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The Press Release and the Interim Report as at **30 June , 2009** are available on our website

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HeraNews

Investors' Newsletter



First Half 2009 results released: message from the Chairman of the Board

Dear Shareholders,
2009 interim results, which the Board has just approved, present an improvement if compared with the first half of 2008, which is not to be given for granted in light of the underlying weak consumption scenario.

An achievement due - once again - to the sound balance among different businesses we manage in our portfolio, which shows a substantial presence of regulated activities benefiting from tariff updates (I refer to gas and water distribution, waste treatment) or new tariff systems, as in the case of energy.

Where we played in the liberalised arena, we succeeded in catching market opportunities - in electricity, to set an example, final clients increased by some 30%, with volumes expanding to the same extent, by over additional 750 GW/h. Trading activities - both in gas and in electricity - allowed Hera to wipe-off the effects that the economic crisis produced on prices.

In recent months we resolutely continued to strengthen our plant portfolio in the waste area. In the second half of this year we will be able to better incorporate in our P&L the contribution from the Modena WTE, now fully operating.

In our reference territory we are experiencing a glut in many waste treatment sites. Hera will be able - thanks to the new WTE capacity available - to compensate for the crisis impact in terms of lower waste volumes.

As you will see in the following pages of this newsletter, the Waste area is so strategic to Hera - we formed an ad hoc company, Herambiente, in which we concentrated any previously-owned waste asset, in order to be ready to grasp attractive growth opportunities which the Italian market presents in the sector.

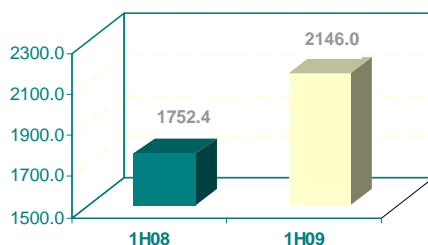
Tommaso Tommasi di Vignano



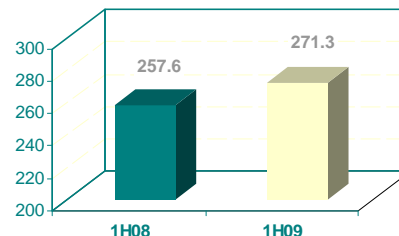
“Interim results improve, which is not obvious with a consumption crisis underway. This is due to the sound balance among different businesses in our portfolio, with a substantial presence of regulated activities benefiting from tariff adjustments... “

“Where we played in the liberalised arena, we succeeded in catching market opportunities.”

REVENUES



EBITDA



FIRTS HALF 2009

(data in mn euro)

REVENUES 2,146.0 (+22.5%)

EBITDA 271.3 (+5.3%)

EBIT 143.7 (+0.7%)

INVESTMENTS 192.7

NET FINANCIAL DEBT 1,788.4



Aimag bid

Hera's binding offer for the 25% stake of the multiutility operating in the provinces of Modena and Mantova

At the end of July Hera submitted a binding offer to purchase the 25% stake of AIMAG SpA from the public shareholders that hold the majority of its share capital.

AIMAG operations range from waste and water to energy - businesses that are strategic in the Hera's business-mix.

AIMAG's clients would enhance Hera's presence in the Modena's territory while opening new frontiers on the close Mantova front .

The Company presents a set of healthy 2008 results - 187 mn revenues, 26 mn EBITDA and 6 mn net profit.

Operating and infrastructural synergies exploitable in case of integration are very visible.

Focus on 2009 interim results

Hera Interim Report presents a sizeable growth (+22.5%) at headline level, thanks to:

1. Tariff adjustments in Water and Waste;
2. Successful trading in Energy, as proven by expanding traded volumes, together with the commodity price increase;
3. In Gas, thanks to temperatures on average lower than the ones experienced in H108 - even though well above historical values - which could relieve negative impacts on consumptions stemming from the economic crisis underway. Revenues in the Gas area, moreover, benefited from the increase in commodity prices as well as from higher distribution tariffs.

Consolidated EBITDA improves by 5.3%, up to 271.3 mn euro. The 13.7 mn increase vs. the H108 EBITDA is roughly 50% ex-

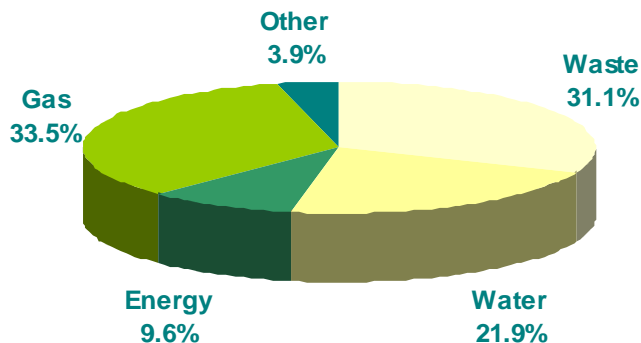
plained by synergies achieved through higher efficiencies and through organic growth, led by new tariffs and energy market expansion. The remaining half of the improvement at EBITDA level then stems from new WTE plants contribution.

EBIT is stable (143.7 mn vs. 142.7 mn in the first half of 2008), after the absorption of 127.7 mn of depreciation & provisions, linked to new investments.

Net financial charges, which are equal to 51.8 mn, are in line with the amount posted in H108. Financial expenses reflect, beyond the increase in net financial debt - which rises from 1,571.5 mn at 2008 year-end up to 1,788.4 mn as at 30 June 2009 - even the extraordinary impact of negative interests calculated for the so-called "moratoria fiscale" - some 2.1 mn in H109.

After charging 37.3 mn taxes (equivalent to a tax rate of roughly 42%), consolidated net profit reaches 51.8 mn, with a 4.5% rise.

H1 2009 EBITDA BREAKDOWN



Consolidated EBITDA breakdown continues to mirror the balance in Hera's business portfolio among regulated and non-regulated activities.

Starting from 2009 activities have been re-organised, in order to better focus different sector structures. District Heating and Heat Management have been re-allocated under the Gas area, while Industrial Microgeneration is now part of the Energy business. These re-allocated activities previously belonged to the Other Services area, which, from now on, will be only focused on Public Lighting and Telecommunications.

The **Gas** sector plays the most relevant role (33.5%) on consolidated EBITDA, with a growing weight even if compared to the first half of 2008, when it resulted in being 30.3%. Gas performance reflects, besides the issues mentioned in the revenue analysis, even the impacts of the Delibera 158/08, which anticipated in the first half of 2009 the fixed amounts.

Other Services are the second area with a growing weight on Group EBITDA (from 2.9 to 3.9%) because of three new-entries in its scope of consolidation in 2009: Acantho, Satcom e Modena Network.

NEW bond issued in JPY

Careful finance strategy at Hera confirmed

Hera's finance policy generated positive results over time, thanks to the issue of long-term bonds, which represent the ideal funding for the demanding investment plan. These bond issues allowed the Group to benefit from a balanced structure in terms of asset and liability mix, even in terms of cost of debt, which remained competitive due to the high credit quality that the Company enjoys. Hera often proved to be able to exploit opportunities and tools which financial markets can provide.

The last issue took place on 24 July, with a 15-year bond, for an amount of 20 bn of Japanese yen. Currency risk at Hera has been hedged through a 150 mn euro swap.

Bond	Year of issue	Rating S&P	Amount (m€)	Duration	Interest rate
Eurobond	2006	"A"	500 mn	10	
for 10 years					Fixed (4.125%)
Extendable Put Bond	2007	"A"	200	20	
first 5 years					Variable (Euribor 3 months-45 b.p.)
last 22 years					Fixed (4.85% + Credit Spread)
Put Bond*	2007	"A"	100	13	
first 3 years					Variable (Euribor 3 months -28 b.p.)
last 10 years					Fixed (4.593% + Credit Spread)
Put loan extendable step-up*	2007	-	50	13	
first 3 years					Variable (Euribor 3 months -45 b.p.)
last 10 years					Fixed (4.41% + Credit Spread)
Put loan extendable step-up*	2007	-	50	13	
first 3 years					Variable (Euribor 3 months -46b.p.)
last 10 years					Fixed (4.44% + Credit Spread)
Resettable step-up Put Bond	2008	-	200	23	
first 3 years					Fixed (Euribor 3 months - 90 b.p.)
last 20 years					Fixed (4.65% + Credit Spread)
JPY bond	2009	-	20 bn JPY	15	Fixed: 2.925%

Interest rates presented assume that put options will not be exercised

Herambiente's inception

The Italian leader in waste treatment

Herambiente was established on 1st July, 100% controlled by Hera SpA. The new player incorporates the whole portfolio of Hera's plants - landfills, waste-to-energy plants, composting plants, and chemical-physical plants - besides service activities and stakes that Hera owned in other waste companies.

The company has been formed with the aim of playing a pivotal role in the attractive development expected in the domestic market, which already presents a waste treatment demand of 160 mn ton per year.



Herambiente's key figures :

5.1 mn ton of waste treated in 2008

73 plants, wholly ISO 14001-certificated; over 1/3 of plants EMAS standard compliant

Board Members' Changes

NEW MEMBER COOPTED

Luciano Sita e Nicodemo Montanari exit the Board, after resignation.

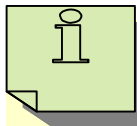
On 20 July the Hera's Board co-opted Daniele Montroni as new independent Board Director: Mr. Montroni has also been appointed as member of the Internal Control Committee.



...again on the Waste forefront

HERA BIDS TO PARTNER WITH QUADRIFOGLIO

Last July Hera put its name forward as a potential strategic partner of Quadrifoglio, the waste service utility operating in Florence and in other four municipalities in the same province. Herambiente could exploit its relevant know-how in engineering, building and managing the new WTE plant which has been authorised in Sesto Fiorentino.



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FINANCIAL CALENDAR 2009

Mid September

Strategic Review Presentation

12 November

BoD for the approval of Third Quarter 2009 Results

II TITOLO HERA

Price as at 26 Aug 2009: 1.71 €
High-Low 365 dd: 2.39 - 1.09 €
Outstanding shrs: 1,032,737,702
Mkt Cap: 1.76 bn €
Specialist: Banca IMI

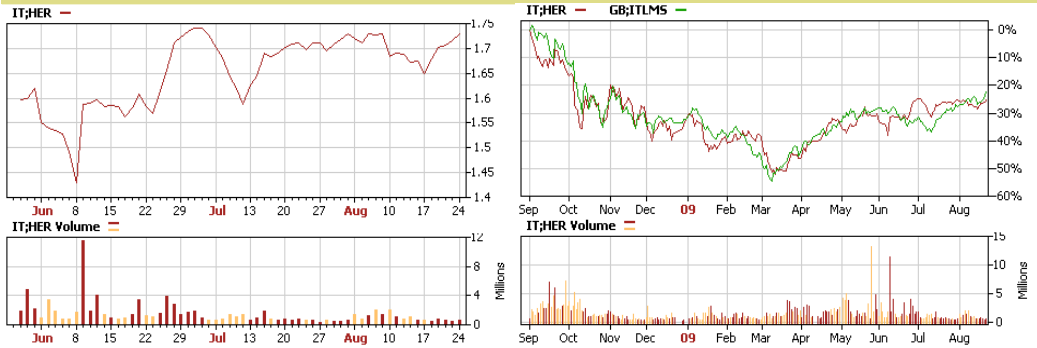
Consensus target price (source broker research): 2.1€

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

Next issue of this newsletter
12 November

Hera share 3-month and 1-year performance

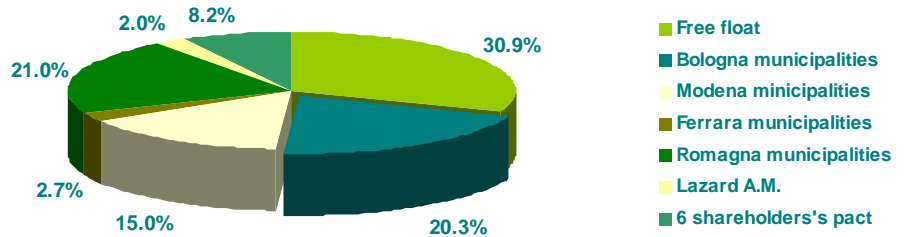


Source: Thomson Reuters

Over the last three months Hera share bottomed at 1,43 € on 8 June, then re-bouncing and stabilizing, from mid-July up to-date, in a narrow range around the 1.7 € level. The chart on the right - showing 1-year performance, confirms the uptrend started in March, which is in line with the FTSE Italy All-Share Index dynamics.

Shareholders and Analyst Coverage

MAIN SHAREHOLDERS



The 8.2% share capital stake refers to a pact of six shareholders: Gruppo Società Gas Rimini, Fondazione Cassa di Risparmio Forlì, Carimonte Holding SpA, Fondazione Cassa Risparmio Imola, Equiter SpA, Fondazione CarisBo.

Shareholders officially holding stakes that exceed the 2% threshold of Hera share capital did not change if compared to the last issue of this newsletter.

Consensus target price of brokers covering the Hera stock is equal to 2.10 €.

In spite of the sizeable jump in share prices vs. the levels experienced when the last newsletter was released (1.51 €), the revaluation gap is still very attractive, exceeding the extent of 20%.

	August 25, 2009	
Broker	Target price €	Rating
Banca Akros	2.8	Buy
Banca IMI	2.1	Buy
Banca Leonardo	2.3	Buy
CAI Cheuvreux	2.0	Outperform
Centrobanca	1.9	Buy
Equita	2.0	Buy
Intermonte	1.8	Neutral
Kepler	1.9	Buy
Mediobanca	1.9	Neutral
Merrill Lynch	2.4	Buy
Santander	2.3	Buy
Unicredit	2.0	Buy
Average	2.10	