

# Buy Back Report



**Saras S.p.A.  
Directors' Report to the ordinary shareholders' meeting pursuant  
to article 73 of Consob Regulations No. 11971 dated 14 May 1999  
containing provisions for implementation of legislative decree no. 58  
dated 24 February 1998**

Dear Shareholders,

The Board of Directors has called you to an ordinary meeting to deliberate on the motion to authorise purchase and disposition of treasury shares pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and 132 of Legislative Decree 58/1998 (the "Plan"), and simultaneous replacement of the previous authorisation passed by the Shareholders' Meeting on 27 April 2007.

The Board reminds that the Ordinary Shareholders' Meeting held on 27 April 2007 authorised, pursuant to Articles 2357 of the Italian Civil Code and 132 of Legislative Decree 58/1998, purchases up to a maximum of 9,000,000 ordinary shares of Saras S.p.A., equal to approximately 1% of the subscribed and paid-in share capital, to be implemented also on a split basis within 18 months of the date of the authorisation resolution passed by the Shareholders' Meeting in order to provide the Company with treasury shares to be used for the purposes of execution (i) of the plan for free allocation of ordinary shares of the Company to employees of the Company and of its Italian subsidiaries (the "Stock Plan") and (ii) of the plan for free allocation of ordinary shares of the Company to the management of the Saras Group (the "2007-2009 Stock Grant Plan", together with the Stock Plan the "Plans"), approved by said Shareholders' Meeting.

The purchases had to be executed at a price that did not exceed the higher price between the price of the last independent transaction performed on Saras shares before each individual purchase of treasury shares by or on behalf of the Company and the price of the highest independent offer on Saras shares submitted at the time of said purchase on the Mercato Telematico Azionario (Screen-based Share Market) managed by Borsa Italiana S.p.A. ("MTA").

The Board was also authorised, pursuant to Article 2357-ter of the Italian Civil Code, to perform acts of disposition, also on a split basis and without time limits, on the ordinary shares of Saras S.p.A. purchased, in compliance with the purposes mentioned above.

The Shareholders' Meeting also vested the Board of Directors, and/or acting on its behalf, the Chairman and the Chief Executive Officer, with full powers, including the power to sub-delegate or to entrust the assignment to external specialists, to be exercised jointly and severally and with full discretion, so that they could proceed to implement the plan, the purchases and dispositions envisaged therein, in full compliance, in any case, with laws in force.

In 2007 the Company purchased 650,000 treasury shares to guarantee the requirements associated with implementation of the Plans.

On 27 October 2008 the aforesaid authorisation (the "Authorisation") will expire.

This report outlines, among other things, the reasons and procedures for purchase and disposition of the Company's treasury shares pursuant to which the Board requests you to provide new authorisation and has been drawn up in compliance and following the structure of Annex 3A, schedule no. 4, of CONSOB Regulation no. 11971 dated 14 May 1999 and subsequent amendments (the "Issuers' Regulations").

In compliance with Articles 73 and 93 of the Issuers' Regulations, this report will be available to the public, at the Company's head office and at the market management company, at least fifteen days prior to the date set for the Shareholders' Meeting called to deliberate on purchase and sale of treasury shares and at the same time will be forwarded to CONSOB.

### 1) Motivations of the Authorisation Proposal

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Considering that the current Authorisation expires on 27 October 2008, in order to avoid call of a Shareholders' Meeting to renew the Authorisation before the aforesaid date and considering the importance of this instrument, the Board of Directors deems it advisable to replace the previous Authorisation, with effect from the date of approval of this motion for resolution and proposes that a new authorisation is deliberated at the same time.

The new authorisation to purchase and dispose of treasury shares will also have the purpose of providing the Company with an instrument of strategic flexibility.

Hence, the objective that the Board intends to pursue through the transactions for which authorisation is requested, is to provide the Company with treasury shares to be used:

- for the purposes of execution of the Plans, of any amendments to the Plans or for any future stock plans similar to the Plans, or to any stock option plans that the Company should decide to adopt;
- within the scope of transactions related to current operations and industrial projects or other investments consistent with the strategies that the Company intends to pursue, including through swap, exchange, transfer, assignment or other act of disposition of treasury shares for the acquisition of investments or blocks of shares, for industrial projects or other extraordinary finance transactions that involve the allocation or disposition of treasury shares (including, without limitation, mergers, de-mergers, etc.);
- to perform activities to promote liquidity and manage volatility of the stock-exchange price of the Company's shares and, specifically, to intervene on share performance in relation to contingent market situations, facilitating exchange of shares at times of poor market liquidity and favouring the regular performance of trading, within the limits in which it does not actually prove necessary to use all the treasury shares of which purchase is proposed for the aforesaid purposes, and within the limits in which this is permitted by legislative and regulatory provisions in force.

It is specified that purchase of the treasury shares referred to in this request for authorisation is not instrumental to reduction of the share capital and hence the shares purchased will not be cancelled.

It is also specified that the authorisation for disposition of treasury shares referred to in this motion for resolution also concerns the use of the treasury shares purchased and held by the Company pursuant to the Authorisation, which may therefore be used for the purposes set forth above.

## **2) Maximum number, category and nominal value of the shares to which the authorisation refers**

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It is proposed that the Shareholders' Meeting authorises the purchase of treasury shares, on one or more occasions, up to the maximum amount permitted by law equal to 10% of the share capital currently subscribed and freed-up, including the treasury shares owned by the Company at the date of the new authorisation, with specification that the treasury shares already owned at the date of this report total 665,000, equal to 0.07 % of share capital and that if the authorisation to purchase were to be passed today it would refer to a maximum of 94,435,000 ordinary shares of Saras S.p.A., equal to 9.93 % of the share capital currently subscribed and freed-up.

The authorisation includes the right to then dispose of the shares held in the portfolio, even before having reached the maximum number of shares that may be purchased and possibly repurchase said shares to the extent to which the treasury shares held by the Company do not exceed the limit established by law.

## **3) Information useful for assessment of compliance with Article 2357, section 3, of the Italian Civil Code**

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The purchase to which your authorisation refers complies with the limit provided by Article 2357, section 3, of the Italian Civil Code, given that it concerns a number of shares which, added to the shares held pursuant to the Authorisation, cannot exceed one tenth of share capital.

In this regard it is specified that the subsidiaries do not hold shares of the Company.

## **4) Duration of the Authorisation**

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The authorisation to purchase, which may also be performed at intervals, is requested for a period of eighteen months with effect from the date of the authorisation resolution passed by the Shareholders' Meeting. The acts of disposition of shares purchased in this way, and of those already held, may be implemented, also on a split basis, without time limits, as compliance with the purposes outlined in paragraph 1 above and with the procedures specified hereunder is in any case ensured.

## **5) Minimum and Maximum Consideration**

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Purchases of the shares to which this report refers must be performed at a price no more than 15% higher and no more than 15% lower than the reference price recorded on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("MTA") in the session preceding each transaction.

The acts of disposition, and in particular the sale of treasury shares, cannot be executed at a price more than 10% lower than the reference price recorded on the MTA in the session preceding each transaction.

Said parameters are deemed suited to identifying the range of values within which the purchase or the acts of disposition are in the Company's interest, without prejudice to the fact that the limits of value and of volumes that may be provided by mandatory/binding laws in force cannot be exceeded.

If the treasury shares are subject to swap, exchange, contribution or any non-monetary act of disposition, the economic terms of the transaction will be determined on the basis of the nature and characteristics of the transaction, also taking into account performance of the Saras share, without prejudice to compliance with prevailing laws and taking into account standard market practices, where recognised.

#### **6) Procedures for implementing purchases and disposition of treasury shares**

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It is specified that the purchase that you are requested to authorise will be implemented by the Board of Directors or by the parties appointed thereby in compliance with the provisions of Article 2357, section 1, of the Italian Civil Code and that is within the limits of the regularly ascertained distributable profits and available reserves resulting from the last approved financial statements.

In this respect it is also specified that, according to the draft financial statements approved today by the Board, the sum of Euro 630,785,000 is to be considered available reserves.

Furthermore profit for the year 2007 is equal to Euro 429,190,000. Considering that the Shareholders' Meeting has also been called to deliberate on distribution to shareholders of a part of said profit equal to Euro 161,591,000, the profit distributable pursuant to Article 2357 of the Italian Civil Code totals Euro 267,599,000.

Pursuant to and for the purposes of Article 132 of Legislative Decree 58/98, it is specified that the purchase transactions subject to your authorisation will in any case be performed (even at intervals) on the MTA in accordance with the operating procedures established in the organisation and management regulations of markets managed by Borsa Italiana S.p.A. (and in the related instructions), which do not allow direct matching of purchase orders with predetermined sale orders (see Article 144-*bis*, section 1, letter b) of Issuers' Regulations).

The dispositions of shares may also be performed, on one or more occasions, before the volume of treasury shares that can be purchased has been reached. The disposition may occur according to the procedures deemed most appropriate to the interest of the Company and, in any case, in compliance with applicable legislation. The shares to be used in the Plans will be allocated according to the procedures and terms specified by the regulations of said Plans.

It is also specified that appropriate notice of news concerning the Plan, any amendments thereto, the purchase transactions and the acts of disposition, as well as the outcome, will be provided, where applicable, to the market and to CONSOB in compliance with the provisions of Articles 87, 101, 117, 121 and 144-*bis* of the Issuers' Regulations and of the Annexes referred to therein.

In compliance with the provisions of Article 2357-*ter*, section 2, of the Italian Civil Code, it is specified that as long as the shares subject to your authorisation remain the property of the Company, the right to the profits and the option right will be proportionally assigned to the other shares; the right to vote assigned to the treasury shares will be suspended, but said treasury shares will however be counted in the share capital for the purposes of calculation of the quorum required for convening the Shareholders' Meeting and for resolutions passed thereby.

Lastly, it is specified that today the Board of Directors of the Company – subject to obtaining the requested authorisa-

tion from the Shareholders' Meeting – assigned the Chairman and the Chief Executive Officer full powers, to be exercised jointly and severally, and with full discretion, so that they may proceed to implement the Plan and the deeds of purchase and acts of disposition envisaged therein, in full compliance, in any case, with laws in force and with the limits contained in your authorisation, with the power to sub-delegate or to entrust the assignment to external specialists.

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This being said, the Board of Directors invites you to deliberate as follows:

1. *to authorise, pursuant Articles 2357 of the Italian Civil Code and 132 of Legislative Decree 58/1998, in replacement of the authorisation passed by the Ordinary Shareholders' Meeting of 27 April 2007, deeds of purchase of treasury shares up to the maximum amount permitted by law and therefore up to 10% of the share capital currently subscribed and freed-up, considering the treasury shares already held by the Company, to be implemented also on a split basis and within 18 months with effect from the authorisation resolution passed by the Shareholders' Meeting; it is specified that (i) the purchases must be performed at a price no more than 15% higher and no more than 15% lower than the reference price recorded on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("MTA") in the session preceding each transaction; (ii) the acts of disposition, and in particular the sale of treasury shares, cannot be executed at a price more than 10% lower than the reference price recorded on the MTA in the session preceding each transaction, and (iii) the purchase transactions will in any case be executed (including at intervals) on the MTA in accordance with the operating procedures established in the organisation and management regulations of markets managed by Borsa Italiana S.p.A. (and in the related instructions), which do not allow direct matching of purchase orders with predetermined sale orders (see Article 144-bis, section 1, letter b) of Issuers' Regulations); all of which is to be performed in compliance with the report annexed under letter A to this resolution and for the purposes outlined therein;*
2. *to authorise, pursuant to Article 2357-ter of the Italian Civil Code, in replacement of the authorisation passed by the Ordinary Shareholders' Meeting of 27 April 2007, acts of disposition, also on a split basis and without time limits, on the ordinary shares of Saras S.p.A. to be purchased in accordance with the resolution referred to in previous point; all of which is to be performed in compliance with the report annexed under letter A to this resolution and for the purposes outlined therein, including the usability for said purposes of the treasury shares already held by the Company;*
3. *to assign the Board of Directors, and/or acting on its behalf, the Chairman and the Chief Executive Officer, with full powers, including the power to sub-delegate or to entrust the assignment to external specialists, to be exercised jointly and severally and with full discretion, so that they may proceed to implement the Plan and the deeds of purchase and acts of disposition envisaged therein, in full compliance, in any case, with laws in force and with the limits set forth in your authorisation as passed above, without prejudice to the circumstance that as long as the shares remain the property of the Company, the right to the profits and the option right will be proportionally assigned to the other shares; the right to vote assigned to the treasury shares will be suspended, but said treasury shares will however be counted in the share capital for the purposes of calculation of the quorum required for convening the Shareholders' Meeting and for resolutions passed thereby.*

Milan, 27 March 2008

On behalf of the Board of Directors  
The Chairman

