b>	<b>81.8%</b>
<b>Net working capital</b>						
Inventories	49,020	14.9%	45,080	11.6%	54,870	13.7%
Trade receivables	80,194	24.3%	81,314	21.0%	87,702	21.8%
Other assets	25,236	7.6%	33,655	8.7%	39,845	9.9%
Trade payables	(61,883)	-18.8%	(57,957)	-15.0%	(65,490)	-16.3%
Other liabilities	(22,131)	-6.7%	(20,476)	-5.3%	(23,037)	-5.7%
<b>Net working capital (B)</b>	<b>70,436</b>	<b>21.4%</b>	<b>81,616</b>	<b>21.1%</b>	<b>93,890</b>	<b>23.4%</b>
<b>Capital employed (A + B)</b>	<b>348,620</b>	<b>105.7%</b>	<b>408,563</b>	<b>105.5%</b>	<b>422,666</b>	<b>105.2%</b>
<b>Own funds</b>						
Employee leaving indemnity	(2,101)	-0.6%	(2,365)	-0.6%	(2,126)	-0.5%
Provision for risks and charges	(16,609)	-5.0%	(18,935)	-4.9%	(18,826)	-4.7%
<b>Funds (C)</b>	<b>(18,710)</b>	<b>-5.7%</b>	<b>(21,300)</b>	<b>-5.5%</b>	<b>(20,952)</b>	<b>-5.2%</b>
<b>Net capital employed (A + B + C)</b>	<b>329,910</b>	<b>100.0%</b>	<b>387,263</b>	<b>100.0%</b>	<b>401,714</b>	<b>100.0%</b>
<b>SOURCES</b>						
<b>Own funds</b>						
Parent company share	157,295	47.7%	144,152	37.2%	151,721	37.8%
Minority interest	7,610	2.3%	7,636	2.0%	7,636	1.9%
<b>Own funds</b>	<b>164,905</b>	<b>50.0%</b>	<b>151,788</b>	<b>39.2%</b>	<b>159,357</b>	<b>39.7%</b>
<b>Net financial position</b>						
Medium/long term loans	156,343	47.4%	110,400	28.5%	115,214	28.7%
Short-term bank payables	30,932	9.4%	118,277	30.5%	117,337	29.2%
Liquid assets and short-term financial receivables	(22,270)	-6.8%	6,798	1.8%	9,806	2.4%
<b>Net financial position</b>	<b>165,005</b>	<b>50.0%</b>	<b>235,475</b>	<b>60.8%</b>	<b>242,357</b>	<b>60.3%</b>
<b>Total Sources</b>	<b>329,910</b>	<b>100.0%</b>	<b>387,263</b>	<b>100.0%</b>	<b>401,714</b>	<b>100.0%</b>

The Group net debt position at December 31, 2005 amounted to Euro 235.4 million, which compared to the previous year (Euro 165 million) increased by Euro 70.4 million, mainly due to the investments made in the Wind sector.



Net financial indebtedness of the EnerTAD Group as at 31 March 2006 was Euro 242,4 million, with a Euro 6.9 million increase on 31 December 2005.

This increase is due to greater project financing for the Wind business, which raised from Euro 103.8 million as at 31 December 2005 to Euro 113.1 million as at 31 March 2006.

Group investments in 2005 amounted to Euro 64.7 million, about 85% of which pertaining to the Wind business (Euro 30.6 million in 2004, of which 60% in the Wind sector).

Cash Flow	Euro thousands	
	2005	1 <sup>st</sup> Quarter 06
EBIT	8,357	10,728
Income taxes	(5,837)	0
Minority Interest	47	0
Amortisation	17,175	5,237
Change in employee leaving indemnity	264	(239)
Change in other provisions	2,326	(109)
<b>Cash flow</b>	<b>22,332</b>	<b>15,617</b>
Change in net working capital		
- Inventories	3,940	(9,790)
- Trade receivables	(1,120)	(6,388)
- Other assets	(8,419)	(6,190)
- Trade payables	(3,926)	7,533
- Other liabilities	(1,655)	2,561
Change in net working capital	(11,180)	(12,274)
CapEx	(66,501)	(7,653)
<b>Operating Cash Flow</b>	<b>(55,349)</b>	<b>(4,310)</b>
Other expenditure/income	901	(111)
<b>Free cash flow</b>	<b>(54,448)</b>	<b>(4,421)</b>
Net financial changes	(15,328)	(3,833)
Changes in other assets	563	587
Changes in net assets	(1,257)	785
<b>Net Cash flow</b>	<b>(70,470)</b>	<b>(6,882)</b>
Initial NFP	165,005	235,475
Final NFP	235,475	242,357

Revenues by activity	Euro thousands							
	2004	%	2005	%	1 <sup>st</sup> Quart. 05	%	1 <sup>st</sup> Quart. 06	%
Wind Energy	2,027	0.7%	11,500	3.9%	1,872	2.6%	7,866	9.1%
Waste to Energy	28,572	10.1%	34,065	11.6%	7,546	10.6%	9,181	10.6%
Waste Management	19,557	6.9%	14,457	4.9%	3,111	4.4%	3,639	4.2%
Water	8,113	2.9%	8,416	2.9%	1,063	1.5%	1,577	1.8%
Steel	223,779	79.1%	224,304	76.6%	57,520	80.9%	64,242	74.3%
Holding	709	0.3%	222	0.1%	0	0.0%	0	0.0%
<b>Total</b>	<b>282,757</b>	<b>100%</b>	<b>292,964</b>	<b>100%</b>	<b>71,112</b>	<b>100%</b>	<b>86,505</b>	<b>100%</b>

EBITDA by activity	Euro thousands							
	2004	%	2005	%	1 <sup>st</sup> Quart. 05	%	1 <sup>st</sup> Quart. 06	%
Wind Energy	682	2.8%	9,765	33.3%	1,495	20.4%	7,071	44.2%
Waste to Energy	5,720	23.1%	12,946	44.1%	3,711	50.8%	4,291	26.8%
Waste Management	1,784	7.2%	(2,678)	-8.1%	(740)	-10.1%	(225)	-1.4%
Water	(2,015)	-8.1%	(1,183)	-4.0%	(73)	-1.0%	237	1.5%
Steel	22,738	91.9%	14,892	50.7%	4,277	58.4%	5,909	37.0%
Holding	(4,164)	-16.8%	(4,394)	-15.0%	(1,342)	-18.3%	(1,300)	-8.1%
<b>Total</b>	<b>24,745</b>	<b>100%</b>	<b>29,348</b>	<b>100%</b>	<b>7,328</b>	<b>100%</b>	<b>15,983</b>	<b>100%</b>

With reference to the Issuer's outlook, during the year 2006 the EnerTAD Group continued its strategic and management activity aimed at full implementation of the mission set out in its business plan 2004-2008.

This plan aims to establish the EnerTAD Group as a leading national operator in the Wind business.

The Directors considered that it was necessary to implement an action plan which would also include the following additional objectives:

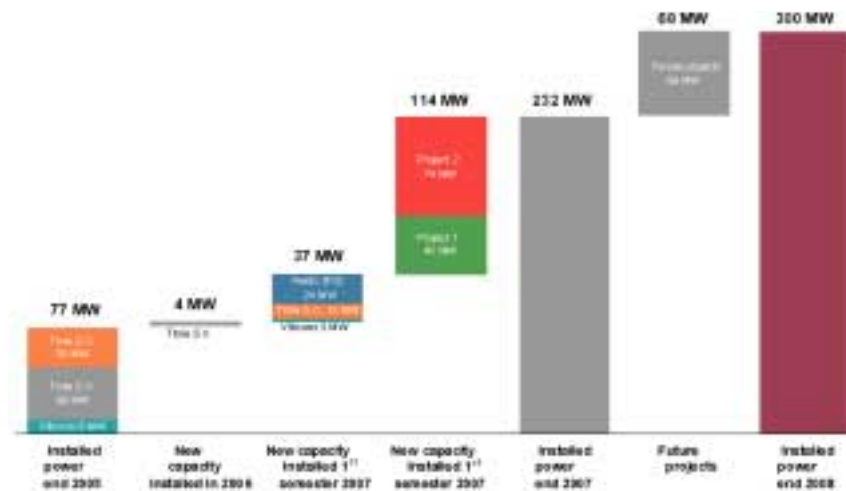
- rebalancing of the equity and financial structure;
- simplification of the business portfolio and focus on the development of renewable energy;
- implementation of an investment programme in accordance with the 2005-2008 Industrial Plan.

Planned actions can be summarised as follows:

- The Board of Directors, in its meeting of 12 April 2006, approved the possibility of a share capital increase in the amount of Euro 45 million, including share premium, and authorised the Chairman to submit a proposal.
- The Issuer offered the Steel business for sale. Accordingly, on 15 May 2006, the Board of Directors of EnerTAD approved the sale of EnerTAD France S.A.S., head of the Steel business to ASBM Ltd., a US investment company owned by an investor group specialized in metal distribution businesses. The sale was completed on 31 May 2006 for an amount of approximately Euro 55,000,000.00 million which will be subject to a price adjustment mechanism based on the consolidated balance sheet of EnerTAD France S.A.S. as at 31 May 2006. The consideration of the sale is equal to the consolidated net value of EnerTAD France S.A.S. provisionally determined by the parties in Euro 55 millions and is subject to an adjustment in increase or decrease if, on the basis of financial statements which shall be prepared within 45 days commencing from May 31, 2006, an increase or a decrease in the consolidated net value of the company as at May 31, 2006 is evidenced.
- Lesser activities and non-strategic assets were sold in the water treatment and waste management businesses (including sale of the Omnia company and its subsidiary/associate companies, which will be closed once the purchaser has completed antitrust procedures).
- On 15 May the Issuer accepted the binding offer made by Acea S.p.A. on 28 February 2006 for the acquisition of the Waste-to-energy/Waste management Business Unit. The total value payable by Acea SpA for this acquisition is Euro 149.5 million plus the debt taken on by Acea S.p.A itself.
- EnerTAD expects significant increase in profitability from its "core" business mainly through higher production and profitability levels in the wind sector following recent investment in this sector (77 MW at full production capacity from March 2006).

The above mentioned actions will provide the financial resources needed for repayment of the convertible bond of Euro 74.6 million due in November 2006, as well as for undertaking planned investments in the Wind business.

### INSTALLED MW DEVELOPMENT PLAN – WIND BUSINESS UNIT



### B.3 APPOINTED INTERMEDIARIES

The Intermediary tasked with coordinating collection of acceptances is UniCredit Banca Mobiliare S.p.A. (“**Intermediary tasked with Coordination or UBM**”). It is remarked that UBM belongs to the same banking group of UniCredit Banca d’Impresa S.p.A., the lending institution that granted the Offeror a line of credit up to Euro 338.591.106, as a security for payment obligations connected with the Consideration of the Offer.

The following Intermediaries have been appointed with collecting acceptances of the Offer (Appointed Intermediaries):

UniCredit Banca Mobiliare S.p.A.; Banca Caboto S.p.A. (Gruppo Intesa); Banca Monte dei Paschi S.p.A.; Banca Nazionale del Lavoro S.p.A.; Banca Popolare dell’Emilia Romagna soc. coop; BNP Paribas Securities Services – Succursale di Milano; Capitalia S.p.A.; Citibank NA; Euromobiliare S.I.M.; Rasfin SIM S.p.A

Appointed Intermediaries will collect Acceptances by means of Acceptance Forms, will collect shares, check that both Acceptance Forms and the Shares fully meet all terms and conditions of the Offer, as set forth in Section C., Paragraph C.4.2 below and will pay the Consideration of the Offer, as indicated in the Offer Document.

Acceptance Forms may also be delivered to Appointed Intermediaries by other authorised intermediaries (such as banks, brokerage firms, investment companies and stockbrokers - the **Depository Intermediaries**), pursuant to current legislation, as specified in greater detail in Section C., Paragraph C.4.

Appointed Intermediaries authorised to offer financial services away from their premises pursuant to current legislation, will be able to collect the Acceptance Forms through financial advisers.

The Offer Document and the Acceptance Form are available from Appointed Intermediaries and from the subjects indicated in Section M.

The Offer Document and Acceptance Form are also available on the websites of ERG S.p.A. ([www.erg.it](http://www.erg.it)) and EnerTAD S.p.A. ([www.enertad.it](http://www.enertad.it)).

## **C. CATEGORIES AND AMOUNTS OF THE FINANCIAL INSTRUMENTS SUBJECT OF THE OFFER AND ACCEPTANCE METHODS**

### **C.1 CATEGORIES AND AMOUNTS OF THE FINANCIAL INSTRUMENTS SUBJECT OF THE OFFER**

The Offer concerns 94,865,881 Ordinary EnerTAD shares of par value 1 Euro each, representing the whole of the Issuer's subscribed and paid-in share capital as at the date of this Offer Document, plus the maximum no. 17,997,821 shares accruing from conversion of convertible notes issued under the Bond Loan entitled "EnerTAD 2003 – 2006 convertible".

### **C.2 PERCENTAGE OF SHARES AS TO THE ISSUER'S SHARE CAPITAL**

The 94,865,881 Shares subject of this Offer account for 100% of the undersigned and paid Issuer's share capital.

### **C.3 AUTHORIZATIONS**

On 5 June 2006, ERG filed a notice with the Italian Competition Authority concerning its takeover bid, pursuant to Art. 16, paragraphs 1 and 5 of Law 287/1990. On 14 June 2006, the Italian Competition Authority determined to not start any investigation on the Offer.

### **C.4 METHOD AND TERMS FOR ACCEPTING THE OFFER**

#### **C.4.1 Acceptance Period**

The acceptance period, agreed with Borsa Italiana, shall start at 8.30 hrs on 6 July 2006 and end at 17.40 hrs on 9 August 2006 (start and end dates included) (hereunder, the "Acceptance Period").

The Offeror reserves the right to extend the Acceptance Period by issuing a notice to the market, pursuant to Italian laws, in the daily newspapers listed in Section M.

#### **C.4.2 Terms and Conditions for Acceptance**

Shares shall be free from constraints or burdens of any kind, real, obligatory or personal, and shall be freely transferable to the Offeror.

Acceptance by shareholders (or their duly authorised representative) is irrevocable - apart from the possibility of accepting competing offers or increased bids, pursuant to Article 44, paragraph 8, of the Issuer Regulation - and shall be effected by duly completing and signing the Acceptance Form, and concurrently depositing the Shares with the Appointed Intermediaries as indicated in Section B., Paragraph B.3; therefore, after Acceptance, it will not be possible to transfer the Shares either wholly or in part, or to effect any disposal of the same for the entire period they are locked up to the Offer.

Shareholders wishing to accept the Offer may also deliver the Acceptance Form to any other Depository Intermediary, provided that the Acceptance Form is submitted sufficiently in advance to allow each Depository Intermediary to deliver the Shares to one of the Authorised Intermediaries no later than the end of the Acceptance Period. Depository Intermediaries, acting as agents, shall countersign Acceptance Forms. Offerees shall bear the entire risk that Depository Intermediaries may not deliver the Acceptance Form and deposit the Shares with one of the Appointed Intermediaries before expiry of the Acceptance Period.

Since the Shares fall under the dematerialisation system as set forth in Article 81 of the Consolidated Law on Finance, Article 28 of Decree Law 213 of 24 June 1998 and in CONSOB Regulation 11768 of 23 December 1998, signing of the Acceptance Form will constitute irrevocable instruction, issued by the each shareholder to an Appointed Intermediary or Depository Intermediary where the Shares owned by such shareholder are deposited as securities, to transfer said Shares to the Offeror by placing them under lock up, for the purpose of the Offer, with Depository Intermediaries, for the benefit of the Intermediary tasked with Coordination.

At the time of acceptance shares conferred under the Offer must be regularly registered and available in a securities account held by the Acceptor at one of the Depositories participating in the centralised management system at Monte Titoli S.p.A. In particular, the shares purchased on the market may be contributed to the Offer only after said operations have been duly settled under the liquidation system.

Acceptance by underage individuals or persons under guardianship or curatorship, pursuant to applicable legislation, signed by those exercising paternal authority, guardianship or curatorship, unless accompanied by authorisation of the tutelary judge shall be accepted with reservation and will not be included in calculation of Offer acceptance percentage; such shares will only be paid after authorisation is provided.

When accepting the Offer and deposit of the Shares, by signing the Acceptance Form, the Acceptor will confer irrevocable mandate to the Appointed Intermediary and to the Depository if any to execute all formalities required for transferring the Shares to the Offeror, who will bear related expenses.

Holders of non-dematerialised shares intending to accept the Offer shall first deliver their share certificates to a Depository who will dematerialise them (and place them in a securities account held by the Acceptor with a Depository).

## **C.5 COMMUNICATIONS PERTAINING TO THE OFFER RESPONSE**

### **C.5.1 Communications On Acceptances**

During the Acceptance Period, the Intermediary tasked with Coordination will communicate daily to Borsa Italiana, pursuant to Article 41, second paragraph, letter c), of the Issuer Regulation, data on acceptances received and total number of deposited Shares.

Borsa Italiana shall publish such data in a notice by the day following the above mentioned communication.

### **C.5.2 Information to the Public on the Outcome of the Offer**

The Offeror will also provide information as to the fulfilment of the conditions set forth in Paragraph C.7, or any waiver to one or more of said conditions in the notice to be issued as per Paragraph C.7 (i) by 7.59 hrs on the first Stock Exchange Business Day following closure of the Acceptance Period.

Final outcome of the offer will be published by the Offeror, pursuant to Article 41, paragraph five of the Issuer Regulation, by means of publication of a notice in the daily newspapers listed in Section M below, by the day before Payment Day (as defined in Paragraph F.1 hereunder).

## **C.6 MARKETS ON WHICH THE OFFER IS MADE**

The Offer is valid only in Italy since the Shares are only listed on the Telematic Stock Exchange organised and managed by Borsa Italiana.

Acceptance of the offer by entities residing in countries other than Italy is subject to specific legal or regulatory obligations or restrictions. It is the exclusive responsibility of offerees to check existence and applicability of said rules and to comply with them, by consulting their advisors before accepting the offer.

The Offer is addressed to all Shareholders without distinction. The Offer has not been made, nor will it be made in the United States of America, Canada, Japan, or Australia, nor in any other country where said dissemination is not allowed unless authorised by the competent Authorities (together, the “**Excluded Countries**”), either through the postal system or using any other international communication or trading methods (including, by way of example, the postal system, fax, telex, e-mail, telephone and the Internet) of the Excluded Countries, through any of the national regulated markets of Excluded Countries, or in any other manner.

Therefore, no copy of this Offer Document and/or any other different Document that the Offeror might issue with regards to the Offer may be sent or transmitted to or distributed in the Excluded Countries. Whoever receives a copy of this Offer Document (including, for example, financial intermediaries, depositories, custodians, fiduciary entities and trustees) may not send, forward or distribute it in the Excluded Countries nor use the postal services or any other similar media in connection with the Offer. Whoever is in possession of the above mentioned documents should not distribute, send or mail them, directly or indirectly, in the Excluded Countries and should also refrain from using any form of communication or international trade media of any nature of the Excluded Countries for any purpose related to the Offer.

The Offering Circular does not constitute, and should not be interpreted as constituting, an offer addressed to persons or entities resident in the Excluded Countries. Only acceptances made in compliance with the above mentioned limitations will be accepted.

## **C.7 CONDITIONS FOR EFFECTIVENESS OF THE OFFER**

Effectiveness of the Offer is subject to the following conditions:

- (i) that until the time of dissemination of the communication relating to the fulfilment of the Offer conditions, forwarded – pursuant to Article 41 of the Issuer Regulation – to CONSOB, Borsa Italiana and two press agencies by 7:59am hrs of the first Stock Exchange business day after closure of the Acceptance Period, no extraordinary economic, political or financial market changes have occurred, nor any prejudicial situations, on national and/or international level, such as to materially affect the equity and/or financial profile of the Issuer and/or the Group it heads, vis-à-vis the documents or information published until 5 June 2006, the date of communication to CONSOB was made pursuant to Article 102 of the Consolidated Law on Finance

(ii) that Acceptances reach a minimum amount allowing the Offeror – at the outcome of the Offer – to hold a number of shares, (the “**Minimum Threshold**”) representing 50.1% of the Issuer’s share capital, as resulting from the partial or entire conversion of outstanding convertible EnerTAD Notes and that TadFin. S.p.A and FinTad International S.A., holding more than 50% of the issuer’s share capital and whose acceptance is necessary for the fulfilment of the condition, have delivered to the Offeror, by the end of the Acceptance Period, a guarantee issued by primary banks which expressly and unconditionally undertake to pay to the Offeror a sum equal to the percentage of actual Offer Acceptance multiplied by each contingent liability of the Issuer with respect to the Quarterly Report as at 31 March 2006 (the “Quarterly Report”), where contingent liability is intended as:

- any amount the Issuer might be required to pay with respect to actions or facts which occurred before 31 March 2006 but which were not included in the Quarterly Report and for which no specific reserve was posted in the same Report;
- any receivable that proved to be not-existing;
- any sum the Issuer might be required to pay to the purchasers of corporate business units “Steel” and “Waste to energy/Waste management” pursuant to clauses included in the relevant sales agreements;
- any amount the Issuer might be required to pay due to breach, until the Payment Day, of applicable regulation including by way of example labour, social security, H&S, environmental and tax regulation, net of any specifically posted reserve;
- the value of any tangible or intangible asset, posted in the Quarterly Report which is found not to be owned by the Issuer, or the lesser value of said assets due to liens not shown in the Quarterly Report.

Said Condition will be deemed having been fulfilled with delivery to the Offeror of the above mentioned bank guarantee, also if said guarantee has not been procured by Fintad International S.A and Tadfin S.p.A.

(iii) that the Offeror receives a statement by the following banks (all creditors of Tadfin S.p.A. and Fintad International S.A. and parties to the Agreement mentioned in the notices issued by Tadfin S.p.A. and Fintad International S.A on 6 December 2004 and 7 February 2005, concerning an agreement with lender banks), Banca Agricola Mantovana, Banca Antonveneta, Banca Carige, Banco di Brescia, Banca di Legnano, Banca di Roma, Banca Intermobiliare, Banca Intesa, Banca Leonardo, Banca Monte dei Paschi di Siena, Banca Nazionale del Lavoro, Banca Popolare Commercio e Industria, Banca Popolare dell'Emilia Romagna, Banca Popolare di Intra, Banca Popolare di Lodi, Banca Popolare di Milan, Banca Popolare di Novara, Banca Popolare di Vicenza, Banca Toscana, Bipop Carire, Capitalia, Cassa di Risparmio di Cento, Efibanca, Interbanca, SanPaolo IMI, Unicredito Italiano or by at least five of them, with which the same undertake to ensure that the proceeds paid to Fintad International S.A. and Tadfin S.p.A. from Acceptance of the Offer are utilised and distributed among the creditors such that, even following partial remission of the receivables owed to lender banks, the economic and financial situation of Tadfin S.p.A and Fintad International S.A. will be substantially balanced. Said statement shall include express acknowledgement of the fact that the Offeror relied on the same to purchase the Shares.

All of the above mentioned conditions - may be waived by the Offeror, which therefore, expressly reserves the right to proceed with purchase even if any of them is not fulfilled. The Offeror will communicate fulfilment of conditions (i), (ii) and (iii) above, or of any waiver of said conditions, both in the communication mentioned in point (i) above, and in the notice on the results of the Offer, which shall be published pursuant to Article 41, paragraph five of the Issuer Regulation, on the day before Payment Day.

It should be noted that in the event that any of the above mentioned conditions is not achieved and the Offeror does not waive them, the shares conferred by way of acceptance of the Offer will be given back to their respective owners acceptors of the Offer through intermediaries authorised under the centralised management system of Monte Titoli S.p.A., by the second Stock Exchange business day following closure of the Acceptance Period.



**D. NUMBER OF ISSUER'S FINANCIAL INSTRUMENTS HELD BY THE OFFEROR, ALSO THROUGH TRUST COMPANIES OR THIRD PARTIES AND/OR SUBSIDIARIES**

**D.1 NUMBER AND CATEGORIES OF ISSUER'S FINANCIAL INSTRUMENTS HELD BY THE OFFEROR**

As at the date of this Offer Document the Offeror does not hold or own any Shares.

**D.2 CONTANGO CONTRACTS, USUFRUCT OR PLEDGE RIGHTS OR OTHER COMMITMENTS ON ISSUER'S FINANCIAL INSTRUMENTS**

See Paragraph D.1 above.

## E. UNITARY CONSIDERATION OF FINANCIAL INSTRUMENTS AND ITS EXPLANATION

### E.1 DETAILS ON THE CONSIDERATION AND CRITERIA ADOPTED FOR ESTABLISHING IT

The price that will be paid by the Offeror to Acceptors for the purchase of each share under the Offer will be entirely paid in cash and will be in the amount of Euro 3.00 per share (“Unitary Consideration”).

The Offeror has appraised of the Unitary Consideration by applying the “Sum of the Parts” method. The mentioned method has been considered the most adequate for the assessment of the Unitary Consideration, in regard of the Issuer’s holding nature and of the specific field of activity related to each business unit.

<i>Valori in Euro milioni</i>		
Valutazione Sum of the Parts	Enterprise Value	Metodologia
<b>BUSINESS UNIT</b>		
WTC + WM	149,5	Prezzo di cessione ad ACCA (15/05/06)
Water	18,1	Metodo Patrimoniale (stima dell'Offerente)
Steel	99,7	Determinato sulla base del prezzo di cessione ad Asim I srl (15/05/06) aumentato della relativa posizione finanziaria netta
Holding	(10,6)	Metodo dei flussi di cassa (DCF) in base a stime dell'Offerente
Wind	260,0	Metodo dei flussi di cassa (DCF) in base a stime dell'Offerente
<b>TOTALE ENTERPRISE VALUE (A)</b>	<b>516,7</b>	
Posizione Finanziaria Netta (B)	(235,0)	PFN al 31/12/05 da bilancio EnerTad
Valore 100% EnerTad (A + B)	<b>281,3</b>	
Numero azioni complessive EnerTad	94.865.881	
Valore medio per azione (Euro) *	3,06	

\* Valore arrotondato ad Euro 3,00 per azione in sede di Offerta

The Unitary Consideration is net of stamp duties, costs, fees and commissions which will be borne by the Offeror, while the substitute tax on capital gains, where due, will be payable by Acceptors.

Maximum Disbursement for the Offer, in the event of acceptance by all shareholders, based on the current entity of share capital will be Euro 284,597,643. Such disbursement, in case of early conversion of the bonds by means of the issuance of further shares, up to a maximum of 17.997.821, to be granted to owners of EnerTAD convertible bonds, will be equal to Euro 338.591.106.

The value of the Unitary Consideration was established also taking into account a further set of values which are briefly listed hereunder in this Section E.

## E.2 COMPARISON BETWEEN THE CONSIDERATION AND SOME INDICATORS PERTAINING TO THE ISSUER

The table hereunder summarises the main income statement and balance sheet indicators of the Issuer pertaining to financial years 2004 and 2005.

(millions of Euro, except for figures per share, shown in Euro)	31 December 2004	31 December 2005
<b>Total approved dividends</b>	-	-
<i>Per Share</i>	-	-
<b>EBIT (*)<sup>13</sup></b>	<b>(1.44)</b>	<b>8.36</b>
<i>Per Share</i>	<i>(0.02)</i>	<i>0.09</i>
<b>Group Net profit (loss) (*)</b>	<b>(20.12)</b>	<b>(11.86)</b>
<i>Per Share</i>	<i>(0.21)</i>	<i>(0.13)</i>
<b>Cash Flow (Group Net Profit (Loss) plus Amortisations and Depreciations) (*)<sup>14</sup></b>	<b>(4.94)</b>	<b>5.32</b>
<i>Per Share</i>	<i>(0.05)</i>	<i>0.06</i>
<b>Group Shareholders' Equity (*)</b>	<b>164.91</b>	<b>151.79</b>
<i>Per Share</i>	<i>1.74</i>	<i>1.60</i>
<b>Number of Shares</b>	<b>94,865,881</b>	<b>94,865,881</b>

(\*) Consolidated data

Source: Enertad consolidated financial statements for 2004 and 2005

Based on the Unitary Consideration and the data as at 31 December 2004 and 2005, the following multiples were calculated for the Issuer:

Enertad	31 December 2004	31 December 2005
P/BV	1.73	1.87
P/D	-	-
P/E	NEGATIVE	NEGATIVE
P/CF	NEGATIVE	53.55

Legend:

P/BV (ratio between Unitary Consideration and Shareholders' Equity of the Enertad Group per Share at year end).

P/D (ratio between Unitary Consideration and dividend);

P/BV (ratio between Unitary Consideration and Net Profit (Loss) of the Enertad Group per Share at year end).

P/BV (ratio between Unitary Consideration and *cash flow* – Net Profit (Loss) of the Enertad Group plus amortisations – per Share at year end).

Source: Calculations on Enertad financial statement data

<sup>13</sup> Earnings before financial, extraordinary and financial elements (EBIT – Earnings Before Interest and Tax)

<sup>14</sup> Calculated as the Sum of Net Group Profit (Loss) and amortisation and depreciation

Until the recent disposals of its “Steel” and “Waste management/Waste to Energy” business units, EnerTAD was a one-of-a-kind company, difficult to compare with European competitors with a similar mix of operations. As highlighted above (Paragraph B.2), during financial year 2004 the Steel business unit still towered above the others in terms of turnover and margins. In 2005, the commissioning and regular operation of some wind farms enabled the recording of a remarkable increase in terms of turnover and margins of business units focusing on power generation from renewables.

In identifying a sample group of comparable companies, we took into account the growing weight of activities linked to power generation from renewables. Hence, the sample group comprises European companies mainly operating in this sector. As a consequence, comparability is greater for 2005 than for 2004 data when, as regards Enertad, the “Steel” business unit still was predominant.

The table below shows, by way of example, some Issuer’s multiples for financial years 2004, 2005 and 2006 estimated based on the Unitary Consideration, compared with similar multiples of the companies selected for comparison purposes, estimated based on Stock Exchange prices as at 2 June 2006<sup>15</sup>.

	P/BV			P/E			P/CF		
	2004	2005	2006	2004	2005	2006*	2004	2005	2006*
Issuer (1)	1.73	1.87	1.79	NEG.	NEG.	12.00	NEG.	53.95	6.37
Average of comparable companies (2)	4.34	7.21	6.13	64.68	32.89	31.21	115.36	10.53	15.99
<b>Companies considered in the sample</b>									
Greenlight Energy Systems	10.35	13.49	12.27	NEG.	NEG.	n.a.	500.23	NEG.	n.a.
Solapar AG	2.45	n.a.	n.a.	69.00	n.a.	n.a.	13.14	n.a.	n.a.
BW FNB Energie AG	2.54	2.20	n.a.	27.73	19.69	n.a.	18.98	15.00	n.a.
Compass Power Holdings **	6.21	17.28	n.a.	NEG.	NEG.	n.a.	NEG.	NEG.	n.a.
WV Energie-Group ***	1.20	1.28	1.20	NEG.	32.14	8.07	9.86	6.40	4.07
Adelco SpA	3.18	2.71	1.93	87.31	46.83	54.35	14.63	10.00	27.90

Source of financial and stock data on sample companies: statements and, where not available, Bloomberg

(1) On the basis of Unitary Consideration equal to Euro 300 per 1 share

(2) Prices as at 2 June 2006

NEG. = negative value

n.a. = not available

\* 12 month projection based on period data (see notes on method)

\*\* Multiples for 2004 calculated on statements at 31/03/2005 (end of fiscal year 31 March)

\*\*\* Multiples for 2004 and 2005 also calculated on statements at 30/06/2004

and at 30/09/2005 respectively (end of fiscal year 30 September)

In the following table, comparison between the Issuer and the sample group of comparable companies is performed on the basis of multiples obtained from mean prices (simple mathematical average) of the last six months (3 December 2005 – 2 June 2006). By way of example and for useful comparison, the multiples obtained from the Unitary consideration are provided only for the Issuer.

<sup>15</sup> Stock Exchange Prices surveyed up to and including 2 June 2006 (price definition: last price; source: Bloomberg).

	P/BV			P/E			P/CF		
	2004	2005	2006*	2004	2005	2006*	2004	2005	2006*
Issuer (1)	1.73	1.87	1.79	NEG	NEG	12.00	NEG	53.55	6.37
Issuer (2)	1.72	1.87	1.78	NEG	NEG	11.96	NEG	53.98	6.35
Average of comparable companies	4.74	7.64	6.63	71.60	32.50	31.66	133.70	10.22	18.24
Greentech Energy Systems	12.12	14.63	14.30	NEG	NEG	n.a.	059.11	NEG	n.a.
Soleparc AG	3.18	n.a.	n.a.	89.40	n.a.	n.a.	17.53	n.a.	n.a.
BW FMB Energy Ag	2.38	2.97	n.a.	26.08	16.46	n.a.	17.76	14.06	n.a.
Compact Power Holdings **	6.26	17.50	n.a.	NEG	NEG	n.a.	NEG	NEG	n.a.
MVV Energie Group ***	1.25	1.24	1.16	NEG	31.16	7.63	9.57	6.30	3.95
Actelios S.p.a.	3.26	2.77	1.97	99.40	47.86	55.54	15.21	10.31	28.93

Source of financial and asset data of sample companies: statements and, where not available, Bloomberg

(1) On the basis of Unitary Consideration equal to Euro 3.00 per share

\* 12 month projection on the basis of period data (see notes on method)

(2) Simple mathematical average of prices in the last six months (from 3 December 2005 to 2 June 2006). Since 3 December is Saturday, period starts from 5 December 2005 equal to Euro 2.99 per share

\*\* Multiples for 2004 calculated on financial statements at 31/03/2005 (end of fiscal year 31 Mar)

(3) Simple mathematical average of prices in the last six months (from 3 December 2005 to 2 June 2006). Since 3 December is Saturday, period starts from 5 December 2005)

\*\*\* Multiples for 2004 and 2005 calculated respectively on statements at 30/09/2004 and at 30/09/2005 (end of fiscal year 30 September)

NEG = negative value  
n.a. = not available

#### NOTES ON METHODS FOR CALCULATING MULTIPLES

##### Issuer's Multiples for 2006

Book Value: estimated on consolidated Shareholders' Equity as at 31/03/2006 as per the quarterly report.

Earnings per share: estimated on consolidated net profits of the 1st quarter 2006 adjusted on annual basis and assuming figurative fiscal effect (based on IRAP alone, due to prior losses).

Cash Flow: assuming, for the Group, amortisations and depreciations for 2006 equal to those of the 1st quarter of 2006 adjusted on annual basis.

##### Greentech Energy Systems' Multiples for 2006

Book Value: estimated on consolidated Shareholders' Equity as at 31/12/2005 increased by the par value of new shares issued between 31/12/2005 and the date of publication of the financial statements for 2005 (no information available on share premium, if any)

##### Compact Power Holdings Multiples for 2005

Book Value: estimated on consolidated Shareholders' Equity as at 30/09/2005 as per the half-yearly report published on the company's website.

Earnings per share: estimated on consolidated net profits of the 1st quarter 2005 (01/04/2005 - 30/09/2005), adjusted on annual basis.

Cash Flow: assuming, for the Group, amortisations and depreciations for 2005 equal to those of the 1st quarter of 2005 adjusted on annual basis.

##### MVV Energie Group Multiples for 2006

Book Value: estimated on consolidated Shareholders' Equity as at 31/03/2006 as per the half-yearly report published on the company's website.

Earnings per share: estimated on consolidated net profits of the 1st quarter 2006 (01/10/2005 - 31/03/2006), adjusted on annual basis.

Cash Flow: assuming, for the Group, amortisations and depreciations for 2006 equal to those of the 1st quarter of 2006 adjusted on annual basis.

##### Actelios Multiples for 2006

Book Value: estimated on consolidated Shareholders' Equity as at 31/03/2006, which was calculated taking into account: a) change on 31/12/2005 due to consolidated profits in the 1st quarter, where figurative fiscal effect is assumed; b) capital increase with share premium of Actelios S.p.A. between 31/12/2005 and 31/03/2006.

Earnings per share: estimated on consolidated net profits of the 1st quarter 2006 adjusted on annual basis and assuming figurative fiscal effect (the mean tax rate for 2005 was applied).

Cash Flow: assuming, for the Group, amortisations and depreciations for 2006 equal to those of the 1st quarter of 2006 adjusted on annual basis.

### E.3 WEIGHTED AVERAGE OF TRADED PRICES OF THE SHARES SUBJECT OF THE OFFER

The following table shows - up to the last Stock Exchange Business Day before issue of ERG's press release, pursuant to Article 114 of the Consolidate Law on Finance and to Articles 37 and 66 of the Issuer Regulation, containing statement of ERG's intention to launch the Offer - monthly weighted mathematical average of the traded prices of the Issuer's shares subject of this Offer during the last twelve months. The weighted average price of the share over the last twelve months is Euro 3.11.

Arithmetic weighted average of official share price*	(Euro)	Unitary Consideration Bonus / (Discount) vs arithmetic weighted average
3 June 2005 - 2 July 2005	3.40	(11,76%)
3 July 2005 - 2 August 2005	3.29	(8,81%)
3 August 2005 - 2 September 2005	3.17	(5,36%)
3 September 2005 - 2 October 2005	3.39	(11,50%)
3 October 2005 - 2 November 2005	3.18	(5,66%)
3 November 2005 - 2 December 2005	3.01	(0,33%)
3 December 2005 - 2 January 2006	3.02	(0,66%)
3 January 2006 - 2 February 2006	3.05	(1,64%)
3 February 2006 - 2 March 2006	3.22	(6,83%)
3 March 2006 - 2 April 2006	3.06	(1,96%)
3 April 2006 - 2 May 2006	2.93	(2,39%)
3 May 2006 - 2 June 2006	2.67	(12,36%)

\* Dates differ from those indicated if 2 or 3 are Saturdays / Sundays

The following table shows the quarterly arithmetic weighted average of the Exchange prices for the Issuer's traded shares and the Unitary Consideration bonus regarding the arithmetic weighted average for the advance period to the transaction announcement date.

Period	Weighted average	Percentage of bonus/ (discount) vs consideration
12 months price (3 June 2005 - 2 June 2006)	3.11	(3,54)
9 months price (3 September 2005 - 2 June 2006)	3.08	(2,47)
6 months price (3 December 2005 - 2 June 2006)	2.99	0.41%
3 months price (3 March 2006 - 2 June 2006)	2.84	5.48%
<b>June 2 Price</b>	<b>2.78</b>	<b>7.95%</b>

\* Date diverse da quelle indicate qualora il 2 o il 3 siano sabati / domeniche

**E.4 VALUES ASSIGNED TO THE ISSUER'S FINANCIAL INSTRUMENTS WITHIN FINANCIAL OPERATIONS CARRIED OUT IN THE LAST AND CURRENT FINANCIAL YEARS**

In the last and current financial years no financial operations involving the Issuer's financial instruments subject of this Offer were carried out.

**E.5 VALUES ASSIGNED TO THE FINANCIAL INSTRUMENTS SUBJECT OF THE OFFER WITHIN PURCHASE AND SALES OPERATIONS CARRIED OUT IN THE LAST TWO YEARS BY THE OFFEROR**

In the last two years, the Offeror has entered into no purchase and sales operation concerning the financial instruments subject of the Offer.

## **F. DATE AND METHOD OF PAYMENT OF THE CONSIDERATION AND GUARANTEES OF PROPER FULFILMENT**

### **F.1 CONSIDERATION PAYMENT DAY**

Consideration will be paid on the fifth day of Stock Exchange Business Day from closing of the Acceptance Period, i.e. 17 August 2006.

In the event that the period for Acceptance is extended, the Payment Day will be the fifth Stock Exchange Business Day following closure of the Offer Period, as extended, and will be communicated by the Offeror together with the notice of extension of the Acceptance period which will be published in the daily newspapers listed in Section M below.

No interest will be payable on the Consideration.

During the whole period in which the Shares brought in by way of Acceptance will be locked up to the Offer, hence until Payment Day, Acceptors will maintain title to asset and administrative rights associated with said Shares. However, Acceptors may not transfer said Shares, either wholly or in part, nor may they dispose of or establish constraints of any type on said Shares.

In the event that the conditions set out in Paragraph C.7 above are not fulfilled and that the Offeror has not expressly waived them, the Shares will be returned to the respective Acceptors by the second Stock Exchange Business Day following closure of the Acceptance Period.

On Payment Date, the Shares submitted in acceptance of the Offer will be transferred to the Offeror.

### **F.2 METHOD OF PAYMENT OF THE CONSIDERATION**

The Consideration of the Offer will be paid in cash by the Offeror to the Appointed Intermediary, in line with the provisions of Paragraph F.3 below, which will in turn pay Acceptors or their agents in line with the instructions issued by the same Acceptors (or their agents) in the Acceptance Form and in the manner indicated therein.

The Offeror's obligation to pay the Consideration of the Offer will be deemed fulfilled once the Consideration of the Offer has been paid to the Appointed Intermediaries. Offerees shall entirely bear the risk that said Appointed Intermediaries do not transfer said amount, or delay its transfer, to Acceptors.



### **E.3 GUARANTEE OF PROPER FULFILMENT**

As a guarantee of proper fulfilment of the obligations of the Offeror to pay the Consideration of the Offer, UniCredit Banca d'Impresa S.p.A., with a letter dated 5 June 2006, granted the Offeror a credit line of up to Euro 338,591,106 to cover the possible Maximum Disbursement for the Offer equal to Euro 284,597,643.00 and the further amount of up to Euro 53,993,463 to cover the early conversion of a further maximum amount of 17,997,821 shares to be granted to the holders of EnerTAD convertible bonds.

The Offeror shall give irrevocable instructions to UniCredit Banca d'Impresa S.p.A. to provide, by the Payment Date the Appointed Intermediaries with the amount necessary to pay consideration for the shares conferred to the Offer.

## **G. REASON FOR THE OFFER AND FUTURE PLANS**

### **G.1 LEGAL FRAMEWORK OF THE OFFER**

The Offer is on a voluntary basis, and is made pursuant to Articles 102 and 106, fourth paragraph, of the Consolidated Law on Finance and related applicable regulations.

### **G.2 REASONS FOR THE OFFER AND FINANCING METHODS**

#### **G.2.1 Operation's Goal**

The competitive scenario of the wind power market in Italy sees to date a limited number of operators controlling more than 90% of the market. The top player on the Italian market is IVPC, with a market share of about 40%.

Italy ranks fourth in Europe as to installed wind power-generating capacity, with 1700 MW power in operation at the end of 2005 (+34% on the previous year).

At the level of European Union institutions, a target was set for Italy to reach 25% of electricity generation from renewables by the year 2010. Since in 2004 only 16% of production came from renewable sources<sup>16</sup>, huge growth in this sector is foreseen over the next few years. Looking at power generation from renewable sources in greater detail, we may notice that the mix of technologies currently available in Italy is made up of:

- Energy from Biomass
- Power Generation:
- Solar PV
- Geothermal Power
- Hydropower

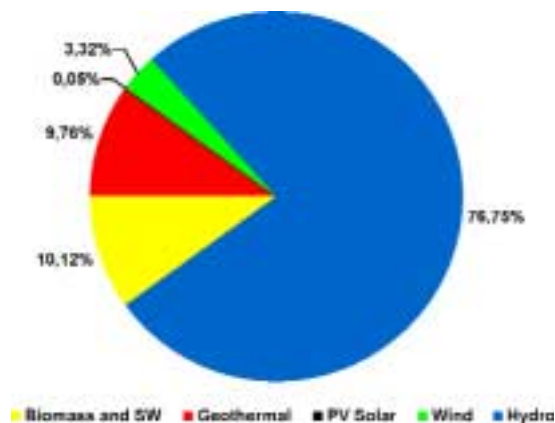
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<sup>16</sup> Source: "Le fonti rinnovabili 2005", ENEA

The following table shows data on power generation from renewable sources in the period 2000-2004 <sup>17</sup>:

GWh	2000	2001	2002	2003	2004
Hydropower	44.205	46.810	39.519	36.674	42.744
Hydropower < 10 MW	8.117	8.657	8.048	7.192	8.859
Hydropower > 10 MW	36.088	38.154	31.472	29.483	33.885
Wind	563	1.179	1.404	1.458	1.847
Solar PV	16	16	18	23	27
Geothermal-electric	4.705	4.507	4.662	5.341	5.437
Solid waste	804	1.259	1.428	1.812	2.277
Wood	537	644	1.052	1.648	2.190
Gas from biomass	566	684	943	1.033	1.170
<b>A – Total</b>	<b>51.396</b>	<b>55.100</b>	<b>49.027</b>	<b>47.989</b>	<b>55.692</b>
B - Gross internal consumption	321.000	327.000	336.000	345.000	349.000
A/B (%)	16	17	15	14	16

More than 75% of production from renewable sources comes from hydropower; geothermal and biomass (including solid waste) altogether account for about 10%; wind 3% and solar PV only 0.05%. The following pie chart shows the composition of national power generation from renewable sources in the year 2004.



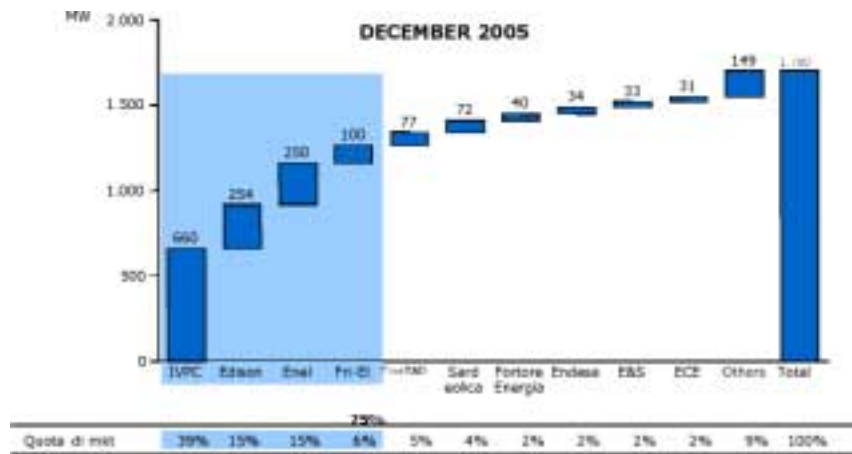
Considering that Italy has committed to increase its quota of electricity generation from renewable sources, the current contribution of said sources to overall power generation and the near-saturation levels reached by hydro and geothermal power, we can anticipate considerable growth especially in wind power over the next five years.

This is confirmed by operators' development plans which foresee significant increase in the output capacity of wind farms by 2010, with the aim of reaching, in Italy, total installed capacity of about 3000 MW<sup>18</sup>.

<sup>17</sup> Source: "Le fonti rinnovabili 2005", ENEA

<sup>18</sup> Source: Bain & Co estimates on corporate industrial plans; GRTN "2005 National Power Transmission Grid Development Plan"

In recent years, several players have stepped into the market, including, besides ERG (through a wind power joint venture, ERG-Cesa Eolica (ECE)), power producers Edison, Endesa and Enel. Today, the top 4 players are IVPC, Edison, Enel and Fri-El, which together hold 75% of the market, as shown in figure<sup>19</sup>:



As regards geographical position of wind farms in Italy, in view of the limited availability of windy locations, wind farms have been mainly located in Puglia, Campania, Sardinia and Sicily. These 4 regions currently host 80% of total installed power in Italy, as shown in the following figure<sup>20</sup>:



In coming years, development of the wind power sector is mainly foreseen in Puglia, Sicily (which should become the second Italian region as to installed capacity) and Calabria (which should hold fifth place, with capacity of about 300 MW)<sup>21</sup>.

<sup>19</sup> Source: ERG assessment based on market data

<sup>20</sup> Source: GRTN, Expo 2005 Eolica Mediterranean Conference 09/2005

<sup>21</sup> Source: GRTN, Expo 2005 Eolica Mediterranean Conference 09/2005; Bain & Co estimates

## An Attractive Business

The production of energy from wind is an attractive business with good earning potential for operators. In detail, it is able to take advantage of:

- Green Certificates, a system for promoting production of energy from renewable sources
- priority of despatch as regards other conventional sources of electrical energy production
- the possibility of choosing a price for electrical energy placed on the grid different from the market price and equal to the sale price from the Sole Purchaser to distribution agencies for sale on the regulated market.

### *Green certificates and incentives*

The incentive system applied to the production of renewable energy, introduced by Article 11 of Decree 79/99, foresees abandonment of the old price incentive criteria known as Cip6, in favour of a market mechanism based on Green Certificates, documents issued by the GRTN certifying production of energy from renewable sources. Law 239 of 23 August 2004 (the Marzano Law) reduced to 50 MWh the value of the green certificate, which previously had been 100 MWh.

In the Green Certificate market, demand originally consisted of the obligation on the part of producers and importers to insert annually an energy quota produced from renewable sources equal to 2% of what was produced and/or imported from conventional sources during the previous year. With effect from the year 2004 and up to 2006, the mandatory quota increases annually by 0.35% (Article 4 paragraph 1 of Decree Law 387/2003). Increments of minimum mandatory quotas for the three-year periods 2007-2009 and 2010-2012 will be established by decrees issued by the Ministry of Productive Activities.

The offer, on the other hand, is represented by Green Certificates issued in favour of Operators with plants in possession of IAFR certification issued by the Grid Operator, or by the Green Certificates which the GRTN itself issues in its favour for energy produced by Cip6 plants.

2002			2003			2004		
Demand	Offer	Balance covered by GRTN	Demand	Offer	Balance covered by GRTN	Demand	Offer	Balance covered by GRTN
3.23 TWh	0.89 TWh	2.34 TWh	3.47 TWh	1.49 TWh	1.98 TWh	3.89 TWh	2.89 TWh	1.00 TWh

The reference price identified by the GRTN for green certificates for the year 2005 is 108.92 €/MWh (net of VAT at 20 %).

### *Despatch Priority*

Despatch priority is defined in Legislative Decree 79 of 16 March 1999 as the obligation for priority use of electrical power produced from renewable sources and that produced by co-generation. In the case of production in an area suffering from constraints in despatch capacity, energy from renewable sources takes despatch priority as compared with other types utilising traditional production plants or which are co-generated.

### *Possibility of choice between the market price and the price of the Sole Purchaser*

The production of electrical energy from wind is forecast on a stochastic base since it depends mainly on the environmental variables associated with the site of the wind farm and the technical characteristics of the plants themselves.

The market shows a dispersion curve of the price of electrical energy giving maximum values during hours of greatest consumption whereas levels of minimum price coincide with off-peak hours, when consumption drops.

Due to the non-predictable nature of the production of electrical energy from renewable sources, the option of selling either at market price or at the price of the Sole Purchaser if higher, makes it possible to optimize revenue structure thus reducing significantly the price risk factor.

### **Critical Aspects of the Wind Energy Business**

Notwithstanding the incentives described above, there are however certain critical elements linked to the expansion of the wind business. In particular, as regards the authorisations process which is often slow and full of pitfalls.

The development of wind farms in many regions has at times been hampered by initiatives at local level, generating a slow down in the issue of authorisations.

To make investment in a wind park suitably remunerative it is necessary to have a minimum level of constant wind. This element obviously limits the number of potential sites for the setting up of wind farms. Furthermore, as a result of increasing interest in the sector and the progressive occupation of "suitable" sites, such sites are increasingly becoming a scarce resource, concentrated mainly in the central and southern regions of Italy and the islands.

### **ERG Interest in the Wind Sector**

In the scenario described above, ERG, which is strongly committed to the development of renewable energy sector, is particularly interested in the generation of electricity from wind. This Company's objective is indeed to become in the medium term one of the main national players in the wind sector.

In 2004 ERG Power & Gas S.p.A., a company wholly owned subsidiary of ERG S.p.A., in order to develop, create and manage new wind power production capacity, and in more general terms renewable energy, set up a joint venture on equal terms with the Spanish company Corporaciòn Eolica CESA S.A.; the name of the new company is ERG CESA Eolica S.p.A.

ERG Cesa Eolica S.p.A., operates on the national market with a quota of approximately 2% and aims at expanding operations to become a front line player on the Italian market by 2009. Currently, 31 MW are in commercial use (Cocullo plant) and about 161 MW have been fully authorised (Calabria and Sicily).

Through the acquisition of EnerTAD, ERG intends proceeding with development of its presence in the renewable energy sphere, enhancing the skills and competencies present in the Issuer, providing financial support to a development plan in line with the growth objectives of the reference market.

In this framework, this transaction would permit to:

- Create one of the largest nationally quoted players in the wind sector;
- Improve income diversification of the ERG Group;

- Speed up development of the investment plan in the wind sector;
- Generate scale economies as regards the main sector suppliers (especially with reference to the producers of wind turbines and companies addressing plant operation and maintenance);
- Guarantee efficient management of financial structure with the possibility of transfer of know how matured in structured finance and the project together with EnerTAD;
- Enhance the image of the ERG Group, committed to projects involving eco-compatible technologies guaranteeing respect of the environment;
- Ensure that EnerTAD is supported in its development by an industrial partner, well able and determined to assist company growth.

At the date of publishing of this Offer Document there is not any agreement concerning coming integration conditions between ERG CESA Eolica S.p.A. and EnerTAD.

### **G.2.2 Financing Methods**

The Offeror intends financing the consideration of the Offer through bank loans, credit lines set up specifically for this operation. For more detailed information, refer to Section F of this Offer Document.

## **G.3 OFFEROR'S FUTURE PLANS REGARDING THE ISSUER AND ITS GROUP**

### **G.3.1 Programmes Regarding the Issuer's corporate activity**

ERG aims to support the Issuer in the development plan based on achievement of 300 MW in 2008, in order to reach the sizing and critical mass of a front-line operator in the wind sector (for more detailed information, refer to Section B2 of this Offer Document). ERG did not develop any merger plan between EnerTAD and any other entities. The develop plan took into account by ERG, with particular reference to forecasted investments and debt profile, is the one autonomously developed by the Issuer.

### **G.3.2 Changes, if any, in composition of the Board of Directors**

The EnerTAD Board of Directors in office at the date of publication of this Offer Document was elected by the Extraordinary Meeting held on 23 June 2004 and consists of 7 members.

Pursuant to all legal criteria, the composition of the Board of Directors will reflect the new ownership structure resulting from the outcome of this Offer.

### **G.3.3 Amendments to the Company's By-Laws**

ERG has neither identified nor defined any specific amendment to be implemented in the immediate term to the Issuer's By-Laws, exception being made for any amendment which might become necessary to make the By-Laws compliant to laws or regulations.

### **G.3.4 Future Investment Plans**

Investments in line with the development plan for the period 2006-2008 are estimated in excess of 300 million. These investments are marked by good income possibilities and, when compared with initial high indebtedness in the early years, will subsequently generate significant cash flows for any future new investment in the sector. Future flows are stable and sufficiently guaranteed also due to the favourable incentive mechanisms in place, as described in Paragraph G.2.

The scheduled investment plan will be funded by means of channels usually used by sector companies, or with prevalent recourse to project financing. The Issuer, also in the light of recent dismissal of its participations, will be able to finance scheduled projects, with reference to the part not represented by debt, using the available resources and further ones raised from already operative wind farms.

### **G.4 RECONSTITUTION OF THE FREE-FLOAT**

After reduction in the free float under the threshold specified by articles 108 and 111 of the TUF, the Offeror will take all possible actions to ensure EnerTAD remains listed on the MTA, providing for the reconstitution of the free float, which will be performed with methods described below taking into account the number of acceptances received during the Offer, the company's financial and equity situation and the performance of Italian and international markets.

- (i) re-allocation by means of private placing of part of the Issuer's shares held by the Offeror; and/or
- (ii) moving and implementing one or more increases in the Issuer's company capital with partial or total exclusion of the right of option pursuant to Article 2441 paragraph 5 of the Italian Civil Code.



## **H. AGREEMENTS, IF ANY, BETWEEN THE OFFEROR AND THE ISSUER'S SHAREHOLDERS OR DIRECTORS**

### **H.1 AGREEMENTS, IF ANY, BETWEEN THE OFFEROR AND THE ISSUER'S SHAREHOLDERS OR DIRECTORS HAVING RELEVANCE FOR THE PURPOSES OF THIS OFFER**

No agreement has been entered into by the Offeror and the Issuer's shareholders or directors having relevance for the purposes of this Offer. The acceptance of the Offer by Fintad International S.A. and Tad Fin S.p.A. is affected by the provisions contained in the agreement mentioned in the Background of this Offer Document and by the conditions of the Offer mentioned in paragraph C.7 of this Offer Document which shall have an influence on the decisions of the lenders.

### **H.2 FINANCIAL AND/OR COMMERCIAL OPERATIONS CARRIED OUT IN THE TWELVE MONTHS PRIOR TO PUBLICATION OF THE OFFER BETWEEN THE OFFEROR AND THE ISSUER WHICH MIGHT HAVE SIGNIFICANT EFFECTS ON THE ISSUER'S ACTIVITY**

In the twelve months prior to publication of the Offer Document, the Offeror did not carry out, either directly, through trust companies or third parties, or indirectly through subsidiaries, any financial and/or commercial operation which might have or have had significant effects on the Issuer's activity.

### **H.3 AGREEMENTS BETWEEN THE OFFEROR AND THE ISSUER'S SHAREHOLDERS CONCERNING EXERCISE OF VOTING RIGHTS OR TRANSFER OF SHARES**

There are no agreements between the Offeror and the Issuer's shareholders concerning exercise of voting rights or transfer of Shares.

## **I. FEES PAYABLE TO INTERMEDIARIES**

As fees for the tasks performed by them in the framework of the Offer, ERG will recognise the following payments, inclusive of any and all intermediation rights:

- (a) To the Intermediary tasked with Coordinating collection of acceptances a fixed total commission of € 100,000
- (b) To each Appointed Intermediary:
  - (i) a commission equalling 0,1% of the counter value of Shares acquired directly by the Offeror through them and/or indirectly through the Appointed Intermediaries who have handed them over up to a maximum of Euro 5,000.00 for each single acceptance, and
  - (ii) a fixed fee of € 5,00 for each Acceptor.

Appointed Intermediaries will hand over to Depository Intermediaries 50% of the commission set out in (b)(i) above, regarding the counter value of shares acquired by the Offeror through the latter as well as the fixed fee set out in (b)(ii) above regarding Acceptance Forms presented to them.

## **L. SUBSCRIBED ALLOTMENT**

The Offer concerns all of the EnerTAD ordinary shares, hence no subscribed allotment is foreseen.

## **M. PUBLICATION OF THE OFFER DOCUMENT**

The Offer Document and the Acceptance Form are available to the public through handover to Appointed Intermediaries, as well as being available at::

- (i) the registered office of ERG in Milan, Via Nicola Piccinni n. 2;
- (ii) the registered office of EnerTAD in Milan, Corso di Porta Nuova n. 13;
- (iii) the Offices of Unicredit Banca Mobiliare S.p.A. in Milan, Corso Italia n. 3;
- (iv) the registered office of Borsa Italiana in Milan, Piazza degli Affari n. 6.

The Offer Document and Acceptance Form are also available on websites [www.enertad.it](http://www.enertad.it) and [www.erg.it](http://www.erg.it).

Notice of receipt of the measure by means of which CONSOB authorises publication of the Offer Document, offer publication and handover to the Appointed Intermediary, as well as the principal elements of the Offer have also been published on “Il Sole 24 Ore”, “MF” and “Finanza e Mercati”.

## N. APPENDIXES

N. 1 Abstract from shareholders agreements dated 10 January 2005:

N.1 Extract from shareholders agreements transmitted to CONSOB pursuant to article 122 of Legislative Decree 24 February 1998, no. 58

**ALERION INDUSTRIES S.P.A. – ENERTAD S.P.A.**

It is referred that on May, 10th 2004:

Alerion Industries S.p.A., IBI Corporate Finance B.V. and Fintad International S.A.

(hereinafter jointly the “Shareholders”)

Have entered into a shareholders agreement (the “**Agreement**”), pursuant to article 121, third paragraph, of the Legislative Decree 24 February 1998, no. 58, concerning the exercise of voting rights respectively regarding Alerion Industries S.p.A. (**Alerion**), and IBI Corporate Finance B.V. (**IBI Corporate Finance**) participation in Enertad S.p.A. (**Enertad**), and the Fintad International S.A. (**Fintad**), controlling shareholder of Enertad, participation in Alerion Industries S.p.A., on the basis of the following recitals:

- Fintad holds a shareholding in Enertad equal to 51,96 % of the share capital and so it exercises control on it pursuant to article 2359 of the Italian Civil Code and to article 93 of the Consolidated Law;
- on 28 February 2003, Fintad – together with all the other IBI International Business Advisors Investment N.V. (hereinafter “**IBI N.V.**”) shareholders – contributed to Alerion share capital the entire participation in IBI N.V. share capital (hereinafter, respectively, the “**Contribution Date**” and “**Contribution**”);
- on the Contribution Date, IBI N.V. owned the entire share capital IBI Corporate Finance, which held no. 2.000.000 Enertad shares, representing 3.99% of its share capital; consequently on the same date, and following the Contribution, the following events simultaneously happened:
  - (i) Fintad subscribed no. 25,449,060 Alerion’s new shares, representing 6.1% of its share capital (participation subsequently decreased to 3.56% of the share capital);
  - (ii) Alerion held 100% of IBI N.V. share capital and so –in light of the circumstances mentioned above – also held, through IBI Corporate Finance, the 3.99% of Enertad share capital;
  - (iii) Alerion, considering Enertad participation, equal to 0,24%, directly purchased in the period between August and November 2003, now totally holds the 4.23% of Enertad share capital;
- in light of what above mentioned , the event described in article 121, third paragraph of the Consolidated Law occurred, because:
  - (i) Fintad became owner of the 6.1% of Alerion share capital;
  - (ii) Alerion became owner, through IBI Corporate Finance, of a participation equal to the 3,99% in Enertad share capital;
- it is impossible to determine the order of Participation purchases mentioned above, because they were purchased simultaneously by the Contribution Date, as a consequence of the Contribution itself.

Hereafter are represented the main provisions of the Shareholders Agreement.

**1. Companies whose financial instruments are the subject of the Shareholders Agreement.**

- Alerion Industries S.p.A., with registered office in Milan, Via Durini 16/18 (“Alerion”), entirely subscribed and paid up share capital equal to Euro 148,04,689.75, divided into no. 400,112,675 ordinary shares at a nominal value of Euro 0.37 each.

Alerion is listed on the Telematic Stock Exchange (Mercato Telematico Azionario).

- EnerTAD S.p.A. with registered office in Milan, Corso Porta Nuova 13/15, (“Enertad”): entirely subscribed and paid up share capital equal to Euro 94,865,881, shared in no. 94,865,881 ordinary shares at a nominal value of Euro 1.00 each.

Enertad is listed on the Telematic Stock Exchange (Mercato Telematico Azionario).

**2. Shares which are the subject of the Shareholders Agreement.**

The Agreement concerns a total amount of 6,263,001 Alerion shares, representing the 1.56% of its share capital, held by Fintad International S.A., and a total amount of 14,595,886 Enertad shares, representing the 15.39% of its share capital, held by Alerion Industries S.p.A., or rather the exceeding part over 2% of their respective share capital.

**3. Parties of the Shareholders Agreement**

The number of shares owned by each Enertad and Alerion Shareholder, and the percentage they represent compared with the total amount of Alerion and Enertad shares are mentioned below:

- Alerion Industries S.p.A., owns 16,493,204 Enertad shares, representing the 17.39% of Enertad share capital;
- IBI Corporate Finance B.V., controlled by Alerion, owns no 0 Enertad shares, representing the 0% of Enertad share capital;
- Fintad International S.A., owns no. 14,265,265 Alerion shares, representing the 3.56% of Alerion share capital.

**4. Main provisions of the Shareholders Agreement**

**4.1. Fintad International S.A. participation in Alerion**

**4.1.1** Fintad International S.A. undertakes for the entire duration of the Shareholders Agreement, to exercise the voting rights during Alerion ordinary and extraordinary shareholders’ meetings, with reference to a number of shares not exceeding 2.00% of Alerion share capital.

**4.1.2** In case of variations in Alerion’ share capital for whatever reason during the term of the Shareholders Agreement, the exercise of the voting right by Fintad International S.A. will be in every case limited to a number of shares not exceeding 2.00% of Alerion share capital, as modified.

**4.2. Alerion and IBI Corporate Finance B.V. participation in Enertad**

**4.2.1** IBI Corporate Finance B.V. and Alerion could exercise the voting rights in Enertad ordinary and extraordinary shareholders’ meeting referring to the entire participation they hold in Enertad.

**4.2.2** In case of variations in Alerion and IBI Corporate Finance B.V. participation in Enertad, during the term of the Shareholders' Agreement, Alerion and IBI Corporate Finance B.V. shall exercise the voting right in Enertad ordinary and extraordinary shareholders' meeting referring to the entire Alerion and IBI Corporate Finance B.V. participation in Enertad, as modified.

## **5. Term**

The Agreement is effective for three years from date of signature.

In the event that one of the Shareholdings would become equal or lower than 2,00%, the Agreement will be deemed automatically terminated, and each Party could exercise its voting right referring to the entire participation it holds.

## **6. Filing**

The Shareholder's Agreement will be filed at the Milan Companies' Registry Office.

10 January 2005

It is referred that on August 10th 2004:

**Fintad International S.A., Tadfin S.p.A. and Alerion Industries S.p.A.** (hereinafter jointly the "Shareholders")

Have entered into a shareholders agreement (the "**Shareholders Agreement**") concerning **EnerTAD S.p.A.** shares, conferring the shares they held into a syndicate (the "**Syndicate**") – in the amount specified as follows.

Hereafter are described the main terms and conditions of the Shareholders Agreement.

### **1. Companies whose financial instruments are syndicated.**

**Enertad S.p.A.** with registered office in Milan, Corso Porta Nuova 13/15, (hereinafter "**Enertad**" or the "**Company**"): share capital entirely subscribed and paid up of Euro 94,865,881, divided into no. 94,865,881 ordinary shares at a nominal value of Euro 1.00 each. EnerTAD is listed on the Telematic Stock Exchange (Mercato Telematico Azionario).

### **2. Syndicated shares**

The Syndicate concerns a total amount of 65,525,726 shares of the Company (the "**Syndicated Shares**"), representing the 69.07% of its share capital. It is underlined that Shareholders brought into the Syndicate their entire participation.

Alerion syndicated also shares owned by its subsidiary **IBI Corporate Finance B.V.**, with registered office in Amsterdam ("**IBI**").

### **3. Parties of the Syndicate and participations conferred**

The following table shows the number of shares conferred into the Syndicate by each Shareholder, and the percentage they represent with reference to (i) the total number of syndicated shares and (ii) the total number of EnerTAD shares after the execution of the capital increase resolved on 10 May 2004.

Participants	No. of syndicated shares	% upon the whole of syndicated shares	% of the Company share capital
Fintad International S.A.	31,227,522	48.7%	32.92%
Tad Fin S.p.A.	16,495,000	25.6%	17.39%
Alerion Industries S.p.A.	16,493,204	25.7%	17.39%
<b>Total</b>	<b>64,215,726</b>	<b>100%</b>	<b>67.70%</b>

Each Shareholder has also undertaken to confer into the Syndicate all further shares it will own for whatever reason.

It is remarked that dott. Luigi Agarini, through Fintad International S.A. and Tadfin S.p.A. is the controlling shareholder of Enertad.

#### 4. Main provisions of the Syndicate

##### 4.1 Right of First Refusal

4.1.1. In the event Fintad and/or Tadfin intend to transfer to third parties all or part of their shareholding in the Company, they will make, by means of a notice sent by registered mail with notice of receipt, a Sales Offer (hereunder the "Sales Offer") to Alerion indicating the number of Shares they intend to transfer and their percentage of the share capital, price requested, and terms of the disposal including terms of payment.

4.1.2 In that case, Alerion will be entitled to sell all and no less than all the shares subject of the Sales Offer at the price, terms and conditions set out in the same Sales Offer.

4.1.3 For this purpose Alerion, within and not longer than 30 days from receipt of the Sales Offer, shall send to Fintad and/or Tadfin a communication regarding its acceptance by registered post with notice of receipt.

4.1.4 Alerion purchase and payment of the shareholding in the accepted Sales Offer must occur within 30 days from the date of acceptance, as set out in the point 4.1.3, without prejudice of the longer term eventually indicated in Sales Offer, using immediately available funds, at the time of payment, for Fintad and/or Tadfin.

4.1.5 In Alerion would not accept the Sales Offer in the term set out in the point 4.1.3, Fintad and/or Tadfin will have the possibility to sell to third parties all and no less than all the shares subject of the Sales Offer, at the price and conditions set out in the same Sales Offer, for a period of 90 days from the expiration of the 30 days term set out in the point 4.1.3.

4.1.6 Provisions contained in this article 4 shall apply also to every transfer relating to convertible bonds, warrants and/or option rights in case of capital increase.

4.1.7 For the purposes of this article, transfer means every transaction (i.e. including without limitation sale, barter, transfer for free, contribution, merger and winding up), by means of which Fintad and/or Tadfin directly or indirectly shall transfer directly or indirectly to third parties the ownership, bare ownership or usufruct of the offered participation.

4.1.8 This article does not apply to transfers in favour of subsidiary, controlling or subjected to joint control companies, assuming a definition of control pursuant to article 2359 of the Italian Civil Code.



## **4.2 Tag along**

**4.2.1** Fintad and Tadfin have undertaken, also on behalf of the third parties pursuant to Article 1381 of the Italian Civil Code, to ensure that Alerion, without prejudice to the right set out in the article 4.1, in the event that the transfer of shareholding by Fintad and/or Tadfin is such as to decrease said companies' joint shareholding in EnerTAD to less than 50% plus one share of the share capital, will be allowed to sell to the purchasing third party its whole shareholding in the Company at the same terms as set out in the previous paragraph.

In the event that Alerion would not exercise the faculty mentioned in the above paragraph, Alerion will have the same faculty in the occasion of every subsequent sell, made by Fintad and/or Tadfin.

Any share assignation from Fintad and/or Tadfin, which could cause a decrease in the EnerTAD participation jointly owned by the above mentioned companies below 30%, shall concern their entire remaining participation.

**4.2.2** For that purpose, within and not longer than 30 days from receiving Fintad and/or Tadfin notice, Alerion will have to communicate, by means of communication sent by registered post with notice of receipt, if it intends to exercise its tag along right as set out in this article.

**4.2.3.** For the purposes of this article, transfer means every transaction (i.e. including without limitation sale, barter, transfer for free, contribution, merger and winding up), by means of which Fintad and/or Tadfin directly or indirectly shall transfer directly or indirectly to third parties the ownership, bare ownership or usufruct of the offered participation

## **5. Company's Bodies**

### **5.1 Extraordinary Shareholder's Meeting**

Extraordinary Shareholders' Meeting shall resolve with the favourable vote of all syndicated shares.

### **5.2 Board of Directors**

The Company will be directed by a Board of Directors composed by 7 members.

Alerion will have the right to appoint 2 members.

### **5.3 Board of Auditors**

In order to appoint Auditors, Fintad and Tadfin will use their best endeavours to cause the Board of Auditors to be composed by three effective and two alternate members, an effective and an alternate member of which will be appointed by Alerion. The Chairman of the Board of Statutory Auditors will be appointed by Fintad and Tadfin.

## **6. Term**

The Shareholders' Agreement is effective for three years from date of signature.

The Shareholders' Agreement will be considered automatically extended for further three years in case none of the Shareholders communicates the intention to withdraw with a six months notice before the expiration date.

The Shareholders' Agreement shall be terminated in the event that Alerion's shareholding in EnerTAD will directly and/or indirectly decrease below 10%.

**7. Filing**

The Shareholder's Agreement text will be filed, within the term provided by applicable regulation, before the Milan Companies' Register.

10 January 2005

## **O. DOCUMENTS AVAILABLE TO THE PUBLIC AND PLACES WHERE SAID DOCUMENTS ARE AVAILABLE**

The following documents are available to the public for consultation at the registered office of the Issuer, of the Offeror, at Borsa Italiana and the Intermediary tasked with Coordination

regarding the Issuer:

- (i) Financial statements and consolidated financial statements of EnerTAD, together with Auditors' reports, regarding years ended 31 December 2004 and 31 December 2005;
- (ii) consolidated quarterly report of EnerTAD as at 31 March 2006;
- (iii) information memorandum pursuant article 71 of Issuer Regulation relating to the dismissal of the business unit "Steel".

regarding the Offeror

- (i) Financial statements and consolidated financial statements of ERG, together with Auditors' report, regarding years ended 31 December 2004 and 31 December 2005;-
- (ii) quarterly consolidated report of ERG as at 31 March 2006.

## **P. STATEMENT OF RESPONSIBILITY**

ERG, with registered office in Milan, Via Nicola Piccinni 2 is responsible for the completeness and truthfulness of the data and information contained in the Offer Document.

ERG declares that, to the best of its knowledge, data contained in the Offer Document are accurate and there are no material omissions.

**ERG S.p.A.**

Chief Executive Officer

Alessandro Garrone