



PRESS RELEASE

CIR: AGREEMENT WITH AXA PRIVATE EQUITY FOR THE DEVELOPMENT OF KOS

AXA Private Equity will enter into the capital structure of KOS with a 41.1% share by buying out most minority shareholders and subscribing to a dedicated rights issue. In the next three years, through further capital increases, it will raise its stake to 46.7%, with a total financial commitment of 150 million euro

CIR will remain the majority shareholder of the company with an interest that after completion of the deal will be of 51%. Thanks to the agreement, KOS will have new resources to fund its growth plans. The planned listing on the Stock Exchange has been cancelled although it remains an option in the medium-long term

Milan, October 28 2010 - CIR-Compagnie Industriali Riunite SpA gives notice that today an **agreement** was reached **among the shareholders of its subsidiary KOS**, one of the main operators in the healthcare sector in Italy, with respect to the **entry of AXA Private Equity into the capital of the company**. The deal, which was approved today by the Boards of Directors of CIR and KOS, will take place in various steps and will bring about a change in the minority shareholding structure of KOS as well as giving a **significant boost to the capital of the company to fund its future development plans**.

The agreement involves **AXA Private Equity acquiring the majority of the shares currently owned by the minority shareholders of KOS**, including the **entire stakes held by Morgan Stanley and Wise**, for a total amount of **92.5 million euro**. **CIR** will also buy shares for an amount of **5.7 million euro**. At the same time, AXA Private Equity will subscribe to a **dedicated capital increase in KOS of 20 million euro**.

At the end of this initial stage of the deal, the **shareholders of KOS** will be the following: **CIR 56.7%, AXA Private Equity 41.1%, former shareholders of Santo Stefano Partecipazioni 1.5%, management 0.8%**.

The agreement also establishes that over the next three years AXA Private Equity will make further dedicated capital increases, in one or more stages. The total financial commitment of AXA Private Equity in the entire deal will rise to **150 million euro** with a total shareholding interest of **46.7%**.

CIR, which has been involved in the development of KOS since the company was established, will hold on to all the shares it currently owns and will remain majority shareholder with a **stake**, once AXA Private Equity has completed all its capital injections, of just over **51%**.

*"Today's agreement- commented **Rodolfo De Benedetti, Chief Executive of CIR** – shows just how much value has been created over the years by KOS, a company that in just seven years of business has become a point of reference in the Italian healthcare sector. The KOS group, with its 4 thousand employees, has shown in these years how capable it is of blending managerial skills with quality of service for its patients. The entry of a prestigious international partner such as AXA Private Equity alongside the majority shareholder CIR will provide KOS with new resources that will be entirely dedicated to the development of the company"*.

The agreement was based on an **average valuation of KOS's equity** before the capital increases of **243 million** euro. Completion of the deal, which is subject to the approval of the European antitrust authority, is scheduled for the first quarter of 2011.

As part of the deal, CIR and AXA Private Equity have signed a shareholder agreement that stipulates that once the transaction has been completed, AXA will appoint three members of the Board of Directors out of a total of nine and that a qualified majority vote will be required on issues of particular importance.

In the light of the entry of AXA Private Equity into its capital, KOS has cancelled the IPO project undertaken earlier in the year, while continuing to consider a listing on the Stock Exchange as a possible option for development in the medium-long term.

AXA Private Equity

AXA Private Equity is a leading private equity firm with managed assets of USD 25 billion and an international reach across Europe, North America and Asia. The firm offers investors the full spectrum of private equity services for every market segment: direct funds, infrastructure financing, mid cap and small cap buyouts, venture capital, co-investments, fund of funds as well as mezzanine financing. With offices in Paris, Frankfurt, London, New York, Singapore, Milan, Zurich and Vienna, AXA Private Equity supports the development and long-term growth of its portfolio companies with sustainable growth strategies and by granting them access to the AXA international network. AXA Private Equity has earned the trust of its investors by regularly supplying them with transparent performance data on its funds and portfolio companies. www.axaprivateequity.com.

KOS

The KOS group is one of the main Italian operators in the healthcare sector. Established in 2002 by CIR, the group today operates in three business sectors: nursing homes (RSAs), rehabilitation centres and hospital management (managing a hospital and high-tech facilities in hospitals). KOS today manages 60 facilities, mainly in the centre-north of Italy with a total of over 5,600 beds in operation, plus approximately 400 more under construction.

The KOS group reported revenues of 239 million euro in the first nine months of 2010 and has approximately 4 thousand employees. KOS is part of the CIR-Compagnie Industriali Riunite group, which is also active in energy, media, automotive components and financial investments. www.kosgroup.com.

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