

EXTRAORDINARY GENERAL MEETING
OF THE SHAREHOLDERS

Single call – APRIL 29 2019 – at 4.00 p.m.

PALAZZO DELLE STELLINE CONGRESS CENTRE
CORSO MAGENTA 61 - MILANO

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Report on Item 1) on the Agenda

AMENDMENTS TO THE BYLAWS ON THE SUBJECT
OF INCREASED VOTING RIGHTS.
RESOLUTION PERTAINING TO AND RESULTING FROM THE SAME.

**AMENDMENTS TO THE BYLAWS ON THE SUBJECT OF INCREASED VOTING RIGHTS.
RESOLUTIONS PERTAINING TO AND RESULTING FROM THE SAME.**

Dear Shareholders,

This illustrative report (the “**Report**”), prepared by the Board of Directors of the Company as per the terms of Art. 125-ter of D.Lgs. 58 of February 24 1998, as subsequently amended and supplemented (the “**TUF**”) and Art. 72 of the Regulation adopted by Consob with resolution no. 11971 of May 14 1999 and subsequent amendments and additions (the “**Rules for Issuers**”), aims to give you an explanation of the proposed amendment to the Company Bylaws, which we propose that you adopt, and the reasoning behind it.

More specifically, the Board of Directors proposes that the Company Bylaws be amended to lengthen the period of continuous possession of the shares that is needed to obtain the benefit of increased voting rights from the current 24 months to 48 months (the “**Amendment to the Bylaws**”).

I. Foreword.

The Extraordinary General Meeting held on April 27 2015 voted to introduce increased voting rights for stable shareholders as per the terms of Art. 127-quinquies of the TUF.

Art. 127-quinquies of the TU, introduced by the so-called “Competitiveness Decree” (D.L. no. 91 of June 24 2014 transposed with amendments by Law no. 116 of August 11 2014), allows companies with shares listed on regulated markets to introduce, through an amendment to their company bylaws, the assignment of an extra vote “*up to a maximum of two votes*” to shares belonging to the same shareholder “*for a continuous period of no less than twenty-four months*”. This clause aims to incentivize equity investments and to reward “loyal” shareholders, thus making it possible to achieve entrepreneurial objectives in the medium-long term and promote the participation of stable shareholders, even minority shareholders, in the governance of the company.

In this perspective, Art. 8, paragraph 6, of the COFIDE Company Bylaws, as amended by the above-mentioned Extraordinary General Meeting in 2015, states that each share shall give the right to two votes when the following conditions are all met with: (a) that the same shareholder has held the right to vote for a continuous period of no less than twenty-four months (the so-called “vesting period”); and (b) that this requirement is attested by the continuing registration of the shareholder on the special list in the Stable Shareholders Book for a period of no less than twenty-four months.

On March 11 2019, the Board of Directors of the Company and the Board of Directors of the subsidiary CIR S.p.A. - Compagnie Industriali Riunite (“**CIR**”) approved a plan involving the merger by incorporation of CIR into COFIDE (the “**Merger**”) with the aim of optimizing the current structure of the group and simplifying the control chain, giving shareholders and potential investors in the companies numerous advantages. The exchange ratio specified in the merger plan approved by the administrative bodies of COFIDE and CIR was calculated as the following: 2.01 ordinary COFIDE shares with a nominal value of Euro 0.50, with dividend payout date identical to that of the ordinary shares of COFIDE in circulation as of the date on which the Merger takes effect, for every ordinary CIR share.

It is stipulated that the Extraordinary General Meetings of the Shareholders for the approval of the Merger plan may be held by June 30 2019. As disclosed to the market, completion of the Merger is dependent on certain conditions precedent, in line with market practice for this kind of transaction. Provided these conditions are fulfilled, the Merger is scheduled to take place by January 1 2020 at the latest.

Again on March 11 2019, in the context of the Merger deal, the Board of Directors also voted to submit to the General Meeting of the Shareholders called to approve the financial statements for the year 2018 the Amendment to the Bylaws illustrated in this Report, regarding the lengthening of the period of continuous possession of the shares needed to obtain the benefit of an increased voting right from the current twenty-four months to forty-eight months.

II. Reasons for the Amendment to the Bylaws.

The Board of Directors intends to propose the extension of the vesting period needed to obtain increased voting rights from the current twenty-four months to forty-eight months, with a view to incentivizing share investment with greater stability and directed towards increasing the value of the Company and of the Group in the medium-long term, thus facilitating planning and the implementation of strategic choices that are sustainable for all shareholders and stakeholders.

More specifically, the Board of Directors believes that:

- (i) Shareholder stability is in the best interests of the Company and all its stakeholders as it makes it possible to increase the value of the Company in the medium-long term and to support a development of the business that is both profitable and sustainable over time;
- (ii) Lengthening the vesting period can (i) further the objectives of increasing the loyalty of the shareholding structure already being followed by the Company and (ii) counter even more

effectively any negative effects of market volatility and of the prospect in the short term of possible speculative investors.

III. Condition precedent for the Amendment to the Bylaws to take effect

Shareholders who do not agree with the adoption of the Amendment to the Bylaws illustrated in this Report will have the right of withdrawal as per the terms of Art. 2437, paragraph 1, letter g), of the Civil Code.

The Amendment to the Bylaws is subject to the condition that, as per the terms of Art. 2437-ter of the Civil Code, the total value of the shares for which the right of withdrawal is exercised by shareholders of COFIDE does not exceed Euro 5,000,000.00. The Company will publish the data regarding the number of shares for which withdrawal is requested and whether or not the condition precedent has been fulfilled with a notice on the website of the Company and in the newspaper “*La Repubblica*” by the close of the fifteenth working day after the end of the period for the exercise of the right of withdrawal.

The condition concerning the total liquidation value of the shares for which the right of withdrawal is requested has been set up in the exclusive interest of the Company, who will therefore have the right to waive the said condition by publishing a notice on the Company’s website and in the newspaper “*La Repubblica*” within fifteen working days of the close of the period in which the right of withdrawal can be exercised.

IV. Date on which the Amendment to the Bylaws takes effect

Without prejudice to the fact that the Amendment to the Bylaws is subject to the condition described above (or, alternatively, to the waiver of the same by COFIDE), the Amendment to the Bylaws will take effect as from the thirtieth day after the Merger is completed or, in any case, as from June 1 2020 (“**Date on which the Amendment to the Bylaws takes effect**”).

Therefore, COFIDE shareholders already recorded in the Stable Shareholders Book and COFIDE shareholders who apply for registration in the Stable Shareholders Book on or before the Date on which the Amendment to the Bylaws takes effect will have the right to the increased voting right twenty-four months after registration, as stipulated in the current Art. 8, paragraph 6, of the COFIDE Company Bylaws. The Amendment to the Bylaws will have no effect on the vesting of the voting rights acquired by COFIDE shareholders under the current terms of the Bylaws.

Moreover, if the Merger is completed before June 1 2020, all the shareholders of the Company resulting from the Merger (and thus even the former CIR shareholders who will receive COFIDE

shares in exchange under the merger) will have a period of a maximum of thirty days (between the date of completion of the Merger and the Date on which the Amendment to the Bylaws takes effect) during which they will be able to request registration in the Stable Shareholders Book benefiting from the shorter vesting period of twenty-four months of continuous ownership of the shares. At the end of the period referred to above, the shareholders of the company resulting from the Merger who apply for registration in the Stable Shareholders Book will obtain the increased voting rights after forty-eight months of continuous ownership of the shares.

If the Merger is not completed by June 1 2020, the Amendment to the Bylaws will take effect as from that same date and thus shareholders who apply for registration in the Stable Shareholders Book after June 1 2020 will have the right to increased voting rights after forty-eight months of continuous possession of the shares.

For the sake of completeness, it should be noted that the period of continuous ownership of CIR shares and COFIDE shares before application for registration in the Stable Shareholders Book does not count for the purposes of the vesting of the increased voting rights, in accordance with what is stipulated in Art. 127-*quinquies* of the TUF.

V. Information on the Right of Withdrawal

As already explained, COFIDE shareholders who do not agree to the adoption of the Amendment to the Bylaws illustrated in this Report will have the right of withdrawal as per the terms of Art. 2437, paragraph 1, letter g), of the Civil Code, regarding “*Amendments to the bylaws concerning voting or attendance rights*”.

It should be pointed out that, in compliance with the terms of Art. 127-bis, paragraph 2, of the TUF, anyone whose shareholding was registered after the date indicated in Art. 83-*sexies*, paragraph 2, of the TUF (the so-called *record date*, i.e. after April 16 2019) but before the start of the proceedings of the Extraordinary General Meeting convened to approve the Amendment to the Company Bylaws is considered as not having agreed to the approval of the resolution, and is therefore entitled to exercise the right of withdrawal.

Shareholders who have exercised the right of withdrawal will receive payment of the liquidation value of the shares for which withdrawal has been requested provided the condition precedent described in the previous paragraph (III) has been fulfilled.

The liquidation value of the COFIDE shares for which withdrawal can be requested, calculated as per the terms of Art. 2437-*ter*, paragraph 3, of the Civil Code with exclusive reference to the

arithmetical average of the closing prices of the share in the stock market in the six months preceding the publication of the notice of the Extraordinary General Meeting, is equal to Euro 0.4691 for each COFIDE share.

As per Art. 2437-bis of the Civil Code, persons entitled to exercise the right of withdrawal will be able to exercise their right, for all or part of the shares that they own, by sending a registered letter (hereinafter, the “**Declaration of Withdrawal**”) which must be sent to the address of the registered office of the Company within fifteen days of the date on which the resolution of the Extraordinary General Meeting is registered with the Milan Register of Companies. News of the said registration will be published in the newspaper “*La Repubblica*” and on the Company website.

Without prejudice to the terms of Art. 127-bis of the TUF, the withdrawing shareholder must enclose with his or her Declaration of Withdrawal, an appropriate notification issued by an authorized intermediary that attests (i) ownership and availability in the account of the shares subject to withdrawal on the day of the General Meeting that approved the exercise of the right of withdrawal and (ii) ownership and availability in the account of the shares subject to withdrawal as of the date of the Declaration of Withdrawal.

The Declaration of Withdrawal must contain the following information:

- The personal details of the withdrawing shareholder, including tax code;
- The address of the withdrawing shareholder for notifications regarding the procedure, including telephone number and e-mail address;
- The number of shares for which the right of withdrawal is being exercised;
- The IBAN of the bank account for crediting the amount of the repayment of the shares giving the right of withdrawal.

The Declaration of Withdrawal must also contain the name of the intermediary with whom the shares for which withdrawal has been requested are deposited and a declaration by the withdrawing shareholder attesting that the shares are free from pledges or other liens in favour of third parties. If the shares for which withdrawal is being requested are subject to pledges or other restrictions in favour of third parties, the withdrawing shareholder must also attach to the Declaration of Withdrawal a declaration made by a pledgee, lienee or by the person in whose favour a lien has been set up, stating that the said person gives his or her irrevocable and unconditional consent to the release of the shares from the pledge, lien and/or restriction and to the liquidation of the same in compliance with the instructions of the withdrawing shareholder.

Information regarding the terms and conditions of exercise of the withdrawal right that cannot be defined before the date of the Extraordinary General Meeting, including the actual date of registration of the resolution with the Register of Companies, will be published by the Company – together with detailed instructions regarding the terms and procedures for exercising the right, and the payment of the consideration – following the procedures set out in current regulations. In accordance with Article 2437-*bis*, paragraph 3, of the Civil Code, withdrawal cannot be exercised, and if it has already been exercised, it will not be effective if, within ninety days, the Company should revoke the resolution that made the said right legitimate.

In the event that one or more shareholders exercise the right of withdrawal, the liquidation procedure will take place in compliance with Article 2437-*quater* of the Civil Code. More specifically, the terms of the option offered will be disclosed according to the terms of current regulations, specifying that the relative notices will be published in the newspaper “*La Repubblica*” as well as on the Company’s website.

VI Decision-making process followed in the formulation of amendments to the Bylaws

The Amendment to the Bylaws relating to the extension of the vesting period was approved, together with the proposal regarding the Merger transaction by the Board of Directors on March 11 2019. More specifically, at the said meeting of the Board of Directors of COFIDE all the directors present expressed a vote in favour.

The decision was taken directly by the Board of Directors, as the subject matter was outside the competence of the internal committees.

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PROPOSED RESOLUTION

Shareholders, if you agree with the content and the rationale contained in the Report of the Board of Directors as above, we invite you to adopt the following resolution:

“The Extraordinary General Meeting of the Shareholders of COFIDE - Gruppo De Benedetti S.p.A.,

- having acknowledged the report of the Board of Directors*
- having seen the rules of law and the Company Bylaws*

Resolves

1. *To amend the Company Bylaws of COFIDE - Gruppo De Benedetti S.p.A. to lengthen the period of continuous possession of shares needed to obtain the increased voting right from twenty-four to forty-eight months, replacing the term “twenty-four” in Article 8, paragraphs 6, letters a) and b), and 8 of the Bylaws with “forty-eight”, and to establish that such amendment will take effect as from the 30th day after the date of the completion of the merger of CIR S.p.A. – Compagnie Industriali Riunite into COFIDE - Gruppo De Benedetti S.p.A., the plan for which was approved by the respective Boards of Directors on March 11 2019, or in any case as from June 1 2020;*
2. *As a consequence, to amend the Company Bylaws by inserting a clause of a temporary nature into CHAPTER VIII of the Bylaws, thus renamed “FINAL AND TRANSITIONAL RULES”, as follows:*

“Article 30

TRANSITIONAL RULES

1. The Extraordinary General Meeting of the Shareholders held on April 29 2019 adopted a resolution to the effect that as from the 30th day after the completion date of the merger of CIR S.p.A. – Compagnie Industriali Riunite - into COFIDE - Gruppo De Benedetti S.p.A., the plan for which was approved by the respective Boards of Directors on March 11 2019, or in any case as from June 1 2020, the term “twenty-four” contained in Art. 8 paragraphs 6, letters a) and b), and 8 will automatically be replaced by the term “forty-eight” and a mandate will be given to the Board of Directors in office at that time, and for the Board the Chairman and the Chief Executive Officer, severally, to publish the revised Company Bylaws as per the terms and effects of Art. 2436 of the Civil Code”.
3. *To establish that the amendment to the Bylaws referred to in points 1) and 2) and the liquidation of any shareholder withdrawals exercised will take place on condition that the total liquidation value of the shares for which the right of withdrawal has been exercised by the shareholders, calculated as per the terms of Art. 2437-ter of the Civil Code, does not exceed Euro 5,000,000.00, without prejudice to the Company’s right to waive this condition;*
4. *To give the Chairman the broadest powers to execute the resolution adopted and to make any changes to the same that may be required by the competent Authorities, provided these are of a formal nature, and also to agree with the competent Authorities on the timing and the execution procedures for the exercise of the right of withdrawal given to shareholders as per the terms of Art. 2437, paragraph 1, letter g) of the Civil Code.*