

# OVS

**OVS S.p.A.**

Registered office in Venice – Mestre (Italy), Via Terraglio, no. 17

Share capital Euro 227.000.000,00 fully paid-up

Companies' Register of Venice (Italy), taxpayer's code and VAT no. 04240010274 - REA no. VE -  
378007

Website: [www.ovscorporate.it](http://www.ovscorporate.it).

**OVS S.p.A. Board of Directors' explanatory report on the first item of the agenda of the extraordinary part of the ordinary and extraordinary Shareholders' meeting called for May 26, 2015, in single call.**

Item no. 1 on the agenda of the extraordinary part

**PROPOSAL OF GRANTING TO THE BOARD OF DIRECTORS, FOR A PERIOD OF FIVE YEARS FROM THE DATE OF THE SHAREHOLDERS' RESOLUTION, OF THE POWER TO PROCEED WITH A PAID DIVISIBLE CAPITAL INCREASE, PURSUANT TO ARTICLE 2443 OF THE ITALIAN CIVIL CODE, WITH EXCLUSION OF THE OPTION RIGHT PURSUANT TO ARTICLE 2441, PARAGRAPH 8, OF THE ITALIAN CIVIL CODE, FOR AN OVERALL MAXIMUM AMOUNT OF NOMINAL EURO 35,000,000.00, THROUGH THE ISSUING, INCLUDING IN MORE THAN ONE TRANCHE, OF A MAXIMUM OF NO. 5.107.500 ORDINARY SHARES WITH NO PAR VALUE, TO BE RESERVED TO THE BENEFICIARIES OF THE “*STOCK OPTION PLAN 2015 – 2020*”, AND RELEVANT AMENDMENT TO ARTICLE 5 OF THE ARTICLES OF ASSOCIATION. RELATED RELEVANT RESOLUTIONS.**

Dear Shareholders,

This report is issued pursuant to Article 125-ter of the Italian Legislative Decree of February 24, 1998, no. 58 (“**TUF**”) and Article 72 of the CONSOB Regulation on issuers adopted pursuant to resolution no. 11971 of May 14, 1999 and subsequent amendments and integrations (the “**Issuers’ Resolution**”).

The Board of Directors has called this extraordinary shareholders meeting to resolve upon the proposal of resolution concerning the granting to the Board of a proxy (the “**Proxy**”) to proceed with a paid divisible share capital increase pursuant to Article 2443 of the Italian Civil Code, with the exclusion of the option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, for an overall maximum amount of nominal Euro 35,000,000.00, through the issuing, also in more than one tranche, of a maximum of no. 5,107,500 ordinary shares with no par value (the “**Capital Increase**”), to be reserved to directors who are also employees, managers with strategic responsibilities and/or the other employees of OVS S.p.A. (“**OVS**” or the “**Company**”) and of the companies controlled by OVS pursuant to Article 93 of the TUF (the “**Subsidiaries**”), that are beneficiaries of the stock option plan named “*Stock Option Plan 2015 – 2020*” (the “**Stock Option Plan 2015 – 2020**” or the “**Plan**”).

## **1. Reasons for the Capital Increase**

The resolution of the extraordinary shareholders meeting hereby proposed is instrumental to the implementation of a stock option plan reserved to those directors who are also employees of the Company, managers with strategic responsibilities and/or to the other employees of OVS and of the Subsidiaries having strategically significant roles, who will be identified pursuant to the regulation governing the Stock Option Plan 2015 – 2020 (the “**Beneficiaries**”) that will be submitted to approval as item 3 of the extraordinary part of the agenda by the shareholders’ meeting of the Company to be convened on May 26, 2015. Therefore, the proposal of resolution concerning the approval of the granting to

the Board of the Proxy is subject to the approval of the Stock Option Plan 2015 – 2020 by the ordinary shareholders' meeting of the Company.

The adoption of the Stock Option Plan 2015 – 2020 is justified in the light of the need to offer, at conditions that take into account the value from time to time of the OVS shares, a remuneration system that incentivizes the managers and key people of the Company and of the Subsidiaries, linking the variable part of the relevant compensation to the actual performance of the Company and the creation of new value for shareholders, as well as an incentive system aimed at attracting highly qualified resources among the management.

The Stock Option Plan 2015 – 2020 contemplates the award up to maximum no. 5,107,500 options, that entitle to the relevant owner the right to subscribe or purchase shares of OVS with no par value in accordance to the ratio of one share for each option.

For the execution of the Capital Increase to service the Stock Option Plan 2015 – 2020 it is therefore proposed to grant to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of adoption of the shareholders' resolution, the power to proceed with a paid divisible share capital increase, with the exclusion of the option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, for an overall maximum amount of nominal Euro 35,000,000.00, through the issuing, also in more than one tranche, of a maximum of no. 5,107,500 ordinary shares with no par value, having the same characteristics of those already in circulation, with regular enjoyment, to be reserved to the beneficiaries of the Stock Option Plan 2015 – 2020.

The Capital Increase provides for the exclusion of the option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, since newly issued shares will be reserved exclusively to the Beneficiaries of the Stock Option Plan 2015 – 2020, that will be exclusively directors who are also employees of the Company, managers having strategic responsibilities and/or the other employees of OVS and of the Subsidiaries.

The scopes indicated above justify the exclusion of the option right in favour of the shareholders.

It is without prejudice for the power of the Board of Directors, upon prior consultation with the Appointments and Remuneration Committee, to use as shares to service the exercise of the options the shares that the Company may hold after having purchased them in the framework of the buy-back programmes resolved upon and implemented in accordance with applicable laws.

For further details concerning the description of the Stock Option Plan 2015 – 2020 and the reasons for the adoption of the same, please make reference to the report of the directors for the resolution by the ordinary Shareholders' Meeting concerning the approval of the Stock Option Plan 2015 – 2020 and to the information document attached to the same.

## **2. Results of the last financial year and general indications on the Company's results in the current financial year**

The draft financial statements relating to the financial year as of January 31, 2015 has been approved by the Board of Directors, along with the consolidated financial statements of the OVS Group, on April 22, 2015 and are available at the Company's registered office, on the Company's website [www.ovscorporate.it](http://www.ovscorporate.it) and the authorised document platform "1Info".

As to the results of the last financial year and the general indications on the results of the current financial year, reference should be made to the draft financial statements and the relevant accompanying documentation.

## **3. Placement consortia**

The establishment of guarantee and/or placement consortia is not planned; neither is any other form of placement.

## **4. Exercise price of the shares**

The Plan provides for the overall free attribution of 5,107,500 options maximum for the subscription or purchase of the Company's ordinary shares, in the ratio of one share to one option, at the terms and conditions set forth in the Plan.

With regard to each Beneficiary and in the framework of the first cycle of attribution of the options of the Plan, the strike price of the shares is Euro 4.88 each. The strike price for the first cycle of attribution of the options - determined by the Board of Directors of the Company on April 22, 2015, after having heard the opinion of the Appointments and Remuneration Committee - is equal to the final unit price to which the OVS shares have been placed in the context of the global offering, occurred between February 16, 2015 and February 24, 2015, composed of an offering to the general public in Italy and of an institutional placement reserved to qualified investors in Italy and institutional investors abroad, in the light of the listing of OVS shares starting from March 2, 2015, on the Electronic Stock Market (*Mercato Telematico Azionario*) organized and managed by Borsa Italiana S.p.A. ("MTA"), equal to Euro 4.10 per each OVS share concerned by the global offering, increased of 19.1%.

The definition of the price has been made by the Board of Directors considering the scopes of the Plan, deeming that the price of placement of the shares in the context of the global offering reserved to institutional investors and to the general public, as increased of 19.1%, may properly reflect the value of the shares, having considered the requisites and the objectives of the Plan, and having also considered that in the definition of the price the Board of Directors has not deemed as indicative the listing values of the shares registered in the limited period of listing on the MTA, since such values are affected by volatility and instability factors typically connected also to the recent listing.

With regard to each cycle of attribution following the first cycle of attribution, the strike price of the shares will be determined by the Board of Directors of the

Company, after having heard the opinion of the Appointments and Remuneration Committee, in a measure at least equal to the arithmetic average of the official prices registered by OVS title on the MTA in the thirty days preceding the date of attribution of the options to the Beneficiaries.

The criterion proposed by the Board of Directors, other than allowing to consider a period of time which is closest to the moment in which the price of exercise will be determined, corresponds to the market practice of listed companies in respect of the criterion adopted to establish the exercise price of the shares to be reserved to remuneration plans based on shares.

**5. Period provided for the execution of the Proxy and of the Capital Increase**

It is proposed to establish that the duration of the Proxy is equal to the maximum period permitted by the applicable law, *i.e.* 5 years, starting from the date of the shareholders’ resolution and that it can be exercised by the Board of Directors, every time it is deemed opportune, consistently with the scopes of the Plan, within the final deadline of May 26, 2020, upon prior information to the market regarding terms and ways of every single tranche of capital increase, as soon as determined by the Board of Directors.

The Capital Increase consists of a divisible capital increase pursuant to Article 2439, paragraph 2, of the Italian Civil Code and, therefore, may be partially or entirely executed and subscribed even in more tranches within the expiration of the period of exercise of the options attributed to the Beneficiaries of the Stock Option Plan 2015 – 2020 (*i.e.* on June 8, 2025), it being understood that directors will be expressly authorised to issue the new shares gradually upon subscription of the same; therefore, partial subscriptions shall be immediately effective.

**6. Enjoyment of the shares issued in case of exercise of the Options**

The newly issued shares resulting from the Capital Increase will have the same enjoyment that the ordinary shares of OVS outstanding at the issue date of the new shares.

**7. Amendments to the Articles of Association**

The transaction concerning the Proxy and the Capital Increase, as described above, shall imply the amendment to Article 5 of the Articles of Association.

The chart below compares the text of the current Article 5 of the Articles of Association (left column) with the text of the same Article (right column) with the proposed amendments underlined and highlighted in bold.

Current text	Proposed text
5.1 The Company’s share capital shall consist of Euro 227,000,000.00, represented by 227,000,000 ordinary shares	5.1 The Company’s share capital shall consist of Euro 227,000,000.00, represented by 227,000,000 ordinary shares

with no stated nominal value. The Company's share capital may be increased by a Shareholders' Meeting resolution, even by means of issuing shares having different rights from ordinary shares and with contributions other than in cash, to the extent permitted by law. In resolutions for a paid-up capital increase, pre-emptive rights may be excluded up to a maximum of 10% of the Company's pre-existing share capital, provided that the issue price corresponds to the market price of the shares and this is confirmed by an appropriate report of a statutory auditor (*revisore legale*) or statutory audit firm (*società di revisione legale*).

5.2 Shares shall be in registered form and freely transferable. Each share gives the right to one vote. Shares shall be issued and transferred in compliance with the laws and regulations in effect.

5.3 Status as a shareholder constitutes *per se* acceptance of these bylaws.

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**5.2 On May [•], 2015 the extraordinary meeting of shareholders resolved upon the granting to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of the shareholders' resolution on the date hereof, the power to proceed with a paid divisible share capital increase, with exclusion of the option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, for an overall maximum amount of nominal Euro 35,000,000.00, through the issuing, including in more than one tranche, of a maximum of no. 5.107.500 ordinary shares with no par value having the same characteristics of the ordinary shares in circulation at the date of the issuance, with regular enjoyment, for the subscription by the beneficiaries of the stock option plan named "Piano di Stock Option 2015 – 2020", approved by the shareholders' meeting held on May [•], 2015. Pursuant to Article 2439, paragraph 2, of the Italian Civil Code, if not entirely subscribed within the final term of June 8, 2025, the share capital shall be increased of an amount equal to the registered subscriptions.**

**5.3** Shares shall be in registered form and

	<p>freely transferable; Each share gives the right to one vote. Shares shall be issued and transferred in compliance with the laws and regulations in effect.</p> <p><b>5.4</b> Status as a shareholder constitutes <i>per se</i> acceptance of these bylaws.</p>
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The proposed amendment shall not grant to shareholders who have not participated in the adoption of the resolution described therein the right of withdrawal pursuant to Article 2437 of the Italian Civil Code.

## **8. Resolution Proposal**

Dear Shareholders,

in the light of the above, the Board of Directors proposes the passing of the following resolutions:

*“ The Extraordinary Shareholders' Meeting of OVS S.p.A., duly convened, constituted and able to resolve:*

- *having acknowledged the resolution of the shareholders' meeting adopted on the date hereof that approved, pursuant to and to the effects of Article 114-bis of Legislative Decree no. 58/1998 and subsequent amendments, the stock option plan named “Stock Option Plan 2015 – 2020”;*
- *having acknowledged and approved the Board of Directors explanatory report, pursuant to article 125-ter of Legislative Decree no. 58/1998 and subsequent amendments, and article 72 of Consob's resolution n. 11971 of May 14, 1999, as amended and integrated;*
- *having acknowledged that the share capital is currently Euro 227.000.000,00 entirely subscribed and paid-in, as confirmed by Statutory Auditors,*

### **resolves**

1. *to grant to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of the shareholders' meeting held on the date hereof, the power to proceed with a paid share capital increase, with exclusion of the option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, divisibly pursuant to Article 2439, paragraph 2, of the Italian Civil Code, for a maximum amount of nominal Euro 35,000,000.00, to be executed by and not later than May 26, 2020, through the issuing, including in more than one occasion, of a maximum of no. 5.107.500 ordinary shares with no par value having the same characteristics of the ordinary shares in circulation at the date of the issuance, with regular enjoyment, for the subscription by the beneficiaries of the stock option plan named “Piano di Stock Option 2015 – 2020”, to be offered for the subscription by directors who are also employees, managers with strategic responsibilities and/or the other employees of OVS S.p.A. and of the companies controlled by it pursuant to Article 93 of the Legislative Decree no. 58/1998, as amended and integrated, that will be identified pursuant*

*to the regulation of the stock option plan, acknowledging that partial subscriptions will be immediately effective and therefore, if the capital increase is not entirely subscribed within June 8, 2025, the share capital will be increased for an amount equal to subscriptions registered until the expiry of such term;*

2. *to establish that, with regard to the first cycle of attribution of options of the stock option plan named “Stock Option Plan 2015 – 2020”, the price of exercise of the shares will be equal to Euro 4.88 per share and will be determined, with regard to each cycle of attribution of options following the first cycle of attribution of the plan above, by the Board of Directors of the Company, after having heard the opinion of the Appointments and Remuneration Committee, in a measure at least equal to the arithmetical average of the official prices of the shares of the Company on the MTA in the thirty days preceding the date of attribution of the options of subscription to the beneficiaries of such stock option plan;*

3. *to amend the current Articles of Association of the Company by introducing:*

a. *after paragraph 1 of Article 5 of the Articles of Association, the following new paragraph 2:*

*“5.2 On May [•], 2015 the extraordinary meeting of shareholders resolved upon the granting to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of the shareholders’ resolution on the date hereof, the power to proceed with a paid divisible share capital increase, with exclusion of the option right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, for an overall maximum amount of nominal Euro 35,000,000.00, through the issuing, including in more than one tranche, of a maximum of no. 5.107.500 ordinary shares with no par value having the same characteristics of the ordinary shares in circulation at the date of the issuance, with regular enjoyment, for the subscription by the beneficiaries of the stock option plan named “Piano di Stock Option 2015 – 2020”, approved by the shareholders’ meeting held on May [•], 2015. Pursuant to Article 2439, paragraph 2, of the Italian Civil Code, if not entirely subscribed within the final deadline of June 8, 2025, the share capital shall be increased of an amount equal to the registered subscriptions”;*

*by renumbering as paragraphs 3 and 4 the two following paragraphs of Article 5 of the Articles of Association while remaining unchanged the remaining part of the article;*

4. *to grant a mandate to the Board of Directors, so that the latter may proceed, including through proxies, any power deemed to be necessary or merely opportune to execute the above resolutions, and in order to execute any act necessary or merely opportune for the same purposes, including but not limited to, the acts relating to:*

- *the management of the relationship with any competent authority or body and the obtainment of any authorization necessary to complete the operation and draft, amendment, integration, execution, signing of any agreement, act, statement or document needed for the same purposes;*
- *the amendments to be executed, time by time, in relation to article 5 of the Articles of Association as a result of the partial and/or full exercise of the options and therefore of*

*the partial and/or full execution of the capital increase servicing the stock option plan named “Stock Option Plan 2015 – 2020”, executing also the relevant filing with the Companies Register;*

- *the obtainment of the relevant approval required by the law, with the power to introduce the amendments which may be required by the competent Authorities and/or the Companies Register.”*

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Venice – Mestre (Italy), [●] [●] 2015

**On behalf of the Board of Directors**

**The Chairman**

**Nicholas Stathopoulos**