

SARAS SpA

DIRECTORS' REPORT TO THE SHAREHOLDERS' MEETING OF 28 APRIL 2011

Dear Shareholders,

In a notice dated 25 March 2011, you are invited to attend the Annual General Meeting of ordinary shareholders to be held at Palazzo Turati, Via Meravigli 9/b, Milan on 28 April 2011 at 10.30am for the first call and, if necessary, on 29 April 2011 at the same time and venue for the second call, to resolve upon the following

AGENDA

- 1) Approval of the financial statements to 31 December 2010 and presentation of the consolidated financial statements to 31 December 2010.
- 2) Changes to the following articles of the meeting regulations: Article 2 (Participation in the Meeting), Article 10 (Duration of Contributions), Article 11 (Answers) and Article 18 (Election of Directors and Auditors).
- 3) Authorisation to purchase own shares and to dispose of them. Related resolutions.

This report sets out proposals relating to the items on the agenda and was prepared pursuant to article 125-*ter* of Legislative Decree 58 of 24 February 1998 (hereinafter the "TUF"). The report will be made publicly available at the registered office, the administrative office, the stock market operator and the website (www.saras.it) of Saras SpA (hereinafter the "Company") no later than the thirtieth day preceding the date of the shareholders' meeting.

First item on the agenda

With regard to the first item on the agenda, the Board of Directors has prepared the draft financial statements to 31 December 2010, together with the Report on Operations. These documents will be publicly available at the registered office, the administrative office, the stock market operator and the Company's website (www.saras.it) from 6 April 2011.

Copies of the statutory auditors' report and the auditing company's report on the draft financial statements to 31 December 2010, certification pursuant to article 154-bis, paragraph 5 of the TUF by the delegated management bodies and the director responsible for preparing the accounting statements and the report on corporate governance and shareholding structure will be deposited by the same deadline at the registered office, the administrative office, the stock market operator and the Company's website (www.saras.it).

By directing shareholders to view and examine the aforementioned documents, specifically cited here, relating to the draft financial statements to 31 December 2010, the Board of Directors confirms the proposals at the end of these draft financial statements.

The Company's separate financial statements to 31 December 2010 show a net loss of EUR 110,086,524. If you agree with the criteria used to prepare the financial statements and with the accounting principles and procedures applied therein, we invite you to pass the following resolutions:

“The shareholders

- *having examined the company's separate financial statements to 31 December 2010;*
- *having seen the statutory auditors' report to the shareholders' meeting pursuant to article 153 of Legislative Decree 58/1998 (TUF);*
- *having seen the auditing company's report on the separate financial statements to 31 December 2010*

hereby resolve

to approve the separate financial statements of the Company for the financial year ended 31 December 2010 in their entirety and in relation to individual items, and to carry forward the net loss of EUR 110,086,524.”

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With regard to the presentation of the consolidated financial statements to 31 December 2010, the documentation for which has been or will be provided in a similar manner to that described for the draft separate financial statements above, the consolidated financial statements do not require shareholder approval.

Second item on the agenda

With regard to the second item on the agenda, the Board of Directors announces that, pursuant to the new provisions introduced by Legislative Decree 27 of 27 January 2010, which transposed into Italian law Directive 2007/36/EC, relating to the exercise of certain rights of shareholders in listed companies, and by Legislative Decree 39 of 27 January 2010, which transposed into Italian law Directive 2006/43/EC, relating to the statutory auditing of annual and consolidated financial statements, it is appropriate to amend the meeting regulations to bring them into compliance with the new regulatory provisions.

Legislative Decree 39 of 27 January 2010 included amendments to article 155 *et seq.* of the TUF, using new terminology to define auditing activity – which is no longer defined as the "audit" but the "statutory audit" – and to identify the individuals who carry it out – now defined as “statutory auditor” and “statutory audit firm” rather than “auditing company”. We therefore propose to amend Article 2 of the meeting regulations to bring them up to date with the new terminology introduced by Legislative Decree 39 of 27 January 2010.

Legislative Decree 27 of 27 January 2010 introduced article 127-*ter* to the TUF, pursuant to which: (i) shareholders may also submit questions about agenda items before the shareholders’ meeting; (ii) responses must be provided to these questions no later than during the meeting; and (iii) a response is not required “*when the information requested is already available in ‘question and answer’ form in the relevant section of the company’s website*”. We therefore propose to amend Article 10 of the meeting regulations, to allow the period of time available to each speaker to be set while taking account of the questions submitted before the meeting, and Article 11, to ensure that questions submitted before the meeting, which have not been responded to before the meeting and which do not regard information already available in "question and answer" form on the Company's website, are responded to by the end of the discussion of the item agenda to which they refer.

Legislative Decree 27 of 27 January 2010 introduced the "record date" mechanism, which, while it recognises the eligibility to attend and vote at the shareholders’ meeting of parties who are recorded as shareholders "*at the end of the accounting day of the seventh open market day preceding the date set for the shareholders’ meeting*", does not rule out that a party eligible to attend and vote may no longer be a shareholder at the date of this meeting and consequently does not allow any

"blocking" of shares. We therefore propose to amend Article 18 of the meeting regulations to eliminate references to "blocked" shares.

We therefore propose the approval of the amendment of Articles 2, 10, 11 and 18 of the meeting regulations in accordance with the proposed text, which is set out below alongside the current text.

Current text	Proposed text
<p style="text-align: center;">Article 2</p> <p style="text-align: center;">Participation in the Meeting</p> <p>1. All those entitled to do so, according to the law and the articles of incorporation, can participate in the meetings.</p> <p>2. It is possible to participate through a representative in accordance with Article 15 of the articles of incorporation. The person participating in the meeting, either personally or by proxy, must show proper identification, producing appropriate official documents, as well as power of attorney in case of representation of a legal person.</p> <p>3. Non-shareholder clerks and any voting officers, as well as secretarial or notary assistants attend the meetings to perform the functions described in the following articles of the present regulations, but without the right to speak, according to Article 3, point 1.</p> <p>4. The Chief Executive, Financial Director and Administrative Director of the Company may attend the meeting. Moreover, other employees of</p>	<p style="text-align: center;">Article 2</p> <p style="text-align: center;">Participation in the Meeting</p> <p><i>Unchanged</i></p> <p><i>Unchanged</i></p> <p><i>Unchanged</i></p> <p>4. The Chief Executive, Financial Director and Administrative Director of the Company may attend the meeting. Moreover, other employees of</p>

<p>the Company, directors and/or employees of the companies of the Group, representatives of the auditing company with the mandate of certification of the Company's financial statements, as well as the Company advisors, may also participate in the meetings if their presence is considered useful by the Chairman of the meeting in view of the issues to be discussed.</p> <p>5. With the consent of the meeting's Chairman, journalists, accredited for a single meeting by the Italian or foreign press, including electronic press, daily newspapers with national distribution and national Italian or foreign radio or television stations, may participate in the meeting, but without the right to speak. Accreditations and participation requests must be received at the place where the meeting is held, in according with Article 12 of the articles of incorporation, by 6pm two days before the date of the meeting's first call.</p>	<p>the Company, directors and/or employees of the companies of the Group, representatives of the auditing company statutory audit firm with the mandate of certification the statutory audit of the Company's financial statements accounts, as well as Company advisors, may also participate in the meetings if their presence is considered useful by the Chairman of the meeting in view of the issues to be discussed.</p> <p><i>Unchanged</i></p>
<p style="text-align: center;">Article 10 Duration of contributions</p> <p>1. Taking into account the subject and importance of the individual issues on the agenda, the Chairman may determine the period of time – in any case, not exceeding 3 minutes – allocated to each speaker for their contributions. After this period of time, the Chairman may ask the speaker</p>	<p style="text-align: center;">Article 10 Duration of contributions</p> <p>1. Taking into account the subject and importance of the individual issues on the agenda, and any questions submitted before the meeting to which the Company has not yet provided a response, the Chairman may determine the period of time – in any case, not exceeding 3 minutes –</p>

<p>to conclude within the following two minutes.</p>	<p>allocated to each speaker for their contributions. After this period of time, the Chairman may ask the speaker to conclude within the following two minutes.</p>
<p style="text-align: center;">Article 11 Answers</p> <p>1. The Chairman and, with his invitation, the directors, the auditors, the Chief Executive, the Financial Director and the Administrative Director, respond to the speakers at the end of each contribution or, at the Chairman’s choosing, after all contributions regarding the same point of the agenda have been presented.</p> <p>2. Persons with voting rights who have already participated in the discussion may ask to speak for a second time for a maximum of three minutes, also to make any voting declarations.</p>	<p style="text-align: center;">Article 11 Answers</p> <p>1. The Chairman and, with his invitation, the directors, the auditors, the Chief Executive, the Financial Director and the Administrative Director, respond to the speakers at the end of each contribution or, at the Chairman’s choosing, after all contributions regarding the same point of the agenda have been presented. Any questions submitted before the meeting to which the Company has not already responded before the meeting, and which do not concern information already available on the Company's website in "question and answer" form, are responded to by the end of the discussion of the agenda item to which they refer.</p> <p><i>Unchanged</i></p>
<p style="text-align: center;">Article 18 Election of Directors and Auditors</p> <p>1. The nomination of directors and effective and</p>	<p style="text-align: center;">Article 18 Election of Directors and Auditors</p> <p>1. The nomination of directors and effective and</p>

<p>replacement members of the Board of Auditors takes place according to the procedures described in Articles 18 and 26 of the articles of incorporation.</p> <p>2. The Board of Directors prepares a sheet, containing properly presented lists according to Article 18 of the articles of incorporation for the day of the meeting called to elect the Board members. They must include the names of shareholders presenting themselves for each list and the number of respective block shares for meeting purposes.</p> <p>3. The Board of Directors prepares a sheet, containing properly presented lists according to Article 26 of the articles of incorporation for the day of the meeting called to elect the effective and replacement auditors. They must include the names of shareholders presenting themselves for each list and the number of respective block shares for meeting purposes.</p> <p>4. The sheets will be delivered to each person with voting rights, or to their representative, after verification of their right to participate in the meeting, in accordance with Article 3.1.</p>	<p>replacement members of the Board of Auditors takes place according to the procedures described in Articles 18 and 26 of the articles of incorporation.</p> <p>2. The Board of Directors prepares a sheet, containing properly presented lists according to Article 18 of the articles of incorporation for the day of the meeting called to elect the Board members. They must include the names of shareholders presenting themselves for each list and the number of respective block shares for meeting purposes.</p> <p>3. The Board of Directors prepares a sheet, containing properly presented lists according to Article 26 of the articles of incorporation for the day of the meeting called to elect the effective and replacement auditors. They must include the names of shareholders presenting themselves for each list and the number of respective block shares for meeting purposes.</p> <p>4. The sheets will be delivered to each person with voting rights, or to their representative, after verification of their right to participate in the meeting, in accordance with Article 3.1.</p>
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Third item on the agenda

With regard to the third item on the agenda, the Board of Directors informs you that you have also been called to the ordinary shareholders' meeting to vote on the proposal to authorise the purchase of shares of the Company and disposals of the shares thus purchased, as well as of own shares already held, pursuant to, respectively, article 2357 of the Italian Civil Code and article 132 of the TUF, and the related regulations governing implementation, and article 2357-*ter* of the Civil Code (hereinafter the "Programme"). The purposes and main features of the Programme, and the Board of Directors' proposals in relation to the third agenda item, are described in a report prepared in compliance with and according to the structure of Appendix 3A, table 4, of the Consob Issuer Regulation adopted with Resolution 11971 of 14 May 1999, as subsequently amended, which will be made publicly available at the registered office, the stock market operator and the Company's website (www.saras.it) no later than 21 days before the date set for the shareholders' meeting.

Milan, 24 March 2011

For the Board of Directors
The Chairman