



**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 190,185,660 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 2012, i.e. within the 12 (twelve) months following 27 October 2013; and (ii) the disposal, also in one or more transactions, of the securities thus purchased, respectively pursuant to Article 2357 of the Italian Civil Code and art. 132 of Legislative Decree 58/1998 (hereinafter the "TUF") and the relative implementing regulations, and art. 2357-*ter* of the Italian 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 art. 73 of the Issuer Regulation, this report will be made available to the public at the registered office and according to the procedures set out in the legislation in force (which stipulates, *inter alia*, publication of this report on the Company's website) no later than 21 (twenty-one) days before the date of the Shareholders' Meeting called to resolve upon the proposed authorisation of the purchase and disposal of own shares.

**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 “2013/2015 Stock Grant Plan”, or the “Plan”), proposed by the Remuneration and Appointments Committee to the Company’s Board of Directors, and submitted for approval, in a dedicated report to which you are invited to refer, by the shareholders’ meeting called to approve this report and the Programme described herein, and (ii) potential amendments to the Plan or any future share plans of a similar nature to the Plan, i.e. any 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 line with the strategic guidelines that the Company plans to pursue, including via trading, exchange, transfer, sale or any form of disposal of own shares for the acquisition of equity interests or share packages, or for business 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 market liquidity 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 art. 180, para. 1(c) of the TUF concerning activities to support market liquidity.

The proposed authorisation to dispose of own shares 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 permitted by law, which is 20% 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 22,619,460, equal to 2.378% of the share capital. If the authorisation to purchase own shares is granted at this date, it will therefore apply to a maximum of 190,185,660 ordinary shares of the Company, equal to 17.62% 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 art. 2357, para. 3 of the Italian Civil Code**

The purchase subject to your authorisation complies with the limit set out in art. 2357, para. 3 of the Italian Civil Code (as amended by art. 7, para. 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 in the Company.

**4) Term of authorisation**

The 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 2012, i.e. within the 12 (twelve) months following 27 October 2013. 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 established by market practice, as specified in art. 180, para. 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. 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 maximum current negotiated price offer 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 in 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 complying with 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 established by market practice, as specified in art. 180, para. 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 below the lower of the price of the last independent transaction and the lowest current negotiated price offer 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 art. 132 of the TUF, art. 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 art. 2357, para. 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 18 March 2013 by the Board, EUR 724,462,031 are identified as available reserves.

Pursuant to art. 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 negotiated purchase offers with pre-established negotiated sale offers, pursuant to art. 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 art. 132, para. 3 of the TUF or 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 own shares is reached. Disposals may be carried out following the procedures that are most advantageous to the Company and, in any case, in compliance with applicable legislation and, where appropriate, with permitted market practice.

Own shares servicing the Plans or used for similar future share plans, i.e. possible 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 art. 2357-ter, para. 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 to the other shares. Moreover, voting rights on own shares will remain 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 18 March 2013 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 disposals 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) **Reduction of share capital**

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.

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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*

*a) to authorise, pursuant to art. 2357 of the Italian Civil Code and art. 132 of Legislative Decree 58/1998, purchases of own shares up to the maximum allowed by law and therefore 20% of the subscribed and paid-up share capital, taking into account own shares already held by the Company. These purchases are to take place in one or more transactions within a period of 12 (twelve) months after 27 October 2013, the expiry date of the previous share purchase authorisation granted by the shareholders' meeting of 27 April 2012. 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; and (ii) if the Company plans to support the liquidity of its shares in accordance with the criteria established by market practice, as specified in art. 180, para. 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 most recent independent transaction and the highest current negotiated price offer 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 negotiated purchase offers with pre-established negotiated sale offers (see art. 144-*

*bis, para. 1b) 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;*

*b) to authorise, pursuant to art. 2357-ter of the Italian Civil Code, in one or more transactions and without time limitations, the purchase of ordinary shares of Saras SpA, on the basis of 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; and (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 art. 180, para. 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 negotiated price offer 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;*

*c) to vest the Board of Directors, and/or the Chairman, CEO and Executive Vice President 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 therein 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 to 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 for the constitution of the shareholders' meeting and its resolutions".*

Milan, 25 March 2013

**For the Board of Directors**

**THE CHAIRMAN**

**signed by Gian Marco Moratti**