

Harbinger Capital Partners Offshore Fund I, Ltd.

- (i) Country of organization:
CAYMAN ISLANDS
- (ii) Citizenship of investment principals, officers and directors:
UNITED STATES, IRELAND, UNITED KINGDOM
- (iii) Location of world headquarters:
IRELAND
- (iv) Location of tangible properties:
N/A
- (v) Location of greatest sales and/or revenues:
N/A

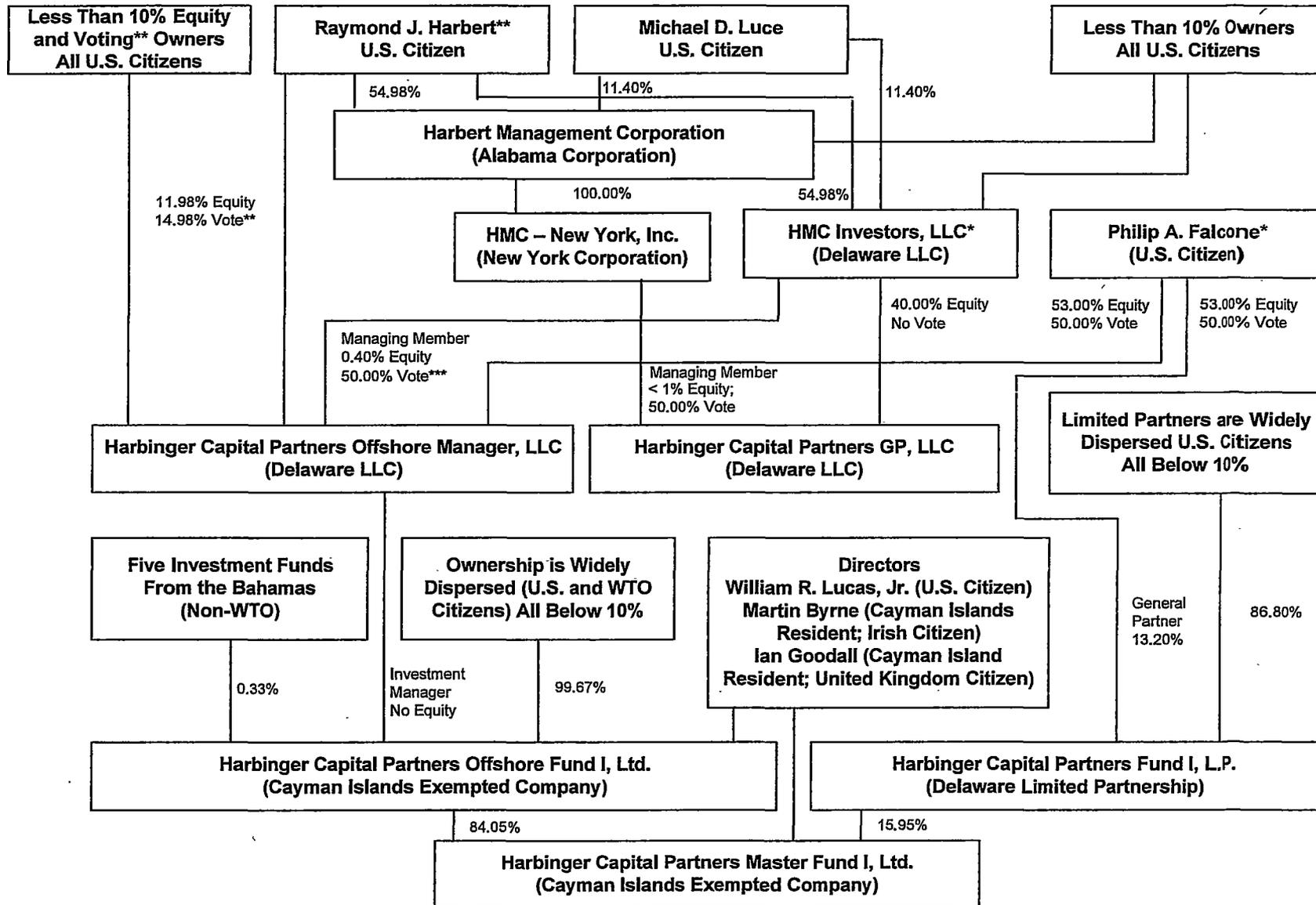
Harbinger Capital Partners Special Situations Offshore Fund, L.P.

- (i) Country of organization:
CAYMAN ISLANDS
- (ii) Citizenship of investment principals, officers and directors:
UNITED STATES
- (iii) Location of world headquarters:
IRELAND
- (iv) Location of tangible properties:
N/A
- (v) Location of greatest sales and/or revenues:
N/A

Harbinger Capital Partners SSF CFF, Ltd.

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N/A
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N/A

**Annex 3
MASTER FUND OWNERSHIP DIAGRAM**

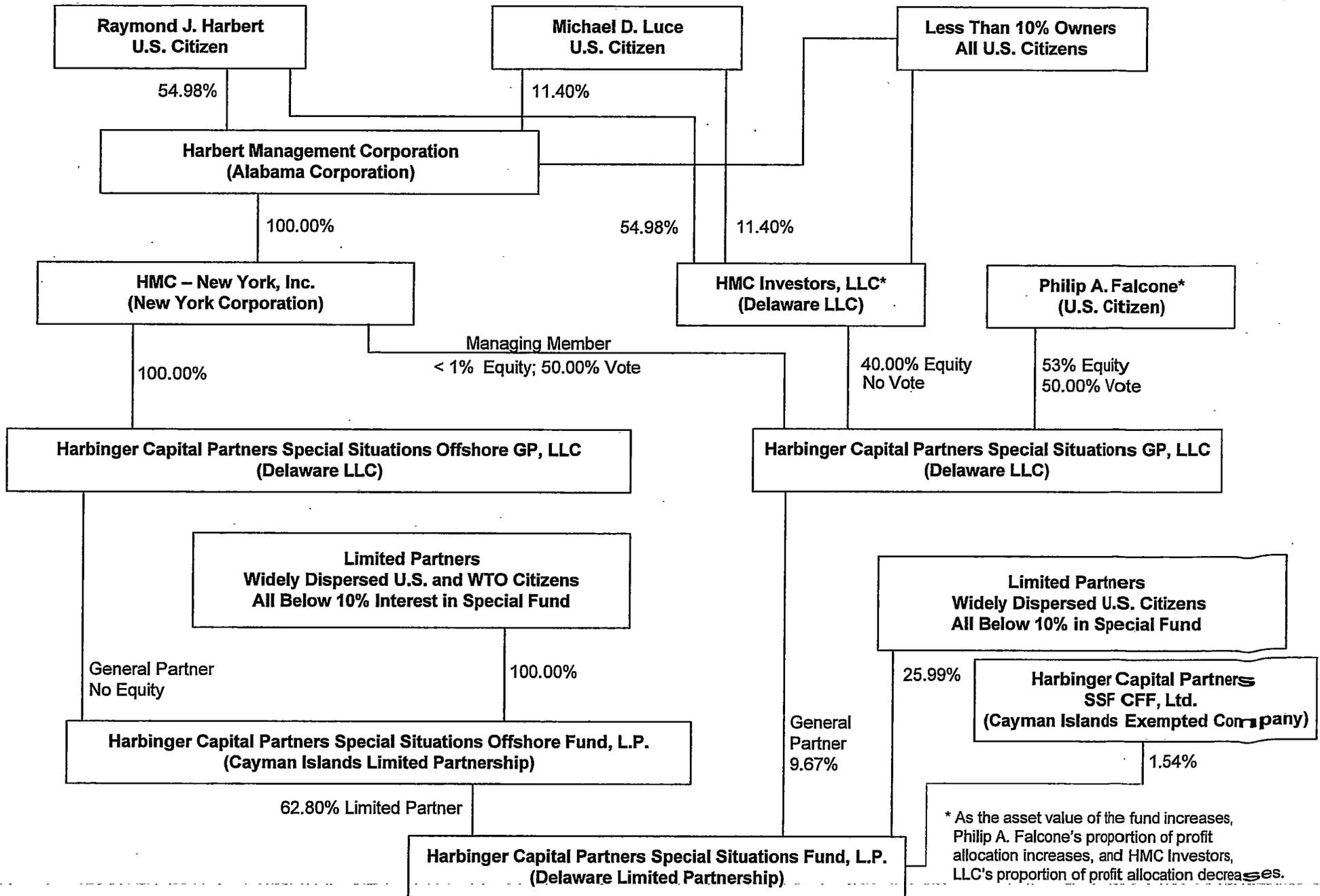


* As the asset value of the fund increases, Philip A. Falcone's proportion of profit allocation increases, and HMC Investors, LLC's proportion of profit allocation decreases.

** These members have granted irrevocable proxies to HMC Investors, LLC to vote their respective membership interests, resulting in HMC Investors, LLC having 50.00% of the vote of Harbinger Capital Partners Offshore Manager, LLC.

*** Comprised of a 0.50% voting interest in its own right and a 49.5% voting interest based on irrevocable proxies.

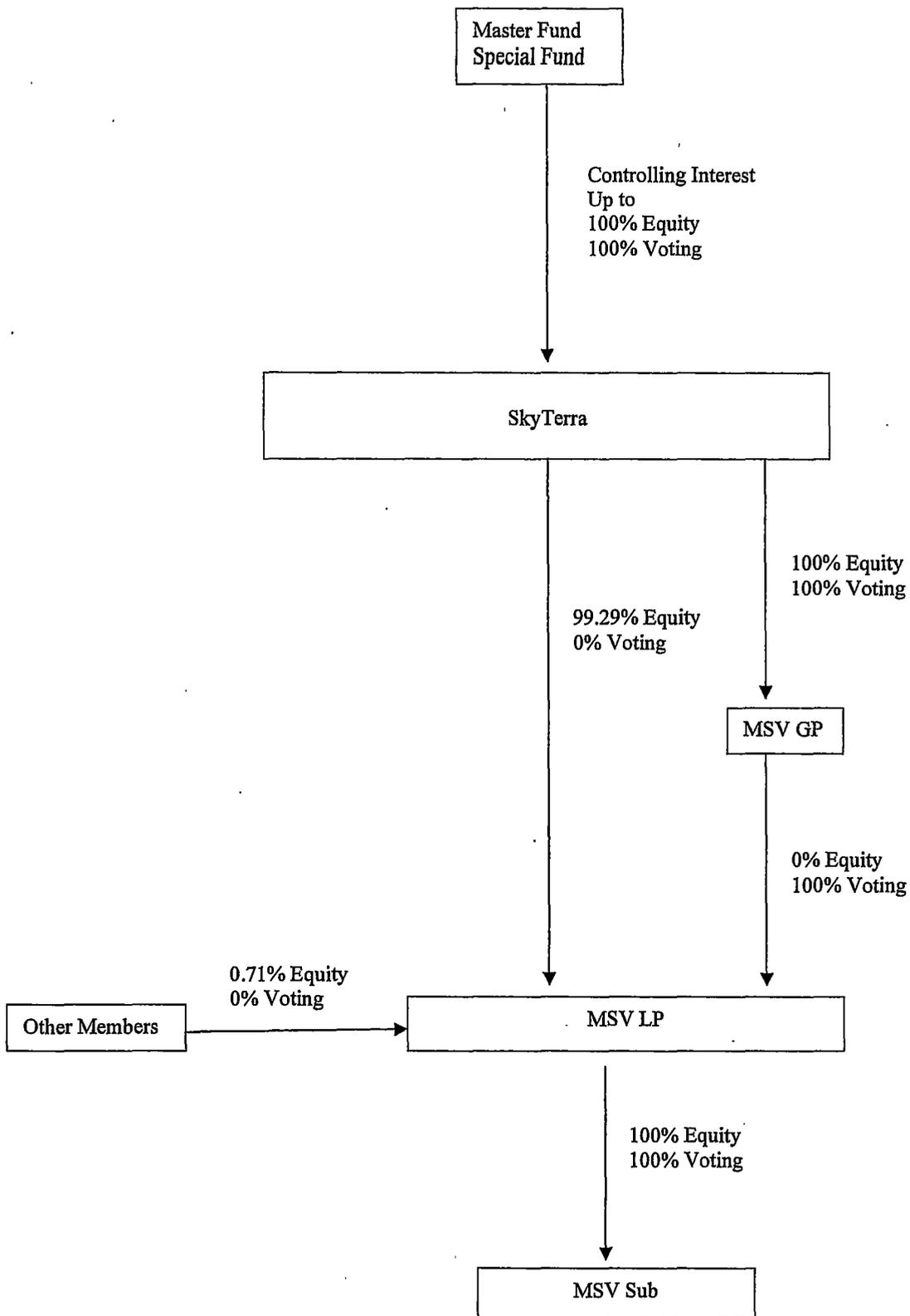
**Annex 3
SPECIAL SITUATIONS FUND OWNERSHIP DIAGRAM**



**Annex 4 to Petition for Declaratory Ruling:
SALE RESTRICTIONS**

Harbinger's management has the ability to prevent limited partners from selling their interests in the Master Fund and the Special Fund to third parties if the sales would cause foreign ownership to exceed the levels permitted under Section 310(b) of the Communications Act and declaratory rulings issued thereunder. Sales of limited partnership interests in any of the following companies, and such sales are rare, are subject to approval by Harbinger: Harbinger Capital Partners Fund I, L.P.; Harbinger Capital Partners Special Situations Fund I, L.P.; and Harbinger Capital Partners Special Situations Offshore Fund, L.P. Similarly, sales of shares in Harbinger Capital Partners Offshore Fund I, Ltd. are subject to approval by Harbinger.

**Annex 5 to Petition for Declaratory Ruling:
PROPOSED CONTROL OF MSV SUB BY THE HARBINGER FUNDS**



Attachment C – U.K. Panel Case

Lyonnaise des Eaux for the Northumbrian Water Group

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Number :	5610F	Date :	06/03/95 07:34:02
Company :	Northumbrian Water	Time :	07:34:02

Cash Offer by Lyonnaise
RNS No 5610F
NORTHUMBRIAN WATER GROUP PLC
6th March 1995

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO
THE UNITED STATES OF AMERICA, CANADA OR AUSTRALIA

LYONNAISE DES EAUX S.A. ("LYONNAISE")
PROPOSED CASH OFFER
FOR
NORTHUMBRIAN WATER GROUP PLC ("NORTHUMBRIAN")

SUMMARY

- * Proposed cash offer for Northumbrian by Lyonnaise, a leading international water services group, on terms to be announced following satisfactory outcome of regulatory review
- * The merger of two north east based water companies with a clear geographical and commercial fit creating opportunities for improved efficiencies and resultant benefits for customers and the region
- * Creation of a major industrial force based in the north east managing the provision of water services to a population of some 4.2 million over an area of 11,800 square kilometres
- * Opportunities, through the combination of the international expertise and resources of the two groups, for co-operation on international projects and in consultancy and waste management

Commenting on the proposed offer, Philippe Brongniart, Executive Vice-President of Lyonnaise said:

"We have been investing successfully in the north east for the benefit of our customers for over six years and are proud of our reputation for customer service. Northumbrian and North East Water already work together in a number of areas and we strongly believe that merging our UK water interests with Northumbrian will strengthen both businesses, providing further benefits for customers.

"The proposed offer is a natural strategic development in one of our core areas of activity. The enlarged UK water businesses will represent a substantial and prominent part of our international water activities and will enhance our ability to meet a greater variety of customer needs."

THE PROPOSED OFFER

Lyonnaise today announces its intention to make a cash offer ("the Proposed Offer") for the whole of the issued share capital of Northumbrian.

Lyonnaise anticipates that the Proposed Offer will be referred to the Monopolies and Mergers Commission ("MMC") and therefore it is not the intention of Lyonnaise to announce formal offer terms at this stage.

Lyonnaise intends to merge its existing UK water-related businesses with those of Northumbrian, thereby creating an enlarged group which will consolidate the strengths of each business and offer benefits to customers. Lyonnaise believes that the enlarged group will, with the combined experience of the management of Northumbrian and Lyonnaise, be able to make more effective use of existing water resources and will continue to develop the distribution network to enhance the level of service to customers.

INFORMATION ON THE LYONNAISE GROUP

Lyonnaise

Lyonnaise is a worldwide environmental services and urban development group. Based in the Paris area, it is quoted on the Paris Bourse and has a market capitalisation of approximately FFr 24.6 billion (Â£3.0 billion, at current exchange rates). It has an extensive international presence, operating in Europe, North and South America, Asia, the Pacific Basin and Australia and employed approximately 120,000 staff worldwide as at 31 December 1993.

Lyonnaise is a leading international water services group supplying directly, or through its affiliates, water services to more than 40 million people worldwide of which more than 26 million are outside France.

Lyonnaise has developed its international water activities over a period of some 15 years. The acquisition of four UK water companies in 1988 and 1989 represented a significant step in this development. Lyonnaise has also achieved major successes in winning competitive tenders for some of the largest contracts awarded in the water industry worldwide, including Buenos Aires (1993), Sydney (1993) and Indianapolis (1994).

Further information relating to Lyonnaise is set out by way of Appendix to this announcement.

Lyonnaise's UK water-related businesses

Lyonnaise's principal UK water-related businesses are North East Water plc and Essex and Suffolk Water plc, which together supply a population of approximately 3 million.

* North East Water

North East Water is the appointed water supplier for the majority of customers in the north east who are not supplied by Northumbrian. It was formed in 1992 following the merger of the Newcastle and Gateshead Water Company and the Sunderland and South Shields Water Company, both of which were acquired in 1989.

* Essex and Suffolk Water

Essex and Suffolk Water was formed last year following the merger of the Essex Water Company and the Suffolk Water Company, both of which were acquired in 1988.

These mergers were successfully carried out after full consultation with, and the approval of, the Office of Water Services and in each

Case involved the merger of the two companies under a single water licence.

For the year ended 31 March 1994, Lyonnaise's UK water-related businesses (including its analytical and consultancy businesses) recorded an aggregated turnover of £162.4 million and profit before tax of £46.3 million. Aggregated net assets as at 31 March 1994 amounted to £137.1 million. Lyonnaise's UK water-related businesses employed some 1,580 staff as at 31 March 1994.

INFORMATION ON NORTHUMBRIAN

Northumbrian is principally engaged in the provision of water supply and sewerage services in the north east of England. Northumbrian supplies water to a population of some 1.2 million throughout the Wear and Teeside areas and parts of Northumberland. Northumbrian also provides sewerage services to a population of approximately 2.5 million in the north east region including almost all of the people to whom North East Water supplies water. Northumbrian is also involved in the supply of raw water to industrial customers, waste management, consultancy and the manufacture and supply of environmental protection equipment.

As at 31 March 1994, Northumbrian employed 3,202 staff. Based on the mid-market share price of 742p at the close of business on 3 March 1995, Northumbrian had a market capitalisation of approximately £508 million.

For the year ended 31 March 1994, Northumbrian reported total turnover of £298.6 million and profit before tax of £62.8 million. Net assets as at 31 March 1994 were £772.4 million.

REASONS FOR THE PROPOSED OFFER

Lyonnaise believes that combining Northumbrian with its UK water-related businesses will produce particular benefits for the enlarged group and presents an exceptional opportunity for Northumbrian and its customers. The key benefits of the Proposed Offer are expected to arise as a result of:

* Greater value for money for customers

There is a clear geographical and commercial fit between Northumbrian and North East Water. In addition to a number of common water sources, North East Water already provides a significant quantity of Northumbrian's treated water needs in Northumberland, whilst Northumbrian provides sewerage services to almost all of North East Water's customers. North East Water and Northumbrian together supply water to a population of some 2.5 million within an area of approximately 9,000 square kilometres, supplying some 800 million litres of treated water per day to customers.

Subject to the approval of the Office of Water Services, Lyonnaise anticipates that the two companies would be merged under one water licence. Lyonnaise believes that the integration of the two businesses will produce opportunities for improved efficiency which, whilst maintaining levels of service, will lead to lower charges for many customers than those already determined by the Office of Water Services.

* Strong north east based group

It is Lyonnaise's intention that its enlarged UK water-related businesses, based principally in the north east of England, will be managed through Northumbrian. The enlarged UK group will be a major industrial force in the region and

one of the largest water companies in the UK, providing water services to a population of approximately 4.2 million over an area of some 11,800 square kilometres in both the north east and the Essex and Suffolk areas.

* Overseas expansion.

Lyonnaise believes that, with increasing urbanisation and water privatisation around the world, the opportunities for overseas expansion are significant. Lyonnaise's international network and diversity of expertise places it in an excellent position to take advantage of such opportunities. Lyonnaise believes that through a combination of the international expertise and resources of the two groups, Northumbrian will be better able to develop the necessary critical mass to secure and manage international projects in an increasingly competitive market. This should result in increased overseas activities and enhanced career opportunities for Northumbrian employees in this area.

* Establishment of an enlarged international research and development centre

Lyonnaise has made a considerable commitment to the improvement of the services which it offers through investment in research and development and training of employees and management. While giving Northumbrian access to its research, Lyonnaise proposes to establish and fund an enlarged research and development centre within Northumbrian. This will benefit its customers and assist Northumbrian's international business, providing both groups with the technical benefits of an integrated research and development facility.

* Co-operation within consultancy

Northumbrian has a significant international consultancy business. It is Lyonnaise's intention that Northumbrian's consultancy business will assist and support Lyonnaise's various overseas operations, thereby increasing the flow of work and opportunities for the development of Northumbrian's business in this area.

* Co-operation within waste management

Northumbrian has in recent years been developing its waste management business. Lyonnaise anticipates that this will benefit technically and commercially from the support of Lyonnaise's waste operations, the greater size and technical strength of which will help Northumbrian to accelerate its development in this field.

REGULATORY ASPECTS AND TIMETABLE

Under the terms of the Water Industry Act 1991, the Secretary of State is under a duty to refer to the MMC arrangements in progress which may lead to a merger of water enterprises such as those involved in this case. However, since the Proposed Offer will also be subject to the EC Merger Regulation, a reference to the MMC requires the recognition by the EC Commission of the UK's legitimate interest in the regulation of the water industry. Lyonnaise understands that the UK is communicating its legitimate interest to the EC Commission. Lyonnaise anticipates that the Proposed Offer will be referred to the MMC before the end of March. It is therefore not the intention of Lyonnaise to announce formal offer terms at this stage. Lyonnaise anticipates that competition issues

in relation to the Proposed Offer (as opposed to water regulation) will be dealt with by the EC Commission. Lyonnaise intends to cooperate fully with the appropriate regulatory authorities during the period of review.

Assuming an acceptable conclusion to the regulatory processes, Lyonnaise intends to enter into negotiations with the board of Northumbrian regarding the terms of an offer and endeavour to seek a recommendation from the Northumbrian board. In the event that a recommendation cannot be obtained, however, Lyonnaise reserves the right to make a unilateral offer for Northumbrian. Lyonnaise hopes that an offer can be made to shareholders of Northumbrian in the Summer of 1995 and that such an offer will be completed as quickly as possible thereafter.

APPENDIX: Further information on Lyonnaise

Lyonnaise is organised around two main complementary areas of activity:

* Environmental Services

Lyonnaise is involved in water distribution and treatment, supplying water services directly or through its affiliates to more than 40 million people around the world of which more than 26 million are outside France. It is also involved in waste management, energy, communication and mortuary services.

* Construction

Lyonnaise designs, builds and operates public service facilities including the construction and management of urban infrastructures. It is also involved in building and civil engineering, roads and other construction related activities including electrical installation, industrial maintenance, off-shore oil and gas installations, design and engineering, concessionary operations (such as the operation of car parks and toll roads), piping and pipe laying.

For the year ended 31 December 1993, the Lyonnaise group reported consolidated turnover of FFr 93.6 billion (Â£10.8 billion), working capital provided by operations of FFr 6.0 billion (Â£0.7 billion), income before exceptional items and tax of FFr 2.8 billion (Â£321.8 million) and consolidated net income, after the deduction of minority interests, of FFr 804.0 million (Â£94.4 million).

The breakdown of total revenues by sector for the year ended 31 December 1993 was as follows:

	FFr Billion	per cent
Services		
- Water and holding companies	17.8	19 per cent
- Energy	10.5	11 per cent
- Waste management	6.1	7 per cent
- Communication and mortuary services	3.8	4 per cent
Total services	38.2	41 per cent
Construction		
- Building and civil engineering	24.5	26 per cent
- Roads	9.1	10 per cent
- Other construction related activities	9.5	10 per cent

Total construction	43.1	46 per cent
Other activities	12.3	13 per cent
Total Lyonnaise group	93.6	100 per cent

The breakdown of total revenues by geographic region for the year ended 31 December 1993 was as follows:

	FFr Billion	per cent
France	54.0	58 per cent
Rest of Europe	16.8	18 per cent
North America	14.1	15 per cent
Rest of the world	8.7	9 per cent
Total Lyonnaise group	93.6	100 per cent

Shareholders' equity, including minority interests of FFr 9.3 billion (Â£1.1 billion), of the Lyonnaise group as at 31 December 1993 was FFr 24.4 billion (Â£2.8 billion).

(Exchange rate as at 31 December 1993: FFr 8.7 : Â£1)

For the six months ended 30 June 1994, the Lyonnaise group reported consolidated turnover of FFr 48.3 billion (Â£5.8 billion), operating cash flow of FFr 3.1 billion (Â£369 million) and income on ordinary activities before tax of FFr 1.1 billion (Â£131 million).

(Exchange rate as at 30 June 1994: FFr 8.4 : Â£1)

Lyonnaise estimates that, based on unaudited management accounts, the consolidated turnover for the year ended 31 December 1994 was approximately FFr 98.8 billion (Â£11.4 billion at current exchange rates) as published in the official French publication, BALO, on 15 February 1995. In an announcement released on 19 January 1995, Lyonnaise stated that it anticipated that the consolidated net income for the year ended 31 December 1994, after the deduction of minority interests, would show an increase of between 25 per cent and 30 per cent over the previous year.

GENERAL

The contents of this announcement have been approved by N M Rothschild & Sons Limited and Indosuez Capital Limited for the purposes of Section 57 of the Financial Services Act 1986. It does not constitute an offer or invitation to purchase any securities. N M Rothschild & Sons Limited and Indosuez Capital Limited, which are both members of the Securities and Futures Authority, are each acting for Lyonnaise in connection with the Proposed Offer and no one else and will not be responsible to anyone other than Lyonnaise for providing the protections afforded to their customers or for providing advice in relation to the Proposed Offer.

For further information please contact:

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NOTES TO EDITORS

1. Structure of the Water Industry in England and Wales

Following the reorganisation of the water industry in September 1989, the Government issued licences for the provision of water and sewerage services throughout England and Wales to a number of companies. Ten of these, including Northumbrian, provide both water supply and sewerage services and are generally known as Water and Sewerage Companies ("WASCs"). Twenty one, including North East Water and Essex and Suffolk Water, provide water supply services only and are generally known as Water Supply Companies ("WSCs").

The WASCs provide all of the sewerage services and approximately three quarters of water supply in England and Wales. The WSCs provide water supply to the remainder of England and Wales. The WSCs are subject to regulation of their water supply activities in the same way as the WASCs. The sewerage services in their areas are the responsibility of the relevant local WASC.

2. The Water Industry in the north east

There are three companies engaged in the provision of water services in the north east, namely Northumbrian, North East Water and Hartlepool Water PLC which supplies households in the town of Hartlepool.

North East Water covers more than half the geographic area of Northumbrian and supplies water to 530,000 customers (1.3 million population) across most of Northumberland and the conurbations of Tyneside and Wearside.

Northumbrian supplies water and sewerage services to 459,000 households (1.2 million population) in two enclaves in Northumberland, namely in the Morpeth and Tynemouth areas, together with most of the southern half of the region. In addition, it provides sewerage services to almost all of the customers of the two other companies.

The Kielder Reservoir plays a major role in water management in the north east, releases from which enable flows in the three principal rivers in the region, the Tyne, the Wear and the Tees, to be regulated for water abstraction. Kielder will continue to play a dominant role in the water reserves

of the region.

Company	Water Supply Households	Water Supply Population	Water Supply Area
Hartlepool Water	35,000	92,000	90 sq.kms
North East Water	530,000	1,318,000	5,143 sq.kms
Northumbrian Water	459,000	1,200,000	3,850 sq.kms
TOTAL	1,024,000	2,610,000	9,083 sq.kms

Source: Water Services Association, Waterfacts - 1994

3. Sites where North East Water and Northumbrian already work together in supplying water

Apart from Kielder, there are already strong links between North East Water and Northumbrian in terms of the water supply infrastructure. North East Water supplies treated water in bulk to Northumbrian for its enclaves in Northumberland from its works at Warkworth on the River Coquet and from its Horsley Treatment Works on the River Tyne.

In County Durham, North East Water draws water from its Derwent Reservoir and treats it at the nearby Mosswood Treatment Works, which is jointly financed by North East Water and Northumbrian. Approximately 40 per cent of the treated water from this works is supplied to Northumbrian.

There is also a treatment plant at Wearhead in the upper reaches of the River Wear, owned by North East Water but supplied from Northumbrian's Burnhope Reservoir. A small proportion of the output from this works is supplied to Northumbrian in bulk.

END

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