

The information contained in this Newsletter is as of May 13th, 2010

CONTENTS

PAGE 1

Message from the Chairman of the Board

PAGE 2

Focus on Q1 2010 results

PAGE 3

2009 Sustainability Report
Annual Shareholders' Meeting

PAGE 4

Hera and the Stock Exchange
Financial Calendar
Shareholding and
Analyst Coverage



First Quarter Results' Press Release and Report are available on our website at:

www.gruppohera.it

/Investor Relations/

/Reports and Results

/Press Releases



HERA SPA

Headquarters:
Viale C. Berti Pichat, 2/4
40127 BOLOGNA
T.+39 051 28.71.11
F.+39 051 28.75.25
www.gruppohera.it

HeraNews

Investors' Newsletter



Q1 2010 results presented: Message from the Chairman of the Board

Dear Shareholders,

In the first quarter of 2010 Hera presents a P&L in which, despite the decline in revenues due to the fall in the prices of energy commodities, every single earnings item posts a growth: from EBITDA - which shows a double-digit improvement - to net profit, which rises by 5,5% over the 2009 first quarter and touches the 5% level in terms of margin on revenues.

This 2010 first quarter moreover provides some evidence that lead us to identify structural drivers, which can deploy their effects even beyond the short term. In an operating environment looking less negative than the one we had to face one year ago, Hera proved to succeed in promptly translating a timid recovery in demand into a marked improvement in volume dynamics and, hence, in higher earnings.

What allows us to be confident in the capacity of our Group to achieve sizeable profit increases as long as the economy gets out of the crisis?

Firstly, we can rely on the contribution from new plants we have built - a contribution that proved to be essential even in the last quarter, despite some capacity remained unexploited, for the annual maintenance that stopped the WTE in Modena for one month, while the 80 MW cogeneration plant at Imola limited its power generation, given the unprofitable levels of energy market prices. Also in the waste sector we will rely on the new WTE plan, with a capacity of 180,000 tons per year.

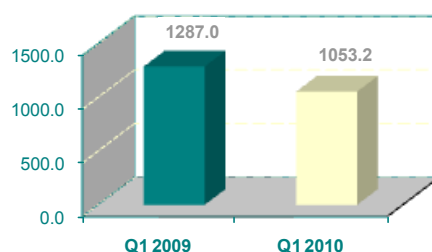
Secondly, again in the perspective of catching and enhancing the benefits in a less harder demand context, we will be able to harvest the results of the market shares achieved in liberalised markets, thanks to a commercial structure that succeeded in moving the cross-selling lever; we have indeed achieved a sizeable enlargement of the client base, which has already reduced the impact of lower prices through higher volumes in the electricity sector. Such factors, besides the ongoing positive effects of the synergies and of the organic growth, allow us to forecast a cashflow generation in excess of the funding requirements of new investments - a fundamental premise to be able to maximise shareholder return as well.

Tomaso Tommasi di Vignano

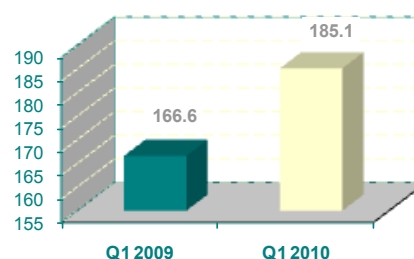


"In a less negative operating environment, Hera proved to succeed in promptly translating a timid recovery in demand into a marked improvement in volume dynamics and, hence, in higher earnings."

REVENUES € mn



EBITDA € mn



FIRST QUARTER 2010
 (DATA IN MN €)

REVENUES 1,053.0 (-18.2%)

EBITDA 185.1 (+11.1%)

EBIT 117.6 (+5.7%)

INVESTMENTS 63.8

NET FIN. DEBT 1,919.7

 ⇒ **DIVIDEND PAID FY2008:**
8 cts.

 ⇒ **DIVIDENDO APPROVED BY THE AGM FY2009:**
8 cts.

 ⇒ **EX-DIVIDEND DATE:**
7 JUNE 2010

 ⇒ **DIVIDEND PAYMENT DATE:**
10 JUNE 2010


CCGT plant in Imola



WTE plant in Forlì

Focus on 2010 first quarter results

The 2010 first quarter presents a 18.2% decrease in revenues, which is by over 50% due to a decline in trading activities and, by the remaining part, to the lower value of methane gas sales, given a lower commodity price, linked to the oil price.

However, all areas of business showed an improvement in terms of volumes: this could partly offset the decline at P&L headline.

EBITDA, increasing by 11.1% to 185.1 million euro, reflects a substantial contribution (14 million euro) from the component "synergies and organic growth".

It also begins to prove the benefits that can stem from new plants (4.5 million), even though they could not operate at full capacity in this first quarter of the 2010 fiscal year.

EBITDA margin increases from 12.9% to 17.6%, pointing out the neutrality of the

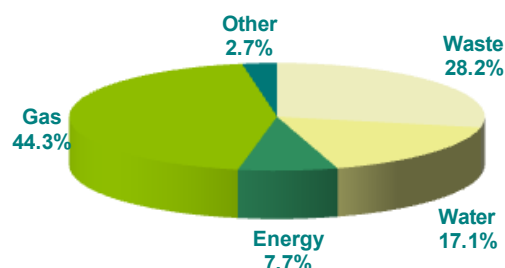
"Hera's model" vis-à-vis the changes in commodity prices.

After the charge of higher depreciation and provisions (+21.9%), EBIT increases by 5.7% vs. the first quarter of 2009.

Thanks to a deceleration in net financial expenses, which in absolute values rise from 24.8 to 26 million, while net financial debt remained quite stable vs. the figure at 2009 year-end (1,919.7 million at the end of the 2010 first quarter), pre-tax profit posts an increase of 9.4%, that is higher than the one shown by EBIT.

Net profit is up by 7.8%, in spite of a 42.6% tax-rate.

Investments, which are now beyond their peak level, decrease to 63.8 million vs. the 86.1 million in the first quarter of 2009.

Q1 2010 EBITDA BREAKDOWN


EBITDA	Q1 2009	Q1 2010	Change
Waste	42	52.2	24.3%
Water	30.8	31.7	2.9%
Gas	77.3	81.9	5.9%
El. Energy	13.9	14.3	2.9%
Other	2.6	5.0	92.0%
TOTAL	166.6	185.1	11.1%

(data in mn euro)

The **Waste** business has achieved a sizeable growth, driven by higher treated volumes (+16.3%), thanks to the contribution of new plants and to special waste volumes led by an economy in recovery.

In the **Water** business, tariff adjustments and a 2.3% growth in volumes have compensated for a lower number of new connections, due to a weak building industry.

Lastly, in the Electricity business, the decline in electricity prices has been partly offset by the larger market share that Hera has gained (over 6,000 new clients in the first fiscal quarter); this allowed volumes to grow by 13.1%. Unfavourable market conditions have penalised power generation at the new cogeneration plant in Imola and, more in general, trading activities.

All business areas posted a growth at EBITDA level vs. the first quarter of 2009.

In the **Gas** sector - which remains the one with the higher weight on consolidated EBITDA - higher volumes in distribution and trading, respectively due to low temperatures and to the early signs of an economic recovery, wiped off the fall in the commodity price.

Sustainability at Hera - a glance at the 2009 Report

The Sustainability Report in Hera is no more just a document that presents the results achieved over the last year in terms of Environment and of Social Responsibility.

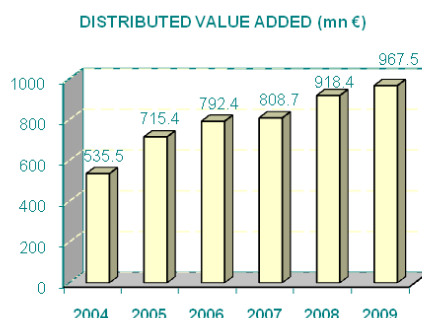
At its eighth issue, it has gained a consolidated role of strategic tool both for **managing the Company** and for **talking with stakeholders**.

Since it is pivotal both in the **inside management process** and in the **outside-oriented communications**, the Sustainability Report is approved by the Board of Directors besides the financial statements; moreover, during the Annual Shareholders' Meeting the CEO presents it in depth.

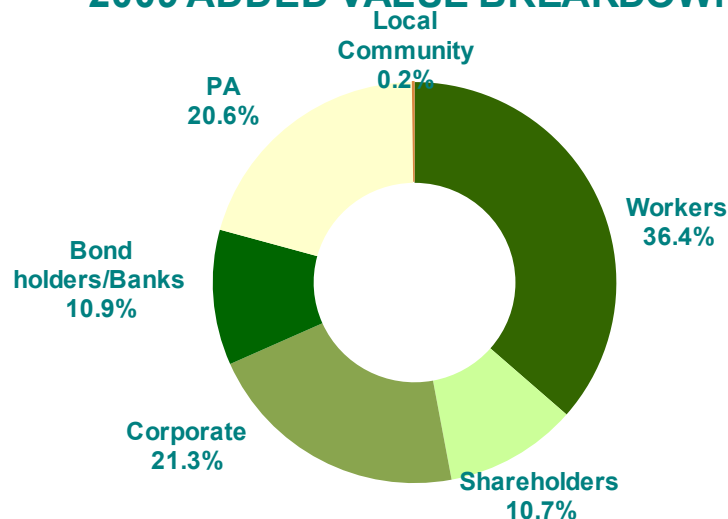
In 2009 the Global Value Added generated by Hera and distributed among its shareholders has shown an increase, to the extent of

5% vs. 2008, following a path of continuous improvement, as the bar chart below proves.

The Value Added has been distributed among the different shareholders according to the percentages indicated in the following ring chart.



2009 ADDED VALUE BREAKDOWN



the Hera Group sustainability report for 2009
contains figures for the three areas of responsibility: economic, social and environmental. Focus on commitments made, the results obtained and the outlook for the future.



ANNUAL SHAREHOLDERS' MEETING



Hera's Chairman, Mr. Tomaso Tommasi di Vignano

Hera's CEO, Mr. Maurizio Chiarini

The Shareholders' Meeting that took place in Bologna on 30th April, 2010 approved the financial statements for the fiscal year 2009 and the distribution of a dividend of euro 8 cents, in line with the proposal of the Board of Directors. The dividend therefore remains unchanged vs. the one paid in 2009 for the 2008 fiscal year.

The Shareholders' Meeting has also resolved upon the authorisation to buyback shares. The Extraordinary Shareholders' Meeting has furthermore approved the merger by incorporation of Agea Reti into Hera S.p.A.

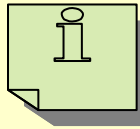
Social Responsibility Events



Invito alla presentazione del
bilancio di sostenibilità
del Gruppo Hera
per l'anno 2009

Bologna, venerdì 28 maggio 2010
Royal Carlton Hotel
Via Montebello 8, ore 9.30

On 28th May 2010 Hera will present in Bologna its Sustainability Report during an event that will see the participation of Professor Jacques Attali and a workshop with high-profile attendees from public institutions, finance, ethics as well as from the academic world.

**CONTACTS**

Head of
Investor
Relations
Jens K. Hansen

T. +39 051 287737
jens.hansen@gruppohera.it

**2010
FINANCIAL CALENDAR****13th May**

Board Meeting to approve
Q1 results

26th August

Board Meeting to approve
results H1

11th November

Board Meeting to approve
9M results



WTE plant in Modena

HERA SHARE

Price as of 12th May, 2010: **1.6 €**
365 dd High-Low: **1.4-1.8 €**
Outstanding shares:
1,115,013,754
Mkt Cap: **1.8 bn €**

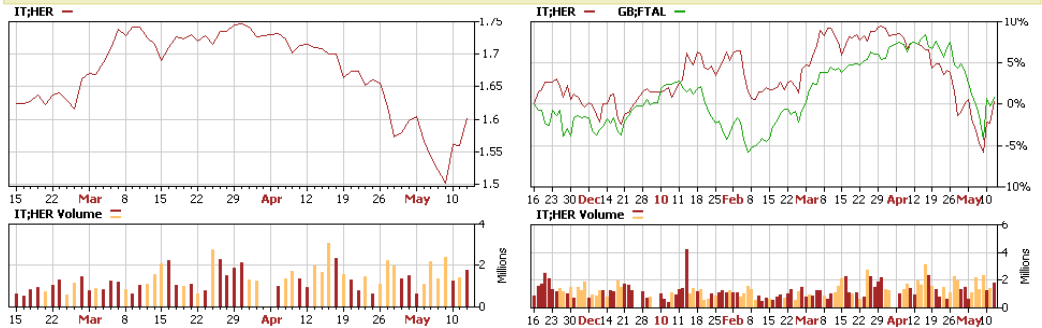
Specialist: **Banca IMI**

Consensus target price **2.04€**
(source: broker research):

STOCK INDEX MEMBERSHIP

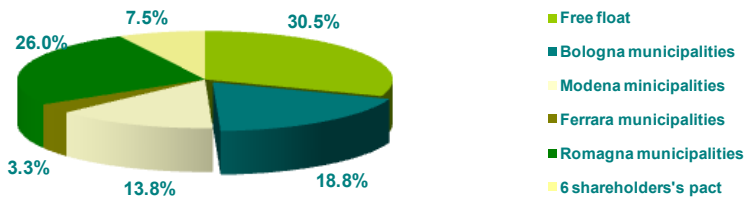
FTSE Italia Mid Cap
DowJones Stoxx TMI
TMI Utility
Axia Ethical
Kempen/SNS Smaller
Europe SRI Index
Dow Jones Stoxx 600

Next issue of this newsletter
will be on **26th August 2010**

Hera share 3-month and 6-month performance vs. FTSE all-share index

Fonte: Thomson Reuters

Over the last three months the Hera's stock price presented a relevant volatility. On 29 and 30 March it reached a relative high at 1.75€; later on, it fell and bottomed at 1.50 € on 7 May, due to the crisis driven by the concerns about the Greek public debt on financial markets. The comparison with the movements of Italian equity index (FTSE All-share) over the last 6 months (chart on the right) indicates that Hera's stock outperformed the all-share index from the beginning of 2010 to the end of March; then, it anticipated the correction that the index showed as well.

Shareholding and Analyst Coverage**MAIN SHAREHOLDERS**

The 7.5% 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 that officially own stakes above 2% in Hera's share capital did not change compared to the picture at the time of the last issue of this Newsletter.

Consensus target price increased to 2.04, from 2.02, i.e. vs. the situation at the time of last Hera-News issue, mainly as a consequence of the today's initiation of coverage by Deutsche Bank; their analyst suggests to buy Hera's shares with a target price of 2.3 €. An average target price of 2.04 € at present price levels indicates a huge discount, close to 30%.

	12-May-10	
Broker	Target price €	Rating
Banca Akros	2.3	Buy
Banca IMI	2.0	Add
Banca Leonardo	2.1	Buy
CAI Cheuvreux	2.0	Outperform
Centrobanca	1.8	Hold
Deutsche Bank	2.3	Buy
Equita	2.0	Buy
Intermonte	1.8	Neutral
Kepler	2.0	Buy
Mediobanca	2.0	Outperform
Merrill Lynch	2.0	Buy
Santander	2.4	Buy
Unicredit	2.0	Buy
Average	2.04	

HeraNews: managed by **Jens K.Hansen**

Concept and editorial contents: **Blue Arrow**,