



**TESMEC S.P.A.**  
**SHAREHOLDERS' ORDINARY MEETING OF 30 APRIL 2015**  
**IN SINGLE CALL**  
**DIRECTORS' REPORT**  
**ON THE DRAFT RESOLUTIONS SUBMITTED TO THE MEETING**

**Report of the Board of Directors of TESMEC S.p.A., drawn up pursuant to Articles 125-ter of Italian Legislative Decree no. 58 of 24 February 1998 (“TUF”), and 84-ter of the Regulation adopted with Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (“Issuers’ Regulation”).**

Dear Shareholders,

This report shows the draft resolutions that the Board of Directors of TESMEC S.p.A. (hereinafter referred to as “TESMEC” or the “Company”) intends to submit for your approval in relation to the points on the agenda of the ordinary shareholders' meeting that will be held on 30 April 2015, 10.30 am, in single call at TESMEC headquarters in Via Zanica 17/O, Grassobbio (BG).

**1. Approval of the financial statements as at 31 December 2014 and relevant reports; allocation of result for the period. Related and consequent resolutions.**

Dear Shareholders,

The Company, within the term established by Article 154-ter of the TUF, must publish the annual financial statements comprising the draft financial statements, the consolidated financial statements, the directors' report and the certification set forth in Article 154-bis, paragraph 5 of the TUF. The audit reports prepared by the independent auditors as well as the reports indicated in Article 153 of the TUF are made fully available to the public together with the annual financial statements.

The draft financial statements were approved by the Board of Directors of the Company on 12 March 2015.

The directors' report will be made available to the public, together with the draft financial statements of TESMEC as at 31 December 2014, the consolidated financial statements of the TESMEC Group as at 31 December 2014, the certification of the Manager responsible for preparing the Company's financial reports, the report of the Board of Statutory Auditors and the Independent Auditors' Report, at the registered office and Borsa Italiana S.p.A., as well as on the website of the Company: [www.tesmec.com](http://www.tesmec.com) and in accordance with to the other modalities prescribed by Consob within the terms provided by the regulations in force (i.e. at least 21 days before the date of the Shareholders' Meeting in first call).

For a complete information on the subject in hand, reference is made to the Directors' Report and to the additional documents made available to the public, within the timeframe prescribed by the law, at the registered office and Borsa Italiana S.p.A., as well as on the website [www.tesmec.com](http://www.tesmec.com) (Investors) and in accordance with to the other modalities prescribed by Consob.

You are invited to approve the financial statements as at 31 December 2014 of TESMEC that ended with a profit of Euro 6,277,766.

With reference to the results achieved, the Board of Directors proposes that you resolve:

- the allocation of the profit for the year of Euro 6,277,766 as follows:
  - Euro 137,137 to legal reserve, pursuant to Article 2430 of the Italian Civil Code;

the remaining import of Euro 6.140.629 as follow:

- allocate a dividend of Euro 0.023 to each outstanding ordinary share on the ex-dividend date;
  - assign to the extraordinary reserve the amount of profit remaining after the allocation to the legal reserve and of the dividend;
- the payment of the dividend on 27 May 2015 (with ex-dividend date 25 May 2015, in compliance with the Borsa Italiana calendar, with record date 26 May 2015).

**2. Consultation on the first section of report on remuneration pursuant to Article 123-ter paragraph 6 of Italian Legislative Decree no. 58/1998.**

Dear Shareholders,

In relation to second point on the agenda, the Board of Directors intends to submit to the Shareholders' Meeting the report on remuneration of the members of the boards of directors, of general managers and of other executives with strategic responsibilities, pursuant to Articles 123-ter of the TUF and 84-quarter of the Issuers' Regulation.

The Report on Remuneration was prepared in compliance with Annex 3A, Diagrams 7-bis and 7-ter, of the Issuers' Regulation and consists of two sections. The first section of the Report on Remuneration (i) shows the policy of the Company concerning the remuneration of the members of the boards of directors, of general managers and of executives with strategic responsibilities with reference at least to the following financial year and (ii) shows the procedures used for the adoption and implementation of this policy. The second section of the Report on Remuneration: (i) provides an adequate representation of each of the items forming the remuneration, including the salaries contemplated in case of termination of office or termination of the employment relationship, pointing out its consistency with the policy of the Company on remuneration approved in the previous financial year; (ii) shows in detail the remuneration paid during the financial period under review.

Pursuant to Article 123-ter, paragraph 6, of the TUF, the Shareholders' Meeting is required to express, with non-binding resolution, an opinion in favour or against the first section of the Report on Remuneration.

In this regard, reference is made to what is shown in the report drawn up pursuant to Articles 123-ter of the TUF and 84-quater of the Issuers' Regulation, which will be filed within the terms provided by the regulations in force at the registered office, Borsa Italiana S.p.A., as well as made available to the public on the website of the Company [www.tesmec.com](http://www.tesmec.com) and in accordance with to the other modalities prescribed by Consob.

**3. Proposal of authorisation to purchase and dispose of treasury shares, subject to the withdrawal of the resolution passed by the Shareholder's Meeting of 30 April 2014. Related and consequent resolutions.**

Dear Shareholders,

with reference to the third point on the agenda, this section of this report, prepared pursuant to Article 73 of the Issuers' Regulation, shows the proposal for authorisation to purchase and dispose

of treasury shares, subject to the prior revocation of the resolution passed by the Shareholder's Meeting of 30 April 2014, that the Board of Directors intends to submit to your approval.

Please note that the aforementioned Shareholders' Meeting of April 30, 2014 authorized the Board of Directors to purchase and dispose of treasury shares, also through subsidiaries, for a maximum number of ordinary shares of the Company, having a par value of 0.10 Euro each, equal to 10% of the share capital, one or more times, within a maximum period of eighteen months from the date of the resolution by the Shareholders' Meeting; the purchases were to be made at a price that did not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction. The maximum number of treasury shares that were purchasable on a daily basis was not to be higher than 25% of the average daily volume of TESMEC shares traded on the market.

Hereinafter are exposed the reasons and modalities for the purchase and disposal of the treasury shares of the Company in accordance to which the Board of Directors proposes to the shareholders to resolve the new authorization.

### **Reasons for the proposal for authorisation to purchase treasury shares**

The request for authorisation to purchase and dispose of treasury shares, subject-matter of the proposal for authorisation to be submitted to the Ordinary Shareholders' Meeting, aims at providing the Company with a useful strategic investment opportunity for any purpose allowed by the applicable provisions of law, including the purposes contemplated in the "market practices" approved by Consob pursuant to Article 180, paragraph 1, letter c), of the TUF with resolution no. 16839 of 19 March 2009 and in the EC Regulation no. 2273/2003 of 22 December 2003.

In particular, the Board of Directors considers it useful that the authorisation to purchase and dispose of treasury shares, also through subsidiaries, be granted to pursue the following aims:

- a. offer incentives to and develop loyalty of employees (including any category that, by the same standard as the law, in force each time, is treated as equivalent), collaborators, directors of the Company and/or of companies controlled by it and/or other categories of subjects (such as one-firm agents or otherwise) chosen at the discretion of the Board of Directors, as deemed appropriate each time by the Company;
- b. fulfil any obligation arising from debt instruments convertible into/or exchangeable with equity instruments;
- c. carry out sales, exchanges, swaps, capital contributions or other disposals of treasury shares for acquisitions of shareholdings and/or real estate and/or the conclusion of agreements (trade agreements or otherwise) with strategic partners, and/or for the implementation of industrial projects or Merger & Acquisition operations, which fall within the objectives of expansion of the Company and the Tesmec Group;
- d. carry out subsequent purchases and sales of shares, within the limitation allowed by the market practices approved, including operations to support the liquidity of the market;
- e. in order to purchase treasury shares owned by employees of the Company or subsidiaries and assigned or subscribed pursuant to Articles 2349 or 2441, paragraph eight of the Italian Civil Code or originating from incentive plans approved pursuant to Article 114-bis of the TUF;
- f. seize market opportunities also through the purchase and resale of shares whenever appropriate both on the market (as regards conveyance) in the so-called over-the-counter markets or even outside the market provided at market conditions.

### **Maximum number of shares of the proposal for authorisation**

The authorisation refers to the purchase, also through subsidiaries, in one or more times, of ordinary treasury shares with a par value Euro 0.10 each, up to 10% of the *pro tempore* share capital of the Company, taking into account the treasury shares held by the Company and the its controlled subsidiaries. Purchases will be made within the limits of the distributable profits and of the available reserves resulting from the last financial statements approved by the Company or by the subsidiary making a purchase.

The authorisation also includes the right to dispose later (in whole or in part and also in several times) of the shares held in portfolio, also before having reached the maximum amount of shares purchasable and eventually to repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by its controlled subsidiaries, do not exceed the limit established by the authorisation.

### **Further useful information for the assessment of compliance with Article 2357, paragraph 3, of the Italian Civil Code**

At the date of this report, the share capital of the Company is represented by 107,084,000 ordinary shares having a par value of Euro 0.10, for a total value of Euro 10,708,400 fully subscribed and paid-up. At the date of this report, the Company holds no. 2,596,321 treasury shares taking into account also the shares held by its controlled subsidiaries.

As pointed out, the maximum number of treasury shares shall never exceed 10% of the share capital of the Company, taking into account also the shares owned by its controlled subsidiaries.

### **Duration for which authorisation is sought**

The authorisation to purchase treasury shares, also through subsidiaries, is required for a period of 18 (eighteen) months from the date of approval of the resolution of the shareholders' meeting authorising the purchase. The Board of Directors may carry out the authorised transactions in one or more times and at any time, to the extent and within the terms freely determined in accordance with the applicable law, with the progression considered appropriate in the interest of the Company.

The authorisation to dispose of the treasury shares is required without time limits.

### **Minimum and maximum consideration**

The Board of Directors proposes that the purchases of treasury shares are carried out in compliance with the conditions established for the market practice relating to the purchase of treasury shares authorised by Consob pursuant to Article 180, paragraph 1, letter c), of the TUF with resolution no. 16839 of 19 March 2009, as well as by EC Regulation no. 2273/2003 of 22 December 2003, where applicable, and in particular for a consideration that does not exceed the highest price between the price of the last independent transaction and the price of the current highest independent offer in the trading venues where the purchase is made, being understood that the purchase transactions must be carried out at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction.

The disposals of treasury shares purchased pursuant to this resolution, in one or more times in the manner deemed most appropriate in the interests of the Company and in compliance with applicable law, are made in the manner hereinafter specified:

- i) at a price established each time by the Board of Directors in relation to opportunity criteria, it being understood that this price shall optimise the economic effects on the Company, where the security itself is instrumental to the issuance of debt instruments convertible into/or exchangeable with equity instruments or incentive plans in connection with the exercise of the options to purchase shares by the relevant beneficiaries, or if the security is offered for sale, exchange, swap, capital contribution or other disposal, for acquisitions of shareholdings and/or real estate and/or the conclusion of agreements (trade agreements or otherwise) with strategic partners, and/or for implementation of industrial projects or Merger & Acquisition operations, which fall within the objectives of expansion of the Company and the Tesmec Group;
- ii) at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction for subsequent purchase and sale transactions.

### **Modalities in accordance to which the purchase and disposal of treasury shares will be made**

The purchase transactions will be carried out, also through subsidiaries, in accordance with the provisions of Article 132 of the TUF, by Article 144-*bis* of the Issuers' Regulation as amended and supplemented, as well as in accordance with the market practices approved by Consob and the operating procedures established in the regulations on the organisation and management of the markets so as to ensure the equal treatment of shareholders.

The maximum number of treasury shares that can be purchased on a daily basis will not be higher than 25% of the average daily volume of "Tescmec" shares traded on the market. Pursuant to Article 5 of the EC Regulation 2273/2003, this limit may be exceeded in the case of extremely low liquidity in the market, under the conditions laid down in the said Article 5 of the EC Regulation 2273/2003; in any case, the maximum number of treasury shares that can be purchased on a daily basis will not be higher than 50% of the average daily volume.

The operations of disposal of treasury shares may be carried out, in one or more times, also before having reached the amount of shares that can be purchased. The disposal can be carried out in the manner deemed most appropriate in the interest of the Company and, in any case, in compliance with the applicable law and the market practices approved. The Company will inform the public and Consob, in accordance with the procedures and terms contemplated by the laws and regulations in force.

### **Information on whether the purchase is instrumental to a share capital reduction**

It should be noted that the purchase of shares contemplated by this authorisation request is not instrumental to the reduction of share capital.

### **Exemption from the mandatory public tender offer requirement obligation deriving from the approval of the resolution authorising the purchase of treasury shares**

It should be noted that, in general, the treasury shares held by the Company, directly or indirectly, are excluded from the share capital used for calculating whether the stake thresholds set forth under Article 106, paragraphs 1 and 3, letter b) of the TUF is crossed and the mandatory public tender offer is triggered.

However, pursuant to Article 44-bis, second paragraph, of the Issuers' Regulation, the provision mentioned above does not apply if the crossing of the thresholds indicated in Article 106, paragraphs 1 and 3, letter b), of the TUF results from purchases of treasury shares carried out, directly or indirectly, by the Company in execution of a resolution passed also with the vote of the majority of the shareholders of the Company, attending the meeting, other than TTC S.r.l. and Fi.Ind S.p.A.

Consequently, in the event that the resolution herein proposed is passed also with the vote of the majority of the shareholders of the Company, attending the meeting, other than TTC S.r.l. and Fi.Ind S.p.A., these latter would be exempted from the obligation to launch a public tender offer in case, as a result of the purchase of treasury shares thereby authorised, they will individually or jointly cross the thresholds set forth under Article 106, paragraphs 1 and 3, of the TUF.

\* \* \*

In light of the foregoing, the Board invite the Shareholders' Meeting convened to pass the following resolution:

*“The ordinary shareholders' meeting of TESMEC S.p.A., after examining the Report of the Board of Directors*

*acknowledging*

- *what has been outlined in the Report of the Board of Directors; and*
- *that, where the resolution shown below is approved also with the vote of the majority of the shareholders of TESMEC S.p.A., attending the meeting, other than the shareholder or shareholders that hold, jointly or otherwise, the majority interest, relative or otherwise, however higher than 10 percent (i.e. TTC S.r.l. and Fi.Ind S.p.A.) the exemption contemplated by the combined provisions of Article 106, paragraphs 1 and 3, of the TUF and of Article 44-bis, second paragraph, of the Issuers' Regulation with regards to TTC S.r.l. and Fi.Ind S.p.A. shall apply;*

*resolves:*

1. *to revoke the previous resolution authorising the purchase and disposal of the treasury shares of 30 April 2014, with effect as from the date of approval of this resolution;*
2. *to authorise the Board of Directors, with powers to subdelegate, to purchase and dispose, also through subsidiaries, up to a maximum number of ordinary shares of the Company, having a par value of Euro 0.10 each, equal to 10% of the pro-tempore share capital within the limits and for the purposes provided by law and market practices, taking into account the specific exemption provided under third paragraph of Article 132 of the TUF - in one or more times for a maximum period of 18 months from the date of this resolution. The purchase of treasury shares will be made within the limits of the distributable profits and of the available reserves resulting from the last financial statements approved by the company making the purchase.*

*The purchase transactions shall be carried out as follows:*

- i) *purchases shall be made on the market in a manner that does not allow direct matching of negotiation proposals with predetermined sales negotiation proposals and shall be carried out at a price that does not exceed the highest price between the price of the last independent transaction and the price of the current higher independent offer in the trading venues where the purchase is made, being*

- understood that the purchase transactions shall be carried out at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction;*
- ii) *the disposals of the treasury shares purchased will be carried out, in one or more times in the manner deemed most appropriate in the interests of the Company and in compliance with applicable law, in the manner hereinafter specified:*
- *at a price established each time by the Board of Directors in relation to opportunity criteria, it being understood that this price shall optimise the economic effects on the Company, where the security itself is instrumental to the issuance of debt instruments convertible into/or exchangeable with equity instruments or incentive plans in connection with the exercise of the options to purchase shares by the relevant beneficiaries, or if the security is offered for sale, exchange, swap, capital contribution or other disposal, for acquisitions of shareholdings and/or real estate and/or the conclusion of agreements (trade agreements or otherwise) with strategic partners, and/or for implementation of industrial projects or Merger & Acquisition operations, which fall within the objectives of expansion of the Company and the Tesmec Group;*
  - *at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction for the subsequent purchase and sale transactions.*
- iii) *The maximum number of treasury shares that can be purchased on a daily basis will not be higher than 25% of the average daily volume of "Tescmec" shares traded on the market. Pursuant to Article 5 of the EC Regulation 2273/2003, this limit may be exceeded in the case of extremely low liquidity in the market, under the conditions laid down in the said Article 5 of the EC Regulation 2273/2003; in any case, the maximum number of treasury shares that can be purchased will not be higher than 50% of the average daily volume.*
- iv) *The operations of disposal of treasury shares may be carried out, without time limits, in one or more times, also before having reached the amount of shares that can be purchased. The disposal may be carried out in the manner deemed most appropriate in the interest of the Company and, in any case, in compliance with the applicable law and the market practices approved by Consob."*

#### **4. Reduction of the number of Directors from 10 to 9 and appointment of missing Director.**

Dear Shareholders,

As already communicated to the market on date August 1, 2014, the director dott. Luca Poggi has resigned from his office as non-executive Director in the Board of Directors of the Company, with effect from August 1, 2014, for professional reasons. Subsequently on date March 26, 2015, the director Marseglia has resigned from his office as non-executive Director in the Board of Directors of the Company, for professional reasons. As at today, both resigning directors have not been replaced.

The Board of Directors, in light of the professionals who already compose it deems appropriate to propose a reduction of the number of the members of the Board from 10 to 9 and not to co-opt, pursuant to Article 2386, first paragraph, of the Italian Civil Code, a further director. The Board proposes instead to have the next Shareholders' Meeting, in view of its imminent meeting, resolving



upon the appointment of a further director in order to complete the composition of the Board proposed in a number of 9 members.

The eventual proposals for candidates shall be accompanied with the documentation provided under Article 14 point 1 of the Articles of Association and the candidates shall meet the requirements provided by law and under the Articles of Association. Proposals for candidates, accompanied by the documentation and by the appropriate certification certifying entitlement to propose a candidate, shall be filed with the registered office of the Company or transmitted through electronic notice to the certified email address: tesmecspa@pec.it, within the date of the Shareholders' Meeting or submitted during it.

In order to complete the composition of the Board of Directors, the list voting mechanism does not apply, being it provided for, pursuant to the Articles of Association, only in case of appointment of the entire Board of Directors.

The appointment by the Shareholders' Meeting as new director will end on the date of approval of the Financial Statements as at 2015 together with the other members of the Board and, until such date, the new director will receive the remuneration already resolved by the Shareholders' Meeting on April 30 2013.

Having the above said, the Board of Directors proposes to the Shareholders' Meeting to reduce the number of the directors from 10 previously decided upon to 9 and to appoint a new director in order to complete the composition of 9 members of the Board of Directors.

Grassobbio, March 30, 2015

TESMEC S.p.A.

The Chairman of the Board of Directors  
Ambrogio Caccia Dominioni