



JOINT PRESS RELEASE

ESTABLISHMENT OF A WATER CONGLOMERATE AND GLOBAL VOLUNTARY TAKEOVER BID ON MEDITERRANEA DELLE ACQUE S.P.A.

- Iride Acqua e Gas (“IAG”) , a company belonging to the Iride Group, has started off the concentration and development of its shareholdings related to the management of the water related services in the province of Genoa, in order to pursue the rationalization of its corporate structure and the implementation of its investment plan having a value of approximately Euro 750 million.
- In this perspective IAG as of today has entered into a framework agreement with F2i Rete Idrica Italiana S.p.A. (“F2i Idrica”) and F2i SGR S.p.A., aimed in particular, to regulate the terms and conditions for the entrance of F2i Idrica in the water conglomerate which IAG intends to create.
- The investment engagement of F2i Idrica in the subsidiary of IAG, San Giacomo S.r.l. “San Giacomo”), shall be subject to the certain events among which, in particular:
 - the contribution into San Giacomo (i) of the shareholding owned by IAG in Mediterranea delle Acque S.p.A. (“Mda”) – equal to 68.323% of the relevant corporate capital, (ii) of other shareholdings owned by IAG in other companies operating in the ATO of Genoa;
 - the purchase by San Giacomo of the shares owned in Mda by Veolia Eau Compagnie Generale des Eaux S.A. (equal to approximately 17.90% of the relevant corporate capital) at a price of Euro 3.00 (three) per share.
- Subject to the fulfilment of the conditions precedent above and to the consequent investment in San Giacomo carried out by F2i Idrica, San Giacomo will launch a global voluntary takeover bid on all the remaining shares of Mediterranea delle Acque at the price of Euro 3.00 (three) per share, approximately in June 2010.

Milan, 24th May - Today, IAG, a wholly owned subsidiary of Iride S.p.A. (a company, in turn, jointly owned by the municipalities of Genoa and Turin), on one side, and F2i SGR S.p.A. , which acts on the name, on behalf and in the interest of the close-ended investment fund opened exclusively to qualified investors named “F2i – Fondo Italiano per le Infrastrutture” – and F2i SGR S.p.A., on the other side, have entered into an agreement (the “*Framework Agreement*”) by which they have agreed upon, *inter alia*, the terms and conditions for:

- The concentration and development of the business carried out by Mda, a subsidiary directly owned by IAG, as well by other subsidiaries directly owned by IAG

(specifically, Amter S.p.A. and Idrotigullio S.p.A. hereinafter defined, jointly with MdA, the “**MdA Group**”);

- The financial investment which will be carried out by F2i Idrica for purpose of the aforesaid industrial reorganization.

Pursuant to the provisions of the Framework Agreement, F2i Idrica will act as partner of IAG, with a progressive investment, which will eventually result in F2I owning a shareholding between 33,33% and 40% in San Giacomo, a company which is currently a wholly owned subsidiary of IAG and thorough which IAG and F2i Idrica intend to implement a project for the concentration and development of the of the water related services (the “**Project**”), in accordance with the modalities and terms described hereunder. Without prejudice for the minimum shareholding of 60% owned by IAG, F2i idrica will have the option, in the event of global adherence to the OPA (see Paragraph 4 below), to reach a maximum shareholding of approximately such 40%.

The investment of F2i Idrica pursuant to the Framework Agreement is subject certain events, which constitute the conditions precedent under the Framework Agreement, as more fully described under Paragraph 2 hereunder.

1. Assumptions and Goals of the Project

IAG is the company belonging to the Iride Group head of sector of the services inherent to the water cycle as well as to supply of the methane gas in the local network and, in the framework of such activities, it has been entrusted with the management of the “*servizio idrico integrato*” (“**SII**”) in the “*Ambito Territoriale Ottimale*” in the Province of Genoa (“**ATO of Genoa**”) in which are active, as safeguarded managing entities, also MdA and subsidiaries/affiliates of IAG.

By virtue of the new legal framework established by the Legislative Decree 135/2009 (“**Decreto Ronchi**”) which has reshaped the regulation in the business sector where IAG is operating, and considering the local fragmentation which characterizes the SII in Italy, IAG has elaborated the Project in order to allow IAG to become, through the Mda Group, with the support of F2i Idrica and also by a growth through external lines, one of the leading operators of the SII in Italy, as for size and extension of the service on the national territory.

The Project, therefore, aims at enabling IAG, also through MdA and with the support of F2i Idrica:

(i) to achieve – in the ATO of Genoa – operative and economic efficiencies, by aggregating activities which are as of today spread among different companies, in order to allow the SII in the ATO of Genoa to become functionally autonomous from the management of other “*Ambiti Territoriali Ottimali*” that IAG is currently managing or may manage in the future, and

(ii) to be in a position, also from a financial point of view, to implement (a) the investments plan contemplated in the “*Piano d’Ambito*” related to the ATO of Genoa, and (b) a program of participation to the future public tender offers for the acquisition of shareholdings or the management of additional “*Ambiti Territoriali Ottimali*”, upon entering into force of the new legal framework provided for by the Decreto Ronchi.

2. Conditions Precedent to the Commencement of the Project

According to the Framework Agreement, the commencement of the Project is subject to, by 8th June 2010, the following circumstances (“***Conditions Precedent***”):

- San Giacomo carrying out the purchase of the shareholding owned in Mda by Veolia Eau Compagnie Generale Des Eaux S.A. – a subsidiary owned by Veolia Environnement S.A. – (“***Veolia***”), equal to 17,1% of the corporate capital of Mda (the “***Purchase***”);
- Also as a result of the Purchase, certain administrative proceedings initiated by companies belonging to Veolia Group, being settled;
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- IAG aggregating in San Giacomo, by means of contribution (the “***Contribution IAG***”):
 - the entire shareholding owned by IAG in Mda (equal to approximately 68,32% of the relevant corporate capital); such transaction is exempted by the obligation to launch a mandatory offer envisaged by article 106 of TUF as transaction performed within the same group;
 - the shareholding currently owned by IAG in Amter S.p.A. and in Idro-Tigullio S.p.A. (equal respectively to approximately 49% and 66.55% of the respective corporate capital).

3. Participation of F2i Idrica to the Project

Further to the fulfilment of the Conditions Precedent, the capitalization engagement of F2i Idrica in San Giacomo will become effective; in accordance with the provisions of the Framework Agreement, it is envisaged that, immediately following the fulfilment of the Conditions,

(i) F2i Idrica shall carry out a first investment in San Giacomo, within 2 days from the Conditions Precedents by subscribing a capital increase in the company for an aggregate amount equal to Euro 39,500,00.00, that is the amount paid by San Giacomo for the Purchase (the “***First Capital Increase F2i Idrica***”);

(ii) at the date of the resolution by San Giacomo shareholders’ meeting of the First Capital Increase F2i Idrica, IAG and F2i Idrica shall enter into a shareholders’ agreement (the “***Shareholder’s Agreement***”), falling under the scope of article 122 of Legislative Decree 58/1998, as amended (the “***TUF***”), which, although not attributing to F2i Idrica any controlling rights on San Giacomo, will provide for the attribution of certain rights of governance in favour of F2i Idrica, in order to safeguard the investment of F2i Idrica in Project. Such rights will include, *inter alia*, the right to designate the minority of the members of the board of directors (among with the Vice Chairman) as well as an effective and an alternate member of the board of statutory auditors of San Giacomo; qualified majorities for the resolutions of both the shareholders’ meetings and the board of directors on specific subject matters (with the provision of a procedure against deadlocks, under certain circumstances, in the event of reiterated impossibility to adopt a resolution), limits to the transferral of the shareholdings owned in San Giacomo.

Further the Purchase, the Contribution IAG as well as the subscription of the First Capital Increase F2i Idrica:

- San Giacomo shall have a corporate capital of nominal Euro 11,639,592.00, subscribed and paid in, of which 85.91% owned by IAG and 14.09% owned by F2i Idrica, as minority shareholder.
- The corporate capital of Mda will be owned as follows: (i) approximately 85,4% by San Giacomo, approximately (ii) 5.1%, by Impregilo International Infrastructure N.V., (iii) approximately 0,1% (as Mda own shares), by Mda, (iv) the remaining portion, by the market (equal to 9.4%).

4. Public Tender Takeover Bid Launched by San Giacomo,

The Project pursues the goal, *inter alia*, to obtain the delisting of the Mda shares from the “Mercato Telematico Azionario” organized and managed by Borsa Italiana S.p.A., through the launch by San Giacomo of a global voluntary takeover bid (“OPA”), on all the ordinary Mda shares which are not owned by the San Giacomo, equal to no. 11,185,853 shares, amounting to 14.6% of the corporate capital of the Mda, including no. 95,040 Mda own shares owned by Mda and equal to 0.1% of the relevant corporate capital or, in any case, by means of the merger thorough incorporation of Mda in San Giacomo. The OPA will be possibly followed, the relevant requirements being present subsequent to the OPA, by the execution of the obligation under article 108 of TUF and/or the exercise of the power as per article 111 of the TUF.

According to the provisions of the Framework Agreement, San Giacomo will resolve on the launching of the OPA subject to the fulfilment of the Conditions Precedent and to the subscription of the First Capital Increase F2i Idrica. Subject to such events, the OPA will be launched by San Giacomo in June 2010.

Therefore, the essential terms and conditions of the OPA will be, if necessary, disclosed by San Giacomo, only upon the occurrence of such events, by means of a separate press release disclosed pursuant to article 102 of the TUF. The timeline of the OPA will be agreed upon with the market Authorities, in compliance with the applicable law and regulations.

With respect to the OPA, it is hereby specified that the price announced by San Giacomo, as the offeror, in relation to any share of Mda is equal will be equal to Euro 3.00 (three), which is equal to the price per share paid by San Giacomo to Veolia in the framework of the Purchase.

The aforesaid price includes a premium of approximately 15.8% with respect to the official unitary price of the Mda ordinary shares as of 21 May 2010, equal to Euro 2.59, as well as the following premiums with respect to the official prices point average related to the reference periods indicated below.

Period	Premiums/ (Discounts) (Source: Datastream)
1 months	18.3% approximately
3 months	17.5% approximately

6 months	15.3% approximately
12 months	25.8% approximately

The maximum amount to be paid in consideration for the OPA, calculated with respect to the total number of shares subject to the OPA, shall therefore be equal to approximately Euro 33.6 million.

5. Financial Engagement of F2i Idrica for the OPA

In order to facilitate the execution of the Project with the financial support of F2i Idrica, simultaneously with the resolution of the First Capital Increase F2i Idrica, the shareholders' meeting of San Giacomo will resolve upon a further capital increase allocated to F2i Idrica for an amount of approximately Euro 40 millions, to be paid in prior to the payment of the consideration for the shares which will be brought in adherence to the OPA (the "**Second Capital Increase F2i Idrica**"), for purpose, *inter alia*, to provide San Giacomo with the financial means necessary for the aforesaid payment.

Following the completion of the Second Capital Increase F2i Idrica, F2i Idrica will own a shareholding equal to approximately Euro 24.8% of the corporate capital of San Giacomo.

6. Further Sections Subsequent to the OPA

IAG and F2i Idrica undertake, within the Framework Agreement, to cause that, the relevant requirements being resented subsequent to the OPA, San Giacomo to fulfil the obligation to purchase the remaining shares of MdA as per article 108 of the TUF ("**Sell Out**") and/or exercise the right to purchase such shares as for article 111 of the TUF ("**Squeeze Out**").

IAG and F2i Idrica undertake, as it may be reasonably possible further to the completion of the procedures of Sell Out and/or Squeeze out (or further to the OPA, in the event the relevant requirements for the Sell Out and/or Squeeze Out should not be fulfilled):

- to initiate the process of transformation of San Giacomo from liability company ("*società a responsabilità limitata*") into a joint stock company ("*società per azioni*")
- to carry out all necessary steps to execute a merger through incorporation of MdA in San Giacomo (the "**Merger**").

It is hereby specified that – where applicable (and in particular in the event of the delisting of MdA shares pursuant to article 2437-quinquies of the Italian civil code, the shareholders who have not agreed upon the resolution approving the Merger, shall be granted with withdrawal rights).

It is also specified that, further to the Merger, according to the adherence to the OPA and on the basis on the provisions of the Framework Agreement (and in particular depending on the option granted to F2i Idrica to increase its shareholding, by means of a reserved capital increase, up to a maximum shareholding equal to approximately 40%) the shareholding of F2i

Ibrica in the company resulting from the above mentioned Merger may range between approximately 33,33% and 49% of the relevant corporate capital.

7. Advisors

As for the purposes of implementing the Project, IAG is assisted by Prof. Alessandro Morini and Freshfields Bruckhaus Deringer as legal consultants, and by UniCredit Corporate and Investment Banking as financial Advisor.

F2I is assisted by Chiomenti Studio Legale as legal advisor and by Lazard & Co. S.r.l. as financial advisor.

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