

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 asked you to attend an ordinary session to vote, among other things, on the proposal to authorise: (i) the purchase of up to 71,911,326 ordinary shares of Saras SpA (the "Company") to be implemented in one or more transactions within 18 (eighteen) months of this authorisation, and (ii) to sell the securities acquired in this manner in one or more transactions pursuant to article 2357 of the Italian Civil Code and article 132 of Legislative Decree 58/1998 (the "TUF") and related implementation provisions, and article 2357-*ter* of the Italian Civil Code (the "Programme").

We are submitting this report for your consideration; it was prepared in accordance with, and following the structure of, Appendix 3A, Table 4 of Consob Regulation 11971 of 14 May 1999 and subsequent amendments (the "Issuer Regulations").

In accordance with articles 73 and 93 of the Issuer Regulations, this report will be made available to the public at the Company's registered office, at the market management company and the Company's website at least 15 (fifteen) days before the date of the shareholders' meeting to vote on the authorisation to purchase and sell own shares, and will be simultaneously forwarded to Consob.

1) Reasons for the proposed purchase and sale authorisation

The purchase and subsequent sales that we are asking you to authorise are aimed at providing the Company with a tool to give it strategic flexibility.

The Board of Directors is asking you for authorisation to allow the Company to obtain own shares to be used for the following purposes:

- to implement (i) the bonus allocation of the Company's ordinary shares to management of the Saras Group (the "2010-2012 Stock Grant Plan" or the "Plan"), which was proposed by the Remuneration Committee to the Company's Board of Directors, and then submitted for your approval in an appropriate report, referred to herein, at the same meeting called to approve this report and the Programme described herein, and (ii) any amendments to the Plan or any future stock plans similar to the Plan, or any stock option plans that the Company may decide to implement;
- as a part transactions related to current operations and industrial projects or other investments in keeping with the strategy that the Company intends to pursue including through the trading, exchange, transfer, sale or other disposal of own shares for the purchase of shareholdings or parcels of shares, for industrial projects or other extraordinary financial transactions involving the allocation or disposal of own shares (such as mergers, spin-offs, 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 at times of unusual market situations to facilitate share trading at times of scarce liquidity in the market and to promote the normal trading of shares, unless it is necessary to use all the own shares for the above-mentioned purposes, 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.

It should be noted that the authorisation to dispose of own shares as set out in this voting proposal also covers the use of own shares already purchased and held by the Company pursuant to a previous authorisation; thus, these shares may be used for the purposes set out above.

2) Maximum number, category and nominal value of shares covered by the authorisation

As at the date of this report, the Company's share capital consisted of 951,000,000 ordinary, registered and fully paid up shares.

In this regard, the shareholders' meeting is being asked to authorise the purchase of own shares in one or more transactions up to the maximum limit allowed by law, equal to 10% of subscribed, paid-up share capital, including any own shares that are held by the Company on the authorisation date.

As at the date of this report, there was a total of 23,188,674 own shares equal to 2.44% of share capital, and thus, if the purchase authorisation were approved on today's date, such authorisation would cover up to 71,911,326 ordinary shares of the Company equal to 7.56% of the share capital currently subscribed and paid up.

The authorisation includes the option to subsequently dispose of shares currently held even before fully using up the maximum quantity of shares that can be purchased, and to repurchase these shares as necessary to the extent that own shares held by the Company do not exceed the legally established limit.

3) Useful information for assessing compliance with article 2357, para. 3 of the Italian Civil Code

The purchase for which your authorisation is sought complies with the limit set by article 2357, para. 3 of the Italian Civil Code (as amended by article 7, para. 3-*sexies* of Decree Law 5/2009 which was converted to Law 33/2009), since it covers a number of shares, which, when added to the shares already held by the Company, may not exceed one fifth of share capital. In this regard, it should be noted that subsidiaries hold no Company shares.

4) Term of authorisation

The authorisation to purchase shares, which may be implemented on more than one occasion, is requested for a duration of 18 (eighteen) months from the date of the authorising resolution of the shareholders' meeting. The shares purchased in this manner, and those already held, may be disposed of, on one or more occasions, without time limitations, provided the Company complies with the purposes described in paragraph 1 and the procedures indicated in this report.

5) Minimum and maximum prices

Share purchases covered by this report must be made at a price no more than 15% above or 15% below the benchmark price recorded on the stock market organised and managed by Borsa Italiana SpA ("MTA") in the session prior to each individual transaction.

If the Company intends to support the liquidity of its shares in accordance with the criteria established by market practice, as specified in article 180, para. 1(c) of the TUF concerning market liquidity support activities allowed by Consob in its Resolution 16839 of 19 March 2009 and subsequent amendments, the purchase price must be established in accordance with the aforementioned permitted market practice. At present, permitted market practice stipulates that the purchase price may not be higher than the price of the latest independent transaction or the highest current proposed negotiated price for an independent purchase on the MTA, whichever is higher.

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

These parameters are deemed to be adequate for identifying the trading ranges of interest to the Company, it being understood that any value or volume limits set by current binding laws may be exceeded.

If own shares are traded, exchanged, transferred or disposed of in any non-cash transaction, the pricing terms for the transaction shall be determined based on the nature and characteristics of the transaction with due regard for the performance of the Company's shares, and subject to compliance with current regulations and any permitted market practices.

If the Company intends to use the shares for the purposes of supporting market liquidity in accordance with the criteria established by the market practice specified in article 180, para. 1(c) of the TUF allowed by Consob in its Resolution 16839 of 19 March 2009 and subsequent amendments, sales shall be carried out in accordance with the criteria established therein. At present, this market practice stipulates that the sales price may not be lower than the price of the latest independent transaction or the lowest current proposed negotiated price for an independent sale on the MTA, whichever is lower.

6) Procedures for the purchase and disposal of own shares

Purchases must be carried out in accordance with the provisions of article 132 of the TUF, article 144-*bis* of the Issuer Regulations and all other applicable laws, including any 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, para. 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 accounts.

In this regard, based on the draft statutory accounts approved on today's date by the Board, EUR 665,050,191 is deemed to be the amount of 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 using the operating procedures established in regulations for the organisation and management of markets managed by Borsa

Italiana SpA (and in the related instructions) which prohibit directly combining proposals for negotiated purchases with pre-established proposals for negotiated sales pursuant to article 144-*bis*, para. 1b) of the Issuer Regulations. Purchases may be made in a manner that differs from the above procedures if permitted by article 132, para. 3 of the TUF or by other provisions applicable at the time of the transaction.

Share disposals may be carried out in one or more transactions, even before the quantity of own shares that may be purchased has been exhausted. Disposals may be carried out in the manner deemed most appropriate in the Company's interest, and in any event, in accordance with applicable laws and any permitted market practices.

Own shares to be used for the Plan or any future stock plans similar to the Plan or any stock option plans, must be allocated in accordance with the procedures and deadlines indicated in the related plans.

Furthermore, proper notice must be given to the market and Consob, according to the procedures and deadlines set by law, concerning the Programme, any changes to it, purchases and disposals and their outcome.

In accordance with article 2357-*ter*, para. 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 among the other shares. Moreover, voting rights on own shares will be suspended, but these own shares will be included in share capital for the purposes of calculating the quorums required for the constitution of shareholders' meetings and their resolutions.

Finally, on today's date, the Company's Board of Directors, subject to obtaining the requested authorisation of the shareholders' meeting, granted the Chairman and CEO all powers, to be exercised jointly or severally, and with full discretion to implement the Programme and the purchases and sales envisaged therein, and in any event, in full compliance with current laws and the limits authorised by you, with the option to delegate or assign duties to external specialists.

7) Reduction of share capital

The Board of Directors notes that the purchase of own shares covered by this authorisation request is not for the purposes of reducing share capital. Thus, the shares purchased will not be cancelled.

Based on the above, the Board of Directors asks you to approve the following:

“After acknowledging the proposal made by the Board of Directors, the shareholders' meeting hereby resolves

1. to authorise, pursuant to article 2357 of the Italian Civil Code and article 132 of Legislative Decree 58/1998, purchases of own shares up to 10% of subscribed and paid-up share capital, taking into account own shares already held by the Company. Such purchase is to take place in one or more transactions within 18 (eighteen) months of the authorising resolution of the shareholders' meeting. It should be noted that (i) purchases must be made at a price that is no

more than 15% above or 15% below the benchmark price recorded on the stock market organised and managed by Borsa Italiana SpA (“MTA”) in the session preceding each individual transaction; (ii) if the Company intends to support the liquidity of its shares in accordance with the criteria set by market practice, as specified in article 180, para. 1(c) of the TUF concerning market liquidity support activities permitted by Consob in Resolution 16839 on 19 March 2009 and subsequent amendments, the purchase price shall be set in accordance with the above permitted market practice. At present, permitted market practice stipulates that the purchase price may not be higher than the price of the latest independent transaction or the highest current proposed negotiated price for an independent purchase on the MTA, whichever is higher; and (iii) purchases shall, in any case, be carried out (in one or more transactions) on the MTA using the operating procedures established in regulations for the organisation and management of markets managed by Borsa Italiana SpA (and in the related instructions), which prohibit directly combining proposals for negotiated purchases with pre-established proposals for negotiated sales (see article 144-*bis*, para. 1(b) of the Issuer Regulations). All of the above is to be carried out in accordance with the report attached under Appendix A of this resolution, and for the purposes described therein;

2. to authorise, pursuant to article 2357-*ter* of the Italian Civil Code, disposals, in one or more transactions, without time limitations, of ordinary shares of Saras SpA, to be acquired based on the resolution described in the paragraph above. It should be noted that (i) disposals, and specifically, sales of own shares may not be carried out at a price that is 10% lower than the benchmark price recorded on the MTA in the session preceding each individual transaction; (ii) if the Company intends to use the shares for the purposes of supporting market liquidity in accordance with the criteria established by market practice, as specified in article 180, para. 1(c) of the TUF permitted by Consob in its Resolution 16839 of 19 March 2009 and subsequent amendments, sales shall be carried out in accordance with the criteria established therein. At present, this market practice stipulates that the sales price may not be lower than the price of the latest independent transaction or the lowest current proposed negotiated price for an independent sale on the MTA, whichever is lower; (iii) if own shares are traded, exchanged, transferred or disposed of in any non-cash transaction, the pricing terms for the transaction shall be determined based on the nature and characteristics of the transaction with due regard for the performance of the Company's shares, and subject to compliance with current regulations and any permitted market practices; (iv) own shares to be used for stock incentive plans shall be allocated in accordance with the procedures and deadlines indicated in the related plans. All of the above is to be carried out in accordance with the report attached under Appendix A of this resolution and for the purposes described therein, including the option to use own shares already held by the Company for these purposes;

3. to vest the Board of Directors, and/or the Chairman and CEO on its behalf, with all powers, including the power to delegate or appoint external specialists, either jointly or severally and using full discretion necessary to carry out the Programme and the purchases and sales required thereunder in full compliance with current regulations and within the limits of your authorisation as given at this meeting. It shall be understood that as long as the shares remain in the possession of the Company, the earnings and option rights attached thereto will be attributed proportionately among the other shares. Moreover, voting rights on own shares will be suspended, but said own shares will be included in the share capital for the purposes of calculating the quorums required for the constitution of the shareholders' meeting and its resolutions".

Milan, 12 April 2010

For the Board of Directors

The Chairman

Gian Marco Moratti