



DE' LONGHI S.P.A.

Registered office in Treviso – Via Ludovico Seitz 47

Share capital 224,250,000.00 euros fully paid up

Tax Code and Registration in the Company Register of Treviso No. 11570840154

DIRECTORS' REPORT

**ON THE FIFTH ITEM ON THE AGENDA FOR THE ORDINARY PART OF THE
MEETING OF SHAREHOLDERS OF DE' LONGHI S.P.A CONVENED IN
ORDINARY AND EXTRAORDINARY SESSIONS FOR
14 APRIL 2016, IN A SINGLE CALL**

SHAREHOLDERS' MEETING OF 14 APRIL 2016

(Report drafted pursuant to Articles 114-bis and 125-ter of the "TUF" - Attached Information Document drafted pursuant to Art. 84-bis of the Issuers' Regulation and in compliance with Scheme 7 of Annex 3A)

Item 5 on the agenda for the ordinary part -“Proposal of an equity-based incentive Plan concerning the ordinary shares of De’ Longhi S.p.A called the “Stock Option Plan 2016-2022” for the Company’s Chief Executive Officer and for the Top Management of the De’ Longhi Group. Resolutions thereon.

Dear Shareholders,

This report is prepared pursuant to Articles 114-*bis* and 125-*ter* and Legislative Decree No. 58 of 24th February 1998, as subsequently amended (the “**TUF**”) and contains the information document drafted pursuant to Art. 84-*bis* of the regulation implementing the TUF regarding the regulation of issuers, adopted by CONSOB with Resolution No. 11971 of 14th May 1999, as subsequently amended, (the “**Issuers’ Regulation**”), in compliance with Scheme 7 of Annex 3A to the same regulation (the “**Information Document**”).

The Board of Directors submits for your review and for your approval, pursuant to art. 114-*bis* of the TUF, the proposal of an equity-based incentive plan called the “*2016-2022 Stock Option Plan*” (the “**Stock Option Plan**”) to be implemented through the scrip issue of a maximum of 2,000,000 options (the “**Options**”), reserved to the Chief Executive Officer of De’ Longhi S.p.A. (the “**CEO**”) and to a small number of executives and key resources (the “**Top Management**” and jointly with the CEO, the “**Beneficiaries**”) of De’ Longhi S.p.A. (the “**Company**” or “**De’ Longhi**”) and the companies it controls directly or indirectly pursuant to Art. 2359 of the Civil Code (the “**Subsidiaries**” and, together with the Company, the “**De’ Longhi Group**”).

The Options will grant each holder the right to subscribe newly issued ordinary shares of De’ Longhi (the “**Shares**”) resulting from a share capital increase by payment, in one or more tranches, with the exclusion of pre-emption rights pursuant to Article 2441, paragraphs 4, second subparagraph, 6 and 8 of the Italian Civil Code, Article 158 of the TUF and Article 5-bis, paragraph 3 of the Articles of Association, for a maximum nominal amount of 3,000,000.00 euros by issuing, even on more than one occasion, a maximum of 2,000,000 ordinary shares with a nominal value of 1.50 euros each, regular dividend rights, reserved for the Beneficiaries (the “**Capital Increase**”).

The proposal for the Capital Increase for the Stock Option Plan will be submitted for the review and approval of the Company's Shareholders' Meeting convened also in extraordinary session for 14 April 2016, in a single call and illustrated in a special report drafted by the Board of Directors pursuant to Art. 125-ter of the TUF and Art. 72 of the Issuers' Regulation in compliance with Scheme 2 of Annex 3A of the same regulations, which will be filed and made available to the public at the Company's registered office and on its website www.delonghigroup.com, ("*Investor Relations*" – "*Governance*" – "*Annual Shareholders' Meeting*" – "*2016*"), and on the authorised storage mechanism accessible on the website www.linfo.it, at least 21 days before the date of the Shareholders' Meeting (therefore, by 24 March 2016).

The Stock Option Plan is regulated by the "*Rules for the 2016-2022 Stock Option Plan*" annexed to this report (the "**Rules**") which details the terms, conditions and procedures for implementing the plan and, together with the Information Document, all other information required by Art. 114-bis of the TUF and by Art. 84-bis, paragraph 1 of the Issuers' Regulation.

1. Reasons for adopting the 2016-2022 Stock Option Plan

The adoption of the Stock Option Plan is aimed at incentivising and encouraging the loyalty of Beneficiaries by recognising their contribution to the Company's increase in value.

In view of market practice with regard to incentives, the positioning with regard to the remuneration offered and the current strategic environment, the intention of the Stock Option Plan is, in particular, to involve the people holding positions that are directly responsible for the company results or who are of strategic interest to the Company and for the De' Longhi Group, in order to strengthen loyalty *(i)* by linking their remuneration with the value created for shareholders, thus ensuring alignment of respective interests, *(ii)* promoting the continued market competitiveness of their remuneration, and *(iii)* incentivising their permanence in the De' Longhi Group.

2. Beneficiaries of the Stock Option Plan

The Stock Option Plan is reserved for the CEO and to a limited number of executives and key resources of the De' Longhi Group who will be identified by

name by the Company's Board of Directors upon proposal by the CEO, from among those holding positions that are more directly responsible for company results or who are of strategic interest and who, on the date of award of the Options, will be employees and/or actively working at the Company and/or one of the companies in the De' Longhi Group.

3. Subject of the Stock Option Plan

The Stock Option Plan involves the scrip issue to Beneficiaries of up to a maximum of 2,000,000 options valid for the subscription of an equal number of newly issued Shares resulting from the Capital Increase. Each Option will give the right to subscribe to one Share at the conditions laid down by the Rules.

The number of Options to be assigned to each Beneficiary is defined by the Board of Directors *(i)* upon the proposal of the Remuneration and Appointments Committee, having heard the opinion of the Board of Statutory Auditors, for those options to assign to the CEO, or *(ii)* upon proposal of the latter in the other cases.

Participation in the Stock Option Plan and the assignment of the Options are based on criteria that avoid any discrimination according to age, race, gender, sexual orientation, religious belief, nationality, ethnic origin, physical condition or marital status.

4. Procedures and clauses for implementing the Stock Option Plan

The Stock Option Plan has a duration of 7 years and will in any case end on 31 December 2022.

Except for specific situations and cases governed by the Rules, the Options may be exercised by the Beneficiaries - in one or more tranches - only and exclusively in the exercise period (the "**Exercise Period**"), between:

- 15 May 2019 and 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January), for a maximum of 50% of the total Options assigned to each Beneficiary;

- 15 May 2020 and 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January), for the remaining 50% of the total Options assigned to each Beneficiary;

Exercise of the Options is not subject to the achievement of performance objectives by the Beneficiaries.

Based on the consideration that (i) the general long-term variable remuneration structure of the CEO, the executives and Key Resources of the De' Longhi Group - the potential beneficiaries of the Stock Option Plan - already envisages a long-term monetary incentive plan, conditional upon achieving the performance objectives linked to the De' Longhi Group's business plan; (ii) the nature of the Stock Option Plan encompasses the concept of the share's performance, the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, has decided not to subject the Options' vesting and their exercise to further and/or different performance conditions other than the increase of De' Longhi share prices on the stock exchange, and therefore not applying the recommendation referred to in Criteria 6.C.2. letter b) of the Corporate Governance Code for Listed Companies (to which the Company adheres) (the "**Corporate Governance Code**") to the Stock Option Plan.

Options not exercised by the end of the Exercise Period will be considered expired without the Beneficiary being entitled to any kind of indemnity or compensation.

Exercise of the Options and the consequent subscription of the Shares will be subject to payment of a price that will be determined by the Board of Directors in application of the criteria illustrated in section 6 of this report.

Without prejudice to the competences of the Company's Board of Directors and the Remuneration and Appointments Committee with regard to the CEO, the Plan is managed by the latter with the support of the relevant corporate structures. The Board of Directors, upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, approves and updates the Plan guidelines.

For more details on the terms and conditions of the Stock Option Plan, please read the Rules and the Information Document, both annexed to this Report.

5. Support for the Stock Option Plan from the Special Fund for encouraging worker participation pursuant to Art. 4(112) of Law No. 350 of 24 December 2003

The Stock Option Plan will not receive any support from the Special Fund for encouraging worker participation pursuant to Art. 4(112) of Law No. 350 of 24 December 2003.

6. Criteria for determining the subscription price of shares under the Stock Option Plan

Under the Stock Option Plan the exercise price for each Option is determined as the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 60 (sixty) calendar days before the date for the approval of the plan itself and its Rules by the Company's Shareholders' Meeting, convened for 14 April 2016.

7. Limits to the assignment of Options and Shares

The Options are assigned to Beneficiaries personally and cannot be transferred inter vivos in any way nor pledged nor be subject to other manner of disposal, whether free of charge or for a fee, by effect or law or otherwise; they also cannot be subject to enforcement or interim measures by third parties, under penalty of immediate forfeiture by the Beneficiary of all the rights attributed to him under the Stock Option Plan. It is specified that the sale of future Shares resulting from the expected exercise of the Options is permitted only at the Beneficiary's sole risk and responsibility.

With the claw back clause in the Stock Option Plan the Company reserves the unilateral right to obtain the revocation of the Options and/or the restitution, in whole or in part, of the Shares purchased by the Beneficiary following exercise of the Options assigned to them, without prejudice to the reimbursement of the amount already paid by the Beneficiary upon exercise of the Options, if, within the term of three years from the vesting date of the assigned Options, it is established that the share value has been influenced by the Beneficiary engaging in any one of the following: (i) fraudulent conduct or gross negligence to the Company's detriment; (ii) conduct that is contrary to the law and/or company

regulations; (iii) breach of the obligations of loyalty and proper management; (iv) conduct which results in a significant economic or financial loss for the Company. If the Shares have already been sold, the Company reserves the right to obtain a refund of the capital gains earned from the sale of the Shares, if necessary by compensating the Beneficiary's remuneration and/or end of employment commissions.

Shares issued to the Beneficiary under the exercise of the Options will be freely available and therefore freely transferrable by the same. The Stock Option Plan does not envisage for the CEO or the executives with strategic responsibilities who may be the beneficiaries of the Stock Option Plan any restrictions to retain, until the end of the mandate or for an appropriate set time respectively, a portion of the Shares purchased by exercising the Options (lock-up restriction recommended by criteria 6.C.2. letter c) of the Corporate Governance Code).

On this point the Board of Directors, upon the proposal of the Remuneration and Appointments Committee, has decided not to apply the recommendation of the Corporate Governance Code to the Stock Option Plan, given the long-standing relationship between the Company and the Top Management, beneficiary of said plan, and the Board having already arranged a vesting schedule for the exercise of the Options in intervals of time.

With regard to the application of the lock-up restriction to the CEO, the Board of Directors has determined that, even in this case, there is no need to envisage this restriction, considering that the Company's CEO has undoubtedly a well-established and long-standing relationship with the Company and the De' Longhi Group, such that he needs no motivation to remain in his position owing to the obligation to retain (in part) a portion of any Shares purchased by exercising the Options. It has also been noted that the Company's current CEO already directly holds his own share in De' Longhi S.p.A.'s share capital (and has done for some time) which is known to the market.

8. Proposed resolution

Dear Shareholders,

For the reasons given above, the Board of Directors proposes that you adopt the following resolution:

"The Meeting of the Shareholders of De' Longhi S.p.A., based on:

- the Report of the Board of Directors, drafted pursuant to Articles 114-bis and 125-ter of Legislative Decree No. 58 of 24 February 1998, as subsequently amended; and

- the “Rules for the 2016-2022 Stock Option Plan” and the Information Document prepared pursuant to Art. 84-bis of the regulation adopted by CONSOB with Resolution No. 11971 of 14 May 1999, as subsequently amended;

RESOLVES

1. to approve, pursuant to and for the effects of Art. 114-bis of Legislative Decree No. 58 of 24 February 1998, as subsequently amended, the stock option plan called the “2016-2022 Stock Option Plan” and the annexed Rules for the Company’s Chief Executive Officer and for the Top Management (as defined in the Rules for the Stock Option Plan), by a scrip issue of options up to a maximum of 2,000,000 (two million) ordinary shares of “De’ Longhi S.p.A” of 1.50 euros (one euro fifty cents) each, resulting from a share capital increase for a maximum nominal amount of 3,000,000.00 euros (three million euros), with exclusion of the option right pursuant to Art. 2441, paragraphs 4, second subparagraph, 6 and 8, of the Civil Code, Art. 158 of Legislative Decree No. 58 of 24 February 1998, as subsequently amended, and Art. 5-bis, paragraph 3 of the Company’s Articles of Association, to be allocated as better described in the Rules for the Plan and in the Information Document drafted pursuant to Art. 84-bis of the regulation adopted by CONSOB with Resolution No. 11971/1999, as subsequently amended;

2. to authorise the Board of Directors to implement the “2016-2022 Stock Option Plan”, to be exercised in accordance with the Rules for the Plan and the Information Document and, in particular, by way of example but not limited to:

a) define the number of options to allocate to each beneficiary, with due regard to the maximum number of options;

b) implement the Rules to the Plan in compliance with the terms and conditions described therein and in the Information Document;

c) determine the subscription price of the shares, when the options are exercised, according to the methodology described in the Rules to the Plan;

3. grant the Chairman of the Board of Directors the broadest powers, with the option to delegate them, to fulfil all legal and regulatory requirements resulting from the adoption of the resolutions.

This Report with the annexed Information Document drafted pursuant to Art. 84-*bis* of the Issuers' Regulation and in compliance with Scheme 7 of Annex 3A to the same regulation, and the "*Rules for the 2016-2022 Stock Option Plan*" will be filed and made available to the public at the Company's registered office and on its website www.delonghigroup.com ("*Investor Relations*" – "*Governance*" – "*Annual Shareholders' Meeting*" – "*2016*"), and on the IINFO authorised storage mechanism accessible via the website www.linfo.it, within the term established for publishing the Call Notice to the Shareholders' Meeting.

Treviso, 19 February 2016

For the Board of Directors

The Chairman

Giuseppe de' Longhi

Annexes:

1. Information Document regarding the "*2016-2022 Stock Option Plan*", drafted pursuant to Art. 84-*bis* of the Issuers' Regulation, in compliance with Scheme 7 of Annex 3A o the same regulation.
2. Rules for the 2016-2022 Stock Option Plan.

Annex 1



De' Longhi S.p.A.

Registered office in Treviso – Via Ludovico Seitz 47

Share capital 224,250,000.00 euros fully paid up

Tax Code and Registration in the Company Register of Treviso No. 11570840154

**INFORMATION DOCUMENT REGARDING THE EQUITY-BASED
INCENTIVE PLAN CALLED THE “2016-2022 STOCK OPTION PLAN”
RESERVED FOR THE COMPANY’S CHIEF EXECUTIVE OFFICER AND
THE TOP MANAGEMENT OF THE DE’ LONGHI GROUP, SUBMITTED TO
THE SHAREHOLDERS’ MEETING CONVENED FOR 14 APRIL 2016**

Document drafted pursuant to Article 84-bis
of CONSOB Regulation No. 11971 of 14 May 1999 and Scheme 7 of Annex 3A of the
implementing regulation of Legislative Decree No. 58 of 14 February 1998 concerning
the regulation of issuers.

INTRODUCTORY NOTE

This Information Document has been drafted pursuant to Art. 84-*bis*, paragraph 1, of the Issuers' Regulation (CONSOB Regulation No. 11971/1999 and subsequent amendments) to illustrate the terms and conditions of the Plan, as defined.

The Rules for the 2016-2022 Stock Option Plan have been approved by the Company's Board of Directors with resolution dated 19 February 2016, upon proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, and have been submitted to the Shareholders' Meeting convened for 14 April 2016.

At the date of this information document, adoption of the Plan has not yet been approved by the Meeting of the Company's Shareholders. It should be specified that this document has been drafted solely on the basis of the Rules approved by the Company's Board of Directors on 19 February 2016 and that every reference to the Plan in this document must be understood as referring to the Rules.

The Company is responsible for updating this information document where necessary and based on the terms and conditions provided by applicable law, in compliance with the approval of the Plan itself by the Shareholders' Meeting and by the resolutions passed by the same Meeting.

It should be noted that the Plan potentially qualifies as "of particular significance" under Art. 114-*bis*, paragraph 3, of the TUF (*Legislative Decree No. 58/1998*) and Art. 84-*bis*, paragraph 2, of the Issuers' Regulation.

The Information Document, together with the Rules of the Plan, will be made available to the public annexed to the "*Directors' report on the fifth item on the agenda for the ordinary part of the Meeting of Shareholders of De' Longhi S.p.A convened in ordinary and extraordinary sessions for 14 April 2016, in a single call*" prepared pursuant to Art. 114-*bis* and Art. 84-*bis* of the Issuers' Regulation within the term established for publishing the Call Notice to the Shareholders' Meeting at the registered office of De' Longhi S.p.A in Treviso, Via L. Seitz 47, and on the Company's website www.delonghigroup.com ("*Investor Relations*" – "*Governance*" – "*Annual Shareholders' Meeting*" – "*2016*"), and on the IINFO authorised storage mechanism accessible via the website www.linfo.it.

DEFINITIONS

- “Capital Increase”: the share capital increase by payment, in one or more tranches, with the exclusion of pre-emption rights - pursuant to Art. 2441, paragraphs 4, second subparagraph, 6 and 8 of the Italian Civil Code, Art. 158 of the TUF and Art. 5-bis, paragraph 3 of the Articles of Association of De’ Longhi, submitted for the approval of the Company’s Shareholders’ Meeting on 14 April 2016 on the Plan for a maximum nominal amount of 3,000,000.00 euros and for a maximum of 2,000,000 ordinary shares with a nominal value of 1.50 euros each.
- “Shares”: the ordinary shares of De’ Longhi S.p.A, each with a nominal value of 1.50 euros, including newly issued shares, the subject of the Options granted to the Beneficiaries.
- “Ordinary Shareholders’ Meeting”: ordinary meeting of the shareholders of De’ Longhi on 14 April 2016 convened to approve the Plan described in the Rules.
- “Bad Leaver”: all cases of termination of the Relationship other than Good Leaver cases.
- “Beneficiaries”: the people who will be offered to participate in the “2016-2022 Stock Option Plan”.
- “Change of Control”: if the subject at the top of the ownership chain of the Company at the date of subscribing this Plan ceases to hold, whether directly or indirectly, the majority of the shares with voting rights in the ordinary shareholders’ meeting or in any case of the voting rights that can be exercised therein.
- “Civil Code”: the Italian Civil Code, approved by Royal Decree No. 262 of 16 March 1942, as subsequently amended.
- “Remuneration and Appointments Committee”: the Committee for Remuneration and Appointments established and appointed by the Board of Directors.
- “Termination Notice”: written notice (unilateral act or bilateral agreement) concerning termination of the Relationship.
- “Board of Directors”: the Board of Directors of De’ Longhi S.p.A.
- “Subsidiaries”: each company, without distinction, directly or indirectly controlled, pursuant to Art. 2359 of the Civil Code, by the Company, with which a Relationship exists with one or more Beneficiaries.

- “Date of Approval”: the date of approval of the Plan and of the Rules by the Ordinary Shareholders’ Meeting.
- “Date of Award”: the date on which the Board of Directors resolves on the assignment of Options to Beneficiaries.
- “Date of Subscription”: the date of receipt by the Company, or by the subject appointed by the same, of the Option Exercise Sheet signed by the Beneficiary.
- “Working Days”: the days of the week from Monday to Friday, excluding any national public holidays in Italy.
- “Good Leaver”: the following cases of termination of the Relationship:
 - resignation for just cause;
 - voluntary resignation, only on condition that the Beneficiary possesses the legal pension requirements and within the following 30 days has submitted a request to access the related indemnity;
 - dismissal for exceeding the protected period;
 - dismissal for objective just cause.
- “De’ Longhi Group”: the Company and the Subsidiaries.
- “Letter of Award”: the letter that must be given to the each Beneficiary containing the number of Options assigned, the Exercise Price and the Exercise Period. When it is signed and returned to the Company by the Beneficiaries it will be, for the purposes of the Rules, their full and unconditional participation in the Plan.
- “Option”: right awarded to the Beneficiaries to subscribe one Share for each Option received, as provided for in the Plan and under the Rules.
- “Exercise Period”: the period during which the Beneficiary can exercise the Option, otherwise the right lapses definitively.
- “Plan”: the incentive plan called the “2016-2022 Stock Option Plan” aimed at the Beneficiaries and regulated by the Rules and the Letter of Award.
- “Exercise Price”: the price that the Beneficiary must pay to exercise the Options in order to subscribe the Shares, as defined in point 10 of the Rules.
- “Relationship”: the employment relationship or the “corporate” administration relationship with the delegation of powers existing between the Beneficiaries and one of the companies of the De’ Longhi Group.

- “Rules”: the rules, concerning the definition of criteria, procedures and terms for implementing the Plan.
- “Company” or “De’ Longhi”: De’ Longhi S.p.A, with registered office in Via L. Seitz 47, 31100 Treviso, Italy.
- “Top Management”: the limited number of executives and key resources of De’ Longhi and the Subsidiaries identified upon the implementation of the Plan from among those holding positions that are more directly responsible for company results or who are of strategic interest and who, on the date of assignment, are employees and/or actively working at De’ Longhi and/or the Subsidiaries.

1. BENEFICIARIES

The Beneficiaries of the Plan are the Chief Executive Officer of the Company and the Top Management of the De' Longhi Group.

1.1 Identification by name of the Beneficiaries who are members of the board of directors of the Company and the companies it directly or indirectly controls.

Based on the proposed plan approved by the Board of Directors of De' Longhi on 19 February 2016, the only member of the Board of Directors who is - at present - beneficiary of the Plan is the Company's Chief Executive Officer.

1.2 Categories of Beneficiaries that are employees or consultants of the Company and of the parent companies or subsidiaries as identified in the Plan

Based on the proposed plan approved by the Board of Directors of De' Longhi on 19 February 2016, in addition to the Directors indicated in Section 1.1, the Plan is aimed at a limited number of Executives and Key Resources of the De' Longhi and the Subsidiaries who will be identified upon the implementation of the Plan from among those holding positions that are more directly responsible for company results or who are of strategic interest and who, on the date of assignment, are employees and/or actively working at De' Longhi and/or the Subsidiaries.

The Beneficiaries will be identified after approval of the plan by the Shareholders' Meeting on 14 April 2016.

1.3 Identification by name of the Beneficiaries of the Plan

a) general managers of the issuer of financial instruments

Not present

b) other managers with strategic responsibilities of the issuer of financial instruments that are not "small-sized", pursuant to Art. 3, paragraph 1, letter f), of Regulation No. 17221 of 12 March 2010, if they have received a total remuneration during the year (obtained by adding up the monetary remuneration and remuneration based on financial instruments) greater than the highest total remuneration including those attributed to the members of the board of directors, namely the management board, and to the general managers of the issuer of financial instruments

At the date of this information document, the Plan has not yet been approved by the Meeting of the Company's Shareholders and therefore it has not been possible to identify the Beneficiaries by name.

c) individuals controlling the issuer of shares who are employees or people actively working in the issuer of shares

Not applicable

1.4 Number of the Beneficiaries of the Plan by category

At the date of this information document, the Plan has not yet been approved by the Meeting of the Company's Shareholders and therefore it has not been possible to identify the number of Beneficiaries.

The Plan's characteristics are the same for all Beneficiaries.

2. REASONS FOR ADOPTING THE PLAN

2.1 Objectives to be achieved by awarding the Plan

The adoption of the Stock Option Plan is aimed at incentivising and encouraging the loyalty of Beneficiaries by recognising their contribution to the Company's increase in value.

2.1.1 More detailed information

The company has decided to introduce a stock option plan as an appropriate tool for aligning the interests of management and shareholders.

Beneficiaries of the Plan are a limited number of executives, whose performance can have significant impact on the share.

The Stock Option Plan has been designed using best market practices. With regard to the definition of the time horizon, the recommendations of the Corporate Governance Code, in particular the reference to the vesting period (section 4.2) have been taken into consideration.

2.2 Key variables, also in the form of performance indicators, considered for the allocation of the Plan

Exercise of the Options is not subject to the achievement of performance objectives by the Beneficiaries. Therefore, the only constraint is inherent to the type of incentive scheme which, by its nature, requires an increase in the value of the share.

2.2.1 More detailed information

Not applicable.

2.3 Elements underlying the determination of the amount of remuneration based on financial instruments, or the criteria for determining it

The number of Options to be assigned to each Beneficiary on the date of award will be defined by the Board of Directors (i) upon the proposal of the Remuneration and Appointments Committee, having heard the opinion of the Board of Statutory Auditors, for those options to be assigned to the CEO, or (ii) upon proposal of the latter in the other cases.

2.3.1 More detailed information

In line with section 2.3 above, the number of Options to be awarded to each Beneficiary will be determined by also taking into account the following elements:

- impact on the business;
- strategic importance of the resource;
- critical elements in terms of retention.

2.4 Reasons underlying the decision to allocate remuneration plans based on financial instruments not issued by the Issuer

Not applicable.

2.5 Considerations on the significant tax or accounting implications that have affected the definition of the Plan

No significant tax or accounting implications have affected the definition of the Plan.

2.6 Support for the Plan from the Special Fund for encouraging worker participation pursuant to Art. 4(112) of Law No. 350 of 24 December 2003

The Plan will not receive any support from the Special Fund for encouraging worker participation pursuant to Law No. 350 of 24 December 2003.

3. APPROVAL PROCEDURE AND TIMEFRAME FOR AWARDING THE INSTRUMENTS

3.1 Scope of the powers and functions delegated by the Shareholders' Meeting to the Company's Board of Directors

On 14 April 2016, the Shareholders' Meeting will be called on to vote to authorise the Board of Directors to implement the "2016-2022 *Stock Option Plan*", to be exercised in accordance with the Rules for the Plan and the Information Document and, in particular, by way of example but not limited to:

- defining the number of options to allocate to each beneficiary, with due regard to the maximum number of options;
- implementing the Rules to the Plan in compliance with the terms and conditions described therein and in the Information Document;
- determining the subscription price of the shares, when the options are exercised, according to the methodology described in the Rules to the Plan;
- granting the Chairman of the Board of Directors the broadest powers, with the option to delegate them, to fulfil all legal and regulatory requirements resulting from the adoption of the resolutions.

3.2 Subjects appointed to manage the Plan

Without prejudice to the competences of the Board of Directors and the Remuneration and Appointments Committee with regard to the Company's CEO, the Plan is operationally managed by the CEO with the support of the relevant corporate structures.

3.3 Existing procedures for the Plan's revision including with regard to any changes to the underlying objectives

Without prejudice to the competency of the Shareholders' Agreement in the cases provided for by the laws in force, the Board of Directors is the competent body for making changes to the Plan.

3.4 Description of the methods used to determine the availability and assignment of the financial instruments for the Plan

The Plan involves the scrip issue to Beneficiaries of Options valid for the subscription of one newly issued Share for each Option.

The maximum number of Options to be awarded to the Beneficiaries is established as 2,000,000.

On 14 April 2016, the Meeting of the Shareholders of the Company will be asked under the extraordinary session to vote on the proposal for a share capital increase by payment, in one or more tranches, with the exclusion of pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, 6 and 8 of the Civil Code, Art. 158 of the TUF and Art. 5-bis, paragraph 3 of the Articles of Association, for the Plan for a maximum nominal amount of 3,000,000.00 euros by issuing, even on more than one occasion, a maximum of 2,000,000 ordinary shares with a nominal value of 1.50 euros each, regular dividend rights, reserved for the Beneficiaries.

For more information on the capital increase for the Plan, please refer to the special report drafted by the Board of Directors pursuant to Art. 125-ter of the TUF and Art. 72 of the Issuers' Regulation in compliance with Scheme 2 of Annex 3A of the same regulation, which will be filed and made available to the public at the Company's registered office and on its website www.delonghigroup.com, ("*Investor Relations*" – "*Governance*" – "*Annual Shareholders' Meeting*" – "*2016*"), and on the authorised storage mechanism accessible on the website www.linfo.it, at least 21 days before the date of the Shareholders' Meeting (therefore, by 24 March 2016).

3.5 The Role performed by each director in determining the Plan's characteristics; any conflicts of interests of the directors concerned

The characteristics of the Plan, which will be submitted to the Shareholders' Meeting pursuant to and for the effects of Art. 114-bis of the TUF, have been determined jointly by the Board of Directors, which has voted to submit the Plan to the Shareholders' Meeting for its approval, based on the proposal by the Remuneration and Appointments Committee.

Due to the inclusion of the Company's Chief Executive Officer among the beneficiaries of the Plan, for the approval of the Plan by the Board of Directors, the Company's CEO deemed it appropriate to report the potential conflict of interest and, accordingly, abstained from voting.

3.6 Date of the decision by the body competent for proposing approval of the Plan to the Shareholders' Meeting and of the proposal of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee has specifically structured the Plan and reported on the activity carried out to the Board of Directors in the meeting held on 19 February 2016.

On this occasion, the Board of Directors approved the Rules for the Plan. The Company's Ordinary Shareholders' Meeting has been convened for 14 April 2016 to approve the Plan.

3.7 Date of the decision by the competent body regarding the assignment of the financial instruments and of the proposal to the aforementioned body by the Remuneration and Appointments Committee.

If the Plan is approved by the Shareholder' Meeting on 14 April 2016, the Board of Directors will then meet to make the decisions relevant for implementing the Plan, in accordance with the Rules and applicable regulations.

3.8 Market price of the Shares, recorded on the aforementioned dates, for the financial instruments on which the plans are based, if traded on regulated markets

Each of the Options, under the conditions of these Rules, will attribute the Beneficiary the right to subscribe one Share at a unit price, which will be the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 60 calendar days before the date for the Date of Approval of the Plan.

3.9 Terms and methods the Issuer uses, with regard to determining the timing for assigning the instruments in implementation of the Plan, to take account of the possible temporal coincidence between: (i) said assignment or the decisions taken on this point by the Remuneration and Appointments Committee; and (ii) the disclosure of any relevant information pursuant to Art. 114, para 4, of the TUF

Decisions regarding the allocation of the Options will be taken at one or more meetings of the Board of Directors after the initiative has been approved by the Shareholders' Meeting, having heard the opinion of the Remuneration and Appointments Committee and that of the Board of Statutory Auditors, where the Beneficiaries include the Company's Executive Directors and Managers with Strategic Responsibilities.

The Options, therefore, cannot be exercised immediately and are not subject to specific performance conditions, and therefore the Company does not envisage any particular coverage with regard to the situations described above.

Moreover, the Board of Directors can provide for blocks of periods for exercising the Options with regard to all the Beneficiaries.

4. CHARACTERISTICS OF THE ALLOCATED INSTRUMENTS

4.1 Description of the forms in which the Plan is structured

The Plan involves the scrip issue of Options to Beneficiaries at the rate of one Option for the subscription of one Share.

4.2 Indication of the period of actual implementation of the Plan also with reference to the various cycles envisaged

This Plan envisages a duration of 7 years. Except for specific situations and cases governed by the Rules, at the end of the vesting period, the Options may be exercised by the Beneficiaries - in one or more tranches - only and exclusively in the Exercise Period, between:

- 15 May 2019 and 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January), for a maximum of 50% of the total Options assigned to each Beneficiary;
- 15 May 2020 and 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January), for the remaining 50% of the total Options assigned to each Beneficiary.

4.3 End of the Plan

This Plan will in any case expire on 31 December 2022.

4.4 Maximum number of financial instruments, including in the form of Options, assigned in each financial year to the persons identified by name or to the categories indicated

The maximum number of Options that can be allocated to the Beneficiaries under the Plan is 2,000,000.

4.5 Methods and clauses for implementing the Plan, specifying whether the effective assignment of the instruments is subject to the occurrence of conditions or the achievement of certain results, including performance results

The Options will become exercisable at the end of the vesting period as specified in section 4.2, without being subject to performance conditions.

4.6 Indication of any restrictions to the availability of Options or the Shares resulting from exercise thereof

The Plan involves the scrip issue of Options to Beneficiaries. The Options are assigned to Beneficiaries personally and cannot be transferred inter vivos in any

way nor pledged nor be subject to other manner of disposal, whether free of charge or for a fee, by effect or law or otherwise.

Exercise of the Options and the consequent subscription of the Shares will be subject to the payment of the Exercise Price provided for in section 3.8.

Shares issued to the Beneficiary under the exercise of the Options will be freely available and therefore freely transferrable by the same.

4.7 Description of any termination clauses in relation to the allocation of the Plan if the recipients carry out hedging operations to neutralise any restrictions on selling the Options or Shares resulting from the exercise thereof

Not applicable.

4.8 Description of the effects resulting from the termination of employment

In principle, the Beneficiary's right to exercise the Options is linked to maintaining the Relationship with the De' Longhi Group.

Without prejudice to that provided in cases of death and/or permanent disability which do not allow the Beneficiary's Relationship to continue:

- in the event of termination of the Relationship in the case of Bad Leaver, the Beneficiary will definitely and automatically lose the right to exercise all the Options assigned to him and not yet exercised;
- in the event of termination of the Relationship in the case of Good Leaver, the Beneficiary will retain the right to exercise vested options (which may be exercised within the same terms and under the same procedures and conditions set out in sections 3.8 and 4.2), while the options not yet vested will lapse definitively on the date that the Relationship is effectively terminated.

It is understood that in the case of the transfer of the Relationship to another company in the De' Longhi Group and/or in the case of termination of the Relationship and simultaneous establishment of a new Relationship within the De' Longhi Group, the Beneficiary will keep any and all rights attributed to him by the Rules.

In the event of termination of the Relationship, the Board of Directors may allow the Beneficiary to exercise all or part of the assigned Options as an exception to the terms specified in the Rules, setting a deadline for this which is in any case not less than thirty days, or assigning to other Beneficiaries the

Options made available following the termination of the Relationship by one or more Beneficiaries.

In the event of death and/or permanent disability that does not allow the Beneficiary's Relationship to continue, the Options assigned to the Beneficiary, whether they are already exercisable or not at the date of the event (death and/or permanent disability that does not allow the Relationship to continue), may be exercised in full and immediately:

- in the event of death, by the heirs and in any case within the Exercise Period, subject to the persons concerned providing documentation proving, in accordance with the law, their legitimacy as heirs;
- in the case of permanent disability which does not allow the Relationship to continue, by the Beneficiary and in any case within the Exercise Period.

4.9 Indication of other possible causes for cancelling the Plan

Not applicable.

4.10 Reasons regarding the possibility of introducing a provision for the company to “redeem” the financial instruments that are subject of the plan, as provided in accordance with Articles 2357 et seq. of the Civil Code

The Plan does not envisage the Company's right of redemption.

4.11 Any loans or other facilities that may be granted for the purchase of the Shares pursuant to Art. 2358, para. 3, of the Civil Code

The Rules do not govern loans or other facilities for the purchase of the Shares pursuant to Article 2358, para. 3, of the Civil Code.

4.12 Considerations on the expected burden for the Company at the date of award, as determined based on the terms and conditions already defined, for the total amount and with regard to each financial instrument

At the date of this document, it is not possible to indicate the exact amount of the Plan's expected burden for the Issuer.

Pursuant to IFRS 2 (*Share-based payments*), during the vesting period the Company will recognise, for the part under its responsibility, the fair value of the assigned Options.

4.13 Indication of any dilutive effects on capital caused by the Plan

The full subscription of the Capital Increase for the Plan following the exercise of all the Options and assuming that no further capital increases are

implemented, would cause a maximum dilutive effect for shareholders of 1.3% compared the total current share capital.

4.14 Any limits envisaged on the exercise of voting rights or on the attribution of equity rights

No limits on the exercise of voting rights or on the attribution of equity rights inherent to the Shares resulting from the exercise of the Options.

4.15 In the event that the shares are not traded on regulated markets, any useful information for a full assessment of the value attributable to them

Not applicable.

4.16 Number of financial instruments underlying each Option

Each Option will give the right to subscribe one newly issued Share upon payment of the Exercise Price, in accordance with the terms and conditions of the Rules for the Plan.

4.17 Expiry of the Options

Please refer to sections 4.2, 4.3 and 4.8.

4.18 Methods, timings and clauses for exercising the Options

Please refer to sections 4.2, 4.5 and 4.8.

4.19 Exercise price of the Options or the methods and criteria for its determination, particularly with regard to: a) the formula for calculating the exercise price in relation to a certain market price; and b) the methods for determining the market price taken as reference for the determination of the exercise price

Each of the Options, under the conditions of these Rules, will attribute the Beneficiary the right to subscribe one Share at a unit price, which will be the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 60 calendar days before the date for the Date of Approval.

4.20 If the exercise price is not equal to the market prices calculated as indicated in section 4.19 letter b) (fair market value), the reasons for this difference

Not applicable

4.21 Criteria on which different exercise prices are envisaged between different people or various categories of beneficiary

Not applicable

4.22 In the event that the financial instruments underlying the Options are not traded on regulated markets, indication of the value attributable to the underlying financial instruments or the criteria for determining the value

Not applicable.

4.23 Criteria for those adjustments made necessary by the extraordinary operations on the capital and other operations that entail the variation of the number of underlying instruments

In specific situations, which may involve changes to the shareholding structure or the corporate perimeter, the Board of Directors will adjust one or both of the following items for the Options not yet exercised: the ratio between the number of Options and the number of underlying Shares (or underlying Shares of other companies in the event of mergers and demergers) and/or the Exercise Price, if this does not create a general injury for the category of Beneficiaries under current tax regulations.

The adjustments referred to above may occur in, for example, but by no means limited to, the following events:

- grouping and splitting of Shares;
- free increase of De' Longhi's share capital;
- increase by payment of De' Longhi's share capital with the issue of Shares;
- merger and/or demerger of the Company (except possible intra-group mergers and demergers, at the sole decision of the Board of Directors);
- distribution of extraordinary dividends by withdrawing from De' Longhi's reserves;
- reduction of De' Longhi's share capital.

Any rounding that may be necessary due the existence of fractions must be rounded down.

In cases where there is a Change of Control, the Beneficiary will be granted the right to exercise all the Options assigned without having to wait for the Exercise Period provided for in section 4.2, without prejudice to the right of the Board of Directors to provide more favourable conditions for the Beneficiaries with respect to that indicated in the Rules. The Board of Directors will establish the term within which it will be possible to exercise the Options. In any case, the

established term cannot be less than thirty days. The Board of Directors does not have the power to cancel the Plan.

It is the responsibility of the Board of Directors, in relation to each of the above operations, to define the adjustment criteria that will be communicated in writing to the Beneficiaries.

4.23-bis Other information

The Plan involves, in Article 20 of the Rules, the so-called claw back clause, with which the Company reserves the unilateral right to obtain the revocation of the Options and/or the restitution, in whole or in part, of the Shares purchased by the Beneficiary following exercise of the Options assigned to them, without prejudice to the reimbursement of the amount already paid by the Beneficiary upon exercise of the Options, if, within the term of three years from the vesting date of the assigned Options, it is established that the share value has been influenced by the Beneficiary engaging in any one of the following: *(i)* fraudulent conduct or gross negligence to the Company's detriment; *(ii)* conduct that is contrary to the law and/or company regulations; *(iii)* breach of the obligations of loyalty and proper management; *(iv)* conduct which results in a significant economic or financial loss for the Company. If the Shares have already been sold, the Company reserves the right to obtain a refund of the capital gains earned from the sale of the Shares, if necessary by compensating the Beneficiary's remuneration and/or end of employment commissions.

* * *

4.24 Issuers of shares combine the annexed table n. 1 to the information document

Information about the implementation of the Plan and the data given in the summary table referred to in Article 4.24 of Annex 3A to the Issuers' Regulations will be given within the deadlines and in the manner specified in the Rules and in the applicable regulations.



**Rules for the 2016-2022 Stock Option
Plan**

**APPROVED BY THE
BOARD OF DIRECTORS
ON 19 FEBRUARY 2016
AND SUBMITTED FOR
THE APPROVAL OF THE
SHAREHOLDERS'
MEETING CONVENED
FOR 14 APRIL 2016**

TABLE OF CONTENTS

1.	INTRODUCTION	2
2.	DEFINITIONS.....	2
3.	PURPOSE OF THE PLAN.....	4
4.	OBJECT OF THE RULES	5
5.	DESCRIPTION OF THE PLAN	5
6.	BENEFICIARIES.....	5
7.	DURATION OF THE PLAN	6
8.	NATURE AND CHARACTERISTICS OF THE OPTIONS	6
9.	CRITERIA FOR ASSIGNING THE OPTIONS.....	7
10.	EXERCISE PRICE	7
11.	EXERCISE OF THE OPTIONS AND DELIVERY OF THE SHARES.....	7
12.	ENJOYMENT OF THE SHARES.....	8
13.	AVAILABILITY OF THE SHARES	8
14.	COSTS AND EXPENSES	8
15.	RULES FOR SPECIFIC SITUATIONS	9
16.	RULES IN THE EVENT OF TERMINATION OF THE EMPLOYMENT RELATIONSHIP	10
17.	RULES IN THE EVENT OF DEATH AND/OR DISABILITY OF THE BENEFICIARY	10
18.	ATTRIBUTION OF RIGHTS WITH REGARD TO THE EMPLOYMENT RELATIONSHIP	11
19.	MANAGEMENT AND PARTICIPATION IN THE PLAN	11
20.	CLAW-BACK CLAUSE	12
21.	TAX TREATMENT	13
22.	JURISDICTION.....	13
23.	CONFIDENTIALITY.....	13
24.	VARIOUS PROVISIONS.....	13

1. Introduction

These rules (hereinafter the “Rules”) describe and define the regulations and the rules for implementing the “2016-2022 Stock Option Plan” aimed at the Company’s Chief Executive Officer and the Top Management of the De’ Longhi Group. These Rules have been approved by the Company’s Board of Directors at the meeting held on 19 February 2016, upon proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, and are submitted for approval to the Shareholders’ Meeting convened for 14 April 2016, which, on that same day, is called to resolve the share capital increase defined below, for the same Plan.

2. Definitions

For the purposes of these Rules: (i) the terms and expressions listed below, underlined and capitalised, will have the meaning indicated alongside each; (ii) the terms and expressions defined in plural are understood as also defined in singular form, and vice versa.

- “Capital Increase”: the share capital increase by payment, in one or more tranches, with the exclusion of pre-emption rights also pursuant to Art. 2441, paragraph 4, second subparagraph, of the Civil Code and Art. 5-bis, paragraph 3 of the Articles of Association of De’ Longhi, submitted for the approval of the Company’s Shareholders’ Meeting on 14 April 2016 on the Plan for a maximum nominal amount of 3,000,000.00 euros and for a maximum of 2,000,000 ordinary shares with a nominal value of 1.50 euros each.
- “Shares”: the ordinary shares of De’ Longhi S.p.A, each with a nominal value of 1.50 euros, including newly issued shares, the subject of the Options granted to the Beneficiaries.
- “Ordinary Shareholders’ Meeting”: ordinary meeting of the shareholders of De’ Longhi on 14 April 2016 convened to approve the Plan described in these Rules.
- “Bad Leaver”: all cases of termination of the Relationship other than Good Leaver cases.
- “Beneficiaries”: the people who will be offered to participate in the “2016-2022 Stock Option Plan”.
- “Change of Control”: if the subject at the top of the ownership chain of the Company at the date of subscribing this Plan ceases to hold, whether directly or indirectly, the majority of the shares with voting rights in the ordinary shareholders’ meeting or in any case of the voting rights that can be exercised therein.

- “Civil Code”: the Italian Civil Code, approved by Royal Decree No. 262 of 16 March 1942, as subsequently amended.
- “Remuneration and Appointments Committee”: the Committee for Remuneration and Appointments established and appointed by the Board of Directors.
- “Termination Notice”: written notice (unilateral act or bilateral agreement) concerning termination of the Relationship.
- “Board of Directors”: the Board of Directors of De’ Longhi S.p.A.
- “Subsidiaries”: each company, without distinction, directly or indirectly controlled, pursuant to Art. 2359 of the Civil Code, by the Company, with which a Relationship exists with one or more Beneficiaries.
- “Date of Approval”: the date of approval of the Plan and of these Rules by the Ordinary Shareholders’ Meeting.
- “Date of Award”: the date on which the Board of Directors resolves on the assignment of Options to Beneficiaries.
- “Date of Subscription”: the date of receipt by the Company, or by the subject appointed by the same, of the Option Exercise Sheet signed by the Beneficiary.
- “Working Days”: the days of the week from Monday to Friday, excluding any national public holidays in Italy.
- “Good Leaver”: the following cases of termination of the Relationship:
 - a) resignation for just cause;
 - b) voluntary resignation, only on condition that the Beneficiary possesses the legal pension requirements and within the following 30 days has submitted a request to access the related indemnity;
 - c) dismissal for exceeding the protected period;
 - d) dismissal for objective just cause.
- “De’ Longhi Group”: the Company and the Subsidiaries.
- “Letter of Award”: the letter that must be given to the each Beneficiary containing the number of Options assigned, the Exercise Price and the Exercise Period. When it is signed and returned to the Company by the Beneficiaries it will be, for the purposes of these Rules, their full and unconditional participation in the Plan.
- “Option”: right awarded to the Beneficiaries to subscribe one Share for each Option received, as provided for in the Plan and under these Rules.

- “Exercise Period”: the period during which the Beneficiary can exercise the Option, otherwise the right lapses definitively.
- “Plan”: the incentive plan called the “2016-2022 Stock Option Plan” aimed at the Beneficiaries and regulated by these Rules and the Letter of Award.
- “Exercise Price”: the price that the Beneficiary must pay to exercise the Options in order to subscribe the Shares, as defined in point 10 of these Rules.
- “Relationship”: the employment relationship or the “corporate” administration relationship with the delegation of powers existing between the Beneficiaries and one of the companies of the De’ Longhi Group.
- “Rules”: these rules, concerning the definition of criteria, procedures and terms for implementing the Plan.
- “Company” or “De’ Longhi”: De’ Longhi S.p.A, with registered office in Via L. Seitz 47, 31100 Treviso, Italy.
- “Top Management”: the limited number of executives and key resources of De’ Longhi and the Subsidiaries identified upon the implementation of the Plan from among those holding positions that are more directly responsible for company results or who are of strategic interest and who, on the date of assignment, are employees and/or actively working at De’ Longhi and/or the Subsidiaries.

3. Purpose of the Plan

In view of market practice with regard to incentives, the positioning with regard to the remuneration offered and the current strategic environment, the Company has decided to introduce this 2016-2022 Stock Option Plan aimed at the Top Management of the De’ Longhi Group and characterised by the following objectives:

- link Beneficiaries’ remuneration to the creation of value for the Company’s shareholders;
- promote the continued market competitiveness of Beneficiaries’ remuneration;
- strengthen the loyalty of Beneficiaries by incentivising their permanence in the Group.

4. Object of the Rules

These rules (hereinafter the “Rules”) establish the principles and rules for the operation of the “2016-2022 Stock Option Plan” aimed at the Company’s Chief Executive Officer and the Top Management of the De’ Longhi Group.

The Rules have been approved by the Company’s Board of Directors with resolution dated 19 February 2016, upon proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, and are submitted for approval to the Shareholders’ Meeting convened for 14 April 2016.

The provisions of these Rules are interrelated and inseparable.

5. Description of the Plan

The Plan is a tool for incentivising and encouraging the loyalty of Beneficiaries which, as part of the De’ Longhi remuneration policy, is aimed at recognising their contribution to the Company’s increase in value.

The Plan is implemented through the scrip issue to Beneficiaries of up to a maximum of 2,000,000 Options for the subscription of an equal number of Shares (at the rate of one Share per Option exercised), within the terms and conditions described in these Rules, resulting from the Capital Increase and reserved under subscription to the Beneficiaries of the Plan.

Participation in the Plan and the assignment of the number of Options are based on criteria that avoid any discrimination according to age, race, gender, sexual orientation, religious belief, nationality, ethnic origin, physical condition or marital status.

The Plan’s characteristics are the same for all Beneficiaries.

6. Beneficiaries

The Beneficiaries of the Plan are the Chief Executive Officer of the Company and the Top Management of the De’ Longhi Group.

Except for the Company’s Chief Executive Officer, for which the Board of Directors is competent, upon proposal of the Remuneration and Appointments Committee and having

heard the Board of Statutory Auditors, identification of the individual beneficiaries is delegated to the Board of Directors on the proposal of the Company's CEO.

A necessary condition for eligibility to participate in the Plan is that the Beneficiaries are not serving their notice period due to resignation or dismissal at the moment they are included in the Plan.

If the Beneficiary changes position within the De' Longhi Group, the Company's CEO, with the support of the competent corporate structures, will assess the need for any adjustment in the number of Options assigned to the Beneficiary.

The Board of Directors has the authority to resolve, if the opportunity arises, for new hires, promotions or particular merit, to insert new Beneficiaries after the date the Beneficiaries were designated, provided that this insertion occurs within 18 months from the Date of Approval of the Plan.

7. Duration of the Plan

This Plan has a duration of 7 years and will in any case end on 31 December 2022.

8. Nature and characteristics of the Options

Assignment of the Options is free of charge: upon assignment of the Options, the Beneficiaries will not therefore be required to pay any fee to the Company.

Exercise of the Options and the consequent subscription of the Shares will be subject to the payment of the Exercise Price. Each Option will give the right to subscribe to one Share at the conditions laid down by these Rules.

The Options are assigned to Beneficiaries personally and cannot be transferred inter vivos in any way nor pledged nor be subject to other manner of disposal, whether free of charge or for a fee, by effect or law or otherwise; they also cannot be subject to enforcement or interim measures by third parties, under penalty of immediate forfeiture by the Beneficiary of all the rights attributed to him under this Plan. It is specified that the sale of future Shares resulting from the expected exercise of the Options is permitted only at the Beneficiary's sole risk and responsibility.

9. Criteria for assigning the Options

The number of Options to be assigned to each Beneficiary is defined by the Board of Directors (i) upon the proposal of the Remuneration and Appointments Committee, having heard the opinion of the Board of Statutory Auditors, for those options to be assigned to the CEO, or (ii) upon proposal of the latter in the other cases.

If the Board of Directors resolves to insert new Beneficiaries, the Board of Directors has the authority to determine (within the maximum number of Options available and upon proposal of the CEO), the number of Options to assign to each new Beneficiary. The rules and conditions laid down by these Rules will be valid for such additional assignments, since they fall under the same Plan.

For the purposes and effects of the Plan, the number of Options assigned can differ from Beneficiary to Beneficiary; therefore, each Beneficiary recognises the indisputability of the Options assigned to them.

10. Exercise Price

The Board of Directors has established that each of the Options, under the conditions of these Rules, will attribute the Beneficiary the right to subscribe one Share at a unit price, which will be the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 60 calendar days before the date for the Date of Approval.

11. Exercise of the Options and delivery of the Shares

Exercise of the Options by the Beneficiary will be irrevocable and must take place by signing and delivering the Exercise Sheet, a sample model of which is annexed to the Rules and constitutes an integral and substantial part of the same.

Except as specified in points 15, 16 and 17 below, the Options may be exercised by the Beneficiaries - in one or more tranches - only and exclusively in the Exercise Period, between:

- 15 May 2019 and 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January), for a maximum of 50% of the total Options assigned to each Beneficiary;
- 15 May 2020 and 31 December 2022 (and more precisely within one or more of the following intervals: 15 May - 15 July; 1 September - 15 October; 15 November - 15 January), for the remaining 50% of the total Options assigned to each Beneficiary.

Options not exercised by the end of the Exercise Period will be considered expired without the Beneficiary being entitled to any kind of indemnity or compensation.

Exercise of the Options will take effect on the day of receipt of the Exercise Sheet by the Company or by the subject appointed by the same, prompt information of which will be given to the Beneficiaries of the Plan by the Company, and in any case at least 30 days before the beginning of the Exercise Period.

The Shares will be delivered to the Beneficiary within three working days from the Date of Subscription of the Shares, provided that the Exercise Price has been paid in full by the Date of Subscription of the Shares. Delivery of the Shares will take place by crediting the securities account indicated by the Beneficiary in the Exercise Sheet.

12. Enjoyment of the Shares

The Shares will provide regular dividend rights and therefore the same as the other Shares in circulation at the date of their issuance.

13. Availability of the Shares

Shares issued to the Beneficiary under the exercise of the Options will be freely available and therefore freely transferrable by the same.

14. Costs and Expenses

All the costs relating to the issue and transfer of the Shares to the Beneficiaries will be borne by the Company. Any cost relating to the Beneficiaries' securities accounts referred to in section 11 will be borne solely by the same Beneficiaries. Without prejudice to the provisions of section 20.

15. Rules for specific situations

In specific situations, which may involve changes to the shareholding structure or the corporate perimeter, the Board of Directors will adjust one or both of the following items for the Options not yet exercised: the ratio between the number of Options and the number of underlying Shares (or underlying Shares of other companies in the event of mergers and demergers) and/or the Exercise Price, if this does not create a general injury for the category of Beneficiaries under current tax regulations.

The adjustments referred to above may occur in, for example, but by no means limited to, the following events:

- grouping and splitting of Shares;
- free increase of De' Longhi's share capital;
- increase by payment of De' Longhi's share capital with the issue of Shares;
- merger and/or demerger of the Company (except possible intra-group mergers and demergers, at the sole decision of the Board of Directors);
- distribution of extraordinary dividends by withdrawing from De' Longhi's reserves;
- reduction of De' Longhi's share capital.

Any rounding that may be necessary due the existence of fractions must be rounded down.

In cases where there is a Change of Control, the Beneficiary will be granted the right to exercise all the Options assigned without having to wait for the Exercise Period provided for in section 11, without prejudice to the right of the Board of Directors to provide more favourable conditions for the Beneficiaries with respect to that indicated in these Rules. The Board of Directors will establish the term within which it will be possible to exercise the Options. In any case, the established term cannot be less than thirty days. The Board of Directors does not have the power to cancel the Plan.

It is the responsibility of the Board of Directors, in relation to each of the above operations, to define the adjustment criteria that will be communicated in writing to the Beneficiaries.

16. Rules in the event of termination of the employment relationship

In principle, the Beneficiary's right to exercise the Options is linked to maintaining the Relationship with the De' Longhi Group.

Without prejudice to the provisions of section 17, and except for any different terms and conditions defined in the Letter of Award:

- in the event of termination of the Relationship in the case of Bad Leaver, the Beneficiary will definitely and automatically lose the right to exercise all the Options assigned to him and not yet exercised;
- in the event of termination of the Relationship in the case of Good Leaver, the Beneficiary will retain the right to exercise vested options (which may be exercised within the same terms and under the same procedures and conditions set out in sections 10 and 11), while the options not yet vested will lapse definitively on the date that the Relationship is effectively terminated.

It is understood that in the case of the transfer of the Relationship to another company in the De' Longhi Group and/or in the case of termination of the Relationship and simultaneous establishment of a new Relationship within the De' Longhi Group, the Beneficiary will keep any and all rights attributed to him by the Rules.

In the event of termination of the Relationship, the Board of Directors may allow the Beneficiary to exercise all or part of the assigned Options as an exception to the terms specified in the Rules, setting a deadline for this which is in any case not less than thirty days, or assigning to other Beneficiaries the Options made available following the termination of the Relationship by one or more Beneficiaries.

17. Rules in the event of death and/or disability of the Beneficiary

In the event of death and/or permanent disability that does not allow the Beneficiary's Relationship to continue, the Options assigned to the Beneficiary, whether they are already exercisable or not at the date of the event (death and/or permanent disability that does not allow the Relationship to continue), may be exercised in full and immediately:

- in the event of death, by the heirs and in any case within the Exercise Period, subject to the persons concerned providing documentation proving, in accordance with the law, their legitimacy as heirs;
- in the case of permanent disability which does not allow the Relationship to continue, by the Beneficiary and in any case within the Exercise Period.

18. Attribution of rights with regard to the employment relationship

No provision of these Rule attributes Beneficiaries, who are in an employment Relationship with the Companies of the De' Longhi Group, any right regarding:

- the continuation of the existing Relationship with the De' Longhi Group;
- the limitation, restriction or impairment in any way of the Company's right to terminate the existing Relationship with the Beneficiaries (except as differently provided in the respective employment agreements and/or individual agreements);
- the definition of different levels of incentives compared to those referred to in this Plan.

The Board of Directors, upon the proposal of the Chief Executive Officer, according to the specific competences, may determine from time to time whether any leaves of absence requested by the Beneficiary can be considered as an interruption of the Relationship, only for the sole purpose of revising the number of Options that can be exercised.

19. Management and Participation in the Plan

Without prejudice to the competences of the Board of Directors and the Remuneration and Appointments Committee with regard to the Company's CEO, the Plan is managed by the Company's CEO with the support of the relevant corporate structures. The Board of Directors,

upon the proposal of the Remuneration and Appointments Committee and having heard the opinion of the Board of Statutory Auditors, approves and updates the Plan guidelines.

With regard to participation in the Plan, the following is established:

- each Beneficiary is notified in writing by the Company, delivered by hand or sent by registered mail with return receipt (Letter of Award), of his insertion in the Plan, in which the number of Options assigned, the Exercise Price and the Exercise Period are specified;
- a copy of the Rules for the Plan are attached to the Letter of Award, together with a copy of the model Exercise Sheet.

Beneficiaries who wish to participate in the Plan must complete, initial each page, sign and return to the Company a copy of the Letter of Award, of these Rules and of the Exercise Sheet, within 15 working days after the date of receipt, for the attention of the Head of Human Resources and Organization of the De' Longhi Group.

20. Claw-back Clause

The Company reserves the unilateral right to obtain the revocation of the Options and/or the restitution, in whole or in part, of the Shares purchased by the Beneficiary following exercise of the Options assigned to them, without prejudice to the reimbursement of the amount already paid by the Beneficiary upon exercise of the Options, if, within the term of three years from the vesting date of the assigned Options, it is established that the share value has been influenced by the Beneficiary engaging in any one of the following:

- fraudulent conduct or gross negligence to the Company's detriment;
- conduct that is contrary to the law and/or company regulations;
- breach of the obligations of loyalty and proper management;
- conduct which results in a significant economic or financial loss for the Company.

If the Shares have already been sold, the Company reserves the right to obtain a refund of the capital gains earned from the sale of the Shares, if necessary by compensating the Beneficiary's remuneration and/or end of employment commissions.

21. Tax treatment

The Beneficiary's income tax related to exercising the Options, upon delivery of the Shares and upon the subsequent sale of the Shares will be borne by the same Beneficiary. Consequently, if withholding taxes required by law are due, the Beneficiaries will be required to promptly provide the necessary funds to allow the Company to make payments due as substitute tax.

22. Jurisdiction

The Plan, the Rules and their annexes are governed by Italian law.

Any dispute arising from, originating with or dependent on, or in any case related to the Plan, the Rules or their annexes, shall be brought before the Court of Treviso.

23. Confidentiality

Beneficiaries undertake not to disclose to third parties the contents of the Plan, the Rules and their annexes, as well as the deeds and documents referred to therein, and to keep any news or information related to the same or contained in the same confidential, except for that strictly required for the performance of any mandatory legal obligations.

24. Various provisions

Any communication sent in relation to the Plan (including any service of legal documents) must be made in writing and sent by registered letter with return receipt, or delivered by hand, signed for receipt, and addressed as follows:

- to the Company: for the attention of the Head of Human Resources and Organisation of the De' Longhi Group at the Company's registered office;
- to the Beneficiary: at the Beneficiary's address as recorded in the Company's registers.

