Report of the Board of Statutory Auditors to the 2008 consolidated financial statements of Hera S.P.A.

Shareholders,

The Hera Group has drawn up the consolidated financial statements, in accordance with EU Regulation No. 1606/2002 dated 19 July 2002, as per the International Accounting Standards (IAS/IFRS), ratified by the European Commission, supplemented by the related interpretations (Standard Interpretations Committee – SIC and International Financial Reporting Interpretation Committee – IFRIC) issued by the International Accounting Standard Board (IASB), as well as by the instructions issued by way of implementation of Article 9 of Italian Legislative Decree No. 38/2005.

The accounting period ended as at 31 December 2008, presents the following summary results (expressed in thousands):

BALANCE SHEET

Non-current assets	
Tangible fixed assets	2,889,134
Intangible assets	197,190
Goodwill and consolidation differences	372,696
Equity investments and securities	98,524
Financial assets	8,597
Deferred tax assets	60,329
Financial instruments – derivatives	241
TOTAL NON-CURRENT ASSETS	**3,626,711**
Current assets	
Inventories	60,735
Trade receivables	1,161,295
Contract work in progress	21,704
Financial assets	7,655
Financial instruments – derivatives	300,387
Other current assets	133,625
Cash and cash equivalents	193,635

TOTAL CURRENT ASSETS	**1,879,036**
TOTAL ASSETS	**5,505,747**
Liabilities and shareholders' equity	
Group shareholders' equity	1,525,233
Shareholders' equity pertaining to minority shareholders	53,892
TOTAL SHAREHOLDERS' EQUITY	**1,579,125**
Loans falling due beyond 12 months	1,560,658
Employee leaving indemnity	105,788
Provisions for risks and charges	193,789
Deferred tax liabilities	121,454
Financial leasing payables	11,175
Financial instruments	23,571
TOTAL NON-CURRENT LIABILITIES	**20,016,435**
Banks and loans	204,818
Financial leasing payables	4,737
Trade payables	1,084,427
Tax payables	119,173
Other current liabilities	201,723
Financial instruments	295,309
TOTAL CURRENT LIABILITIES	**1,910,187**
Total liabilities	3,926,622
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,505,747**

INCOME STATEMENT

Revenues	3,716,336

Changes in inventories of finished products and work in progress	2,604
Other operating revenues	73,081
Consumption of raw materials and consumables	(2,421,439)
Costs for services	(716,045)
Payroll and related costs	(331,078)
Amortisation, depreciation and provisions	(247,556)
Other operating costs	(43,688)
Capitalized costs	248,530
Operating profit	**280,745**
Portion of profits (losses) of associated companies	2,123
Financial income	22,162
Financial charges	(116,169)
Pre-tax profit	**188,861**
Income taxes for the year	(78,597)
Net profit for the year	**110,264**

In the Report to the consolidated financial statements and the related explanatory notes, the Board of Directors illustrated the Group's consolidated operations and the summary of the overall income performances.

The independent auditing firm, with whom the Board of Statutory Auditors has had contact, confirmed that it had ascertained the regularity and correspondence of the balance sheet and income statement deriving from the consolidation with the accounting records of the Company and with the information forwarded by the subsidiary companies, included in said scope of consolidation, and that it had also established that full compliance exists between the contents of the consolidated financial statements and the information and clarification which can be obtained from the explanatory notes and the report on operations.

In as far as we are responsible, we can confirm the following:

- The consolidated financial statements of the Hera Group include the financial statements as at 31 December 2008 of the Parent Company Hera S.p.A. and those of the subsidiary companies. Control is obtained when the Parent Company has the power to determine the financial and operating policies of a company in such as way as to obtain benefits from its activities.

- Subsidiary companies whose entity is irrelevant and those in which the effective exercise of the voting rights is subject to serious and long-lasting restrictions, are excluded from line-by-line consolidation, along with the subsidiary companies held exclusively for the purpose of subsequent disposal.

- Equity investments representing fixed assets in associated companies whose entity is significant are carried at equity. Dormant companies, or those of an insignificant entity, are by contrast maintained at cost.

- Companies held exclusively for the purpose of subsequent disposal are excluded from the scope of consolidation and valued at the lower between cost and fair value. These equity investments are classified in their own items.

- There are no companies consolidated on a proportional basis.

- The consolidated balance sheet and income statement schedules have been drawn up on the basis of the accounting schedules which the companies included within the scope of consolidation have appropriately reclassified and adjusted (on the basis of specific instructions issued by the Parent Company) so as to render them consistent with the accounting standards and policies of the Hera Group. With regard to the associated companies, the adjustments to the shareholders' equity balances have been considered to adjust it to the IAS/IFRS standards.

- When drawing up the consolidated balance sheet and income statement schedules, the asset and liability elements, as well as the income and costs of the companies included in the scope of consolidation were adopted on a line-by-line basis. Receivables and payables, income and expense, gains and losses deriving from transactions carried out between consolidated companies have by contrast been eliminated. The book value of the equity investments is also eliminated against the corresponding portions of shareholders' equity of the investee companies.

- The positive difference between the book value of the equity investments and the fair value of the assets and liabilities acquired is allocated to the asset and liability elements and then residually to goodwill; the negative difference is immediately recorded in the income statement, as illustrated in the following section "business combinations". This negative difference is recorded in a consolidation reserve only if it relates to acquisitions prior to 31 March 2004. The amount of the capital and the reserves of the subsidiary companies corresponding to the minority interest is recorded in an equity item entitled "minority interests in capital and reserves"; the portion of the consolidated economic result corresponding to the minority interests is recorded in the item "profit (loss) for the year pertaining to minority shareholders".

- Dividends recorded under financial income of the consolidated companies are eliminated within the sphere of the consolidation process of the respective companies, against the reserves for retained earnings under shareholders' equity. Dividends received by companies carried at equity are booked against the book value of the investment. Dividends resolved by companies carried at cost are maintained under financial income.

- The valuation of the financial statement items is carried out, aspiring to the general principles of prudence and accruals, with a view to the Company as a going concern. For the purposes of the accounting entries, the economic substance of the transactions is given priority over their legal form.

- All the information contained in the consolidated financial statements and the related accompanying documents relates to the 2008 calendar year.

- With regard to the accounting standards, they comply with statutory regulations and in any event are fully illustrated in the explanatory notes.

- The consolidated financial statements also disclose the amount of the guarantees, commitments and risks.

- The consolidated financial statements closed with profit of Euro 110,264 thousand and shareholders’ equity of Euro 1,525,233 thousand.

The shareholders’ meeting must only take into account the consolidated financial statements and accompanying documents for disclosure purposes, since they are documents not subject to approval.

In our opinion, therefore, these financial statements correctly represent the equity and financial situation and the economic result of the Group for the year ended 31 December 2008 in compliance with the provisions which discipline the drawing up of consolidated financial statements.

Bologna, Italy, 10 April 2009

Sergio Santi (signed)

Antonio Venturini (signed)

Fernando Lolli (signed)