



CALTAGIRONE EDITORE S.P.A.
REGISTERED OFFICE – ROME -VIA BARBERINI NO. 28
SHARE CAPITAL EURO 125,000,000

EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETING
OF
April 23, 2018

ILLUSTRATIVE REPORT BY THE BOARD OF DIRECTORS ON THE AMENDMENT
PROPOSAL OF THE COMPANY'S BY-LAWS
(IN ACCORDANCE WITH ARTICLE 72 AND TABLE 3 OF ANNEX 3A OF THE REGULATION ADOPTED WITH CONSOB RESOLUTION NO.
11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS)



**ILLUSTRATIVE REPORT BY THE BOARD OF DIRECTORS ON THE ITEM ON
THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF
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(IN ACCORDANCE WITH ARTICLE 72 AND TABLE 3 OF ANNEX 3A OF THE REGULATION ADOPTED WITH CONSOB
RESOLUTION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS)

Dear Shareholders,

The Board of Directors of Caltagirone Editore S.p.A. (the “**Company**” or “**Caltagirone Editore**”), held on March 12, 2018 has resolved, *inter alia*, to submit to the Extraordinary Shareholders’ Meeting of the Company the proposal referred to in the following agenda

AGENDA

- **Amendment to Article 2 of the By-Laws in order to extend the corporate scope.**

This report (the “**Report**”), drafted in accordance with Article 72, paragraph 1 and Annex 3, table 3, of the Regulation adopted with Consob Resolution no. 11971 of 14 May 1999 and subsequent amendments (the “**Issuers’ Regulation**”), is aimed at illustrating the proposal referred to in the only item on the agenda of the Extraordinary Shareholders’ Meeting of the Company, to be held on April 23, 2018, at 12 pm CET in first call and, if necessary, on May 8, 2018 at 12 p.m. CET in second call.

Pursuant to the applicable legislative and regulatory provisions, the Report is sent to Consob at least thirty days before the date of the Company Shareholders’ Meeting. In addition the Report is disclosed to the public at least twenty-one days before the date of the aforementioned Shareholders’ Meeting, in accordance with the modalities set forth by the Issuers’ Regulation, including the filing with the Company’s registered office and the publication on the website (www.caltagironeeditore.com).

- 1) **Explanation of the proposed amendments to the By-Laws and the underlying rationale.**



The proposed amendments to the clause concerning the Company's business purpose contained in the By-Laws of Caltagirone Editore and the underlying reasons, are summarized below.

In light of the currently "static condition" of the publishing market, the Company believes that the proposal to the Shareholders to approve certain amendments to the business purpose, aimed at allowing to start a diversification process of the Company's activities, with respect to its role as a holding company and parent company of the relevant Group, is consistent with the corporate interest of the Company and with the interest of all the stakeholders. Indeed, the Board of Directors considers useful that the Company extends its reference business area, evolving from holding company with stakes exclusively in companies operating in the publishing, advertising, telecommunication and internet business areas to holding company with stakes in companies and entities also operating in different business areas, with the Board of Directors maintaining the competence, discretion and liability in respect of the selection of investment or disinvestment transactions potentially profitable for the Company.

In such context it appears necessary also to explain and extend the number of activities that Caltagirone Editore may carry out in respect to and in favor of the companies belonging to the Group, *inter alia* in order to optimize the intragroup flows.

The proposed by-laws amendment expressly provides, under Article 2 of the By-Laws, the acquisition, management, possession and sale, as well as any disposal act, including the placement, either directly or indirectly (also through syndicates and *ad hoc* consortia) of private and public securities, interests and holdings, in any form, including controlling shareholdings, in other companies, entities, consortia and businesses operating in the publishing market, as well as in other industrial, commercial or financial enterprises operating in different business areas, either in Italy or abroad, as considered appropriate to optimize the management of the liquidity or in any case in order to pursue the corporate interest.

The amended clause also allows Caltagirone Editore to carry out financing activities and technical, financial and management coordination of the Group companies and, in any case, of



the companies in which the Company owns shareholdings (e.g., by means of cash pooling transactions) as well as any activity of the aforementioned companies in outsourcing regime, or organizational management, strategic and commercial consultancy activity.

In general, such proposal to extend the business purpose arises from the Board of Directors' choice to start a strengthening process of the competitive position of Caltagirone Editore in the Italian and international market, and is aimed at catching investment opportunities in other business areas which allow a further creation of value for the shareholders of the Company, in case of suitable market conditions and favorable chances of growth.

2) Considerations of the Board of Directors in relation to the withdrawal right.

The amendment of Article 2 of the Company's By-Laws submitted to the approval of the Extraordinary Shareholders' Meeting of Caltagirone Editore, will trigger, where approved, the withdrawal right of the ordinary shareholders who did not concur to the adoption of the resolution, pursuant to Article 2437, paragraph 1, lett. a), of the Civil Code.

Pursuant to Article 127-*bis*, paragraph 2, of Legislative Decree no. 58/98, any person on behalf of which the shares are registered after the record date referred to under Article 83-*sexies*, paragraph 2 of Legislative Decree no. 58/98 (April 12, 2018) and prior to the opening of the Shareholders' Meeting, is considered as a person who did not concur to the approval of the resolution, for the purposes of the exercise of the withdrawal right.

The liquidation value of each ordinary share is calculated pursuant to Article 2437-*ter* of the Civil Code and established by the Board of Directors in Euro 1.343 (which is the arithmetic mean of the shares' closing prices on the market during the six months preceding the date of the publication of the notice of call of the Extraordinary Shareholders' Meeting (March 12, 2018)).

The Company's By-Laws does not derogate to the above mentioned criteria provided by the law.



As a result of the amendment of Article 2 of the By-Laws, the withdrawal right may be exercised by the entitled shareholders, for all or part of the shares held, via a registered letter with return receipt (the “**Withdrawal Declaration**”), which must be sent to the Company’s registered office within fifteen calendar days starting from the date of enrolment of the resolution with the Companies’ Register.

The Withdrawal Declaration shall indicate:

- i. the personal data, the tax code and the domicile (and, where possible, a phone number and an e-mail address) of the withdrawing shareholder for the communications regarding the withdrawal procedure;
- ii. the number of ordinary shares in relation to which the withdrawal right is exercised;
- iii. the details of the bank account (including the IBAN details) of the withdrawing shareholder where the liquidation value of the shares shall be credited;
- iv. the intermediary holding the account on which the shares in relation to which the withdrawal right is exercised are registered and the details of such account.

Without prejudice to the above, please note that, pursuant to Article 23 of the Bank of Italy-Consob Regulation dated February 22, 2008, as subsequently amended (the “**Bank of Italy-Consob Regulation**”), the entitlement to exercise the withdrawal right pursuant to Article 2437 of the Civil Code is certified by a communication of the intermediary to the Company. The shareholders intending to exercise the withdrawal right shall require the intermediary, enabled to keep the accounts in accordance with the law, to send such communication to the Company, pursuant to Article 21 of the Bank of Italy-Consob Regulation.

Such communication shall attest the following:

- the uninterrupted ownership by the withdrawing shareholder of the Caltagirone Editore shares in relation to which the withdrawal right has been exercised, from the date of the Shareholders’ Meeting approving the resolution from which the withdrawal right arises up to



the date on which such right is exercised, taken into consideration the requirements provided by Article 127-*bis*, paragraph 2, of Legislative Decree no. 58/98;

- the absence of pledges or other encumbrances over the Caltagirone Editore shares in relation to which the withdrawal right is exercised; otherwise, the withdrawing shareholder shall send to the Company, as a prerequisite for the validity of the Withdrawal Declaration, an *ad hoc* declaration released by the pledgee or by the person in favor of which other encumbrances over the shares are provided, according to which such person grants its irrevocable consent to the liquidation of the shares object of withdrawal, pursuant to the instructions of the withdrawing shareholder.

Pursuant to Article 2437-*bis* of the Civil Code and the applicable regulations, the shares subject to the communication provided by Article 23 of the Bank of Italy-Consob Regulation dated February 22, 2008 (and therefore the ordinary shares in relation to which the withdrawal right has been legitimately exercised) shall be rendered not disposable by the Company, and therefore they cannot be disposed of until their liquidation.

In case one or more shareholders exercise the withdrawal right, the liquidation procedure shall be performed pursuant to article 2437-*quater* of the Civil Code, as described below.

Article 2437-*quater* of the Civil Code provides that:

i. the Company's directors will offer the shares of the withdrawing shareholders to the other shareholders (having a so-called "option right"); such "option right" may be exercised within a period of at least 30 days from the filing of the offer document with the Companies' Register; the shareholders exercising the option right are also granted with a preemption right for the acquisition of the possibly remaining shares, provided that they so request in the Withdrawal Notice; in case the shares for which the withdrawal right has been exercised are not purchased in their entirety by the shareholders of the Company, such shares may be offered by



the Company's directors on the stock market;

ii. should there be residual shares object of withdrawal and not purchased following paragraph i. above, the Company shall purchase such shares using free reserves, even in derogation of the quantitative limits set forth under paragraph 3 of article 2357, of the Civil Code.

Pursuant to Article 2437-*bis*, paragraph 3 of the Civil Code, the withdrawal cannot be exercised and, if already exercised, will be ineffective if, within ninety days, the Company revokes the resolution legitimating such withdrawal.

The information concerning the modalities and the terms relevant for the exercise of the withdrawal right not definable before the date of the Extraordinary Shareholders' Meeting, including the date of the filing of the resolution with the Companies' Register, shall be disclosed by the Company – along with the details of the terms and conditions for the exercise of such right - pursuant to the modalities set forth by the applicable law, through notices to be published on the Company's website www.caltagironeeditore.com, and on the newspaper "*Il Messaggero*".

The modalities and the terms of the liquidation procedure (including the number of shares for which the withdrawal right has been exercised, the offer to the shareholders as well as the offer on the Stock Market) shall be communicated to the Stock Market pursuant to the modalities provided by the applicable law, by means of notices published on the Company's website www.caltagironeeditore.com as well as on the newspaper "*Il Messaggero*".

3) Authorization to sell treasury shares

As a result of the exercise of the withdrawal right, at the end of the liquidation procedure



pursuant to Article 2437-*quater* of the Civil Code, the Company may be required to purchase treasury shares from the withdrawing shareholders at the liquidation value.

Therefore an authorization is requested for the disposal of the shares possibly so purchased, in order to allow the Board of Directors to consider the liquidation of such treasury shares, if appropriate in line with the corporate interest and taking into account the Stock Market conditions.

The maximum number of shares the disposal of which shall be authorized is the number of the ordinary shares to be possibly purchased by the Company at the end of the liquidation procedure, namely the shares, object of withdrawal, not purchased at the end of the offer to the shareholders and the offer on the Stock Market pursuant to Article 2437-*quater* of the Civil Code.

The authorization shall be requested without a time limit.

The sale price for such treasury shares shall be determined pursuant to the applicable laws and regulations, including the EU regulations and/or pursuant to the limits set out in the Consob market practices admitted pursuant to law.

With reference to the applicable technical modalities, such sale may be carried out in one or more *tranches*, through any modality provided by applicable law, on the Stock Market or outside of the Stock Market, through convertible instruments or financial derivatives taking into account the Stock Market conditions existing at the time of the transaction and with the aim of maximizing the economic and patrimonial effects in line with the Group standards.

4) Amendment of the by-laws.

In light of the above, an amendment of Article 2 of the current version of the Company's By-laws is necessary, in order to reflect the modification of the business purpose. The table below



shows the proposed amendments to the By-laws connected to such modification of the business purpose.

Current Text	Amended Text
<p style="text-align: center;">Art. 2</p> <p>1. The business purpose of the Company is the publication of newspapers, both daily and periodic, as well as the exercise in general of publishing, printing, advertising and distribution activities, including on behalf of third parties or in any case relating to information and the communication even via internet or audiovisually, in addition to other forms of technology, including that not yet created.</p> <p>2. For the purpose of achieving its corporate aims the Company can:</p> <ul style="list-style-type: none"> - carry out all the operations of a commercial, industrial and financial (excluding the management of savings, except within the limits of Legislative Decree 385/93), investment and real estate nature (excluding brokerage or investment services as per Legislative Decree 58/98); - may acquire, either directly or indirectly, interests and holdings in other companies and businesses having similar or connected corporate objectives or considered appropriate to optimise the management of the liquidity not invested in normal operating activities. <p>3. For the development of business activities the Company may agree loans providing mortgages and guarantees and make recourse to any form of financing with credit institutions, banks,</p>	<p style="text-align: center;">Art. 2</p> <p>1. The business purpose of the Company is:</p> <ul style="list-style-type: none"> - the publication of newspapers, both daily and periodic, as well as the exercise in general of publishing, printing, advertising and distribution activities, including on behalf of third parties or in any case relating to information and the communication even via internet or audiovisually, in addition to other forms of technology, including that not yet created, <p>2. For the purpose of achieving its corporate aims the Company can:</p> <ul style="list-style-type: none"> - carry out all the operations of a commercial, industrial and financial (excluding the management of savings, except within the limits of Legislative Decree 385/93), investment and real estate nature (excluding brokerage or investment services as per Legislative Decree 58/98); - <u>may acquire the acquisition, management, possession and sale, as well as any disposal act, including the placement, either directly or indirectly (also by means of syndicates and ad hoc consortia), of public and private securities, interests and holdings, either shareholdings or not, in any form, including controlling shareholdings, in other companies, entities, consortia and businesses operating in the publishing market</u> a having similar or connected corporate objectives, as well as in

companies, public and private bodies and provide the necessary guarantees.

other industrial, commercial or financial enterprises operating in different business areas, either in Italy or abroad, or as it is considered appropriate to optimise the management of the liquidity or anyway in order to pursue the corporate interest not invested in normal operating activities;

- the financing, the technical, financial and management coordination of the group companies or, in any case, of companies in which the Company holds shareholdings (also by means of cash pooling transactions);

- the exercise in outsourcing regime of functions relating to the activities of the subsidiaries, affiliates or, in any case, of the companies in which the Company holds shareholdings;

- the organizational management, strategic and commercial consultancy in favor of companies in which the Company holds shareholdings, newly incorporated or already existing, aimed at the development of such companies, in particular with respect to the elaboration of strategic plans, the assessments to be carried out in view of business acquisitions and mergers, the diversification studies, the strategic and operative marketing;

- all the commercial, industrial and financial operations (excluding the collection of savings, except within the limits of Legislative Decree 385/93), having investment and real estate nature (excluding mediation and brokerage or investment services as per Legislative Decree 58/98) ancillary and connected to the above mentioned business activities.

	<p>32. For the development of business activities the Company may agree loans providing mortgages and guarantees and make recourse to any form of financing with credit institutions, banks, companies, public and private bodies and provide the necessary guarantees.</p> <p><u>In the context of the above described business purpose the Company may carry out any other transaction necessary or useful in order to achieve the corporate targets, including granting sureties, endorsements and guarantees in general, either personal or secured.</u></p> <p><u>The activities concerning the collection and the savings among the public and the investment services, pursuant to Legislative Decree no. 58 of February 24, 1998, as well as the activities set forth under article 106 of Legislative Decree no. 385 of September 1, 1993, also exercised in favor of the public, shall be in any case excluded.</u></p>
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5) Resolution proposal

In consideration of the above, if you agree, we ask you to adopt the following resolution:

“The Extraordinary Shareholders’ Meeting of Caltagirone Editore S.p.A., having examined the proposal of the Board of Directors

RESOLVES

- *to amend article 2 of the Company’s By-Laws, as proposed by the Board of Directors, in accordance with the contents and the text provided by the illustrative report drawn by the same pursuant to article 72 of CONSOB resolution no. 11971/1999 (the so-called Issuers’ Regulation), adopting the attached new text of the Company’s By-laws;*



- *to authorize the Board of Directors to sell its treasury shares that may be acquired as a consequence of the exercise of the rights of withdrawal, at the end of the liquidation process pursuant to Art. 2437-quarter of the Italian Civil Code, with no time limit, for a consideration to be determined pursuant to the applicable laws and regulations, including the EC regulations and/or pursuant to the limits set out in the Consob market practices admitted pursuant to law;*
- *to grant the powers to the Chairman and the CEO pro-tempore in office, severally and with the power to avail themselves in whole or in part of proxies, in order to give full execution to the above resolutions, with all the powers necessary to implement such resolutions and to carry out the required formalities and the consequent legislative and regulatory fulfillments, including the filing of the resolutions with the Companies' Register, and any other deposit, communication and information, with the power to insert possible non-substantial amendments, integrations or cancellations which may be required, or deemed useful or appropriate, also during the filing with the Companies' Register, and in general anything which is deemed necessary for the complete, efficient and fast execution of the resolutions and to instruct and authorize the Chairman and the CEO pro tempore in office, severally, with the power to sub-delegate and to avail themselves in whole or in part of proxies, to deposit and publish, pursuant to the law, the updated text of the Company's By-Laws including the amendments effected pursuant to the above resolutions".*

Rome, March 12, 2018

For the Board of Directors

**THE CHAIRMAN
MR. FRANCESCO GIANNI**