

Merger of Enìa with Iride

Valuation considerations

Draft

November 2009

PRELIMINARY | SUBJECT TO FURTHER REVIEW AND EVALUATION



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1. Transaction overview

Transaction overview

Shareholding analysis

Enia	
Shareholder	% Ownership
Reggio Emilia sub-pact	40.3%
<i>Reggio Emilia Municipality</i>	22.3%
<i>Other Municipalities in Reggio Emilia area</i>	18.0%
Parma and Piacenza sub-pact	22.6%
<i>Parma City Councils</i>	17.6%
<i>Piacenza City Councils</i>	4.7%
<i>Other Municipalities in Parma and Piacenza areas</i>	0.3%
Total Enia pact	62.9%
Free float	37.1%

Iride	
Shareholder	% Ownership
FSU	51.1%
<i>Turin Municipality</i>	25.5%
<i>Genova Municipality</i>	25.5%
FCT	11.4%
Intesa San Paolo	4.1%
Cassa di Risparmio di Torino	3.6%
Amber Capital	1.8%
Free float	28.1%

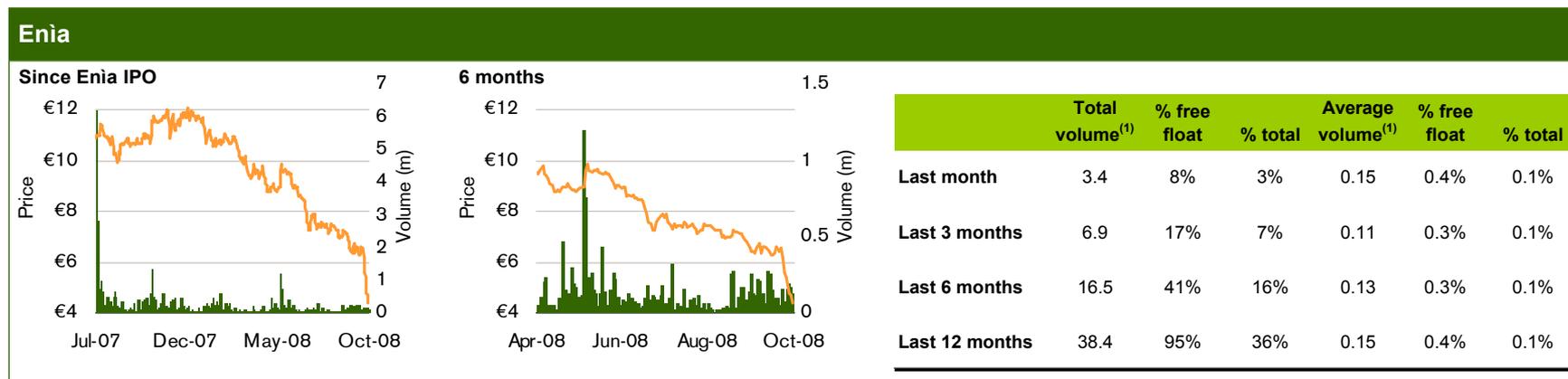
Combined entity	
Shareholder	% Ownership
New shareholders pact	51.0%
FSU	33.3%
Former Enia pact	17.7%
<i>Former Reggio Emilia sub-pact</i>	11.3%
<i>Former Parma and Piacenza sub-pact</i>	6.4%
Stakes held by municipalities outside new pact	4.2%
<i>Reggio Emilia Municipality</i>	1.5%
<i>Other Municipalities in Reggio Emilia area</i>	1.2%
<i>Parma Municipality</i>	1.2%
<i>Piacenza Municipalities</i>	0.3%
<i>Other Municipalities in Parma and Piacenza areas</i>	0.0%
FCT	7.4%
Intesa San Paolo	2.7%
CRT	2.3%
Free float	32.4%

2. Financial information on Enìa

Enia

Brief overview

Enia						
	2005	2006	2007	2007 1H	2008 1H	LTM
Revenues	1,032.2	1,198.8	1,169.2	573.8	665.4	1,260.8
<i>% growth</i>	NA	16.1%	(2.5%)		16.0%	
EBITDA	139	143	159	89	94	163
<i>% margin</i>	13.5%	11.9%	13.6%	15.6%	14.1%	13.0%
<i>% growth</i>	NA	2.9%	11.0%			
EBIT	63	68	76	48	49	76
<i>% margin</i>	6.1%	5.7%	6.5%	8.5%	7.4%	6.1%
<i>% growth</i>	NA	7.1%	11.6%			
Net income	20	27	27	20	27	35
<i>% margin</i>	1.9%	2.3%	2.3%	3.4%	4.1%	2.8%
<i>% growth</i>	NA	37.7%	1.0%		39.1%	
Net debt	566	550	441	658	595	
<i>Net debt / EBITDA</i>	4.1x	3.8x	2.8x	7.4x	6.3x	–
Market cap	NA	NA	1,267	NA	855	NA



Source: Company, information, Factset as of 10th October.

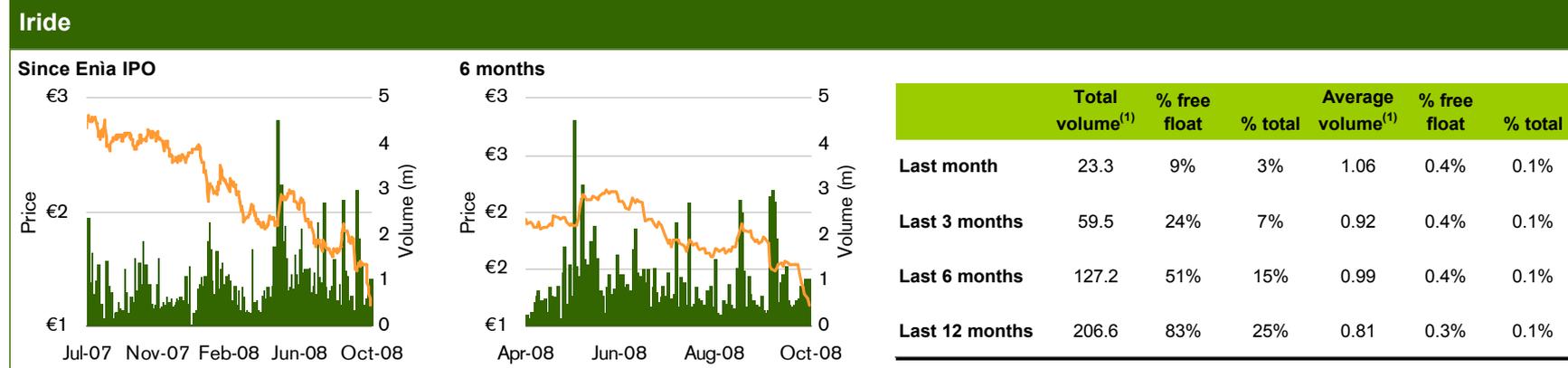
(1) Data in millions.

3. Financial information on Iride

Iride

Brief overview

Iride								
	2003	2004	2005	2006	2007	2007 1H	2008 1H	LTM
Revenues	1,093.0	1,371.0	1,816.0	2,504.0	2,492.0	1,102.0	1,193.0	2,583.0
<i>% growth</i>	2.4%	25.4%	32.5%	37.9%	(0.5%)			
EBITDA	207	221	300	295	322	171	197	348
<i>% margin</i>	18.9%	16.1%	16.5%	11.8%	12.9%	15.5%	16.5%	13.5%
<i>% growth</i>	7.9%	6.8%	35.7%	(1.7%)	9.2%			
EBIT	124	143	192	174	202	112	133	223
<i>% margin</i>	11.3%	10.4%	10.6%	6.9%	8.1%	10.2%	11.1%	8.6%
<i>% growth</i>	59.8%	15.3%	34.3%	(9.4%)	16.1%			
Net income	65	73	95	83	115	69	93	139
<i>% margin</i>	5.9%	5.3%	5.2%	3.3%	4.6%	6.3%	7.8%	5.4%
<i>% growth</i>	95.8%	12.3%	30.1%	(12.6%)	38.6%		34.8%	
Net debt	632	768	1,006	1,095	1,144	1,060	1,314	
<i>Net debt / EBITDA</i>	3.1x	3.5x	3.4x	3.7x	3.6x	6.2x	6.7x	
Market cap	594	865	964	1,803	1,865	1,923	1,428	NA



Source: Company, information, Factset as of 10th October.

(1) Data in millions.

4. Valuation material

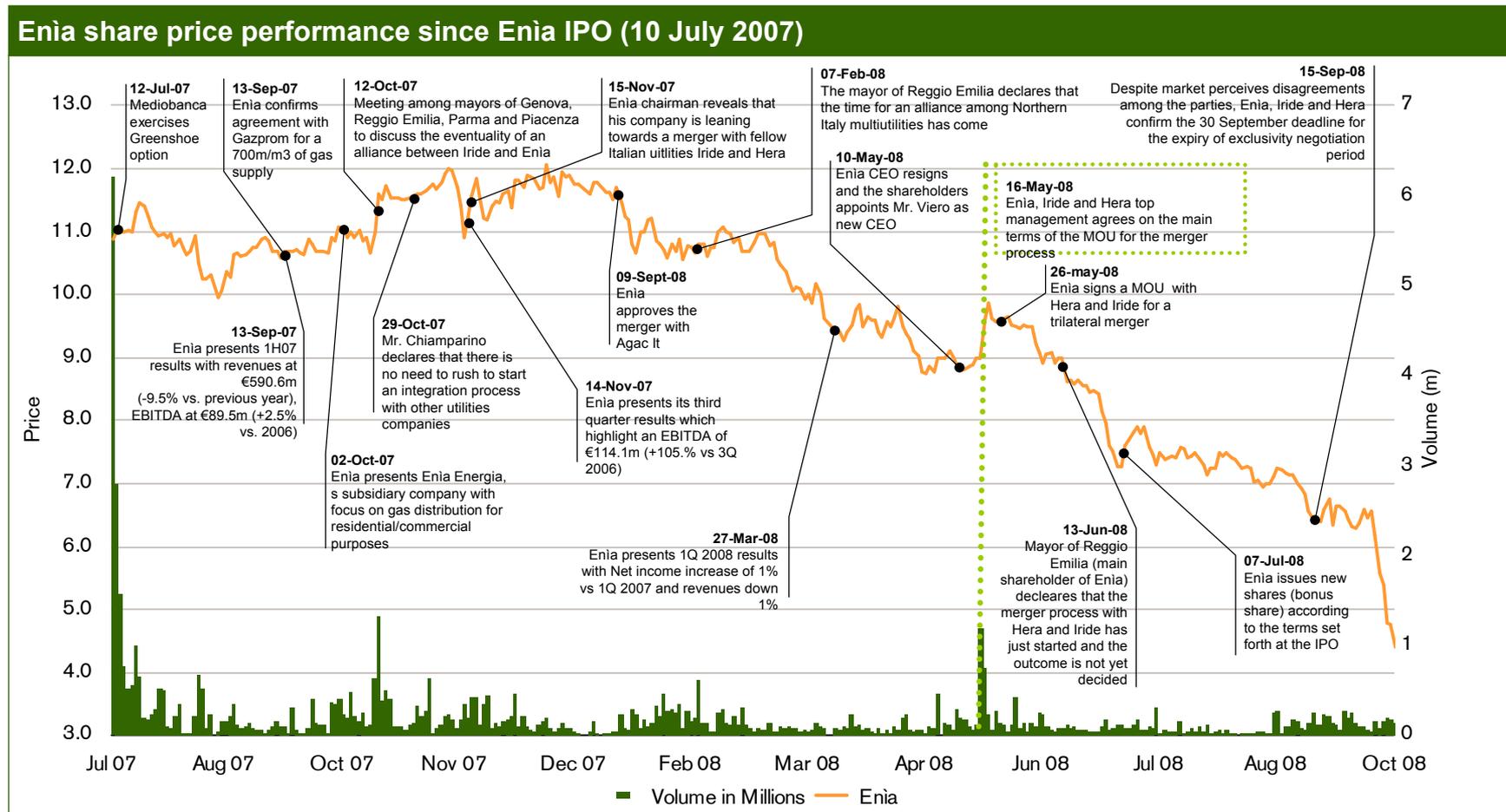
Valuation approach

Scope of work	<ul style="list-style-type: none"> ■ Role ? 	
Valuation Guidelines	<ul style="list-style-type: none"> ■ Stand alone? ■ Synergies? ■ Dividends? ■ Valuation Date? ■ Basis for valuation? 	
Documents used	<ul style="list-style-type: none"> ■ H1 2008 financial statements ■ Business plans ■ Information provided by the companies ■ Publicly available information and sector research reports 	
Valuation methodologies	Trading prices	<ul style="list-style-type: none"> ■ Weighted average prices ■ Market turmoil ■ Unaffected vs. affected share price
	DCF	<ul style="list-style-type: none"> ■ Projection period ■ Terminal value ■ Cost of capital ■ Associates
	SotP	<ul style="list-style-type: none"> ■ Based on various metrics ■ Impact of non-recurrent items/long-term assumptions ■ Cost of capital ■ Associates
	Brokers' consensus	<ul style="list-style-type: none"> ■ Publication date ■ Target prices neutralized of M&A premium/speculative appeal and estimated synergies when available

Is the exchange ratio fair from a financial point of view to Enià's shareholders?

4.1 Trading price

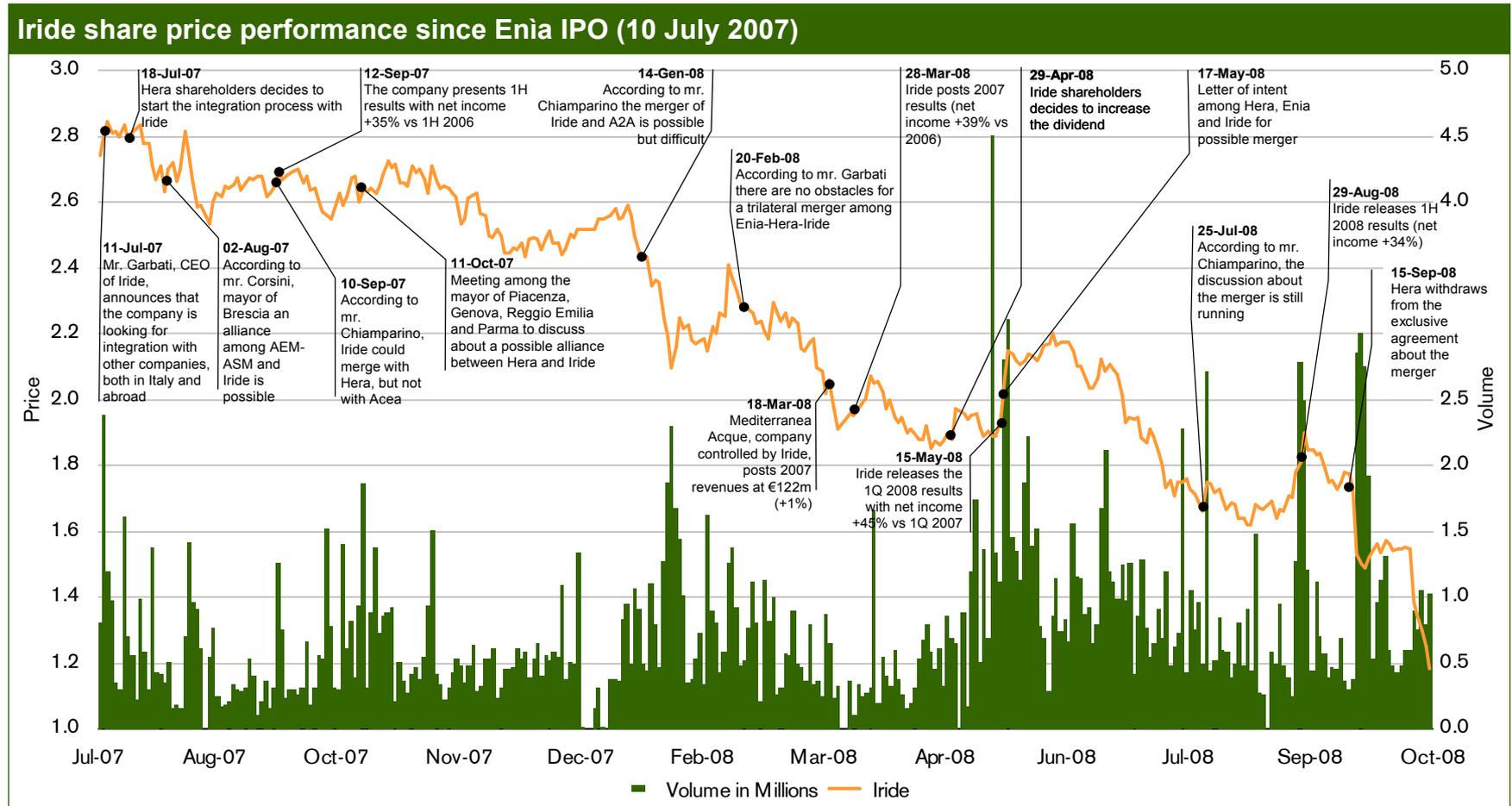
Enia commented share price performance



Source: Factset as of 10th October

First rumours dates back October 2007

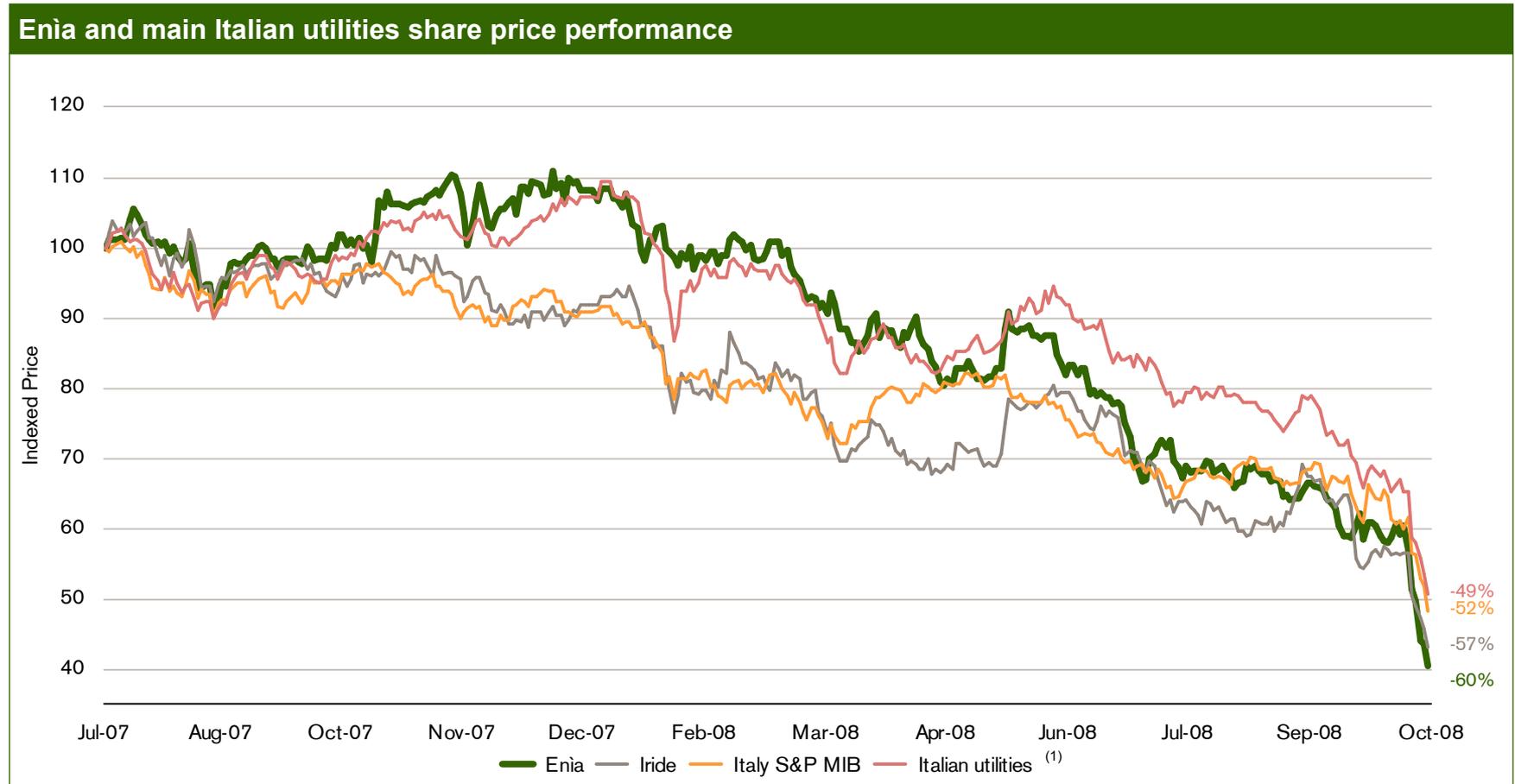
Iride commented share price performance



Merger speculations begun in July 2007

Enià and Iride historical trading price

Relative performance

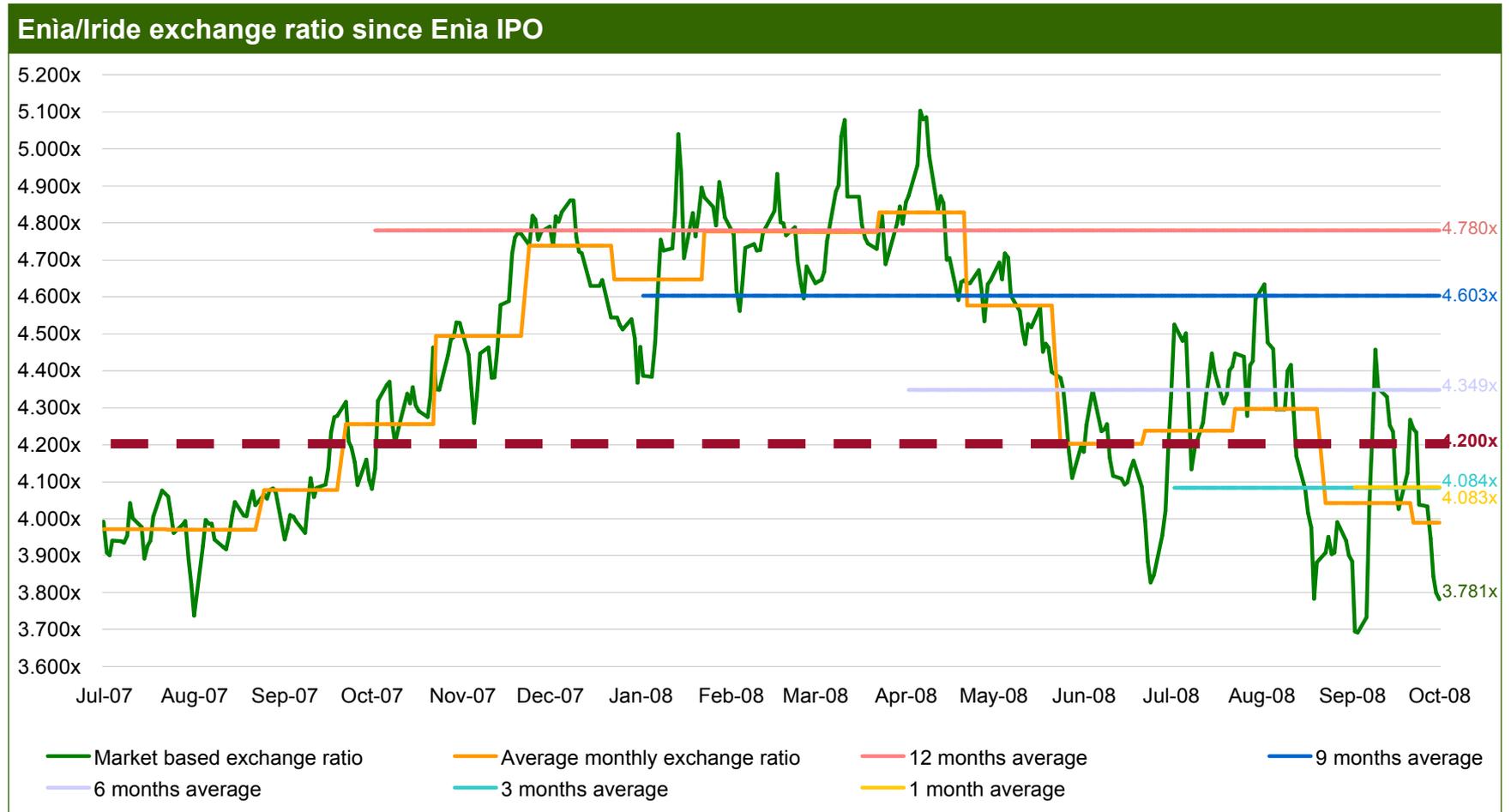


Source: Factset as of 10th October 2008
 (1) Includes Enià, Iride, A2A, Acea, Hera.

Iride and Enià lost 60% of their value since July 2007 (IPO of Enià)

Historical exchange ratio analysis

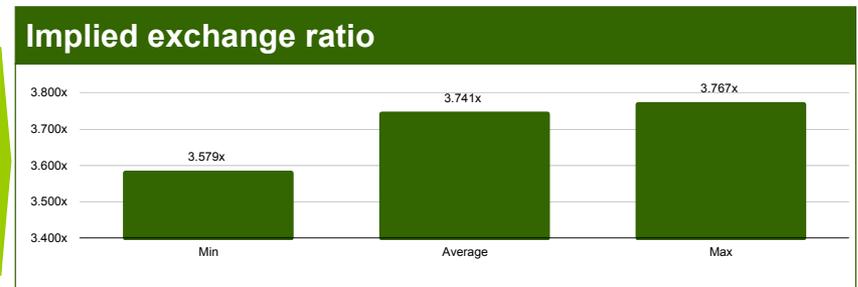
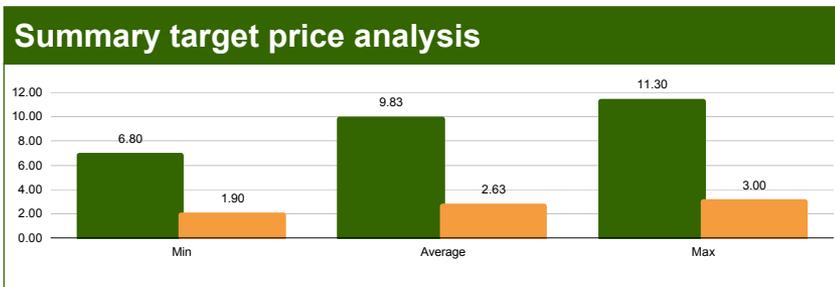
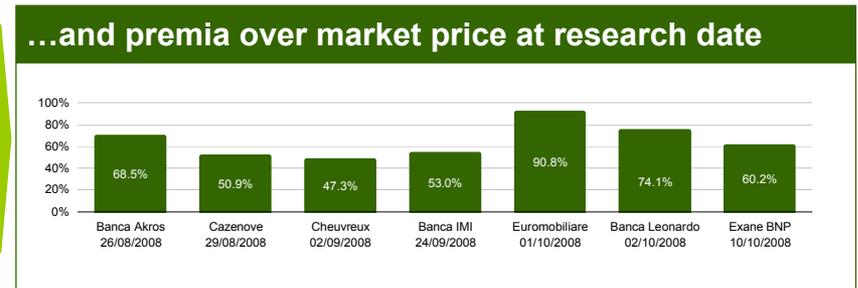
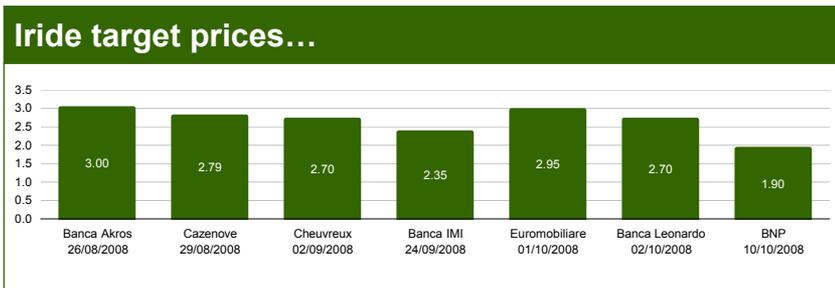
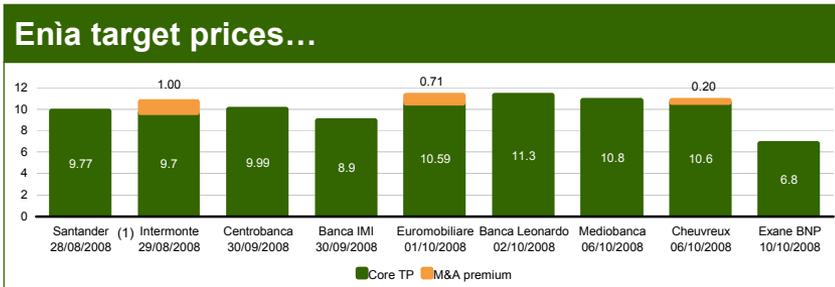
Daily and average ratios



Source: Datastream as of 10th October 2008.

4.2 Analysts' consensus

Brokers' view on Enia and Iride



Source: Reuters, Bloomberg, Datastream as of 10th October
 (1) Target price of €9.50 as includes adjustments for Delmi discount in M&A deal

Brokers' consensus provides for an exchange ratio of [·] – [·] Iride shares for each Enia share

4.3 DCF Valuation

DCF valuation of Enià

€m except otherwise specified 2008E 2009E 2010E 2011E 2012E Normal.

(+) EBITDA						
(-) D&A and provisions						
(=) EBIT						
(-) Taxes (IRES + IRAP)						
(-) "Robin Hood" tax						
(=) NOPAT						
(+) D&A						
(+/-) Change in NWC						
(+/-) Change in other funds						
(-) Capex						
(=) FCF						
Discount factor						
Share of FCF considered						
Present value of FCF						

Valuation assumptions

Valuation date
Mid point WACC
Perpetuity growth rate

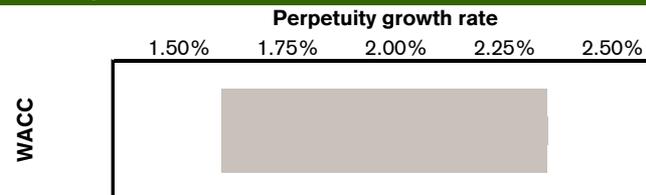
EV calculation

NPV of FCFs
Terminal value (TV)
Implied EV/EBITDA
NPV of TV
Enterprise value
Implied '08 EV/EBITDA
Implied '09 EV/EBITDA

In € million

NPV of Enià FCF	
Green Certificates	
Enià Enterprise Value	
(-) Net debt as of 30 June 2008	
(+/-) Net Debt adjustment - Minorities squeeze out	
(+/-) Net Debt adjustment - Share buyback	
(=) Enià Core Equity Value	
(-) Pensions	
(-) Other funds	
(-) Minorities	
(+) Associates at book value	
(+) Delmi stake	
(=) Enià Equity value	
(÷) NOSH	
(=) Per share equity value	

Sensitivity



The DCF analysis yields a per share valuation of Enià between € [-] and [-]

Edison – Discounted cash flow analysis

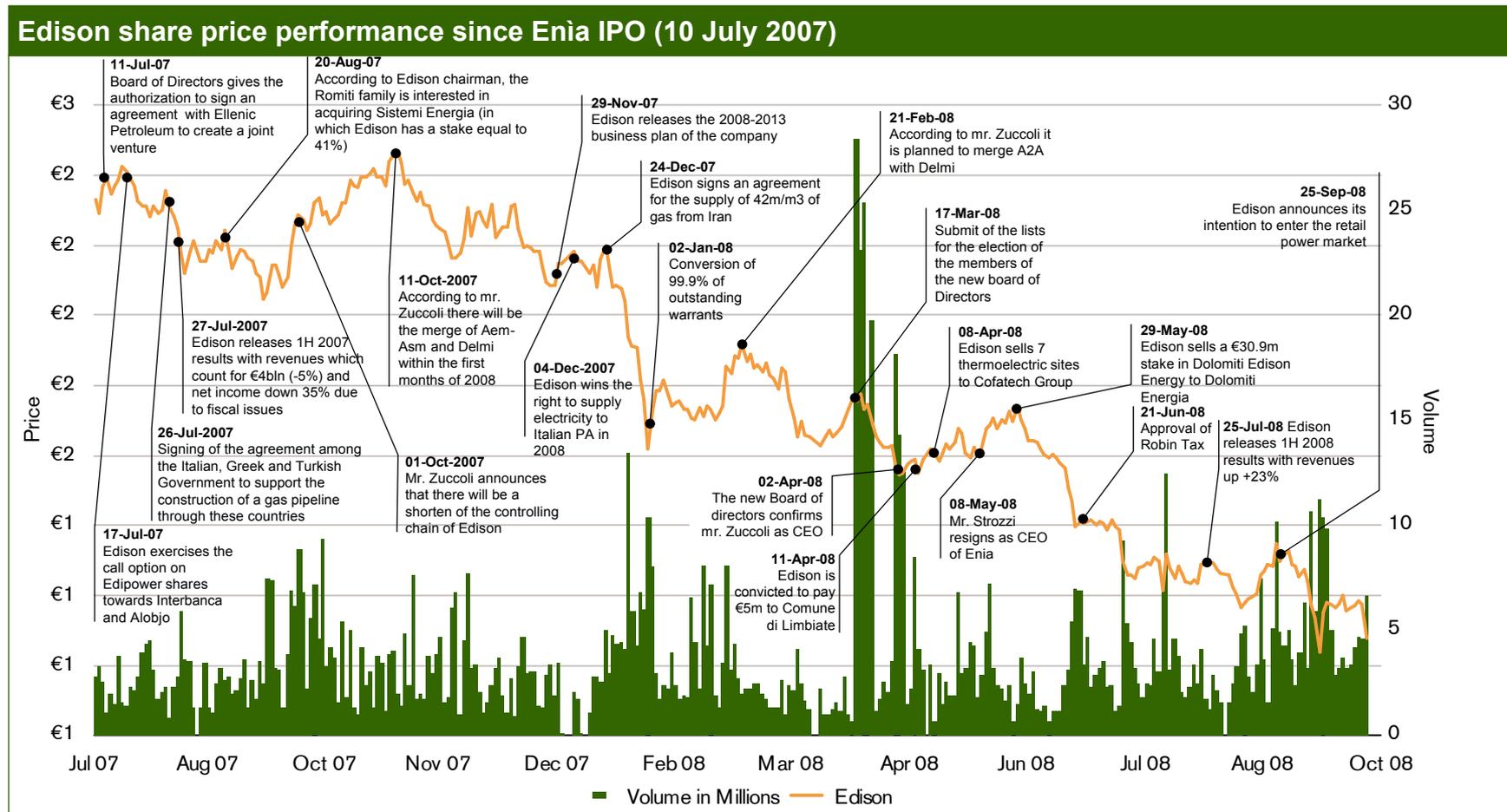
In € million	2007A	Broker's forecast			Normal.
		2008E	2009E	2010E	
(+) EBITDA					
(-) D&A					
(=) EBIT					
(-) Taxes (IRES + IRAP)					
(-) Tobin tax					
(=) NOPAT					
(+) D&A					
(+/-) Change in NWC					
(-) Capex					
(=) FCF					
Discount factor					
Portion considered					
NPV of FCF					
NPV of FCF					
Terminal value (TV)					
Implied EV/EBITDA					
NPV of TV					
Enterprise Value					
Implied EV/EBITDA '08					
Implied EV/EBITDA '09					

EV	
NFP (30 June 2008)	
Minorities	
Other assets	
Other liabilities	
Equity value	
Common shares outs	
6 months avg price	
Savings	
6 months avg price	
Avg premium for savings	
Fully diluted shares outstanding	
Value per share	

Sensitivity	
WACC	Perpetuity growth rate
	1.50% 1.75% 2.00% 2.25% 2.50%

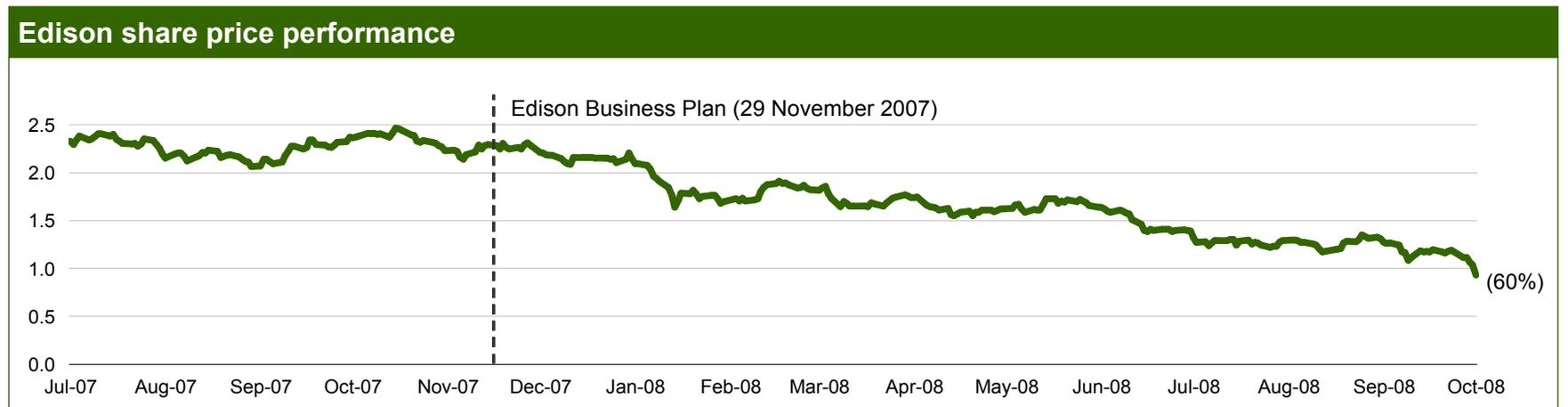
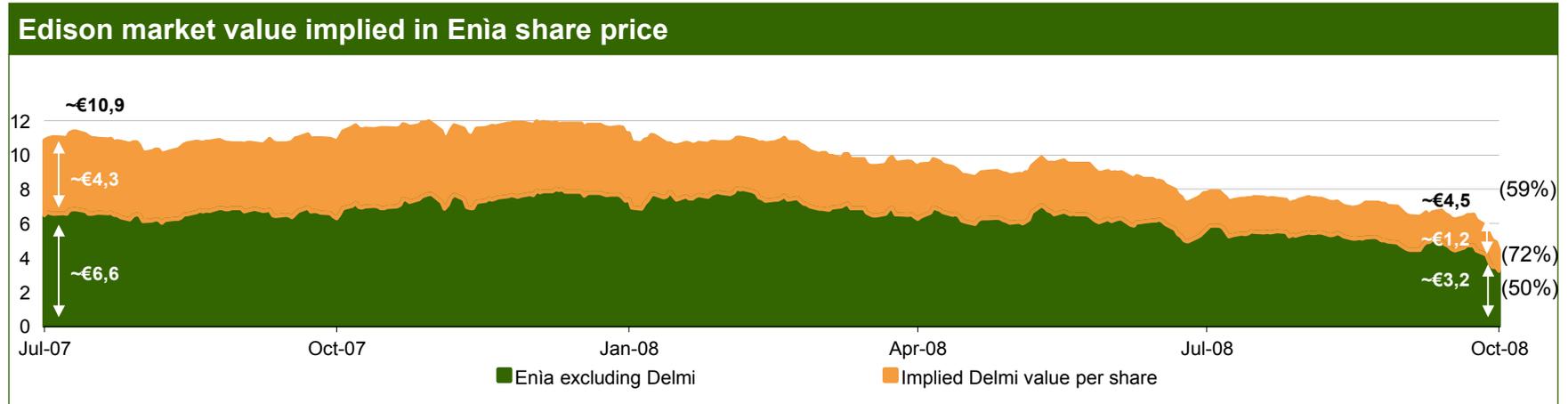
Source: Factset as of 10th October 2008

Edison commented share price performance



Edison

Stub analysis



Source: Company information, Datastream as of 10th October 2008

Value of Delmi at different Edison's prices

Value of Enia stake in Delmi for share

	10/10/2008	Average					TP
		1 month	3 months	6 months	9 months	12 months	
Edison share price (€)	0.93	1.14	1.21	1.38	1.55	1.65	2.00
Edison mkt cap	4,969	6,051	6,432	7,310	8,059	8,762	10,345
Edison EV	8,008	9,090	9,471	10,349	11,098	11,801	13,384
Edison 09E EBITDA	1,818	1,818	1,818	1,818	1,818	1,818	1,818
EV/EBITDA	4.4x	5.0x	5.2x	5.7x	6.1x	6.5x	7.4x
NAV Delmi (€ mln)	871	1,199	1,314	1,578	1,803	2,015	2,557
% Enia	15%	15%	15%	15%	15%	15%	15%
Enia stake (€ mln)	131	180	197	237	271	302	384
Enia shares outstanding	106	106	106	106	106	106	106
Value per share	1.23	1.70	1.86	2.24	2.56	2.86	3.62
Enia share price	4.5	6.2	6.7	8.0	8.9	9.8	11.3
% Enia share price	27.6%	27.6%	27.7%	27.8%	28.6%	29.1%	32.1%

Source: Company information, Datastream as of 10th October 2008.

DCF valuation of Iride

In € million	2008E	2009E	2010E	2011E	2012E
(+) EBITDA					
(-) D&A and provisions					
(=) EBIT					
(-) Taxes (IRES + IRAP)					
(-) "Robin Hood" tax					
(=) NOPAT					
(+) D&A					
(+/-) Change in NWC					
(+/-) Change in other funds					
(-) Capex					
(=) FCF					
Discount factor					
Share of FCF considered					
Present value of FCF					

In € million
NPV of Iride DCF Green Certificates
Iride Enterprise Value
(-) Net debt as of 30 June 2008
(=) Iride Core Equity Value
(+/-) Cash release in 2H
(-) Pensions
(-) Other funds
(-) Minorities
(+) Associated at book value
(+) NPV of Medgas
(=) Iride Equity Value
(÷) NOSH
(=) Per share equity value

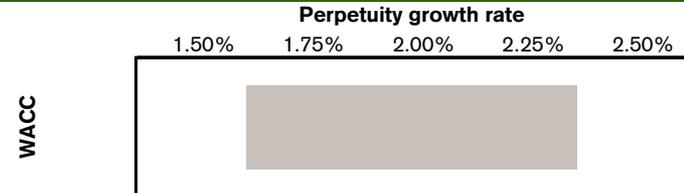
Valuation assumptions

Valuation date
Mid point WACC
Perpetuity growth rate

EV calculation

NPV of FCFs
Terminal value (TV)
Implied EV/EBITDA
NPV of TV
Enterprise value
Implied '08 EV/EBITDA
Implied '09 EV/EBITDA

Sensitivity



The DCF analysis yields a per share valuation of Iride between € [·] and [·]

4.4. Sum-of-the-Part Valuation

SotP valuation of Enià

<i>In € millions otherwise stated</i>	2009E	Implied multiple		EV		Metrics
	Ebitda	Min	Max	Min	Max	
	Gas distribution					
Electricity distribution						
Water distribution						
District Heating						
Gas supply						
Electricity supply						
Environmental services						
Other						
Core Enterprise Value						
(-) NFP at 30 Jun 2008						
(+/-) NFP adjustment - Squeeze out of Enia						
Energia minorities						
(+/-) NFP adjustment - Share buyback						
(=) Core Equity Value						
(-) Employees benefits						
(-) Other provision						
(-) Minorities						
(+) Associates						
(+) Delmi stake						
(=) Equity Value of Enia						
(+) Number of shares fully diluted (m)						
(=) Share value (€)						
Spot price (€)						
<i>Premium/(discount) vs spot price</i>						

SotP analysis of Enia yields a valuation range of € [·] - [·] per share

SotP valuation of Iride

	Ebitda	Min	Max	Min	Max	Metrics
Gas distribution						
Electricity distribution						
District Heating						
PowerGen and sales						
Water distribution						
Gas supply						
Electricity supply						
Other						
Core Enterprise Value						
(-) NFP at 30 Jun 2008						
(=) Core Equity Value						
(+/-) Cash release in 2H						
(-) Employees benefits						
(-) Other provisions						
(-) Minorities						
(+) Associates						
(+) Estimated value of projects						
(=) Equity Value of Iride						
(±) Number of shares fully diluted (m)						
(=) Share value (€)						
Spot price (€)						
<i>Premium/(Discount) vs spot price</i>						

SotP analysis of Enia yields a valuation range of € [·] - [·] per share

4.5 Comparable companies

Comparable companies market multiples

Italian Local Utilities

Company	Share Price	Equity Value	EV	EV/EBITDA			EV/EBIT			P/E		
				2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E
A2A	1.46	4,492	5,743	5.5x	5.0x	4.6x	8.1x	7.8x	6.9x	9.0x	9.6x	8.2x
Acea	9.70	2,062	3,938	6.5x	6.0x	5.3x	10.3x	10.9x	8.5x	11.0x	12.3x	9.3x
Hera	1.64	1,689	3,107	5.8x	5.1x	4.7x	10.0x	8.4x	7.2x	15.3x	11.9x	9.3x
Average				6.0x	5.5x	5.0x	9.2x	9.3x	7.7x	11.9x	11.1x	9.3x
Median				6.1x	5.6x	5.1x	9.2x	9.3x	7.7x	11.0x	11.9x	9.3x

European Power Generators

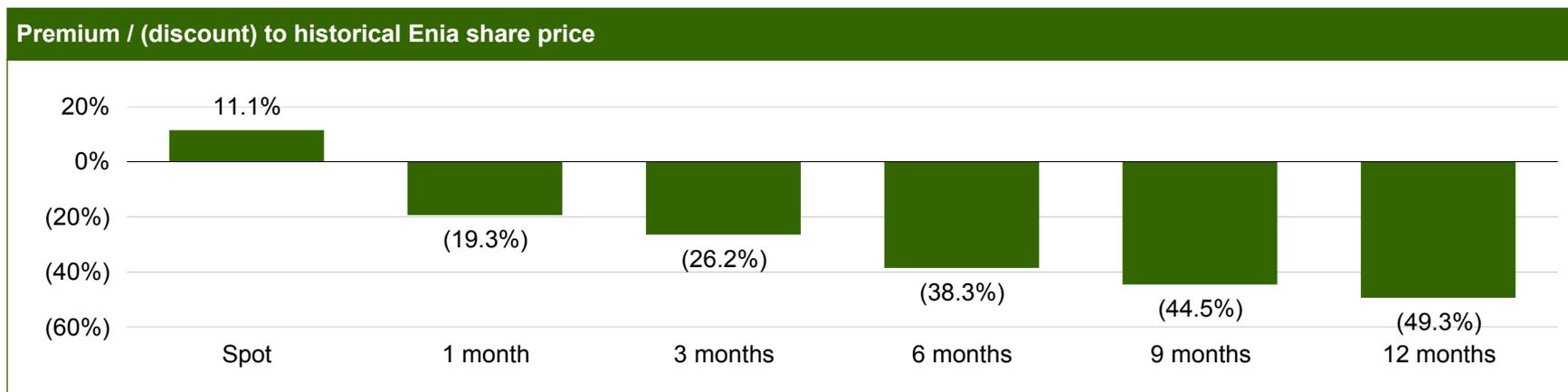
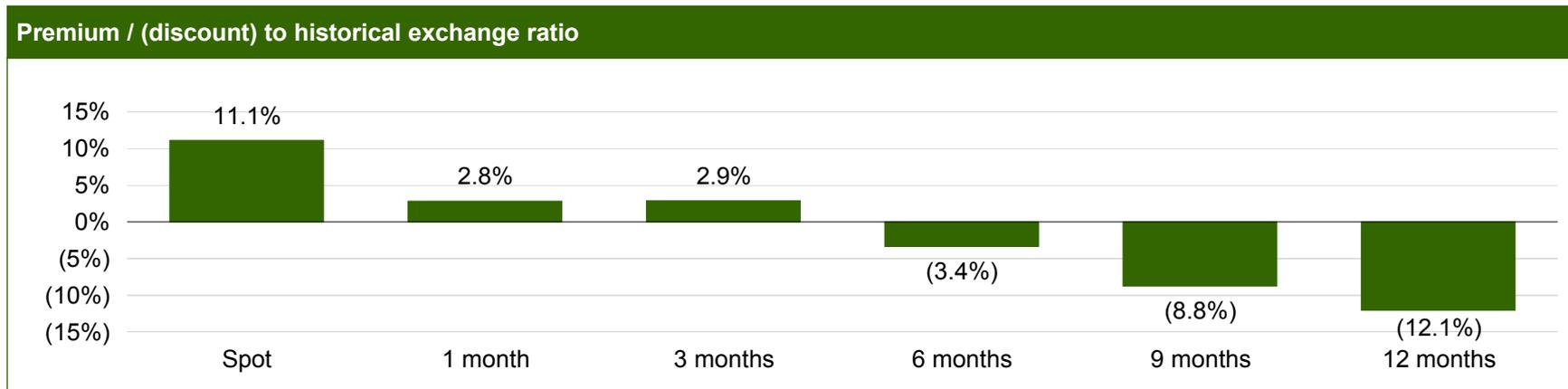
(in EUR millions, except per share amounts)

Company	Share Price	Equity Value	EV	EV / EBITDA			EV / EBIT			Price / Earnings		
				FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
Cez	877.10	19,186	22,033	6.2x	5.5x	5.1x	8.4x	7.2x	6.7x	9.9x	8.5x	7.5x
Drax Group	6.84	2,948	3,176	6.0x	5.6x	4.8x	6.9x	6.3x	5.3x	8.6x	7.9x	6.3x
Edf	43.71	79,647	142,121	8.9x	8.2x	7.5x	14.3x	12.6x	11.1x	16.3x	14.2x	12.2x
Edison Spa	1.05	5,624	8,723	5.5x	4.8x	4.5x	10.2x	8.3x	7.4x	13.1x	10.5x	9.5x
Enel	5.49	33,929	103,552	7.7x	7.4x	7.0x	11.2x	10.8x	10.1x	8.5x	8.3x	7.8x
E.On Ag	31.65	63,332	108,763	8.2x	7.2x	6.5x	11.1x	9.5x	8.5x	10.6x	9.1x	8.1x
Gdf Suez	30.20	66,185	107,040	9.5x	8.7x	7.6x	14.4x	13.0x	11.7x	11.1x	10.2x	9.5x
Iberdrola Sa	6.31	31,511	55,723	7.9x	6.9x	6.4x	11.3x	9.8x	9.1x	11.2x	10.3x	9.4x
Intl Power	2.93	6,497	13,470	8.9x	8.0x	7.8x	12.1x	10.4x	9.9x	10.5x	8.5x	7.6x
Rwe Ag (Neu)	64.08	35,278	57,393	6.9x	6.3x	5.6x	8.9x	8.0x	7.2x	10.6x	8.8x	7.6x
Scot & Sthn Energy	12.96	14,472	19,091	9.0x	8.2x	6.9x	10.7x	9.8x	8.4x	11.4x	10.4x	9.3x
Union Fenosa Sa	16.59	15,164	23,547	10.5x	9.7x	9.1x	14.5x	13.4x	12.5x	15.8x	15.7x	14.2x
Mean				8.1x	7.3x	6.8x	13.0x	10.7x	9.8x	12.0x	10.8x	9.8x
Median				8.2x	7.4x	7.0x	11.9x	10.6x	9.9x	11.3x	10.3x	9.3x
High				11.2x	10.8x	10.0x	53.6x	18.8x	16.6x	16.3x	15.7x	14.6x
Low				4.6x	4.4x	4.0x	6.1x	5.8x	5.3x	8.5x	7.9x	4.5x

5. Merger cons

Proposed exchange ratio of 4.2x

Implied premia/discounts

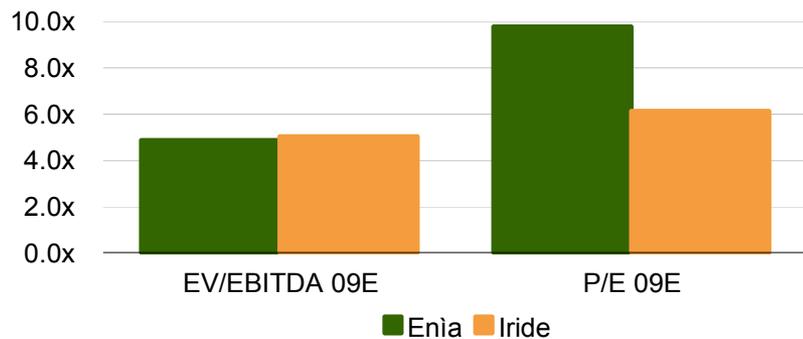


Source: Company information, Datastream as of 10 October 2008.

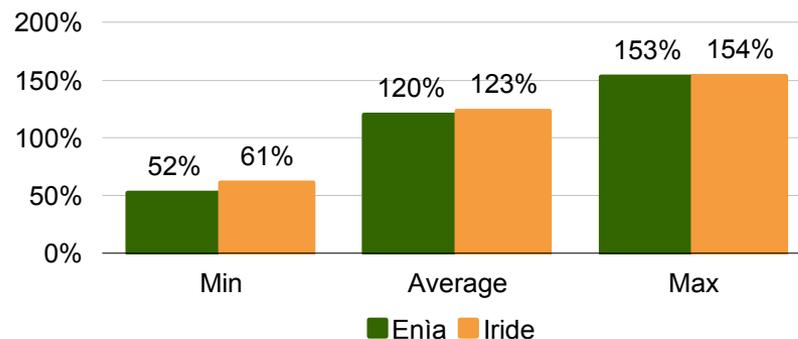
Valuation considerations

Value creation and earnings accretion

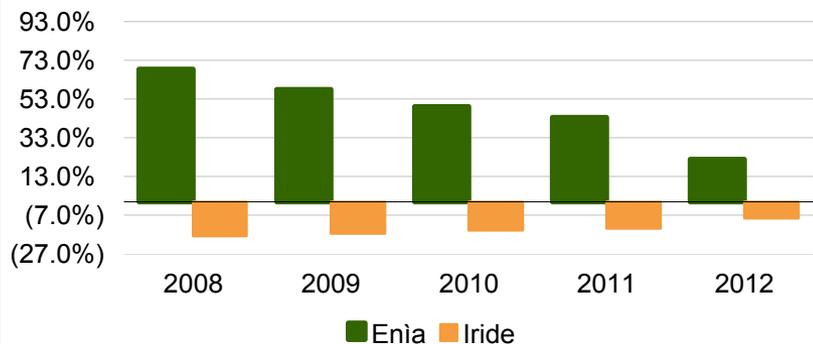
Enia/Iride 2009E trading multiples



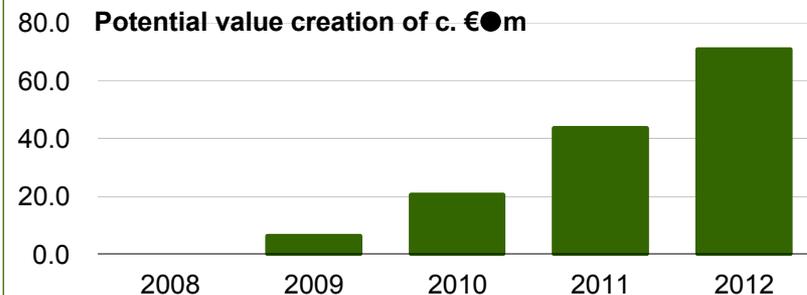
Potential upside implied in broker target price



Enia accretion/dilution



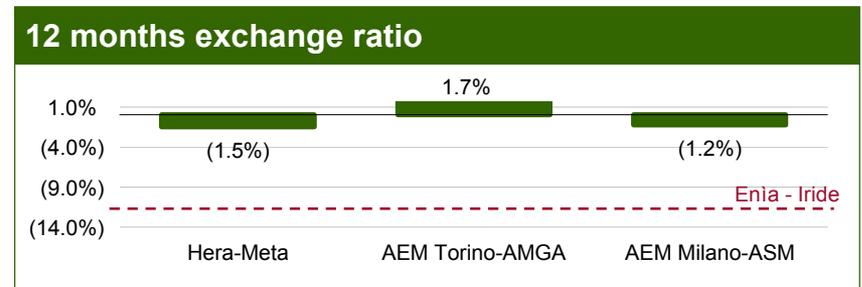
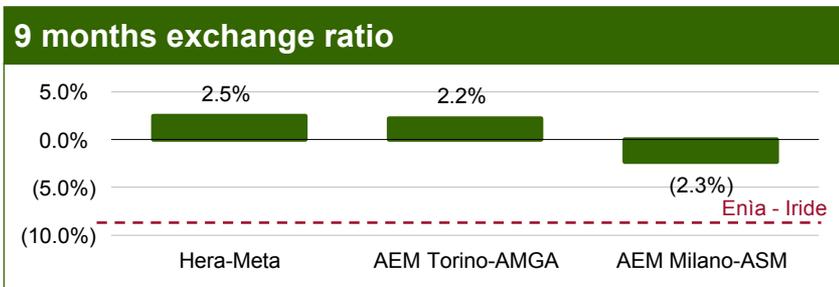
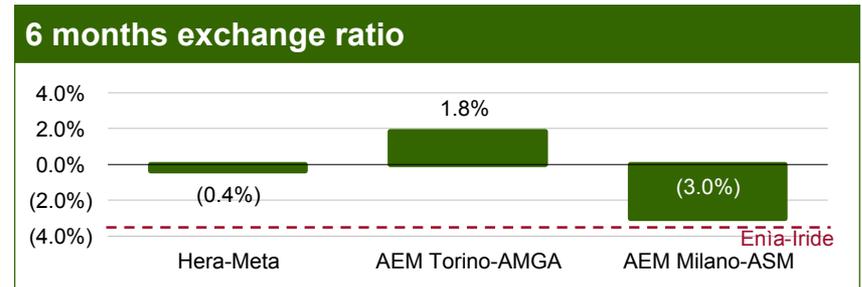
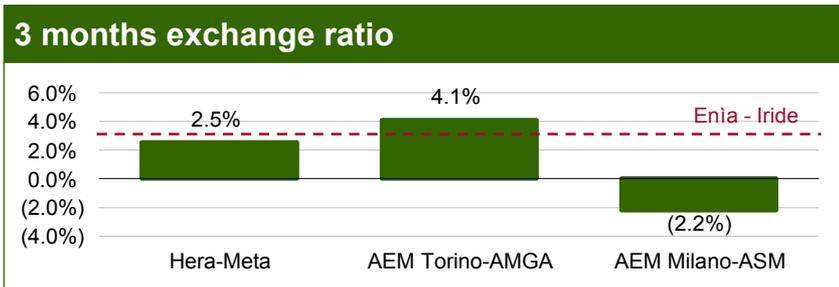
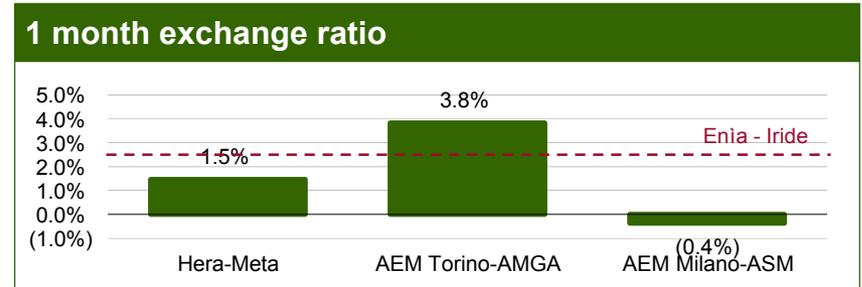
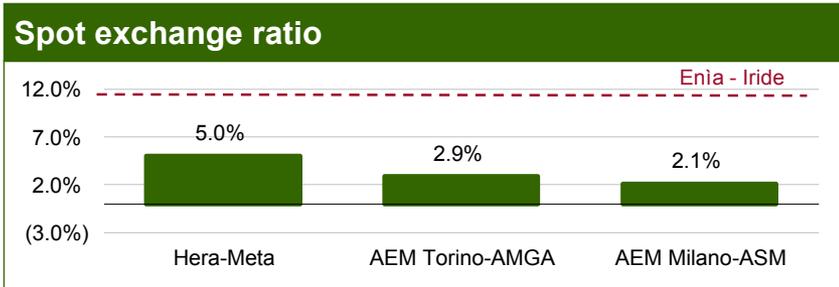
Expected synergies generation



Source: Company information, DataStream as of 10th October 2008.

Valuation considerations

Comparison with premia in similar mergers



Source: Company information, Factiva, Datastream as of 10th October 2008.

Announced synergies in precedent mergers

	Meta - Hera	AEM Milano - ASM		Enià - Iride
		Excl Edison	Include. Edison	
EBITDA combined	363	1,100	1,936	569
Announced synergies	20		70	70
% of combined EBITDA	5.5%	6.4%	3.6%	12.3%

Transaction overview

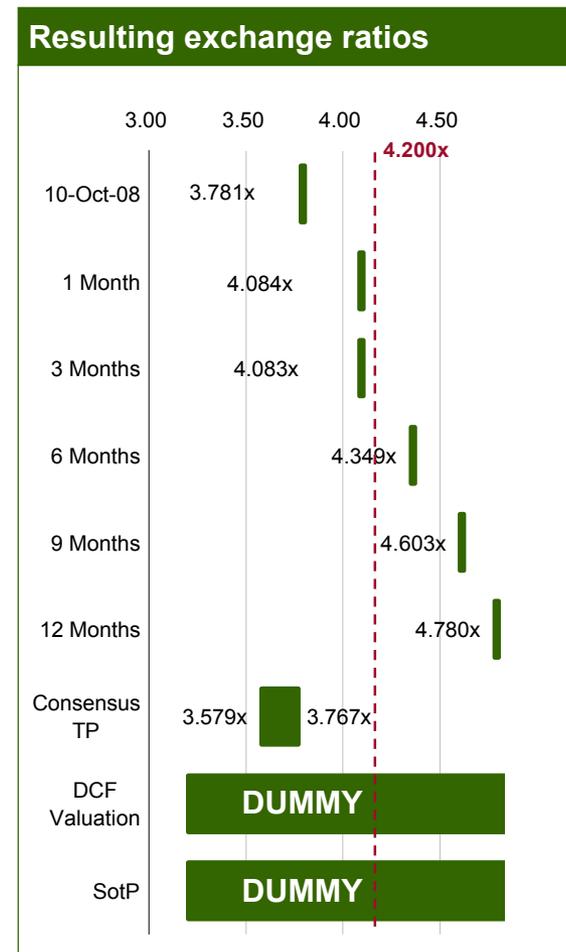
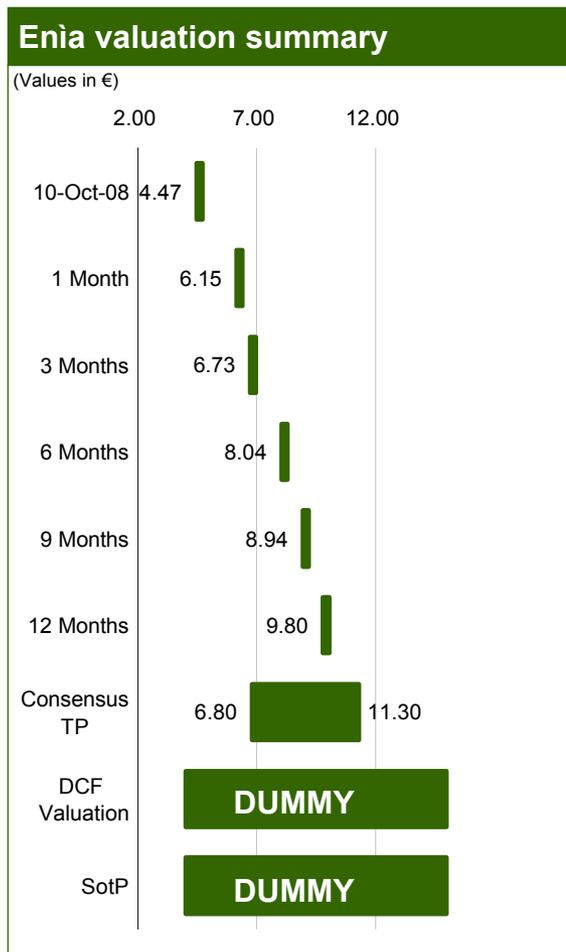
Key terms to review

- **Merger of Enìa with Iride**
 - Form of incorporation?
 - Name?
 - Management?
 - BoD composition?
 - Executive Committee?
- **Exchange ratio: [•] newly issued Iride shares in exchange of each Enìa share**
 - [•] premium to Enìa unaffected closing price as of 10 October 2008
 - [•] premium to latest three months Enìa-Iride exchange ratio
 - [•] premium to latest six months Enìa-Iride exchange ratio
- **Extraordinary dividend to be distributed by both Enìa and Iride before the merger proportional to the agreed exchange ratio (i.e. cum/ex dividend exchange ratio remains unaffected)**
- **Shareholders' agreement among public shareholders providing for key governance provisions**
 - Holding of local councils?
 - BoD composition?
 - Qualified majorities?
 - Right to appoint Chairman and CEO?
 - General Manager?
 - Legal headquarter?
- **Resulting shareholding composition**
 - Contribution: Iride [•] %, Enìa [•] %
 - FSU (currently 51% in Iride) will retain [•] % of the combined entity and [•] % of the shareholders' pact
 - Enìa shareholders' pact (currently [•] % in Enìa) will retain [•] % of the combined entity and [•] % of the shareholders' pact

6. Conclusions

Side-by-side analysis of Enia and Iride

Valuation summary and resulting exchange ratios



Is the proposed exchange ratio fair from a financial point of view to the Enia's shareholders?

Source: Datastream as of 10th October 2008.