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First Quarter 2009 Press Release and Report are available on Hera's corporate website

www.gruppohera.it

area Investor Relations
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HeraNews

Investor's Newsletter



First quarter 2009 results released: message from the Chairman

Dear Shareholders,

The first quarter results that the Board has just approved represent the last data of a series made of 29 quarters of continuous growth at EBITDA level, making the exception of two quarters, namely occurred in 2006 and in 2007, when particularly high temperatures influenced our operating performance.

The 8% increase achieved in the first quarter 2009 is moreover fully led by organic growth, since we had no change in our scope of consolidation.

We face the difficulties in the operating scenario being confident that we can rely on a well-structured business portfolio, which will help us in resisting in critical times. Our regulated assets provide us a "natural shelter" to contrast the crisis threats, while growth strategies pursued in liberalised markets allow us to compensate for average consumptions slowdowns through larger market size.

This quarter proves that the EBITDA growth has been driven by the higher weight in Electricity that we succeeded in achieving as well as by the production from the new WTE plant in Forlì, which is now fully operational. Even water tariff increases played a significant role in pushing consolidated EBITDA growth. This first quarter of 2009 shows further good news - for the first time EBITDA improvements translates into a similar growth at bottom line.

On one hand we have a lower incidence of depreciation on revenues - peak in investments is over indeed - on the other one we posted lower charges than our competitors related to the "moratoria fiscale" impact, thanks to a cautious attitude we adopted in the past, when we carefully evaluated how much and when we had to pay, in order to protect our shareholders.

This allow us to go ahead with our investment plan, which did not change in spite of the serious economic recession, since operating cashflow completely cover annual capex and provided an already healthy level of indebtedness.

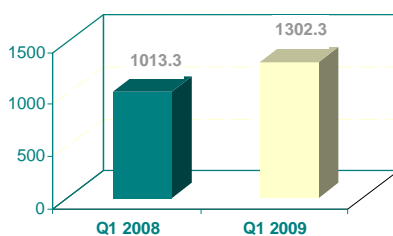
So, we hopefully continue to focus on our businesses, since we believe that our efforts will go on translating into material achievements.

Tomaso Tommasi di Vignano

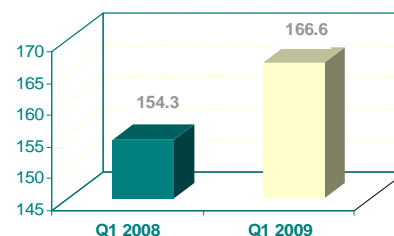


"Our regulated assets provide us a "natural shelter" to contrast the crisis threats, while growth strategies pursued in liberalised markets allow us to compensate for average consumptions

REVENUES



EBITDA



FIRST QUARTER 2009

(million euro)

REVENUES 1302.3 (+28.1%)

EBITDA 166.6 (+8.0%)

EBIT 111.3 (+9.4%)

CAPEX 86.0

NET FINANCIAL DEBT 1636.3

⇒ **DIVIDEND DISTRIBUTED**

FY07: 8 cts.

⇒ **DIVIDEND APPROVED BY THE AGM FOR FY08:** 8 cts.

⇒ **DAY OF SHARE-OUT :**

1 JUNE 2009

⇒ **PAYMENT DAY:**

4 JUNE 2009



The third edition of “Un pozzo di scienza”, the initiative targeting high schools students in order to make them aware of environmental issues, will take place in Bologna through six meetings since the 6th to the 9th of May.

This part of the educational project organised by Hera together with the Fondazione Golinelli will focus on nanotechnologies, nuclear power, climate changes and will present new emerging professions in the field of the environment.



A closer look at our performance in Q1 2009

First quarter 2009 results show a 28.1% growth of the consolidated headline, mainly driven by the dynamics of electricity sales (+32.8%), by the positive impact of tariff increases in regulated businesses and, lastly, by favourable trends in commodity prices.

EBITDA stepped up by 8.0% to 166.6 million euro. The increase vs. 154 million posted in the first quarter 2008 is 69% explained by the component “synergies and organic growth”; while the remaining 31% of the improvement stems from the “contribution from new plants”.

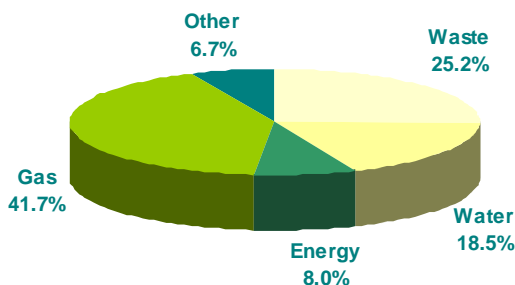
The first quarter 2009 presents a lower weight on revenues of depreciation (thanks to decelerating investments), of net financial charges (thanks to a controlled increase in

debt) and thanks to a lower fiscal impact. Therefore most of the growth posted at EBITDA level could translate into a similar growth at bottom line, which in fact reached 48.8 million euro.

Net financial debt, which rises from 1571.5 million euro as at 2008 year-end to 1636.3 million as at the end of March 2009, basically reflects the inflating net working capital, affected by seasonal payments of the “accise” (i.e. taxes on energy products), while no major delay in credit payments was experienced in the quarter.

Capital expenditure, equal to 86 million euro in the quarter, was fully covered by the operating cash flow.

Q1 2009 EBITDA BREAKDOWN



EBITDA	Q1 08	Q1 09	Change
Waste	44.4	42	-5.4%
Water	29.4	30.8	4.8%
Gas	58.1	69.5	19.6%
Energy	11.4	13.3	16.7%
Other	11.0	11.1	0.9%
TOTAL	154.3	166.6	8.0%

(dati in mn di euro)

The **Gas** sector, which plays a significant role in EBITDA breakdown, reflects the increase of 30% in the commodity price, as well as higher volumes in terms both of distribution and trading activities, which allowed to compensate for the decline in consumptions led by the crisis (-4% in the Hera's territory).

The **Waste** sector lowers its weight from 25.2% in Q1 2008 to 28.8%. Actually electricity sales from energy generated by new WTE plants increased (+36 GWh), but volumes

in special waste treatment fell by 9.8%, due to the economic slowdown. The strategic initiatives launched in order to increase the Hera's market share in this segment generated promising effects; they have impacted the sole month of March.

Water sector improvements were due to tariff increases, as well as to efficiencies tied to the network remote control in place.

Lastly, performance in the sector of **Electricity** mirrored a substantial expansion in volumes (+41% quarter over quarter) and a rise in the commodity price: these combined effects offset the decline in consumptions, estimated to the extent of 5% of volumes of residential customers and of 8% of volumes in business ones. The forward sales campaign concluded in 2008 allowed Hera to protect margins and risk profile from fluctuation in market prices, which occurred to be particularly wide in January and in February.

The interview



This year Hera chose to present at the Annual General Meeting, besides the Annual Report with Financial Statements, even the Sustainability Report. Sustainability is considered a strategic lever to improve the Group competitiveness indeed.

We therefore interview Filippo Bocchi, the Hera's head of Sustainability.

Filippo Bocchi, Hera's head of Sustainability

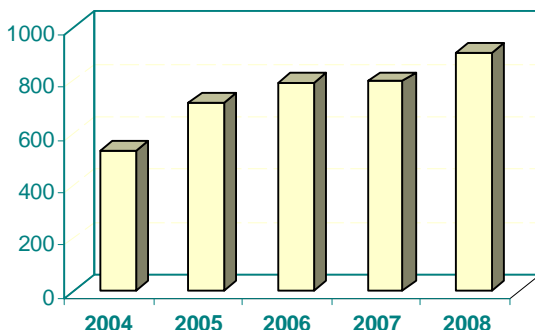
Mister Bocchi, what are the main findings emerging from the 2008 Sustainability Report?

First of all, Hera has fully achieved its targets both in terms of quality and of social responsibility. We are a listed company, but we haven't just financial goals. We aim to continuously improve our sustainability indicators, we dedicate time and resources to the reporting activity; we are also committed to a continuous communication to our shareholders. These facts prove that we really care the issue.

What's Hera's 'mission'? How does this translated into material facts?

We have clearly and proudly stated that we aim to be the best Italian multi-utility. Then, if we compare ourselves with the performance of main sector operators, we are happy to point out - on the back of a Mediobanca analysis - that at Hera we have the lowest water leakages, the shortest waiting time at call centres, the quickest intervention time in the gas distribution network and our CO2 emissions are 17% below legal

DISTRIBUTED VALUE ADDED (mn €)



limits.

How can we evaluate the benefits that the various stakeholders achieved in 2008?

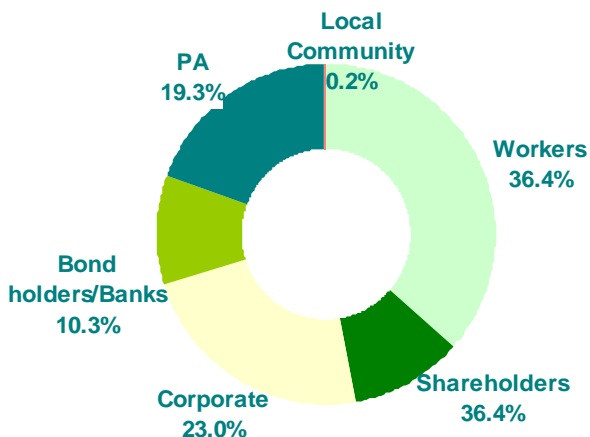
Very simple; we have an effective indicator for that: the value added, calculated as the difference between revenues and production costs that do not represent a remuneration to corporate shareholders. The value added generated by Hera in 2008 amounted to 909.2 million euro. This means that we have produced an additional 14% value added for our stakeholder versus the previous year.

DISTRIBUTED VALUE ADDED (mn €)

2004	535.5
2005	715.4
2006	792.4
2007	797.8
2008	909.2



2008 VALUE ADDED BREAKDOWN



AGM



Hera's Chairman, Tomaso Tommasi di Vignano

Hera's CEO, Maurizio Chiarini

SHAREHOLDERS'

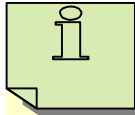
ANNUAL GENERAL MEETING

The Annual General Meeting that took place in Bologna on the 28th April 2009 approved 2008 full-year results and the distribution of an 8 cts. dividend, in line with the Board's proposal. It is an unchanged amount if compared to the dividend distributed one year ago, related to the fiscal year 2007.

The Annual General Meeting has moreover approved some changes in the Company Articles of Association, regarding the introduction of the list voting system, already in effect for only the minority shareholders, as the procedure to follow in the future also for appointing Board members of public shareholders holding the majority of capital to the BoD.



Vai al sito del Bilancio di Sostenibilità 2008



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2009 FINANCIAL CALENDAR

14 May

BoD for the approval of 2009 first quarter results

27 August

BoD for the approval of 2009 Interim results

12 November

BoD for the approval of the first nine months of 2009

HERA SHARE

Price as of 13 May 2009: 1.51 €

365 dd Low-High: 1.09-2.82 €

Outstanding shares:

1,032,737,702

Mkt cap: 1.97 bn €

Specialist: Banca IMI

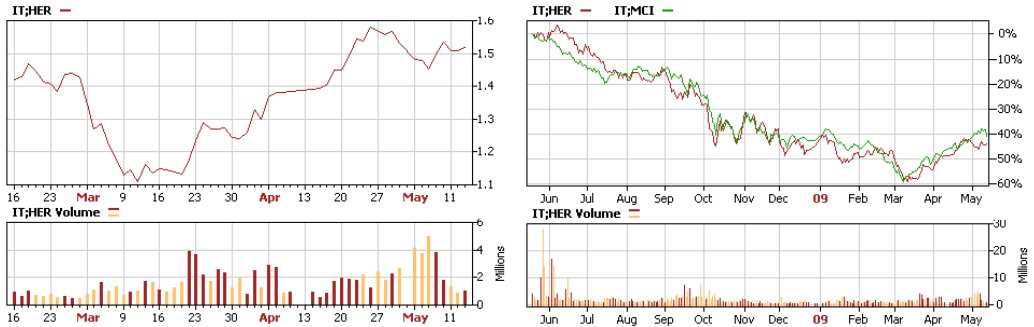
Consensus target price (source: brokers' research): 2.3€

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 will be released on **27 August 2009**

Hera share / 3-month and 1-year performance vs. MIBTEL

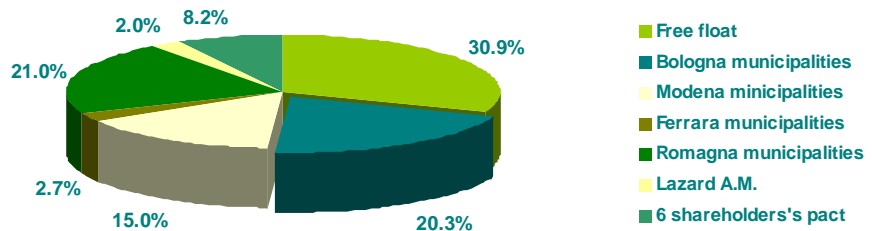


Source: Thomson Reuters

Over the last three months Hera stock price has firstly bottomed at 1.09 € on 12 March, then following an uptrend which peaked at 1.58 € (+42% from the low) on 24 April - prices have therefore reached the levels of the beginning of the year. Hera's stock price rally was in line with a recovery that positively affected the whole Italian stock market. The chart on the right, which compares the stock price with the all-share Italian index, clearly proves it.

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.

Most analyst revised their earnings estimates and valuations after the release of FY08 results. On average consensus target price is equal to 2.26 €.

If we consider recent Hera stock prices, the gap with the target price remains very huge, being around 48%.

Broker	May 12, 2009	
	Target price €	Rating
Banca Akros	2.8	Buy
Banca IMI	2.1	Buy
Banca Leonardo	2.1	Buy
CAI Cheuvreux	2.0	Outperform
Centrobanca	1.9	Undervalued
Cazenove	-	-
Citigroup	3.5	Buy
Dresdner Kleinwort	3.1	Buy
Equita	2.2	Buy
Exane	-	-
Intermonte	1.7	Neutral
Kepler	1.9	Buy
Mediobanca	1.9	Neutral
Merrill Lynch	2.4	Buy
Santander	2.3	Buy
Unicredit	2.0	Buy
Average	2.26	