

Ordinary Shareholders' Meeting for World Duty Free S.p.A.



**Report of the Board of Directors
on proposals relating to items on the agenda**

IMPORTANT NOTE

This is a courtesy translation with no legal value. In case of discrepancy, the Italian version should prevail

Combined meeting: 14 May 2014

NOTICE OF CALL ORDINARY SHAREHOLDERS' MEETING

Subjects entitled to vote at Shareholders' Meetings of World Duty Free S.p.A. ("the Company") are hereby convened for an Ordinary Shareholders' Meeting in Milan, Corso di Porta Vittoria, 16 (Centro Congressi) at 10.00 am on 14th May 2014 to discuss and vote on the following:

AGENDA

1. Financial statements at 31st December 2013 and annual report; relative resolutions; presentation of the consolidated financial statements at 31st December 2013.
2. Proposal to authorize the Board of Directors to acquire Company's own shares, pursuant to art. 2357 and subs., Italian Civil Code, and art. 132, decree law 58/1998 of 24 February 1998, up to a maximum of 12,726,000 shares and to dispose of treasury shares; relative resolutions.
3. Consultation on the remuneration policy, pursuant to art. 123-ter del Decree Law 58 of 24 February 1998. Remuneration report; relative resolutions.
4. Approval, pursuant to Article 114-bis of the Legislative Decree 58 of 24 February 1998, of an incentive plan for certain employees and directors vested with special offices of the Company and/or its subsidiaries; relative resolutions.

ELIGIBILITY FOR PARTICIPATION

Under current law, subjects whose authorized brokers have sent the Company the relevant notice proving entitlement as of 5th May 2014 (*record date*) are entitled to participate in and vote at the Shareholders' Meeting.

Subjects proving to be shareholders only subsequent to said date shall not be entitled to participate in or vote at the Shareholders' Meeting. Participation by shareholders in Shareholders' Meetings is disciplined by the provisions of the law and regulations and also by the provisions of the Company's current by-laws and Shareholders' Meeting Rules, which are available on the Company's website www.worlddutyfreegroup.com, **Governance** section.

Notice to the issuer is made by authorized brokers at the initiative of the subjects that are entitled to vote. Eventual requests for prior notice or expenses for the formalities carried out by brokers are not attributable to the Company.

SHARE CAPITAL AND VOTING SHARES

The share capital of World Duty Free S.p.A. is Euro 63,720,000.00 divided into 254,520,000 ordinary shares, each of which carries the right to vote at the Company's Shareholders' Meetings. Information about the Company's share capital (number and categories of shares) is available on the Company's website, www.worlddutyfreegroup.com.

RIGHT TO ASK QUESTIONS ON THE ITEMS ON THE AGENDA

Subjects entitled to vote at Shareholders' Meetings may ask questions about the items on the agenda also before Shareholders' Meetings, by 11th May 2014. Questions must be submitted in writing by fax, registered letter with advice of receipt or e-mail to the following contacts: World Duty Free S.p.A.,

Corso di Porta Vittoria 16. 20122 Milano (MI), fax +39 02 546 0101, e-mail societario@wdfg.com. Questions submitted before a Shareholders' Meeting must be answered during the meeting at the latest. A single answer may be given to a number of questions of the same topic. The Company reserves the right to answer questions in the **Governance – Shareholder's Meeting** section of the Company's website www.worlddutyfreegroup.com, provided that no response is due when the information requested is already available in the above section, in "Questions and Answers".

ADDITIONS TO THE AGENDA AND PROPOSED DECISIONS ON ITEMS ON THE AGENDA

Shareholders representing at least 2.5% of the share capital may apply to add items to discuss to the agenda of business within ten days of publication of this notice of meeting, specifying in their application the arguments that back their proposal, or submit draft resolutions on matters already on the agenda.

Such application must be submitted in writing, together with notices issued by an authorized broker of accounting records proving title to at least 2.5% of the share capital, to the Company's Legal and Corporate Affairs department, World Duty Free S.p.A., Corso di Porta Vittoria 16. 20122 Milano (MI), fax +39 02 546 0101, e-mail societario@wdfg.com.

The Agenda may not be supplemented to include matters that according to Italian Law may only be considered based on a proposal submitted by the Board of Directors, or on an project or report prepared by them other than those specified in Article 125-ter, first paragraph, of Legislative Decree 58 of 24 February 1998

Notice of any additions to the agenda shall be given in the same manner as is required by law for notices of meetings and within the terms fixed by current law.

Those who have the right to vote individually may submit proposed resolutions at the meeting on matters already included on the agenda.

Shareholders making the shall also submit to the board of directors, within the deadline for submission of their application, a report setting forth the reasons for the proposed resolutions on the new items or on the proposed further resolutions for items already in the agenda.

The report will be made available to the public, stating any opinion it may have on it, at the same time as the publication of the notice of additions or of the presentation, using the methods set forth by applicable laws and regulations.

PROXY VOTING

Subjects entitled to vote may be represented at the Shareholders' Meeting, within the limits and according to the law, by a written proxy. Proxy forms are available at the Company's registered office and secondary office and also, in downloadable and printable version, on the Company's website www.worlddutyfreegroup.com, **Governance** section, **Shareholder's Meeting**.

A representative may deliver or transmit a copy of the proxy, instead of the original, also electronically, with a declaration under his or her own responsibility that it is a true copy of the original and this must be accompanied by proof of identity of the delegator. The representative must keep the original of the proxy and record, for one year from the close of the proceedings of the meeting, any voting instructions received.

Proxies may be notified to the Company by post, fax or e-mail to the following contacts: World Duty Free S.p.A., Corso di Porta Vittoria 16. 20122 Milano (MI), fax +39 02 546 0101, e-mail

societario@wdfg.com. Prior notification does not relieve a representative, in accreditation for accessing to the assembly, from the obligation to certify under its responsibility the conformity of the delegation to the original and the identity of the delegator.

For the Shareholders' Meeting of which this document gives notice, the Company has designated Ms. Agata Todarello as the subject to whom those entitled to vote may grant a proxy without expense as required by law (the "**Designated Representative**"). Proxy conferred on the Designated Representative has no effect in respect of motions for which voting instructions have not been given. The form to be used for conferring proxy on the Designated Representative and the latter's *curriculum vitae* are available at the Company's registered office and secondary office and also, in a print version, on the Company's website www.worlddutyfreegroup.com, **Governance** section, **Shareholder's Meeting**.

Duly compiled and signed proxy forms must be delivered to the Designated Representative by the end of the second market day before the date of the meeting (therefore, by 12 May 2014), either by post, fax or *e-mail* to the following contacts: Avv. Agata Todarello, Piazza Borromeo 8, 20123, Milano, telefax n.+3902809447, e-mail: agata.todarello@dgblex.it.

A notice issued by an authorized broker proving entitlement to participate in the Shareholders' Meeting and exercise voting rights is also required in the case of conferment of proxy on the Designated Representative: without such notice the proxy will be considered null and void. There are no procedures for voting by correspondence or by electronic means.

DOCUMENTATION

At the time of the publication of this notice of call for the Shareholders' Meeting, it is being made available at the Company's registered and secondary offices, at Borsa Italiana S.p.A., as well as on the Company's website www.worlddutyfreegroup.com, **Governance** section, **Shareholder's Meeting**, the Directors' reports and proposed resolutions concerning all the items on the agenda, the information document relating to the incentive plan for certain employees and directors holding particular offices of the Company and its subsidiaries, as well as the Annual Financial Report - including the draft financial statements, the consolidated financial statements, the management report and the statement referred to in art. 154-bis, paragraph 5, of Legislative Decree no. 58 of February 24, 1998, together with the reports of the Statutory Auditors and the independent auditors, the Annual Report on Corporate Governance and Remuneration Report and ownership structure. Shareholders may obtain a copy of these materials at their own expense.

Milan, 12th April 2014
Board of Directors
Gianmario Tondatto (Chairman)

WHEREAS

Article 125-*ter*, first paragraph, of leg. dec. 24 February 1998, no. 58 (the “**TUF**”) states that, if not already required by other provisions of law, within the period of publication of the convocation notice for meeting expected to address each of the items on the agenda, the Board of Directors of a listed company must make available to the public at the registered office, on the website and other channels provided by the National Commission for Companies and the Stock Exchange (“**Consob**”) according to regulation, a report on each of the items on the agenda.

This report (the “**Report**”) will illustrate the topics included on the agenda for the Shareholders’ Meeting of World Duty Free S.p.A. (“**WDF**” or the “**Company**”), convened in an ordinary session in Milan, at Centro Congressi, located at Corso di Porta Vittoria no. 16, for the day of 14 May 2014 at 10:00 a.m., in a combined meeting (the “**Meeting**”), referring to the specific reports required by applicable laws and regulations for any further details.

The section of the Report concerning the proposal, the object of the second item on the agenda, to authorise the Board of Directors to acquire treasury stock and dispose of it in accordance with the applicable provisions of the law has also been also prepared in accordance with Article 73 of the Regulation adopted by Consob, no. 11971 of 14 May 1999, as later supplemented and amended (the “**Issuers Regulation**”) and the corresponding Attachment 3A, form no. 4. Finally, with regard to the third item on the agenda, concerning the report on the remuneration policy referred to in Article 123-*ter* of the TUF [Consolidated Financial Brokerage Laws] and article 84-*quater* of the Issuers’ Regulation and in conformance with corresponding Attachment 3A, form no. 7-*bis*, which shall be made available to the public, pursuant to the law, at the Company’s primary and secondary headquarters, at Borsa Italiana S.p.A., and on the Company’s website at www.worlddutyfreegroup.com, under **Governance – Shareholders’ Meeting**.

The section of the Report concerning the approval, pursuant to article 114-*bis* of leg. dec. 24 February 1998, no. 58, of an incentive plan for certain employees and directors holding particular offices at the Company and its subsidiaries has been compiled and made available to the public pursuant to Articles 114-*bis* and 125-*ter* and the TUF, and article 84-*ter* of the Issuers Regulation.

This Report was sent to Borsa Italiana S.p.A. and filed at the company headquarters pursuant to law; a copy of the report can be found on the Company’s website at www.worlddutyfreegroup.com, under **Governance – Shareholders’ Meeting**.

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POINT 1) ON THE AGENDA

Financial statements at 31 December 2013 and management report; and all related and resulting resolutions. Presentation of the consolidated financial statements at 31 December 2013.

Whereas

Dear Shareholders,

the year ended 31 December 2013 with a loss of EUR 958,417.00.

Referencing for further detail the financial statements, which were published and made available in accordance with law, the Board of Directors proposes to carry forward the loss of Euro 958,417.00.

In light of the above, the Board of Directors submits for your approval the following

proposed resolution

“The Ordinary Shareholders’ Meeting:

- *having examined the draft budget for the year ended at 31 December 2013 with a loss of EUR 958,417.00;*
- *having taken note of the reports of the Statutory Auditors and the auditing firm KPMG S.p.A.;*

resolves

- a) *to approve the World Duty Free S.p.A. financial statements at 31 December 2013, which show a loss of EUR 958,417.00;*
- b) *to carry forward the loss of EUR 958,417.00;*
- c) *to mandate, independently of each other, the President and Chief Executive Officer, with the option of sub-delegation, to carry out all activities related to, arising from or in any way connected to the implementation of the resolutions referred to in points a) and b)”.*

* * *

POINT 2) ON THE AGENDA

Proposal to authorise the Board of Directors, pursuant to and for the purposes of arts. 2357 et seq. of the Civil Code and art. 132 of leg. dec. 24 February 1998, no. 58 to acquire treasury shares up to a maximum amount of 12,726,000 shares and to dispose of its own shares; and all related and resulting resolutions.

Whereas

Dear Shareholders,

We submit for your approval the authorisation to the Board of Directors for the purchase and sale of treasury shares, pursuant to arts. 2357 et seq. of the Civil Code, to art. 132 of the TUF and art. 144-*bis* of the Issuers Regulation and we illustrate below and the terms and conditions of the transaction, in accordance with art. 73 and Attachment 3A, form no. 4, of the Issuers Regulation.

1) Reasons for which authorisation is sought for the acquisition and/or disposal of treasury shares.

The authorisation to purchase treasury shares covered by this proposal is appropriate in order to enable your Company, upon obtaining adequate financial coverage compatible with future plans, investments and contractual obligations of the Company, to:

- (a) perform investment transactions and establish an inventory of securities to be used according to the provisions in force, directly or through intermediaries for actions aimed at containing abnormal movements in prices and stabilising the performance of trading and prices, in the face of momentary distortions associated with excessive volatility or low trading liquidity;
- (b) use treasury shares for any share incentive plans for directors and employees of the Company and/or directly or indirectly controlled companies, whether by the free granting of options to

purchase, or through the free allocation of shares (so-called *stock option* and *stock grant* plans);

- (c) acquire treasury shares to be used, in line with the strategies of the Company, for capital transactions or other transactions in relation to which it is necessary or appropriate to exchange or transfer blocks of shares by means of exchange, transfer or other act of disposal.

The request for authorisation concerns the right of the Board of Directors to carry out repeated and successive transactions of purchase and sale (or other acts of disposal) of shares on a revolving basis, even for fractions of the maximum authorised quantity, so that, at any time, the number of shares subject of the proposed purchase and ownership of the Company does not exceed the limits provided for by law and by the authorisation of the Shareholders' Meeting.

2) Maximum number, type and par value of the shares to which the authorisation relates.

The maximum number of ordinary shares that World Duty Free aims to acquire, in accordance with the authorisation referred to in this proposal, over the course of one or more times and in any case within the statutory period, generally does not exceed no. 12,726,000 ordinary Company shares, without par value. For the purposes of measuring compliance with this limit, any World Duty Free ordinary shares held by subsidiaries must also be taken into account.

3) Information for the purposes of a thorough assessment of compliance with the provisions of Article 2357, paragraphs 1 and 3 of the Civil Code.

The maximum amount of the shares to which the authorisation under discussion relates is equal to 5% of no. 254,520,000 ordinary shares with no par value, representing, as of today, the entire share capital subscribed and paid up, and therefore, the authorisation to purchase treasury shares object of this proposal is in accordance with the provisions of the third paragraph of article 2357 of the Civil Code.

As of today's date neither the Company nor its subsidiaries hold shares in the Company.

Purchases of treasury shares covered by this authorisation shall be made, in accordance with the provisions of Article 2357 of the Civil Code, within the limits of distributable profits and available reserves shown in the Company's duly-approved financial statements.

It should be noted that, in the Company's draft financial statements for the year ended at 31 December 2013 (assuming the approval of the same by the Assembly as proposed by the Board of Directors), reserves are available in the amount of EUR 343,613,359.00.

It should be noted that the Board of Directors is required to verify compliance with the conditions set forth in art. 2357, the first and third paragraph, of the Civil Code for the purchase of treasury shares at the time in which it proceeds upon the completion of each authorised purchase.

On the occasion of the purchase of shares or their sale, exchange, transfer or impairment, the appropriate accounting should be performed in compliance with the provisions of law and applicable accounting standards. In the event of a sale, exchange, transfer or devaluation, the corresponding amount will be reused for further purchases, up to the expiration date of the Shareholders' Meeting authorisation, subject to the quantitative and spending limits, as well as the conditions set forth by the Shareholders' Meeting.

4) The duration of the period for which the authorisation is requested.

The authorisation to purchase treasury shares is requested for the maximum duration allowed by art. 2357, second paragraph, of the Italian Civil Code, and therefore, for a period of 18 (eighteen) months

from the date of any approval of this proposal by the Shareholders' Meeting. During this period, the Company may proceed with the transactions set forth hereunder on treasury shares over the course of one or more occasions.

The authorisation for the sale, disposal and/or utilisation of treasury shares that may be acquired is requested with no time limit, taking into account of the absence of regulatory constraints in this respect and the opportunity to have the maximum flexibility, even in terms of the time frame for the possible sale of the same.

5) Minimum and maximum prices and market valuations on the basis of which the same shall be determined.

Purchases of treasury shares must take precedence, after finding adequate financial coverage compatible with future plans, over the investments and contractual obligations of your Company, if they have as their aim the pursuit of the purposes mentioned in letter (a) of point 1 above, at a price inclusive of purchase costs no lower than 20% under and no more than 20% over the official price of the ordinary shares of World Duty Free recorded by Borsa Italiana S.p.A. on the trading day preceding the day on which the purchase is made, or, if referring to the purposes specified in letters (b) and (c) of point 1 above, at a price inclusive of purchase costs no less than 20% under and no more than 20% over the weighted average of the official prices of the ordinary shares of World Duty Free recorded by Borsa Italiana S.p.A. over the last ten trading days prior to the date of purchase or price fixing.

We also propose to authorise the Board of Directors to sell, dispose of and/or utilisation, pursuant to art. 2357-ter of the Civil Code, for any reason and at any time, in whole or in part, over the course of one or more occasions, the treasury shares which may be acquired under this proposal, for the purposes outlined above in letters (a), (b) and (c) of point 1, to be understood, in any event, as those set forth here, in all cases under terms and conditions determined by the Board of Directors, it being understood that during any act of sale, disposal and/or utilisation of the treasury shares, any proceeds will be used for additional purchases, until the expiration of the term of Shareholders' approval, subject to the quantitative and spending limits, as well as with the conditions set forth by this authorisation.

With regard to the acts of sale, disposal and/or utilisation of treasury shares, the Board will establish from time to time the criteria for determining the relative amount and/or the terms and conditions of utilisation for treasury shares, having regard to the implementation methods in practice, the performance of the share price in the period prior to the transaction and the best interests of the Company.

6) Methods by which purchases and disposals will be made.

Transactions for the purchase of treasury shares will be made on regulated markets, including through options trading or financial derivative instruments on the World Duty Free share, in application of the legislation in effect, including, but not limited to, governing the markets organised and managed by Borsa Italiana S.p.A., the TUF, art. 144-bis of the Issuers' Regulation and any other applicable regulation, including those in Directive 2003/6/EC of the European Parliament and the European Council and its implementing rules and accepted practices, on the level of the European community and that of its individual countries.

With regard to transactions regarding the sale, disposal and/or utilisation of treasury shares, the Board of Directors proposes that the authorisation allow for the adoption of any manner deemed appropriate in relation to the goals that will be pursued, including the sale outside of regulated markets, block sales and bartering.

Lastly, pursuant to the exemption under art. 132, third paragraph, of the TUF, the operating procedures described above do not apply in the case of purchase of treasury shares by employees of the Company, its subsidiaries and the parent company that are assigned to the same as part of an equity incentive plan under arts. 2349 and 2441, eighth paragraph, of the Civil Code, or arising from compensation plans approved pursuant to art. 114-*bis* of the TUF.

7) **Information in the event that the acquisition is instrumental to the reduction of capital.**

The authorization to purchase treasury shares is not instrumental for reducing the share capital by cancellation of treasury shares purchased, without prejudice, however, to the Company's ability, should a reduction of capital be approved by the Shareholders' Meeting, to execute the same also through the cancellation of treasury shares held in the portfolio.

Proposed resolution

Dear Shareholders,

if you agree with the proposal that you have made, we submit for your approval the following resolution:

“The Ordinary Shareholders' Meeting for World Duty Free S.p.A.,

- *having examined the Board of Directors report,*
- *having considered the financial statements for the year ended at 31 December 2013, approved by today's Ordinary Shareholders' Meeting,*
- *having noted the total available reserves resulting from the financial statements of World Duty Free S.p.A. at 31 December 2013, approved today, in the amount of EUR 343,613,359.00;*
- *having noted the favourable opinion of the Audit Board,*

resolves

1. *to authorise the Board of Directors, under and for the purposes of arts. 2357 et seq. of the Civil Code, as well as art. 132 of leg. dec. 24 February 1998, no. 58, for a period of 18 (eighteen) months from the date of this Shareholders' approval, to purchase, over the course of one or more occasions and at any time, World Duty Free S.p.A. ordinary shares without nominal value in an overall maximum amount no greater than 12,726,000, in order to:*
 - (a) *perform transactions related to the investment and establishment of an inventory of securities to be used in each case according to the provisions in force, directly or through intermediaries for actions designed to contain abnormal movements in prices and stabilise the performance of trading and prices, in the face of momentary distortions associated with excessive volatility or low trading liquidity;*
 - (b) *use treasury shares for any share incentive plans for directors and employees of the Company and/or directly or indirectly controlled companies, whether by the free granting of options to purchase, or through the free allocation of shares (so-called stock option and stock grant plans);*
 - (c) *acquire treasury shares to be used, in line with the strategies of the Company, for capital transactions or other transactions in relation to which it is necessary or appropriate to exchange or transfer blocks of shares by means of exchange, transfer or other act of disposal and/or utilisation;*

2. *provide, pursuant to the law, that the purchases under this authorisation be contained within the limits of the distributable profits and reserves available according to the most recently approved financial statements at the time of the transaction;*
3. *authorize, following the adequate financial coverage for future plans, investments and contractual obligations of the Company, the purchases of treasury shares referred to in point 1, if they have as their aim the pursuit of the purposes mentioned in letter (a) of point 1 above, at a price inclusive of purchase costs no lower than 20% under and no more than 20% over the official price of the ordinary shares of World Duty Free recorded by Borsa Italiana S.p.A. on the trading day preceding the day on which the purchase is made, or, if referring to the purposes specified in letters (b) and (c) of point 1 above, at a price inclusive of purchase costs no less than 20% under and no more than 20% over the weighted average of the official prices of the ordinary shares of World Duty Free recorded by Borsa Italiana S.p.A. over the last ten trading days prior to the date of purchase or price fixing; pursuant to art. 2357-ter of the Civil Code, the Company shall set aside a reserve for an amount equal to the amount of treasury shares purchased under this authorisation, to be maintained until the shares have been transferred or cancelled;*
4. *determine that the purchase transactions will be made on regulated markets, including through options trading or derivative financial instruments on the World Duty Free stock, pursuant to the provisions of the law, including, but not limited to, those governing the markets organised and managed by Borsa Italiana S.p.A., leg. dec. 58/98, the regulation concerning governing issuers set forth by Consob in implementing leg. dec. 58/98 and all other applicable regulations, and also, therefore, the rules set forth in Directive 2003/6/EC and its implementing rules and accepted practices, on the level of the European community and that of its individual countries;*
5. *to authorize the Board of Directors, pursuant to and for the purposes of art. 2357-ter of the Civil Code, to perform any act of sale, disposal and/or utilisation of all or part of the treasury shares, even before the completion of the purchase of treasury shares in the maximum amount authorised by this resolution, and always in compliance with art. 2357-ter of the Civil Code, on one or more occasions and at any time, on the regulated markets or not, or in blocks for the purposes set forth in letters (a), (b) and (c) of point 1 above, and therefore, by way of example and not limited to, the service of any equity incentive plans (both in the form of so-called stock option and stock grant plans) reserved for Directors and employees of the Company and/or the companies directly or indirectly controlled by the same, as well as authorize the additional sale, disposal and/or utilisation of all or part of the treasury shares acquired for transactions in relation to which it is necessary or appropriate to proceed with the exchange or the assignment of stakes, also by means of barter or transfer, or on the occasion of capital transactions involving the allocation or disposal and/or utilisation of treasury shares (such as, but not limited to, mergers, issuance of convertible bonds or warrants with shares stemming from the capital increase), in all cases, under the terms and conditions set forth by the Board of Directors, it being understood that with regard to any act of sale, disposal and/or utilisation of treasury shares, any proceeds may be used for further purchases, up to the end of the authorisation term established by the Shareholders' Meeting, without prejudice to the quantitative and spending limits, as well as the conditions established by the Shareholders' Meeting with this authorisation, all in compliance with the applicable law, including, for example, but not limited to, the market regulations organised and managed by Borsa Italiana S.p.A., leg. dec. 59/98, the regulation governing Issuers set forth by Consob in implementing leg. dec. 58/98, the regulations in Directive 2003/6/EC and the related rules for the admissible execution and practises, both on the level of the European Community as well as the individual countries;*
6. *establish that, in the case of sale, disposal and/or utilisation of treasury shares, the reserve constituted pursuant to and for the purposes of article 2357-ter, last paragraph, of the Civil Code be proportionally reduced so that the reserves made available can be newly utilised for further purchases within the limits and under the conditions set forth in this resolution;*
7. *authorize the Board of Directors to establish the criteria for determining, from time to time, the amount for acts of sale, disposal and/or utilisation and/or methods, terms and conditions for the utilisation of all treasury shares, with regard to the concretely-used methods, the pricing trend of the shares over the period prior to the transaction in*

question and the best interest of the Company;

8. *grant the Board of Directors and therefore the Chairman and Chief Executive Officer, jointly and severally, the broadest powers necessary or appropriate to make purchases of treasury shares, and for the fulfilment of acts of sale, disposal and/or use of all or part of the treasury shares and, in any case, to make the above resolutions effective, even by their own agents, including approving each and any provision of the relevant purchase program and complying with any required by the competent Authorities.”*

* * *

POINT 3) ON THE AGENDA

Consultation on the remuneration policy pursuant to art. 123-ter of leg. dec. 24 February 1998, no. 58. Remuneration Report; related and resulting resolutions.

WHEREAS

Dear Shareholders,

Pursuant to art. 123-ter, sixth paragraph, of the Unified Finance Act (Italian: “TUF”), the Shareholders' Meeting convened annually to approve the financial statements for the year is called upon to comment on the section of the Remuneration Report concerning the Company's policy on remuneration of the members of the directorship, general managers and managers with strategic responsibilities and on procedures for the adoption and implementation of the policy referred to in article 123-ter, third paragraph, of the TUF.

As expressly indicated in article 123-ter, sixth paragraph, of the TUF, the resolutions to be adopted by the Shareholders' Meeting regarding the remuneration policy of the members of the directorship, general managers and managers with strategic responsibilities and regarding procedures for the adoption and implementation will not be binding and shall be limited to the expression of an opinion for or against these policies and their adoption and implementation.

Pursuant to article 11 of the Company By-laws, in compliance with article 123-ter of the TUF, the task of the Shareholders' Meeting is to decide on the remuneration policy of the Board of Directors, general managers and managers with strategic responsibilities and on the procedures used for the adoption and implementation of such policies.

For further details, please refer to the Remuneration Report prepared by the Board of Directors pursuant to Article 123-ter of the TUF and article 84-*quater* of the Issuers' Regulations and the relevant Attachment 3A, Forms 7-*bis* and 7-*ter*, and which will be made available to the public in the manner and within the time prescribed by the applicable provisions of law and regulations.

Proposed Resolution

Dear Shareholders,

if you agree on the Remuneration Report that we have presented to you, we submit for your approval the following resolution:

“The Ordinary Shareholders' Meeting of World Duty Free S.p.A., having examined the Remuneration Report prepared by the Board of Directors pursuant to the legal provisions and regulations in effect, as well as article 11 of the Company By-laws

Resolves

- a) *to express a favourable opinion regarding the remuneration policies of the Board of Directors, general managers and managers with strategic responsibilities;*
- b) *to express a favourable opinion regarding the procedures used for the adoption and implementation of the policies referred to in paragraph (a) of the resolution.”*

* * *

POINT 4) ON THE AGENDA

The approval, pursuant to art. 114-*bis* of leg. dec. 24 February 1998, no. 58, of an incentive plan for certain employees and directors holding specific offices in the Company and its subsidiaries. Related and resulting resolutions.

Dear Shareholders,

this section of the Report has been prepared in accordance with articles 114-*bis* and 125-*ter* and the TUF, and article 84-*ter* of the Issuers' Regulations.

The Board of Directors has convened you in this ordinary and combined session, on 14 May 2014, to submit for your approval, pursuant to Article 114-*bis* of the TUF, the adoption of a phantom stock option plan addressed to certain employees and/or directors with special duties at WDF and its directly or indirectly controlled subsidiaries, pursuant to Article 2359 of the Civil Code (the “**Subsidiaries**” and, along with the Company, the “**Group**”) (the “**Plan**”).

The conditions, terms and procedures of the Plan are defined in the approved regulation, to the extent applicable, by the Board of Directors of the Company on 3 April 2014, upon proposal by the Committee for Human Resources and with the favourable opinion of the Audit Board pursuant to art. 2389 of the Civil Code (the “**Regulations**”) and illustrated in the disclosure document, drawn up in accordance with Form 7 of Annex 3A of the Issuers' Regulations. The aforementioned documents are attached to this Report.

This Report aims to explain the rationale and content of the above proposal, referring to the attached documentation for the analytical illustration of the contents and provisions of the Plan.

1. Reasons for adopting the Plan

The Plan is designed to incentivise and retain employees and directors holding specific offices at the Company and its Subsidiaries who occupy the most important positions in terms of value creation. In particular, the Plan constitutes one of the means by which it intends to involve individuals who play a central role in achieving the Group's results to promote retention, at the same time guaranteeing the value of the Company and the Group and the alignment with shareholders' interests.

The Plan is undoubtedly an instrument of great value to the Company, which, as is known, only became an autonomous entity as of 1 October 2013 after its split from the company Autogrill S.p.A. and the subsequent listing of its shares in the online stock market operated by Borsa Italiana S.p.A.. In this context, the incentivisation and loyalty of management is an indispensable tool for this new and autonomous entity to continue its own independent path in line with the objectives pursued with the

split and communicated to the market.

2. Plan recipients

The Board of Directors shall identify, at its sole discretion, the employees and directors who hold specific offices at the Company or its Subsidiaries participating in the Plan (the “**Beneficiaries**”) from among those who hold offices which are strategically relevant or among individuals assigned to the *management* of the Company and its Subsidiaries, with a view to creating value.

In addition, the Human Resources Committee has suggested that the Chairman of the Board of Directors may be included among the beneficiaries of the Plan, without prejudice to his function as a non-executive director. It is in fact the opinion of the Committee for Human Resources that the post of Chairman, held by Mr Gianmario Tondato Da Ruos, is key for the market to guarantee the plan implemented by the Company following its separation from Autogrill S.p.A. and the start of its autonomous entity as an internationally-listed *player*. The objectives of incentives and, above all, loyalty pursued by the Plan therefore also apply to the current Chairman, who is a strategically important figure for the Company.

3. Procedures and terms of the Plan, with the specification as to whether its implementation is subject to conditions and, in particular, the achievement of specific results

The Plan will take effect from the date of the approval by the Shareholders' Meeting up to 30 June 2021.

The Plan provides for the allocation of free and non-transferable options *inter vivos* (the “**Options**”), each of which - under the terms and conditions of the Regulations - will grant the Beneficiaries the right to payment of a gross sum (the “**Premium**”) equal to the difference between:

- (i) the normal value of each ordinary share of the Company (the “**Shares**”) at the date on which the Options are exercised (the “**Final Value**”), determined according to the provisions of art. 9, paragraph 4, of Presidential Decree dated 22 December 1986, no. 917 (i.e., the arithmetic average of the official price of the Shares for each trading day recorded by the Borsa Italiana S.p.A. during the period commencing on the day preceding the exercise date to the same day of the previous month (both included)); and
- (ii) the normal value of each share at the assignment date of the Options (the “**Assignment Value**”), is determined as follows: (i) with reference to the first *Wave*, an amount equal to the arithmetic average of the official price (the Market price, weighted) of the Shares for each trading day on the electronic trading market organised and managed by Borsa Italiana S.p.A. in the period from 1 October 2013 to 3 April 2014, and (ii) for the *Waves* subsequent to the first *Wave*, the normal value of each Share at the Assignment Date, determined according to the provision in art. 9, paragraph 4, of Presidential Decree dated 22 December 1986, no. 917 (i.e., the arithmetic average of the official price of the Shares for each trading day recorded by Borsa Italiana S.p.A. over the period commencing on the day preceding the assignment date to the same day of the previous month (both included)).

In no event shall the amount of the premium determined in accordance with the following formula:

$$\text{Premium} = [(\text{Final Value} - \text{Value of Assignment}) * \text{Number of Vested Options}]$$

may exceed the maximum amount for each Beneficiary and in relation to each *Wave* by the Board of Directors and indicated in the corresponding application form (the “**Cap**”).

Assignment of the Options

The Options will take place during the attribution cycles (“**Waves**”), the start date of which shall be periodically established by the Board of Directors.

On the occasion of each *Wave*, the Company shall send each Beneficiary the Regulations and the application form containing, among others, an indication of the number of Options granted and the Assignment Value.

Each Beneficiary may participate in the Plan by delivering the application form to the Company within 10 days from receipt, subject to expiry. The Options granted shall be assigned on the date on which the Company receives the application form, duly completed and signed, and which will also be signed by the Company as an indication of the receipt and confirmation of said application form.

Vesting of the Options

As described in detail in the Regulations, the Options assigned shall mature, thus becoming “**Vested Options**”, only if all the following conditions are met:

- (i) the *performance* of the Share over the maturation period for the Options fixed for each *Wave* (the “**Vesting Period**”), is equal to or greater than 85% of the *performance* of the FTSE MIB Index during the same period; and
- (ii) the absence of “*default*” or “*cross default*” situations resulting from the Company’s non-compliance during the *Vesting Period*, of the *covenants* established with the lenders of the Company which are periodically applicable.

In the absence of such conditions, the Beneficiaries will definitively lose the right to exercise the Options assigned to them, unless otherwise determined by the Board of Directors.

Exercise of the Options

As described in detail in the Regulations, each Beneficiary may elect to exercise the Vested Options in one or more *tranches*, with a maximum of four *tranches*, during the Exercise Period, provided that the Vested Options may be exercised, thus becoming “**Exercisable Options**”:

- (i) in the amount of 80%, at the end of the *Vesting Period*; and
- (ii) for the remainder, from the expiry of the period of one year from the date of the end of the *Vesting Period*.

The number of Exercisable Options shall be calculated pursuant to the applicable provisions of the Regulations and in accordance with the mathematical formula set out therein.

Exercisable Options may be exercised, through the completion and delivery of the appropriate form of exercise, in one of the Working Days falling within the period of the last three years (unless otherwise specified), starting, for each *Wave*, from the end of the *Vesting Period* (the “**Exercise Period**”), with the exception of the days during which it is not permitted to exercise the Options in accordance with the Company’s “*Internal Dealing*” procedure, which is periodically enforced.

The outcome of the Options in the event of termination of the Relationship

As a result of the exercise of Vested Options, the Beneficiaries will be entitled to receive the Premium and the terms and conditions set forth in the Regulations.

It should be noted that the right to exercise the Options is genetically and functionally linked to the persistence of an employment relationship and/or directorship within the Company or its Subsidiaries (the “**Relationship**”). The outcome of the Options in the event of termination of the Relationship is governed by the provisions of Article 8 of the Regulations, summarised below.

In the event of termination of the Relationship in a *Bad Leaver* scenario, as identified in the corresponding application form, the Beneficiary shall definitively lose the right to exercise the Options not yet exercised.

In the event of termination of the Relationship in a *Good Leaver* scenario, as identified in the corresponding application form, the termination date of which is prior to the expiry of the *Vesting* Period, the Beneficiary (or their heirs or legitimate next of kin) shall maintain the right to exercise, before the expiry of the Exercise Period, a number of Vested Options adjusted pro-rata based on the period of the employee's effective service during the *Vesting* Period, with the resulting *ratione temporis* re-proportioning also in the amount of the *Cap*.

In the event of termination of the Relationship in a *Good Leaver* scenario whose date of termination occurs during the Exercise Period, the Beneficiary (or their heirs or legitimate next of kin) will retain the right to exercise, before the expiry of the Exercise Period, the Exercisable Options still in their possession at the termination date of the Relationship.

The right of each Beneficiary to receive the Premium under the terms and conditions described above is also subject to the fact that the Beneficiary, whose Relationship with the Company or a Subsidiary is terminated, does not carry out, whether personally or through another natural or legal person, any activities, even if only occasionally or free, in favour of one of the Company's competing entities, as identified in the application form, for a period of 12 months following the termination date of the Relationship. In the event of a violation of that obligation, the Beneficiary will lose the right to receive the Premium, if not yet paid or, in the event it has already been paid, will be required to return the Premium to the member company.

Change of control and Opa

If, during the *Vesting* Period a Change of Control takes place, as defined in the Regulations, the payment of the amount indicated in the application form at the expiry date of the *Vesting* Period for each *Wave* to which each Beneficiary has subscribed, shall be honoured. Such Premium shall be paid, as applicable, by the Company or the Subsidiary affected by the Change of Control, in lieu of any other rights or premium provided for in the Plan, which will then become ineffective regarding the Beneficiaries concerned.

In the case of a public takeover bid or exchange offer concerning shares of the Company not involving a Change of Control, the Beneficiaries shall retain the right to exercise the Vested Options under the same terms and conditions. However, the Board of Directors may allow the Beneficiaries to exercise early (in whole or in part) the unexercised Options (even if not yet Vested).

Delisting

In the event of a *delisting* of the Company shares during the *Vesting* Period, the Plan shall cease to be effective and the Board of Directors shall have the full power to adopt the resolutions deemed most appropriate regarding the outcome of the Options, without prejudice in each case to the rights of Beneficiaries, for each *Wave* to which they have subscribed, upon disbursement, at the time of the *delisting*, of a premium as per that indicated in the Application Form, *pro-rated* for each *Wave*, based on the most recent *Vesting* Period.

Minimum Holding

Beneficiaries who, at the date of each disbursement of the Premium, are directors of the Company, will be obliged to buy a number of Shares on the electronic trading market organised and managed by Borsa Italiana S.p.A., corresponding to a total investment amounting to 20% of the payable Net Premium (the so-called *minimum holding* commitment). Such Shares will be maintained - except in the case of prior authorisation in writing by the Board of Directors - up to the date of termination of the assignment.

4. Any support for the Plan from the special Fund for the incentivisation of the participation of employees in the undertakings in art. 4, paragraph 112, of Law 24

December 2003, no. 350.

No provisions are currently implemented for the Plan to be supported by the special Fund for incentivising the participation of employees in the undertakings referred to in Article 4, paragraph 112 of the Law of 24 December 2003 no. 350.

5. Method for the determining prices or criteria for the determination of subscription or share purchase prices

The exercise of the Options granted under the Plan does not entail the right to subscribe to or purchase Shares, but to the payment of the Premium. The procedures and criteria for determining the Premium are indicated in paragraph 3 above.

6. Availability restrictions imposed on shares or options granted, with particular reference to the period within which the subsequent transfer to the company or to third parties is permitted or prohibited

The Options shall be assigned to the Beneficiaries free of charge, on an individual basis, and may not be transferred inter vivos or be subject to restrictions or to a transaction of any other kind.

The exercise of the Options granted under the Plan does not grant the right to subscribe to or purchase Shares, but the payment of the Premium.

Proposed Resolution

Dear Shareholders,

for the reasons outlined above, the Board of Directors proposes that you adopt the following resolutions:

“The Ordinary Shareholders' Meeting of World Duty Free S.p.A., based on the Report of the Board of Directors and relevant attachments (including the disclosure document prepared pursuant to art. 114-bis of the TUF and art. 84-bis of the Issuers' Regulations and the Plan rules) , noted the proposal of the Committee on Human Resources, agreed on the reasons forming the basis of the Plan and, in particular, but not limited to, the reasons for which the Chairman of the Board of Directors, though not executive, will be among the potential beneficiaries of the Plan, and the favourable opinion of the Audit Board pursuant to art. 2389 c.c., given art. 114-bis of the TUF and the regulations issued by Consob,

Resolves

- 1. to approve, pursuant to and for the effects of, art. 114-bis of the TUF, the adoption of an incentive plan based on the phantom stock option called "Phantom Stock Option Plan of 2014" addressed to certain employees and directors holding specific offices at the Company and its subsidiaries, the terms, conditions and implementation of which are described in the disclosure document attached to the report of the Board of Directors, and in the regulation of the plan attached to the disclosure document;*
- 2. to grant the Board of Directors, with the express power of delegation, the broadest powers necessary or appropriate to proceed with the full implementation of the "Phantom Stock Option Plan of 2014", including, by way of example, but not limited to the power to:*
 - (i) identify (with the periodic abstaining of any interested parties) the beneficiaries of the plan and determine the number of options to be granted to each of them;*
 - (ii) exercise all the powers and functions conferred on the Board of Directors by the rules of the plan and to make the appropriate decisions;*

- (iii) make any changes and/or additions deemed necessary and/or appropriate to the rules of the plan in the event of extraordinary transactions on the capital of the Company, to maintain unchanged, to the extent periodically permitted by applicable law, the substantive and financial content of the plan; and*
- (iv) undertake to inform as to the market, prepare and/or finalise all the documents necessary or appropriate relating to the Plan pursuant to the applicable laws and regulations and, in general, the implementation of these resolutions.*

* * *

Milan, 12 April 2014

For the Board of Directors
The Chairman
Gianmario Tondato Da Ruos
