

# **DE' LONGHI S.P.A.**

*Procedure for the identification of Relevant Persons and for the communication of transactions concluded by the same, also through nominees, concerning shares issued by the Company or other financial instruments linked to them*  
(*"INTERNAL DEALING PROCEDURE"*)

Established in accordance with Art. 152 *octies*, subsection 8, letter *a*), Consob Regulation no. 11971/99 ("Issuers' Regulation") and the Corporate Governance Code for Italian Listed Companies

Approved by the Board of Directors at the meeting held on 13 November 2008

## **1. INTRODUCTION**

In consideration of the legal provisions imposed by Art. 114, subsection 7, Legislative Decree no. 58/98 (hereinafter the "Consolidated Law") and the Articles 152 *sexies* and subsequent of Consob Regulation no. 11971/99, the Board of Directors of the Italian Listed Company Dé Longhi S.p.A. (hereinafter the "Company") has approved this "*Procedure for the identification of Relevant Persons and for the communication of transactions concluded by the same, also through nominees, concerning shares issued by the Company or other financial instruments linked to them*" (hereinafter the "Internal Dealing Procedure" or "Procedure") which entered into force on 1 April 2006.

From the date of its entry into force, the Internal Dealing Procedure has substituted the "*Code of (Internal Dealing) Conduct*", approved by the Company's Board of Directors at the meeting held on 20 December 2002, and published on the internet site [www.delonghi.com](http://www.delonghi.com)

Upon conclusion of the internal reorganisation process of Gruppo De'Longhi the Board of Directors has agreed to update the Internal Dealing Procedure by approving this document which enters into force on 13 November 2008.

## **2. RELEVANT PERSONS AND INDIVIDUALS CLOSELY ASSOCIATED WITH THE SAME**

For the purposes of application of this Procedure the following are considered:

### A) Relevant Persons

- a) (executive and non-executive) members of the Board of Directors;
- b) effective auditors;
- c) General Managers;
- d) the managing directors of the Company's subsidiaries with strategic importance;
- e) Company managers who have regular access to privileged (insider) information and who are authorised to take management decisions that can influence the Company's development and future prospects, and in particular those who manage the following areas and functions:
  - Administration;
  - Finance;

- Planning and Control;
- Legal Affairs;
- Corporate Affairs;
- Investor Relations;
- Human Resources;
- Internal Auditing;

f) any person who holds a holding<sup>1</sup> equal to at least 10% of the share capital represented by voting shares, and any other person who controls<sup>2</sup> the *Company*.

*B) Individuals closely associated with the Relevant Persons*

g) the spouse, unless legally separated, dependent children, including those of the spouse, and, if they have cohabited for at least one year, parents and persons related by consanguinity or affinity to the Relevant Persons;

h) legal persons, partnerships and trusts in which a Relevant Person or one of the persons referred to in point g) is solely or jointly responsible for the management function;

i) legal persons controlled directly or indirectly by a Relevant Person or one of the persons referred to in point g);

l) partnerships whose economic interests are substantially equivalent to those of a Relevant Person or one of the persons referred to in point g);

m) trusts set up in favour of a Relevant Person or one of the persons referred to in point g).

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<sup>1</sup> For the purposes of the disclosure requirements, the calculation of holdings must take place in observance of the following criteria set out in Art. 118 of the Issuers' Regulation:

- a) a person's holding shall include shares owned by him, even if the voting rights belong or are assigned to third parties, and those shares of which the voting rights belong or are assigned to him;
- b) the calculation of the holding must also include the shares owned by nominees, trustees or subsidiary companies and the shares of which the voting rights belong or are assigned to such persons.

<sup>2</sup> For the application of this Procedure, the notion of significant control is that of Art. 93 of the Consolidated Law: "[...] in addition to the companies indicated in paragraphs 1 and 2 of the first subsection of Article 2359 of the Civil Code, the following shall also be considered subsidiaries:

- a) Italian and foreign companies over which a person has the right, by virtue of a contract or a clause in the instrument of incorporation, to exercise a dominant influence, where the application law permits such contracts or clauses,
- b) Italian and foreign companies where a shareholder controls alone, on the basis of agreements with other shareholders, enough votes to exercise a dominant influence in the ordinary shareholders' meeting.

### 3. TRANSACTIONS SUBJECT TO DISCLOSURE OBLIGATIONS

This Procedure must be applied to all transactions involving the purchase, sale, subscription or exchange concluded by Relevant Persons and individuals closely associated with them, on whatever basis, whether on the Stock Exchange or not, of:

- the *Company's* shares (hereinafter "*Shares*");
- financial instruments linked to the *Shares*<sup>3</sup>

The disclosure obligations provided under this Procedure do not apply to the following transactions:

- transactions whose total amount does not reach **€ 5,000 (five thousand euros) at the end of the year**, with the qualification that the total amount is calculated by totaling the transactions, involving the shares and financial instruments linked to them, concluded on the own account of each Relevant Person and those concluded on the own account of persons closely associated with such persons; the amount of the derivative linked financial instruments is calculated with reference to the underlying shares;
- transactions involving lending of securities, liens, beneficial interests and assignments of options for the subscription of shares;
- transactions concluded between the Relevant Persons and the persons closely associated with them;

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*For the purposes of subsection 1, rights held by subsidiaries or exercised through trustees or nominees shall be considered, those held on behalf of third parties shall not be considered."*

<sup>3</sup> *Financial instruments linked to shares* shall mean, in accordance with Art. 152 *sexies*, subsection 1 of the Issuers' Regulation:

- a) financial instruments that permit the subscription, acquisition or disposal of *Shares*;
- b) debt financial instruments convertible into *Shares* or exchangeable for *Shares*;
- c) derivative financial instruments based on *Shares* referred to in Article 1, subsection 3 of the Consolidated Law;
- d) other financial instruments, equivalent to *Shares*, representing such shares;
- e) listed shares issued by subsidiaries of the *Company* and financial instruments referred to in paragraphs from letter a) to d) linked to them.
- f) unlisted shares issued by subsidiaries of the *Company* when the book value of the holding in the subsidiary represents more than 50% of the *Company's* assets as shown by the latest approved annual financial statements and financial instruments referred to in points a) to d).

- transactions concluded by the *Company* and its subsidiaries.<sup>4</sup>

#### **4. PERSON RESPONSIBLE**

4.1 The person responsible (hereinafter the "*Person Responsible*") for receiving, handling and disclosing to the market information concerning the Significant Transactions is the manager of the Legal Department (substitute: manager of Corporate Affairs) who will make use of the collaboration of the department he/she manages.

The *Person Responsible*, his/her collaborators and the substitute are obliged to maintain the highest level of confidentiality with regard to the notifications received under section 4 of this Procedure until they are disclosed to the market.

4.2 It is the duty of the *Person Responsible* to:

- a) ensure that all the Relevant Persons and the persons closely associated with with are given information regarding the contents of this Procedure;
- b) provide assistance to the Relevant Persons and the persons closely associated with them so that the Significant Transactions are notified to the *Company* within the terms and in the manner set out by this Procedure;
- c) ensure that the notifications concerning the Significant Transactions are received and disclosed to the market within the terms set out in this Procedure;
- d) store the notifications of Significant Transactions and those disclosed to the market;
- e) keep the Board of Directors of the *Company* up to date on the notifications received and disclosed to the market.

#### **5. DUTIES OF CONDUCT AND DISCLOSURE**

Transactions involving the *Shares* and financial instruments linked to them, concluded by the Relevant Persons and persons closely associated with them (hereinafter "Significant Transactions") must be notified to Consob and disseminated to the public in the manner and observing the timings set out in this Procedure:

- A) ▪ *The Relevant Persons referred to from point a) to e) in section 2* notify the *Company*, in the person of the *Person Responsible*, using such means that guarantee proof of receipt, all information concerning Significant Transactions (hereinafter

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<sup>4</sup> Art. 152 *septies*, subsections 3 and 4 of the Issuers' Regulation.

"Information") within **3 trading days from the date such transactions are concluded.**

▪ The *Company* shall therefore undertake to:

a) transmit the Information to Consob **within 5 trading days from the date the Significant Transaction was concluded**<sup>5</sup>;

b) publish the Information by simultaneously sending a notification **by the end of the trading day following that on which the Information was received by the Relevant Persons**, in accordance with Art. 66, subsection 2 of the Issuers' Regulation.

B) ▪ Subject to an agreement entered into with the *Company* pursuant to Art. 152 *octies*, subsection 5 of the Issuers' Regulation, *the Relevant Persons referred to at point f) of section 2* communicate the Information to the *Company*, in the person of the *Person Responsible*, in a manner that guarantees proof of receipt **by the end of the fourteenth day following the day the transaction was concluded.**

▪ The *Company*, in the person of the *Person Responsible*, shall therefore, **by the end of the trading day following that on which the Information was received** from the aforementioned Relevant Persons, publish the Information by the simultaneous transmission of a disclosure, in accordance with Art. 66, subsections 2 and 3 of the Issuers' Regulation.

All the disclosures to Consob and the public provided under this Procedure shall be carried out according to the instructions and the model indicated in Annex 6 of the Issuers' Regulation.<sup>6</sup>

## 6. SANCTIONS

The rules contained in this Procedure shall be of a **binding** nature for the Relevant Persons and constitute an integral part of the duties and responsibilities deriving from the relationship established by the same with the *Company or its subsidiaries*.

In the event of a breach of the duties of conduct and disclosure provided under this Internal Dealing Procedure, the disciplinary measures (sanctions) against the Relevant Persons shall be fixed at the time, on the basis of the seriousness of the breach, through the

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<sup>5</sup> In accordance with Art. 152 *octies*, subsection 1 of the Issuers' Regulation.

<sup>6</sup> Model disclosure pursuant to Art. 152 *octies*, subsection 7 of the Issuers' Regulation.

resolution of the Company's Board of Directors and with the opinion of the Company's Board of Auditors.

Any breach of the duties of communication imposed on the Relevant Persons by the provisions of law and regulations and described in this Procedure, may entail:

- a) for the *Company* and for the natural person who has the duty to disclose, the application, according to Art. 193, subsection 1 of the Consolidated Law, of an "administrative pecuniary sanction from between five hundred euros to five hundred thousand euros";
- b) for the Relevant Persons, the consequences and responsibilities provided by the rules that apply to the relationship, including the liability towards the *Company* for the damages sustained by the latter owing to said breach, including damages to the Company's image.

In particular, the sanctions provided by the law and this Procedure shall be applied against the Company's employees, while for those persons who are not employees, the Company reserves the right to interrupt the relationship, without giving any notice, and the Board of Directors may also decide to disclose any breaches committed by the Relevant Persons to the market .

## **7. PROCESSING OF PERSONAL DATA**

In accordance with the Personal Data Protection Law (Legislative Decree no. 196/03), the communications of the Relevant Persons must contain only the data necessary for the achievement of the specific purposes for which said data are to be used. Therefore said data are:

- communicated, within the limits strictly pertinent to the obligations, duties and purposes indicated above, to the Italian Stock Exchange and disclosed to the public;
- are kept for the period necessary for the purposes for which the data were received.

The Relevant Persons may exercise their rights as per Art. 7, Legislative Decree no. 196/03 (right to access personal data and other rights) by contacting the *Company's Person Responsible*.

## **8. FINAL PROVISIONS**

Two copies of this Procedure are sent to:

- the directors and auditors of the Company by the Person Responsible;
- to the other Relevant Persons by the HR Director of the Group.

Relevant Persons are obliged to inform the individuals closely associated with them of this Procedure.<sup>7</sup>

Each Relevant Person is obliged to:

- return one copy of this Procedure, duly signed for receipt and acceptance;
- observe the conditions contained herein;
- contact the Person Responsible in the event that he/she requires clarification on the manner in which to apply the Procedure.

This Procedure may be updated and integrated by the Board of Directors in the event such update or integration is made necessary in order to more effectively implement the law in force.

Treviso, 13 November 2008

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<sup>7</sup> Art. 152 *octies*, subsection 10 of the Issuers' Regulation.

Messrs.  
Legal Department De' Longhi S.p.a.  
Via L. Seitz, 47  
31100 TREVISO

**Subject: Internal Dealing Procedure**

The undersigned [▪] born in [▪] on [▪], in his/her capacity as Relevant Person of the listed company De' Longhi S.p.A., pursuant to Art. 152 *sexies*, subsection 1, letter c), of Consob Regulation no. 11971/99, declares that he/she has received proper information and a complete copy of the "*Procedure for the identification of Relevant Persons and for the communication of transactions concluded by the same, also through nominees, concerning shares issued by the Company or other financial instruments linked to them*" ("*INTERNAL DEALING PROCEDURE*") and accepts the contents, undertaking to observe the conditions and communicate them to the persons, qualified pursuant to Art. 152 *sexies*, subsection 1, letter d) of Consob Regulation no. 11971/99 as persons closely associated with the same.

Treviso, \_\_\_\_\_ 2008

Signature

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