



## Shareholders' meeting of 28 January 2015 (loyalty shares)

### Addendum to the Explanatory Report

Milan, January 23, 2015-Enclosed herein *addendum* to the Explanatory Report dated December 19, 2014, prepared by Davide Campari-Milano S.p.A. following Consob request.

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- annex to follow -

**Davide Campari-Milano S.p.a.**  
**Addendum to the Board of Directors' explanatory report to the Extraordinary Shareholders' Meeting to be held on**  
**January 28, 2015**  
**(amendments to articles of association on increased voting rights – loyalty shares)**

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This *addendum* to the explanatory report dated December 19, 2014 (and supplemented on January 9, 2015) (“**Explanatory Report**”) – which was approved by the Board of Directors of Davide Campari-Milano (the “**Company**”) to illustrate the amendments to the articles of association (the “**Articles of Association**”) for the grant of double voting rights to “*loyal*” shareholders (loyalty shares) proposed to the shareholders’ meeting to be held on January 28, 2015 (the “**Shareholders’ Meeting**”) – was prepared by the Company following Consob request dated January 16, 2015.

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**1. Effects of the introduction of the increased voting rights assuming that only the majority shareholder will attain the benefit of the double voting rights.**

Based upon publicly available information, considering that the Company’s majority shareholder (Alicros S.p.A., “**Alicros**”) holds 51% of voting rights<sup>1</sup>), if only such shareholder and no other minority shareholder(s) were to benefit from the double voting rights (if approved by the Shareholders’ Meeting), then the percentage of Alicros’ voting rights would total **67.55%**.

The process followed for the calculation is the following: assuming, for the sake of simplification, that the total available votes are equal to 100, with 51 votes resting with Alicros and 49 votes resting with minority shareholders, if we were then to suppose that

- (i)      Alicros doubles its votes ( $51 \times 2=102$ ) and
- (ii)     all of the other shareholders keep their current votes (49),

then, out of the total number of votes resulting from the sum of 102 plus 49 (*i.e.*, 151 total votes), the majority shareholder would have 102 votes; the ratio of 102:151 is precisely equal to **0.6754966** which in percentage terms (rounding to the second decimal) corresponds to **67.55%**.

It is reasonable to assume that such potential increase in Alicros’ voting rights would have no effects on the contestability of the Company’s control, given that since the IPO (which took place in July 2001) Alicros has been owning more than fifty per cent of the Company’s share capital. Therefore, it has always been true, and will continue to be true also following any possible increase of Alicros’ voting rights, that no third party could attain control over the Company without the Alicros’ consent.

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<sup>1</sup> Owned shares held as treasury stock by the Company are not included in Alicros’s shareholding.

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It should be noted that the assumption that only Alicros, and not any of the minority shareholders, would benefit from the double voting rights appears hardly realistic based upon the historical data on the Company's ownership structure.

In particular, the following is worth noting:

- as of January 19, 2015, according to notifications received pursuant to article 120 TUF (*i.e.* notifications received by shareholders holding more than 2% of the Company's capital), shareholders other than Alicros who have held shares in the Company for over two years represent approximately **14.9%** of the Company's total capital, and approximately **30.4%** of capital held by minority shareholders;
- the average holding period of shareholders other than Alicros from the IPO (July 2001) to the present (based upon data available in the shareholders' ledger) is approximately **2.4 years**.

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## **2. Decision-making process followed in the formulation of the proposal to amend the Articles of Association.**

The proposed amendments to the Articles of Association were approved unanimously by the Board of Directors on December 12, 2014, and therefore are now being submitted to the Shareholders' Meeting to be held on January 28, 2015.

The above-mentioned proposal was not approved by any board committees (namely, the «Remuneration and Appointments Committee» and the «Control and Risks Committee»), since the subject matter does not fall under their areas of responsibility.

This *addendum* has been unanimously approved by all members of the Board of Directors on the date hereof.

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As already stated in the Explanatory Report, the Board of Directors is strongly convinced that the encouragement of long-term commitment on the part of the Company's shareholders (underlying the introduction of the double voting benefit) is effectively in the best interest of the Company, all of its shareholders and, more generally, all of its stakeholders.

Since the date of the IPO (July 2001), continuously under the shareholder Alicros' control:

- (i) the Company has substantially not concluded **any transaction with related parties** (<sup>2</sup>);
- (ii) the value of the Company's shares has risen in absolute terms by **260%**, with an average annual increase of **9.9%** (<sup>3</sup>);
- (iii) the value of the investment in the Company's shares, calculated including the dividends distributed in the meantime (referred to as the "total shareholder return"), has risen by **307.2%**, with an average annual increase of **10.9%**;
- (iv) the Company has completed approximately **20 acquisitions**, including Skyy Spirits, Wild Turkey and Lascelles deMercado, which were realized thanks to a sustained cash-flow generation and without further need of capital injection.

### 3. Requests for information by minority shareholders.

As of the date hereof, the Company has received two communications by minority shareholders; and notably: (i) one from Petercam Institutional Asset Management dated January 14, 2015; (ii) and the other from Gamco Investors dated January 15, 2015.

Petercam stated that it is not in favor of the loyalty shares on the basis of a general Voting Policy available on [www.petercam.com/sites/default/files/inline-files/uk\\_voting\\_policy\\_petercam.pdf](http://www.petercam.com/sites/default/files/inline-files/uk_voting_policy_petercam.pdf).

Gamco, instead, expressed its agreement with encouraging long term ownership ("we like the idea of encouraging long term ownership"), but nonetheless anticipated that it would vote against the proposal due to "*logistical problems with regards to our clients that create a major structural obstacle*".

With regard to the envisaged future effects on the trend in the price of the Company's shares that the possible introduction of loyalty shares may have (considering the possible changes in the distribution of voting rights), the Company is not in a position to make forward-looking assessments on the basis of possible future shareholding structures (in terms of both shareholdings and voting rights) which, at present, are far from being reasonably foreseeable.

However, it is worth noting that since the date of publication of the notice of call of the Shareholders' Meeting and the related Explanatory Report (December 19, 2014) to the date hereof, the share price has risen by approximately 12%.

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<sup>2</sup> The "consolidato fiscale" (i.e., the consolidated income tax return) and the lease of office spaces (approximately 260 m<sup>2</sup>, except accessories) to Alicros for a rental fee of approximately Euro 75.000,00 on an yearly basis may clearly not be considered as material.

<sup>3</sup> The value of the shares was determined on the basis of homogeneous data, taking into account share splits that have occurred in the meantime.

Also on the basis of the foregoing considerations, the Company's Board of Directors confirms its proposal to amend the Articles of Association in order to introduce loyalty shares. While reference is made to the Explanatory Report for further details, set forth below is the complete text of the relevant clause (article 6, Articles of Association). It should be noted in such regard that in the eighth and ninth paragraphs of the proposed article, the wording "*(iii) as a result of a transfer free of charge in favour of an entity (such as a trust, a parental trust fund for minors or a family foundation) [...]*" has been simplified as follows: "*(iii) as a result of a transfer free of charge for the establishment and/or endowment of a trust, a parental trust fund for minors or a family foundation*".

<b>Current text of the Articles of Association</b>	<b>Proposed new text of the Articles of Association</b>
<p>Article 6</p> <p>The shares are indivisible.</p> <p>Each ordinary share carries a voting right.</p>	<p>Article 6</p> <p>[1.] The shares are indivisible.</p> <p>[2.] Each share <b>gives</b> entitlement to a voting right.</p> <p><b>[3.] Notwithstanding the previous subsection, each share shall give entitlement to double voting rights if both the following criteria are met:</b></p> <ul style="list-style-type: none"> <li><b>a)</b> <b>the right to vote has belonged to the same party under a qualifying <i>in rem</i> right – full owner ("pieno proprietario") of a share being entitled to the attached voting right; bare owner ("nudo proprietario") of a share being entitled to the attached voting right; and usufructuary ("usufruttuario") of a share being entitled to the attached voting right – for a continuous period of at least twenty four months;</b></li> <li><b>b)</b> <b>the fulfilment of the criterion under a) above is confirmed by continuous inclusion, for a period of at least twenty four months, in the dedicated list referred to in this article.</b></li> </ul> <p><b>[4.] If the criteria set out in the previous</b></p>

subsection are met, the holder shall be entitled to exercise double voting rights according to the formalities provided by the applicable laws and regulations. It is understood that any pledge granted on a share without assignment of the connected voting rights will not result in the loss of any double voting rights.

[5.] The special list for entitlement to special voting shares, which shall contain at least the information required under the applicable legal framework, is instituted and kept at the Company's registered office. The Board of Directors shall appoint the officer responsible for keeping such list, and shall fix the list-keeping rules (if appropriate, even only in electronic form) in accordance with the applicable laws and regulations. The officer responsible for the special list may provide information about its content (including in electronic form); any party in the list may obtain a free copy of the relevant records.

[6.] Any party eligible pursuant to this article, who intends to benefit from double voting rights, may ask to be entered in the special list, appending the appropriate documentation certifying ownership of the qualifying *in rem* right (or procuring that equivalent documentation is provided by the relevant intermediary). Any party included in the special list may ask to be removed (in full or in part) at any time, with the consequent automatic loss (in full or in part) of the benefit of double voting rights. Any party being entitled to double voting rights may also irrevocably waive all or part of those rights at any time by sending a written communication to the Company, without prejudice to any disclosure requirements laid down by law.

[7.] The request for inclusion in the special list may be filed with the Company in the

	<p><b>first three months of the calendar year, and must be accompanied, in order to be valid, by a statement signed by the applicant, in which,</b></p> <ul style="list-style-type: none"> <li><b>a)</b> <b>in the case of a natural person:</b> the applicant declares (i) that he/she has full ownership, formally and substantively, of the right to vote by virtue of a qualifying <i>in rem</i> right, and (ii) that he/she will notify the Company of the loss, for any reason, of that <i>in rem</i> right or of the associated voting right, within ten business days from the date of that loss;</li> <li><b>b)</b> <b>in the case of a legal entity or any other entity even without legal personality:</b> the applicant declares (i) that it has full ownership, formally and substantively, of the right to vote by virtue of a qualifying <i>in rem</i> right, and (ii) that it is subject, where appropriate, to (direct or indirect) control by another entity with or without legal personality (with full details of the controlling entity), and (iii) that it shall notify the Company of any loss, for any reason, of the qualifying <i>in rem</i> right and/or the corresponding voting right, or that it has undergone a change in control, as the case may be, within ten business days from the occurrence.</li> </ul> <p><b>[8.] If the qualifying <i>in rem</i> right belongs to a legal entity or other entity without legal personality which is subject to control, in the event of a change in control such person or entity shall be excluded from the special list (and, consequently, any double voting rights already attributed shall be lost). However, in the event a change in control occurs (i) as a result of succession following death, or (ii) as</b></p>
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a result of a transfer free of charge under a family business inheritance agreement, or (iii) as a result of a transfer free of charge for the establishment and/or endowment of a trust, a parental trust fund for minors or a family foundation, whose beneficiaries are the transferors themselves or the legitimate heirs, the registration in the special list will be maintained (and, consequently, any double voting rights already attributed shall be maintained).

[9.] In the event that the qualifying *in rem* right is transferred (i) as a result of succession following death, or (ii) as a result of a transfer free of charge under a family business inheritance agreement, or (iii) as a result of a transfer free of charge for the establishment and/or endowment of a trust, a parental trust fund for minors or a family foundation, whose beneficiaries are the transferors themselves or the legitimate heirs, the assignees may ask for inclusion in the special list in the same order of registration of the original natural person (and, subsequently, any double voting rights already attributed shall be maintained).

[10.] If the qualifying *in rem* right is transferred as a result of a merger or spin-off of an entity already on the special list and which is subject to control, the transferee concerned may ask for inclusion in the special list in the same order of registration as the original transferor, provided the merger or spin-off has not resulted in a change in control (and, consequently, any double voting rights already attributed shall be maintained). In the event that the qualifying *in rem* right is transferred as a result of a merger or spin-off of an entity included in the special list that is not subject to control, the transferee may ask for inclusion in such list in the same order of registration of the original transferor,

provided that the non-material accounting value of the Company shares in the shareholders' equity of the entity concerned does not exceed five per cent and is not more than the corresponding accounting value, on a like-for-like basis, of the shareholders' equity of the original party (and, consequently, any double voting rights already attributed shall be maintained).

[11.] Subject to the provisions of the two foregoing subsections, the transfer of the qualifying *in rem* right (either for consideration or free of charge) shall result in the exclusion from the special list (and, consequently, any double voting rights already attributed shall be lost).

[12.] In the event the Company ascertains, as a result of communications or information received, that a person or entity included in the special list is no longer entitled (in full or in part) to be listed for any reason set out in this article, it shall promptly proceed to exclude such person or entity from the list (in full or in part).

[13.] In the event the Company increases its share capital free of charge or by means of new contributions, the entitlement to the benefit of double voting rights is extended proportionately to the new shares issued by virtue of those already registered in the special list (giving rise to the extension of any double voting rights where already attributed).

[14.] Subject to the provisions of the following subsection, in the event of the Company merger or spin-off, the merger or spin-off project can contemplate that the entitlement to the benefit of the double voting rights is (also) due to the entitled shares in lieu of those for which the owner has applied for inclusion in the special list (and, subsequently, any double voting rights

	<p><b>already attributed shall be maintained).</b></p> <p><b>[15.] Any (positive or adverse) change to the rules governing the allocation or revocation of increased voting rights referred to under this article shall require only the approval of an extraordinary shareholders' meeting, pursuant to applicable provisions of law. In any event, any right of withdrawal is excluded to the fullest extent permitted by law.</b></p> <p><b>[16.] The vote increase is always calculated to determine constitutive and deliberative quorums based upon share capital quotas. The increase has no effect whatsoever on rights, other than voting rights associated with the possession of certain capital quotas.</b></p> <p><b>[17.] In this article the relevant definition of the concept of control is that laid down in laws and regulations applicable to listed issuers.</b></p>
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Sesto San Giovanni, January 23, 2015

Davide Campari-Milano S.p.A.  
Chairman of the Board of Directors