

De' Longhi S.p.A

Articles of Association

CHAPTER I Name – Registered Office – Duration - Purpose

Article 1 Name

A public limited company is hereby organised under the name of "DE' LONGHI S.P.A."

Article 2 Registered Office

The Company's Registered Office shall be in Italy - Treviso, 47, Via Lodovico Seitz.

The Company may establish subsidiaries, agencies and representative offices elsewhere.

Article 3 Duration

The duration of the Company shall be until December 31, 2100 and may be extended by a resolution of the Extraordinary General Shareholders' Meeting.

Article 4 Company Purpose

The Company has as its purpose:

- The activities of construction, light engineering and trading including freely executing the activities of design, development, manufacture, assembly, purchase, trading and sale of household appliances and white goods, electric and electronic appliances, air conditioning installations for civil and/or industrial use, also through the contracting out of such activities to third parties.

These activities may be executed both directly and by acquiring shareholdings in other companies operating in the market sector.

- The wholesale and retail trading of the products that are the subject of the company's activities as given under the first clause.

- The management both in the name of the Company and on behalf of third parties of retail outlets and stores for the products that are the subject of company activities as given under clause 1, both in Italy and abroad.

- The execution of activities related or however functional to the finality of the Company's purpose including advertising, IT, telecommunications, multimedia activities and generally commercial, financial, real estate, research, training and consultant activities, insofar as they are related to the activities given under the aforementioned clauses.

- The acquiring of shareholdings in general that are not for transfer or sale, including acquisition, holding and disposal of the rights, represented or not represented by shares, regarding the capital of other concerns, and the technical and financial co-ordination of the organisations in which the Company has acquired a shareholding.

- The activity of financing, which may only be practised insofar as the companies are controlling or controlled or affiliated pursuant to article 2359 of the Italian Civil Code or however part of the Group, including the said activity of financing wherein comprising the issuing of guarantees as a substitute for financing and the underwriting of financial undertakings therein including the operations of acquiring credit, issuing guarantees and sureties, the opening of documentary credit, acceptance of bills of exchange, indorsements, as well as commitments to grant credit. The Company may also execute all commercial, financial, industrial, personal and real property guarantees, grant guarantees, *avals* and surety in general, also on behalf of third parties, and any and all other operations that the Company may deem fit and necessary for performing the company purpose.

- The Company purpose strictly excludes the practise of financial operations involving the general public as prescribed under article 106 of Decree Law 385/93, the subscription of

savings from the general public and the practise of credit activities as well as the practice of those activities that are solely reserved to members of professional chartered bodies.

CHAPTER II Company share capital - Shares

Article 5 Share Capital

The share capital has been fixed as 448,000,000 EURO (four hundred and forty eight million) divided into 149,500,000 (one hundred and forty nine million five hundred thousand) shares each with a par value of 3 (three) EURO.

The Extraordinary Meeting of Shareholders may delegate to the Board of Directors pursuant to article 2443 of the Italian Civil Code, the faculty of increasing the share capital observing the methods and within the limits of the provision of the said Italian Civil Code article 2443. In the same Minutes of the Extraordinary General Shareholders Meeting of 18 April 2001, the shareholders carried a resolution to grant the Board of Directors the faculty of increasing the company share capital against inseparable payment with the exclusion of option rights up to a maximum 22,500,000 EURO (twenty-two million five hundred thousand), with a maximum issue of 7,500,000 (seven million five hundred thousand) above par value shares; this increase should be voted and carried by 18 April 2006 and put at the disposal of one or more incentive plans for managers and employees of the Company and of controlled companies.

The shares shall be registered and may not be divided. Each share carries the right to one vote.

The share capital may be increased more than once as allowed by law, also including the issue of shares with different rights respect to those in circulation.

The Company may also issue bonds that are convertible to shares.

Article 6 Share transferability

Shares may be freely transferred both in the event of death and by act between living persons.

CHAPTER III Shareholders Meetings

Article 7 Notice of Meetings, right of attendance and representation

The notice of Meeting both for General Annual and Extraordinary Shareholders Meetings, which may be held, in addition to the Company's domicile, in another place as long as this is within the European Union and the right of attendance and the right of representation at the Meeting as well as the constitutional majorities and those required for unanimously carrying resolutions are governed by law.

The Annual General Shareholders Meeting shall be held at least once a year within four months from the end of the Company's financial year. In the event of supervening special requirements, the Annual General Meeting may be held within six months from the end of the Company's financial year.

Article 8 Chairman of the Meeting

The Meeting shall be chaired by, in this order, the President of the Board of Directors, the Vice President of the Board of Directors, if nominated, and, in their absence by a person appointed from the attendees.

The Chairman shall be assisted by a Secretary nominated by the Shareholders that have the faculty of choosing a person who is not a shareholder. The assistance of a Secretary shall not be required for recording the Meeting Minutes when this function is assigned to a

Notary Public.

The Chairman shall be responsible for verifying the right of attendance and representation, also by proxy, and to ascertain that the Meeting is legally constituted with the quorum required to unanimously carried resolutions, chair and moderate discussions of business and establish the order and the method for voting, as well as proclaiming the outcome of the same. The resolutions carried by the meeting shall be recorded in the Meeting Minutes, which shall be signed by two signatories, one of whom should be the Chairman and the other the Recording Secretary or the Notary Public if, nominated.

CHAPTER IV Company Administration

ARTICLE 9 The administrative Organ

The Company shall be administered and its operations duly organised by a Board of Directors consisting of a minimum of three and a maximum of thirteen full members. The Shareholders shall determine the number of members constituting the Board of Directors, which shall remain unaltered until otherwise amended by a resolution.

The Board of Directors shall remain in office for the term established at the time of their election by the shareholders, which shall not exceed the period of three years. Board Members may be re-elected.

Should more than half of the Board Members cease to be in office, due to resignation of office or for any other cause whatsoever, the entire Board of Directors shall be considered disqualified with effect from the time of its re-formation.

Article 10 Powers and Functions of the Board of Directors.

The Board of Directors is vested with the widest powers for the general and extraordinary

administration of the Company, without any restrictions whatsoever, with the faculty to execute and implement all the acts that it deems necessary for meeting the Company's purpose, those that the law or the Articles of Association assign to the shareholders being excepted.

More specifically, the Board of Directors shall have complete authority, in addition to those non-delegable functions assigned to the members by law, for

- adopting budgets and three year operating plans,
- fixing the criteria for drafting and amending Company by-laws,
- appointing and dismissing Managing Directors and the ratification of operations that are significant to company development with the corresponding parties.

For the execution of its resolutions and for the management of the Company, the Board of Directors, within the limits of the law, may:

- set up an Executive Committee, establishing its powers, the number of members and working methods,
- authorise fitting powers establishing the limits of this authority to one or more Company officers,
- nominate one or more Committees with advisory functions, also with the purpose of bring the Company management system in line with the recommendations of corporate governance,
- appoint one or more Managing Directors, establishing functions and powers,
- appoint, or grant officers the faculty of appointing directors, vice directors, attorneys in fact and, generally agents, for the fulfilment of certain acts or categories of acts or for certain operations.

The Board of Directors, through the President or other Board Directors appointed with the function shall report to the Board of Italian Statutory Auditors on Company operating and other significant economic, financial operations and those effecting Company assets and liabilities, implemented out by the Company or by controlled companies. More specifically, the Board shall report those operations that may represent potential conflict of interests. Reporting to the Auditors shall be made promptly and in any case shall be on a regular basis each quarter, during the Board Meetings or via a written report addressed to the President of the Board of Statutory Auditors.

Art. 11 The working of the Board of Directors

The Board of Directors shall elect a President among its members - where this has not been implemented by the shareholders – and shall appoint a Vice president. Both may be re-elected for a second term.

Board Director meetings shall be chaired by the President or by the Vice President in the case of the President's absence or impediment. In the case of absence of the Vice President, the Chair shall be appointed to one of the Board Directors in attendance. The Board of Directors shall appoint a Secretary who may also be a person who is not a member of the Board.

Article 12 Validity of Board resolutions

For resolutions carried by the Board to be valid, the majority of members in office should be in attendance. Resolutions are carried by an open vote and by a unanimous majority, excluding abstentions from the counting of votes; in the case of an equal number of votes, the President shall have the casting vote.

Article 13 Notice of Board Meetings

The President or acting President shall serve notice for Board Meetings to be held at the Company's registered office or elsewhere (within the European Union or in the united States of America), each time that he deems the procedure fit in the interests of the company or after having received a written request indicating the business to be discussed from the majority of Board Members in office or from the Board of Statutory Auditors, or from at least two of the members together with an Agenda of business to be transacted.

Notice shall indicate the date of the meeting, the time and place and the business to be transacted.

Notice shall be given by registered letter, telegram, telex or fax and shall be sent at least five days prior to the date of the meeting, urgent or emergency cases being excepted, when notice may be communicated up to twenty-four hours prior to the meeting date. Notice shall also be given under the same terms to the Acting Statutory Auditors.

The Board of Directors' meetings may be validly held using videoconference technology, insofar as the identity of the persons in attendance via the audio-video link can be validly established, that all attendees have the possibility of orally participating in the Meeting, in real time, and in all business being transacted and to view and receive documents and to be able to transmit the same. The Board of Directors' Meeting is considered to be held in the place where the President and the Secretary are in attendance together.

CHAPTER V THE BOARD OF STATUTORY AUDITORS

Article 14 The Board of Statutory Auditors

The Board of Statutory Auditors shall be composed of three Acting Auditors and three

Substitute Statutory Auditors in possession of the requisites provided for by law and the professional chartered regulations. For this purpose, the subject matter and areas of specialisation shall be strictly related to those of the Company, indicated in the Company purpose, with specific reference to companies or organisations operating in the industrial, commercial, property, IT finance and service provision markets in general.

The Annual General Meeting of shareholders shall elect the Board of Statutory Auditors and shall establish remuneration. The minority shareholder has the right to elect one Acting Auditor and one Substitute Auditor. The appointment of the Board of Statutory Auditors shall be implemented based on a list of candidates, each indicated with a progressive number, provided by the shareholders, the case provided for in the penultimate paragraph of this article being excepted. Each list shall contain a number of candidates that should not exceed the number of members to be elected. The shareholders with the right to present a list are shareholders that either singly or together with other shareholders represent at least 2% of the shares with voting rights during the Annual General Meeting.

The list of candidates that are underwritten by the proposing parties shall be registered at the Company's registered office at least ten days prior to the date fixed for the General Shareholders Meeting convened in first session. To the list of candidates a curriculum detailing the professional background and qualifications of candidates shall be attached and a declaration signed by the candidates accepting the nomination and, under personal responsibility, stating that no known impediment exists preventing election or incompatibility with the proposed office and that the requisites required by law, by the regulations and by the articles for the office have been met. Lists presented that do not conform to the aforementioned dispositions shall be considered as non presented.

Each candidate may only be indicated on a single list, penalty being non-eligibility. Those who are not in possession of the legal requisites or, who already hold the office of Acting Auditor in more than five Companies that are quoted on regulated Italian stock markets, excluding companies controlled by De'Longhi S.p.A may not be elected.

Each party with the right to vote may present and vote only one list.

The following method is used to elect the members of the Board of Statutory Auditors:

- From the list that obtains the highest number of votes from shareholders, two acting members and one substitute member shall be indicated, respecting the progressive order of the candidates as they appear on the list,
- From the list that obtains the second highest number of votes from shareholders, the remaining Acting member and the remaining Substitute member shall be indicated, respecting the progressive order of the candidates as they appear on the list,
- In the case that more than one list obtains an equal number of votes, a second ballot shall be taken between these lists, voted for by all shareholders attending the meeting and the candidates shall be elected on the list that obtains the simple majority of votes.

The chair of the Board of Statutory Auditors shall be assigned to the acting member indicated as the first candidate on the list that obtained the highest number of votes.

In the case of premature death, resignation or forfeiture of a Statutory Auditor, the member's office shall be covered by the substitute on the same list of the member no longer in office. In the event that the President of the Board should be replaced, the Presidency is assumed by the other acting Auditor member, whose name is on the same list as the President no longer in office. In the case that it is not possible to proceed with substitutions of office using the above procedure and criteria, a General Shareholders

Meeting shall be held to elect the required number of members that shall be carried with a relative majority vote.

When the General Shareholders Meeting must proceed, pursuant to the dispositions in the aforementioned paragraph or pursuant to law, to appoint the acting or substitute Auditors in order to integrate the requisite number for the Board, the following procedure shall be adopted:

- when the substitution of Auditors concerns those elected from the majority list, the appointment is implemented by a relative majority vote without restrictions regarding the list,
- when the substitution of Auditors concerns those elected from the minority list, it is necessary to make substitutions of Auditors from those candidates on the minority lists, and the shareholders' meeting substitutes them using a relative majority vote, choosing, where possible, between the candidates indicated on the list with the name of the Auditor to be substituted,
- In the case that only one list has been presented, the shareholders' meeting will vote this list; in the case that this list obtains the relative majority of votes, the first three candidates on the list shall be elected as Acting Auditors respecting the progressive order of the list and, as Substitute Auditors, the fourth and fifth candidate on the list. The Presidency shall be assigned to the first candidate on the list presented. In the case of death, resignation or forfeiture of an Auditor, or in the case that the President of the Board of Statutory Auditors should be substituted, their place shall be taken by the substitute Auditor and the Acting Auditor, respectively, in the order of the progressive appearance of their names on the same list. In the case that no lists are presented, the Board of Statutory auditors and the

President shall be appointed by the shareholders' meeting with a legal majority of votes.

The retiring auditors may be re-elected.

CHAPTER VI Company legal representatives and signing with Company name

Article 15 Legal Representatives

Legal representation of the Company and signing with the Company name, with all the powers that these functions entail, including those of representation in all levels of the Courts and jurisdiction and the faculty to appoint legal council or attorneys, also with general powers of authority shall be the responsibility of the President of the Board of Directors and, if appointed, the Vice President and the Directors who have been vested with these specific powers, within the limits of the authority that has been assigned to them by the Board of Directors. Each of the aforesaid representatives shall have the power to act singly and shall have the power to grant Company legal representation and signing with the company name to litigation attorneys or attorneys for specific acts and operations or for categories of acts and operations.

CHAPTER VII Balance Sheet, financial statements and profits

Article. 16 The Company's financial year and Financial Statements

The Company's financial year shall end on 31st December of each year.

Article 17 Allocation of profits

Profits after tax at the end of the financial year shall be allocated to:

- the legal reserve, for a share equal to 5% until the same does not equal a fifth of the share capital,

- the remaining profits after tax shall be at the disposal of the shareholders Meeting which, by adopting one or both of the solutions, may allocate them as dividends to shareholders or allocate them for incrementing company reserves.

Dividends that are not claimed within five years from the day that they are collectable shall be reclaimed by the Company. Advances on dividend payments may be made in accordance with legislation in force.

CHAPTER VIII Final provisions

Article 18. Winding up and liquidation

Supervening at any time and for any reason whatsoever, winding up of the Company shall be decided by the shareholders, which shall establish the liquidation procedures.

The Shareholders shall appoint one or more receivers and shall establish their functions and remuneration.

Article 19 Governing Law

For any matter, provision for which has not made in these Articles of Association, referral shall be made to the Italian Civil Code and the laws governing the subject matter.

SIGNED Giuseppe De' Longhi

SIGNED Ada Stiz Notaio (L.S.)