



**Davide Campari-Milano S.p.A.**

**Report of the Board of Directors  
regarding the issuance of non-equity securities**

This report, drafted by the Board of Directors of Davide Campari - Milano S.p.A. (the “**Company**”) pursuant to art. 72, par. 1, and annex 3A, model 2, of the regulation issued by the Italian Securities and Exchange Commission through notice no. 11791 of 14 May 1999, as subsequently amended (the “**Issuers’ Regulation**”), serves the purpose of illustrating the issuance of non-equity securities placed on the agenda of the meeting of the Board of 16 June 2016.

This report is available to the public at the Company’s premises, as well as on its website ([www.camparigroup.com](http://www.camparigroup.com)).

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1. Motivations for the issuance of non-equity securities

The issuance, by the Board of Directors of the Company, of non-equity securities shall be approved by virtue of the powers delegated to the Board pursuant to article 5 of the Company’s bylaws.

The issuance of such securities is based on the following premises:

- (i) on 14 March 2016, the Company:
  - a. acquired from certain shareholders of Société des Produits Marnier Lapostolle S.A., a listed company registered under French law, with registered office at 91, Boulevard Haussmann, 75008 Paris, France (“**SPML**”, and SPML’s shares, the “**Shares**”), the full ownership of 14 610 Shares, the bare ownership of 905 Shares and 1 310 Shares in usufruct (the “**Transferred Shares**”), and
  - b. entered into put and call promises with regards to 22 612 Shares in full ownership and 1 905 Shares in bare ownership (the “**Shares Under Promise**”);
- (ii) on 15 March 2016, the Company declared its intention to launch a public tender offer (the “**Offer**”), subject to French law, on all remaining 44 968 Shares;
- (iii) on 18 May 2016, following the conformity decision granted by the competent French authority, the *Autorité des Marchés Financiers* (“**AMF**”), on 13 May 2016, the Company opened the Offer, which shall remain open until 21 June 2016 and shall be entirely subject to French law;
- (iv) in the event that the Company does not implement any Squeeze Out procedure (as defined under par. (iv) below) within the 10 trading days after the publication of the

results of the Offer, and provided that the Offer is successful, the Offer shall be automatically re-opened for a period of 10 trading days following the publication of its final result, at the same terms and conditions of the Offer (the “**Reopened Offer**”);

- (v) in case the minority shareholders of SPML do not represent, upon the termination of the Offer (or, in any case, within 3 months of the closing of the Reopened Offer), more than 5% of the share capital or voting rights of SPML, DCM intends to implement, within 3 months of the closing of the Offer (or Reopened Offer), a squeeze-out procedure on the remaining free float, pursuant to articles 237-14 *et seq.* (and, in the case of the Reopened Offer, articles 232-4 *et seq.*) of the AMF General Regulations, also at the same terms and conditions of the Offer (the “**Squeeze Out**”);
- (vi) according to the terms and conditions set out in the Offer document, in case the Offer is successful the Company shall pay:
  - a. to all sellers of the Transferred Shares;
  - b. to all transferors of the Shares Under Promise;
  - c. to all shareholders who shall tender their Shares to the Offer;
  - d. to all shareholders who shall tender their Shares to the Reopened Offer; and
  - e. to all subjects whose Shares will be acquired by the Company in the context of the potential Squeeze Out,

in addition to a cash compensation, a potential price supplement (the “**Price Supplement**”), due in case of execution, no later 30 June 2021, by the steering committee appointed for such purpose (according to the terms and conditions established in the context of the Offer), of the sale of the real estate asset Villa “Les Cèdres”, located in St. Jean Cap Ferrat, France (the “**Real Estate Asset**”);

- (vii) according to the terms and conditions of the Offer, the Price Supplement due to the subjects listed under par. (v) above, let. (c), (d) and (e), shall be incorporated in non-equity securities regulated by French law, not transferable (except in case of inheritance or donation) and admitted for trading on Euroclear France (the “**Financial Securities**”).

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## 2. Criteria for the determination of the value of the Financial Securities

According to the terms and condition of the Offer (see section 2.2 of the Offer document issued on 17 May 2016, in both English and French, on the Company’s website – [www.camparigroup.com](http://www.camparigroup.com)), the value of the Price Supplement which may be due by the Company (to be incorporated in each Financial Security as a potential credit entitlement) shall be equal to any positive difference between (A) the selling price of the Real Estate Asset, net of any taxes and intermediary costs, minus (B) eighty (80) million Euros, divided by the total number of Shares (equal to 85 000 Shares).

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## 3. Issuance and distribution procedure

The Board of Directors of the Company shall grant, severally, to the directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi, all powers necessary for the issuance of the Financial Securities, to be carried out at the occurrence of each of the following events:

- (i) the termination of the Offer;
- (ii) the closing of the potential Reopened Offer; and
- (iii) the potential Squeeze Out.

For purposes of the distribution of the Financial Securities to each of the entitled recipients (or their appointed financial intermediaries), the Board of Directors of the Company shall appoint CACEIS Corporate Trust, with offices in 1-3 Place Valhubert, 75013 Paris, France (“**CACEIS**”).

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4. Amendment of the bylaws and comparison between the provisions currently in force and those that will result from the integrations pursuant to the decision of the Board.

Please find below, translated in the English language:

- in the left-hand column, article 5 of the Company’s bylaws as currently in force;
- in the right-hand column, in bold, the additional provisions that shall be adopted by a decision of the Company’s Board of Directors.

<u>Article 5</u> Share capital and classes of shares	
<p>1. The company’s share capital is equal to Euro 58 080 000.00 (fifty-eight million and eighty thousand /00), represented by 580 800 000 (five hundred eighty million and eight hundred thousand/00) shares with a nominal value of Euro 0.10 (zero point ten) each.</p> <p>2. The share capital of Euro 58 080 000.00 (fifty-eight million and eighty thousand /00) has been fully subscribed and paid-up.</p> <p>3. For a period of five years from the decision of the extraordinary shareholders’ meeting of 30 April 2015, the Board of Directors holds:</p> <ul style="list-style-type: none"> <li>(i) the right to increase, in one or more transactions, against payment or free of charge, also in divisible form, the share capital up to a total maximum nominal value of Euro 100 000 000.00 (one hundred million /00), through the issuance of new shares;</li> <li>(ii) the power to issue, in one or more transactions, bonds convertible into shares and/or securities (also other than bonds) representing new shares for up to a total maximum nominal share capital value of Euro 100 000 000.00 (one hundred</li> </ul>	<p>1. The company’s share capital is equal to Euro 58 080 000.00 (fifty-eight million and eighty thousand /00), represented by 580 800 000 (five hundred eighty million and eight hundred thousand/00) shares with a nominal value of Euro 0.10 (zero point ten) each.</p> <p>2. The share capital of Euro 58 080 000.00 (fifty-eight million and eighty thousand /00) has been fully subscribed and paid-up.</p> <p>3. For a period of five years from the decision of the extraordinary shareholders’ meeting of 30 April 2015, the Board of Directors holds:</p> <ul style="list-style-type: none"> <li>(i) the right to increase, in one or more transactions, against payment or free of charge, also in divisible form, the share capital up to a total maximum nominal value of Euro 100 000 000.00 (one hundred million /00), through the issuance of new shares;</li> <li>(ii) the power to issue, in one or more transactions, bonds convertible into shares and/or securities (also other than bonds) representing new shares for up to a total maximum nominal share capital value of Euro 100 000 000.00 (one hundred</li> </ul>

million/00), for amounts that can in no case be greater, each time, than the limits set by law and applicable to the issuance of bonds.

4. Pursuant to the applicable laws, the powers granted according to the previous paragraph may also be exercised with a limitation and/or exclusion of the right of pre-emption, in the following cases:

a) in case of an in-kind share capital increase, when such share capital increase may allow the Company to acquire one or more assets that, according to a prudent estimate of the Board of Directors, are of strategic significance for the pursuit of the corporate purpose;

b) in case of an in-cash share capital increase, when the economic terms and conditions of the distribution (including, without limitation, any subscription undertaking by third parties) are considered, according to a prudent estimate of the Board of Directors, to be beneficial to the Company;

c) both in case of an in-kind and an in-cash share capital increase, when such share capital increase is a part of a wider industrial agreement which, according to a prudent estimate of the Board of Directors, is of strategic significance for the Company.

5. In case of issuance of shares with limitation and/or exclusion of the right of pre-emption, the share capital increase decision of the Board shall indicate the occurrence of one of the three cases listed in the previous paragraph, in addition to the criteria applied for the determination of the issuance price.

6. In addition to the opinions required by the applicable laws, the fairness of the issuance price shall be preemptively evaluated by a primary financial institution, it being understood that the issuance price (inclusive of any potential surcharges) may in no case be lower than the value of the consolidated net equity per share according to the last approved financial statements.

7. Within the limits allowed for by law and by this article 5, the Board of Directors shall have all powers necessary in order to determine, each time, the means of distribution (public offer or private assignment), class (ordinary or special shares, including without voting rights), any administrative and/or asset-related privileges, issuance price and surcharges (which may differ

million/00), for amounts that can in no case be greater, each time, than the limits set by law and applicable to the issuance of bonds.

4. Pursuant to the applicable laws, the powers granted according to the previous paragraph may also be exercised with a limitation and/or exclusion of the right of pre-emption, in the following cases:

a) in case of a share capital increase to be carried out through in-kind contributions, when such share capital increase may allow the Company to acquire one or more assets that, according to a prudent estimate of the Board of Directors, are of strategic significance for the pursuit of the corporate purpose;

b) in case of an in-cash share capital increase, when the economic terms and conditions of the distribution (including, without limitation, any subscription undertaking by third parties) are considered, according to a prudent estimate of the Board of Directors, to be beneficial to the Company;

c) both in case of an in-kind and an in-cash share capital increase, when such share capital increase is a part of a wider industrial agreement which, according to a prudent estimate of the Board of Directors, is of strategic significance for the Company.

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<p>in case of simultaneous issuance of multiple classes of shares) of the new shares, including those attached to convertible bonds and/or securities (also other than bonds) which in any case enable the subscription for new shares.</p> <p>8. It is understood that, in case of subscription of new shares with voting rights by the shareholders listed in the special registry mentioned under article 6, the entitlement to double voting rights shall be subject to a proportional extension to the newly issued shares (within the limits and under the conditions set by the Board of Directors). In such case, article 6 shall apply.</p> <p>9. The Board of Directors is also entitled to decide on any request of approval of shares and/or convertible bonds and/or securities (also other than bonds) which in any case enable the subscription for new shares to one or more public regulated market, whether Italian or foreign.</p> <p>10. It is understood that, pursuant to the provisions of paragraphs 4, 5 and 6 above (to be applied <i>mutatis mutandis</i>), the delegation of powers set pursuant to this article also concerns the issuance of securities with administrative or asset-related rights, excluding the right to vote in the shareholders' general meeting, in exchange for cash and/or in-kind contributions and/or work or services.</p> <p>11. The subscription for the financial securities mentioned under the previous paragraph shall be offered preemptively to the Company's shareholders, unless one of the cases listed under paragraph 4, let. (a), (b) and/or (c), above occurs (provided that, in such case, a contribution of work or services shall be equivalent to an in-kind contribution).</p> <p>12. In case financial securities are issued in exchange for a contribution of work or services, the Board of Directors shall have the power to decide on sanctions applicable in case of failure to fulfill the relevant obligations.</p> <p>13. The Board of Directors shall, in addition, determine the asset-related and/or administrative rights belonging to the securities, inn being understood that in no chase shall the holders of the issued securities be given a right to nominate more than one third of the members of the Board of Directors and/or more than one third of the members of the Board of Auditors, nor a share of profits or reserves greater than 30% (thirty percent) of the amounts shown in</p>	<p>issuance of multiple classes of shares) of the new shares, including those attached to convertible bonds and/or securities (also other than bonds) which in any case enable the subscription for new shares.</p> <p>8. It is understood that, in case of subscription of new shares with voting rights by the shareholders listed in the special registry mentioned under article 6, the entitlement to double voting rights shall be subject to a proportional extension to the newly issued shares (within the limits and under the conditions set by the Board of Directors). In such case, article 6 shall apply.</p> <p>9. The Board of Directors is also entitled to decide on any request of approval of shares and/or convertible bonds and/or securities (also other than bonds) which in any case enable the subscription for new shares to one or more public regulated market, whether Italian or foreign.</p> <p>10. It is understood that, pursuant to the provisions of paragraphs 4, 5 and 6 above (to be applied <i>mutatis mutandis</i>), the delegation of powers set pursuant to this article also concerns the issuance of securities with administrative or asset-related rights, excluding the right to vote in the shareholders' general meeting, in exchange for cash and/or in-kind contributions and/or work or services.</p> <p>11. The subscription for the financial securities mentioned under the previous paragraph shall be offered preemptively to the Company's shareholders, unless one of the cases listed under paragraph 4, let. (a), (b) and/or (c), above occurs (provided that, in such case, a contribution of work or services shall be equivalent to an in-kind contribution).</p> <p>12. In case financial securities are issued in exchange for a contribution of work or services, the Board of Directors shall have the power to decide on sanctions applicable in case of failure to fulfill the relevant obligations.</p> <p>13. The Board of Directors shall, in addition, determine the asset-related and/or administrative rights belonging to the securities, inn being understood that in no chase shall the holders of the issued securities be given a right to nominate more than one third of the members of the Board of Directors and/or more than one third of the members of the Board of Auditors, nor a share of profits or reserves greater than 30% (thirty percent) of the amounts</p>
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<p>the financial statements.</p> <p>14. The Board of Directors shall have the power to decide on the potential incorporation of securities in financial instruments admitted for circulation, in addition to the power to request the admission for trading of such financial instruments on one or more public regulated markets, whether Italian or foreign.</p>	<p>shown in the financial statements.</p> <p>14. The Board of Directors shall have the power to decide on the potential incorporation of securities in financial instruments admitted for circulation, in addition to the power to request the admission for trading of such financial instruments on one or more public regulated markets, whether Italian or foreign.</p> <p><b>15. Through a decision dated 16 June 2016, in the context of the acquisition, by the Company (also by means of a public takeover bid), of the shares of the French company Société des Produits Marnier Lapostolle (“SPML”), the Board of Directors approved the issuance of a maximum number of 44 968 non-equity securities (each, a “Financial Security”), to be distributed, under certain conditions, to those who shall have transferred to the Company shares of SPML, in the amount of one Financial Security per every SPML share transferred.</b></p> <p><b>16. Each Financial Security incorporates the entitlement to a credit equal to the potential excess selling price, net of any taxes and intermediary costs, with respect to a floor value of eighty million Euros, divided by the total number of SPML shares (equal to eighty-five thousand), of the real estate asset “Les Cèdres” owned by SPML and situated in St. Jean Cap Ferrat, France (the “Real Estate Asset”).</b></p> <p><b>17. The sale of the Real Estate Asset shall take place no later than 30 June 2021, pursuant to the terms and conditions of the offer document concerning SPML shares, issued by the Company on 18 May 2016 and, consequently, the potential credit incorporated in the Financial Securities shall become due.</b></p> <p><b>18. The Financial Instruments are not transferable (except in case of inheritance or donation) and are admitted to trading under certain conditions on the French regulated market Euroclear Paris.</b></p> <p><b>19. The transfer and trading of the Financial Instruments is regulated by French law.</b></p>
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Sesto San Giovanni, 16 June 2016

Davide Campari - Milano S.p.A.

The Chairman of the Board of Directors