

Press release

## Approved by the Board of Directors of El.En. s.p.a. the stock options plan 2008-2013 and modified the 2008 BoD's Meeting Calendar

**Florence, July 15<sup>th</sup> 2008** – The Board of Directors of El.En. SpA, leader on the laser market and listed on the STAR Segment of the Italian Stock Exchange, met today and approved the stock option plan 2008-2013. Such plan is intended, as part of the continual process of evolution and growth of the Issuer and the Group, to the extension of stock-holding to the employees who have, or will have in the future, a role which is considered essential, so that these persons can also benefit from the economic advantages of this development and consequently, it is intended as an incentive to those employees who represent, on account of their professional or personal characteristics, or for their company loyalty, key figures for the achievement of the goals set by the entire industrial group; the Board believes, moreover, that, in a highly competitive market, the assignment of stock options in the company appears to be the best means for attracting new, highly professional personnel and for strengthening the employ relationship with such key figures.

For the implementation of the plan the Board of Directors exercised the power given by the shareholders' meeting convened on May 15th 2008 pursuant to art. 2443 c.c., by increasing – against payment of purchase stock price and pursuant with the eighth paragraph of Art. 2441 of the Civil Code with the exclusion of rights to options for the shareholders – the capital stock of the company for a nominal amount of 83,200.00 and proceeding to the assignment of the 160.000 options, free of charge, to certain employees of the entire industrial group for the underwriting of the relevant new issue shares with a nominal value of 0.52 Euros each.

The underwriting of the new issue shares shall be against payment of purchase stock price, in pursuance of the regulations of the stock options plan approved today by the Board of Directors, starting on July 15th (fifteenth) 2011 and within the vesting periods stated today by the Board of Directors.

Should the options be exercised, the purchase price for each newly issued share is set on Euro 24,75 (share premium Euro 24,23).

Moreover, today the Board of Directors modified the Board of Directors' Meeting Calendar, setting on August 29th 2008 the meeting date for the release of the 2008 half year financials, pursuant to the new laws (art. 154-ter TUF as brought in by the Legislative Decree November 6th 2007, n. 195) and regulations (art. 2.6.2. para I Italian Stock Exchange Regulations) issued to accomplish the Transparency Directive.

**El.En.**, an Italian company, is the parent of a high-.tech industrial group operating in the optoelectronics sector. Based on proprietary technology and multidisciplinary know-how, the El.En Group manufactures laser sources (gas, semiconductor, solid-state and liquid) and innovative laser systems for medical and industrial applications. The El.En. Group is the laser market leader in Italy and among the top operators in Europe. It designs, manufactures and sells worldwide:

- Medical laser equipment used in dermatology, cosmetics, physiotherapy, dentistry and gynecology;
- Industrial laser systems for applications ranging from cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork;
- Laser systems for scientific research

EL.EN has been listed on the Star (MTAX) of Borsa Italiana. Its market floatation is approximately 40% and its market capitalization amounts to €105 million.



*Cod. ISIN: IT0001481867*  
*Code: ELN*  
*Listed on MTAX*  
*Mkt capt.: 105 mln/Euro*  
*Cod. Reuters: ELN.MI*  
*Cod. Bloomberg: ELN IM*

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**INFORMATION DOCUMENT ON THE INCENTIVE PLAN BASED ON THE  
ASSIGNMENT OF STOCK OPTIONS FOR THE UNDERWRITING OF SHARES OF EL.EN.  
S.p.A.  
(drawn up in conformity with article 84-bis, paragraph 5, of the Regulations as per Consob vote  
no. 11971 of May 14<sup>th</sup> 1999 and later modifications, and published on July 15<sup>th</sup> 2008).**

The paragraphs which follow contain information for the shareholders in conformity with Art. 84-*bis*, para. 5, of the Issuer's Regulations no. 11971/1999 and later modifications issued by Consob and in conformity with enclosure 3A, plan 7 of the above mentioned Regulation, of the contents and the motivations for the incentive plan which the Board of directors of El.En. s.p.a. approved on July 15<sup>th</sup> 2008 for the implementation of the plan approved by the shareholders' meeting on May 15<sup>th</sup> 2008.

In order to facilitate comprehension we are transcribing in its entirety the information document which was deposited in conformity with articles 114-*bis* and 134 Legislative Decree of February 24<sup>th</sup> 1998, n. 58, 84-*bis* Issuer's Regulations n. 11971/1999 and later modifications issued by Consob and included with the contents of the approval of the implementation.

## **DEFINITIONS**

In this document the terms used are defined as follows:

- "Issuer"/"Company": El.En. s.p.a.;
- "Shares": ordinary shares issued by the Company.
- "Options": the right to underwrite the purchase of a Share;
- "Board of Directors": Board of Directors of the Issuing company;
- "Beneficiaries": the persons to whom the Board of Directors assigns the Options;
- "Plan": the incentive plan based on the assignment of Options free of charge for the years 2008-2013;
- "Regulations": the regulations of the Stock Options Plan approved by the Board of Directors and which is enclosed with this document (Enclosure 1);
- "Date of Assignment": date on which the Board of Directors assigned the Options to the single Beneficiaries, determined the amount, and established the relative purchase price of the shares.
- "Exercise price": the purchase price of the Shares as determined by the Board of Directors for an amount of 24,75 Euros in accordance with the criteria established by the shareholders' meeting on May 15<sup>th</sup> 2008 in approval of the terms of the Plan;
- "Employees": persons employed by the Issuer or by one of its subsidiaries in a subordinate role;
- "Remuneration Committee": the internal commission composed of some of the members of the Board of Directors, constituted in conformity with the recommendations of Principles 5 and 7 of the Self-Disciplining Code 2006 adopted by the Commission for Corporate Governance of the Italian Stock Exchange (Borsa Italiana S.p.A.);
- "Issuer's Regulations": regulations for companies issuing stock adopted and issued by CONSOB on May 14<sup>th</sup> 1999, n. 11971 and later modifications;
- "TUF": Legislative Decree of February 24<sup>th</sup> 1998, no. 58 and later modifications.

### **1. Beneficiaries**

I The Beneficiaries of the Plan are employees of the Issuer or of its subsidiaries who belong to the category of managers and employees which, in the opinion of the members Board of Directors who have identified them, have now or will have, a fundamental or strategic role in the industrial group headed by the Issuer.

Included in this category as an employee is Ing. Stefano Modi, non-executive member of the Board of directors but executive in the field of research and development for the Issuer. He is also a board member for the ELESTA s.r.l. (formerly IALT s. cons. a r.l.) company in which an equity of 50% is held.

The president and other members of the Board of Directors are excluded from this stock option plan.

### **2. Reasons for the implementation of the Stock Option Plan**

2.1. As part of the continual process of evolution and growth of the Issuer and the Group, the main objective consists in the extension of stock-holding to the employees who have or will have in the future, a role which is considered essential, so that these persons can also benefit from the economic advantages of this development.

The consequent stock option plan has been created as an incentive to those employees who represent, on account of their professional or personal characteristics, or for their company loyalty, key figures for the achievement of the goals set by the entire industrial group. This plan is intended also to consolidate and maintain the relationship of collaboration with the Issuer and with the other companies of the Group throughout the next financial periods for the purpose of consolidating the technical and technological capacities which have been developed, thus giving the company the internal stability which is required to successfully overcome the difficulties of a market which is in continual and rapid evolution both from a point of view of technology and competition.

The Board of Directors believes, moreover, that, in a highly competitive market, the assignment of stock options in the company appears to be the best means for attracting new, highly professional personnel.

2.2. The right to take-up the stock Options which have been assigned depends on the existence at the time of take-up of a relationship of employment in a subordinate role with the Issuer or with one of its subsidiaries.

2.3. The identification within each single category of the individual Beneficiaries and the concrete determination of the amount of options to be assigned was made by the Board of Directors by means of an evaluation and the strategic value of the subject within the Issuing Company or industrial group. As far as the executives are concerned, the identification of the subject and the assignment of options are subjected to a vote taken on the basis of the proposals of the Remuneration Committee of the Issuing Company.

2.4 NOT APPLICABLE

2.5 At the basis of the approval voted on July 15<sup>th</sup> 2008 by the Board of Directors for the implementation of the Plan and/or the in relation to the definition of the plan, there were no particular evaluations related to significant implications of a fiscal or financial nature.

2.6 The Plan does not receive any support from the Special Fund for incentive participation in companies by workers, as per Article 4, para. 112, of law no. 350 of December 24<sup>th</sup> 2003.

### **3. Approval program and assignment schedule for the stock**

3.1 On May 15<sup>th</sup> 2007 the shareholders' meeting, pursuant to Art 2443 of the Civil Code delegated to the Board of Directors, for a period of a maximum of five years from the date of approval, and therefore until May 15<sup>th</sup> (fifteenth) 2013 (two-thousand thirteen), to carry out a divisible increase of the Company's share capital, in one or more stages, up to a nominal amount of 83,200.00 (eighty-three thousand two hundred point zero zero) Euros, by issuing up to maximum 160,000 (one-hundred and sixty thousand) ordinary Shares, with a nominal value of 0.52 Euros (zero point fifty-two) each, with benefits equal to that of the ordinary stock of the company on the date of issuance, to be picked up upon payment of a price which will be determined by the Board of Directors in conformity with Art. 2441 of the Civil Code, i.e., on the basis of the value of the shareholders' equity, and in consideration of the quotation of the shares on the stock market during the last six months – and in a single amount including the premium, which is not less than the greatest among the following:

- the value of the shares determined on the basis of the net consolidated shareholders equity of El.En on December 31<sup>st</sup> (thirty-first) of the year preceding the date of assignment of the Options.
- the arithmetical average of the official prices recorded for the ordinary shares of the Company on the stock market organized and managed by the Borsa Italiana S.p.A. during the six months prior to the assignment of the Options;
- the arithmetical average of the official prices recorded for the ordinary shares of the Company on the stock market organized and managed by the Borsa Italiana S.p.A. during the 30 (thirty) days prior to the assignment of the options.

The shareholders meeting also established that the increase in capital must be approved by the Board in conformity with the eighth paragraph of Art. 2441 of the Civil Code with the exclusion of rights to options for the shareholders not Beneficiaries because the incentive plan is designed exclusively in favour of the employees working for the El.En Group (and precisely 100,000 – one hundred thousand – options each financial year in favour of the category of top managers, and a total of 60,000 – sixty thousand – options each financial year for the other group employees of the company and its subsidiaries- since they are employees of El.En. itself – which at the time of the assignment of the options are working in a subordinate role for the El.En. Group). Moreover, on the same day, the meeting delegated to the Board for final approval of the regulations of the Plan according to the general indications contained in the proposal for regulations which constitutes part of the report attached to the minutes of the shareholders' meeting held on May 15<sup>th</sup> 2008.

3.2 The Plan is managed by the Board of Directors which detains all the powers and faculties for delegating powers received from the shareholders' meeting and for the execution through the president and the executive board members, separately from each other, of that which has been approved by the shareholders' meeting and of the Regulations.

3.3 The Board of Directors may rectify the Plan during extraordinary operations of the Company, like, for example, free increases in capital and the other hypotheses mentioned in Art. 6 of the Regulations.

3.4 The acquisition of the financial instruments took place by means of the assignment, free of charge, of Options for the underwriting of newly issued shares derived from the increase in capital, separately, with payment with the exclusion of the option rights in conformity with Art. 2441, VIII co. Civil Code since they are reserved entirely for the Employees.

This increase, as stated, was effected by the Board of Directors on the basis of the power conferred by the shareholders' meeting in conformity with Art. 2443, II co. of the Civil Code.

3.5 The President and the Executive Board Members submitted, for examination by the Board of Directors their approval for proceeding with the definition of an incentive plan 2008 – 2013, directed to the employees, and to be submitted, in conformity with Art.114-*bis* TUF to the shareholders' meeting. The President and the Executive Board Members are not involved in the Plan as Beneficiaries.

3.6 In conformity with Art. 114-*bis* TUF, the Board of Directors, during the meeting held on February 14<sup>th</sup> 2008, approved submission to the shareholders' meeting of their approval of an incentive plan directed to the Employees, and approved the general criteria for determining the Take-up Price of the Options; the Board gave mandate to the President and to the Executive Board Members, even separately from each other, to define the Plan and the draft of the relative Regulations. At the time this decision was taken, Board Member Modi, as an employee with the title of executive of the Issuer, declared his interest in the approval and did not participate in the vote.

3.7. On July 15<sup>th</sup> 2008 the Board of Directors, after hearing the opinion of the Remuneration Committee on the same day with reference to the executive assigned options, implemented the Plan approved by the shareholders' meeting on May 15<sup>th</sup> 2008. On July 15<sup>th</sup> 2008, the Board of Directors proceeded with the assignment of the Options.

3.8 The market price of El.En. shares, registered on July 14<sup>th</sup> 2008, was 21.17 Euros.

3.9 The Issuer did not establish any particular instructions in relation to a possible temporal coincidence between the take-up of the Options and the dissemination of relevant information in conformity with Art. 114, para. 1 TUF. The Behaviour Code for Operations Transacted on Financial Instruments of El.En. S.p.A. by Relevant Persons, i.e., the internal code of the Issuer which disciplines internal dealing, excludes the stock options from the required information and black-out periods as long as the take-up of the Options and the consequent sale of these shares to third parties are effected at the same time.

The Board of Directors, while putting the Plan into effect, established a further black-out period for each year included in the exercise period of the Options, between the date of approval of the draft annual balance sheet by the Board of Directors and the date of the payment of the dividends for the period just concluded, even when there is no distribution of dividends, between the date of the approval of the draft annual balance sheet by the Board of Directors and the following May 15<sup>th</sup>.

#### **4. Characteristics of the financial instruments assigned.**

4.1 As mentioned above, the Plan is based on the assignment to the Beneficiaries of option rights, free of charge, which enable them to subsequently acquire newly issued ordinary shares of the Issuer following the regulation for physical delivery (so-called Stock Options).

4.2 The Options can be exercised in accordance with the Regulations established by the Board on July 15<sup>th</sup> 2008, as follows:

A) For 80.000 (eighty-thousand) of the shares, the relative option rights will not be negotiable and can be exercised by the subjects to whom the Board has assigned them starting on July 15<sup>th</sup> (fifteenth) 2011 (two-thousand eleven) on the date of the approval of the draft annual balance sheet of the company for the year 2011 by the Board of Directors.

Subsequently, take-up of the right of option will take place as follows:

- if the shareholders' meeting, during the approval of the draft annual balance sheet for the year 2011, votes to distribute the profits, from the date of payment of the relative dividends for the financial year 2011 up until the date of the approval of the draft annual balance sheet of the company by the Board of Directors for the financial year 2012; - otherwise, in the case that no profits are distributed for the year 2011, from May 15<sup>th</sup> 2012 until the date of approval by the Board of Directors of the draft annual balance sheet of the company for the year 2012;

- if, during the approval of the draft annual balance sheet for the year 2012, the shareholders' meeting votes to distribute the profits, from the date, if it is prior to May 15<sup>th</sup> 2013, of the payment of the dividends for the financial year 2012 until May 15<sup>th</sup> 2013;

- otherwise, if no profits are distributed for the year 2012, the take-up period will terminate on the date, if it is prior to May 15<sup>th</sup> 2013, of the approval of the draft annual balance sheet of the company by the Board of Directors for the financial year 2012, and otherwise on May 15<sup>th</sup> 2013;

B) as far as the remaining 80.000 (eighty-thousand) shares are concerned, the option rights related to them will not be negotiable and can be exercised by the subjects to whom the Board has assigned them starting on July 15<sup>th</sup> (fifteenth) 2012 (two-thousand twelve) and up until the date of the approval of the draft annual balance sheet of the company for the financial year 2012 by the Board of Directors and subsequently: if the shareholders' meeting, during the approval of the draft annual balance sheet for the year 2012, votes to distribute the profits, from the date of payment of the relevant dividends for the financial year 2012 until May 15<sup>th</sup> (fifteenth) 2013; otherwise, in the case that no profits are distributed for the year 2012, the take-up period will terminate on the date, if prior to May 15<sup>th</sup> 2013, of the approval of the draft annual balance sheet of the company for the financial year 2012 by the Board of Directors, and otherwise on May 15<sup>th</sup> 2013.

The expiry date coincides for both of the above mentioned portions with the last day of the fifth year after the vote by the meeting which delegated the increase in capital (ex 2443, II co. Civil Code).

4.3 The expiry date for the Plan is set for the year 2013. After that time, the unexercised Options may not be exercised under any circumstances and the capital of the Issuer will be considered to be increased, in conformity with Art. 2439, II co Civil Code, for an amount equal to that of the underwriting collected up until the expiry date of the Plan.

4.4 As far as the maximum number of financial instruments is concerned, even in the form of options, assigned every fiscal year in relation to each category, according to the Plan a maximum of 100,000 Options for each fiscal year will be assigned to the category of Top Managers, and up to 60,000 Options will be assigned each fiscal year to the category of Other Group Employee.

4.5-4.6 In relation to the modalities and actuation clauses for the Plan, and any restraints related to the availability of the Options and/or the Shares, the Board has given their final approval of the Regulations attached to the Notary act, to which the reader is referred.

4.7 NOT APPLICABLE.

4.8 In relation to the effects which are determined by the cessation of employment, the right to exercise the Options is conditioned – as explained in detail in the Regulations – by the existence upon the act of exercising the Options assigned – of a valid relationship of employment in a subordinate position. The following cases constitute exceptions to the termination of the employment: a) death of the employee; b) disability to the extent that the employee is unable to continue in his employment; c) firing without just cause or in any case, not due to the fault of the employee in terms of non-fulfilment of the contract.

4.9 No other causes for cancellation of the Plan are contemplated.

4.10 No redemption on the part of the company of the financial instruments involved in the Plan is contemplated.

4.11 No loans or other facilitations for the purchase of the shares in conformity with Art. 2358, comma 3 of the Civil Code are contemplated.

4.12 At this time undeterminable except as stated in the following point.

4.13 In the case that all the Options included in the Plan are exercised, the diluting effect on the capital stock would be approx. 3,3%.



4.14-4.15 Not applicable since the Plan has Options as its subject.

4.16 Concerning the number of financial instruments underlying each Option, one share can be underwritten for each Option assigned and exercised.

4.17 The Options will fall due and can no longer be exercised on or after May 15<sup>th</sup> 2013.

4.18 See point 4.2. above.

4.19 The price that the Employees must deposit in the treasury of the company in order to underwrite the shares, was established by the Board of Directors at the moment of the assignment of the relative Options for the amount of 24,75 Euros, in conformity with 2441 of the Civil Code – that is to say, on the basis of the value of the net shareholders' equity also in consideration of the quotation of the shares on the stock market during the last six months – and in a unit value, including the share premium, which is not less than the greatest of the following:

- the value of each share determined on the basis of the net consolidated shareholders' equity of the El.En. Group as of December 31<sup>st</sup> of the year preceding the assignment of the Options.
- the arithmetical average of the official prices recorded for the ordinary shares of the Company on the stock market which is organized and managed by Borsa Italiana S.p.A. during the six months prior to assignment of the Options;
- the arithmetical average of the official prices recorded for the ordinary shares of the Company on the stock market which is organized and managed by Borsa Italiana S.p.A., during the 30 days prior to the assignment of the Options.

4.20 NOT APPLICABLE

4.21 Criteria, on the basis of which different prices for exercising the Options by the various subjects or various categories, are not contemplated.

4.22 The Shares are negotiated on the stock market organized and managed by Borsa Italiana S.p.A.

4.23 Please refer to point 3.3. regarding the criteria related to adjustments which become necessary as a consequence of extraordinary operations on the capital and all other operations which involve a variation in the number of financial instruments concerned (increase in capital, extraordinary dividends, combining or splitting of shares, conversion operations in other share categories, etc).

4.24 Table

| Name or category      | Position | <b>CHART 2</b>  |   |   |  |   |   |   |                                |
|-----------------------|----------|---|---|---|--|---|---|---|--------------------------------|
|                       |          | Option grant  |   |   |  |   |   |   |                                |
|                       |          | <b>Section 1</b>  |   |   |  |   |   |   |                                |
|                       |          | Options related to Plans which are now in progress, approved by earlier votes of the shareholders' meeting            |   |   |  |   |   |   |                                |
|                       |          | Date of the meeting vote  | Description of the financial instrument | Number of financial instruments involved in the Options assigned but which cannot be exercised    | Number of financial instruments involved in the Options which could be, but have not exercised | Date of assignment by the competent body. | Exercise price (in Euros)   | Market price of the financial instruments involved at the date of assignment. | Expiration date of the Options |
| Top Managers          |          | May 15th 2008   | Options on El.En. S.p.A shares          | 100.000   | 0  | July 15th 2008                            | 24,75   | 21,17   | May 15th 2013                  |
| Other Group Employees |          | May 15th 2008   | Options on El.En. S.p.A shares          | 60.000  | 0  | July 15th 2008                            | 24,75   | 21,171  | May 15th 2013                  |
|                       |          | <b>Section 2</b>  |   |   |  |   |   |   |                                |
|                       |          | Options newly assigned on the basis of the decision of the Board of Directors in actuation of the vote of the meeting |   |   |  |   |   |   |                                |
|                       |          | Date of the meeting vote  | Description of the financial instrument | Number of the financial instruments involved in the options assigned for each subject or category | Date of assignment by the Board of Directors   | Exercise price (in Euros)                 | Market price of the financial instruments at the time of assignment | Expiration date of the Options  |                                |
| Top Managers          |          | May 15th 2008   | Options on El.En. S.p.A shares          | 100.000   | July 15 <sup>th</sup> 2008   | 24,75                                     | 0   | May 15th 2013   |                                |
| Other Group Employees |          | May 15th 2008   | Options on El.En. S.p.A shares          | 60.000  | July 15 <sup>th</sup> 2008   | 24,75                                     | 0   | May 15th 2013   |                                |