



SHARE CAPITAL 224,250,000.00 EUROS FULLY PAID UP  
REGISTERED OFFICE IN VIA LODOVICO SEITZ 47, TREVISO  
TAX IDENTIFICATION CODE AND REGISTRATION NUMBER WITH THE COMPANY REGISTER OF TREVISO  
11570840154

**REPORT BY THE DIRECTORS OF DE' LONGHI S.P.A.  
PURSUANT TO ART. 125-TER LEGISLATIVE DECREE No. 58 OF 24  
FEBRUARY 1998**

*Dear Shareholders,*

*In compliance with Art. 125-ter of Legislative Decree no. 58 of 24 February 1998 (as subsequently amended and supplemented, the so-called Consolidated Law on Finance "T.U.F."), and with Articles 73 and 84-ter of Consob Regulation no. 11971/99 (as subsequently amended and supplemented, the so-called "Issuers' Regulation"), the Board of Directors of De' Longhi S.p.A. (hereinafter also the "Company" or "Issuer") herewith provides you with a report that explains the items on the agenda of the ordinary Shareholders' Meeting that has been called by notice that will be published on 13 March 2015 on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com) (and in excerpt form in the "Italia Oggi" newspaper on 14 March 2015), in a sole calling, at 8:45am on 14 April 2015 at the Company's registered office in Via L. Seitz 47, Treviso.*

*In particular, the agenda of this Shareholders' Meeting is as follows:*

- 1. Presentation of the Annual Report including the draft Financial Statements as at 31 December 2014, the Statutory Auditors' Report and the Independent Auditors' Report. Related and consequent resolutions.*
- 2. Presentation of the Annual Compensation Report of De' Longhi S.p.A. and advisory vote of the Shareholders' Meeting on the 2015 Compensation Policy (Section I of*

*the Annual Compensation Report of De' Longhi S.p.A.) in accordance with Art. 123-ter of Legislative Decree no. 58/98.*

3. *Proposal to authorise the purchase and disposal of own shares following revocation of the resolution passed by the Shareholders' Meeting on 15 April 2014. Related and consequent resolutions.*

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***1      Presentation of the Annual Report including the draft Financial Statements as at 31 December 2014, the Statutory Auditors' Report and the Independent Auditors' Report. Related and consequent resolutions.***

*Dear Shareholders,*

*We would like to inform you that comments relating to the first item on the agenda, including its proposed resolution, are extensively covered in the Annual Report including the draft Financial Statements and Consolidated Financial Statements as at 31 December 2014, the Directors' Management Report, and the declaration referred to in Art. 154-bis, paragraph 5 of the T.U.F., which will be filed and made available to the public in the manner provided by law by 23 March 2015, together with any further documentation required by law. The Statutory Auditors' Report and that of the Independent Auditors will be made available to the public in the same manner and by the same date.*

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***2.      Presentation of the Annual Compensation Report of De' Longhi S.p.A. and advisory vote of the Shareholders' Meeting on the 2015 Compensation Policy (Section I of the Annual Compensation Report of De' Longhi S.p.A.) in accordance with Art. 123-ter of Legislative Decree no. 58/98.***

*Dear Shareholders,*

*With regard to the second item on the agenda, you are asked once again to vote, in an unbinding and advisory capacity, on the "2015 Compensation Policy" of De' Longhi S.p.A. (the "Compensation Policy") described in Section I of the Annual Report on Compensation of De' Longhi S.p.A.: in accordance with Art. 123-ter, paragraphs 3 and 6, of the T.U.F., the Shareholders' Meeting convened annually to approve the financial statements is asked to comment on the Company's policy with regard to the compensation of members of the administrative bodies, general managers and managers with strategic responsibilities and on the procedures used to adopt and implement this policy.*

*As expressly stated by Art. 123-ter, paragraph 6, of the T.U.F., the resolution the Shareholders' Meeting must take with regard to the Compensation Policy and the related adoption and implementation procedures will not be binding and must be limited to expressing an opinion for or against the Compensation Policy and its adoption and implementation. The outcome of the vote will be made available to the public on the Company's website in accordance with Art. 125-quater, paragraph 2, of the T.U.F.*

*It should be pointed out that the "Annual Report on Compensation of De' Longhi S.p.A." and, therefore, the 2015 Compensation Policy contained in Section I of the same Report were approved by the Board of Directors on 3 March 2015, upon the proposal of the Compensation and Appointments Committee - in compliance with the legislation and regulations in force - and will be made available to the public on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com) - "Investor Relations" - "Governance" - "Corporate Documentation" - "2015", and on the authorised storage mechanism IInfo, accessible on the website [www.linfo.it](http://www.linfo.it), at least twenty-one days before the date of the Shareholders' Meeting.*

*For further details, please refer to the above report, the contents of which have also been defined in accordance with the provisions of Art. 84-quater of the Issuers' Regulation and in consideration of the related Annex 3A, Scheme 7-bis and Scheme 7-ter.*

\* \* \*

*The Shareholders' Meeting is therefore asked to approve the following resolution:*

*"The Shareholders' Meeting:*

- having examined the Annual Compensation Report of De' Longhi S.p.A. prepared in accordance with applicable laws and regulations*

**RESOLVES**

*to express its opinion in favour of the 2015 Compensation Policy of De' Longhi S.p.A. and on the related adoption and implementation procedures."*

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***3. Proposal to authorise the purchase and disposal of own shares following revocation of the resolution passed by the Shareholders' Meeting on 15 April 2014. Related and consequent resolutions.***

*Dear Shareholders,*

*We would like to submit the proposal authorising the purchase and subsequent disposal of own shares by the Company for your examination and your approval.*

*We would like to remind you that the previous authorisation to purchase and dispose of own shares was approved by the Shareholders' Meeting held on 15 April 2014. This authorisation would therefore expire at the end of the 18 months provided by the same resolution and namely on 15 October 2015.*

*We inform you that the Board of Directors has not made use of said authorisation to date and, at the date of approval of this report, the Company does not hold own shares either directly or via subsidiaries, trust companies or intermediaries.*

*We also note that, compared to the authorisation requested last year, this year the Board of Directors proposes - allowing for the comments made by some shareholders at the Shareholders' Meeting held on 15 April 2014 - to reduce the maximum amount of shares the Shareholders' Meeting is asked to authorise purchase of to around 10% of*

*the share capital (to this end taking into account also any shares held by subsidiaries and in any case without prejudice to the limit of distributable profits and available reserves based on the last approved financial statements). In the new request for authorisation to purchase and dispose of own shares that the Board is submitting to the Shareholders' Meeting, this maximum amount has been reduced from no. 28,000,000 (twenty-eight million) ordinary shares covered by the authorisation request and approved by the Shareholders' Meeting on 15 April 2015 to no. 14,500,000 (fourteen million five hundred thousand) ordinary shares of the Company.*

### ***3.1 Reasons why authorisation to purchase and dispose of own shares is sought.***

*The Board of Directors has decided once again to seek authorisation to carry out operations to purchase own shares - subject to revocation of the authorisation approved by the Shareholders' Meeting last year - and, under certain conditions, to dispose of them for three separate reasons:*

- a) it will be possible to invest in the Company shares when stock performance and available liquidity makes this operation economically worthwhile, also in order to be able - where necessary and in compliance with applicable regulations - to shore up on stock liquidity, encouraging trading regularity;*
- b) where appropriate, the own shares may be used in operations related to industrial projects where there are opportunities to exchange or transfer shareholdings;*
- c) where appropriate, the own shares may also be purchased and/or sold in connection with compensation plans based on financial instruments in accordance with Art. 114-bis of the T.U.F., in both the "traditional" stock-option form and where the plans do not envisage the "real" allocation of shares, such as in the case of so-called "phantom stock option" plans.*

### ***3.2 Maximum number, category and par value of the shares covered by the authorisation proposal.***

*The authorisation sought by the Board of Directors from the Shareholders' Meeting concerns the purchase of Company shares which may be performed in stages until the maximum amount of no. 14,500,000 (fourteen million five hundred thousand) ordinary shares each with a par value of 1.50 euros (one euro fifty cents) and, therefore, not*

*more than one fifth of the share capital - taking into account, for this purpose, also any shares held by subsidiaries - and, in any case, within the limits of the distributable profits and available reserves based on the last duly approved financial statements. The authorisation request includes the right to later dispose, without any time limit, the shares in the portfolio, even before having completed all the purchases, and to buy back the same shares, though still in accordance with the limits and conditions set by this authorisation.*

### ***3.3 Useful information for assessing compliance with Article 2357, paragraph 3, of the Civil Code.***

*For the purposes of assessing compliance with the limits contained in Article 2357, paragraph 3, of the Civil Code, it is noted that the share capital today is equal to 224,250,000.00 euros divided into no. 149,500,000 ordinary shares and, at the date of this Report, the Company does not hold any own shares.*

*The par value of the shares for which the purchase authorisation is sought will not exceed the limit set by the Shareholders' Meeting's authorisation, taking into account for this purpose also those shares that could possibly be purchased by subsidiaries.*

*Subsidiaries will in any case be given specific instructions so that they promptly report any purchase of shares made under Articles 2359-bis et seq. of the Civil Code.*

### ***3.4 Duration for which authorisation is sought.***

*The authorisation to purchase own shares is requested for a period of 18 (eighteen) months from the date on which the Shareholders' Meeting adopts the corresponding resolution.*

*The authorisation to dispose of own shares, even before completing all the purchases, is requested without any time limit.*

### ***3.5 Minimum and maximum price and market valuations.***

#### ***Purchase of own shares***

*The purchase price of each own share will be set by the Board of Directors, with the authority to delegate to one or more Directors, in compliance with the following methods: the purchase price, inclusive of ancillary costs of the purchase, must be no*

*less than 20% (twenty per cent), at a minimum, and no greater than 10% (ten per cent), at a maximum, of the official trading price recorded on the Mercato Telematico Azionario the day before the purchase.*

#### *Disposal of own shares*

*As regards the subsequent disposal of the shares purchased, only the minimum price limit is defined for sale to third parties, which will be such that there are no negative economic effects for the Company, and in any case no lower than 95% (ninety-five per cent) of the average of the official prices recorded on the Mercato Telematico Azionario in the five days before the sale. This price limit may be waived in cases where the exchanges or transfers of own shares are related to the realisation of industrial projects and/or in any case those of interest to the Issuer and in the case of the assignment and/or transfer of shares or the related options to directors, employees or collaborators of the De' Longhi Group, and, in general, while executing any plan adopted under Art. 114-bis of the T.U.F., or programmes for issuing bonus shares to Shareholders.*

#### ***3.6 Methods that will be used for carrying out purchases and disposal of own shares.***

*The purchasing operations for own shares may be carried out, in accordance with Art. 132 of the T.U.F. and Art. 144-bis of the Issuers' Regulation, via public tender or exchange offer or on the market, according to procedures set by the company managing the market, which do not permit the direct matching of purchase offers with predetermined sell orders or by way of purchase and sale, in accordance with the regulatory provisions in force, of derivatives traded on the market that provide for the physical delivery of the underlying shares or by allocating Shareholders, in proportion to the shares held, a put option to be exercised within 18 (eighteen) months from the date on which the Shareholders' Meeting adopts the corresponding resolution, and in any case so as to ensure that Shareholders are treated equally and all applicable regulations, including EC regulations, are observed.*

*The purchase of own shares may take place in ways other than those indicated above where permitted by Article 132 of the T.U.F. or by other legislative provisions or regulations applicable at the time of the operation.*

*Purchases may take place on a single or more occasions.*

*As regards the disposal of the shares in question, it may take place on a single or more occasions, even before having completed all the purchases. Disposal of shares may be carried out in the manner deemed most appropriate for the Company's interest, including their sale on the stock exchange, off the market or by exchange with equity investments or other assets in relation to industrial projects and/or in any case of interest to the Company, assignment and/or transfer of shares or the related options to directors, employees or collaborators of the De' Longhi Group and, in general, in the execution of any plan adopted under Art. 114-bis of the T.U.F., or programmes for issuing bonus shares to Shareholders or by public tender or exchange offer.*

*The shares may also be sold in conjunction with other financial instruments.*

### ***3.7 Information regarding the instrumentality of the purchase on share capital reduction.***

*It should be noted that the aforementioned purchase of own shares is not instrumental to a share capital reduction.*

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*The Shareholders' Meeting is therefore asked to approve the following resolution:*

*"The Shareholders' Meeting:*

- given the resolution of the ordinary Shareholders' Meeting held on 15 April 2014 concerning the authorisation to purchase and dispose of own shares;*
- having noted the Board of Directors' Report and the applicable laws and regulations;*

#### **RESOLVES**

*1) to revoke the Shareholders' Meeting resolution on 15 April 2014 authorising the purchase and disposal of own shares, as it has not been used;*

*2) to authorise purchase and dispose operations relating to own shares for the purposes indicated in the aforementioned Directors' Report under the following terms and conditions:*



- *without prejudice to the limits contained in Art. 2357 of the Civil Code, the purchase may be performed in stages until the maximum amount of no. 14,500,000 (fourteen million five hundred thousand) ordinary shares, taking into account the shares held by the Company and its subsidiaries, and within the limits of the distributable profits and available reserves based on the last duly approved financial statements;*
- *the authorisation to purchase own shares is decided for a period of 18 (eighteen) months from today's date and therefore until 14 October 2016;.*
- *the authorisation request includes the right to later dispose, without any time limit, the shares in the portfolio, even before having completed all the purchases, and to buy back the same shares, though still in accordance with the limits and conditions set by this authorisation, in the manner deemed most appropriate for the Company's interest;*
- *the authorisation to dispose of own shares, even before completing all the purchases, is given without any time limit;*
- *the purchasing operations must be performed in accordance with Art. 132 of the T.U.F. and Art. 144-bis of the Issuers' Regulation: (i) via public tender or exchange offer, (ii) on the market, according to procedures set by the company managing the market, (iii) by way of purchase and sale, in accordance with the regulatory provisions in force at the time, of derivatives traded on regulated markets that provide for the physical delivery of the underlying shares; (iv) by allocating Shareholders, in proportion to the shares held, a put option to be exercised within 18 (eighteen) months from today, and in any case ensuring that Shareholders are treated equally and all applicable regulations, including EC regulations, are observed;*
- *the purchase price of each own share, inclusive of ancillary costs of the purchase, must be no less than 20% (twenty per cent), at a minimum, and no greater than 10% (ten per cent), at a maximum, of the official trading price recorded on the Mercato Telematico Azionario the day before the purchase;*
- *only a minimum price limit is set for the sale price to third parties, which will be such that there are no negative economic effects for the Company, and in any case no lower than 95% (ninety-five per cent) of the average of the official prices recorded on the Mercato Telematico Azionario in the five days before the sale. This price limit may be waived in cases where the exchanges or transfers of own shares are related to the realisation of industrial projects and/or in any case those of interest to the Company*

*and in the case of the assignment and/or transfer of shares or the related options to directors, employees or collaborators of the De' Longhi Group, and, in general, while executing any plan adopted under Art. 114-bis of the T.U.F., and programmes for issuing bonus shares to Shareholders;*

*- the purchase and disposal operations will be accounted for in accordance with the applicable provisions of law and accounting standards;*

*3) to grant the Board of Directors – and through it the Chairman with the power to delegate to a third party – the broadest possible powers to fully and completely execute the resolutions contained in the previous points.”*

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*Treviso, 3 March 2015*

*For the Board of Directors*

*The Chairman*

*Giuseppe de' Longhi*