

## SARAS SpA

### BOARD OF DIRECTORS' 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 shareholder 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 Shareholder Meeting's resolution of authorisation with the concomitant replacement (and revocation, in the part not executed) of the previous authorisation resolved upon on 28 April 2015; and (ii) the disposal, also in one or more transactions, of the securities thus purchased, 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”), respectively.

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 shareholder meeting called to resolve upon the proposed authorisation of the purchase and disposal of treasury 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 treasury shares to be used in the following ways:

- to execute (i) the plan to allot free ordinary shares in the Company to the management of the Saras Group (the “2016/2018 Stock Grant Plan”, or the “Plan”), which will be submitted for approval to the shareholder meeting or for (ii) potential amendments to the Plan or potential future share plans of a nature similar to the Plan, i.e. possible stock option plans that the Company may decide to adopt, or (iii) for possible allocation to employees;
- 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 treasury shares for the acquisition of equity interests or share blocks, or for business projects or other corporate actions involving the allocation or disposal of treasury shares (e.g. mergers, demergers, etc.);
- 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; this unless it is necessary to use all the treasury 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 treasury shares in this proposal also concerns the use of shares already purchased and held in treasury by the Company under the previous authorisation, which can therefore be used for the purposes listed above.

## **2) Maximum number, class 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 shareholder meeting authorise the purchase of treasury 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 shares held in treasury by the Company on the date on which the authorisation comes into effect pursuant to point 4 below.

The shares already held in treasury at the date of this report amount to 19,245,774, equal to 2.02% of the share capital. If the authorisation to purchase treasury 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 authorised shares is purchased, and, if necessary, to buy back the same shares so that the number of treasury 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.

Subsidiaries do not hold shares in the Company.

### **4) Term of authorisation**

The authorisation to purchase treasury shares in one or more transactions is requested for a period of 12 (twelve) months from the date of the resolution of authorisation by the Shareholder Meeting, with the concomitant replacement (and revocation, in the part not executed) of the previous authorisation resolved upon by the Shareholder Meeting of 28 April 2015. Disposals of the securities thus purchased and of those already held in treasury 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 within a 15% interval on either side of the reference price on Mercato Telematico Azionario (MTA), the screen-based equity market, organised and managed by Borsa Italiana SpA, on the trading day 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 price on the MTA.

Disposals, and in particular, sales of treasury shares, may not be carried out at a price that is more than 10% lower than the reference price recorded on the MTA on the trading day 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 treasury shares are exchanged, traded, transferred or disposed of in any non-cash transaction, their price 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 price on the MTA.

**6) Procedures for the purchase and disposal of treasury 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 distributable profits and available reserves reported in the latest approved financial statements.

In the draft separate financial statements approved on 14 March 2016 by the Board, EUR 170,808,010 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 matching of buy orders with pre-determined sell orders, 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 authorised quantity of treasury shares is purchased. 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.

Treasury shares to be allocated under the Plans or used for similar future share plans, or for any stock option plans, will be assigned 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 such Programme, 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 Civil Code, as long as the shares subject to your authorisation remain in the possession of the Company, the earnings and subscription rights attached thereto shall be attributed proportionally to the other shares. Moreover, voting rights on treasury shares will remain suspended, but these treasury shares will be included in the share capital for the purposes of calculating the quorums required for the shareholder meetings and their resolutions.

Finally, on 14 March 2016, the Company's Board of Directors – having obtained the required authorisation from the Shareholder Meeting – vested the Chairman, the Chief Executive Officer, and the Executive Vice President with all broad and sweeping powers, to be exercised severally also, and with the broadest discretionary power, so that the Programme and the purchases and disposals therein contemplated may proceed, in any case in full observance of regulations currently in force and of the limitations that you authorise, with the authority to sub-delegate or also to entrust the task to outside specialists.

7) **Reduction of share capital**

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

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Based on the foregoing submission, the Board of Directors requests that you kindly resolve as follows:

*“The Shareholder Meeting, having taken cognisance of the Board of Directors' proposal*

*resolves*

1. *to authorise, under sections 2357 of the Civil Code and 132 of Legislative Decree. no. 58/1998, buybacks of treasury shares for up to the maximum limit allowed by law, equal to 20% of the share capital currently subscribed and fully paid up, having had regard to the treasury shares already owned by the Company, to be carried out, in one or more transactions, no later than 12 (twelve) months after the date of the resolution for authorisation by the Shareholder Meeting, with simultaneous replacement (and revocation, in the part not executed) of the*

*previous authorisation for the buyback resolved upon by the Shareholder Meeting of 28 April 2015; it is specified that (i) the purchases must be carried out at price within a 15% interval on either side of the reference price on Mercato Telematico Azionario (MTA), the screen-based equity market organised and managed by Borsa Italiana SpA, on the trading day preceding each individual transaction; (ii) 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 price on the MTA; and (iii) the purchases 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 matching of buy orders with pre-determined sell orders, pursuant to Article 144-bis, paragraph 1 (b) of the Issuer Regulation. all to be carried out in conformity with the report attached to this resolution and for the purposes therein described;*

2. *to authorise, in conformity with art. 2357-ter of the Civil Code, the disposal, also in one or more transactions, of the ordinary Saras SpA shares to be purchased based on the resolution pursuant to the previous point. Moreover, (i) the disposals, and in particular, sales of treasury shares, may not be carried out at a price that is lower than 10% of the reference price recorded on the MTA on the trading day preceding each individual transaction; (ii) 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 price on the MTA; (iii) if the treasury shares are exchanged, traded, transferred or disposed of in any non-cash transaction, their price 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; (iv) the treasury shares to be used in connection with the share incentive plans shall be allocated with the methods and the terms indicated in the relevant plans; all to be carried out in conformity with the report attached to this resolution and for the purposes therein described, including the use for said purposes also of the shares already held in treasury by the company;*

*3. to vest the Board of Directors, and/or, on behalf of the Board, the Chairman, the Chief Executive Officer, and the Executive Vice President with all broad and sweeping powers, therein included the authority to sub-delegate or also to entrust the task to outside specialists, to be exercised severally also, and with the broadest discretionary powers, so they may proceed to implement the Programme and the purchases and disposals therein contemplated, in any case in full observance of regulations currently in force and of the limitations that you authorise as resolved on above, it being understood that as long as the Company owns the shares, earnings and subscription rights shall be proportionally assigned to the other shares. Moreover, voting rights on treasury shares will remain suspended, but these treasury shares will be included in the share capital for the purposes of calculating the quorums required for shareholder meetings and their resolutions.”*

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Milan, 31 March 2016

For the Board of Directors

Chairman

(Gian Marco Moratti)