



2.08 Report by the Board of Statutory Auditors and Independent Audit Report

2.08.01 Report by the Independent Auditing Firm

PRICEWATERHOUSECOOPERS 

HERA SPA

**CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 DECEMBER 2009**

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE
156 OF LEGISLATIVE DECREE NO. 58 DATED 24
FEBRUARY 1998 (NOW ARTICLE 14 OF LEGISLATIVE
DECREE NO. 39 DATED 27 JANUARY 2010)**

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LEGISLATIVE DECREE NO. 58 DATED 24 FEBRUARY 1998 (NOW ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 DATED 27 JANUARY 2010)

To the Shareholders of
Hera SpA

- 1 We have audited the consolidated financial statements of Hera SpA and its subsidiaries ("Hera Group") as of 31 December 2009, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the related explanatory notes. The directors of Hera SpA are responsible for the preparation of these consolidated financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our audit opinion.

The audit of the consolidated financial statements at 31 December 2009 was conducted in accordance with the legislation in force during the year then ended.

For the opinion on the consolidated financial statements of the prior year, the amounts of which are presented for comparative purposes and have been reclassified to reflect the changes to the financial statement presentation introduced by IAS 1, reference should be made to our report dated 10 April 2009.

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- 3 In our opinion, the consolidated financial statements of the Hera Group as of 31 December 2009 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Hera Group for the year then ended.
- 4 The directors of Hera SpA are responsible for the preparation of the report on operations in accordance with applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance and shareholder structure limited to the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree No. 58/1998, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard No. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information provided in compliance with paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree No. 58/1998 included in the specific section of the report on operations are consistent with the consolidated financial statements of the Hera Group as of 31 December 2009.

Bologna, 13 April 2010

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

This report has been translated from the original version, which was issued in accordance with Italian legislation into the English language solely for the convenience of International readers. We have not examined the translation of the financial statements referred to in this report.

(2)