



Press release

Bologna, July 23rd 2007

Hera: Board of Directors approved today the merger between Hera and SAT Spa and the merger project between Aspes (Hera stake held in Aspes is about 49.7%) and Megas - a company operating in a geographical area nearby Pesaro in Marche region.

Approved strategic guidelines of the new 2007-E2010 Business Plan.

Today's meeting of the Hera Group Board of Directors has examined the strategic guidelines of Hera stand-alone 2007-E2010 business plan currently in progress.

Top management has also illustrated the outcomes of the shareholders' pact meeting recently held to discuss the further expansion perspectives of the Group.

Top management has also illustrated to the Board of Directors the following M&A activities:

- The signed merger agreement with SAT Spa into Hera Spa, that will be effective starting from 1st January 2008. This merger is the completion of the integration process started last month of October with the acquisition of 46.5% stake of SAT for a total amount of Euro 34 million. SAT is a multi-utility operating in the municipalities of Sassuolo, Formigine, Maranello, Fiorano and Serramazzoni of Modena province serving a customer base of 116,000 inhabitants. In 2006 SAT has distributed 116 million cubic meters of gas and about 10 million cubic meters of water, collected 79,000 ton of waste and highlighted consolidated sales of Euro 62.6 million and an Ebitda of Euro 12.3 million. SAT's public entities shareholders, currently owning 53.5% stake of SAT share capital, will swap their shares with 14,540,334 Hera shares of a nominal value of Euro 1 each (equal to a swap ratio set 5,063 Hera shares for each SAT share) and will enter in Hera public entities shareholders' pact. SAT operating activities will be integrated into Hera Modena (Local Operating Company 100% owned by Hera) in order to set premises to exploit synergies and further development opportunities.
- The merger project between Aspes Multiservizi of Pesaro and Megas of Urbino. The new entity named Marche Multiservizi - in which Hera will held about 41.8% stake post merger - will become the second largest player of Marche region with a combined 2006 turnover of about Euro 110 million and an Ebitda of above 15 million. The project also envisage Hera acquisition of Megas Trade which counts 35,000 customers in Pesaro-Urbino area. The project, approved today by the Board of Director of Hera represents the completion of the first step in the consolidation



process of Marche region which will become a point of reference for further aggregations in the region.

These mergers will be submitted to the extraordinary shareholders' meeting called on October 15th (16th second call).

The Chairman Tomaso Tommasi di Vignano said: "This meeting of the Board of Directors was important because has approved both the industrial and profitability development perspectives of the Group of the next three years and the realisation of two further consolidation processes incurred in reference territory".

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