comunicato stampa

Bologna,11 november 2010

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Launch of a placement of equity-linked bonds that will become convertible into ordinary shares of Hera subject to approval by Hera's Extraordinary General Meeting of a capital increase in respect of the conversion

Bologna, 11 November 2010 – On 10 November 2010 the Board of Directors of Hera S.p.A. ("**Hera**" or the "**Company**") approved the issue of equity-linked bonds (the "**Bonds**") with a maturity of approximately three years, to be placed with Italian and international qualified investors, excluding any form of public offering.

The Bonds will be issued in a principal amount of up to €130 million, which may be increased by approximately €10 million up to approximately €140 million, if the overallotment option granted to the Joint Bookrunners is fully exercised prior to 18 November 2010.

The Bonds will become convertible into the Company's ordinary shares subject to approval, by the Extraordinary General Meeting, of a capital increase to be effected for purposes of permitting such conversion, following which the Company will deliver appropriate notice to the bondholders. For this purpose, the Board is planning to call an Extraordinary General Meeting for the approval of a capital increase, with the exclusion of pre-emption rights pursuant to Article 2441, paragraph 5 of the Italian Civil Code, by means of an issue of shares having a par value of €1.00 per share and otherwise in accordance with the overall conditions of the Bonds and to an issue price per share equal to the conversion price in respect of the Bonds. The Company will provide further details as soon as practicable, in compliance with applicable laws and regulations. If the Bonds are redeemed prior to the approval of the Extraordinary General Meeting, bondholders will be entitled to receive a cash amount linked to the market value of the underlying shares.

Certain shareholders of the Company which include, among others, some municipalities and which together own more than 51% of Hera's issued ordinary share capital, have informed the Board that they view the issuance of the Bonds favourably and they expect – subject to obtaining the authorisation to vote at the EGM – to support the share capital increase with the exclusion of the pre-emptive rights, to be resolved at the Extraordinary General Meeting to be called by the Board of Directors.

The Bonds will be issued at par and will bear interest payable semi-annually at a fixed rate, within a range from 1.5% to 2.0% per annum, payable in arrear on 1 April and 1 October each year, beginning on 1 April 2011. The conversion price is expected to be set at a premium of between 20% and 27% to the volume weighted average price of the shares on Borsa Italiana from launch to pricing. Hera will have the right to redeem all outstanding Bonds at their principal amount together with accrued interest at any time on or after 15 April 2013 or at any time if less than 15% of the Bonds originally issued remain outstanding. The maturity date of the Bonds is 1st October 2013.

If the relevant share capital increase and exclusion of pre-emption rights is not approved by an Extraordinary General Meeting on or prior to 17 February 2010, Hera may redeem the Bonds at a premium of 2%, together with accrued interest. The Bonds may also be redeemed at their principal amount together with accrued interest in certain limited circumstances at the option of bondholders.

The Bonds will be issued in a denomination of €100,000 each. The final terms of the Bonds are expected to be determined following the bookbuilding and will be announced as soon as available.

Hera intends to file an application to list the Bonds on the Euro MTF market of the Luxembourg Stock Exchange after settlement; such listing is expected to occur no later than 31 January 2011, although no assurance can be given.

Hera is rated A3 (Stable) by Moody's and BBB+ (Stable) by Standard and Poor's. Standard & Poor's has provided confirmation to the Company that the Bonds will be rated BBB+.

The proceeds of the Bonds will be used for general corporate purposes and the funding of growth opportunities within the scope of the strategic guidelines as set forth in Hera's industrial plan. The offering of the Bonds will provide a source of low coupon financing and increase balance sheet flexibility.

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BofA Merrill Lynch and Citi will act as Joint Bookrunners for the placement of the Bonds.

This announcement is issued for information purposes in accordance with applicable Italian law and is not intended as investment advice and under no circumstances is it to be used or considered as an offer to sell, or a solicitation of an offer to buy, any security nor is it a recommendation to buy or sell any security.

The offering of the Bonds was not and will not be registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered in the Republic of Italy, except: (i) to qualified investors (investitori qualificati), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("Regulation No. 11971"); or (ii) in other circumstances which are exempted from the obligation to publish a prospectus, as provided for pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

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In connection with the offering of the Bonds, each of BofA Merrill Lynch through Merrill Lynch International and Citi through Citigroup Global Markets Limited (the "Joint Bookrunners") and any of their respective affiliates acting as an investor for their own account may take up Bonds and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or any related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Bonds. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Joint Bookrunners are acting on behalf of the Company and no one else in connection with the securities and will not be responsible to any other person for providing the protections afforded to clients of the Joint Bookrunners, or for providing advice in relation to the securities.

No action has been taken that would permit an offering of the securities or possession or distribution of this announcement in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions.

This announcement and the offer when made are only addressed to and directed, in member states of the European Economic Area which have implemented the Prospectus Directive (each, a "relevant member state"), at persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) and pursuant to the relevant implementing rules and regulations adopted by each relevant member state ("Qualified Investors").

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In addition, in the United Kingdom, this announcement is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order

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In the case of any securities being offered to any investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such investor will also be deemed to have represented and agreed that the securities acquired by it in the offering have not been acquired on behalf of persons in the EEA other than Qualified Investors or persons in the UK and other member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis, nor have the securities been acquired with a view to their offer or resale in the EEA where this would result in a requirement for publication by the Company, the Joint Bookrunners or any other manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

Stabilisation/FSA. In connection with the issue of the Bonds Merrill Lynch International (the “Stabilising Manager”) or any person acting on behalf of the Stabilising Manager may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action, if begun, may be ended at any time, and must be brought to an end after a limited period.

A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.