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**REPORT OF THE BOARD OF DIRECTORS OF AUTOGRILL S.P.A.**

**ON THE PROJECT FOR THE PARTIAL AND PROPORTIONAL DEMERGER**

**OF AUTOGRILL S.P.A. IN FAVOUR OF WORLD DUTY FREE S.P.A.**

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Pursuant to

Articles 2501-*quinquies* and 2506-*ter* of the Italian Civil Code

and

Article 70, second paragraph of the Consob regulation passed by resolution no. 11971 dated 14 May 1999 (the “**Issuers Regulation**”)

Milan - 3 May 2013

**Autogrill S.p.A.**

Registered office in Novara, via L. Giulietti n. 9 and Secondary office in Rozzano (MI), Centro Direzionale Milanofiori - Strada 5, Palazzo Z

Share Capital Euro 132,288,000.00 fully paid-up

Company Register of Novara Italian Tax Code no. 03091940266

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**Report of the Board of Directors of Autogrill S.p.A. on the project for the partial and proportional demerger of Autogrill S.p.A. in favour of World Duty Free S.p.A., pursuant to Articles 2501-*quinquies* and 2506-*ter* of the Italian Civil Code and of Article 70, second paragraph of the Issuers Regulation.**

Shareholders,

We hereby submit for your consideration and approval the project for the partial and proportional demerger of Autogrill S.p.A. ("**Autogrill**" or the "**Assigning Company**") in favour of World Duty Free S.p.A. ("**WDF**" or the "**Beneficiary Company**" and, together with Autogrill, the "**Companies**") prepared, filed and registered pursuant to the law on the basis of the balance sheet of Autogrill as of 31 December 2012, which, if approved by the Shareholders' Meeting (convened in ordinary session on 6 June 2013), will become the 2012 financial statements, and the balance sheet of WDF as of 15 April 2013 (the "**Demerger Project**").

This report (the "**Report**") aims to explain, from a legal and economic standpoint, the Demerger Project, in compliance with the provisions of Articles 2501-*quinquies* and 2506-*ter* of the Italian Civil Code and Article 70, second paragraph, of the Issuers Regulation.

\* \* \*

**1. INTRODUCTION**

The transaction defined in the Demerger Project (the "**Demerger**"), if approved by the Shareholders of the Company, will be implemented through the assignment by Autogrill to WDF of the part of the assets of Autogrill related to the business indirectly carried out in the *Travel Retail & Duty Free*, sector and more specifically the entire interest held by Autogrill in the Spanish company World Duty Free Group SAU, with registered office in Calle Josefa Valcárcel 30, Edificio (Building) Merrimack IV, Madrid, Spain, entered in the Companies Register of Madrid, Volume 5.701 Leave: M-93.305, tax code A28293348, VAT Code number ESA28293348, shared capital of Euro 1,800,000.00 ("**WDFG SAU**").

As a result of the Demerger, Autogrill Shareholders will be assigned, without consideration, a number of Beneficiary Company's shares equal to those of the Assigning Company held by each of them.

Simultaneously with the implementation of the activities required for the consummation of the Demerger, WDF will apply, with the competent Authorities and other relevant bodies, for the admission to listing of its shares on the regulated market of a European Union Member State (the "**European Regulated Market**") which will be identified before the date of the Shareholders' Meetings of Autogrill and WDF convened to approve the

Demerger Project.

Following the Demerger, the Autogrill's shares will continue to be listed on the Italian Electronic Stock Market (*Mercato Telematico Azionario*, "MTA") managed by Borsa Italiana S.p.A. ("**Borsa Italiana**").

Pending the Demerger process:

- (a) some companies, which as a result of the Demerger will refer to the Beneficiary Company, will enter into a loan agreement aimed at finding new financial resources (see section 3.4.2);
- (b) the intercompany loan Autogrill granted to WDFG SAU will be paid off (see section 3.4.2);
- (c) HMSHost Corp. ("**HMS**", a company that shall remain within the group referring to the Assigning Company even after the Demerger) will transfer to the group referring to the Beneficiary Company all the activities for the management, upon concession, of the *convenience stores* operated, almost exclusively, in some North American airports, currently run by the same HMS and by some of its subsidiaries (the "**U.S. Retail Branch**") (see section 3.4.2);
- (d) WDFG SAU shall pay to the Assigning Company a dividend, whose distribution was approved on 30 April 2013 (see section 3.2.3).

## 2. ILLUSTRATION OF AND REASON FOR THE DEMERGER

### 2.1 Description of the Companies involved in the Demerger

#### 2.1.1 *The Assigning Company*

**Autogrill S.p.A.**, with registered office in Novara, Via L. Giulietti n. 9, and secondary office in Rozzano (MI), Centro Direzionale Milanofiori - Strada 5, Palazzo Z, Tax code and Company registration to the Register of Companies of Novara no. 03091940266, registered under no. 188902 with the Economic and Administrative Register of Novara's Chamber of Commerce .

At the date of this Report, the share capital fully subscribed and paid up amounts to Euro 132,288,000.00 represented by no. 254,400,000 shares with a par value of Euro 0.52 each. However, the Shareholders' Meeting of Autogrill, convened in extraordinary session on 6 June 2013, will be called to vote on the proposal to remove from Article 5 ("*Share Capital*") of Autogrill's Bylaws the indication of said par value.

Autogrill's shares are traded on the MTA organised and managed by Borsa Italiana.

### 2.1.2 *The Beneficiary Company*

**World Duty Free S.p.A.**, with registered office in Novara, Tax code and Company Register number 023624490035, registered under no. 231704 with the Economic and Administrative Register of Novara's Chamber of Commerce of Novara.

At the date of this Report, the share capital fully subscribed and paid up amounts to Euro 120,000.00 represented by no. 120,000 shares having no par value.

WDF was incorporated on 27 March 2013 (and registered with the Novara's Register of Companies on 3 April 2013) specifically for the Demerger's implementation and its share capital, at the date of this Report, is entirely owned by Autogrill. Since its incorporation, WDF has only conducted operations in preparation for the Demerger.

## 2.2 **Reasons and objectives of the Demerger**

### 2.2.1 *The Autogrill group today*

Autogrill is the parent company of the Autogrill group.

At present, the Autogrill group mainly operates, under concessionary agreements, in two distinct business segments: (a) the restaurant business, administration and retailing of food and other goods ("**Food & Beverage**"), and (b) the sale, almost exclusively in airports, of articles of perfumery and cosmetics, liquor, tobacco and other products in "*duty free*" and "*duty-paid*" tax conditions ("**Travel Retail & Duty Free**").

Autogrill, a world leader in the catering industry dedicated to the "*people on the move*", entered the *Travel Retail & Duty Free* sector in 2005, with the acquisition of 50% of the Spanish company Aldeasa S.A., the leading airport *retailer* in Spain operating in Latin America and the Middle East. The group then completed its expansion in the *Travel Retail & Duty Free* sector with the acquisition in 2007 of Alpha Airports Group Plc. and, in the following year, of the remaining stake in Aldeasa SA as well as the entire shareholding in World Duty Free Europe Ltd.

Once the integration of the acquired companies was completed in the subsequent years, they formed a single coordinated set of *Travel Retail & Duty Free* activities, all under the control of WDFG SAU.

Today the group, headed by WDFG SAU, is one of the leading global businesses in the airport retail sector.

## 2.2.2 *Differences between the Food & Beverage and Travel Retail & Duty Free Sectors*

### (A) Introduction

The two sectors in which the Autogrill group operates - *Food & Beverage* and *Travel Retail & Duty Free* - have substantial differences, both in terms of market and competitive landscape, as well as in terms of management and development strategies. These differing characteristics are reflected in the different historical and projected results of the two sectors, and in the development strategies that they will pursue in the foreseeable future.

### (B) Differences in terms of market and competitive landscape

#### ***Food & Beverage***

In the *Food & Beverage* sector, the Autogrill group is the leading global operator for business concessions. The main business channels are airports, where the group is more exposed to the flow of global trade, and motorways, where instead the dynamics of individual geographies prevail.

With few exceptions, competition grows locally and one of the main critical success factors is the ability to diversify the commercial offer on a geographical basis.

The ability to develop and offer a wide range of products, that combines local identities and national or international brands, is a key competitive advantage that helps renew concession contracts in the portfolio and also to be awarded new ones.

The results achieved by the Autogrill group from this point of view are extremely positive, and are reinforced by a contract portfolio with an average duration of more than 7 years.

It is highly unlikely that the competitive dynamics and landscape in the *Food & Beverage* sector will change in the short term, but this substantial stability is not in itself a guarantee of business growth over the coming years: not only due to a structural weakness of the motorways in Europe, but also due to the persistence of inflationary pressures on the main production costs.

#### ***Travel Retail & Duty Free***

The *Travel Retail & Duty Free* sector is characterised by high levels of competitive pressure, facilitated by the lower investments required to support growth and a lower need for geographical differentiation of the offer as compared to the Food and Beverage industry.

As is typical for the retail business sector, size is a critical success factor, which generates significant operating efficiencies. Other success factors are the ability to identify and satisfy the needs and tastes of travellers through the creation of an attractive commercial "environment" and by implementing targeted promotional activities.

While not detaining absolute global leadership as in the *Food & Beverage* sector, the Autogrill group boasts an excellent competitive position in the *Travel Retail & Duty Free* sector, thanks to its size, making it one of the world's leading operators, and to a portfolio of contracts among the longest in the industry (on average over 8 years).

(C) Differences in management dynamics and development strategies

***Food & Beverage***

In the *Food & Beverage* sector, the strategy of Autogrill group will aim to rationalise the business model and to a geographical and channel repositioning.

The pursuit of this strategy has, as its main objective, that of increasing its presence in the less capital-intensive channels, such as airports and railway stations, and in locations with higher growth prospects, reducing the burden of motorway operations in Europe, which are characterised by a higher incidence in fixed costs and are more capital-intensive and have thus been penalised in the recent past by the negative economic scenario. This process will be complemented by the improvement of the commercial offer to match and anticipate changing customer needs, with the goal of increasing the penetration of traffic and recovering margins.

The process of business reorganisation will also continue, in order to align the central functions and the network to the current market dynamics and operational requirements.

The available resources will therefore be directed to development which will be pursued through selective participation in tenders, agreements with local operators and possible acquisitions of small to medium-sized companies.

***Travel Retail & Duty Free***

As regards the *Travel Retail & Duty Free* sector, the goal will be growth, which can be pursued thanks to a portfolio of contracts without significant deadlines in the short to medium term and with our excellence in business development, which has been proven during the many international tenders won and the recent renewal of concessions with the Spanish airports.

Along with the intention of winning new international contracts, the renewed contracts in Spain will contribute to the growth of group sales in the sector, thanks to the combination of the long duration of concessions and the significant increase in sales areas.

Opportunities for external growth could complement organic company growth, accelerating the achievement of strategic objectives.

(D) Differences in terms of achieved and future results

In the last three years, the two business units have achieved different results, in line with



the evolution of the different channels in which they operate.

### ***Food & Beverage***

In the *Food & Beverage* sector, the Autogrill group has recorded excellent sales performance in airports, which is the most important channel for the group. The group's presence in this channel is mainly concentrated in North America, where sales have grown significantly and have outpaced the growth in traffic. In terms of profitability, sales growth has not fully offset the inflationary pressures that have affected the two main items of cost: labour and cost of goods sold.

Autogrill's results have been less successful in the motorway channel - where the group's restaurant business activities in Europe are concentrated – negatively affected, particularly in Italy, by the very difficult economic situation. The evolution of traffic has been seriously affected by the economic recession, which in turn has had a negative impact on the traveller's propensity to spend. In this context, the high impact of fixed costs that characterises the motorway channel explains the more than proportional decline in profitability compared to the decline in sales.

The Autogrill group has launched a major overhaul of its business model in the *Food & Beverage* sector, by introducing measures which aim at reducing the impact of declining sales in Europe and strengthening margins and cash flow generation.

### ***Travel Retail & Duty Free***

The *Travel Retail & Duty Free* sector, which operates almost exclusively in airports, has fully benefited from the increased dynamism of this channel, where traffic has recorded positive growth rates, thanks to the development of the economies of emerging markets and the growth in commercial trade.

Even though its business is mainly concentrated in Europe, the Autogrill group benefits from the presence in hubs representing the crossroads of world traffic and, thanks to the implementation of targeted commercial policies, has been able to successfully capture the flow of international travellers characterised by a higher propensity to spend. This allowed Autogrill not only to achieve constantly improving results in terms of sales and profitability, but also growth rates significantly higher than the corresponding traffic increases.

The performance of the *Travel Retail & Duty Free* sector is also characterised by significant cash generation, also thanks to the lower capital intensity structurally necessary for the operation and development of the business.

### (E) Conclusions

The Demerger aims at separating the activities carried out by the Autogrill group in the

two sectors of *Travel Retail & Duty Free* and *Food & Beverage*.

This transaction reflects the belief that the creation of two distinct groups, autonomous and independent, would allow each of them to better pursue its strategies and improve its performance by leveraging their respective strengths.

On top of their different strategic objectives, the *Food & Beverage* and *Travel Retail & Duty Free* sectors are already currently managed independently and no significant synergies connect one to the other.

In addition, the separation of the two sectors, obtained through the proposed Demerger, may enable a greater transparency for the businesses to the financial markets and, consequently, an independent assessment of the different strategies, as well as facilitating mergers within their respective markets.

## 2.3 Main legal aspects of the Demerger

### 2.3.1 *The Demerger*

From a legal perspective, the division of the *Travel Retail & Duty Free* and *Food & Beverage* sectors will be implemented through the partial and proportional demerger of Autogrill for the benefit of the wholly-owned subsidiary WDF, by assignment from Autogrill to WDF of the entire stake in WDFG SAU, through which Autogrill is indirectly active in the *Travel Retail & Duty Free* sector (as detailed in the next section 3.1).

The shareholders of the Assigning Company will be allotted shares of the Beneficiary Company in proportion to their shareholding in Autogrill. More specifically, in consideration for the assets to be transferred under the Demerger, the Autogrill's Shareholders will be granted, without payment of any consideration, newly issued WDF's shares in the ratio of 1 (one) to 1 (one).

The Demerger will be implemented in compliance with Articles 2506 and subsequent of the Italian Civil Code, according to the terms and conditions contained in the Demerger Project approved by the Boards of Directors of Autogrill and WDF on 3 May 2013.

Pursuant to the combined provisions of Articles 2506-ter and 2501-quater of the Italian Civil Code, the balance sheet of the Beneficiary Company as of 15 April 2013, was prepared and approved by the Board of Directors of WDF meeting on 3 May 2013.

In accordance with the right granted under Article 2501-quater of the Italian Civil Code, the Assigning Company did not prepare a specific balance sheet, but used the draft financial statements for year 2012, approved by the Board of Directors which met on 7 March 2013 and that, following the approval by the Ordinary Shareholders' Meeting of the Assigning Company convened on 6 June 2013, will become the financial statements of the latter for the year ending on 31 December 2012 (the "**2012 Financial Statements**").

The above documentation is made available to the Shareholders and the public in accordance with the terms provided for by the law.

As the transaction is a proportional Demerger in favour of a company whose capital at the date of the Demerger Project, is wholly owned by the Assigning Company - and will remain so until the Demerger's effective date - it will not result in any change in the value of the aggregate shareholdings owned by the Shareholders of the Assigning Company and therefore no expert's report as per Articles 2501 and 2506-ter, third paragraph, of the Italian Civil Code was prepared.

### 2.3.2 *Listing of shares in the Beneficiary Company*

In addition to carrying out the activities required for the completion of the Demerger, an application will be submitted for admission of the Beneficiary Company's shares to trading on the European Regulated Market that will be selected by the competent bodies of the Assigning Company and the Beneficiary Company, before the date chosen for Autogrill and WDF Shareholders' Meetings convened, among other things, to approve the Demerger Project. For clarity sake, the term "European Regulated Market" shall also include the MTA organised and managed by Borsa Italiana, which could therefore be selected as the listing market.

The listing of the shares in the Beneficiary Company shall require the necessary authorizations issued by the competent authorities in compliance with applicable law.

The date of commencement for the trading of the Beneficiary Company's shares on the chosen European Regulated Market shall be determined by the competent bodies; said date shall coincide with the first day of trading of the Assigning Company's shares following the effective date of the Demerger.

### 2.3.3 *Amendments to the Bylaws of the Assigning Company*

The Bylaws of the Assigning Company will not change following the Demerger, except for the following:

- (a) amendments to Article 5 ("Share Capital") required to mirror the reduction of the share capital of the Assigning Company after the Demerger, as indicated in section 3.2.1 below; and
- (b) amendments to Article 5 ("Share Capital") resulting from the elimination of the par value of each single share of the Assigning Company (see previous section 2.1.1).

Below is the current wording of Article 5, compared with the wording that will result following the adoption of the aforesaid changes:

Current Bylaws	Bylaws after Demerger
<p style="text-align: center;"><b>Article 5</b> <b>Share capital</b></p> <p>The share capital amounts to Euro 132,288,000 (one hundred thirty-two million two hundred eighty eight thousand) divided into 254,400,000 (two hundred fifty-four million four hundred thousand) shares having a nominal value of Euro 0.52 (zero point fifty-two) each and may be increased by Shareholders' Meeting resolution even through contributions in assets or receivables.</p> <p>The Shareholders may authorise the Board of Directors to increase the share capital one or more times up to a specified amount and for a maximum period of five (5) years from the date of the resolution, as well as the right to issue convertible bonds one or several times, up to a specified amount and for a maximum period of five (5) years from the date of the resolution.</p> <p>The allocation of earnings and/or retained earnings to employees of the Company or its subsidiaries shall be allowed, in the manner and forms provided for by law, through the issuance of shares pursuant to the first paragraph of Art. 2349 of the Italian Civil Code.</p> <p>On 20 April 2010, the Extraordinary Shareholders' Meeting resolved to increase the share capital in one or more tranches, pursuant to Article 2439, paragraph 2, of the Italian Civil Code, with the exclusion of option rights pursuant to combined provisions of Articles 2441, paragraphs 5 and 8 of the Italian Civil Code and Article 134, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, and starting no later than 30 May 2015, for a maximum nominal amount of Euro 1,040,000.00 (one million forty-thousand and zero cents) (plus premium), through the issuance, in one or more tranches of a maximum of 2,000,000 (two million) ordinary shares of Autogrill with dividend rights, destined exclusively and irrevocably for the 2010 Stock Option Plan, in accordance with all terms and conditions set out in the resolution.</p> <p>On 21 April 2011, the Extraordinary Shareholders' Meeting resolved to authorise the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code and art. 5 of the Bylaws, for a period of five years from the date of the resolution, to increase the share capital, one or more times, up to a maximum nominal amount of Euro 1,820,000 through the issue at par value of a maximum number of 3,500,000 ordinary shares with dividend rights, to be assigned to the beneficiaries of the incentive plan called the New Leadership Team Long Term Incentive Plan</p>	<p style="text-align: center;"><b>Article 5</b> <b>Share capital</b></p> <p>The share capital amounts to Euro 68,688,000 (<del>sixty-eight million six hundred eighty-eight thousand</del> <u>132,288,000 (one hundred thirty-two million two hundred eighty eight thousand)</u>) divided into 254,400,000 (two hundred fifty-four million four hundred thousand) shares with no par value <del>of Euro 0.52 (zero point fifty-two) each</del> and may be increased by Shareholders' Meeting resolution even through contributions in assets or receivables.</p> <p>The Shareholders may authorise the Board of Directors to increase the share capital one or more times up to a specified amount and for a maximum period of five (5) years from the date of the resolution, as well as the right to issue one or several times convertible bonds, up to a specified amount and for a maximum period of five (5) years from the date of the resolution.</p> <p>The allocation of earnings and/or retained earnings to employees of the Company or its subsidiaries shall be allowed, in the manner and forms provided for by law, through the issuance of shares pursuant to the first paragraph of Art. 2349 of the Italian Civil Code.</p> <p>On 20 April 2010, the Extraordinary Shareholders' Meeting resolved to increase the share capital in one or more tranches, pursuant to and for the purposes of Article 2439, paragraph 2, of the Italian Civil Code, with the exclusion of option rights pursuant to combined provisions of Articles 2441, paragraphs 5 and 8 of the Italian Civil Code and Article 134, paragraph 2, of Legislative Decree no. 58 of February 24, 1998, and running no later than May 30, 2015, for a maximum <del>nominal amount</del> of Euro 1,040,000.00 (one million forty-thousand and zero cents) (plus premium), through the issuance, in one or more tranches of a maximum of 2,000,000 (two million) ordinary shares of Autogrill <u>having no par value</u>, with dividend rights, destined exclusively and irrevocably for the 2010 Stock Option Plan, in accordance with all terms and conditions set out in the resolution.</p> <p>On 21 April 2011, the Extraordinary Shareholders' Meeting resolved to authorise the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code and art. 5 of the Bylaws, for a period of five years from the date of the resolution, to increase the share capital, one or more times, up to a maximum <del>nominal</del> amount of Euro 1,820,000, through the issue <del>at par value</del> of a maximum number of 3,500,000 ordinary shares <u>having no par value, with dividend rights, to be budgeted at Euro 0.52 for each</u></p>

<p>Autogrill (LTIP-L), approved by the Shareholders on that date, subject to the terms, conditions and modes provided for in this plan; these capital increases must be made using pursuant to Art. 2349, first paragraph, of the Italian Civil Code, profits and/or profit reserves resulting from the last financial statement time by time approved.</p>	<p><u>share</u>, assigned to the beneficiaries of the incentive plan called the New Leadership Team Long Term Incentive Plan Autogrill (LTIP-L), approved by the Shareholders on that date, subject to the terms, conditions and modes provided for in this plan; these capital increases must be made using pursuant to Art. 2349, first paragraph, of the Italian Civil Code, profits and/or profit reserves resulting from the last financial statement time by time approved.</p>
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The Bylaws of the Assigning Company after the Demerger is attached to the Demerger Project as **Annex A**.

#### 2.3.4 *Amendments to the Bylaws of the Beneficiary Company*

As mentioned, it is expected that the Beneficiary Company's shares are admitted to trading on a European Regulated Market.

Therefore, the Shareholders' Meeting of WDF, which will be convened to approve the Demerger, will also be asked to vote on the adoption, with effect from the date of the Demerger, of a new Bylaws compliant with the provisions on corporate governance, applicable to companies listed on a European Regulated Market, as established by the EU legislation for the sector.

The aforementioned Bylaws, annexed to the Demerger Project as Annex B, will still substantially coincide with that of Autogrill after the Demerger.

However, unlike the provisions of the Bylaws of Autogrill after the Demerger, the Bylaws of WDF after the Demerger will include:

- (a) in Article 7 ("*Notice, right to intervene and representation in the Shareholders' meeting*"), that the Shareholder's Meeting shall be convened in single call, unless the Board of Directors deems that the said meeting should be convened in multiple calls;
- (b) in Article 7 ("*Notice, right to intervene and representation in the Shareholders' meeting*"), that the Shareholders' Meeting can validly take place, in Italy or in another EU member state;
- (c) in Article 10 ("*Board of Directors*"), that in line with the provisions of Article 147-ter, third paragraph, of Legislative Decree no. 58 of 24 February 1998 (*Consolidated Law on Finance*, so-called "**TUF**"), only one of the members of the Board of Directors shall be elected from the minority list;
- (d) in Article 10 ("*Board of Directors*"), that the Shareholders shall resolve on the confirmation or replacement of the directors appointed by the Board of Directors according to the terms established by the same Article 10 in question with the majorities required by law to, provided that only the minority shareholders shall be

entitled to confirm or replace the director taken from the minority list, and the majority shareholders shall not be entitled to cast their vote in this regard; moreover, shareholders representing at least 1.5% of the share capital or any other percentage, if lower, required by law shall not be entitled to propose their own candidate for the replacement of the director appointed by the Board of Directors;

- (e) in Article 20 ("*Board of Auditors*"), that the Shareholders shall resolve on the changes to be made in the Board of Auditors, as a result of replacement or resignation of any of its members, according to the legal majorities;
- (f) some minor changes relating, in particular, to the rephrasing of the corporate purpose (Article 2), the secondary office of the company (Article 3), the duration of the company (Article 4) and the minimum number of components for the Board of Directors (Article 10), as well as certain other changes intended to clarify some of the characteristics of the shares issued and the consequences connected by becoming shareholders (Article 5).

### **3. ASSETS AND LIABILITIES TO BE TRANSFERRED TO THE BENEFICIARY COMPANY AND FINANCIAL EFFECTS OF THE DEMERGER**

#### **3.1 Assets and liabilities to be transferred**

The activity in the *Travel Retail & Duty Free* sector is, to date, indirectly carried out by Autogrill through the group of companies headed by WDFG SAU, the wholly-owned subsidiary of Autogrill.

Therefore, the Demerger - and consequent separation of the two business sectors *Travel Retail & Duty Free*, on the one hand, and *Food & Beverage*, on the other hand - will be implemented through the assignment of the entire shareholding held by Autogrill in WDFG SAU to the Beneficiary Company.

The Assigning Company will assign to the Beneficiary Company its shareholding in WDFG SAU, in compliance with the principle of continuity in bookkeeping values, at the carrying amount for which the shareholding is registered amounting to - as of 31 December 2012 - Euro 428,878,184.00.

No other asset or liability of the Assigning Company, excluding what is expressly stated herein, will be assigned by Autogrill to WDF. Therefore, the net asset value to be assigned is equal to Euro 428,878,184.00.

### 3.2 Assets and liabilities to be transferred

#### 3.2.1 *Impact of the Demerger on the equity of Autogrill*

As a result of the Demerger, the Assigning Company's net asset value of the will be reduced by the amount of Euro 428,878,184.00. This reduction shall be allocated to the various items of the Assigning Company's net assets on the basis of the ratio between the net assets of the Assigning Company and those of the Beneficiary company resulting from the Demerger, taking as reference the data at 31 December 2012 of the Assigning Company and also taking into account: (i) material events subsequent to 31 December 2012 (indicated below in section 3.2.3), whose effects – in the amount determined as of the date of the Demerger Project - will occur on the aforementioned net assets before the Demerger's effective date; and (ii) the necessary rounding required to define the par (unexpressed) value of the Assigning Company's and the Beneficiary Company's shares.

More precisely, the reduction in Autogrill's equity of Euro 428,878,184.00 will be distributed as follows:

- (a) Euro 63,600,000.00 deducted from share capital;
- (b) Euro 365,278,184.00 deducted from reserves, i.e.:
  - (i) Euro 12,720,000.00 deducted from statutory reserves (which will therefore amount to Euro 13,737,600.00); and
  - (ii) Euro 352,558,184.00 deducted from the item "other reserves and retained earnings" (the amount of which will therefore be Euro 207,394,776.00).

Given the proposal to eliminate the shares' par value, the aforementioned reduction of the share capital of Autogrill will not cause the cancellation of any shares.

#### 3.2.2 *Impact of the Demerger on the equity of Beneficiary Company*

As a result of the Demerger, the Beneficiary Company's net assets value shall increase by Euro 428,878,184.00 (amount equal to the book value at 31 December 2012 of the shareholding in WDFG SAU which Autogrill shall transfer to WDF) by charging:

- (a) Euro 63,600,000.00 to share capital, consequently increasing the latter from Euro 120,000.00 to Euro 63,720,000.00; and
- (b) Euro 365,278,184.00 to reserves for an aggregate amount of:
  - (i) Euro 12,720,000.00 to statutory reserves; and
  - (ii) Euro 352,558,184.00 to the item "other reserves and retained earnings".

The aforesaid increase in share capital shall be achieved through the issue of no. 254,400,000 new shares. Therefore, by virtue of the Demerger, the share capital of the Beneficiary Company shall result in a total of no. 254,520,000 shares having no par value.

### 3.2.3 Highlights

The following table summarises the equity effects described above.

The first column shows the net assets of the Assigning Company prior to the Demerger at 31 December 2012, the second column shows the effects of the Demerger on the net assets of the Beneficiary Company and the third column shows the net assets of the Assigning Company resulting from the Demerger. Furthermore, the effects (determined in the relevant amount at the date of the Demerger Project) on the equity of the Companies are also considered, resulting from the significant events that, although subsequent to 31 December 2012, are expected to be produced at the effective date of the Transaction.

In particular, the following table reflects the impact of the resolution to distribute a dividend of Euro 220 million, passed by the Shareholders' Meeting of WDFG SAU on 30 April 2013, in favour of its sole shareholder Autogrill. The Board of Directors of WDFG SAU, which has been delegated to implement this resolution, shall consequently pay the entire dividend to Autogrill before the effective date of the Demerger.

No consideration was given neither to the effects that could arise from non-significant and minor events, nor to the effects related to the result that the Assigning Company will accrue from 1 January 2013 to the effective date of the Demerger.

The representation given in the table below is based on the assumption that the Shareholders' Meeting called to approve the 2012 financial statement will resolve not to distribute any dividends in line with what proposed by said Company's Board of Directors which met on 7 March 2013.

	<b>Autogrill S.p.A before the Demerger</b>	<b>Impact on equity of World Duty Free S.p.A as a result of the Demerger</b>	<b>Autogrill S.p.A after the Demerger</b>
Share Capital	132,288,000	*63,600,000	68,688,000
Statutory reserve	26,457,600	12,720,000	13,737,600
Valuation reserve for hedging	(10,034,545)	-	(10,034,545)



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derivatives			
Reserve for treasury shares	(7,724,711)	-	(7,724,711)
Other reserves and retained earnings	559,952,960	352,558,184	207,394,776
Loss of financial statement 2012	(14,577,721)	-	(14,577,721)
<b>Net equity at 31 December 2012</b>	<b>686,361,583</b>	<b>428,878,184</b>	<b>257,483,399</b>
<i>Relevant effects which will occur after 31 December 2012 and before the date of the Demerger</i>			
Distribution of dividends from WDFG SAU to the Assigning Company **	220,000,000	-	220,000,000
Changes in accounting standards from 1 January 2013 ***	(6,509,485)	-	(6,509,485)
<b>Shareholders' equity inclusive of the effects considered relevant after 31 December 2012 and before the date of the Demerger.</b>	<b>899,852,098</b>	<b>428,878,184</b>	<b>470,973,914</b>

\* The share capital of WDF as a result of the Demerger will be equal to Euro 63,720,000.00 in view of the fact that WDF has a share capital of EUR 120,000.00 prior to the Demerger.

\*\* It is expected that before the effective date of the Demerger WDFG SAU will distribute to Autogrill a gross dividend of Euro 220 million. The table therefore reflects the effects of this distribution, which, in view of the fiscal situation of Autogrill, will not determine any tax effect for the Assigning Company.

\*\*\* From 1 January 2013 it shall be mandatory to apply the *revised* IAS 19, where changes resulting from actuarial differences calculated in relation to the programs of employee benefits shall be fully acknowledged in other components of comprehensive income. The amount shown in the table represents the effect on the net assets of Autogrill resulting from such application.

### 3.3 Actual values of the net assets transferred to the Beneficiary Company and net assets remaining with the Beneficiary Company

Pursuant to Article 2506-ter, second paragraph, of the Italian Civil Code:

- (a) the value of the net equity assigned to the Beneficiary Company as a result of the Demerger shall not be less than its carrying amount (which at 31 December 2012 amounted to Euro 428,878,184.00);

- (b) the actual value of the net equity which will remain in the Assigning Company following the Demerger shall not be less than its carrying amount (which at 31 December 2012 amounted to Euro 257,483,399.00).

### 3.4 Further effects of the Demerger and other transactions involving the Autogrill group

#### 3.4.1 Impact of the Demerger on the Autogrill group

As a result of the transfer of the shareholding of Autogrill in WDFG SAU, an independent group headed by the Beneficiary Company (whose shareholders, at the effective date of the Demerger, will coincide with the Shareholders of the Autogrill Meeting on the same date) will be created. In particular, the Beneficiary Company will indirectly own all the shareholdings, directly and indirectly, owned by WDFG SAU in companies also operating in the *Travel Retail & Duty Free* sector, or in other words:

- (a) the shareholding – equal to 99.96% of the share capital – in World Duty Free Group España SA, with registered office at Calle Josefa Valcárcel 30, Edificio (Building) Merrimack IV, Madrid, Spain, Volume 20.644, M-365.571, Tax code A-84205863, share capital amounting to Euro 10,772,462.00 ("**WDFG España**"), which in turn owns:
  - (i) a shareholding of 19.9% of the share capital of WDFG Group UK Holdings (as defined below), as well as;
  - (ii) the shareholdings in the companies indicated in the document attached to the Demerger Project as **Annex C**, also operating in the *Travel Retail & Duty Free* sector;
- (b) the shareholding - equal to 80.1% of the share capital – in the company World Duty Free Group UK Holdings Ltd., with registered office at 4 New Square, Bedford Lakes, Feltham, Middlesex, TW14 8HA, registered with the Register of Companies 02872512, share capital amounting to GBP 12,484,397.00 ("**WDFG UK Holdings**"), which, in turn, directly or indirectly owns, shareholdings in the companies indicated in the document attached to the Demerger Project as **Annex C** (also active in the business *Travel Retail & Duty Free*) including World Duty Free Group UK Ltd.

#### 3.4.2 Other transactions

- (A) Contract with AENA Aeropuertos SA ("AENA") and Intercompany Loan

Following the award in December 2012 of the tenders for *duty free* and *duty paid* concessions for the management until 2020 of retail activities in the airports of the Iberian Peninsula and the Canary Islands, on 14 February 2013 WDFG España and Sociedad de

Distribución Comercial Aeroportuaria de Canarias SL, controlled by WDFG SAU, entered into certain concession contracts with AENA.

In performance of these contracts, AENA was paid: (i) a total of approximately Euro 279 million (plus VAT, amounting to approximately Euro 59 million) by way of advance payment of the concession fees to be paid during the term of the contract; (ii) approximately Euro 27 million as a security deposit. The advance payment of fees will be gradually recovered through a reduction of the amounts to be paid during the term of these contracts.

Payment to AENA of the above amounts was made in part through the use of bank loans and, in part, through the use of a revolving loan facility for a maximum aggregate principal amount of Euro 200 million granted in August 2011 by Autogrill to WDFG SAU for a period of 5 years (the "**Intercompany Loan**"). By the effective date of the Demerger, WDFG SAU will then pay off the Intercompany Loan.

(B) Transfer of U.S. Retail Branch

In order to complete the transfer in favour of the Beneficiary Company of all activities related to the *Travel Retail & Duty Free* sector, after the date of the Demerger Project and before the date of execution of the deed of Demerger (as provided for by the letter of agreement signed between WDFG SAU and HMS on 17 April 2013) HMS, Autogrill's wholly-owned subsidiary, will transfer the U.S. Retail Branch (as defined above) to the group headed by the Beneficiary Company.

The transfer of the U.S. Retail Branch will be carried out through:

- (a) the acquisition from HMS by the group headed by the Beneficiary Company, of the entire share capital of CBR Specialty Retail Inc., a company which, at the date of purchase, will have received the concession contracts currently in force whose grantor gave consent to the sale, together with the activities related to the management of these contracts, and possibly
- (b) the subsequent direct sale from HMS or its subsidiaries to CBR Specialty Retail Inc. of those residual concession contracts not transferred to CBR Specialty Retail Inc. prior to the acquisition of the latter by the group headed by WDF.

As provided for by the aforementioned agreement, the price to be paid to HMS for the acquisition of the entire share capital of CBR Specialty Retail Inc. and the possible direct purchase by the latter of certain concession contracts will range between a minimum of USD 118 million and a maximum of USD 123 million. This range was defined taking into consideration the transfer of all contracts that currently make up the U.S. Retail Branch. A mechanism for price adjustment in the event of non-transfer of one or more contracts for failure to obtain consent from the relevant grantor is provided for.

(C) Sources of financing of the group headed by the Beneficiary Company

After the date of the Demerger Project and before signing the deed of Demerger, WDFG SAU and some of its subsidiaries will enter into a medium-long term loan agreement - currently under negotiation - for the granting of a maximum principal amount equal to Euro 1.25 billion (the "**Loan**").

It is expected that the financing will have the following characteristics:

Tranches	Type	Amount (Euro)	Duration
Tranches 1	<i>Term loan amortizing</i>	400,000,000.00	5 years
Tranches 2	<i>Term loan amortizing</i>	125,000,000.00	5 years
Tranches 3	<i>Revolving credit facility</i>	375,000,000.00	5 years
Tranches 4	<i>Revolving credit facility</i>	350,000,000.00	18 months (with extension option)

The contract which will govern the Loan shall provide for the obligation to maintain the following financial covenants predetermined values: (i) the *Leverage Ratio*, calculated as the ratio between net debt and the so-called *Cash EBITDA*, and (ii) the *Interest Cover*, calculated as the ratio between *Cash EBITDA* and cash net financial expenses. In order to calculate the financial covenants, the *Cash EBITDA* will take into account the annual recovery of the concession fees paid upfront to AENA as described in previous paragraph 3.4.2 (A), as well as any other purchase accounting adjustments related to these contracts where AENA will not be reflected in actual cash flow changes.

All economic and financial variables used in the calculation of the financial covenants for the Loan will make exclusive reference to the consolidated data of WDFG SAU and its subsidiaries. Compliance with the financial covenants will be verified every six months starting from 31 December 2013.

The Loan will be used by the borrowers: (i) to repay outstanding bank loans and the Intercompany Loan; (ii) to finance the acquisition of the U.S. Retail Branch; (iii) to finance the ordinary activities of such companies; as well as (iv) in relation to the requirements concerning the Demerger.

WDF will not benefit from the Loan, nor will act as guarantor of the borrowing companies.

The drawdown of the Loan is a condition precedent to the completion of the Demerger (see paragraph 9).

(D) Sources of financing of the group headed by the Assigning Company

Autogrill is negotiating with certain lending banks a waiver by the latter (the "**Waivers**") to use remedies provided for in certain medium-long term loan agreements in to which Autogrill and other companies belonging to its group are parties, which would be enforceable as a result of the Demerger.

The obtaining of waivers is a condition precedent attached to the completion of the Demerger, being it understood that in the absence of Waivers, the closing of the Demerger would still be possible, if agreements to refinance outstanding exposures existing under the loan contracts relating to the Waivers are entered into (see paragraph 9).

### **3.5 Accounting effects deriving from the Demerger and the Other Operations (as defined below) on the main consolidated economic and financial data of the group headed by the Assigning Company and of the group headed by the Beneficiary Company**

In order to provide relevant information to the Shareholders involved in the decision making process concerning the Demerger, following are reported the main consolidated economic and financial information illustrating the accounting effects deriving from the Demerger and other operations as described below – which have occurred or which will occur – determining significant effects on the main consolidated economic and financial data ("**Other Operations**"):

- (a) advance payment and cash deposit paid to AENA in relation to the contracts signed between the group headed by the Beneficiary Company and AENA on 14 February 2013 (see section 3.4.2);
- (b) distribution of dividends by WDFG SAU to Autogrill (see section 3.2.3);
- (c) transfer of the U.S. Retail Branch (see section 3.4.2);
- (d) drawdown of the Loan by the group headed by the Beneficiary Company and extinguishment of the bank loans and Intercompany Loans currently in place (see section 3.4.2).

In particular, the economic and financial data reported below is prepared on the basis of the historical consolidated financial information of Autogrill as of and for the year ended 31 December 2012, approved by the Board of Directors on 7 March 2013 and simulating the main effects of the Demerger and the Other Operations on the statement of financial position and income statement of the Assigning Company and the Beneficiary Company.

The Demerger and Other Operations are jointly referred to hereinafter under this section 3.5 as the "**Transaction**".

It should be noted that the financial information reported below does not attempt to predict or estimate the future results of the group of the Beneficiary Company nor of the

group of the Assigning Company and should not be used for this purpose. By way of example, the consolidated financial information of the Beneficiary Company does not include the effects arising from the application of the fees as per the abovementioned contracts signed with AENA, nor the revenues deriving from the sales related to these contracts, since these effects will occur in 2013. Therefore, the economic and financial data reported below should not be used for: *(i)* calculations of covenants, financial and other ratios; *(ii)* market analysis; *(iii)* investment and loan agreement considerations; and *(iv)* any other economic and financial analysis.

It should be noted that the financial information reported below does not take into consideration the effects deriving from the changes to the management incentive plan based on financial instruments since they cannot be reliably estimated at the date of preparation of this Report (please refer to section 10).

The consolidated statement of financial position has been prepared assuming the Transaction occurred on 31 December 2012, whilst the consolidated income statement has been prepared assuming the Transaction took place on 1 January 2012 and in accordance with the methodology, set forth in CONSOB communication DEM/1052803 of 5 July 2001.

The following tables show:

- (a) reclassified consolidated statement of financial position and reclassified consolidated income statement with separate indication of: *(i)* in the first column, historical data deriving from Autogrill's consolidated financial statements as at 31 December 2012 *(ii)* in the second column, Assigning Company's consolidated financial information as at 31 December 2012 reflecting the significant effects of the Transaction; and *(iii)* in the third column, Beneficiary Company's consolidated financial information as at 31 December 2012 reflecting the significant effects of the Transaction (Table 1);
- (b) the main effects deriving from the Transaction on consolidated equity and on net financial indebtedness as at 31 December 2012, both of the Assigning Company and of the Beneficiary Company (Table 2 and Table 3, respectively);
- (c) the main effects deriving from the Transaction on consolidated EBITDA, consolidated net financial expenses and on consolidated net profit for 2012 both of the Assigning Company and of the Beneficiary Company (Table 4, Table 5 e Table 6, respectively).

In addition, the explanatory notes to the statements above are reported below.

**TABLE 1 – Reclassified statement of consolidated financial position and reclassified consolidated income statement, with separate indication of consolidated historical data of Autogrill as at 31 December 2012 and consolidated data of Assigning Company and Beneficiary Company for the same date, reflecting the significant effects related to the Transaction**

**RECLASSIFIED STATEMENT OF CONSOLIDATED FINANCIAL POSITION**

(€ million)	Autogrill consolidated financial information as at 31 December 2012	Assigning Company consolidated financial information post- Transaction	Beneficiary Company consolidated financial information post- Transaction
Intangible assets	2.073,0	806,6	1.266,4
Property, plant and equipment	958,0	837,4	120,6
Financial assets	27,6	18,0	40,5
<b>A) Non-current assets</b>	<b>3.058,6</b>	<b>1.662,0</b>	<b>1.427,5</b>
Inventories	257,1	96,8	160,3
Trade receivables	53,6	46,6	7,0
Other receivables	262,7	207,4	84,8
Trade payables	(644,0)	(428,0)	(222,7)
Other payables	(443,1)	(335,6)	(106,8)
<b>B) Working capital</b>	<b>(513,7)</b>	<b>(412,8)</b>	<b>(77,4)</b>
<b>C) Invested capital, less current liabilities</b>	<b>2.544,9</b>	<b>1.249,2</b>	<b>1.350,1</b>
<b>D) Other non-current non-financial assets and liabilities</b>	<b>(201,6)</b>	<b>(146,1)</b>	<b>195,1</b>
<b>E) Assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>F) Net invested capital</b>	<b>2.343,3</b>	<b>1.103,1</b>	<b>1.545,2</b>
Equity attributable to owners of the parent	822,3	442,1	360,3
Equity attributable to non-controlling interests	26,4	20,4	6,0
<b>G) Equity</b>	<b>848,7</b>	<b>462,5</b>	<b>366,3</b>
Non-current financial liabilities	1.318,1	512,0	1.171,4
Non-current financial assets	(4,1)	(4,0)	(0,1)
<b>H) Non-current financial indebtedness</b>	<b>1.314,0</b>	<b>508,0</b>	<b>1.171,3</b>
Current financial liabilities	362,1	291,1	30,6
Cash and cash equivalents and current financial assets	(181,4)	(158,5)	(23,0)
<b>I) Current net financial indebtedness</b>	<b>180,7</b>	<b>132,6</b>	<b>7,6</b>
<b>Net financial indebtedness (H+I)</b>	<b>1.494,7</b>	<b>640,6</b>	<b>1.178,9</b>
<b>L) Total as in F)</b>	<b>2.343,3</b>	<b>1.103,1</b>	<b>1.545,2</b>

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

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Revenue	6.077,6	3.886,0	2.191,6
Other operating income	150,7	129,8	25,4
<b>Total revenue and other operating income</b>	<b>6.228,3</b>	<b>4.015,8</b>	<b>2.217,0</b>
Raw materials, supplies and goods	(2.186,2)	(1.295,0)	(891,3)
Personnel expense	(1.537,7)	(1.288,5)	(249,2)
Leases, rentals, concessions and royalties	(1.295,0)	(638,9)	(656,1)
Other operating costs	(619,4)	(479,2)	(144,7)
<b>EBITDA</b>	<b>589,9</b>	<b>314,2</b>	<b>275,7</b>
Depreciation, amortization and impairment losses	(321,3)	(197,8)	(123,5)
Impairment losses on goodwill	(16,7)	(16,7)	-
<b>EBIT</b>	<b>251,9</b>	<b>99,7</b>	<b>152,2</b>
Net financial expense	(89,6)	(46,0)	(52,6)
Impairment losses on financial assets	(0,4)	(2,2)	1,8
<b>Pre-tax profit</b>	<b>162,0</b>	<b>51,5</b>	<b>101,4</b>
Income tax	(51,7)	(27,6)	(20,1)
<b>Profit attributable to:</b>	<b>110,3</b>	<b>23,9</b>	<b>81,3</b>
- owners of the parent	96,8	14,7	78,1
- non-controlling interests	13,5	9,2	3,2

It should be noted that the columns “Assigning Company consolidated financial information post-Transaction” and “Beneficiary Company consolidated financial information post-Transaction” represented above include the principal effects deriving from the Transaction, as described above, and do not relate only to the Demerger. Therefore, the sum of those two columns does not match with the column titled “Autogrill consolidated financial information as at 31 December 2012”.

**TABLE 2 – Table representing the main effects deriving from the Transaction on Assigning Company’s and Beneficiary Company’s consolidated equity as at 31 December 2012**



(€ million)	Assigning Company (A)	Beneficiary Company (B)	(A) + (B)
<b>Consolidated equity pre-Transaction as of 31 December 2012</b>	<b>848,7</b>		<b>848,7</b>
Incorporation of the Beneficiary Company	-	0,1	0,1
Demerger	(611,1)	611,1	-
<b>Consolidated equity attributed to the two entities</b>	<b>237,6</b>	<b>611,2</b>	<b>848,8</b>
Dividends distribution by WDFG SAU to Autogrill	220,0	(220,0)	-
Transfer of US Retail Branch	3,2	(19,7)	(16,5)
Treasury shares	3,5	-	3,5
Costs deriving from the Operation and other minor	(1,8)	(5,2)	(7,0)
<b>Total consolidated equity post-Transaction as of 31 December 2012</b>	<b>462,5</b>	<b>366,3</b>	<b>828,8</b>
- attributable to owners of the parent	442,1	360,3	802,4
- attributable to non-controlling interests	20,4	6,0	26,4

It should be noted that the table firstly represents the assignment of Autogrill's consolidated equity as at 31 December 2012 both to the group headed by the Assigning Company and to the group headed by the Beneficiary Company resulting from the Demerger on the basis of the actual contribution of the group headed by the Assigning Company and the group headed by the Beneficiary Company to Autogrill's consolidated financial statements.

The following are then presented:

- (i) dividend distribution as resolved on 30 April 2013 by WDFG SAU in favor of the Assigning Company. The distribution implies a reduction of the consolidated equity of the group headed by the Beneficiary Company and, on the contrary, an increase of the consolidated equity of the group headed by the Assigning Company. Considering the Assigning Company tax position, it has been assumed that such distribution does not have any tax implication;
- (ii) transfer of U.S. Retail Branch. The consolidated equity of the group headed by the Assigning Company increases by Euro 3.2 million as a consequence of the gain deriving from the sale, net of the tax effect. On the contrary, the consolidated equity of the group headed by the Beneficiary Company decreases by Euro 19.7 million. It should be noted that the transfer of U.S. Retail Branch is considered as a transaction involving entities under common control according to the relevant accounting principles. As a matter of fact, the acquiring company will record the

U.S. Retail Branch economic and financial data at the same value at which they were recorded in Autogrill's consolidated financial statement, without any additional value;

- (iii) the value of the shares that Autogrill will hold in WDF following the assignment of the shares of the Beneficiary Company in connection with the treasury shares held by Autogrill;
- (iv) "Costs deriving from the Transaction and other minor". The figure mainly includes the effects deriving from the ancillary costs of Demerger, and the ancillary costs deriving from the drawdown of the Loan and the extinguishment of the existing loans.

It should be noted that, starting from 1 January 2013, the application of IAS 19 revised is mandatory. All the actuarial differences calculated in connection with employee benefit programs will be fully recognized in other comprehensive income. The table above does not include the effects arising from the change of the mentioned accounting principle which would result in a reduction of the consolidated equity amounting to Euro 22 million and Euro 13 million for the group headed by the Assigning Company and the group headed by the Beneficiary Company respectively.

**TABLE 3 - Table representing the main effects deriving from the Transaction on Assigning Company's and Beneficiary Company's consolidated net financial indebtedness**

(€ million)	Assigning Company (A)	Beneficiary Company (B)	(A) + (B)
<b>Consolidated net financial indebtedness pre-Transaction as of 31 December 2012</b>	<b>1.494,7</b>		<b>1.494,7</b>
Incorporation of the Beneficiary Company	0,1	(0,1)	-
Demerger	(561,5)	561,5	-
<b>Consolidated net financial indebtedness attributed to the two entities</b>	<b>933,3</b>	<b>561,4</b>	<b>1.494,7</b>
Payment to AENA (net of Value Added Tax)	-	306,3	306,3
Dividends distribution by WDFG SAU to Autogrill	(220,0)	220,0	-
Transfer of US Retail Branch	(72,7)	88,1	15,4
Drawdown of the Loan and extinguishment of existing loans by WDFG SAU	-	3,1	3,1
<b>Total consolidated net financial indebtedness post-Transaction as of 31 December 2012</b>	<b>640,6</b>	<b>1.178,9</b>	<b>1.819,5</b>

The table above shows the effect of the Transaction (as described in the notes to Table 2) on the consolidated net financial indebtedness both of the group headed by the Assigning Company and the group headed by the Beneficiary Company. In addition, the effect on the net financial indebtedness deriving from the advance payment and the cash deposit paid to AENA has been indicated (please refer to paragraph 3.4.2 (A)). It should be noted that the effect arising from this payment to AENA amounts to Euro 306.3 million, net of VAT receivable (Euro 58.6 million paid at signing date), which has been transferred without recourse to a bank.

It should be noted that the hypothetical price for the transfer of U.S. Retail Branch (please refer to paragraph 3.4.2(B)) has been assumed to be USD 120.5 million (Euro 92.1 million) which is equal to the average price range established by both parties by letter of agreement dated 17 April 2013. The transfer of U.S. Retail Branch has a negative effect on the net financial indebtedness of the group headed by the Beneficiary Company of Euro 88.1 million, due to the payment of the hypothetical price amounting to Euro 92.1 million, offset by positive net financial indebtedness of the business acquired amounting to Euro 4.0 million. Net financial indebtedness of the group headed by the Assigning Company improves by Euro 72.7 million due to: (i) the collection of the hypothetical price amounting to Euro 92.1 million, offset by (ii) the positive net financial indebtedness of the business sold amounting to Euro 4.0 million and (iii) by taxes to be paid (amounting to Euro 15.4 million) arising from the gain.

**TABLE 4 - Table representing the main effects deriving from the Transaction on Assigning Company's and Beneficiary Company's consolidated EBITDA for the year 2012**

(€ million)	Assigning Company (A)	Beneficiary Company (B)	(A) + (B)
<b>Consolidated EBITDA pre-Transaction for the year ended 31 December 2012</b>	<b>589,9</b>		<b>589,9</b>
Demerger	(262,3)	262,3	-
<b>Consolidated EBITDA attributed to the two entities</b>	<b>327,6</b>	<b>262,3</b>	<b>589,9</b>
Transfer of US Retail Branch	(13,3)	13,3	-
Other minor	(0,1)	0,1	-
<b>Total consolidated EBITDA post-Transaction for the year ended 31 December 2012</b>	<b>314,2</b>	<b>275,7</b>	<b>589,9</b>

The impact on the EBITDA of the group headed by the Assigning Company and on the EBITDA of the group headed the Beneficiary Company deriving from the Transaction is due to the transfer of U.S. Retail Branch as well as to the effects of the Demerger. It should be noted that the mentioned effect derives from the sum of U.S. Retail Branch

EBITDA for 2012 amounting to Euro 17.8 million (USD 22.9 million), and the costs amounting to approximately Euro 4.5 million (USD 5.9 million) that will be charged to the group headed by the Beneficiary Company for services to be provided by the group of the Assigning Company according to an agreement of the parties.

**TABLE 5 - Table representing the main effects deriving from the Transaction on Assigning Company's and Beneficiary Company's consolidated net financial expenses for the year 2012**

(€ million)	Assigning Company (A)	Beneficiary Company (B)	Hedging derivative contract (C)	(A) + (B) + (C)
<b>Net financial expenses pre-Transaction for the year ended 31 December 2012</b>	<b>50,3</b>	<b>18,4</b>	<b>20,9</b>	<b>89,6</b>
Higher financial expenses due to change in interest rate and spread	-	8,4	-	8,4
(Lower)/higher financial expenses due to lower/higher indebtedness	(4,3)	25,8	-	21,5
Termination of hedging derivative contract	-	-	(20,9)	(20,9)
<b>Net financial expenses post-Transaction for the year ended 31 December 2012</b>	<b>46,0</b>	<b>52,6</b>	<b>-</b>	<b>98,6</b>
<b>Difference: (lower)/higher financial expenses</b>	<b>(4,3)</b>	<b>34,2</b>	<b>(20,9)</b>	<b>9,0</b>

The effects of the Transaction on the net financial expenses of the group headed by the Beneficiary Company are connected with the drawdown of the Loan, as well as the extinguishment of the existing credit lines. These effects arise from both different contractual terms, and higher indebtedness. As for the main factors related to the higher indebtedness of the group headed by the Beneficiary Company, please refer to Table 3 ("Table representing the main effects deriving from the Transaction on Assigning Company's and Beneficiary Company's consolidated net financial indebtedness").

With reference to the group headed by the Assigning Company, the reduction of net financial expenses derives from the reduction of the financial indebtedness due to the receipt of the proceeds as described in the notes to Table 3.

Finally, the table above includes the elimination of costs related to hedging derivative contracts (*interest rate swaps*), relevant for the purposes of the consolidated financial statements of Autogrill only and without monetary effects.

**TABLE 6 - Table representing the main effects deriving from the Transaction on Assigning Company's and Beneficiary Company's consolidated net profit for the year 2012**

(€ million)	Assigning Company (A)	Beneficiary Company (B)	(A) + (B)
<b>Consolidated net profit pre-Transaction for the year ended 31 December 2012</b>	<b>110,3</b>		<b>110,3</b>
Demerger	(87,8)	102,8	15,0
<b>Consolidated net profit attributed to the two entities</b>	<b>22,5</b>	<b>102,8</b>	<b>125,3</b>
Transfer of US Retail Branch	(2,3)	2,3	-
Financial expense: new lines and change in debt	3,7	(23,8)	(20,1)
<b>Total net profit post-Transaction for the year ended 31 December 2012</b>	<b>23,9</b>	<b>81,3</b>	<b>105,2</b>
- attributable to owners of the parent	14,7	78,1	92,8
- attributable to non-controlling interests	9,2	3,2	12,4

The effects of the Transaction, as described above, have an impact on the net profit of the group headed by Assigning Company and on the net profit of the group headed by the Beneficiary Company, net of the related tax effects.

It should be noted that, in accordance with Consob Communication DEM/1052803 of 5 July 2001, the financial information post-Transaction does not include effects of non-recurring transactions strictly related to the Transaction. In particular, the main non-recurring transaction is the dividend received by the Assigning Company from WDFG SAU, for an amount of Euro 220 million.

#### **4. ALLOTMENT OF THE BENEFICIARY COMPANY'S SHARES AND ASSIGNMENT MODE**

As mentioned, it is expected that as a result of the Demerger, shares in the Beneficiary Company will be assigned to all Shareholders of the Assigning Company on the basis of a criterion of proportional allocation. In particular, the Autogrill's Shareholders will be given a share of WDF for each share held in the Assigning Company.

There will be no monetary adjustment.

The Beneficiary Company's shares will be allocated to those entitled, in dematerialised form and through authorised intermediaries, with the times and modes that will be disclosed through the publication of a notice on the website of the Assigning Company and at least on one nationwide newspaper.

As a result of the no. 1,004,934 treasury shares currently held by Autogrill, the latter (as well as maintaining the aforesaid treasury shares) will be awarded an equal number of shares in the Beneficiary Company, which must be added to the no. 120,000 shares of the Beneficiary Company currently held by Autogrill. As a result of the Demerger, therefore, Autogrill will hold a total of 1,124,934 shares in the Beneficiary Company, representing approximately 0.442% of the share capital of the latter.

The shares in the Beneficiary Company will be admitted to trading on a European Regulated Market. The date of commencement of trading of such shares will be determined by the competent authorities through regulations and shall fall, at the latest, on the first day of trading of the shares of the Assigning Company after the effective date of the Demerger.

## **5. ASSESSMENT ON THE EXISTENCE OF THE RIGHT OF WITHDRAWAL**

Admission to listing of the Beneficiary Company's shares on a European Regulated Market and the commencement of the trading on such a market will take place in the times and modes to be established, once the European Regulated Market of listing has been selected, so that the commencement of trading shall take place, at the latest, on the first day of trading of the Assigning Company's shares after the effective date of the Demerger. In this way, the Shareholders of Autogrill will always be guaranteed the liquidity of their investment.

Consequently, the prerequisites for exercising the right of withdrawal provided for by Article 2437-*quinquies* of the Italian Civil Code by Autogrill's Shareholders do not apply.

Neither do apply the prerequisites for exercising the right of withdrawal pursuant to Article 2437 of the Italian Civil Code. In particular, with reference to the first paragraph, letter a) of Article 2437 of the Italian Civil Code, it is stated that, following the Demerger, the corporate purpose of the Assigning Company will remain unchanged and that the Bylaws of the Beneficiary Company already contain a business purpose which is essentially identical to that of the Assigning Company.

## **6. PROJECTION OF THE SHAREHOLDINGS IN THE ASSIGNING COMPANY AND IN THE BENEFICIARY COMPANY AS A RESULT OF THE DEMERGER**

### **6.1 Shareholders of Autogrill and impact of the Demerger**

On the basis of the Shareholders' ledger, communications received and other information available to Autogrill at the date of this Report, the Shareholders of the Assigning Company currently owning - directly or indirectly - shares in the Assigning Company exceeding 2% of the share capital with voting rights are set out below.

<b>Autogrill</b>	<b>No. shares</b>	<b>% of capital</b>
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### Shareholders

Schematrentaquattro S.r.l.	150,815,000	59.283
Invesco Ltd.	5,199,362	2.044
Fidelity Ltd.	5,105,322	2.01

*Source: Consob and Autogrill S.p.A.*

At the date of this Report, Autogrill holds n. 1,004,934 ordinary treasury shares, representing 0.395% of the share capital. The other Autogrill's group companies do not hold shares in Autogrill.

Based on the Shareholders' ledger updated as of the date of the last General Shareholders' Meeting, Autogrill's Shareholders are about 25,600.

Being a partial and proportional Demerger, no change in the shareholding structure of the Assigning Company will take place as a result of the Demerger.

## 6.2 Shareholders of WDF and impact of the Demerger

At the date of this Report, the Beneficiary Company is wholly-owned by the Assigning Company.

As a result of the Demerger, the Assigning Company's Shareholders will become Shareholders of the Beneficiary Company in proportion to the shares held in the Assigning Company. Therefore, except for the shareholding held by Autogrill in the Beneficiary Company (corresponding to the initially subscribed capital), at the effective date of the Demerger, the Shareholder's composition of the Beneficiary Company will be identical to that of the Assigning Company on the same date.

## 7. EFFECTS OF THE DEMERGER ON POTENTIAL SHAREHOLDERS' AGREEMENTS

At the date of this Report, to the best knowledge of the Assigning Company, there are no Shareholders' agreements pursuant to Article 122 of the Consolidated Finance Act involving Autogrill's shares.

## 8. DESCRIPTION OF THE RIGHTS ATTACHED TO SHARES TO BE ASSIGNED TO THE SHAREHOLDERS OF THE ASSIGNING COMPANY

The shareholders of the Assigning Company will be allotted shares in the Beneficiary Company to the extent and in accordance with the award criteria set out in the previous paragraph 4.

No other shares in the Beneficiary Company will be issued, other than ordinary shares. These shares will have the same characteristics as the shares in the Assigning Company held by each Shareholder.

The Beneficiary Company's shares allotted to the Shareholders of the Assigning Company will participate in the profits of the Beneficiary Company as of the date of validity of the Demerger.

**9. EFFECTIVE DATE OF THE DEMERGER AND DATE STARTING FROM WHICH OPERATIONS WILL BE RECORDED IN THE FINANCIAL STATEMENTS OF THE BENEFICIARY COMPANY**

The Demerger will be effective toward third parties, pursuant to Article 2506-*quater* of the Italian Civil Code, as of the date indicated in the deed of Demerger, in any case subsequent to the last date of registration of the same with the competent offices of the Company Register, it being in any event understood that the execution of the Demerger deed shall be conditional upon disbursement of the Loan, prior to the date of the execution.

The execution of the deed of Demerger is furthermore made conditional upon receipt, prior to the date of execution, of the Waivers or, as an alternative to obtaining the Waivers to the signing, always by that date, of the contracts aiming at refinancing ongoing outstanding exposures under the loan agreements to which the Waivers relate.

The tax and accounting effects of the Demerger will commence from the date of validity of the Demerger.

**10. INCENTIVE PLANS**

Autogrill has two incentive plans based on financial instruments, in the form of *stock options* and *stock grants*, which respond to the objective of maximising the retention and incentives for management of the group companies, by aligning the interests of the same to those of the majority of shareholders. The underlying financial instruments of such plans are the ordinary shares in Autogrill.

In particular, the incentive plans based on financial instruments in force are the following: (i) the *stock option* plan approved by the Extraordinary General Meeting of 20 April 2010 (the "**Stock Option Plan**"), which gives the beneficiaries the right to receive ordinary shares in Autogrill upon payment of a fixed fee (*strike price*), and (ii) the long-term incentive plan (LTIP-L) approved by the Extraordinary General Meeting on 21 April 2011 (the "**Stock Grant Plan**"), which gives beneficiaries the right to receive shares of ordinary shares in Autogrill without consideration. In both cases, the exercise of the rights listed above is subject to the achievement of predetermined objectives.

The Board of Directors, which met on 3 May 2013, taking into account the proposed extraordinary Demerger, confirmed the incentive plans based on existing financial



instruments in the group Autogrill, adopting, subject to the effectiveness of the Demerger and pursuant to the powers delegated, the necessary adjustments to allow incentive plans to continue to achieve the objectives for which they were adopted.

In particular, the Board of Directors resolved to adjust the type of financial instruments subject to the rights of *stock option* and *stock grant* as a function of the ratio established in the DemergerDemerger Project.

With reference to the Stock Option Plan, the Board of Directors will submit to the Shareholders' meeting, called to approve the Demerger, a proposal to extend the duration of the exercise of subscription rights - when accrued – up to 30 April 2018, as well as to change the said Plan by giving the beneficiaries the right - also exercisable severally - to subscribe, at the exercise price, one ordinary share in Autogrill and one ordinary share in WDF for each matured stock option right. Moreover, the objectives to which the vesting is linked will be measured on the total share performance of Autogrill and WDF (inclusive of dividends distributed to their shareholders) at the end of the so-called *vesting period* (the period required to reach maturity of the options granted). The exercise price, already determined by applying Article 9, fourth paragraph, of the Presidential Decree of 22 December 1986, no. 917, will be restated by partitioning in accordance with a criterion of proportionality on the basis of the average official market price of the share in Autogrill and in WDF within the first 30 days from the date of initial listing of the WDF shares.

With reference to the Stock Grant Plan, the Board of Directors has resolved to make use of the provision in the regulations for the said Plan allowing the replacement, in whole or in part, of the shares in Autogrill eligible for free allocation with cash and/or other financial instruments. Therefore, the participants of the Stock Grant Plan, upon achievement of the *performance* targets set (possibly revised, as required by regulation to reflect the change in the scope of the group), will receive, without payment of any consideration, for each exercise of stock grant gained one ordinary share and one ordinary share in Autogrill and one ordinary share in WDF and/or the corresponding monetary value.

Changes to the Stock Option Plan and to the Stock Grant will result in a recalculation of the value of the plans themselves, in accordance with the accounting principles and the effect which at present cannot be quantified.

For more details on the Stock Option Plan and the Stock Grant Plan, see the Report on the remuneration policy prepared by the Board of Directors and made available to the public on the website of Autogrill on 24 April 2013.

## **11. TAX EFFECTS OF THE TRANSACTION**

For the purposes of direct taxes and pursuant to Article 173, first paragraph, of D.P.R. (Presidential Decree) no. 917 of 22 December 1986 (Income Tax Code, "**TUIR**"), the

Demerger is tax neutral and therefore does not give rise either to the realization or distribution of capital gains or losses on the assets of the Assigning Company subject to the assignment.

The assets of the Assigning Company which shall be awarded to the Beneficiary Company will retain taxable values ascribable to the Assigning Company.

The tax subjective positions of the Assigning Company and related commitments will be awarded to the Beneficiary Company and to the Assigning Company in proportion to their respective shares in equity to be transferred or retained, unless it is specifically related to subjective positions directly connected to or as a group to the elements of the assets which split and that, as such, will follow these elements to their respective owners.

The Demerger shall not interrupt the tax group regime between the Assigning Company and the indirect parent company Edizione Srl and the Beneficiary Company will be subject to the same tax regime; therefore, tax losses generated by the Assigning Company will remain at the disposal of group taxation, without being applicable provisions of Article 172, seventh paragraph, of the Income Tax Code (TUIR).

As regards the effects of the Demerger for the Assigning Company's shareholders, the Demerger is tax neutral and does not constitute either a gain, a distribution of capital gains or losses, or the receipt of revenue; for what concerns the tax cost of the shares in the Assigning Company, according to the current position expressed by the Tax Authorities, said cost is divided between the shares of the Assigning Company and those of the Beneficiary Company in proportion to their retained or transferred equity share.

However, with reference to the Shareholders of the Assigning Company who are not resident in Italy, it is recommended to verify the case in relation to the tax regime in force in the respective countries of residence.

For whatsoever not expressly stated, the provisions of Article 173 of the TUIR shall apply.

For the purpose of indirect taxation, the Demerger is out of VAT scope pursuant to Article 2, the third paragraph, letter f) of the Presidential Decree dated 26 October 1972, no. 633, and is subject to registration tax at a fixed rate pursuant to Article 4, letter b) of the Schedule of Tariffs attached to Presidential Decree no. 131/1986. Where applicable, mortgage and cadastral taxes are always due in a fixed amount.

\* \* \*

Milan – 3 May 2013

For the Board of Directors

Gilberto Benetton

(Chairman)