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The H108 Results Presentation is available on Hera's corporate website at:

www.gruppohera.it

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First Half 2008 results released: message from the Chairman of the Board

Dear Shareholders,

During the first half of the current fiscal year, thanks to a well-balanced mix of business portfolio and to the continuous widening in the scope of consolidation to include successfully integrated-companies, we could achieve a substantial improvement in operating results, even in the tough macroeconomic environment - our EBITDA indeed grew indeed by 22.2% vs. the first half of 2007.

We achieved satisfactory results first of all in activities in which we believed and invested - electricity trading and cross selling actually played a significant role.

Gas sales, moreover, showed a substantial recovery, driven by weather conditions that were more 'physiological' than those we experienced in the first half of 2007, but still not in line with historical average.

The electricity sector, led by a strong demand, benefited from the contribution of two new CCGT plants: the one in Teverola and the other one in Sparanise, which procured 1200 MWh as a whole. In the meantime the WTE plant in Ferrara entered into operations, while the one in Forlì is progressively reaching its full capacity.

In Waste and Water sectors, tariff increases allowed to grow profitability.

In Waste, frankly speaking, we have strengthened our leadership developing new plants which contribution is not completely reflected in our H1 results. The way itself we manage the process - with the recycling of 43% of urban waste collected, among highest in Italy - prove our capability of reducing the amount of waste in dumps, maximising the energy content we can get out of it.

We have also achieved external growth, through the consolidation of SAT e Megas Trade since the beginning of 2008.

Even though the banking system suffers from a liquidity crisis, thanks to our self-financing capability we could continue to make the planned investments - therefore during the first semester, notwithstanding a 188 mn capex, Hera posted a free cash flow of 25 mn. On the other hand our net financial debt, which is still 94% long-term, continues to enjoy favourable credit ratings.

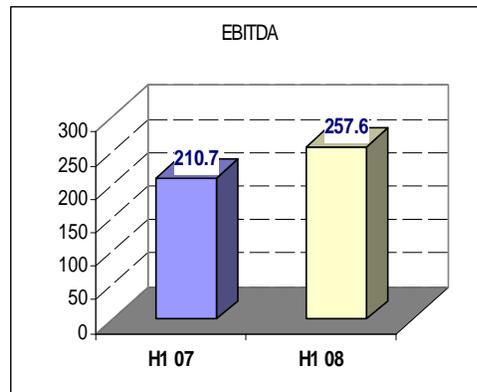
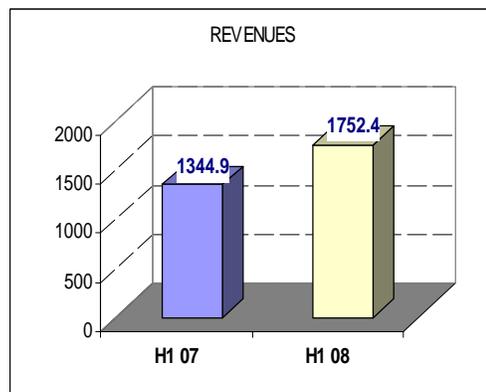


Scenario assumptions have dramatically changed since the launch of our business plan. Anyway we believe that our 2010 targets are ever more visible and achievable, given the skills and resources we can rely on.

While working hard on the Hera Group efficiency in order to reach our challenging targets, at the same time we are also looking at a merger project that might permit further relevant developments .

At the end of May we have started negotiations in order to create a large Group with attractive growth perspective and profitability, thanks to sizeable economies of scale and synergy potentials.

Tommaso Tommasi di Vignano



FIRST HALF 2008

(€mn)

REVENUES 1,752.4 (+30.3%)

EBITDA 257.6 (+22.2%)

EBIT 142.7 (+25.4%)

INVESTMENTS 188

NET FIN. DEBT 1,479.7



NEW GAS IMPORTS

At the end of July Hera achieved a new 20-year import capacity allocation of **120 mn of m³** per year starting from 2009, through the **TAG (North Europe) pipeline**.

In 2007 Hera imported 800 mn m³ of gas and distributed 2,100 mn of m³ to final customers.

A NEW ACQUISITION ENHANCE HERA'S PRESENCE AND CONSOLIDATION CAPACITY IN BORDERING TERRITORIES

MEGAS TRADE - VALUED 5.8 MN - WILL FACILITATE A DEEPER MARKETING PENETRATION IN THE MARCHE REGION

A closer look at our performance in the first half of 2008

During First Half 2007 all business areas contributed to lead a substantial growth, with revenues increasing by 30.3% vs. H107 thanks to:

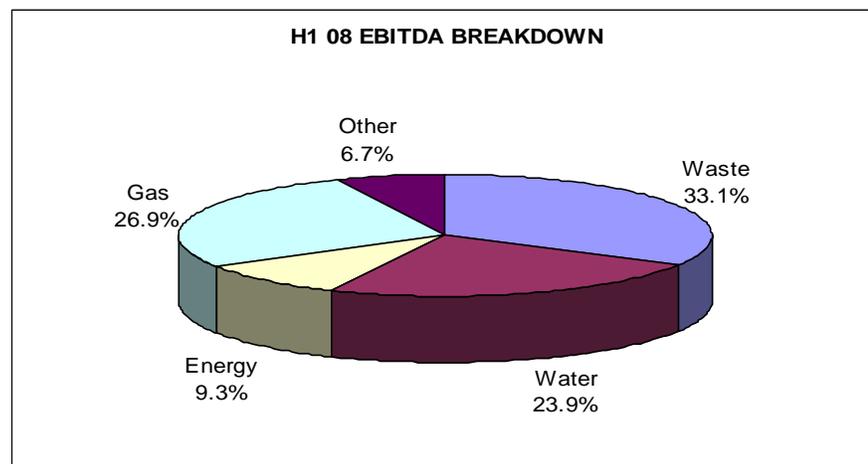
- A higher contribution from **electricity trading** (+188 mn euro) and success of cross selling activities (+75 mn), which more than compensated the decline in distribution tariffs;
- The increase in **gas sales**, led by a recovery in volumes (+189 mm³) due to weather conditions more favourable than in the first half of 2007; gas sales include for the first time SAT e Megas as well;
- The adjustment in tariffs agreed with ATOs both in **Water** (ca.+5%) and in **Urban Waste** (ca.+3%); in Waste, in particular, new plant contribution and increase in treated

volumes (+9,6%) played a relevant role.

EBITDA grows by 22.2% to 257.6 mn. The 46.9 additional million vs. the first half of 2007 to an extent of 32% stem from organic growth and achieved synergies, 33% from a more favourable impact of climate. 19% from new plants and 16% from M&A.

EBIT increases at a weight which is higher than the EBITDA's one, by 25.4%, after the absorption of Depreciations and Provisions for 114.9 mn).

Net Financial Charges, increase in line with net financial debt – which at the end of June '08 reached 1,479.7 mn – notwithstanding the impact of a one-off item of 5.6 mn. Such an amount is due to the so called "Moratoria Fiscale" related to SAT, regarding Public fiscal incentives granted in the past, which the EU considered not allowable (further 5.6 mn are booked in Other Non operating Expenses).



The Gas sector (whose weight is 26.9% vs. 22.5% in H1 2007) recovered a more relevant role in driving EBITDA than in the last quarters, thanks to the mentioned increase in sales due to more favourable weather conditions.

The higher weight achieved by the electricity sector (9.3% vs 8.7% ion H1 2007) mirrors a demand growth, a full contribution from the two CCGT plants in Teverola and in Sparanise, as well as sound trading results.

The strategy of a consolidation process in bordering territories goes on. At the end of July Hera purchased the full control of **Megas Trade**, the company in the Urbino province operating as a leading gas and electricity provider to over 36,000 customers.

The enterprise value for the acquisition has been calculated at 5.8 mn euro. In 2007 Megas posted 26.3 mn revenues.

The acquired company, which will be renamed HeraComm Marche, will play a pivotal role in the ambitious Group marketing effort in that region.

NEW WTE PLANTS

Hera is amongst **Italian leader in the waste-to-energy**. Thanks to its 7 plants - out of which 2 recently entered recently into operations - Hera can treat over **800,000 ton/year** and produced electricity from an installed capacity of 74 MW.



PLANTS	Treatment Capacity (ton/y)	Installed Capacity (MW)
FEA WTE	180,000	22
WTE in Modena	140,000	7
WTE in Ferrara (new)	140,000	13
WTE in Rimini	127,600	10
WTE in Forli (new)	120,000	11
WTE in Ravenna	56,500	6
Ecologia - Ambiente WTE	40,000	4
TOTAL	804,100	74

The plant in **Forli**, in particular, with 11 MW of installed capacity, can treat 120,000 ton/year. It has just started operations; it will be fully operational by the end of 2008.

Hera is building further three WTE plants, among which the one in Modena (19MW, with 180,000 t/y) is well ahead.

In 2010 Hera planned to achieve 105 MW of WTE installed capacity, meaning ca. 1 mn ton of wasted treated per year.



Forli WTE plant

SUSTAINABILITY

Hera's plants boast important environmental certifications

The WTE plant in **Ferrara**, which reached its full capacity during the first half of 2007, has an ISO 14001 certification; moreover it is in the Emas register since 2004.

Even the old WTE plant in **Forli** has achieved an ISO 14001 certification: the new plant, as provided by the Integrated Environmental Authorisation, will get the ISO14001 certification and the Emas registration within the second year after reaching full capacity.

Managing the relationship with local communities - the RAB (Residential Advisory Board) as a key-tool for dialogue

The RAB in Ferrara, created in 2005 to facilitate the dialogue with Hera and Local Administrations, represents a unique experience of participation in Europe.

Board members are citizens from the area in which there is the plant site in Ferrara. During the last 3 years they met 86 times and put up 10 public meetings. Together with Hera, RAB members defined how to be informed themselves and how to inform the rest of the local community; they also defined how and when to visit the plant; they went in depth on many issues with Hera professionals, Province's delegates and representatives from the Social Security.

The RAB has its own website and releases a newsletter on a regular basis.

Hera share's 6-month and 1-year performance vs. MIBTEL

CONTACTS

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2008 FINANCIAL CALENDAR

14 November
 Board for the approval of Third
 Quarter 2008 Results

HERA SHARE

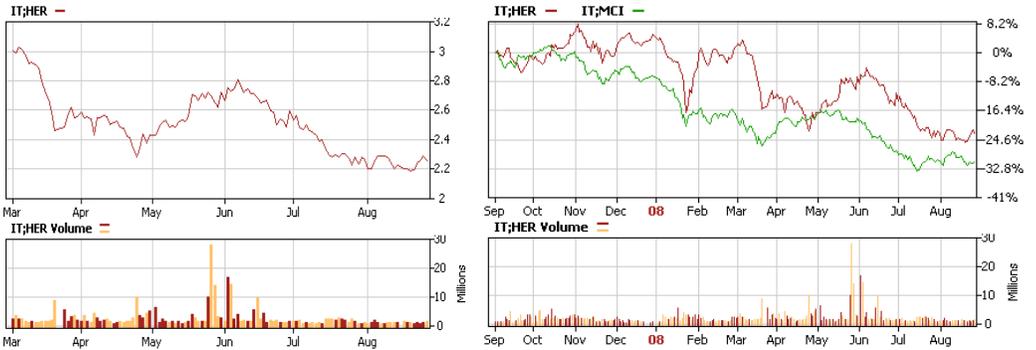
Price as at 28 Aug 2008: 2.3 €
Low-High 365 dd: 2.16-3.18 €
Outstand. shares: 1,032,737,702
Mkt Cap: 2.4 bn €

Specialist: Banca IMI

Consensus target (source Reuters): 3.32€

Stock Exchange Indices including Hera

Midex—Borsa Italiana
 DowJones Stoxx TMI
 TMI Utility
 Axia Ethical
 Kempen/SNS Smaller Europe SRI Index
 Dow Jones Stoxx 600



Source: Reuters

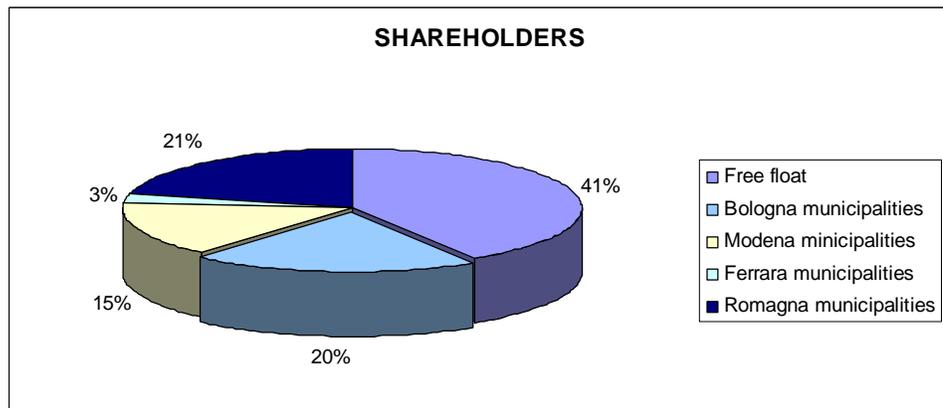
Over the last 6 months Hera share discounted macroeconomic uncertainties and the negative impacts of the 'subprime' mortgage crisis, showing a better performance compared with benchmark indices.

In May the share moved upwards, after the news flow about the start of negotiations related to a merger project. During this period daily traded volumes peaked.

Later on the share again reflected negative financial markets' moods. However since the announcement that the merger project was under assessment Hera posted a better price performance vs. peers.

Hera share's 1-year performance compared with the Italian all-share index - as you can see from the chart on the right - proves a continuous and relevant 'outperformance' of the shares vs. the index.

Shareholdings



The picture of main Hera's shareholders has not changed if compared with the last newsletter issue. Most broker recommendations are positive (Buy or Outperform), someone is Neutral. No sell recommendation.

If we consider the present consensus target price (3.32€ according to the independent source Reuters) the share price shows a potential undervaluation of 44%.

Next issue of this newsletter
 14th November

We await your comments on our newsletter. Please send them to: ir@gruppohera.it