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Message from the Chairman of the Board

First quarter 2012: in a hard environment, EBITDA in line with the outstanding Q1 2011 result

Dear Shareholders, first quarter 2012 results present a sizeable revenue growth, around 21%, and a slight increase (+0.2%) in terms of EBITDA, which stands at 224.7 million euro.

We think such results are sound: we have to evaluate the operating performance in light of the hard external environment in which it has been achieved, considering a worsening macroeconomic scenario and unfavourable weather conditions on the whole. On top of that, we have to consider the expiring of the CIP6 contributions for the WTE plant in Bologna, which were around 4.5 million; on an adjusted basis, EBITDA increases by 2.4%. In the first quarter of 2011 Hera furthermore posted the highest EBITDA increase since its establishment, equal to 39 million euro. The comparison itself looked quite challenging, given the outstanding quarterly growth. However, thanks to the well-balanced business mix, split between regulated activities, almost acyclic, and liberalised activities, cautiously and effectively managed, Hera succeeded in neutralising the negative impact of some exogenous variables.

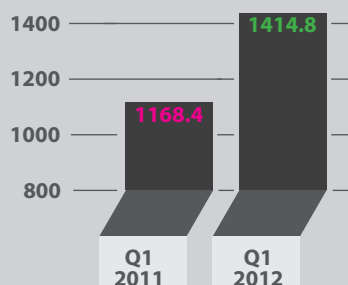
Regulated activities in fact provided a positive contribution to EBITDA margin thanks to tariff adjustments. Besides, energy sales counterbalanced the decline of domestic demand, equal to 1.9% according to Terna figures, thanks to the intensive marketing, which allowed us to rely on a wider (+500 thousands units) customer base and to benefit from a 2.7% growth in sale volumes. Similar situation in the gas business, where, despite a 2.3% fall in domestic demand (Snam

figures) and mild temperatures experienced in March, the expansion of sale and trading volumes reached 15.6%. Even the activities of electric energy and gas procurements achieved positive margins, which have more than offset the impact of negative changes in the fair value of hedging instruments – negative changes that we expect to completely disappear by the end of the year. On the contrary the waste business has been affected by the 11% decrease in market volumes, due to the negative economic environment, even worsened by the abundant snowfalls in February, which limited the landfills' use. The combined mix of such effects, as we said before, resulted into a resilience of consolidated EBITDA: the external factors that in the first quarter put a strain on some business areas couldn't set back Hera's growth path. They have instead proven once more the effectiveness both of our business model and of the pursued strategies. This drives us to persistently track our Business Plan.

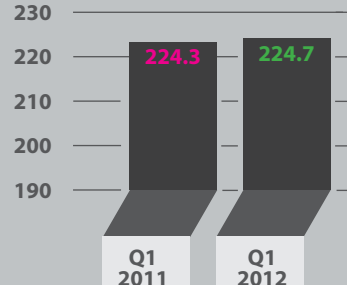
Tomaso Tommasi di Vignano


IN SPITE OF THE UNFAVOURABLE EXTERNAL ENVIRONMENT, EBITDA MEETS THE CHALLENGE WITH THE OUTSTANDING PERFORMANCE OF Q1 2011

Revenues m€



EBITDA m€



Thanks to the well-balanced portfolio mix of regulated and liberalised activities, Hera succeeded in neutralising the negative impacts of exogenous variables.



FIRST QUARTER 2012

(figures in million euro)

REVENUES

1,414.8 (+21.1%)

EBITDA

224.7 (+0.2%; +2.4% adjusted)

EBIT

151.4 (+0.1%; +3.4% adjusted)

INVESTMENTS

**58.9
(100% operating)**

NET FINANCIAL DEBT

2,006.4

Focus on first quarter 2012 results

/// High margins achieved in the Gas business provide a key contribution to the resilience of Group EBITDA: the weight of the Gas business on consolidated EBITDA jumps up from 44.2% to 50.9%.

/// Capital expenditure goes ahead, funded by cashflow, while the financial flexibility needed to sustain growth remains intact

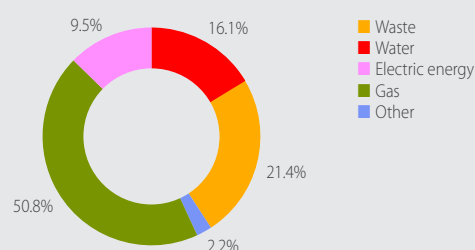
In the first quarter of 2012, while revenues rose by 21.9%, EBITDA increased by 0.2%, or by 2.4% on an adjusted basis, considering the expired CIP6 contribution on the FEA plant. On one hand, headline dynamics mirror the increase in both revenues and volumes of Gas distribution and sales, the expansion of Electric Energy sold volumes and the healthy performance of Water revenues; on the other one, consolidated EBITDA performance discounts some penalising factors, among which in particular higher commodity prices; the last led to an increase in operating costs, linked to the higher sold volume of Gas and Electricity, and to negative changes in the fair value of hedging instruments. EBIT quarterly performance (+0.1%, or +3.4% on an adjusted basis), provided that depreciations and provisions were pretty flat, is similar to the EBITDA's one. Pre-tax profit shows a 2.3% decline (+1.8% on an adjusted basis), due to the 9.9% increase in net financial charges and equity income, mainly

driven by the increase of spreads. Tax rate rises by 2.5 percentage points, reaching 42%, as a result of the Robin Tax application and due to the higher IRAP rate for businesses operated under concession. Net Profit after Minorities is therefore equal to 65.3 million euro (-2.4%, or +0.1% on an adjusted basis). First quarter investments stand at 58.9 million euro (vs. 59.8 in the first quarter 2011); they are almost fully funded with cashflow. The slight increase (+19.3 million) in net financial debt in fact reflects the seasonal increase in net working capital. Hera therefore keeps a significant financial flexibility – a key factor in sustaining future growth.

EBITDA

m€	Q1 2011	Q1 2012	Change
Waste	58.0	48.0	-17.2%
Water	33.4	36.1	+8.1%
Gas	99.1	114.4	+15.4%
Electric energy	28.5	21.4	-25.1%
Other	5.2	4.9	-5.6%
TOTAL	224.3	224.7	+0.2%

Q1 2012 EBITDA breakdown



Again in 2011
Hera is awarded
the "Italy Top
Employers" prize



Hera's profound attention to human resources is clearly witnessed by the analysis of sustainability metrics: in the past year, for example, Hera has hired 148 permanent employees; on average the Company has provided 28.1 training hours per capita; the Employees Satisfaction Index, measured through an internal climate survey, has reached the level of 64%, vs. the 58% of the previous survey, which took place two

years ago. An attention that is recognised even outside the Company. "The internal communications strategy, diversity management and social responsibility, together with networking activities and initiatives, integration schemes for new employees and the monitoring of satisfaction and engagement" are the reasons why, for the third year in a row, Hera has been awarded with the "Italy

Top Employers" prize with the "excellent" rating. For the second time, Hera has also received the **Special Award, the Oscar of Business Culture**, achieving the highest score of 5 stars. This serves as a recognition of the values on which Hera has always based its activities, such as **transparency, consistency and training and development courses**, as well as its strong commitment to **social responsibility**.

New achievements in Hera's sustainability

/// A+ valuation level for the 2011 Sustainability Report, i.e. the highest achievable level according to GRI standards.

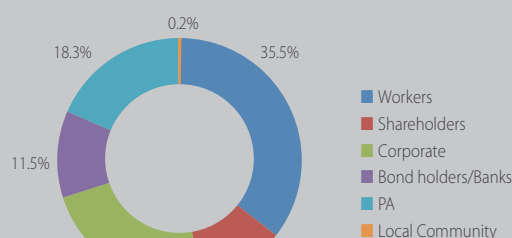
At Hera, effective stakeholder communications is considered as a top priority, even when it comes to presenting sustainability performance and commitments. This is why the 2011 Sustainability Report – which identifies in each of the three areas of the economic, social and environmental responsibility, its commitments, results achieved and perspective targets – has been presented at the Annual Shareholders' Meeting, as usual over the last 5 years. This was not enough: on 17 April Hera opened a chat room, in which stakeholders could talk live to management about sustainability issues for a couple of hours;

that resulted in over 100 questions asked and, on average, 40 people online at the same time. Lastly, the traditional presentation event took place on 11 May 2012 at the "Arena del Sole" Theatre in Bologna, with the participation of Mr. Amartya Sen, the economist who was awarded the Nobel Memorial Prize for Economic Sciences.

The 2011 Sustainability Report of Hera was drawn up in compliance with the Global Reporting Initiative – G3.1 guidelines and audited by an independent Company. It reached an A+ level, which corresponds to complete application of the requirements of the aforementioned guidelines.



The Gross Overall Value Added performance calculated in the Sustainability Report presents a growth profile that is continuous and linear over time, with a further 3.2% increase in 2011.



Distribution of Value Added to Stakeholders indicated that shareholders benefitted from 122.6 million euro, representing 11.8% of overall Value Added achieved in 2011.

Hera awarded among the best 5 companies in Italy for the Safety in the workplace

Among several encouraging performances in the 2011 Sustainability Report, the frequency index of occupational accidents is particularly noteworthy, since it declined by 21% vs. 2011, showing a decrease for the seventh year in a row. The attention to this issue has moreover allowed Hera to rank among the first 5 companies in Italy in terms of safety in the workplace, among 258 participants, and to be awarded with the "Imprese per la sicurezza", i.e. "Enterprises for Safety", prize, promoted by Confindustria and INAIL. Such specific achievement represents a result of a wider process of consolidation of well-defined standards for quality and safety, which have allowed Hera SpA to obtain the integrated certification in June 2011, in a sole process, through three different certifications, represented by the ISO 9001 for the quality management system, by the ISO 14001 for the environmental management system and, lastly, by the OHSAS 18001, for health and security in the workplace.



Hera awarded among the best 5 companies in Europe for the IR section

IR Global Rankings

Hera, competing in the arena of "online IR", this time measures itself against the performance of global giants and best practices of financial communications, which can boast a long tradition in the field. And it definitely succeeded. On 1 May 2012 IR Global Rankings released the name of the best North American and European companies in terms of IR websites, Corporate Governance practices and disclosure policies for financial information. **Hera ranked among the Top 5 European Companies** in the category Best

IR Website and online financial communications, together with Danske Bank, Pirelli, BASF e Bayer. In order to build up the ranking, IR Global Rankings evaluated 120 companies, out of which several international blue chips such as AT&T, Cisco Systems, Gazprom Neft, GE, Microsoft, Phillips and Royal Dutch Shell. The prize, which IR Global Rankings promotes with the support of Arnold & Porter, KPMG, MZ and Sodali, has been presented to Hera during a ceremony at the NASDAQ headquarters, the index of the technology stocks of the New York

Stock Exchange. The great commitment to transparency and dialogue with stakeholders, besides the search for solutions and tools that are ever and ever more effective, have allowed Hera to meet the challenge with companies that since decades are considered best practices in communications to financial markets and, provided their large size, able to count on huge budgets in order to strengthen their IR investments with new technologies and means. Hera has therefore several reasons to be proud of the awarded prize.

Hera share

Price as of 14 May 2012: **1.14 €**

Low-High 365 dd: **0.97-1.77 €**

No. outstanding shares: **1,115,013,754**

Mkt. Cap.: **1.3 bn €**

Specialist: **Merril Lynch**

Consensus target price **1.49 €**
(source: broker research)

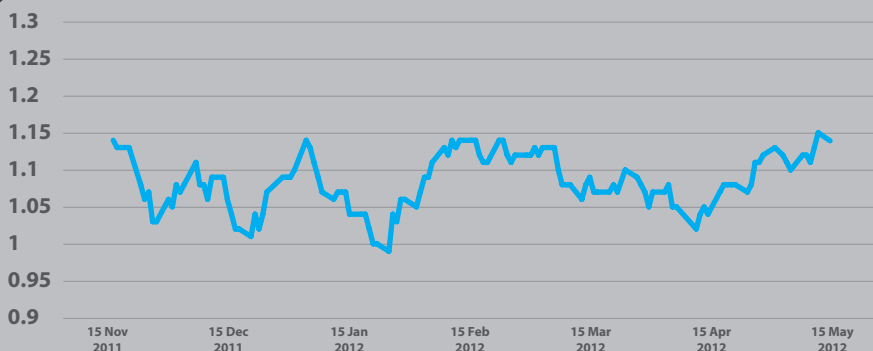
Hera's stock index membership

FTSE Italia Mid Cap / DowJones Stoxx TMI

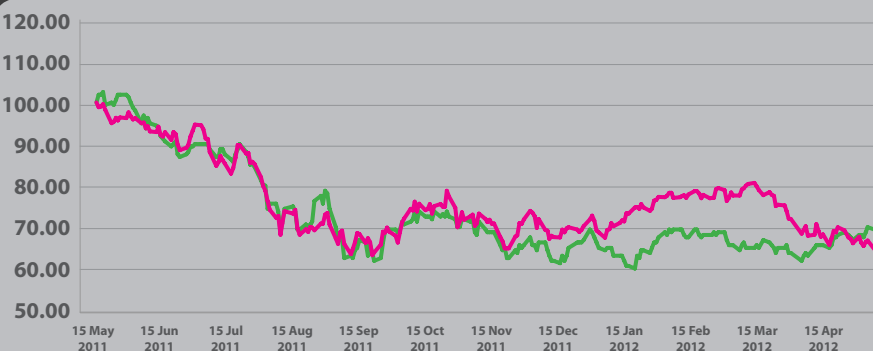
TMI Utility / Axia Ethical / Kempen/SNS Smaller

Europe SRI Index / Dow Jones Stoxx 600

Hera's stock price - 6-month absolute performance



12-month performance



The analysis of the absolute evolution of Hera's stock price confirms that the oscillating movement inside the 1 – 1.5 box is continuing. The recovery that took place in the past month, from a low of 1.03 euro as of 10 April up to 1.14 euro as of 30 April, has allowed Hera to outperform the Italian equity market index and to close the gap seen in the early months of 2012, till mid-March, when a mini-rally of the market index was driven by the rebound of bank stocks. The analysis of 12-month dynamics vs. the FTSE Italy All-share Index therefore at the moment indicates a performance of the Hera's stock perfectly in line with the one of the Italian equity market index.

ANALYST COVERAGE

Consensus target price marginally improved, vfrom 1.48 euro to 1.49 euro. The overwhelming majority of broker recommendations (9 out of 11) again suggest to buy the stock, considering the gap between target price and recent stock prices, around 1.1 euro, which indicates an average undervaluation around 30%, as well as the dividend of 9 cents, which we be paid on 7 June 2012, providing an 8% yield. Hera is moreover included among Top Picks of five brokers – namely Banca Imi, Chevreux, Deutsche Bank, Equita and Kepler.

Broker	Target price €	Rating	Broker	Target price €	Rating
Banca Akros	1.40	Buy	Equita	1.48	Buy
Banca Aletti	1.40	Outperform	Exane BNP Paribas	1.50	Outperform
Banca IMI	1.25	Add	Intermonte	1.35	Outperform
CAI Chevreux	1.60	Outperform	Kepler	1.90	Buy
Centrobanca	1.41	Hold	Mediobanca	1.27	Neutral
Deutsche Bank	1.80	Buy	Average	1.49	

14 May 2012

15 May 2012

BoD for the approval of Q1 2012 results

28 August 2012

BoD for the approval of H1 2012 results

13 November 2012

BoD for the approval of 9M 2012 results

AGM resolutions

The Hera's Shareholders' Meeting of 29 April 2012 approved the 2011 Annual Report and the distribution of a **dividend per share of 9 cents**, which will be paid on 7 June, after the clipping of coupon number 9 on 4 June 2012.

This year 223 shareholders attended the AGM, for a total of 814,268,391 shares, representing 73.8% of share capital.

Financial statements for the year ended 31 December 2011 and the proposed allocation of income were approved with **99.8% of votes in favour**.



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HeraNews

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