



**PLAN FOR THE FREE ALLOCATION OF
COMPANY SHARES TO THE MANAGEMENT OF
THE SARAS GROUP**
(the “2013-2015 Stock Grant Plan” or the “Plan”)

Dear Shareholders,

The Board of Directors has called you to a meeting to vote, among other things, on the proposed adoption of a plan for the free allocation of ordinary shares in the Company (the “Shares” or, individually, the “Share”) to the management of the Saras Group (the “2013-2015 Stock Grant Plan” or the “Plan”).

The key characteristics of the Plan are described in the information document prepared in accordance with article 114-*bis* of the TUF and article 84-*bis* of the Issuer Regulation (the “Information Document”), available to the public at the registered office and administrative office, and on the Company’s website (www.saras.it), in accordance with the applicable law and regulations.

The Regulation containing the detailed provisions governing the Plan is appended to this Report.

By directing shareholders to view and examine the Information Document and appended Regulation specifically cited here, the Board of Directors invites you to vote:

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

hereby resolves

- 1. to approve, pursuant to article 114-bis of Legislative Decree 58 of 24 February 1998, the plan for the free allocation of ordinary shares in the Company to the Saras Group management (the “2013-2015 Stock Grant Plan”) illustrated in the Information Document prepared pursuant to article 114-bis of the TUF and article 84-bis of the Issuer Regulation, available to the public at the Company’s head office and administrative office, and on its website, in accordance with the applicable law and regulations, as well as the Regulation appended to this resolution;*

2. *to delegate the Board of Directors full authority, including that of sub-delegation, as necessary or appropriate to implement the 2013-2015 Stock Grant Plan;*
3. *to grant the Board of Directors, full authority, including that of sub-delegation, to implement this resolution in compliance with the applicable provisions of law.*

Milan, 25 March 2013

For the Board of Directors

THE CHAIRMAN

signed by Gian Marco Moratti

REGULATION (THE “REGULATION”) OF THE PLAN FOR THE FREE ALLOCATION OF SHARES IN SARAS S.P.A. TO THE MANAGEMENT OF THE SARAS GROUP (THE “2013-2015 STOCK GRANT PLAN” OR THE “PLAN”)

1. INTRODUCTION

By resolution of the Board of Directors (the “Board of Directors”) at its meeting on 18 March 2013, Saras S.p.A. (the “Company” or “Saras”) has approved, on the recommendation of the Remuneration and Appointments Committee (hereinafter also the “Committee”), the stock grant plan for the three-year period 2013-2015 (the “2013-2015 Stock Grant Plan” or the “Plan”), as governed by this Regulation. The implementation of the Plan is subject to the approval of the Shareholders’ Meeting convened for 24 April 2013, and if necessary 25 April 2013 (second call), pursuant to article 114-*bis* of Legislative Decree 58 of 24 February 1998.

2. BENEFICIARIES

Recipients of the Plan are:

- 2.1 managers with strategic responsibilities within the Company;
- 2.2 directors of Italian and/or foreign subsidiaries of the Company pursuant to article 2539 of the Italian Civil Code (hereinafter “Subsidiaries” and together with the Company, the “Group”);
- 2.3 other applicable persons in the Group, including those with an independent employment contract.

Within the groups of recipients indicated above, the Beneficiaries shall be individually identified by the Board of Directors as regards the managers with strategic responsibilities, and by the General Manager as regards other Beneficiaries among those who hold positions with a significant impact on value creation for the Company and its shareholders.

3. PURPOSE OF THE PLAN

The Plan has the following aims:

- a) To ensure that the interests of management are aligned with those of shareholders;
- b) To implement a medium to long-term incentive scheme that can create a strong link between remuneration, company performance and the creation of value for shareholders;
- c) To support retention of key resources in the medium to long term;
- d) To ensure that the relationship between remuneration based on financial instruments and other pay components are in line with common practice among listed companies in Italy.

4. ASSIGNMENT OF THE RIGHT TO RECEIVE SHARES

The Board of Directors shall assign the right to receive free shares (the "Assignment of the Right") to each Beneficiary within six months of the Shareholders' Meeting that approves the Plan. The maximum number of Shares assigned to each Beneficiary is determined by the Board of Directors, which may delegate this duty to the General Manager for Beneficiaries other than managers with strategic responsibilities, mainly by virtue of the Beneficiary's role in the Company and/or Subsidiaries, and the importance of his/her position in the Group.

Each Beneficiary shall be informed in writing of his/her inclusion in the Plan by letter of invitation (the "Letter of Invitation"), which sets out:

- the number of free Shares to be received in the future (the "Shares Assigned") depending on the achievement of the performance objectives set out in article 5 below (the "Performance Objectives");
- the Performance Objectives upon which actual delivery of the Shares depends, as governed by article 5 below.

A copy of this Plan Regulation shall also be provided.

To participate in the Plan, Beneficiaries must fully accept the Regulation, by returning to the Company the signed Letter of Invitation within ten days of receipt. The registered letter and above-mentioned documents may be delivered by hand.

The maximum number of Shares to be assigned under the Plan is 9,500,000 Shares already held by the Company or to be purchased based on the resolution of the

Shareholders' Meeting in accordance with the applicable legal and regulatory provisions.

The Assignment of the Right to receive Shares does not confer any shareholder rights on any of the Beneficiaries. Notwithstanding the provisions of article 7, each Beneficiary may only benefit from these Rights following delivery of the Shares, pursuant to article 5 below.

5. DELIVERY OF THE SHARES – PERFORMANCE OBJECTIVES

Actual delivery of the Shares (“Delivery of the Shares”) to Beneficiaries shall be subject to verification by the Board of Directors that the Performance Objectives have been achieved.

Performance Objectives are determined in relation to the relative position of Saras' Total Shareholder Return (“TSR”) compared with the TSR of a group of industrial companies belonging to the FTSE Italia Mid Cap index (the “Peer Group”). The General Manager shall be responsible for identifying the constituent companies of the Peer Group, following consultation with the Remuneration and Appointments Committee.

TSR is calculated as the change in the value of the Share in the three-year period from 2013 to 2015 in which the Plan is valid (the “Performance Period”), taking into account net dividend payments in the period and assuming that these are immediately reinvested in Shares and/or in shares of the companies that make up the Peer Group. To this end, reference will be made to the value of the Share:

- at 31 December 2012, as the average value of the Share registered on the Milan Stock Exchange from 1 October 2012 to 31 December 2012, with reference to the end-of-day value (the “Initial Value”);
- and
- at 31 December 2015, as the average value of the Share registered on the Milan Stock Exchange from 1 October 2015 to 31 December 2015, with reference to the end-of-day value (the “Final Value”);

The TSR of the individual companies comprising the Peer group will be calculated at the end of the Performance Period, based on which the following will be determined:

- the TSR level above which 25% of the companies comprising the Peer Group are positioned (the “Third Quartile”);

- the TSR level above which 50% of the companies comprising the Peer Group are positioned (the “Median”);

The number of Shares actually allotted (the “Shares Allotted”) is determined as follows:

- if the TSR of the Company is positioned below the Median, the number of Shares Allotted to each Beneficiary shall be zero;
- if the TSR of the Company is equal to the Median, the number of Shares Allotted shall be 50% of the number of Shares Assigned to each Beneficiary;
- if the TSR of the Company is positioned above the Median and below the Third Quartile, the number of Shares Allotted to each Beneficiary in relation to the Shares Assigned shall be calculated using a linear interpolation between the two values;
- If the TSR of the Company is equal to the Third Quartile, or is above the Third Quartile, the number of Shares Allotted shall be equal to 100% of the number of Shares Assigned to each Beneficiary.

6. PROCEDURES AND DEADLINES FOR THE DELIVERY OF SHARES

Following the end of the Performance Period, the Board of Directors shall verify to what extent the Performance Objectives pursuant to article 5 have been met, and shall consequently determine the number of Shares Allotted to each Beneficiary.

Shares shall be delivered within six months of the end of the Performance Period (the “Delivery Date”), following appropriate communication to the Beneficiaries.

The Shares shall be delivered to each Beneficiary through an intermediary authorised by the Company, with which the individual Beneficiary shall have opened a securities deposit account, in accordance with the procedures to be provided by the Company. Expenses relating to these transactions shall be borne by the Company. Beneficiaries must pay the Company the minimum amount sufficient to cover any tax and/or contributions due therefrom payable at source by the last day of the month in which the Delivery of the Shares takes place. In the absence of payment by the Beneficiary, the Company shall have the right to retain this amount from the sums owing to the Beneficiary for any reason, including remuneration. Expenses relating to the transfer or sale of Shares after the Delivery of the Shares shall be borne by the Beneficiary.

7. LOCK-IN OF SHARES

Following Delivery of the Shares, the Beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction (the “Lock-In”) a number of Shares equivalent to 20% of the Shares delivered, rounded down to the nearest Share, for a period of 24 months (the “Lock-In Period”) from the Share Delivery Date. The Shares subject to the Lock-In shall remain deposited at the authorised intermediary indicated by the Company for the whole Lock-In Period. The Lock-In shall remain in force even in the event of termination of the employment contract, the business relationship or the mandate as director, except in the case of the Beneficiary’s death or total and permanent invalidity, in which case the Lock-In restriction shall be removed. All other shareholder rights remain unaffected during the Lock-In Period.

The Company reserves the right to make the holding of the Shares conditional upon other procedures necessary to optimise the pension, tax or financial consequences of the Share Plan for the Company in view of applicable fiscal law.

8. LIMITS ON THE TRANSFER OF RIGHTS

The rights to receive free Shares, including after the communication set out in article 6 and up to the Delivery of the Shares may not be transferred or subject to any restriction in any way, unless owing to the Beneficiary’s death.

Also pursuant to article 7 above, “transfer” is construed as any transaction resulting directly or indirectly in the assignment of rights to third parties, including gifts, trades or contributions. Any attempt to sell, transfer, pledge or dispose of the Shares in contravention of this provision shall be invalid and ineffective with respect to the Company.

9. TERMINATION OF THE RELATIONSHIP

Beneficiaries who have maintained a permanent employment contract or business relationship to the end of the Performance Period have the right to Delivery of the Shares, under the conditions of this Regulation.

Before the end of the Performance Period, the right to receive free Shares shall lapse or be reduced in the event that the employment contract, the business

relationship or the mandate as director is terminated as described below. The "Termination Date" is the date on which the desire to terminate the existing relationship becomes effective.

- a) The Beneficiaries shall be automatically excluded from the Plan, and the rights granted by the Plan shall lapse immediately in the event of: the dismissal for just cause or resignation without just cause of a Beneficiary; the removal for just cause or resignation without just cause of a director; the termination without just cause by contracted workers or termination for just cause by the Company of the related business contract.
- b) The right to receive a portion of the shares applying the *pro-rata temporis* criterion, based on the valuation, by the Board of Directors or of a delegated party, of the extent to which Performance Objectives have been met by the Termination Date will be maintained in the event of: the dismissal without just cause of a Beneficiary or the termination of the working relationship by mutual consent, the suspension of a director for reasons other than dismissal for just cause, the resignation for just cause by a director, or the termination for just cause of contracted workers or the termination without just cause by the Company of the related business contract.

In any event, this is without prejudice to the fact that the portion of Shares Allotted by the Board of Directors or the delegated party may be more favourable.

- c) The provision contained in b) above also applies in the event that the Beneficiary's employment or business contract or position as director is terminated due to death, total and permanent invalidity or retirement.

In derogation of the provisions of article 6, the Delivery of the Shares due as determined in paragraphs b) and c) of this article shall take place within six months of the Termination Date. The Beneficiary who subsequently enters into a new contract of employment with another party or starts to receive a pension shall inform the Company promptly of the identity of the new employer or the body providing the pension scheme.

The Shares shall be delivered to the Beneficiary through an intermediary authorised by the Company, with which the individual Beneficiary shall have opened a securities deposit account, according to the procedures to be advised to the Beneficiary by the Company. Expenses relating to these transactions shall be borne

by the Company. The Beneficiary must pay the Company the minimum amount sufficient to cover any tax and/or contributions payable at source, by the last day of the month in which the Delivery of the Shares takes place. In the absence of payment by the Beneficiary, the Company shall have the right to deduct this amount from the sums owing to the Beneficiary for any reason, including remuneration. Expenses relating to the transfer or sale of Shares after the Delivery of the Shares shall be borne by the Beneficiary.

The provisions of article 7 relating to the Lock-In remain valid.

It is understood that in the event that the Company transfers the employment contract, business relationship or mandate to another Group company and/or in the event of termination and the simultaneous establishment of a new employment contract, business relationship or mandate within the Group, the rights attributed to the Beneficiary by the Plan shall remain unchanged.

10. CHANGE OF CONTROL AND DELISTING

In the event of a change of control at the Company, at the sole discretion of the Board of Directors, the Shares may be delivered in advance of the deadlines specified by the Regulation. The Board of Directors may define the terms and conditions and deadlines for allotting and delivering the Shares.

For the purposes of this article, a change of control takes place if the Company's majority shareholder ceases to hold (directly or indirectly) a stake of at least 50.01% in the voting capital.

In the event of a delisting, the Board of Directors shall define the terms and conditions and deadlines for delivering the Shares, which may also be brought forward.

In such cases, the Board of Directors is also authorised to change the terms of the Lock-in Period.

In respect of the foregoing, the Board of Directors shall take into account, as appropriate, the provisions of the Regulation.

11. EXTRAORDINARY OPERATIONS

Where it is deemed necessary or appropriate to keep, as far as possible and within the limits permitted by prevailing law, the key aspects of the Plan unchanged, the

Company's Board of Directors shall control new rights and/or modify and/or supplement the terms and conditions of the Allotment of rights for, among other things, the following transactions: share splits and reverse share splits, bonus issues, rights issues, payment of extraordinary dividends on the Shares, loss-induced capital reductions via the cancellation of the Shares.

12. OTHER PROVISIONS – COMMUNICATIONS

Any benefits recognised under the Plan are deemed extraordinary and shall not in any way affect the direct and indirect remuneration governed by collective agreements and the law, and may not therefore have any effect on the calculation thereof. It does not confer upon Beneficiaries the right to participate in any further incentive schemes, howsoever implemented.

The Company has neither indicated to, nor assured the Beneficiary that the Shares that he/she may receive under the Plan will be subject to any particular treatment as regards tax or social security contributions. The Beneficiary shall be solely responsible for any tax or social security contributions payable.

This Regulation was prepared on the basis of the legislation in force at this date. If, as a result of changes to this legislation or to its interpretation or application, the implementation of the Regulation were to impose a substantially greater tax, social security or any other kind of burden on the Company, the Board of Directors shall have the right to make unilateral changes to the terms and conditions of this Regulation, duly informing the Beneficiaries thereof.

Any information relating to the Plan or relations between the Company and individual Beneficiaries is strictly confidential, and may not be disclosed or transferred to third parties, unless required by law.

The Regulation shall remain valid in the event that one or more of the provisions contained therein proves non-applicable or unenforceable.

13. MANAGEMENT OF THE PLAN

The Company's Board of Directors shall be responsible for the administration of the Plan. It shall be vested with all powers necessary to manage the Plan, including, for

example, the power to introduce amendments to this Regulation as necessary and/or appropriate for their implementation. These powers may also be delegated.

14. INTERPRETATION

Any disputes relating to the interpretation of these terms and conditions shall be settled by the Company, whose decision shall be binding except in the case of manifest error.

15. RIGHT TO TERMINATE EMPLOYMENT CONTRACT

Nothing contained in this Regulation shall be construed as attributing a right to the Beneficiary or any other person to remain in the employment of the Company or any of its subsidiaries, nor shall it affect the rights of the Company to terminate the employment contract of the Beneficiary or of any other person.

16. COMPETENT COURT

The Court of Milan shall have sole jurisdiction over any dispute howsoever arising from this Regulation.

17. CONTACT DETAILS AND NEXT OF KIN

The Beneficiary shall provide a contact address for the purposes of communications relating to the 2013-2015 Stock Grant Plan in the copy of the Letter of Invitation, signed according to paragraph 4 above, and shall also provide the name and address of the person to whom communications shall be sent in the event of the death or incapacity of the Beneficiary.

Communications to the Company should be sent to the following address:

Saras S.p.A. – Galleria De Cristoforis 1 – 20122 Milan – Human Resources and Organisation Department.