

SARAS S.p.A.

BOARD OF DIRECTORS' EXPLANATORY REPORT TO SHAREHOLDERS
PURSUANT TO ARTICLE 73 OF CONSOB REGULATION 11971 OF 14 MAY 1999
CONTAINING PROVISIONS TO IMPLEMENT LEGISLATIVE DECREE 58 OF 24
FEBRUARY 1998

Dear Shareholders,

The Board of Directors has called you to an ordinary shareholders' meeting to resolve, *inter alia*, on a proposal to authorise (i) the purchase of a maximum of 72.423.602 ordinary shares of Saras SpA (hereinafter the "Company"), in one or more transactions, within the 12 (twelve) months following the expiry of the authorisation to purchase own shares granted by the shareholders' meeting of 27 April 2010, i.e. within the 12 (twelve) months following 27 October 2011; and (ii) the disposal, in one or more transactions, of the securities thus purchased, respectively pursuant to article 2357 of the Italian Civil Code and article 132 of Legislative Decree 58/1998 (hereinafter the "TUF") and the relative implementing regulations, and article 2357-ter of the Civil Code (the "Programme").

We submit this report, prepared in compliance with and according to the structure of Appendix 3A, table 4 of Consob Regulation 11971 of 14 May 1999 as subsequently amended (hereinafter the "Issuer Regulation"), for your attention.

Pursuant to articles 73 and 93 of the Issuer Regulation, this report will be made publicly available at the registered office, the stock market operator and the Company's website, no later than 21 (twenty-one) days before the date of the shareholders' meeting called to resolve upon the authorisation to purchase and dispose of own shares, and will also be delivered to Consob.

1) Reasons for the proposed authorisation for purchase and disposal

The purpose of the purchase and consequent disposals that we ask you to authorise is to provide the Company with a tool for strategic flexibility.

The aim of the Board of Directors in carrying out the transactions for which authorisation is proposed is to provide the Company with own shares to use in the following ways:

- to execute (i) the plan to allocate free ordinary shares of the Company to the management of the Saras Group (the “2010/2012 Stock Grant Plan”, or the “Plan”), proposed by the Remuneration Committee, which will be submitted to the next shareholders’ meeting for shareholder approval, and (ii) potential amendments to the Plan or potential share plans of a similar nature to the Plan, i.e. possible stock option plans that the Company may decide to adopt
- as part of transactions related to current operations and industrial projects or other investments in keeping with the strategic guidelines that the Company intends to pursue, including via trading, exchange, transferral, sale or any form of disposal of own shares for the acquisition of equity interests or share packages, or for industrial projects or other extraordinary financing operations involving the allocation or disposal of own shares (e.g. mergers and demergers)
- to carry out activities aimed at improving the liquidity of the Company's shares and managing the volatility of their market price, and in particular, to intervene in share price movements in unusual market situations to facilitate share trading at times of scarce liquidity in the market and to promote the normal trading of shares, unless it is necessary to use all the own shares for the purposes described above, and in any event within the limits set by current laws and regulations, and as appropriate, in accordance with the market practice permitted pursuant to article 180, paragraph 1(c) of the TUF concerning activities to support market liquidity.

The authorisation to dispose of own shares in this proposal also concerns the use of own shares already purchased and held by the Company under the preceding authorisation, which can therefore be used for the purposes listed above.

2) Maximum number, category and nominal value of shares covered by the authorisation

At the date of this report, the Company's share capital is made up of 951,000,000 ordinary registered shares, fully paid up.

We propose that the shareholders' meeting authorise the purchase of own shares, in one or more transactions, up to the maximum of 10% of the subscribed and paid-up share capital, including the own shares held by the Company on the date at which the authorisation becomes effective pursuant to point 4 below.

The own shares already held at the date of this report amount to 22.676.398, equal to 2,38 % of the share capital. If the authorisation to purchase own shares is granted at this date, it will therefore apply to a maximum of 72.423.602 ordinary shares of the Company, equal to 7,62 % of the share capital currently subscribed and paid up.

The authorisation includes the power to carry out subsequent disposals of the shares in the portfolio, including before the maximum quantity of purchasable shares is reached, and if necessary to buy back the same shares such that the number of own shares held by the Company does not exceed the limit established by law.

3) Useful information for assessing compliance with article 2357, para. 3 of the Italian Civil Code

The purchase subject to your authorisation complies with the limit set out in article 2357, paragraph 3 of the Civil Code (as amended by article 7, paragraph 3-*sexies* of Legislative Decree 5/2009, transposed by Law 33/2009), since it concerns a number of shares that, added to the shares already held by the Company, may not exceed one-fifth of the share capital.

Note that the subsidiaries do not hold shares of the Company.

4) Term of authorisation

Authorisation to purchase own shares in one or more transactions is requested for a period of [12 (twelve)] months from the expiry of the authorisation to purchase own shares granted by

the shareholders' meeting of 27 April 2010, i.e. within the [12 (twelve)] months following 27 October 2011. Disposals of the securities thus purchased and of those already held may be carried out in one or more transactions with no time limit, provided that the purposes described in paragraph 1 and the terms and procedures set out in this report are respected.

5) Minimum and maximum prices

The share purchases described in this report must be carried out at a price no higher than 15% more and no lower than 15% less than the benchmark price on the screen-based equities market Mercato Telematico Azionario (MTA), organised and managed by Borsa Italian SpA at the session preceding each individual transaction.

If the Company intends to support the liquidity of its own shares in accordance with the criteria set by market practice, as specified in article 180, paragraph 1 (c) of the TUF relating to market liquidity support activities permitted by Consob in Resolution 16839 of 19 March 2009, as subsequently amended, the purchase price shall be determined in accordance with this permitted market practice. At present, this permitted market practice currently stipulates that the purchase price must not exceed the higher of the price of the most recent independent transaction and the highest current proposed negotiated price for an independent purchase on the MTA.

Disposals, and in particular, sales of own shares, may not be carried out at a price lower than 10% less than the benchmark price recorded on the MTA at the session preceding each individual transaction.

These parameters are regarded as adequate to identify the range within which purchases or disposals are in the Company's interest, while respecting the price and volume limits set by prevailing/binding regulations in force.

If the own shares are exchanged, traded, transferred or disposed of in any non-cash transaction, the financial terms of the transaction shall be determined according to the nature and characteristics of the transaction, also taking into account the Company's stock market

performance, while respecting the regulations in force and taking account, if appropriate, of permitted market practice.

If the Company intends to use the shares to support market liquidity, in accordance with the criteria set by market practice, as specified in article 180, paragraph 1 (c) of the TUF, permitted by Consob in Resolution 16839 of 19 March 2009 as subsequently amended, sales shall be carried out according to the criteria established therein. At present, this market practice stipulates that the sale price must not be less than the lower of the price of the last independent transaction and the lowest current proposed negotiated price for an independent sale on the MTA.

6) Procedures for the purchase and disposal of own shares

Purchase transactions shall be carried out in accordance with article 132 of the TUF, article 144-*bis* of the Issuer Regulation and any other applicable legislation, including, if appropriate, the permitted market practices recognised by Consob.

Furthermore, the purchases we are asking you to authorise will be carried out by the Board of Directors or by parties it assigns to perform these duties in accordance with the provisions of article 2357, paragraph 1 of the Italian Civil Code, i.e., within the limits of duly confirmed profits available for distribution and available reserves reported in the latest duly approved accounts.

In the draft separate financial statements approved on 24 March 2011 by the Board, EUR 741.155.499 are identified as available reserves.

Pursuant to article 132 of the TUF, the purchase transactions subject to your authorisation shall in any case be carried out (in one or more transactions) on the MTA according to the operating procedures established in regulations for the organisation and management of markets managed by Borsa Italiana SpA (and in the related instructions), which prohibit directly combining proposals for negotiated purchases with pre-established proposals for negotiated sales, pursuant to article 144-*bis*, paragraph 1(b) of the Issuer Regulation. Purchases may be carried out using different procedures from those indicated above where

this is permitted by article 132, paragraph 3 of the TUF and other provisions that may apply at the time of the transaction.

Share disposals may be also carried out, in one or more transactions, before the maximum quantity of purchasable shares is reached. Disposals may be carried out according to the procedures that are most advantageous to the Company, and, in any case, in compliance with applicable legislation and, as appropriate, with permitted market practice.

Own shares servicing the Plans or used for similar future share plans, i.e. potential stock option plans, will be allocated according to the terms and procedures set out in the relative plans.

Moreover, news regarding the Programme, including any amendments, purchases or disposals and the outcome of these, will be promptly communicated to the market and to Consob according to the terms and procedures stipulated by law.

Pursuant to article 2357-ter, paragraph 2 of the Italian Civil Code, as long as the shares subject to your authorisation remain in the possession of the Company, the earnings and option rights attached thereto shall be attributed proportionally among the other shares. Moreover, voting rights on own shares will be suspended, but these own shares will be included in the share capital for the purposes of calculating the quorums required for the constitution of shareholders' meetings and their resolutions.

Finally, note that on 24 March 2011 the Company's Board of Directors – subject to approval of the authorisation request by the shareholders' meeting – vested the Chairman and the CEO with all powers, to be exercised jointly and severally and using full discretion, to carry out the Programme and the purchases and sales indicated therein, in full compliance with the legislation in force and the limits of your authorisation, including the power to delegate or appoint independent specialists.

7) Share capital reduction

The Board of Directors specifies that the purchase of own shares subject to this authorisation request is not instrumental in reducing the share capital, and therefore the shares purchased will not be cancelled.

Based on the above, the Board of Directors asks you to approve the following:

“Having acknowledged the proposal made by the Board of Directors, the shareholders’ meeting

hereby resolves

1. to authorise, pursuant to articles article 2357 of the Italian Civil Code and article 132 of Legislative Decree 58/1998, purchases of own shares up to the maximum allowed by law and therefore [10]% of the subscribed and paid-up share capital, taking into account own shares already held by the Company. Such purchases are to take place in one or more transactions within a period of 12 (twelve) months after 27 October 2011, the expiry date of the previous share purchase authorisation granted by the shareholders' meeting of 27 April 2010. Note that (i) purchases must be made at a price that is no more than 15% higher and no less than 15% lower than the benchmark price recorded on the screen-based equities market Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana SpA, in the session preceding each individual transaction; (ii) if the Company intends to support the liquidity of its shares in accordance with the criteria set by market practice, as specified in article 180, paragraph 1(c) of the TUF concerning market liquidity support activities permitted by Consob in Resolution 16839 of 19 March 2009 as subsequently amended, the purchase price shall be set in accordance with this permitted market practice. At present, permitted market practice stipulates that the purchase price may not exceed the higher of the price of the latest independent transaction and the highest current proposed negotiated price for an independent purchase on the MTA; and (iii) purchases shall, in any case, be carried out (in one or more transactions) on the MTA using the operating procedures established in regulations for the organisation and management of markets managed by Borsa Italiana SpA (and in the related instructions), which prohibit directly combining proposals for negotiated purchases with pre-established proposals for negotiated sales (see article 144-bis, paragraph 1(b) of the Issuer Regulation). All of the above is to be carried out in accordance with the report attached to this resolution, and for the purposes described therein;

2. to authorise, pursuant to article 2357-ter of the Italian Civil Code, disposals, in one or more transactions, without time limitations, of ordinary shares of Saras SpA, to be acquired based on the resolution described in the paragraph above. Note that (i) disposals, and specifically, sales of own shares may not be carried out at a price that is more than 10% lower than the benchmark price recorded on the MTA in the session preceding each individual transaction; (ii) if the Company intends to use the shares for the purposes of supporting market liquidity in accordance with the criteria established by market practice, as specified in article 180, paragraph 1(c) of the TUF permitted by Consob in Resolution 16839 of 19 March 2009, as subsequently amended, sales shall be carried out in accordance with the criteria established therein. At present, market practice stipulates that the sale price must not be less than the lower of the price of the last independent trade and the lowest current proposed negotiated price for an independent sale on the MTA; (iii) if the own shares are exchanged, traded, transferred or disposed of in any non-cash transaction, the financial terms of the transaction shall be determined according to the nature and characteristics of the transaction, also taking into account stock market performance, without prejudice to applicable laws and regulations and taking into account any permitted market practice; and (iv) own shares servicing stock option plans will be allocated pursuant to the terms and conditions set out therein; all of the foregoing must be carried out in compliance with the report appended to this resolution and for the purposes described therein, including the possibility of using the own shares already held by the Company for these purposes;

3. to vest the Board of Directors, and/or the Chairman and CEO on its behalf, with all powers, including the power to delegate or appoint external specialists, either jointly or severally and using full discretion, necessary to carry out the Programme and the purchases and sales required thereby, in full compliance with current regulations and within the limits of your authorisation as given at this meeting. It shall be understood that as long as the shares remain in the possession of the Company, the earnings and option rights attached thereto will be attributed proportionately among the other shares. Moreover, voting rights on own shares will be suspended, but said own shares will be included in the share capital for the purposes of calculating the quorums required in respect of the convening of the shareholders' meeting and its resolutions.

Milan, 24 March 2011

For the Board of Directors

The Chairman

Gian Marco Moratti