

WIND FARMS ACQUISITIONS
THIRD QUARTER 2006: APPROVED

1. WIND FARMS ACQUISITIONS

As a consequence of the latest acquisitions, Alerion, through its subsidiary, Alerion Energie Rinnovabili, controls, including through special purpose vehicle companies, 192 MW of wind power fully permitted and 200 MW of wind power in course of authorization.

2. THIRD QUARTER 2006: APPROVED

Investments portfolio	144.2 Euro/m (113.8 Euro/m as at 31.12.2005) due to approx. 30.4 Euro/m of investments carried out, for the most part in renewable energy and real estate sectors.
Net equity, book value	146.3 Euro/m 152.0 Euro/m as at 31.12.2005)
Net financial position	negative for 14.8 Euro/m (positive for 17.6 Euro/m as at 31.12.2005) due to the above-mentioned investments for 30.4 Euro/m
Net group result	-8.6 Euro/m (-3.8 Euro/m as at 30.9.2005) Affected by non monetary costs linked to the negative results of associated companies (in start up or turnaround phase) for 3.7 Euro/m and application of IFRS criterion 2 for 0.9 Euro/m.

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## **1. WIND FARMS ACQUISITIONS**

As of today's date, through the subsidiary, Alerion Energie Rinnovabili, 85% of the capital of Eolo S.r.l. has been acquired, a company owning an operational wind farm, located in Campania, of 8.5 MW, and a shareholding equal to 15% of the capital of Dotto S.r.l. which, in turn, has started the construction of another wind project, also located in Campania, for an installed power capacity of 20 MW. At the same time, Alerion has underwritten a purchase option for a further 36% of the capital of Dotto S.r.l, up to 51%, which can be exercised between July 2007 and June 2008.

The payment for the transaction is equal to 5.3 Euro/millions, entirely covered with its own resources.

Eolo's wind farm came on stream in 2005, generating an annual EBITDA of 1.4 Euro/millions.

Completion of the work – with an overall investment in the order of 25 Euro/millions – and the start up of Dotto's wind farm (20 MW) are scheduled for the first months of 2007.

In addition, Alerion Energie Rinnovabili has underwritten two further preliminary contracts for the purchase, respectively, of 51% of a company owning construction and management rights over a 28 MW wind farm in Sicily, and 100% of a company owning construction and management rights over a 34 MW wind farm in Puglia.

The overall investment for the realisation of the two wind farms will be equal to approximately 103 Euro/millions, covered by its own resources provided by partners and with recourse to project financing.

Construction work has already been started in Sicily while in Puglia works are scheduled to begin in the first months of 2007. It is expected that the two wind farms will start production in 2008 with an annual production, when fully operational, of approx 130 GWh.

**In light of the latest acquisitions, Alerion, through its subsidiary, Alerion Energie Rinnovabili, controls, including through specifically appointed companies, 192 MW of wind power fully permitted and 200 MW of wind power in course of authorization.**

## **2. THIRD QUARTER 2006: APPROVED**

The Board of Directors of Alerion Industries S.p.A. has examined and approved, as of today's date, the consolidated accounts tables as of 30 September 2006.

Due to the nature of Alerion Industries S.p.A. as an investment holding, it should be underlined that:

- The nature of the activities carried out by the Group make the infra-annual results relatively insignificant. The profitability results are, indeed, significantly linked to the realisation, over the medium term, of capital gains on disinvestment.
- The indicator that best summarises the Group's management results is represented by the change in the consolidated net equity for the period under consideration, while also taking into account the value of the portfolio of listed investments (latent gross capital gains of 4.1 Euro/millions with respect to current quotations) and the value that is currently being created with initiatives in the start up phase, including those in the renewable energy sector (through Alerion Energie Rinnovabili S.r.l.).

More specifically, the activity carried out has focused on:

- the above-mentioned business development activities in the renewable energy sector (wind and photovoltaic), within the context of which Alerion Energie Rinnovabili S.r.l. has launched the development of projects in its portfolio.
- the valorisation activities relative to the stake held in EnerTAD S.p.A. (equal to 17.03% of capital), which have seen Alerion define with ERG guidelines for the joint development of the respective activities in the wind energy sector, in addition to the definition of the terms by which ERG itself has acquired control of EnerTAD, as well as the respective roles as partners of the same. The said agreement, among other things, makes it possible to accrue, by the end of 2007, significant capital gains and commissions.
- the consolidation of the presence, in the real estate sector, subsequent to the conclusion of the proportional partial spin off of the associated company, Reno De Medici S.p.A., which occurred on 21 June 2006, as a result of which the beneficiary, RDM Realty S.p.A., listed on Mercato Expandi, came into being.

The strategic project of RDM Realty, relative to which – within the context of the spin off - real estate assets have been transferred that were not instrumental relative to the industrial activity present in the portfolio of the Reno De Medici group, has focused on the construction, including via a process of integration with other operators, of a balanced real estate portfolio relative to families and companies, integrating income production assets and real estate development initiatives. Alerion is a reference shareholder of RDM Realty, with a stake of 26.18% as at 30 September 2006.

The associated company, RDM Realty, on 11 September 2006, launched a capital increase, offered as an option to partners for 49.4 Euro/millions, following the conclusion of which, on 13 October 2006, Alerion now has a stake of 29.32%.

- concerning the consultancy business, the activity, in the first nine months of 2006, has focused on:
  - i) the operational support extended to the associated company, Reno De Medici, relative to both the conclusion of the spin off plan and the refinancing of the residual debenture loan of 145 million Euro; and ii) the assistance extended to the associate company, RDM Realty, relative to the capital increase concluded in September. The above-mentioned consulting services are for the most part remunerated via success fees, which have already accrued as of the date of approval of the present report.

**ALERION**

The consolidated assets comprising the investments portfolio are equal to 144.2 Euro/millions, with respect to 113.8 Euro/millions at the end of 2005, of which 90.1 Euro/millions are classified among financial fixed assets and 54.1 Euro/millions are classified under current assets (respectively 59 Euro/millions and 54.8 Euro/millions at the end of 2005).

**It is important to underline that, on the basis of current stock exchange prices, the market value of the listed investments (RDM Realty and Reno De Medici) is greater than the Alerion book value by approx. 4.1 Euro/millions.**

On 30 September 2006, the group, due to the investments carried out in the renewable sources energy sector, displays a net negative financial position for 14.8 Euro/millions, changing from 17.6 Euro/millions at the end of 2005.

The Group economic result indicates a loss of 8.6 Euro/millions (30.9.2005: loss of 3.8 Euro/millions), essentially due to the:

- pro-quota of the results of subsidiaries evaluated using the shareholders' equity method, negative for an overall sum of 3.7 Euro/millions (30.9.2005: negative for 1.9 Euro/millions);
- non recurrent costs for approx. 0.5 Euro/millions, linked to activities regarding the EnerTAD investment;
- lower contribution of results generated by the consultancy activity. It should be noted that, in addition to assignments carried out in favour of the associated companies, Reno De Medici and RDM Realty, consultancy area resources also focused on operational support to group companies within the context of the renewable sources energy business.

Operating costs in the first 9 months, equal to 6 Euro/millions, are less than those in the same period of 2005, net of non recurrent costs for 0.5 Euro/millions.

As stated by current regulations, the present press release is accompanied by the reclassified tables of the consolidated statement of operations, of the consolidated balance sheet and of the consolidated net financial position.

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Milan, 14 November 2006

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ALERION
ALERION CONSOLIDATED FINANCIAL STATEMENTS – Reclassified Balance Sheet (Euro/mil)

	30.09.2006		31.12.2005	
Goodwill	3.9	2.7%	3.9	2.6%
Milan, Via Durini property	22.4	15.3%	22.4	14.7%
Other intangible and capital properties	0.5	0.3%	0.4	0.2%
TANGIBLE AND INTANGIBLE FIXED ASSETS	26.8	18.4%	26.7	17.6%
Reno de medici S.p.A.	33.8	23.1%	39.6	26.1%
RDM Realty S.p.A.	17.7	12.1%	0.0	0.0%
Enertad S.p.A.	49.9	34.1%	46.8	30.8%
Investments for trading purposes	0.0	0.0%	0.4	0.2%
<i>Investments in listed shareholdings (a)</i>	<i>101.4</i>	<i>69.3%</i>	<i>86.8</i>	<i>57.1%</i>
Investments in the renewable sources energy sector	19.7	13.4%	1.3	0.9%
Sviluppo del Mediterraneo S.p.A.	5.9	4.0%	6.4	4.2%
Mediapason S.p.A.	9.0	6.1%	9.0	5.9%
Other investments	8.2	5.6%	10.3	6.8%
<i>Other investments (b)</i>	<i>42.8</i>	<i>29.2%</i>	<i>27.0</i>	<i>17.8%</i>
TOTAL INVESTMENTS (a+b)	144.2	98.6%	113.8	74.9%
REAL ESTATE ASSETS	1.4	0.9%	1.5	1.0%
NET OPERATING ASSETS	- 3.3	(2.3%)	0.7	0.5%
Liquidity	4.7	3.2%	21.8	14.3%
Financial payables	- 27.5	(18.8%)	- 12.5	(8.2%)
INDEBTEDNESS (-) NET (+) LIQUIDITY	- 22.8	15.6%	9.3	6.1%
MINORITY INTEREST NET EQUITY	0.0		0.0	
GROUP NET EQUITY	146.3	100.0%	152.0	100.0%

ALERION

ALERION CONSOLIDATED FINANCIAL STATEMENTS – Reclassified statement of operations
(Euro/millions)

	30.09.2006	30.09.2005
Investments activities results	(3.5)	(0.7)
Real estate activities results	0.4	1.1
Consultancy activities results	1.1	2.4
Other revenues	0.1	0.0
OPERATIONAL INCOME AND REVENUES	(1.9)	(2.8)
<i>Cost of human resources (employees and Board of Directors)</i>	(2.4)	(2.3)
<i>Other operating costs</i>	(3.6)	(3.6)
Operating costs	(6.0)	(5.9)
EBITDA	(7.9)	(3.1)
Write downs and depreciations	(0.1)	(0.2)
EBIT	(8.0)	(3.3)
Financial management	0.0	0.3
EBT	(8.0)	(3.0)
Taxes	(0.7)	(0.8)
Minority interest result	0.1	0.0
GROUP NET RESULT	(8.6)	(3.8)

ALERION
ALERION CONSOLIDATED FINANCIAL STATEMENTS – Net financial position (Euro/millions)

	30.09.2006	31.12.2005	Variation	30.06.2006
	(a)	(b)	(a-b)	
<i>Non current financial liabilities</i>				
-Payables to other financiers (via Durini property)	2.9	3.5	(0.6)	3.1
-Debenture loan	4.8	6.4	(1.6)	4.8
-Payables to other financiers (wind projects)	3.5	-	3.5	4.0
Total non current financial liabilities	11.2	9.9	1.3	11.9
<i>Current financial liabilities</i>				
-Payables to other financiers (via Durini property)	0.8	0.8	0.0	0.8
-Debenture loan	1.6	1.6	-	1.6
-Interest on debenture loan	0.1	0.2	(0.1)	0.1
-Borrowings from banks	11.8	-	11.8	-
-Payables to associated companies (Mirant Italia S.r.l.)	2.0	-	2.0	1.3
Total current financial liabilities	16.3	2.6	13.7	3.8
Total gross financial indebtedness	27.5	12.5	15.0	15.7
<i>Cash and other equivalent liquid assets</i>				
-cash	(4.7)	(9.8)	5.1	(7.3)
-repos and other instruments	-	(12.0)	12.0	(2.9)
Total cash and other equivalent liquid assets	(4.7)	(21.8)	17.1	(10.2)
Net Indebtedness (+) / Liquidity (-)	22.8	(9.3)	32.1	5.5
<i>Non current financial receivables</i>	(4.0)	(0.1)	(3.9)	(2.6)
<i>Current financial receivables</i>	(4.0)	(8.2)	4.2	(4.5)
Net financial position	14.8	(17.6)	32.4	(1.6)