



Power of Chairman



**Report on Corporate
Governance and**

Ownership Structures

**pursuant to art. 123-bis of
the FCA**

Chairman of the Board of Directors

The Board of Directors, in the meeting held on 30 April 2008, passed a resolution to grant the following powers to the Chairman:

1. to chair and direct the Shareholders' Meetings;
2. to establish the agenda of the meetings of the Board of Directors taking into account the proposals of the Chief Executive Officer;
3. to supervise the execution of the resolutions passed by the corporate boards of the Company, also based on the periodic reports provided by the internal auditing department;
4. to represent the Company before third parties and in court with the power to appoint attorneys and lawyers;
5. to make, in association with the Chief Executive Officer, any urgent decision reserved for the Board of Directors, which the Board shall be notified of in the first meeting thereafter;
6. in association with the Chief Executive Officer, to propose to the Board of Directors designation of Company representatives on the administrative and control boards of investee companies;
7. to represent the company in relations with the shareholding public authorities;
8. to propose to the Board the candidates standing for member of the Committees which the Board may decide to establish in compliance with stock exchange regulations which the Company is obliged to observe, or which it intends to establish;
9. to execute the decisions of the Shareholders' Meeting and of the Board of Directors as far as his/her authority permits;
10. to supervise the Company's performance for the purposes of achieving corporate goals and to draw up proposals relating to the management of the Company to be submitted to the Board of Directors;
11. to be responsible for the organisation of services and offices under his/her authority and also for the subordinate employees;
12. to supervise operations of the Company and of subsidiaries, reporting monthly to the Board of Directors;
13. to draw up long-term plans and business plans to be submitted to the Board of Directors; to implement corporate and Group strategies, within the context of directives established by the Board, and to exercise the powers delegated thereto, and in particular those listed hereunder, in compliance with said strategies and directives;
14. to propose to the Board all the initiatives that he/she may deem useful to the interests of the Company, and the Group, and to draw up proposals on matters reserved for said Board;
15. to represent the Company in the shareholders' meetings of companies, associations, entities and bodies which do not constitute stock companies, of which the Company is a member, with faculty to issue special proxies;
16. to make payments into bank and post office accounts of the Company, and to endorse cheques and drafts for crediting on said accounts;
17. to actively or passively represent the Company before public and private entities and offices, Chambers of Commerce, stock exchanges, the National Commission for Listed Companies and the Italian Stock Exchange (CONSOB), the Ministry for Foreign Trade, and the Italian Exchange Office as well as any other public administration or authority; by way of example:
 - a. to sign notices, including notice to the General Register of Shares and to CONSOB, and to fulfil the corporate obligations provided by law and regulations;
 - b. to submit reports, motions and appeals, to apply for licences and authorisations;
18. to represent the Company in all active and passive lawsuits, in all stages of civil and administrative proceedings, before arbitration boards, with the widest powers to:
 - a. bring conservative, restraining and executive actions, request summary judgments and seizure of property and oppose the same, enter civil proceedings, file motions and appeals;
 - b. request and oppose any evidence, undergo free or formal examination, elect domicile, appoint lawyers, attorneys and arbitrators and perform all else that proves necessary to the positive outcome of the lawsuits at issue;
19. to grant and revoke powers of attorney within the sphere of the aforesaid powers, for individual acts or categories of acts, to both employees of the Company and to third parties including legal entities;
20. to stipulate and sign contracts and memorandums of association of companies, associations and consortiums worth no more than Euro 500,000 (Euro five hundred thousand) for each transaction;
21. to establish, in the Company's interests, consultancy activities with external experts and professional consultants, specifying terms and conditions of payment, all within the limits of Euro 100,000 (Euro one hundred thousand) for each transaction;
22. as far as his/her authority permits, to stipulate, amend and terminate commercial and service agreements of any nature with companies and entities;

23. to participate, as far as his/her authority permits, in the capacity of representative of the Company, as lead company or as principal company, in the formation of joint ventures, T.A.C. (Temporary Associations of Companies), E.G.E.I. (European Group of Economic Interest), consortia and other entities, issuing and receiving the relative mandates, for the purpose of participating in tenders for the awarding of works, services and supplies;
24. to take part, as far as his/her authority permits, in the Company's name, also in T.A.C. (Temporary Associations of Companies), E.G.E.I. (European Group of Economic Interest), consortia and other entities, in tenders for contracts or concessions, auctions, private invitations to tender, private negotiations, calls for bids and other public auctions at national, EU and international level, even admitted to State grants or aid, for the awarding of works, supplies of plant, including "turnkey", and/or of goods and/or of studies and/or of research and/or of services in general for any national, EU or international public or private entity; submit applications for participation as from the prequalification stage; submit bids and, in the case of awarding, sign the relative documents, contracts and commitments, including the issue of guarantees and/or the establishment of guarantee deposits, with the widest powers to negotiate, settle and/or complete all the clauses that he/she may deem necessary and/or appropriate and/or useful;
25. to take part, as far as his/her authority permits, in any type of public or private auction or invitation to bid in Italy and abroad;
26. to stipulate, amend and terminate contracts for insurance policies with expense limit relating to the annual premium, including surety insurance policies up to a maximum of Euro 500,000 for each transaction (this limit does not apply for transactions related to participation in tenders);
27. to rent or let out property under lease or sublease and stipulate, amend and terminate the relative contracts;
28. to deliberate the cancellation, reduction, restriction of mortgages or liens registered in favour of the Company, as well as subrogation in favour of third parties, where the aforesaid cancellations and waivers are requested further or subordinate to the full discharge of the credit;
29. as far as his/her authority permits, to stipulate, with all the appropriate clauses, assign and terminate contracts and agreements in any case pertaining to the corporate purpose – including those referring to know-how, trademarks and patents – including in association with other companies;
30. to establish, register and renew mortgages and liens for third parties' account and to the benefit of the Company; permit mortgage cancellations and limitations for third parties' account and to the benefit of the Company for return and reduction of obligations; waive mortgages and mortgage subrogation, including those of a legal nature, and effect any other mortgage transaction, always for third parties' account and to the benefit of the Company, and therefore receivable, exonerating the competent property registrars from each and any responsibility;
31. to appoint lawyers and attorneys in any disputes and for any stage of proceedings; conclude settlements, sign arbitration agreements and arbitration clauses, also proceeding to nominate and appoint arbitrators;
32. to appoint attorneys for single acts, within the powers assigned;
33. to decide the Company's subscription to bodies, associations, and entities of a scientific and technical nature or pertaining to studies and research within the Company's field of interest, where the related subscription fees do not represent an interest in the equity of said entity and participation in the same does not involve an outlay of more than Euro 100,000.00 (Euro one hundred thousand).

In relation to the powers listed above, and in observance of art. 2 of the Code, readers are hereby informed that the Board of Directors has granted management authority to the Chairman as a result of the organisational complexity of the Hera Group and for the purposes of a more efficient achievement of the company's business and strategies.