

## SARAS SpA

### **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 170,954,226 ordinary shares of Saras SpA (the "Company"), to be conducted, in one or more transactions, within the 12 (twelve) months following the expiry of the authorisation to purchase the Company's own shares approved by the shareholders' meeting of 28 April 2014, i.e. within the 12 (twelve) months following 28 October 2015; and (ii) the disposal, also in one or more transactions, of the securities thus purchased, respectively pursuant to Article 2357 of the Civil Code, 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 Article 73 of the Issuer Regulation, this report will be made available to the public at the Company's registered office and according to the procedures set out in the legislation in force (which stipulates, *inter alia*, that the report must be published 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 bonus ordinary shares in the Company to the management of the Saras Group (the “2013/2015 Stock Grant Plan”, or the “Plan”), approved by the shareholders' meeting of 24 April 2013, and (ii) potential amendments to the Plan or potential future 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 line with the strategic guidelines that the Company plans to pursue, including via trading, exchange, transfer, sale or other 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 with respect to the share's 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 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 previous 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 fully paid-up share capital comprises 951,000,000 ordinary registered shares.

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 on which the authorisation comes into effect pursuant to point 4 below.

The own shares already held at the date of this report amount to 19,245,774, equal to 2.02% of the share capital. If the authorisation to purchase own shares is granted at this date, it will therefore apply to a maximum of 170,954,226 ordinary shares of the Company, equal to 17.98% 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, paragraph 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 Italian Civil Code (as amended by Article 7, paragraph 3-*sexies* of Legislative Decree 5/2009, converted into 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 the own shares granted by the shareholders' meeting of 28 April 2014, i.e. within the 12 (twelve) months following 28 October 2015. 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 they comply with the purposes described in paragraph 1 and the procedures set out in this report.

#### **5) Minimum and maximum price**

The share purchases referred to in this report must be carried out at a price no more than 15% above and no less than 15% below 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 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, under permitted market practice, the purchase price must not exceed the higher of the price of the last independent trade and the highest current independent bid on the MTA.

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

These parameters are considered adequate to identify the range of values within which purchases or disposals are in the Company's interest, while complying with any 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 share 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 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, under permitted market practice, the sale price must not be less than the lower of the price of the last independent trade and the lowest current independent offer on the MTA.

**6) Procedures for the purchase and disposal of own shares**

Purchases 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 financial statements.

In the draft separate financial statements approved on 19 March 2015 by the Board, EUR 132,580,984 is the amount identified as available reserves.

Pursuant to Article 132 of the TUF, the purchases 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 the regulations governing the organisation and management of markets managed by Borsa Italiana SpA (and in the related instructions), which prohibit the direct combination of bids with pre-determined offers, 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 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 procedures considered 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. potential stock option plans, will be allocated according to the terms and procedures set out in the relative plans.

Moreover, notices relating to 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 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.

#### 7) **Reduction of share capital**

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

Milan, 3 April 2015

For the Board of Directors.

The Chairman

(Gian Marco Moratti)