



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

Registered Office in Via Ludovico Seitz 47 – Treviso (Italy)

Share Capital 224,250,000.00 euros fully paid up

Tax identification code and Registration number with the Company Register of Treviso  
11570840154

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**DIRECTORS' REPORT**

**ON THE ITEM ON THE AGENDA FOR THE EXTRAORDINARY PART OF THE MEETING FOR  
THE SHAREHOLDERS OF DE' LONGHI S.P.A. CONVENED IN ORDINARY AND  
EXTRAORDINARY SESSIONS FOR  
11TH APRIL 2017, IN A SINGLE CALL**

**SHAREHOLDERS' MEETING HELD ON 11TH APRIL 2017**

*(Report drafted pursuant to Art. 125-ter of the TUF and Art. 72 of the Issuers' Regulation and in compliance with Scheme 3 of Annex 3A of the same Issuers' Regulation)*

*Item on the agenda for the extraordinary part - Proposed amendment to Art. 5-bis of the Articles of Association to introduce an increase in voting rights in accordance with Art 127-quinquies of Legislative Decree no. 58/98. Resolutions thereon.*

Dear Shareholders,

This Report - to be read in conjunction with the “*Directors’ Report for the Meeting of the Shareholders of De’Longhi S.p.A., convened in ordinary and extraordinary session for 11th April 2017, in a single call*”, prepared pursuant to Art. 125-ter of Legislative Decree no. 58 of 24th February 1998, and subsequent amendments and additions (the “**TUF**”) and Articles 73 and 84-ter of the related implementing regulation concerning Issuers, adopted by Consob with resolution no. 11971 of 14th May 1999 and subsequent amendments and additions (the “**Issuers’ Regulation**”) - is given pursuant to Art. 125-ter of the TUF and Art. 72 of the Issuers’ Regulation and has been prepared in compliance with Scheme 3 of Annex 3A to the same regulation, in order to illustrate the reasons and content of the following proposal.

#### **1. REASON FOR AND ILLUSTRATION OF THE PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

At the meeting held on 2nd March 2017, the Company’s Board of Directors (the “**Board of Directors**”) decided to convene you, the Shareholders, in an extraordinary session to submit to your approval the proposed amendment to Art. 5-bis of the Articles of Association of De’ Longhi S.p.A (the “**Articles of Association**”) as illustrated in this report, in order to regulate the “increased voting rights”, introduced by Art. 20, subsection 1, of the Decree Law 91 of 24th June 2014 converted into Law no. 116 of 11th August 2014.

By introducing increased voting rights, the Italian legislator has gone beyond the traditional principle of “one share, one vote”, with the intent to encourage medium- to long-term share investments and reward so-called “loyal” shareholders, by recognising them the right to increase the voting rights of their shares.

The source of the new “increased voting rights” regulation is mainly represented by Art. 127-quinquies of the TUF, introduced by Art. 20 of Decree Law no. 91 of 24th June 2014 (as converted into law), whose introduction has made further consequential amendments necessary to the various articles of the TUF itself, in particular, regarding coordination between the new institution and the regulation of public offerings.

Furthermore, in compliance with the second subsection of the new Art. 127-quinquies of the TUF, Consob has further amended and added to the Issuers’ Regulation in order to implement the new provisions on increased voting rights.

Lastly, with the joint decision of Banca d'Italia and Consob of 24th February 2015, published in the Official Gazette no. 54 of 6th March 2015, the amendments to which came into force on 21st March 2015, the same Authorities have made some changes and additions to the rules on regulating centralised management services, settlement services, guarantee systems and related management companies, adopted by Banca d'Italia and Consob with a decision dated 22nd February 2008, and subsequently amended (the "**Joint Regulation**"), in order to implement various provisions concerning increased voting rights.

With the introduction of increased voting rights, the legislator's aim has been to boost investment in the medium to long term and, consequently, the stability of the shareholding structure. The aim to encourage investment over the medium to long term is achieved by recognising, in the footsteps of other foreign legal systems, increased votes to the shareholder who has proven and continues to prove his/her loyalty to the company by keeping his/her share ownership for a certain period of time. This aim is in line with the Company's policy which is focused on encouraging long-lasting increase in the value of shares, in view of the future development and investment programmes.

The regulations introduced by the Legislator with the provisions mentioned above leave ample scope for autonomy in the articles of association, allowing each company to define in detail the arrangements for allocating the increased voting rights and assessing the related conditions and, more generally, for the actual implementation of the increased voting rights.

### ***1.1 Increase coefficient and maturity period***

Article 127-*quinquies* of the TUF allows listed companies the right to determine the amount of the increased voting rights in their articles of association (up to a maximum of two votes per share) and the duration of the minimum period of share ownership in order to be eligible for "increased voting rights" (provided that it is at least twenty-four months).

As regards the minimum holding period of De'Longhi S.p.A. shares (the "**Shares**"), in order to be eligible for increased voting rights, the Board of Directors has deemed it appropriate to propose to you, the Shareholders, that this be the minimum period of twenty-four months provided for by the law.

Similarly, as regards the amount of increased voting rights, the Board of Directors had deemed it appropriate to propose to you, the Shareholders, that this be two votes per Share, equal to the maximum limit laid down by Art. 127-*quinquies* of the TUF.

### ***1.2 Special List: registration and withdrawal***

Pursuant to Art. 127-*quinquies*, subsection 2 of the TUF, increased voting rights requires the registration of shareholders, who intend to take advantage of this benefit, in a special list, the content of which is governed by Art. 143-*quater* of the Issuers' Regulation (the "**Special List**").

This Special List, while not constituting a new company register, does however complement the shareholder register. The public disclosure rules laid down for the shareholder register therefore apply to this Special List, including shareholders' right to view it under Art. 2422 of the Italian Civil Code.

Therefore, the Board of Directors proposes that you, the Shareholders, establish this Special List at the Company's office and that you grant the Board of Directors the authority to: (i) determine how it should be kept, in compliance with the applicable law and, in particular, with the provisions of Art. 143-*quater* of the Issuers' Regulation; and (ii) appoint a person tasked with keeping the Special List.

The Articles of Association, as amended, also specify that:

(A) the shareholder who intends to take advantage of the increased voting rights must request registration in the Special List. His/her/its application must be accompanied by: (i) specification of the number of Shares for which registration is requested (which may be limited to only some of the Shares held); (ii) the communication by the intermediary, on whose accounts the Shares (subject to this registration request) are held, certifying ownership of such shares and their entitlement to be registered;

(B) after registration in the Special List, the person registered may, at any time, request in writing to the Company that they be cancelled from the Special List for all or some of the Shares indicated previously, with the consequent loss of the increased voting rights, withdrawing irrevocably from the increased voting rights matured;

(C) after cancellation, in order to take advantage of the increased voting rights again, the shareholder concerned must submit a new application accompanied by the communication, issued by the intermediary, on whose accounts the Shares registered in the Special List are held, certifying ownership of such shares and referring to the start date of the uninterrupted period of twenty-four months;

(D) acquisition of the increased voting rights becomes effective at whichever is first of the following: (i) last day of the calendar month in which the conditions required by the Articles of Association for the increased voting rights were met; or (ii) the so-called record date of any Company shareholders' meeting, determined in accordance with the law in force, after the date on which the conditions required by the Articles of Association for the increased voting rights were met;

(E) the Company must arrange the updating of the Special List by the last day of the calendar month in which the conditions required by the Articles of Association for the increased voting rights were met, provided that the registration or amendment request

was received at least three trading days before the end of the month, and, in any case, by the so-called record date contemplated by current regulations regarding the right to intervene and vote at the shareholders' meeting, so that the Company is able to fulfil its disclosure obligations to Consob and the market regarding the total number of voting rights, according to the procedure and schedule laid down by Art. 85-bis, subsection 4-bis of the Issuers' Regulation.

### ***1.3 Legitimizing right in rem and its possible transfer***

The Board of Directors proposes that you, the Shareholders, specify in the Articles of Association that, in order to attribute the increased voting rights, the fact that the "Share [has] belonged to the same person" referred to in Art. 127-*quinquies* of the TUF, should be understood as regarding the shares whose voting rights have belonged to the same person by virtue of a legitimating right in rem, such as: (i) full ownership of the share with voting rights; (ii) bare ownership of the share with voting rights; or (iii) usufruct of the share with voting rights.

In accordance with Art. 127-*quinquies*, subsection 3 of the TUF, the increased voting right is lost (i) in the event of transfer, whether free or against payment, of the share (it being specified that the establishment of a pledge, usufruct or other encumbrance and the transfer of the bare ownership while maintaining the usufruct do not result in the loss of entitlement to the increased voting right provided the voting right stays with the previous owner); and (ii) in the event of direct or indirect transfer of controlling stakes in companies or entities that hold shares with increased voting rights above the threshold provided by Art. 120, subsection 2 of TUF (namely, 3% of the share capital).

On this point the Board of Directors proposes that you, the Shareholders, specify in the Articles of Association that the entitlement to increased voting rights is not lost, nor is the ownership period necessary for attribution of the right itself restarted, in the event of:

- (A) inheritance, due to the death of the person registered in the Special List, by the heir or legatee;
- (B) establishment of a pledge or usufruct, by the owner of the Shares recorded in the Special List, provided the voting right remains with the settlor;
- (C) merger or de-merger of the person registered in the Special List;
- (D) change of trustee for shares incorporated in trusts;
- (E) transfer from one portfolio to another in the collective investment schemes (OICR in Italy) managed by one person.

### ***1.4 Conservation and extension of the increased voting right***

With regard to share capital increases, the Board of Directors deems it appropriate to contemplate proportionally extending the increased voting rights also to new Shares that are issued as part of a share capital increase, whether this capital increase is free of charge or with new contributions by exercising option rights.

With regard to the cases of mergers or de-mergers of the Company, in compliance with Art. 127-*quinquies*, subsection 4 of the TUF, increased voting rights are also associated with the Shares assigned in exchange for those to which increased voting rights are attributed, where this is contemplated in the related merger or de-merger operation.

In relation to the above hypotheses, it is considered appropriate to specify that the new Shares acquire increased voting rights (i) as regards the newly issued Shares belonging to the holder in relation to shares for which the increased voting rights have already matured, from the moment of registration in the Special List, with no need for a further uninterrupted ownership period; (ii) as regards the newly issued Shares belonging to the holder in relation to shares for which the increased voting rights have not already matured (but are in the process of maturation), from the time the ownership period is completed, calculated from the original registration in the Special List.

### ***1.5 Calculation of Shareholder Meeting quorums***

In accordance with Art. 127-*quinquies*, subsection 8 of the TUF, the Board of Directors proposes to you, the Shareholders, that the increased voting rights apply for the calculation of the constitution and resolution quorums for the shareholders' meetings of De'Longhi S.p.A. relating to percentages of share capital, but has no effect on the rights, other than voting rights, that the possession of a certain percentage of share capital entitles the shareholder. It is understood that the increased voting rights will have no effect on rights, other than voting rights, that the possession of a certain percentage of share capital entitles the shareholder.

## **2. AMENDMENT TO THE ARTICLES OF ASSOCIATION**

The approval of the proposed introduction of increased voting rights, as described above, will entail amendment of and addition to the article headed “**Art. 5-bis**” of Title II of the Articles of Association with the wording shown in red in the right column of the table below, while the left column shows the current text in force for this article:

Current Text	Proposed New Text
<p style="text-align: center;"><b>Title II – SHARE CAPITAL – SHARES</b></p> <p style="text-align: center;"><b>Art. 5-bis</b></p> <p>"The share capital may be increased more than once as allowed by law, also with the issuing of shares with different rights from those already in circulation.</p> <p>The issuing of new ordinary shares or also shares with different rights from ordinary shares, having the same characteristics as the shares already in circulation, shall not require further approvals from the special meetings of shareholders of the different categories.</p> <p>The meeting that decides on the capital increase may, in observance of the terms and methods provided by the law, exclude or limit the option rights when the interest of the Company requires it, when the newly issued shares must be freed by contributions in kind, and within the limit of ten percent of the pre-existing share capital pursuant to Art. 2441, subsection 4 of the Italian Civil Code.</p> <p>The extraordinary shareholders' meeting may delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the faculty to increase the share capital, also with the exclusion of the option rights, observing the methods and within the limits provided by the same Art. 2443 of the Italian Civil Code.</p> <p>The shares are nominative and indivisible.</p> <p>Each share shall carry the right to one vote, unless the shareholders' meeting resolves to issue shares without voting rights or with limited voting rights.</p>	<p style="text-align: center;"><b>Title II – SHARE CAPITAL – SHARES</b></p> <p style="text-align: center;"><b>Art. 5-bis</b></p> <p>"The share capital may be increased more than once as allowed by law, also with the issuing of shares with different rights from those already in circulation.</p> <p>The issuing of new ordinary shares or also shares with different rights from ordinary shares, having the same characteristics as the shares already in circulation, shall not require further approvals from the special meetings of shareholders of the different categories.</p> <p>The meeting that decides on the capital increase may, in observance of the terms and methods provided by the law, exclude or limit the option rights when the interest of the Company requires it, when the newly issued shares must be freed by contributions in kind, and within the limit of ten percent of the pre-existing share capital pursuant to Art. 2441, subsection 4 of the Italian Civil Code.</p> <p>The extraordinary shareholders' meeting may delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the faculty to increase the share capital, also with the exclusion of the option rights, observing the methods and within the limits provided by the same Art. 2443 of the Italian Civil Code.</p> <p>The shares are nominative and indivisible.</p> <p>Each share shall carry the right to one vote, unless the shareholders' meeting resolves to issue shares without voting rights or with limited voting rights <b>and except as provided by the following paragraph.</b></p> <p><b>Notwithstanding the provisions of the preceding paragraph, each share gives the right to double votes if both the following conditions are met:</b></p> <p><b>(i) the voting right is kept by the same</b></p>

Current Text	Proposed New Text
	<p>person on the basis of a legitimating right in rem (full ownership, bare ownership with voting rights or usufruct with voting rights) for an uninterrupted period of at least twenty-four months (the “<b>Period</b>”) starting from the date of registration in the list established for this purpose by the Company in accordance with this article (the “<b>List</b>”);</p> <p>(ii) condition (i) above is certified with a special communication issued, pursuant to current regulations, by the intermediary upon the request of the holder.</p> <p>The increased voting rights will take effect from the last day of the calendar month in which the Period ended, provided that the intermediary's communication is received by the Company no later than the third trading day before the end of the same month, except as provided for in the following paragraph. It is understood that, if the intermediary's communication is not received by the Company within said period, the increased voting rights will take effect from the last day of the calendar month following that in which the Company received the communication.</p> <p>Notwithstanding the above, in the event that the meeting of the Company’s shareholders is convened, the increased voting rights will take effect on the date of the so-called record date contemplated by current regulations regarding the right to intervene and vote at the shareholders’ meeting and with regard to constitution and resolution quorums, provided that the Period has ended by this date and the Company has received the intermediary’s communication referred to in paragraph 7 (ii). The Company’s assessment of eligibility for increased voting rights and non-existence of preclusive circumstances takes place with reference to the so-called record date.</p> <p>The Company establishes and keeps the List, in the form and with the content</p>



Current Text	Proposed New Text
	<p>required by applicable law and, where compatible, in compliance with the provisions relating to the shareholder register. The List is updated by the end of each calendar month for requests received before the last three trading days of each month.</p> <p>The Company records in the List the owner of the shares who sent a written request to the Company and for whom, in accordance with current regulations, the intermediary has issued appropriate communication certifying the owner's entitlement to registration. The request for registration may concern all or just some of the shares held. The requesting person may, at any time and using a separate request, indicate additional shares for which registration in the List is requested. In the case of persons other than natural persons, the request must state whether the subject is under the direct or indirect control of a third party and include data identifying the parent company. The right to be registered in the List and, following the end of the Period, the right to take advantage of increased voting rights result from the ownership of the legitimating right in rem (full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights).</p> <p>The person registered in the List is required to communicate, and agree that the intermediary communicates, to the Company any circumstance or event that entails the loss of the conditions for the increased voting rights or that affects the ownership of the shares and/or the related voting rights by the end of the month in which such circumstance occurred and no later than the trading day before the so-called record date.</p> <p>Increased voting rights are lost if:</p> <p>a) in the event of transfer, whether free or against payment, it being understood that "transfer" includes the establishment of a pledge, usufruct or</p>

Current Text	Proposed New Text
	<p>other encumbrance on the share when this entails the loss of voting right by the shareholder. The establishment of a pledge, usufruct or other encumbrance and the transfer of the bare ownership while maintaining the usufruct do not result in the loss of entitlement to the increased voting rights provided the voting rights stay with the previous owner;</p> <p><i>b)</i> in the event of direct or indirect transfer of controlling stakes in companies or entities that hold shares with increased voting rights above the threshold provided by Art. 120, subsection 2 of Legislative Decree no. 58 of 24th February 1998.</p> <p>The Company will cancel the shareholder from the List in the following cases:</p> <p><i>a)</i> when the shareholder concerned requests withdrawal. The persons entitled to increased voting rights are always recognised the right to withdraw irrevocably at any time, in whole or in part, from the increased voting rights, giving written notice to the Company, without prejudice to the shareholder's right to acquire the increased voting rights again for those same shares (for which withdrawal from the increased voting rights had been requested) with a new registration in the List and the full elapsing of a new Period in accordance with the provisions of these Articles of Association;</p> <p><i>b)</i> the shareholder's or intermediary's communication attesting the loss of the conditions for increased voting rights or the loss of ownership over the shares and/or related voting rights;</p> <p><i>c)</i> if the Company becomes aware of events entailing the loss of the conditions for increased voting rights or the loss of ownership over the shares and/or related voting rights;</p> <p>The increased voting rights already matured or, if not yet matured, the ownership period necessary for the</p>

Current Text	Proposed New Text
	<p>maturity of the increased voting rights is preserved:</p> <ul style="list-style-type: none"> <li>a) in the event of inheritance, due to death, by the heir and/or legatee;</li> <li>b) in the event of merger or de-merger of the shareholder, by the company resulting from the merger or beneficiary of the de-merger;</li> <li>c) where the shares are held by a trust, in the event of a change of trustee;</li> <li>d) in the event of transfer from one portfolio to another in the collective investment schemes (OICR in Italy) managed by one person.</li> </ul> <p>Increased voting rights extend, without prejudice to the communications issued by the intermediary and required by current regulations and by these Articles of Association for the purposes of increased voting rights, to:</p> <ul style="list-style-type: none"> <li>a) shares assigned in the case of a free capital increase, in accordance with Art. 2442 of the Italian Civil Code, and belonging to the owner in relation to shares that have already matured their increased voting rights;</li> <li>b) shares assigned in exchange for those to which increased voting rights are attributed in the case of merger or de-merger of the Company, provided that - and within the terms - this is contemplated in the related merger or de-merger operation;</li> <li>c) shares subscribed during the exercise of option rights in the case of a capital increase with new contributions.</li> </ul> <p>In the hypotheses referred to in points a), b) and c) above, the new shares acquire increased voting rights (i) for the newly issued shares belonging to the owner in relation to shares for which the increased voting rights have already matured, from the moment of registration in the List, with no need for a further Period; (ii) for the newly issued shares belonging to the holder in relation to shares for which the increased voting rights have not already</p>

Current Text	Proposed New Text
	<p>matured (but are in the process of maturation), from the time the Period is completed, calculated from the original registration in the List.</p> <p>The increased voting rights apply for all Shareholder Meeting resolutions and for the calculation of constitution and resolution quorums relating to percentages of share capital. The increased voting rights will have no effect on rights, other than voting rights, that the possession of certain percentages of share capital entitles the shareholder.</p>

**3. DECISIONAL PROCESS FOR THE FORMULATION OF THE PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

The proposed amendment to the Articles of Association contained in this Report was approved by the Board of Directors on 2nd March 2017. The Board of Directors met again on 8th March 2017 to approve this Report.

**4. INFORMATION ON THE RIGHT OF WITHDRAWAL: NON-EXISTENCE OF THE WITHDRAWAL CONDITIONS REGARDING THE PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION**

In accordance with Art. 127-*quinquies*, subsection 4-*ter* of the TUF, the proposed amendment to the Articles of Association does not attribute to the shareholders who do not agree with the resolution contained in this Report the right to withdraw pursuant to Art. 2437 of the Italian Civil Code.

**5. EFFECTS OF THE INTRODUCTION OF THE INCREASED VOTING RIGHTS ON THE ISSUER'S SHAREHOLDING STRUCTURE**

It is specified that, if the Meeting of the Shareholders of the Company approves the proposed amendment to the Articles of Association, the increased voting rights may be matured, in accordance with the law, by those who have uninterruptedly held the shares for no less than twenty-four months from the date of registration in the Special List that will be established by the Company.

On this point it is specified that, as at the date of this Report:

a) the share capital of De' Longhi S.p.A. fully subscribed and paid up is equal to €224,250,000.00 divided into 149,500,000 ordinary shares, each with a par unit value of €1.50;

b) based on the Shareholders' Register and on the communications received pursuant to Art. 120 of the TUF and other information available to the Company, the majority shareholder is De Longhi Industrial S.A., holder of 92,699,660 Shares equal to 62.006% of the share capital of De' Longhi S.p.A.

In the theoretical event that the majority shareholder De Longhi Industrial S.A. should request, when the conditions required by the Articles of Association are met, the increased voting rights on the entire shareholding held at the date of this Report, and no other shareholder were to request increased voting rights, at the end of twenty-four uninterrupted months of possession of this shareholding, the percentage of voting rights due directly to De Longhi Industrial SA would amount to approximately 76.548%.

## **6. PROPOSED RESOLUTION**

Dear Shareholders,

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

“The Extraordinary Meeting of the Shareholders of De'Longhi S.p.A, validly constituted and entitled to pass resolutions under extraordinary session, having examined the report by the Board of Directors, drafted in accordance with Art. 125-ter of Legislative Decree no. 58 of 24th February 1998 and subsequent amendments and additions, and Art. 72 of Regulation no. 11971 adopted by Consob on 14th May 1999 and subsequent amendments and additions (the “Issuers’ Regulation”).

### **RESOLVES**

1. to amend Art. 5-bis of the Articles of Association, which will be worded as follows:

“The share capital may be increased one or more times according to law, also with the issued of shares with different rights than those of the shares already in circulation.

The issuing of new ordinary shares or also shares with different rights from ordinary shares, having the same characteristics as the shares already in circulation, shall not require further approvals from the special meetings of shareholders of the different categories.

The meeting that decides on the capital increase may, in observance of the terms and methods provided by the law, exclude or limit the option rights when the interest of the Company requires it, when the newly issued shares must be freed by contributions in kind, and within the limit of ten percent of the pre-existing share capital pursuant to Art. 2441, subsection 4 of the Italian Civil Code.

The extraordinary shareholders' meeting may delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the faculty to increase the share capital,

also with the exclusion of the option rights, observing the methods and within the limits provided by the same Art. 2443 of the Italian Civil Code.

The shares are nominative and indivisible.

Each share shall carry the right to one vote, unless the shareholders' meeting resolves to issue shares without voting rights or with limited voting rights and except as provided by the following paragraph.

Notwithstanding the provisions of the preceding paragraph, each share gives the right to double votes if both the following conditions are met:

- (i) the voting right is kept by the same person on the basis of a legitimating right in rem (full ownership, bare ownership with voting rights or usufruct with voting rights) for an uninterrupted period of at least twenty-four months (the “**Period**”) starting from the date of registration in the list established for this purpose by the Company in accordance with this article (the “**List**”);
- (ii) condition (i) above is certified with a special communication issued, pursuant to current regulations, by the intermediary upon the request of the holder.

The increased voting rights will take effect from the last day of the calendar month in which the Period ended, provided that the intermediary's communication is received by the Company no later than the third trading day before the end of the same month, except as provided for in the following paragraph. It is understood that, if the intermediary's communication is not received by the Company within said period, the increased voting rights will take effect from the last day of the calendar month following that in which the Company received the communication.

Notwithstanding the above, in the event that the meeting of the Company's shareholders is convened, the increased voting rights will take effect on the date of the so-called record date contemplated by current regulations regarding the right to intervene and vote at the shareholders' meeting and with regard to constitution and resolution quorums, provided that the Period has ended by this date and the Company has received the intermediary's communication referred to in paragraph 7 (ii). The Company's assessment of eligibility for increased voting rights and non-existence of preclusive circumstances takes place with reference to the so-called record date.

The Company establishes and keeps the List, in the form and with the content required by applicable law and, where compatible, in compliance with the provisions relating to the shareholder register. The List is updated by the end of each calendar month for requests received before the last three trading days of each month.

The Company records in the List the owner of the shares who sent a written request to the Company and for whom, in accordance with current regulations, the intermediary has issued appropriate communication certifying the owner's entitlement to registration. The request for registration may concern all or just some of the shares held. The requesting person may, at any time and using a separate request, indicate additional shares for which registration in the List is requested. In the case of persons other than natural persons, the request must state whether the subject is under the direct or indirect control of a third party and include data identifying the parent company. The right to be registered in the List and, following the end of the Period, the right to take advantage of increased voting rights result from the ownership of the legitimating right in rem (full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights).

The person registered in the List is required to communicate, and agree that the intermediary communicates, to the Company any circumstance or event that entails the

loss of the conditions for the increased voting rights or that affects the ownership of the shares and/or the related voting rights by the end of the month in which such circumstance occurred and no later than the trading day before the so-called record date.

Increased voting rights are lost if:

- a) in the event of transfer, whether free or against payment, it being understood that “transfer” includes the establishment of a pledge, usufruct or other encumbrance on the share when this entails the loss of voting right by the shareholder. The establishment of a pledge, usufruct or other encumbrance and the transfer of the bare ownership while maintaining the usufruct do not result in the loss of entitlement to the increased voting rights provided the voting rights stay with the previous owner;
- b) in the event of direct or indirect transfer of controlling stakes in companies or entities that hold shares with increased voting rights above the threshold provided by Art. 120, subsection 2 of Legislative Decree no. 58 of 24th February 1998.

The Company will cancel the shareholder from the List in the following cases:

- a) when the shareholder concerned requests withdrawal. The persons entitled to increased voting rights are always recognised the right to withdraw irrevocably at any time, in whole or in part, from the increased voting rights, giving written notice to the Company, without prejudice to the shareholder’s right to acquire the increased voting rights again for those same shares (for which withdrawal from the increased voting rights had been requested) with a new registration in the List and the full elapsing of a new Period in accordance with the provisions of these Articles of Association;
- b) the shareholder’s or intermediary’s communication attesting the loss of the conditions for increased voting rights or the loss of ownership over the shares and/or related voting rights;
- c) if the Company becomes aware of events entailing the loss of the conditions for increased voting rights or the loss of ownership over the shares and/or related voting rights;

The increased voting rights already matured or, if not yet matured, the ownership period necessary for the maturation of the increased voting rights is preserved:

- a) in the event of inheritance, due to death, by the heir and/or legatee;
- b) in the event of merger or de-merger of the shareholder, by the company resulting from the merger or beneficiary of the de-merger;
- c) where the shares are held by a trust, in the event of a change of trustee;
- d) in the event of transfer from one portfolio to another in the collective investment schemes (OICR in Italy) managed by one person.

Increased voting rights extend, without prejudice to the communications issued by the intermediary and required by current regulations and by these Articles of Association for the purposes of increased voting rights, to:

- a) shares assigned in the case of a free capital increase, in accordance with Art. 2442 of the Italian Civil Code, and belonging to the owner in relation to shares that have already matured their increased voting rights;
- b) shares assigned in exchange for those to which increased voting rights are attributed in the case of merger or de-merger of the Company, provided that - and within the terms - this is contemplated in the related merger or de-merger operation;
- c) shares subscribed during the exercise of option rights in the case of a capital increase with new contributions.

In the hypotheses referred to in points a), b) and c) above, the new shares acquire increased voting rights (i) for the newly issued shares belonging to the owner in relation to shares for which the increased voting rights have already matured, from the moment of registration in the List, with no need for a further Period; (ii) for the newly issued shares belonging to the holder in relation to shares for which the increased voting rights have not already matured (but are in the process of maturation), from the time the Period is completed, calculated from the original registration in the List.

The increased voting rights apply for all Shareholder Meeting resolutions and for the calculation of constitution and resolution quorums relating to percentages of share capital. The increased voting rights will have no effect on rights, other than voting rights, that the possession of certain percentages of share capital entitles the shareholder.”

2. to authorise the Board of Directors to adopt, if necessary, rules for managing the special list referred to in Art. 143-*quater* of the Issuers' Regulations in order to further detail the procedures for registering, keeping and updating the list, in accordance with the applicable regulations and in any case such as to ensure the timely exchange of information between shareholders, issuer and intermediary and for the appointment of the person in charge of keeping the Special List;

3. to grant the Board of Directors the broadest powers necessary or appropriate to implement the above resolutions, with the option to delegate them, , and to perform all the necessary or appropriate acts and negotiations for this purpose, including, but not limited to, those relating to the management of relations with any competent body and/or Authority, with the power to introduce any non-substantial amendments, additions or deletions to these resolutions that could be required by the competent Authority and/or by the Register of Companies upon their registration.”

\* \* \*

This Report is filed and made available to the public at the Company's office and on its website [www.delonghigroup.com](http://www.delonghigroup.com) (section “*Investor Relations – Governance – Annual Shareholders' Meetings – 2017*”), and on the authorised storage mechanism IINFO accessible on the website [www.linfo.it](http://www.linfo.it), at least 21 days before the date scheduled for Shareholders' Meeting (specifically, from 20th March 2017).

Treviso, 8th March 2017

For the Board of Directors  
the Chairman  
Giuseppe de' Longhi