INFORMATION DOCUMENT

prepared in accordance with Article 70 (4) of the Regulation adopted by Consob with Resolution n° 11971 of 14 May 1999, as subsequently amended

relating to the

PARTIAL AND PROPORTIONAL DEMERGER OF DE'LONGHI S.P.A. TO DE'LONGHI CLIMA S.P.A.

The Information Document was made available on 26 September 2011

DE'LONGHI S.P.A. – *Registered Office:* Via Seitz 47 - 31100 Treviso
Share Capital: € 448,500,000.00 fully paid-in – *Tax Code and Companies Register* n° 11570840154
Treviso Economic and Administrative Business Register n° 224758 – VAT N° 03162730265

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Important statements

This Information Document contains certain important statements and internal elaborations concerning De'Longhi S.p.A. and De'Longhi Clima S.p.A. and their activities subsequent to completion of the Demerger. These statements are not historical fact and are based on current estimates and projections made by the companies party to the Demerger concerning future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, such as: volatility of commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in Italy or abroad), and many other factors, most of which are outside of the control of the companies party to the Demerger

SUMMARY PRO FORMA CONSOLIDATED AND PER SHARE DATA FOR THE DEMERGING COMPANY AND BENEFICIARY COMPANY

The following table provides full consolidated financial highlights for the De'Longhi Group and pro forma consolidated financial highlights for the Demerging Company and Beneficiary Company at 31 December 2010 and at 30 June 2011, in addition to related per share data at 31 December 2010 and at 30 June 2011.

Given that these figures are based on assumptions, it should be noted that if the Demerger had taken place on the dates on which the pro forma figures are based rather than the actual transaction date, the historic figures may have differed from the pro forma figures provided. Furthermore, the pro forma figures are not forward-looking and should not be considered a forecast of future earnings for the groups formed by the Demerging Company and the Beneficiary Company as they have been prepared for the sole purpose of providing an illustrative representation of the identifiable and objectively measurable effects of the Demerger.

The summary information presented below has been taken from the pro forma data presented in Sections IV and VI of the Information Document and should be read in conjunction with the description of assumptions and methods used for the preparation of the pro forma data and other information contained in those sections.

	Data at 31 December 2010		
(in thousands of Euro)	**Consolidated financial statement of the De'Longhi Group**	**Consolidated data for the Demerging Company (pro forma)**	**Consolidated data for the Beneficiary Company (pro forma)**
Net revenues	1,625,884	1,281,396	352,614
EBITDA (before non-recurring income/(expenses))	199,088	168,831	30,198
EBIT	147,647	136,225	11,363
Profit (loss) after taxes	75,101	73,676	1,415
Profit (loss) pertaining to the Group	74,915	73,489	1,416
Total assets	1,541,193	1,059,189	515,313
Net equity	760,572	489,405	271,337
Group portion of net equity	758,921	487,691	271,400
Liabilities	780,621	569,784	243,976
Cash/ (Net debt)	(4,709)	58,510	(61,665)
Per share data (in Euro)			
Earnings per share	€ 0.50	€ 0.49	€ 0.01
Equity per share (total)	€ 5.09	€ 3.27	€ 1.81

	Data at 30 June 2011		
(in thousands of Euro)	**Consolidated financial statement of the De'Longhi Group**	**Consolidated data for the Demerging Company (pro forma)**	**Consolidated data for the Beneficiary Company (pro forma)**
Net revenues	763,070	588,976	178,770
EBITDA (before non-recurring income/(expenses))	88,735	72,902	15,860
EBIT	67,131	57,247	9,911
Profit (loss) after taxes	34,341	30,369	4,069
Profit (loss) pertaining to the Group	34,024	30,060	4,061
Total assets	1,532,414	1,134,259	646,838
Net equity	751,888	478,501	273,673
Group portion of net equity	749,920	476,478	273,728
Liabilities	780,526	655,758	373,165
Cash/ (Net debt)	(12,141)	57,822	(69,988)
Per share data (in Euro)			
Earnings per share	€ 0.23	€ 0.20	€ 0.03
Equity per share (total)	€ 5.03	€ 3.20	€ 1.83

SUMMARY

DEFINITIONS

Below are the main definitions concerning the Demerger used in the Information Document, in addition to those indicated in the document.

BORSA ITALIANA	Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari 6.
CLIMAVENETA S.P.A. OR CLIMAVENETA	Climaveneta S.p.A., with registered office in Treviso, Via Seitz 47, Treviso Companies Register n° 02603430139, share capital equal to Euro 10,000,000.00.
CORPORATE GOVERNANCE CODE	Corporate Governance Code for listed companies prepared by the Corporate Governance Committee, promoted by Borsa Italiana and available on the website www.borsaitaliana.it.
CONSOB	Italian Securities and Exchange Commission with registered office in Rome, Via G. B. Martini 3.
DATE OF THE INFORMATION DOCUMENT	The date this Information Document was published.
DE'LONGHI PROFESSIONAL OR DL PROFESSIONAL	De'Longhi Professional S.A. - with registered office in the Grand Duchy of Luxembourg, Grand Duchy of Luxembourg Companies Register n° B 116737, share capital equal to Euro 30,205,000.00 - direct owner of the entire share capital of Climaveneta S.p.A., RC Group S.p.A. and DL Radiators S.p.A.
DL RADIATORS S.P.A. OR DL RADIATORS	DL Radiators S.p.A., with registered office in Treviso, Via L. Seitz 47, Treviso Companies Register n° 00730970266, share capital equal to Euro 5,000,000.00.
LEGISLATIVE DECREE 231/2001	Legislative Decree 8 June 2001, n° 231, containing the "Regulation concerning the administrative responsibility of legal persons, companies and associations even without legal personality" which entered into force on 4 July 2001 implementing Article 11 of the Delegated Law n° 300 of 29 September 2000, and subsequent amendments and additions.
INFORMATION DOCUMENT	This Information Document prepared in accordance with Article 70(4) of the Issuers' Regulation and approved by the Board of Directors of De'Longhi S.p.A. at the meeting held on 21 September 2011.
EBITDA BEFORE NON-RECURRING INCOME/EXPENSES	EBIT of the period gross of amortization, depreciation and impairment and any non-recurring expenses/income.

CORPORATE FUNCTION	group of activities that fall under the so-called "corporate services" represented, in particular, by the activities of centralized management of financial services and derivative operations hedging exchange rate risk, and those activities of supplying ICT services for the companies of the Post Demerger De'Longhi Group and third party clients.
GROUP OR DE'LONGHI GROUP	De’Longhi S.p.A. and its subsidiaries prior to the Demerger pursuant to Article 2359 of the Italian Civil Code and Article 93 of the Consolidated Finance Law, active in the Household Division, the Professional Division, and in the functions related to the Corporate Division.
DE'LONGHI CLIMA GROUP	De’Longhi Clima S.p.A. and its subsidiaries subsequent to the Demerger pursuant to Article 2359 of the Italian Civil Code and Article 93 of the Consolidated Finance Law, active in the Professional Division.
DE'LONGHI GROUP POST DEMERGER	De’Longhi S.p.A. and its subsidiaries subsequent to the Demerger pursuant to Article 2359 of the Italian Civil Code and Article 93 of the Consolidated Finance Law, active in the Household Division and in the Corporate Division.
MERCATO TELEMATICO AZIONARIO OR MTA	The Italian Equity Market organized and managed by Borsa Italiana (Italian Stock Exchange).
ORGANIZATIONAL MODEL	Organization and management model adopted pursuant to Legislative Decree 231/2001 ("*Regulation concerning the administrative responsibility of legal persons, companies and associations even without legal personality*")
MONTE TITOLI S.P.A.	Monte Titoli S.p.A., with registered office in Milan, Via Andrea Mantegna 6.
RELATED PARTIES	The subjects identified based on the criteria defined by IAS 24 - "Financial statement Disclosures on transactions with related parties," or the criteria indicated in the Regulation concerning Transactions with Related Parties.
INTERNATIONAL ACCOUNTING PRINCIPLES OR IFRS	All the International Financial Reporting Standards, the International Accounting Standards (IAS), the interpretations of the International Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC) recognized by the European Union pursuant to EU Regulation n° 1606/2002.
RC GROUP S.P.A. OR RC GROUP	R.C. Group S.p.A., with registered office in Valle Salimbene (PV), Via Roma 5, Pavia Companies Register n° 01744470186, share capital equal to Euro 10,680,000.00.

ISSUERS' REGULATION	Implementation Regulation of Legislative Decree n° 58 of 24 February 1998, concerning the issuers' regulation, adopted by Consob with Resolution n° 11971 of 14 May 1999 and subsequent amendments and additions.
RELATED PARTIES' REGULATION	The Regulation concerning transactions with related parties adopted by Consob with Resolution n° 17221 of 12 March 2010, and subsequent amendments and additions.
DEMERGER	The partial and proportional demerger transaction by De'Longhi S.p.A. to the wholly-owned subsidiary De'Longhi Clima S.p.A., whereby the shareholding held by the Demerging Company in De'Longhi Professional S.A. will be transferred to the Beneficiary Company.
SEGMENT OR SECTOR OR DIVISION HOUSEHOLD	The group of activities involving the manufacturing and sales of small household appliances for the preparation of food, cooking, home cleaning and ironing, portable air conditioning and heating.
SEGMENT OR SECTOR OR DIVISION PROFESSIONAL	The group of activities involving the manufacturing and sales of machinery for air-conditioning systems and ICT industrial process chillers, as well as water-filled radiators, currently performed by the companies Climaveneta, DL Radiators and RC Group and their subsidiaries.
CORPORATE SECTOR OR DIVISION	Group of activities that fall under the so-called "corporate services" represented, in particular, by the activities of centralized management of financial services and derivative operations hedging exchange rate risk, and those activities of supplying ICT services for the companies of the Post Demerger De'Longhi Group and third party clients.
MONTE TITOLI SYSTEM	The centralized custody system managed by Monte Titoli.
INDEPENDENT AUDITING FIRM OR RECONTA E&Y	Reconta Ernst & Young S.p.A., with registered office in Via Po 32, Rome.
BENEFICIARY COMPANY OR DL CLIMA OR DE'LONGHI CLIMA S.P.A.	De'Longhi Clima S.p.A., with registered office in Treviso, Via Ludovico Seitz 47.
DEMERGING COMPANY OR DE'LONGHI S.P.A. OR DE'LONGHI	De'Longhi S.p.A., with registered office in Treviso, Via Ludovico Seitz 47.

CONSOLIDATED FINANCE LAW	Legislative Decree n° 58 of 14 February 1998 (Consolidated Law of the regulations concerning financial intermediation) and subsequent modifications and additions.
CONSOLIDATED LAW ON INCOME TAXES	Presidential Decree n° 917 of 22 December 1986 and subsequent modifications and additions.

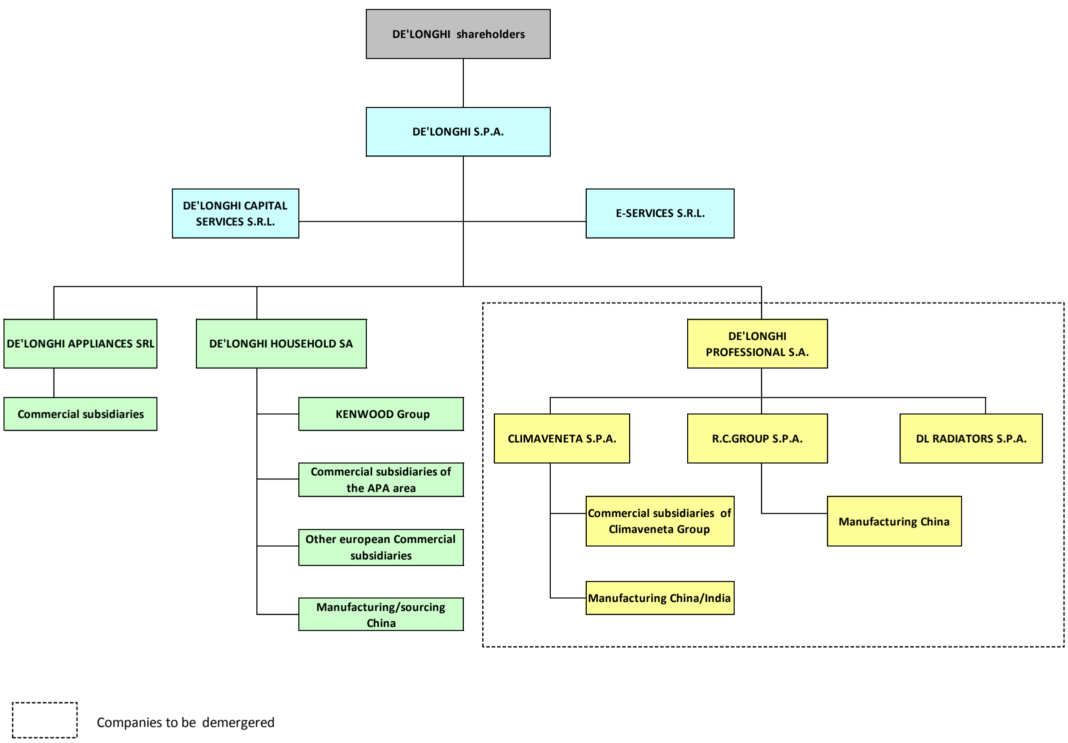
INTRODUCTION

The Information Document has been prepared by De'Longhi S.p.A. pursuant to Article 70 (4) of the Issuers' Regulation in order to provide shareholders and the market with a complete outline of the partial and proportional demerger transactions of De'Longhi S.p.A. to the wholly-owned De'Longhi Clima S.p.A., whereby the entire shareholding held by the Demerging Company in De'Longhi Professional will be transferred to the Beneficiary Company.

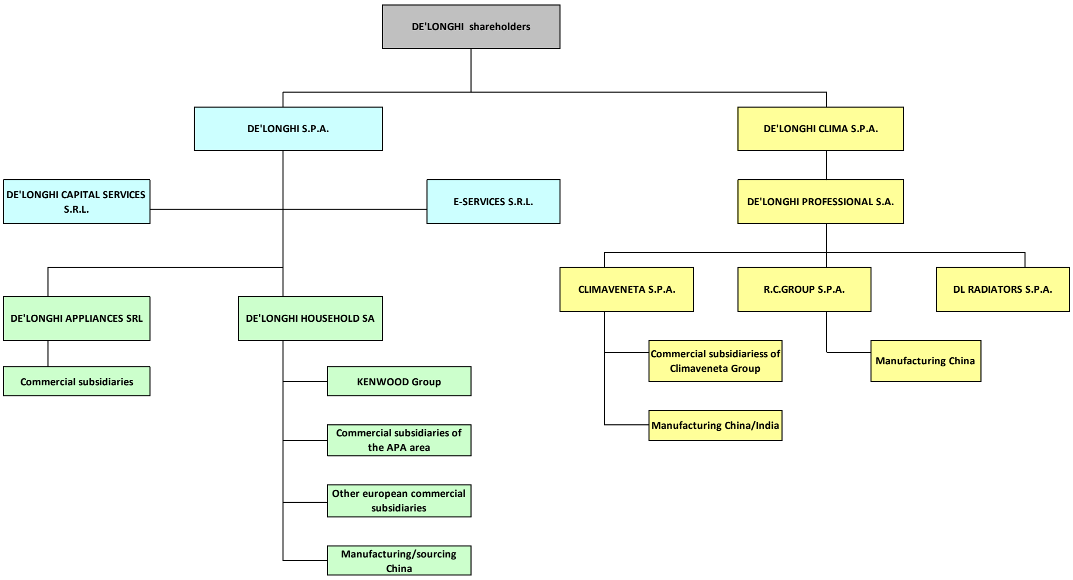
The Information Document complies with the contents envisaged by format 2 of Annex 3B of the Issuers' Regulation.

The objective of the Demerger is primarily industrial and consists in the separation of the activities from two different business areas the De'Longhi Group operates in, and in particular the separation of the activities involving the manufacturing and salesof machines for air conditioning and refrigeration systems in ICT (*Information Communication Technology*) processes for industrial purposes, as well as water-filled radiators (under the Professional Division), from the manufacturing and salesof small household appliances for food preparation and cooking, cleaning and ironing, portable air conditioning units and heaters (under the Household division).

• CONDENSED ORGANIZATIONAL CHART OF THE DE'LONGHI GROUP PRIOR TO THE DEMERGER



● **CONDENSED ORGANIZATIONAL CHART OF THE DE'LONGHI GROUP AND THE DE'LONGHI CLIMA GROUP POST DEMERGER**



The principal objective of the Demerger is that of allowing the independent development of the two separate businesses which make up the activity of the De'Longhi Group, namely the Household Division (which after the Demerger will also include the Corporate Function) and the Professional Division. The decision to start the Demerger lies principally in the consideration that the two divisions lack operational synergies; the Professional Division (subject of the Demerger) possesses characteristics which are substantially different from those of the Household Division, both in terms of clients as well as reference market.

Moreover, the objective of the Demerger is to guarantee greater transparency for the market and better information with reference to the strategic, economic and financial prospects of both divisions. It is expected that the Demerger will lead to a more focused management and thus greater flexibility in implementing the strategies of each of the two divisions.

Two distinct groups will result from the Demerger, each focused on its core business and with well-defined targets that can be clearly identified and understood by the market. It is expected that the two groups, when provided with the necessary autonomy and efficiency, will have the potential to improve strategic development and, in particular, they will have the freedom of movement and a very precise operational profile which will allow them to fully express their worth.

On one hand, De'Longhi, with the small electrical appliance business, will have the opportunity to express the unexpressed value of the Household Division by focusing and simplifying its activity, and confirming itself as world leader in high-end coffee makers.

On the other, De'Longhi Clima will have the opportunity to strengthen its position among the leading international operators in high energy efficiency products.

At the same time, as a result of the Demerger, each De'Longhi S.p.A. shareholder will, in place of each existing De'Longhi share, hold two distinct shares, representing the two different business areas (Household Division - which also includes the activities of the Corporate Function - and the Professional Division) which make up the company's activity today.

The Demerger Plan was approved by the boards of directors of De'Longhi S.p.A. and De'Longhi Clima S.p.A. on 21 July 2011, filed with the Companies Register of Treviso on 8 September 2011 and registered on 9 September 2011 (hereafter the "**Demerger Plan**").

As a consequence of the Demerger, each De'Longhi shareholder will be granted, without consideration, an equal number of shares in the Beneficiary Company as they hold in the Demerging Company at the moment the Demerger takes effect. Assignment of shares shall therefore take place at the rate of one share in the Beneficiary Company per one share owned in De'Longhi S.p.A.

A prerequisite and essential condition of the Demerger is that the shares in the Beneficiary Company, at the moment of their assignment to shareholders of De'Longhi S.p.A., be listed on the Mercato Telematico Azionario MTA.

In addition to the applicable provisions of the Italian Civil Code, execution of the Deed of Demerger is, therefore, conditional upon:

(i) admission by Borsa Italiana of all the classes of shares in the Beneficiary Company to listing on the MTA; and

(ii) a decision from Consob, pursuant to Article 57 (1.d) of the Issuers' Regulation, as to the equivalence to a listing prospectus of the information provided by the Information Document and subsequent amendments, pursuant to said Article 57.

The time suggested for the transaction envisages that, subject to the realization of the conditions mentioned above in points (i) and (ii), the Demerger shall presumably take effect from 1st January 2012.

CHAPTER I - RISK FACTORS

The following is a brief description of risks and uncertainties related to the transaction detailed in this Information Document that could potentially have a significant impact on the activities of the Demerging Company and the group of which it is the parent company. In addition, an update of risks and uncertainties reported in the financial statements at 31 December 2010 to which the "*Half year financial report at 30 June 2011 of De'Longhi S.p.A.*" also refers to.

A brief description of the risks related to the Beneficiary Company and risks related to the Demerger is also provided.

Other risks and uncertainties, which are currently unforeseeable or considered to be unlikely, could also have a significant influence on the operating performance, financial position and future prospects of De'Longhi S.p.A., De'Longhi Clima S.p.A. and their respective groups.

1.1. MAIN RISKS AND UNCERTAINTIES RELATED TO THE DE'LONGHI GROUP'S ACTIVITIES

1.1.1 Risks associated with the general economic conditions

The Group's earnings and financial position are influenced by various macro-economic factors, including changes in consumption, the cost of raw materials, interest rates and currency markets.

During the first six months of 2011 there has been a widespread slowing down of economic activity at global level.

The worsening was more marked in Japan where the earthquake and consequent tsunami, which occurred in the first few months of 2011, have caused a sharp drop in industrial and electrical manufacturing which, except for a small part, has still not been reabsorbed.

Other factors that have contributed to curbing the expansion of demand have been the rise in the price of oil (which had already started by the end of 2010) and the measures taken to re-balance the US federal deficit, which implies the transition from an active stimulus policy to one of fiscal neutrality.

This performance can be partly traced back to a series of transitory factors, the easing of which should provide business with a certain amount of support. In particular, the gradual easing of supply difficulties along international production chains, caused by the earthquake in Japan, and the slowing down of the price rises in oil and non-energy raw materials, which were observed from June, should exert a certain surge in growth over the last months of this year.

However, it is expected that this positive momentum will be counterbalanced by the underlying structural problems afflicting advanced economies which hinder, in particular, the prospects of a rapid recovery of the labour market, as highlighted by the results of the latest economic surveys. In August, the total world Purchasing Managers' Index (PMI) fell to 51.5, below the series average.

It is also anticipated that the change in world financial markets' perception of the economic conditions, observed at the beginning of August, will have further negative repercussions on the climate of trust as well as on wealth and, consequently, on the growth of advanced economies. The prospects for public finances continue to cause particular worry, as indicated by Standard & Poor's downgrading of the US sovereign debt rating in August 2011.

The principal risk of weakening growth is represented by the precariousness of the fiscal position of several of the main advanced economies. The absence of credible plans to overhaul public accounts in the medium term could translate into further turbulence for the world financial markets and business.

On the other hand emerging economies should still record robust growth rates, though falling off.

In June, the OECD's Composite Leading Indicator (CLI) continued to decline moderately signifying the possibility of a weakening of industrial production. After increasing in the first two quarters, the Ifo World Economic Climate Indicator decreased over the third quarter. The indicators for North America and Asia have decreased in the third quarter, remaining respectively below and above the long-term averages.

Against this backdrop, the projections formulated by ECB experts, as well as those of the IMF in the September 2011 edition of *World Economic Outlook*, prefigure slowing growth prospects for the second half of 2011 and for 2012 compared to those indicated in previous months, with a growth rate which should remain particularly sluggish in some of the principal advanced economies. (Source: ECB Monthly Bulletin, September 2011).

Additionally, even in the absence of slow growth or recession, other economic circumstances - such as increases in energy prices and fluctuations in the prices of raw materials - could have negative consequences on the markets in which the Group operates, its business prospects, earnings and/or financial position.

1.1.2 Socio-political risks associated with changes in markets and demand, and the Group's presence in emerging markets

The De'Longhi Group operates in many foreign markets for the most part directly as well as via agreements, including joint ventures, in several emerging countries such as China and India. For some time, the Group has acquired the typical characteristics of a multinational and this inevitably exposes it to a series of risks associated with the local economic and political conditions of the individual countries it operates in.

Such risks, in addition to having an impact on consumption in the different markets concerned, can be significant also from the point of view of the concentration of the Group's production sites in foreign markets which could be subject to the introduction of limiting or restrictive policies on foreign investment, imports and exports as well as restrictions on capital repatriation.

The occurrence of unfavourable political and economic events in the markets the De'Longhi Group operates in (and, in particular, in the emerging economies mentioned in point 1.1.1. above) could have adverse economic and financial effects on the Group.

These are systemic risks, common to all companies, therefore the capacity to produce value depends firstly on the dynamics and size of the reference market and only secondly on the company's ability to compete in order to consolidate/acquire the largest market share possible.

The Group, in the person of the chairman of the board of directors, the chief executive officer as well as the divisional and market managers, carries out constant monitoring of market performance in order to promptly grasp any opportunities to increase business and evaluate the opportunities (and the related potential effects on the Group's earnings) of any risks becoming concrete.

1.1.3 Risks associated with the high level of competition in the sectors in which the De'Longhi Group operates

The two businesses the De'Longhi Group operates in - represented by the Household Division and the Professional Division - are characterized by a high level of competition.

On the Date of the Information Document the Group competes with other industrial groups of international importance. The reference markets of the products of the two divisions (particularly with regard to those of the Household Division) are highly competitive in terms of product quality, innovation, cost, energy saving and also reliability, safety and service.

Although the Group is present chiefly in the high end product segments, in the middle product segments (characterized by a lower technology content and, in the Household Division, a lower design content) the Group is subject to competitive pressure from competitors located primarily in Asia, who benefit from lower production costs.

Should the Group be unable to adapt effectively to external market conditions, this could have an adverse effect on its business prospects, earnings and/or financial position.

1.1.4 Risks associated with De'Longhi Group's ability to continue to realize product innovations

De'Longhi Group's capacity to produce value also depends on the capacity of its companies to offer innovative products, in terms of technology and in line with market trends.

From this perspective, the De'Longhi Group has demonstrated in the past its leadership in technological innovation and in the creation of products that are the latest trend and design, also thanks to a policy of promoting resources dedicated to the development of its own products and its designers. And the Group's boards intend to continue this policy.

In particular, the failure to develop and offer innovative products that compare favourably to those of the Group's principal competitors in terms of price, quality and functionality, or delays in bringing strategic new models to the market, could result in reduced market share, having a material adverse effect on the Group's business prospects, earnings and/or financial position.

1.1.5 Risks associated with Patents and Brands

Bearing in mind the importance of developing innovative products in terms of technology and design (see point 1.1.4 above), the Group pursues a policy of protecting its R&D activities by filing patents for inventions, utility models and designs in the different relevant markets. The same protection is also accorded the Group's brands.

The legal work protecting the Group's intellectual property rights (patents for inventions, utility models and designs and models as well as brands) is referred to its legal departments which constantly monitor and control them worldwide using appropriate consultants in the different countries concerned.

It is not possible to absolutely guarantee that the actions undertaken to stop imitations of the Group's products by third parties and, above all, it must be noted that the legal systems of different foreign countries (including, for example, China and the United Arab Emirates) do not protect patent rights with the same intensity as European legislation. The Group's policy is therefore directed towards sustaining the necessary costs in order to ensure the highest level of protection possible of its patent rights at international level in the markets the Group is present in.

Furthermore, it is not possible to guarantee that the intellectual property rights still at the application stage (and patents for inventions and utility models in particular) will actually be granted and the same with those filed, still a reduction of the scope of protection could occur - occasionally even considerable - both during the technical examination by the competent office, and following any oppositions to the registration and granting of intellectual property rights which may be filed by third parties.

Lastly, although management does not consider that the Group's products violate any intellectual property rights of third parties, it is not possible to rule out other parties successfully asserting the existence of such violations judicially.

1.1.6 Risks associated with management and human resources

The Group's success largely depends on the ability of its senior executives and the other members of management to effectively manage the Group and individual business areas and on the skills of the human resources that the Group is able to attract and develop.

The principal risks related to the HR area are linked to the Group's capacity to attract, develop, motivate, keep and give responsibility to personnel having the necessary aptitudes, values, specialist and/or managerial competencies with regard to the evolution of the Group's needs.

Any loss of performance in such persons or other key resources without adequate substitution, as well as the incapacity to attract and keep new and qualified resources, could therefore have negative effects on the Group's business prospects, and on its economic results and/or its financial position.

With regard to the capacity to attract valuable resources, it must be pointed out that the principal companies in the Group, in addition to having facilities dedicated to human resources characterized by a high level of quality and professionalism, plan initiatives aimed at improving the quality of professional life of its employees and collaborators and at the Group's external image (communication, relations with schools and universities, testimonies, internships etc), in some cases seeking help from specialized service companies with proven experience and professionalism.

With regard to the development and motivation of human resources, some of the actions taken by the Group envisage the strengthening of the managerial competencies and more specialist competencies (business and regulatory) using initiatives involving managers and collaborators from the different company areas.

Moreover there are reward systems in place for personnel at the most varied organizational levels - from workers in the production plants to top management and key figures - associated with the achievement of short-term and/or medium-term results.

It is therefore essential to develop instruments able to allow individuals' ambitions and aspirations to emerge, so as to promote paths of growth that are shared as much as possible by the company and employees and reduce the risk of de-motivation or loss of qualified resources. On this subject two distinct instruments have recently been developed and implemented: performance appraisal (which has been in use for several years) and a system of internal job posting are being experimented.

In particular, the job posting system makes the most interesting vacant positions visible within the Group's principal companies in order to stimulate internal candidatures in line with requirements and encourage career paths within the same company, as well as between different companies in the Group, both in Italy and abroad.

As far as the personnel employed in the manufacturing sectors is concerned, the Group operates in China and Italy, with the majority employed in China, following the re-balancing of the production structure realized starting from 2004 (previously the factories were based in Europe, with the majority in Italy). The current structure entails some risks associated with the high turnover of Chinese manufacturing personnel, together with the increase in the cost of labour with regard to the significant adjustments the minimum wages decided by the Chinese government.

These risks are managed via:

• organization of the factory work that minimizes the impact of turnover on efficiency and the quality of production;

• the development of incentive systems aimed at personnel loyalty (production bonuses and retention bonuses deferred over time and aimed at factory workers, wage adjustments linked to length of employment within the Group, incentive systems aimed at management);

• investments in training and development of the most qualified internal resources;

• improvement in the living and working conditions within the various plants (canteen, recreational games, areas dedicated to free time, internet access).

1.1.7 Risks associated with changes in the cost of raw materials and relations with suppliers

The Group's production costs are influenced by the price trends of the principal raw materials, such as steel, plastic and copper. Such trends are constantly monitored in order to undertake those actions necessary to keep the Group competitive.

Most of the purchases are carried out in China and the risks are connected with production carried out by Chinese subsidiaries that act as suppliers to the Group, the network of third party suppliers and suppliers of components to the Group's production subsidiaries (for the strategic risks connected with production in China, please refer to point 1.1.2 above).

The Group manages such risks by means of: *(a)* a permanent evaluation model of the different suppliers used for the managerial decisions and to identify the reliability of each regular supplier in terms of quality and cost of the manufactured products: *(b)* an evaluation of the risk of fluctuations in the Chinese currency compared to the US dollar, the reference currency (protected by the Group's coverage policies); *(c)* checks on the economic evaluation of suppliers and, consequently, on the respective reliance on each producer of adequate production volumes; *(d)* evaluation of services provided by suppliers on the basis of their performance in terms of logistics and speed of their respective deliveries and the consequent decisions adopted each time; *(e)* inspection activities, prior to the shipment of products by suppliers, to counter any defects in the quality of the products purchased Furthermore, as far as the principal raw material purchased is concerned (steel), for some time the Group has used the same suppliers, selected based on trust relationships, and these relationships have, to date, guaranteed the expected production results. Finally, the Group safeguards its reputation against suppliers with regard to the latter's relations with their own employees. On this point it must be mentioned that such precaution is regularly pursued in contractual relationships and furthermore each supplier is given the Code of Ethical Conduct which governs De'Longhi's business.

Nevertheless it cannot be ruled out that any non-performance of the contractual obligations by one or more suppliers who supply the Group's companies could have negative effects on the Group's operation and its economic, equity and financial position. Such non-performance could be caused by, among others, *(a)* problems inherent to its own production capacity that could hinder or delay delivery of the goods ordered; *(b)* managerial and/or industrial decisions made by the individual suppliers that entail the interruption of production or working of the raw materials, and consequent greater difficulty to find such raw materials immediately on the reference market; or *(c)* considerable delays could occur in the transport and delivery of such raw materials to the Group's companies.

1.1.8 Risks associated with product quality and product liability

The Group's products must observe the different quality standards of the different jurisdictions they are marketed in.

Above all, there is the risk that the products do not comply with the qualitative standards provided under the regulations in force in the aforementioned jurisdictions. This could legitimise the restitution of such products and the consequent increased production costs and negative impact on the Group's image could result in damage to the reputation of the same.

Obviously, it must be remembered that the De'Longhi Group's business entails taking on responsibilities which are typical of the producer for damage deriving from faulty products: part of the sales take place in places with legal systems where liability for damage to persons or property caused by products are particularly strict (such as in the US).

On this point, the Group applies severe control standards on its products: it has a quality risk management protocol that includes various activities and procedures that protect the quality of the products. Furthermore, there are facilities dedicated to quality control which is carried out directly at the production units and suppliers' plants.

In addition to this, the Group has insurance cover for product liability that management considers is adequate to cover the risk.

Nevertheless with regard to several products made by the Group, the eventuality that manufacturing defects are present or, in some circumstances, the aforementioned insurance cover is inadequate cannot be ruled out. The start of litigation of significant entity concerning product liability, or the discovery of defects in the Group's products, could cause damage to the Group itself with negative consequences for management and the development of its business.

1.1.9 Risks associated with warehouse size and shipment speed

Considering the importance that warehouse management and the supply chain hold in the Group's business organization, several risks could be incurred on this issue.

The Group is exposed - especially with regard to products of the Household Division - to risks related to warehouse size, connected to the correct forecast of the quantity and assortment of products for subsequent marketing.

In particular, in the event that the Group does not have an adequate quantity of products, it could run the risk of not being able to adequately and promptly meet the demand of its own customers. On the other hand, if the quantity of articles produced is excessive compared to those ordered, the Group could find itself having to face the risk of unsold goods.

A further risk is given by the efficient management of the supply chain which could affect the adequacy of the service rendered to clients.

Currently the Group has a central logistics department that ensures and guarantees a careful and detailed planning and management of all the phases in the supply chain.

As far as the level of service guaranteed to clients, the Group's procedures envisage a service that takes into account the individual requirements of each client.

Should the Group be unable to forecast and/or deal with the aspects that could cause the aforementioned risks, there could be some negative effects on the Group's business prospects and its economic, equity and financial position.

1.1.10 Risks associated with changes in interest rates

The Group holds assets and liabilities that are sensitive to variations in interest rates and which are necessary for the management of the Group's liquidity and financial requirements.

In particular, the De'Longhi Group's principal source of exposure to the risk in question derives from financial debt expressed at variable rates. Management of this risk is carried out at central level using the same facilities employed for the management of exchange rate risk. Nevertheless, sudden fluctuations of interest rates could have an adverse effect on the Group's business prospects, earnings and/or financial position.

1.1.11 Risks associated with exchange rate fluctuations

Transaction exchange risk

The De'Longhi Group, in connection with its typical activity, is exposed to the risk of exchange rate fluctuations in currencies different from that in which the commercial and financial transactions are expressed. In order to protect the income statement and balance sheet items from such fluctuations, the Group adopts a hedging policy that uses procedures and instruments suitable for such a purpose and free from speculative connotations. The hedging activity is carried out at centralized level, based on the information gathered by a structured reporting system, by resources dedicated to it and using instruments and policies in conformity with international accounting standards. The hedging activity's objective is to protect - at the level of each individual company - future costs/revenues forecast in the budget and/or in the long-term plans as well as the commercial and financial credit/debit items.

The main currencies the Group is exposed to are the US Dollar (the currency in which part of purchase costs for raw materials, components and finished products are expressed in) and the British Pound for sales flows in the British market.

Despite such hedges being in place, sudden fluctuations in exchange rates could have an adverse effect on the Group's business prospects.

Translation exchange risk

The De'Longhi Group holds controlling shareholdings in companies who draft their financial statements in currencies other than the Euro. The Group is therefore exposed to the translation risk that fluctuations in the exchange rates of some currencies compared to the consolidating currency can bring to the value of the consolidated net worth. The main exposures are monitored, but hedging of such risks does not come under the Group's current policies

1.1.12 Risks associated with liquidity and financing requirements

The liquidity risk - which the Group could incur - represents the risk of not having the necessary financial means to fulfil payment obligations arising from current activity, investments and maturity of financial instruments.

With regard to the activity of finding financing and hedging risk, the Group's policy is to keep a portfolio of counterparties of international standing as well as a sufficient number of them.

In order to monitor and manage said risk, the Group adopts specific policies and procedures, including the centralization of financial debt and liquidity management, search on capital market for sources of medium- and long-term financing, short-term credit lines that fully guarantee the margins of manoeuvre required by the trend of money and financial flows.

Bank credit lines are available to the Group for the medium-term, with regard to financing operations currently in existence, and short-term (typically renewable annually) to cover the financing requirements of working capital and other operational needs.

1.1.13 Risks associated with credit

The Group is exposed to credit risk deriving from trading relationships and the employment of liquidity. It is expected that, also from this perspective, the socio-political risks (or country risks) already highlighted above (see points 1.1.2 and 1.1.7 above) may be significant here.

Trade credit risk is monitored according to formalized procedures for the selection and evaluation of the client portfolio, for the definition of credit limits, monitoring of expected collection flows and any recoveries, and envisages the taking out of insurance policies with leading insurers and, in some cases, requesting clients for further guarantees, principally in the form of surety bonds.

1.1.14 Risks associated with seasonal sales

The De'Longhi Group operates in the sales of portable air conditioning units and radiators. Such products are typically seasonal by nature and are characterized by a concentration of sales to a limited period during the year.

The seasonal nature of the sales could have an adverse effect on the Group's business prospects and its earnings and financial position.

1.1.15 Risks associated with changes to regulations, and environmental regulation in particular

The Group is subject, in the various jurisdictions in which it operates, to the provisions of law and other technical, national and international rules, applicable to the types of products marketed.

Rules concerning the safety and energy consumption of electrical appliances for domestic use and air conditioning systems and the regulations concerning contracts with consumers, faulty products, minimum warranty period, recycling and environmental friendliness are of particular importance.

Although management considers the Group's organization and production comply with the laws in force and, over time, the Group has demonstrated its ability to anticipate regulatory changes during the design phase of new products, the issuing of further regulatory provisions that apply to the Group or its products or rather changes to the rules currently in force in the sectors the Group operates in, also at international level, could force the Group to adopt more strict standards or influence its freedom to act or make strategic decisions in the various business areas.

This could entail adjustment costs for the production facilities or for the product characteristics or even limit the Group's operations with consequent adverse effects on its business and economic, asset and financial position.

In particular, any changes to standards or the regulatory criteria currently in force concerning the environment, or unexpected or exceptional circumstances, could force the Group to bear unforeseen costs. Such costs could therefore have adverse effects on the business and economic, asset and financial position of the Company and/or Group.

1.1.16 Risks associated with any possible environmental damage

The industrial production carried out by the Group in its factories and plants could, in certain cases of serious malfunction or breakdown to said plants, cause damage to third parties, environmental accidents or damage. Such accidents and damage could also occur owing to the structural characteristics of some of the production facilities and evaluations and works are under way to ensure compliance with the laws and regulations in force.

Although the Group has adopted the necessary safety measures and observes the applicable rules with regard to the prevention of these types of risks, in the event that environmental accidents or damage occur, the Group could be exposed to liability, even criminal liability, towards the persons or property damaged and towards the competent authorities, and could sustain interruptions to its production with consequent adverse effects on the economic, asset and financial position of the Company and/or Group.

The Group's companies have taken out insurance policies to cover environmental damage and the limits of liability are considered sufficient by the Group with regard to the estimate of the risk in question, however, it cannot be ruled out that damage may occur whose compensation exceeds the limits of the same policies.

1.1.17 Risks associated with the plants

The Group carries out its industrial production at plants which require the issuance of certain administrative permits. For some of the Group's plants, which owing to the Demerger will be transferred to the De'Longhi Clima Group, at the Date of the Information Document, formalities are under way for the renewal or issuance of several new permits. The results of the preliminary assessments conducted for this purpose by the competent authorities have revealed the necessity for the Group to carry out compliance works which will be executed within the next few months. Failure to renew or issue any permit may involve various types of legal responsibility and cause adverse effects on the assets of the companies of the De'Longhi Clima Group.

1.1.18 Risks associated with the administrative responsibility of legal persons

Legislative Decree 231/2001 introduced into Italian law, in compliance with that provided by EU law, a specific regime of responsibility of organizations for some types of crimes, where "organizations" is understood to mean commercial enterprises, companies, partnerships and associations, including those without legal personality.

To apply this regulation and its amendments and additions, the Group's principal Italian companies have adopted, pursuant to that provided by Article 6 of Legislative Decree 231/2001, the appropriate "Organizational, Management and Control Model" to avoid such responsibility arising and the related Code of Ethical Conduct, intended to be applied by the Group's Italian companies and, where applicable, by foreign subsidiaries, since De'Longhi S.p.A. is liable, pursuant to Article 4 of Legislative Decree 231/2001 also for crimes committed abroad and therefore avoid such liability arising.

With specific reference to the De'Longhi Clima Group, it is announced that Climaveneta and DL Radiators have adopted the Organizational Model, which however has not been updated with the recent provisions introduced by Article 4 (2) of Law n° 116 of 3 August 2009, as substituted by Article 2(1) of Legislative Decree n° 121 of 7 July 2011, regarding corporate responsibility deriving from environmental crimes which entered into force on 16 August 2011, while RC Group has not adopted any Organizational Model.

However, the adoption of organizational and management models does not per se exclude the applicability of the sanctions provided by Legislative Decree 231/2001. In the event a crime is committed, both the models and their actual implementation, are examined by the judicial authority and, where the latter considers the models adopted are not suitable for preventing the crime(s) of the type occurred or are not effectively implemented, or rather it believes that: *(i)* there is insufficient vigilance on their functioning and observance by the body expressly in charge of said vigilance or *(ii)* there is insufficient autonomy in the powers of initiative and control or independence of such body, the company would be subject to sanctions.

Therefore, the company's administrative responsibility pursuant to Legislative Decree 231/2001 would exist, where it could effectively be ascertained following a legal action taken against one of the Group's companies, including its foreign subsidiaries, and it is not possible to rule out, in this case, in addition to the consequent application of the relative sanctions, also negative repercussions on the operation and the economic, asset and financial position of the Company and/or the Group.

1.1.19 Risks associated with Related Parties

The Group has had and continues to have business relationships with persons considered Related Parties according to the criteria contained in the Transactions with Related Parties Regulation. Such relationships require the application of contractual terms and conditions which are in line with those of the market. However, there is no guarantee that where such transactions are concluded with third parties, the same would have negotiated and entered into the relative contracts, or rather performed the aforementioned transactions, at the same conditions and in the same manner.

In November 2010, De'Longhi adopted, effective from 1 January 2011, a new procedure aimed at regulating the Group's transactions with Related Parties, in compliance with the Regulation concerning Transactions with Related Parties. The procedure identifies transactions with Related Parties subject to specific rules regarding their communication and approval, graded according to their greater or lesser importance. The procedure is characterized by the enhancement of the role of independent directors, who must always issue an opinion about the proposed transaction (if the transaction is of greater importance, the opinion is binding on the board); the independent directors, among others, must be involved in the preliminary phase before the approval of transactions of greater importance.

It is expected that this procedure will constitute a further aid to guaranteeing transparency of the De'Longhi Group's operation.

1.2. RISKS RELATED TO THE DEMERGER

1.2.1 Risks associated with the pro forma data

This Information Document contains pro forma data at 31 December 2010 and at 30 June 2011, prepared to provide investors, in accordance with the applicable reporting standards, with information on the impact of the Demerger on the earnings and financial position of the two groups formed by the Demerging Company and the Beneficiary Company had the Demerger occurred during the period to which these pro forma figures relate. Given that these figures are based on assumptions, it should be noted that if the Demerger had actually taken place on the dates on which the pro forma figures are based rather than the actual transaction date, the historic figures may have differed from the pro forma figures provided. Furthermore, the pro forma figures are not forward-looking and should not be considered a forecast of future earnings for the groups formed by the Demerging Company and the Beneficiary Company as they have been prepared for the sole purpose of providing an illustrative representation of the identifiable and objectively measurable effects of the Demerger. Finally, given that the pro forma data and the historic data have a different purpose and that different methodologies have been used to calculate the impacts on the statements of financial position, income and cash flows, the pro forma statements of financial position, income and cash flows should be read and analysed separately from the historic data without attempting to reconcile them.

For further information please refer to Chapters 4 and 6 of the Information Document.

1.2.2 Risks associated with the laws governing the Demerger

Pursuant to Article 2503 of the Italian Civil Code (referred to in Article 2506-*ter* of the Italian Civil Code) and subject to the resolutions passed by the shareholders of the Demerging Company and the Beneficiary Company, the Demerger cannot take effect until sixty days after the last registration required under Article 2502-*bis* of the Italian Civil Code, without prejudice to the forms of protection guaranteed to creditors under the Civil Code.

Pursuant to Article 2506-*quater* (3) of the Italian Civil Code, the Beneficiary Company shall be jointly liable with the Demerging Company for any liabilities of the Demerging Company remaining unsatisfied at the effective date of the Demerger, up to the limit of the value of the net assets received.

1.2.3 Risks associated with the Demerger

There can be no assurance that the Demerger will not be subject to administrative, technical, industrial, operational, regulatory, political or financial difficulties and, as a consequence, fail to produce the expected benefits.

1.3. RISKS FOR THE DEMERGING COMPANY RESULTING FROM THE DEMERGER

1.3.1 Risks associated with the Demerger

Following the Demerger transaction, the group formed by the Demerging Company will, in general, be subject to the same risks already identified for the De'Longhi Group in section 1.1 "*Main risks and uncertainties related to the De'Longhi Group's activities*"

1.3.2 Risks associated with the activities of the group formed by the Demerging Company being concentrated in the Household Sector

Under the Demerger, De'Longhi S.p.A. will transfer its entire shareholding in DL Professional, the company in the Group which represents the business activities related to the Professional Division, to the Beneficiary Company. Consequently, as of the effective date of the Demerger, De'Longhi S.p.A.'s principal activities will be those related to the production and salesof small household appliances and portable air conditioning (under the Household Division). Compared to the situation prior to the Demerger, the future earnings of De'Longhi S.p.A. will therefore be determined by the financial performance of those businesses and any dividends received from its subsidiaries.

In the business activity under the Household Division, sales to the final client may vary depending on the general conditions of the economy and the final client's propensity for consumption. Furthermore, the sector is subject to constant renewal of the range of models through new launches onto the market. An unfavourable performance of the business under the Household Division could have significantly adverse effects on the business prospects of the Post Demerger De'Longhi Group and on its earnings and/or financial position.

1.3.3 Risks associated with the joint liability arising from the Demerger

With reference to the joint liability arising from the Demerger, please refer to point 1.2.2 of Section 1.2. above.

1.4. RISKS FOR THE BENEFICIARY COMPANY RESULTING FROM THE DEMERGER

1.4.1 Risks associated with the Demerger

Following the Demerger transaction, the group formed by the Beneficiary Company will, in general, be subject to the same risks already identified for the De'Longhi Group in section 1.1 "*Main risks and uncertainties related to the De'Longhi Group's activities*"

1.4.2 Risks associated with the concentration of activities in the business related to the Professional Division

Under the Demerger, De'Longhi S.p.A. will transfer its shareholding in DL Professional, the company in the Group which represents the business activities related to the production and salesof machinery for air-conditioning systems and ICT industrial process chillers and radiators (under the Professional Division). Consequently, as of the effective date of the Demerger, the Beneficiary Company's principal activities will be those related to the aforementioned business. The future earnings of De'Longhi Clima S.p.A. will therefore be determined by the financial performance of those businesses and dividends received from its subsidiaries.

1.4.3 Risks associated with the dependence on industrial partners

In some countries, in which the companies that will become part of the De'Longhi Clima Group following the Demerger operate, pursue development programmes, among others, through joint venture agreements, with local operators, to date in China and India.

The choice to enter into agreements with third party operators is generally motivated by the opportunity to take advance from the experience and consolidated presence of such subjects in the local markets.

Any lack of existing agreements or lack of agreements planned with local partners, and the impossibility to develop new relationships in a short time, at equivalent conditions to the existing ones, could entail the modification and reduction of De'Longhi Clima Group's development objectives in certain areas, with consequent possible adverse effects on the group's earnings and financial situation.

1.4.4 Risks associated with relationships with main suppliers

De'Longhi Clima Group companies that operate in air climatization and refrigeration markets depend considerably on existing relationships with specialized producers for key components for the manufacture of its own machines, including the hardware for electronic control. De'Longhi Clima Group companies that operate in those markets are supplied by one company that is a leader in its sector.

The non renewal, interruption or lack for whatever reason of the abovementioned supply would therefore mean the software programmes would need to be rewritten to adapt them to controllers made by other suppliers and this would make the production of machines during such period impossible or at least difficult, with consequent adverse effects on the De'Longhi Clima Group's business, earnings and financial position.

1.4.5 Risks associated with the joint liability arising from the Demerger

With reference to the joint liability arising from the Demerger, please refer to point 1.2.2. of Section 1.2. above.

1.4.6 Risks associated with technological evolution

The technologies employed in the production of De'Longhi Clima Group machines are in continuous evolution and are subject to constant improvement process for better energy efficiency, use of renewable energy, noise reduction, better reliability and lower costs.

To pursue this aim the Beneficiary Company and Group should continually update their technologies and carry out R&D in order to make their machines even more competitive.

Should De'Longhi Clima Group be unable to adequately develop its products in line with the best technologies available on the market in the sector it operates in, it could have to modify or reduce its development objectives and this could have possible adverse effects on the group's business and its earnings and financial position.

1.4.7 Risks associated with service contracts

De'Longhi Group's structure includes several companies that provide various services (administrative, fiscal, legal, corporate, payroll/human resources, IT, financial), at market conditions, including other services incidental to the corporate activity, to the different Group sectors including the companies belonging to the De'Longhi Clima Group. It is expected that, after the Demerger, such collaboration could be interrupted with regard to some of these services.

Consequently, De'Longhi Clima Group must ensure it has the appropriate structure able to provide such services, and/or enter into agreements with third parties concerning provision of these same services.

Failure to rapidly enter into new agreements, at conditions equivalent to existing ones, could have possible adverse effects on the group's business.

1.4.8 Risks associated with De'Longhi Clima Group's debt following Demerger

The future prospects of De'Longhi Clima Group will also depend on its ability to meet the requirements of maturing debts through flows deriving from operational management, cash on hand, the renewal or re-negotiation of bank credit and other sources of financing.

Should Beneficiary Company and its subsidiaries, following the Demerger, be unable to meet its debts (owing to the interruption - at the effective date of the Demerger - of existing intercompany financing with the De'Longhi Group, and the failure to renegotiate the aforementioned lines of credit), such circumstances could have an adverse effect on the earnings and financial situation of the Beneficiary Company and of its subsidiary De'Longhi Clima Group.

1.4.9 Risks arising from dependence on a limited number of clients

One of the companies which, following the Demerger, will be part of De'Longhi Clima Group has had continuous relationships with a few clients who generate the majority of its sales.

Despite the company's constant commitment to consolidating and broadening its trade relationships, the non payment or delayed payment of the amounts due from the clients or any interruption in the existing relationships with the same could have adverse effects on the company's business and earnings and, therefore, on De'Longhi Clima Group.

CHAPTER II - INFORMATION ON THE DEMERGER

2.1 OVERVIEW OF THE STRUCTURE AND TERMS OF THE TRANSACTION

2.1.1 Description of the parties to the transaction

A) DEMERGING COMPANY

● Introduction

De'Longhi S.p.A. is the operating parent company of an international group which operates in market segments united by the concept of wellbeing with regard to products for heating, air conditioning and treatment, food preparation and cooking, home cleaning and ironing.

Origins and business diversification

Established at the beginning of the last century as an artisan's workshop, in the 1950s De'Longhi S.p.A. began to grow to the size of a small enterprise, focused on the production of components for heating equipment and, subsequently, finished products for other companies. In 1974, the current chairman, Giuseppe De'Longhi, started to market the first branded portable radiators. In this period, there was a turning point: oil-filled radiators. These were created as a solution to the first petrol crisis and they were an immediate success. From this moment on, the company saw its range of products continually extend: from the production of portable radiators it moved to the creation of a complete range of heating devices, manufactured according to precise quality criteria and observing the strictest international health and safety regulations. The highly functional and innovative devices allowed the company to establish itself firmly in European and non-European markets.

Products for food preparation and cooking made their debut in 1985: innovation, production quality and careful attention to the needs of the consumer made these products highly successful and started the development of the same in new markets.

Group formation and international growth

The development of the business sectors and the continuous increase of the product ranges have led to constant growth in the local market and a significant increase in exports. This exponential growth has allowed De'Longhi S.p.A. to set up a programme of acquisitions of other companies operating in adjoining sectors: heating (Supercalor in 1979); free-standing and built-in domestic appliances (Elba in 1986); air conditioning (Ariagel in 1987); appliances for home cleaning (Vetrella in 1989); ironing systems and food preparation devices (Simac-Micromax in 1995).

Later, in 2000, DL Radiators (company active in the production and salesof terminal units for fixed heating systems) and Climaveneta S.p.A. (company specialized in the realization of large systems for residential and industrial air climatization and refrigeration) entered the Group for good. This allowed De'Longhi Group to strengthen its position in the climatization sector thanks to the technological, product and commercial protection being extended across the whole sector.

The Group's competitive position is further strengthened in 2001 with the acquisition of the Kenwood Group, an important international brand specialized in products for food preparation and also for home cleaning and ironing, through its subsidiary Ariete, in this way it strengthened its own range and international presence.

In 2006 the De'Longhi Group invested yet further in the Professional Division through the purchase of RC Group S.p.A., which brought highly specialized and market-recognized know-how in high precision air conditioning for data centres and technological environments.

By pursuing an internationalisation policy in distribution, the Group started to open subsidiaries in the principal European and non-European nations, leading to subsidiaries in the US, Canada, France, Netherlands, Germany, UK, Japan, Russia, China, Austria, Australia, Brazil, Spain and Switzerland.

Area of international coverage

In the years following 2000, the De'Longhi Group's expansion was further accelerated after production capacity was increased, fostered also by the acquisitions. This strengthened the Group and pushed it towards listing its shares on the stock exchange, which took place in July 2001. After the acquisition of the Kenwood Group in 2001, the De'Longhi Group - in order to perfectly integrate the companies acquired over the years and meet the diverse and challenging situations at international level - also proceeded to the reorganization of its production activities through their relocation and consequently improving also the efficiency of the supply chain.

The first decade of 2000 also saw the Group intensify its R&D activity, particularly in the sector of coffee machines. In fact, since 2003 De'Longhi has launched a range of automatic coffee machines, followed by a complete range of similar products, including a patented automatic system for making cappuccinos. The success of these products has been immediate both in Europe and elsewhere, and the collaboration with Nespresso - not just at commercial but also industrial level - have reinforced De'Longhi's leadership in the coffee machine sector, making it the number one brand in the category at international level.

Today, De'Longhi Group's activities are divided into three distinct divisions, in particular:

1. the **Household Division** concerns the manufacturing and salesof small household appliances for air conditioning and handling, heating, preparation of food, cooking, home cleaning and ironing distributed principally through the retail channel with the brands De'Longhi, Kenwood and Ariete.

2. the **Professional Division**, however, concerns the manufacture and marketing of machines for air conditioning systems, heating technology, heat pumps and climate

control in industrial processes and in data centres and mobile telecommunication, as well as water-filled radiators, distributed through the professional channel, using 'business-to-business'. This division operates through the companies Climaveneta, RC Group and DL Radiators;

3. the **Corporate Division** which includes, chiefly, the activity of the parent company De’Longhi S.p.A. and some other subsidiaries that perform corporate services for the Group. On this point it must be specified that, at the Effective Date of the Demerger, this division will take on the corporate function of the Household Division.

For a detailed description of the activities that will be performed by the Demerging Company after the Demerger, please refer to point 2.3.2 in Section 2.3.

● **Name, form of incorporation, registered office and share capital**

De'Longhi S.p.A. has its registered office in Via Ludovico Seitz 47, Treviso, tax code and Companies Register of Treviso n° 11570840154, Treviso Economic and Administrative Business Register n° 224758.

At the Date of the Information Document, the share capital subscribed and fully paid in is equal to Euro 448,500,000.00, represented by a total of 149,500,000 shares with a par value of Euro 3.00 each.

Shareholders' rights are indicated in the Articles of Association, in particular in Articles 5-*bis*, 17 and 18.

Pursuant to Article 5-*bis* of the Articles of Association of De'Longhi S.p.A., 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.

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. At the Date of the Information Document the shareholders' meeting has only issued ordinary shares.

Pursuant to Article 17 of the Articles of Association of De'Longhi S.p.A., profit after taxes resulting from the balance sheet shall be allocated as follows:

- to the legal reserve, for a share equal to 5% until the same reaches one fifth of the share capital;
- the remaining profit after taxes shall be placed at the disposal of the Shareholders' Meeting which may allocate them to shareholders or to increasing company reserves, or both.

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

Article 18 of the Articles of Association of De'Longhi S.p.A. lastly states that, at any time and for any reason whatsoever, the winding up of the Company shall be decided by the shareholders' meeting, which shall establish the liquidation procedures.

No shares granting special rights of control will be issued, there will be no restrictions on voting or transfer of shares and no management or employee stock ownership plans.

● Changes to the Articles of Association connected with or arising from the Demerger

Introduction

As a result of the Demerger, the share capital and reserves of the Demerging Company will be reduced by an amount equivalent to the net value of the assets and liabilities transferred.

The share capital will be reduced through a proportional reduction in the par value per share.

In order to ensure that the Demerging Company and the Beneficiary Company benefit from the contribution of the human resources that have developed significant experience in both sectors that the De'Longhi Group S.p.A. has operated in until now - namely the Professional and Household Sectors - a new provision will be inserted in De'Longhi S.p.A.'s Articles of Association, contained in Article 13-*ter* which exempts directors of the Demerging Company from observing the non-competition obligation contained in Article 2390 of the Italian Civil Code. In this way directors will be able to hold such a position in both the Demerging Company and the Beneficiary Company.

In particular, owing to the Demerger, the following amendments to the Demerging Company's Articles of Association shall have effect from the moment the Demerger takes effect.

<u>Changes to the Articles of Association connected with or arising from the Demerger</u>

Article 5 – "Share Capital"

The actual text of Article 5 states; *"The share capital is 448,500,000.00 Euros (four hundred and forty-eight million five hundred thousand), divided into 149,500,000 (one hundred and forty-nine million five hundred thousand) shares each with a par value of 3.00 Euros (three euro) each."*

Pursuant to the Demerger, the Demerging Company's share capital will be reduced by Euro 224,250,000.00 and, therefore, to Euro 224,250,000.00 through the reduction of the par value per share which, from Euro 3.00 at the Date of the Information Document to Euro 1.50.

In particular, following the Demerger, the new Article 5 of the Articles of Association of the Demerging Company shall be amended as follows: "*The share capital is 244,250,000.00 Euros (two hundred and forty-four million two hundred and fifty thousand), divided into 149,500,000 (one hundred and forty-nine million five hundred thousand) shares each with a par value of 1.50 Euro (one euro fifty cents) each.*"

Article 13-ter - "Exception to the non-competition obligation"

The new Article 13-*ter* of the Demerging Company's Articles of Association - which, as illustrated, exempts directors of the Demerging Company from observing the non-competition obligation contained in Article 2390 of the Italian Civil Code - states that: "*Members of the Board of Directors are not subject to the non-competition obligation contained in Article 2390 of the Italian Civil Code*.".

- **Admission to listing**

The De'Longhi S.p.A. shares are listed on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana.

- **Company's duration and financial year**

The duration of the Demerged Company is set until 31 December 2100 and may be extended by a resolution of the extraordinary general shareholders' meeting,

The financial year ends on 31 December each year.

- **Corporate purpose**

De'Longhi S.p.A. has as its purpose: the activities of construction, light engineering and trading, including without limitation, the design, development, manufacture, assembly, purchase, trading and sale of household appliances, electric and electronic appliances, air conditioning systems for civil and/or industrial use, also by contracting out such activities to third parties.

Such activities may be executed both directly and by acquiring shareholdings in other companies operating in the sector; the wholesale and retail trading of the products, subject of the Company's activities referred to in the first paragraph; the management, both in the name of the Company and on behalf of third parties, of retail outlets and stores for the products, subject of the activities referred to in the first paragraph, in Italy and abroad; the execution of activities related or in any case useful for the pursuit of the corporate purpose, including advertising, IT, telecommunications and multimedia, and generally commercial, financial, real estate, research, training and consultant activities connected with the activities referred to in previous paragraphs; the acquiring of shareholdings in general, not for the their transfer, including the acquisition, parent and management of the rights, represented or not represented by shares, over the capital of other companies, and the technical and financial coordination of the entities in which shareholdings have been acquired; the activity of financing, which may only be practiced to parent, subsidiary or affiliated companies pursuant to Art. 2359 of the Italian Civil Code and controlled by the same parent and however part of the group, including the aforementioned activity of financing comprising the issuing of guarantees as a substitute for financing and the underwriting of financial undertakings including operations for the acquisition of credit, issuing guarantees and sureties, opening of documentary credit, acceptance of bills of exchange, endorsements and commitments to grant credit.

The company may also conclude all commercial, financial, industrial, personal and real property operations, grant guarantees, sureties and guarantees in general, also in favour of third parties, and all the operations the company deems essential for the achievement of the corporate purpose.

The corporate purpose strictly excludes the practice of financial operations involving the general public pursuant to Art. 106 of Legislative Decree 385/93, the subscription of savings from the general public and the practice of credit activities and those activities reserved solely to members registered with professional chartered bodies.

- **Shareholder structure**

Pursuant to Article 93 of the Consolidated Finance Law, control is exercised indirectly by The Long E Trust through the subsidiary De'Longhi Soparfi S.A., which holds 75.006% of the shares in De'Longhi. According to the Shareholders' Register, at the Date of the Information Document, the communications received and other information available to De'Longhi, there are no other shareholders who possess, either directly or indirectly, shares in the Demerging Company equal to or greater than 2% of the share capital with voting rights.

At the Date of the Information Document, De'Longhi S.p.A. and the other companies in the Group do not hold any shares in De'Longhi.

At the Date of the Information Document De'Longhi shareholders number approximately 3,850 (three thousand eight hundred and fifty).

Since the transaction is a partial and proportional demerger, no variations will be produced in the De'Longhi shareholder structure owing to the Demerger.

- **Corporate bodies and independent auditors**

The Board of Directors appointed by the Shareholders at the General Meeting held on 21 April 2010 for the 2010, 2011 and 2012 financial years, is composed of the following:

Name and Surname	Position
GIUSEPPE DE' LONGHI	Chairman
FABIO DE' LONGHI	Vice-Chairman and Chief Executive Officer
ALBERTO CLÒ(*)	Director
RENATO CORRADA(*)	Director
SILVIA DE' LONGHI	Director
CARLO GARAVAGLIA	Director
DARIO MELÒ	Director
GIORGIO SANDRI	Director
SILVIO SARTORI	Director
GIOVANNI TAMBURI(*)	Director

(*)Independent directors pursuant to the Consolidated Finance Law and the Corporate Governance Code

The Board of Statutory Auditors elected at the same General Meeting of Shareholders held on 21 April 2010 for the 2010, 2011 and 2012 financial years is composed of the following:

Name and Surname	Position
GIANLUCA PONZELLINI	Statutory Auditor - Chairman
MASSIMO LANFRANCHI	Statutory Auditor
GIULIANO SACCARDI	Statutory Auditor
ROBERTO CORTELLAZZO-WIEL	Alternate Auditor
ENRICO PIAN	Alternate Auditor

The independent auditors are Reconta Ernst & Young S.p.A., whose appointment was resolved at the Shareholders' Meeting on 21 April 2010 for the financial years 2010-2018.

The independent auditors issued an unqualified opinion on the Statutory and Consolidated Financial Statements at 31 December 2010. Reports by the independent auditors are publicly available from the sources indicated in Section 2.4 of this Information Document.

● Share-based incentive plans

At the Date of this Information Document, the Demerging Company does not have any share-based incentive plans with the assignment of ordinary shares in De'Longhi S.p.A. in place.

However, De'Longhi S.p.A. does have a "Phantom Stock Option Plan" (hereafter also the Plan) resolved in 2008, which envisages, for the beneficiaries, recognition of a right to the payment of monies, with regard to the growth of the ordinary share value of De'Longhi S.p.A. For this plan De'Longhi S.p.A. prepared the Information Document, in accordance with Article 84-*bis* of the Issuers' Regulation, prepared in accordance with Annex 3A, Schedule 7 of the Issuers' Regulation, filed with Borsa Italiana and published on the Demerging Company's internet site. During 2008, the Board of Directors of De'Longhi S.p.A. assigned a total of 700,000 Phantom Stock Options to the beneficiaries of the Plan. At 30 June 2011, the number of exercisable options is equal to 500,000. The value assigned is equal to Euro 4.00 and the disbursement in money will be carried out in relation to the increase of the De'Longhi share value. The Plan envisages that the Phantom Stock Options are exercisable (and therefore grant the right to obtain the disbursement above) from 1 May 2010 for 50% and from 1 October 2011 for the remaining 50%, the options must be exercised by and not after 31 December 2012.

The Demerging Company's Board of Directors will adopt, with regard to the Phantom Stock Option Plan and pursuant to the authorization granted it by the Plan rules in a future meeting which will be held before stipulation of the Deed of Demerger, the minimum adjustments necessary in order to allow incentive instruments to continue to achieve the purposes for which they were adopted, also in the context of the Demerger.

B) BENEFICIARY COMPANY

● Introduction

The Beneficiary Company, established on 29 December 2009 as a limited liability company, was transformed into a joint-stock company on 18 July 2011 expressly to implement the Demerger and, at the Date of the Information Document, its share capital is wholly owned by De'Longhi S.p.A. Since its incorporation, the Beneficiary Company's only activities have been those directly related to the Demerger and no other activity is expected prior to the effective date of the Demerger.

For a detailed description of the activities that will be performed by the Demerging Company after the Demerger, please refer to point 2.3.3 in Section 2.3, and Chapter V of the Information Document.

● **Name, form of incorporation, registered office and share capital**

De'Longhi Clima S.p.A. has its registered office in Via Ludovico Seitz 47, Treviso, tax code and Companies Register of Treviso n° 06830580962, Treviso Economic and Administrative Business Register n° 352567.

At the Date of the Information Document, the share capital subscribed and fully paid in is equal to Euro 120,000.00, represented by a total of 40,000 shares with a par value of Euro 3.00 each.

● **Changes to the Articles of Association connected with or arising from the Demerger**

Introduction

As specified above, a prerequisite and essential condition of the Demerger is that the shares in the Beneficiary Company, at the moment of their allotment to shareholders of De'Longhi S.p.A., be listed on the Mercato Telematico Azionario MTA.

Consequently, the Shareholders' Meeting of the Beneficiary Company, called to approve the Demerger, shareholders will also be called to vote on the adoption, with effect from the Effective Date of the Demerger, of Articles of Association that conform to the requirements for listed companies established by the Consolidated Finance Law and related implementing regulations. The Board of Directors has assessed the opportunity to modify the name of the Beneficiary Company contained in Article 1 of the Articles of Association which will come into force on the Date of the Demerger, from De'Longhi Clima S.p.A. to DelClima S.p.A.; the verifications in progress on the feasibility of said modification have not allowed, at the Date of the Information Document, the question to be settled. Therefore, the decision concerning this modification will be decided directly by the shareholders at the Meeting for the approval of the Demerger.

The aforementioned Articles of Association, an integral part of the Demerger Plan annexed to the Information Document, reproduce exactly the Articles of Association of De'Longhi Post Demerger, except for Article 1 ("Name") and Article 2 ("Share Capital") which as consequence of the Demerger will be changed to implement *(i)* the share capital increase from Euro 120,000,000 to Euro 224,370,000.00 and *(ii)* the division of the current 40,000 shares with a par value of Euro 3.00 each into 80,000 shares with a par value of Euro 1.50 each.

As a result of the Demerger, the share capital and reserves of the Beneficiary Company will be increased by an amount equivalent to the net value of the assets and liabilities transferred.

The share capital increase will be implemented through the issuance of new shares.

<u>Changes to the Articles of Association connected with or arising from the Demerger</u>

Article 5 – "Share Capital"

The actual text of Article 5 states; *"The share capital is 120,000.00 Euros (one hundred and twenty thousand), divided into 40,000.00 (forty thousand) shares each with a par value of 3.00 Euros (three euro) each."*

As illustrated above, prior to making the decision regarding the Demerger, the Beneficiary Company's shareholders will decide to split the shares representing its share capital at the Date of the Information Document, substituting each of the current 40,000 shares having a par value of Euro 3.00 each, with 2 shares having a par value of Euro 1.50 each, so that the share capital, before the share capital increase necessary for the Demerger, is equal to the par value of Euro 120,000.00 divided into a total of 80,000 shares having a par value equal to Euro 1.50 each.

Pursuant to the Demerger, the share capital of the Beneficiary Company will increase from Euro 120,000,000 to Euro 224,370,000.00, represented by a total of 149,580,000 shares with a par value of Euro 1.50 each, of which *(i)* 149,500,000 new shares issued by DL Clima against the capital increase consequent to the Demerger; and *(ii)* 80,000 recovered from the division of 40,000 with a par value of Euro 3.00 each representing the share capital of the Beneficiary Company at the Date of the Information Document.

Therefore, following the Demerger, Article 5 *("Share Capital")* of the Beneficiary Company's Articles of Association provides that *"The share capital is Euro 224,370,000.00 (two hundred and twenty-four million three hundred and seventy thousand), divided into 149,580,000 (one hundred and forty-nine million five hundred and eighty thousand) shares each with a par value of Euro 1.50 (one Euro fifty cents) each".*

- **Admission to listing**

A prerequisite and essential condition of the Demerger is that the shares in the Beneficiary Company, at the moment of their allotment to shareholders of the Demerging Company, be listed on the Mercato Telematico Azionario MTA organized and managed by Borsa Italiana.

In addition to the applicable provisions of the Italian Civil Code, execution of the Deed of Demerger is, therefore, conditional upon:

(i) admission by Borsa Italiana of all the classes of shares in the Beneficiary Company to listing on the MTA; and

(ii) decision from Consob, pursuant to Article 57 (1.d) of Consob Regulation n° 11971/1999, as to the equivalence to a listing prospectus of the information provided by the Information Document and subsequent amendments, pursuant to said Article 57.

Subsequent to the Deed of Demerger being filed with the relevant Companies Register, but prior to the Effective Date of the Demerger, Borsa Italiana will provide formal notification of the initial date for trading of shares in the Beneficiary Company on the MTA.

As of the Date of this Information Document, the Beneficiary Company does not intend to list its shares on any other stock exchange

- **Company's duration and financial year**

The duration of the Demerged Company is set until 31 December 2100 and may be extended by a resolution of the extraordinary general shareholders' meeting,

The financial years shall end on 31 December of each year.

- **Corporate purpose**

De'Longhi Clima S.p.A. has as its purpose: the activities of construction, light engineering and trading, including without limitation, the design, development, manufacture, assembly, purchase, trading and sale of household appliances, electric and electronic appliances, air conditioning systems for civil and/or industrial use, also by contracting out such activities to third parties.

Such activities may be executed both directly and by acquiring shareholdings in other companies operating in the sector; the wholesale and retail trading of the products, subject of the Company's activities referred to in the first paragraph; the management, both in the name of the Company and on behalf of third parties, of retail outlets and stores for the products, subject of the activities referred to in the first paragraph, in Italy and abroad; the execution of activities related or in any case useful for the pursuit of the corporate purpose, including advertising, IT, telecommunications and multimedia, and generally commercial, financial, real estate, research, training and consultant activities connected with the activities referred to in previous paragraphs; the acquiring of shareholdings in general, not for the their transfer, including the acquisition, parent and management of the rights, represented or not represented by shares, over the capital of other companies, and the technical and financial coordination of the entities in which shareholdings have been acquired; the activity of financing, which may only be practiced to parent, subsidiary or affiliated companies pursuant to Art. 2359 of the Italian Civil Code and controlled by the same parent and however part of the group, including the aforementioned activity of financing comprising the issuing of guarantees as a substitute for financing and the underwriting of financial undertakings including operations for the acquisition of credit, issuing guarantees and sureties, opening of documentary credit, acceptance of bills of exchange, endorsements and commitments to grant credit.

The company may also conclude all commercial, financial, industrial, personal and real property operations, grant guarantees, sureties and guarantees in general, also in favour of third parties, and all the operations the company deems essential for the achievement of the corporate purpose.

The corporate purpose strictly excludes the practice of financial operations involving the general public pursuant to Art. 106 of Legislative Decree 385/93, the subscription of savings from the general public and the practice of credit activities and those activities reserved solely to members registered with professional chartered bodies.

- **Shareholder structure**

At the Date of the Information Document, the Beneficiary Company's share capital is wholly owned by De'Longhi S.p.A..

- **Corporate bodies and independent auditors**

At the Date of the Information Document, the Beneficiary Company's board of directors is composed as follows:

Name and Surname	Position
GIUSEPPE DE' LONGHI	Chairman
CARLO GROSSI	Chief Executive Officer
SILVIA DE' LONGHI	Director

The board of statutory auditors, appointed for the financial years 2011, 2012 and 2013 by the Shareholders' Meeting on 18 July 2011 (during the transformation of the Beneficiary Company from a limited liability company to a joint-stock company) is composed as follows:

Name and Surname	Position
GIANLUCA PONZELLINI	Statutory Auditor - Chairman
GIULIANO SACCARDI	Statutory Auditor
MICHELE FURLANETTO	Statutory Auditor
ROBERTO CORTELLAZZO-WIEL	Alternate Auditor
MONICA BERNA	Alternate Auditor

Prior to the effective date of the Demerger, De'Longhi Clima will adopt all necessary resolutions and implement the resulting mechanisms to ensure it has a body of corporate governance rules and a system of external controls capable of ensuring not only compliance with Italian laws and regulations, but also rendering it substantially in line with international best practice for groups of a comparable size. As such, it is expected that De'Longhi Clima will leverage on much of the experience gained by De'Longhi S.p.A. in recent years.

Therefore, by implementing practices and structures adopted by De'Longhi and the majority of other listed Italian issuers, it is intended that De'Longhi Clima's system of administration and control will continue to be based on a board of directors and a board of statutory auditors The Board of Directors – which is responsible for both management and, through committees attributed specific propositive and advisory functions, verification of the existence of the necessary controls for monitoring the Beneficiary Company's performance – will also be supported by the Board of Statutory Auditors, a body external to the Board of Directors, which is attributed independent responsibilities and powers and whose members meet the requirements of professionalism, integrity and independence established by law and integrated in the Company's Articles of Association.

It is intended that the appointment of the members of De'Longhi Clima's Board of Directors, pursuant to the Consolidated Finance Law, will have effect from the Effective Date of the Demerger.

It is also intended that the Board of Directors of De'Longhi Clima will have a significant representation of independent directors and that the majority of De'Longhi Clima's Board will be composed of individuals that do not currently serve on the Board of Directors of De'Longhi.

In addition, De'Longhi Clima's corporate governance structure will include committees, governed by the Corporate Governance Code, responsible for issues relating to compensation and internal control. In accordance with that provided in the Corporate Governance Code, it is not the intention of the Beneficiary Company to include a committee for nominations.

It is also expected that, given the composition and structure of its shareholder base, at the date of listing De'Longhi Clima will not be subject to the direction and coordination of any other company or entity and, therefore, will be fully independent in the definition of its general strategic and operating guidelines

There is a legal and regulatory requirement for De'Longhi Clima to appoint independent auditors for the 2011-2019 financial years. It is intended that such appointment be submitted to Shareholders for approval at the General Meeting to be held in November 2011.

2.1.2 Structure, terms and conditions of the transaction

- **Legal form, structure, terms and conditions of the Demerger**

The Demerger will be executed in accordance with the requirements of Articles 2506 and following of the Italian Civil Code and in the manner and under the conditions described in the Demerger Plan, which forms an attachment to this Information Document.

In particular, the Demerger, if approved, will consist in the partial and proportional demerger of De'Longhi S.p.A. to De'Longhi Clima S.p.A. and it will be carried out by the transfer by De'Longhi of a portion of its assets and liabilities. The assets and liabilities to be transferred to the Beneficiary Company include the 100% shareholding held by the Demerging Company in De'Longhi Professional (for a detailed description of the assets and liabilities to be transferred to the Beneficiary Company as part of the Demerger see Chapter II, Section 2.2, point 2.2.1 of this Information Document).

In accordance with the combined provisions of Articles 2506-*ter* and 2501-*quater* of the Italian Civil Code, the Demerger will be based on: *(i)* the financial statements for De'Longhi as at 30 June 2011 and *(ii)* the financial statements for the Beneficiary Company as at 20 July 2011, approved by the respective Boards of Directors on 21 July 2011.

The Demerging Company will transfer the above asset to the Beneficiary Company at book value.

- **Allotment of shares in the Beneficiary Company**

As a consequence of the Demerger, each De'Longhi shareholder will be granted, without consideration, an equal number of shares in the Beneficiary Company as they hold in the Demerging Company. Assignment of shares shall therefore take place at the rate of one share in the Beneficiary Company per one share owned in De'Longhi S.p.A.

Therefore, no cash adjustment is anticipated.

Shares in the Beneficiary Company will be allotted to those having entitlement, through authorized intermediaries and in dematerialized form, from the effective date of the Demerger, within the period and in the manner to be announced in the appropriate notice.

In addition to the applicable provisions of the Italian Civil Code, execution of the Deed of Demerger is, therefore, conditional upon:

(i) admission by Borsa Italiana of all the classes of shares in the Beneficiary Company to listing on the MTA; and

(ii) decision from Consob, pursuant to Article 57 (1.d) of Consob Regulation n° 11971/1999, as to the equivalence to a listing prospectus of the information provided by the Information Document and subsequent amendments, pursuant to said Article 57.

At the moment of allocation, the shares of the Beneficiary Company will be listed on the MTA. Borsa Italiana will set the commencement date for trading of the shares on the MTA in the notice.

- **Opinion of independent experts**

Article 2506-*ter* (3) of the Italian Civil Code expressly allows for the application of a so-called 'simplified procedure' only in the case of demergers involving proportional allotment to shareholders of shares in a newly constituted entity.

However, a report by independent experts should be considered as superfluous where a demerger does not result in a change in the value of the interests held by shareholders of the companies party to the transaction, making the determination of an exchange ratio in relation to the total values of the respective interests held by those shareholders irrelevant. Such circumstance exists when a partial demerger consists of the transfer of assets to an existing beneficiary company that is wholly owned by the demerging company. This interpretation is also consistent with the opinion expressed by the Milan Council of Notaries (in *Massima* 23 of 18 March 2004, issued by the *Commissione Società del Consiglio Notarile di Milano*).

Since the transaction described in this Information Document relates to a demerger to an existing Beneficiary Company that is wholly owned by the Demerging Company (and will remain such until the effective date of the Demerger) and the allotment of shares will be fully proportional, determination of an exchange ratio in relation to the values of the respective interests held in the companies party to the Demerger is irrelevant.

Therefore, the so-called 'simplified procedure' will apply and no opinion from independent experts in relation to determination of an exchange ratio will be required.

- **Right of withdrawal**

A pre-condition for the Demerger is the listing of the Beneficiary Company's shares on the MTA to ensure liquidity for those shares. The Demerger is, in fact, subject *inter alia* to admission of the Beneficiary Company's shares to listing on the MTA. As such, the pre-conditions necessary for De'Longhi S.p.A. shareholders to exercise the right of withdrawal stipulated under Article 2437-*quinquies* of the Italian Civil Code do not exist.

Neither do the pre-conditions for the right of withdrawal stipulated under Article 2437 of the Italian Civil Code exist. With reference to Article 2437 (1)(a) of the Italian Civil Code in particular, it should be noted that, subsequent to the Demerger, the company purpose of the Demerging Company will remain unchanged and the Beneficiary Company will adopt the same company purpose.

- **Effective Date of the Demerger**

Pursuant to Article 2506-*quater* of the Italian Civil Code, the Demerger shall have effect from the date indicated in the Deed of Demerger, to be subsequent to the date of the last registration of the Deed with the competent Companies Register, considering the conditions stated above. Said Date is expected to be 1 January 2012.

Similarly, shares in the Beneficiary Company allotted to shareholders of the Demerging Company shall bear the right to share in the profits of the Beneficiary Company from 1 January 2012.

- **Accounting treatment for the Demerger and date of application of accounting effects for the companies party to the Demerger**

Pursuant to Article 2501-*ter (*1) point 6 of the Italian Civil Code, referred to in Article 2506-*quater* of the Italian Civil Code, the accounting effects of the Demerger shall apply from the Effective Date and, therefore, the impacts of the Demerger will be recognized in the Beneficiary Company’s accounts from that date.

- **Tax impacts of the Demerger for the companies party to the same**

For the purposes of direct taxation and pursuant to Article 173 (1) of the Consolidated Law on Income Taxes, the Demerger is tax neutral and therefore does not constitute either a realized or distributed gain or loss for the Demerging Company's assets and liabilities being transferred.

The Demerging Company's assets and liabilities to be transferred to the Beneficiary Company will keep the same tax values as those recognized in the Demerging Company.

All tax positions of the Demerging Company and related commitments are attributed to the Beneficiary Company and Demerging Company in proportion to the respective portion of equity transferred or retained, except where they specifically related to a transferred asset or liability or group of assets and/or liabilities and, as such, follow these elements to their respective owners.

Tax losses generated by the Demerging Company will be attributed to the Beneficiary Company in proportion to their respective portions of the equity to be transferred or retained, and the provisions shall apply of Article 172 (7) of the Consolidated Law on Income Tax regarding mergers, referred to in Article 172 (10), referring the provisions concerning merging or incorporating companies to the Demerging Company and those concerning the company resulting from the merger or absorbed company to the Beneficiary Company.

In relation to the effects of the Demerger for the shareholders of the Demerging Company, the Demerger is tax neutral and does not constitute either a realized or distributed gain or loss, nor entailing the achievement of revenues. However, with regard to the tax cost of the Demerging Company's shares, this is divided between the shares of the Demerging Company and those of the Beneficiary Company in proportion to the respective portions of equity transferred or retained.

Shareholders of the Demerging Companies who are not resident in Italy should verify their status with the tax advisors in their country of residence.

For everything not expressly indicated for the purposes of income taxes, the provisions contained in Article 173 of the Consolidated Law on Income Taxes apply.

For the purposes of indirect taxation, the demerger transaction is exempt from the application of VAT pursuant to Article 2 (3) (f) of Presidential Decree n° 633 of 26 October 1972 and is subject to fixed stamp duty as per part one of Article 4 (b) of the schedule of tariffs attached to Presidential Decree 131/1986. Fixed mortgage and cadastral duties are due where applicable.

2.1.3 Shares that will be granted to the shareholders of De'Longhi S.p.A.

● Description of shares

As a consequence of the Demerger, De'Longhi shareholders will be granted shares in the Beneficiary Company at the rate of one De'Longhi Clima share per share held in De'Longhi.

In view of the application for admission to listing on the Mercato Telematico Azionario, the shares in the Beneficiary Company (which are nominative and with a par value in Euro) will be subject to legal and regulatory requirements applicable to trading of listed shares issued by Italian companies, including those relating to the dematerialization of securities.

In accordance with Articles 83-bis and following of the Consolidated Finance Law, shares of the Beneficiary Company shall be held in the central depository system managed by Monte Titoli S.p.A.

● Description of rights attached to the shares and exercise of those rights

Shareholders of the Demerging Company will be allotted shares with entitlement to all rights and privileges commencing from the effective date of the Demerger.

Profit after taxes resulting from the balance sheet shall be allocated as follows:

- to the legal reserve, for a share equal to 5% until the same reaches one fifth of the share capital;
- the remaining profit after taxes shall be placed at the disposal of the Shareholders' Meeting which may allocate them to shareholders or to increasing company reserves, or both.

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

At any time and for any reason whatsoever, the winding up of the Beneficiary Company shall be decided by the shareholders' meeting, which shall establish the liquidation procedures.

No shares granting special rights of control will be issued, there will be no restrictions on voting or transfer of shares and no management or employee stock ownership plans.

● Restrictions on the transfer of shares

Shares of the Beneficiary Company will remain freely transferable.

● Taxation

Shares in the Beneficiary Company granted to shareholders of the Demerging Company pursuant to the Demerger are to be listed on the Mercato Telematico Azionario and, as such, will be subject to the same tax treatment currently applicable to shares in the Demerging Company.

2.1.4 Significant shareholdings and control

Share structure of De'Longhi S.p.A.

Pursuant to Article 93 of the Consolidated Finance Law, control is exercised indirectly by The Long E Trust through the subsidiary De'Longhi Soparfi S.A., which holds 75.006% of the shares in De'Longhi. According to the Shareholders' Register, at the Date of the Information Document, the communications received and other information available to De'Longhi, there are no other shareholders who possess, either directly or indirectly, shares in the Demerging Company equal to or greater than 2% of the share capital with voting rights.

At the Date of the Information Document, De'Longhi S.p.A. and the other companies in the Group do not hold any shares in De'Longhi.

At the Date of the Information Document De'Longhi shareholders number approximately 3,850 (three thousand eight hundred and fifty).

Since the transaction is a partial and proportional demerger, no variations will be produced in the De'Longhi shareholder structure owing to the Demerger.

Share structure of the Beneficiary Company

At the Date of the Information Document, the Beneficiary Company's share capital is wholly owned by De'Longhi S.p.A.

Pursuant to the Demerger, all shareholders of the Demerging Company will receive shares in the Beneficiary Company in proportion to their existing shareholdings.

As such, assuming no changes in the Demerging Company's shareholder structure in the intervening period, at the effective date of the Demerger a shareholder having an interest of more than 2% in the Beneficiary Company will be just that one indicated in the De'Longhi S.p.A. shareholder structure and said shareholder will hold the equivalent number of shares in the Beneficiary Company.

Additionally, the Demerging Company will become the owner of 80,000 shares representing the initial share capital of the Beneficiary Company.

2.1.5 Effect of the Demerger on shareholder agreements

As far as the Demerging Company is aware, no shareholder agreements, as defined under Article 122 of Legislative Decree 58/98, exist in relation to the shares of the companies parties to the transaction and, consequently, the Demerger will have no effect in that respect.

2.2 DESCRIPTION OF THE ASSETS AND LIABILITIES TO BE TRANSFERRED TO THE BENEFICIARY COMPANY

2.2.1 Assets and liabilities to be transferred

A) Introduction

The Demerger will involve the transfer of an asset, detailed in point B) below, to the Beneficiary Company (a pre-existing company that, at the date of the Information Document, is wholly owned by De'Longhi).

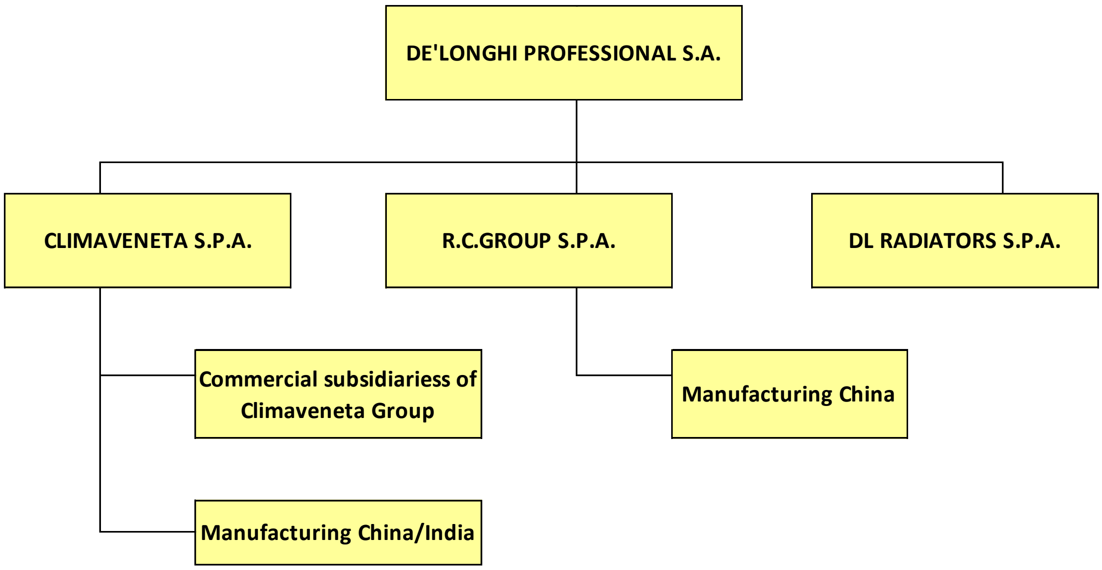
As the Demerger entails a transfer of assets and liabilities to a company that, at the date of the Information Document, is wholly owned by the Demerging Company and will continue to be until the effective date of the Demerger, the Demerger will not result in any change in the value of shares held by shareholders of the Demerging Company and, therefore, the conditions exist - consistent also with the opinion expressed by the Milan Council of Notaries in *Massima* 23 of 18 March 2004, issued by the *Commissione Società del Consiglio Notarile di Milano* - for the exemption pursuant to Article 2506-*ter* (3) of the Italian Civil Code from the requirement for a report from an independent expert under Article 2501-*sexies* of the Italian Civil Code.

The Demerger will be based on the financial statements of the Demerging Company at 30 June 2011 and the Beneficiary Company at 20 July 2011 prepared in accordance with Article 2506-*ter* of the Italian Civil Code (which refers back to Article 2501-*quater* of the Italian Civil Code). For the purposes of the Demerger, the assets and liabilities indicated above will be transferred at their stated carrying value in the Financial Statements of the Demerging Company at 30 June 2011.

B) Assets and liabilities to be transferred to the Beneficiary Company

Pursuant to the Demerger, the whole shareholding held by De'Longhi in De'Longhi Professional, the non-operating parent company that holds, at the Date of the Information Document, the entire share capital of Climaveneta S.p.A., R.C. Group S.p.A. and DL Radiators S.p.A. will be transferred to the Beneficiary Company.

COMPANY NAME	REGISTERED OFFICE	REGISTRATION NUMBER	SHARE CAPITAL (EURO)	% HELD	NUMBER OF SHARES/QUOTAS HELD	CARRYING VALUE FOR DE'LONGHI S.P.A. AT 30.03. 2011 (EUROS)
De'Longhi Professional S.A.	Luxembourg	RC Luxembourg N° B 116 737	30,205,000	100%	302,050	261,205,300



The net value of the asset to be transferred, amounting to Euro 261,205,300.00 at 30 June 2011, corresponds to the value of the shareholding in DL Professional recorded in De'Longhi S.p.A.'s books.

The Demerging Company will transfer the above mentioned asset to the Beneficiary Company at book value.

Other assets and liabilities will not be subject to the Demerger: consequently there will not be any attributions of financial debts to the De'Longhi Clima Group, except for those already currently present within the circumference of the Demerger. On this point it must be highlighted that, at the end of June 2011, in order to allow a better financial equilibrium of the De'Longhi Clima Group with regard to its income capacity, a capital contribution of Euro 150 million to De'Longhi Professional with the consequent reduction of De'Longhi Clima Group's net debt.

Any change in the book value of the asset to be transferred, owing to company dynamics that may occur between 30 June 2011 and the effective date of the Demerger, will not entail cash adjustments, and will remain a credit or debt respectively.

The following is a brief description of the companies wholly owned by DL Professional:

- ***Climaveneta S.p.A.*** is specialized in the manufacture and marketing of large equipment for commercial and industrial climate control; Climaveneta in turn holds *(i)* 80.88% in the operating company *Climaveneta Polska S.P. ZO.O*; *(ii)* 100% of the share capital in *Climaveneta Deutschland GMBH*, *Climaveneta France SAS*, *Climaveneta UK Limited*, and 100% control through put/call options in *Climaveneta Climate Technologies Private Limited* and *Top Clima S.L.*, specialized in the distribution of large climate control systems in Germany, France, UK, India and Spain respectively; *(iii)* 50% of the share capital in *Chat Union Climaveneta Company Limited*, in turn 100% owner of two companies that produce and distribute air conditioners and refrigerators to the Chinese market, *Climaveneta Chat*

Union Refrigeration Equipment (Shanghai) CO.LTD. - that holds a 100% shareholding in *Chat Union Climaveneta Trading (Shanghai) CO.LTD.* - and in *Climaveneta Chat Union Trading (Shanghai) CO.LTD*;

- ***R.C. Group S.p.A.*** is active in the production and sales of equipment for the climate control of mobile radio communication stations, precision climate control for computer rooms and land line telephone rooms, liquid chillers and heat pumps. RC Group is in turn the owner of the whole share capital of *Foshan RC Air Conditioning R.E. CO. LTD.*;

- ***DL Radiators S.p.A.*** is active in the production and sales of terminal units for fixed heating systems. DL Radiators is in turn the owner of the whole share capital of *De'Longhi Clima Polska S.P.ZO.O.* and another German company controlled through a trust.

C) Impact of the Demerger on equity

As a consequence of the Demerger, the equity of the Demerging Company will be proportionally reduced by Euro 261,205,300.00, through a reduction in share capital of Euro 224,250,000.00 and in reserves of Euro 36,955,300.00. More specifically, the *legal reserve* will be reduced to Euro 4,847,229.00; the *share premium reserve* will be reduced to Euro 162,545.00; the *extraordinary reserve/other reserves* will be reduced to Euro 29,351,399.00 and therefore by Euro 31,945,526.00.

The reduction in share capital owing to the Demerger will take place without cancellation of shares in the Demerging Company, but rather through a reduction in par value per De'Longhi share. The par value of Euro 3.00 prior to the Demerger will be reduced to Euro 1.50 pursuant to the Demerger.

The Euro 1.50 per share reduction in the par value of shares in the Demerging Company (corresponding to the pro rata reduction in net assets resulting from the Demerger) will be fully offset by the issue of new shares in the Beneficiary Company, with a par value of Euro 1.50 each, equivalent in number to the shares in the Demerging Company at the date of the Demerger and having identical rights as De'Longhi shares.

Pursuant to the Demerger, the book equity of the Beneficiary Company will be increased by Euro 261,205,300.00, through an increase in the share capital of Euro 224,250,000.00 from the current Euro 120,000.00 to Euro 224,370,000.00 through the issue of 149,500,000 new shares with a par value of Euro 1.50 each.

Furthermore, the equity of the Beneficiary Company will further increase by Euro 36,955,300.00 which will be attributed to the reserves following the reduction in equity of the Demerging Company. More specifically, the legal reserve will be increased by Euro 4,847,229.00; the share premium reserve will be increased by Euro 162,545.00; the extraordinary reserve/other reserves will increase to Euro 31,952,439.00, and therefore by Euro 31,945,526.00.

Following is a summary of the impacts on equity of both the Demerging and Beneficiary Company. In particular, the first column reports values for the equity of the Demerging Company at 30 June 2011. The second and third columns show the composition of those items for the Beneficiary Company and the Demerging Company, respectively, following completion of the Demerger.

	De'Longhi S.p.A. prior to demerger	De'Longhi Clima S.p.A. post demerger	De'Longhi S.p.A. post demerger
Share Capital	448,500,000.00	*224,370,000.00	224,250,000.00
Legal reserve	9,694,458.00	4,847,229.00	4,847,229.00
Share premium reserve	325,090.00	162,545.00	162,545.00
Extraordinary Reserve/Other Reserves	61,296,925.00	**31,952,439.00	29,351,399.00
Reserve for unrealised foreign currency gains	129,080.00	0	129,080.00
Profits carried forward from the IAS/IFRS transition	12,686,589.00	0	12,686,589.00
Profit (loss) after taxes at 30 June 2011* **	4,348,924.00	(3,842.00)	4,348,924.00
TOTAL	**536,981,066.00**	**261,328,371.00**	**275,775,766.00**

* Including Euro 120,000.00 of the share capital prior to Demerger.

** The amount includes other reserves for Euro 6,913 already present prior to the Demerger.

*** Profit (loss) after taxes of De'Longhi Clima S.p.A. at 20 July 2011.

It is specified that any changes in the book value of the asset to be transferred, owing to corporate dynamics that may occur between 30 June 2011 and the effective date of the Demerger, will not entail cash adjustments, remaining either a credit or a debt respectively.

2.3 RATIONALE AND OBJECTIVES OF THE DEMERGER

2.3.1 Introduction – Operational objectives

The objective of the Demerger is primarily industrial and consists in the separation of the activities from two main business areas the De'Longhi Group currently operates in, and in particular the separation of the activities involving the manufacturing and sales of machines for air conditioning and refrigeration systems in ICT (*Information Communication Technology*) processes for industrial purposes, as well as radiators (under the Professional Division), from the manufacturing and salesof small household appliances portable air conditioning units and heaters (under the Household division).

In particular, the principal objective of the Demerger is that of allowing the independent development of the two separate businesses heading each of the two divisions, which lack operational synergies. The decision to implement the Demerger lies principally in the consideration that the Professional Division (subject of the Demerger) has characteristics which are substantially different to those of the Household Division in terms of clients and reference market and also different profiles of potential investors.

The business under the Household Division concerns the manufacturing and salesof small household appliances for the preparation of food, cooking, home cleaning and ironing, portable air conditioning and heating, distributed through 'business-to-consumer' retail channels, chiefly with the brands De'Longhi, Kenwood and Ariete. Such business is aimed particularly towards a highly competitive but not cyclical market.

The business under the Professional Division, however, concerns the manufacture and marketing of machines for air conditioning systems, heating technology, heat pumps and climate control in industrial processes and in data centres and mobile telecommunication, as well as radiators, distributed 'business-to-business' through the professional channel. The reference market for this business, as opposed to that for the Household Division products, is characterized by more marked cyclical demand and the presence of operators competing on levels of technology and production processes.

Two distinct groups will result from the Demerger, each focused on its core business and with well-defined targets that can be clearly identified and understood by the market. It is expected that the two groups, when provided with the necessary autonomy and efficiency, will have the potential to improve strategic development and, in particular, they will have the freedom of movement and a very precise operational profile which will allow them to fully express their worth which otherwise could be partially unexpressed.

On one hand, De'Longhi, with the small electrical appliance business, will have the opportunity to express the unexpressed value of the Household Division by focusing and simplifying the equity story, and positioning itself as world leader in the production of high-end coffee makers.

On the other, De'Longhi Clima will have the opportunity to position itself among the leading international operators in high energy efficiency products.

As a result of the Demerger, each De'Longhi S.p.A. shareholder will, in place of each existing De'Longhi share, hold two shares, representing the two main business areas (Household Division and Professional Division) which make up the company's activity today.

2.3.2 Plans and prospects for the Demerging Company

According to 2010 data, 70% of the Demerging Company's activity is related to revenues from the food preparation product segment (which includes fully automatic coffee machines and the ones using individual capsules to traditional pump-driven machines), while the impact of comfort products (portable air conditioning and heating) has decreased over recent years and is equal to 14% of the total.

The international presence of the Demerging Company has meant that sales on the domestic market (2010 data) equal 14.4% of the total; mature markets represent approximately 69% of total sales, while sales in emerging markets equal 31%; such sales show strong growth over recent years (up 40% compared to 2009).

The Demerging Company, following the strategies begun in recent years which have led to an improvement in all principal economic and financial indicators and achievement of leader positions in business segments showing the highest growth, intends to pursue development policies centred on:

- R&D investments in the coffee machine segment to develop and launch new innovative models on the market, with particular focus on the high-end range, and in promotional and advertising activities to strengthen the Group's leadership worldwide in this segment;
- pursuing strategic business alliances in the high growth segment of coffee machines with individual capsules;
- R&D investments in the other principal product categories that the Group operates in (especially in products for cooking and food preparation);
- R&D investments focused on new product categories which are complementary to those in which the Group operates, leveraging on the Group's proven competence in the segment of small electrical appliances and the capacity to develop high quality products;
- strengthening the business network in emerging countries with high growth (in Eastern Asia, Australia and the Americas, Middle East, India and Africa) to be closer to the markets and take advantage of the opportunities for growth in these important markets; the Group, in order to meet the ever increasing competition in emerging markets, has modified its strategies moving from a global but centralized organization to a single "GLocal" approach for all the brands by transferring operations closer to the markets but keeping its principal activities in the headquarter (product development, R&D and marketing) at the Italian and UK offices. Development will continue in markets where there is currently no direct presence in order to achieve the Group's own business expansion policies;

- the optimisation and full exploitation of the current production platform, which to date, anticipates the production of all the non-premium products in China and high-end products with regard to coffee machines in Italy, with investment in the factories (the new plant in China, which will substitute the company's main production hub in the area, is currently being realized) and in the plant/equipment to allow the realization of new products.

2.3.3 Plans and prospects for the Beneficiary Company

As stated previously, De'Longhi Clima - following the Demerger - will be an industrial holding company of a group leader in the professional climate control business, able to compete successfully with other multinational groups operating in that sector.

With reference to this business sector, the De'Longhi Group companies (which following the Demerger will constitute the new De'Longhi Clima Group) are active in the production and sales of numerous product segments, with particular reference to chillers (refrigerators and heat pumps), radiators (plate, multi column, bathroom, electric, etc) and close control systems (including air conditioning for telecommunications). The products offered by the companies above also include, Air Handling Units (AHUs), terminal units, spare parts, accessories and services (maintenance and after sales).

The De'Longhi Group companies currently operating in the Professional Division have shown a consolidated presence in Europe, where they realize approximately 80% of their revenues. Outside Europe, China has acquired increasing importance in business and production terms and today represents the sixth country for turnover and the fourth for gross margin (source: internal data 2010). Other important countries are Russia and Poland.

The Group's management states that De'Longhi Clima's strengths are:

- breadth of product range;
- availability of historical brands with a high level of notoriety and distinctive status with specialized operators;
- production excellence (e.g. lean manufacturing);
- the time-to-market of new products;
- the quality of the business organization;
- control of the distribution in the most important countries and important local partnerships (e.g. China).

Furthermore, as far as the air conditioning products are concerned, the Group boasts:

- products widely installed;

- excellent testing laboratories;
- the capacity to customize the products even on industrial scale (a distinctive characteristic compared to other multinationals).

The principal objectives that the new De'Longhi Clima Group has set itself for the next years are:

- in the air conditioning segment ("Machines for air climatization and refrigeration"): the strengthening of the European leadership position, further development of the Chinese market that could increasingly represent a key market for the De'Longhi Clima Group thanks to the further exploitation anticipated by its presence in the area from the production and commercial perspective and the growth in new markets (e.g. India, Russia, Eastern Europe);
- in the heating segment ("Radiators"): the improvement of profitability by making operations more efficient;

In continuity with the actions carried out in recent years, the principal competitive levers that management will activate to reach the objectives above will be:

a) the continuous strengthening of the products offered through technological innovation, improvement of energy efficiency and development of some specific segments (e.g. air handling centres);

b) continuous investments in R&D and commercial investments, in particular on products with higher added value such as chillers and close control;

c) commercial protection of markets through the opening of new offices (e.g. United Kingdom and Eastern Europe), the development of local partnerships (e.g. the joint ventures already active in Asia), strengthening of after sales services and a careful selection of distributors in markets that are not served directly;

d) making operations efficient through the transfer of some production to low cost areas and the extension of lean manufacturing in Italian factories, in particular with regard to the "Radiator" segment.

e) business diversification (e.g. strengthening the service business which has high margins and reduced cyclicity, taking advantage of the IT system installed);

f) the evaluation of possible internal synergies and development opportunities outside the organization (acquisitions) consistent with its positioning and strategies.

2.4 DOCUMENTS AVAILABLE TO THE PUBLIC AND WHERE THEY CAN BE OBTAINED

Pursuant to Article 2501-septies of the Italian Civil Code, referred to in Article 2506-ter of the Italian Civil Code, the following documents are available at the registred offices of the companies participating in the Demerger, at Borsa Italiana, and on the internet site www.delonghi.com:

- the Demerger Plan, approved by the Board of Directors of De'Longhi S.p.A. and De'Longhi Clima S.p.A. on 21 July 2011 and filed with the Companies Register of Treviso on 9 September 2011;
- the reports by the Board of Directors of De'Longhi S.p.A., prepared in accordance with Annex 3A of the Issuers' Regulation, and by the Board of Directors of De'Longhi Clima S.p.A., as required under Article 2506-*ter* and 2501-*quinquies* of the Italian Civil Code;
- the annual reports of De'Longhi S.p.A. for 2008, 2009 and 2010, including the statutory and consolidated financial statements and the reports of the Board of Directors, the Board of Statutory Auditors and the independent auditors;
- the financial statements of De'Longhi S.p.A. at 30 June 2011 and DL Clima S.p.A. at 20 July 2011, prepared in accordance with Article 2501-*quater* and 2506-*ter* of the Italian Civil Code;
- the half-year financial report at 30 June 2011 of De'Longhi S.p.A. Group.

This Information Document is available to shareholders and the public at the registered office of De'Longhi S.p.A. and Borsa Italiana and can also be viewed on the internet site www.delonghi.com.

Please refer to the Disclaimer on page 2 of the Information Document.

CHAPTER III - SIGNIFICANT EFFECTS OF THE TRANSACTION FOR THE DEMERGING COMPANY

3.1 SIGNIFICANT EFFECTS FOR THE DEMERGING COMPANY

For a discussion of the economic, equity, income and financial impacts of the Demerger on the Demerging Company, please refer to Chapter IV below.

Under the Demerger, De'Longhi S.p.A. will transfer to the Beneficiary Company the shareholding it currently holds in DL Professional, the parent company that in turn holds the entire share capital of three companies operating in the sectors of machinery for air conditioning systems, heating technology, heat pumps and climate control of industrial processes. Consequently, as of the effective date of the Demerger, De'Longhi S.p.A. will have as its principal businesses those regarding the Household Division and Corporate Division. The future financial results of De'Longhi S.p.A. will, therefore, be based solely on the performance of those businesses.

By contrast, the future financial results of the Beneficiary Company will be based on the performance of those activities under the Professional Division only.

Lastly, the Demerger will not alter any key aspects of the activities of the individual sectors of the De'Longhi Group (either those transferred to the Beneficiary Company or those remaining under the Demerging Company), or their products, reference markets, business strategies or human resource management policies.

3.2 SIGNIFICANT EFFECTS FOR THE DE'LONGHI GROUP

De'Longhi Group's structure includes several companies that provide various services (administrative, fiscal, legal, corporate, payroll/human resources, IT, financial), at market conditions, including other services incidental to the corporate activity (such as for example, management of car and telephone services, etc), to the different Group sectors. The collaboration developed over the years, which has led to significant improvements in terms of efficiency, is expected to continue following the Demerger, though limited to some services.

With regards to treasury management, the two groups resulting from the Demerger will access capital the capital market independently through their respective centralized treasury operations.

<u>Chapter IV - Pro forma consolidated financial data for the Demerging Company</u>

This chapter contains a presentation of the pro forma consolidated income statement, statements of comprehensive income, financial position and cash flows of the Demerging Company and its subsidiaries (De'Longhi Group Post Demerger) for the year ended 31 December 2010 and for the half-year ended 30 June 2011 (hereafter the "**Pro forma Consolidated Financial Information of the Post Demerger De'Longhi Group**").

The Pro Forma Consolidated Financial Information for the De'Longhi Group Post Demerger has been prepared in accordance with Consob Communication DEM/1052803 of 5 July 2001 to illustrate, retroactively, the theoretical effects of the Demerger on the historic data previously presented by De'Longhi Group. More specifically, the purpose of the pro forma data is to illustrate the effects of the Demerger as if it had taken place, in relation to the effects on the assets and liabilities, on 31 December 2010 and 30 June 2011 respectively and, in relation to the effects on profit and loss and cash flows, on 1 January 2010 and 1 January 2011 respectively.

The Demerger will be based on the book values reported in De'Longhi S.p.A.'s financial statements at 30 June 2011, as approved by the Board of Directors on 21 July 2011.

Subsequent to the Demerger, the Demerging Company will retain its shareholdings in the companies that hold the Household Division and the Corporate Division which include:

- <u>De’Longhi Appliances S.r.l.</u>, the main Italian operating company of the division, which carries out production and sales and in turn controls the principal subsidiaries in Europe (Germany, France, Spain, etc) and in North America;
- <u>De’Longhi Household S.A.</u>, a sub-parent company of the division which controls, either directly or indirectly, the companies that carry out production or sourcing activities in Hong Kong/China, the commercial subsidiaries of the APA area (Asia-Pacific-Americas), Kenwood Group and other European commercial subsidiaries. The company also performs services of a financial nature and management of other activities for the De'Longhi Group;
- the companies currently identified in the Corporate Division of the De'Longhi Group (which after the Demerger will be included in the Household Division), namely De'Longhi Capital Services S.r.l., which performs activities of centralized management of financial services and derivative operations hedging exchange rate risk for the group, and E-Services S.r.l., subsidiary that performs ICT services for companies in the De'Longhi Group and third party clients.

The assets and liabilities to be transferred as part of the Demerger, as described in Chapter II, Section 2.2., point 2.2.1 of the Information Document, are represented by the 100% shareholding held by the Demerging Company in DL Professional (which in turn holds shareholdings in Climaveneta S.p.A., DL Radiators S.p.A. and RC Group S.p.A.).

The purpose of the pro forma consolidated data, the underlying assumptions, the allocation of components of profit and loss, assets and liabilities and cash flow to De'Longhi Clima Group, the reinstatement of intercompany balances, and the pro forma adjustments made are described analytically in points 4.1.5 and 4.3.5 below.

For a correct interpretation of the pro forma consolidated data provided, the following should be taken into account:

(i) as the pro forma figures are based on assumptions, they are not necessarily representative of the historic figures that would have resulted had the Demerger taken place on the reference dates used rather than on the effective date;

(ii) the pro forma adjustments represent the most significant direct impacts of the Demerger on the financial statements;

(iii) the pro forma figures are not forward looking and should not in any way be considered a forecast of the future earnings performance or financial position of De'Longhi Group Post-Demerger;

(iv) given that the purpose of the pro forma consolidated information is different than that for the historic information contained in the annual report and given the different calculation methods used for the pro forma adjustments to the Consolidated Financial Statements of De'Longhi Group, the pro forma statement of financial position should be read and interpreted separately from the pro forma income statement, statements of comprehensive income and cash flows, without attempting to reconcile assets and liabilities with components of profit and loss and cash flow.

The Pro Form Consolidated Financial Information presented in this Information Document has been examined by the audit firm Reconta Ernst & Young S.p.A., which issued an opinion without qualification on 23 September 2011.

4.1 PRO FORMA CONSOLIDATED INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOW AT 31 DECEMBER 2010

The Pro Forma Consolidated Financial Information for De'Longhi Group Post-Demerger at 31 December 2010 is based on the De'Longhi Group Consolidated Financial Statements at 31 December 2010, prepared in accordance with the IFRS and audited by Reconta Ernst & Young S.p.A., which issued its opinion on 21 March 2011.

The pro forma statements contain:

- historic data taken from De'Longhi Group's Consolidated Financial Statements at 31 December 2010;
- the effects on De'Longhi's Consolidated Financial Statements of deconsolidation of the activities transferred to De'Longhi Clima Group following the Demerger;
- the effects of reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of De'Longhi Group Post-Demerger and companies of the De'Longhi Clima Group;
- pro forma adjustments to the aggregate post-demerger figures to reflect the effects of significant transactions related to the Demerger;
- pro forma consolidated figures for De'Longhi Group Post-Demerger.

Unless otherwise indicated, figures are stated in thousands of euro.

4.1.1 De'Longhi Group Post-Demerger - Pro forma Consolidated Income Statement 2010

(amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated income statement for Demerging Company (F=D+E)
Revenues from sales and services	1.600.338	(344.044)	3.608	1.259.902		1.259.902
Other revenues	25.546	(7.413)	3.361	21.494		21.494
Total consolidated revenues	*1.625.884*	*(351.457)*	*6.969*	*1.281.396*	*-*	*1.281.396*
Raw and ancillary materials, consumables and goods	(790.373)	184.635	(774)	(606.512)		(606.512)
Change in inventories of finished products and work in progress	20.643	(560)	-	20.083		20.083
Change in inventories of raw and ancillary materials, consumables and goods	(4.011)	5.439	-	1.428		1.428
Materials consumed	*(773.741)*	*189.514*	*(774)*	*(585.001)*	*-*	*(585.001)*
Payroll costs	(203.493)	61.380	-	(142.113)	756	(141.357)
Services and other operating expenses	(421.652)	60.721	(433)	(361.364)		(361.364)
Provisions	(33.892)	6.099	-	(27.793)		(27.793)
Amortization, depreciation and impairment	(45.459)	15.803	-	(29.656)		(29.656)
EBIT	**147.647**	**(17.940)**	**5.762**	**135.469**	**756**	**136.225**
Financial income (expenses)	(36.090)	4.279	7.915	(23.896)	(7.597)	(31.493)
PROFIT (LOSS) BEFORE TAXES	**111.557**	**(13.661)**	**13.677**	**111.573**	**(6.841)**	**104.732**
Income taxes	(36.456)	5.169	-	(31.287)	231	(31.056)
PROFIT (LOSS) AFTER TAXES	**75.101**	**(8.492)**	**13.677**	**80.286**	**(6.610)**	**73.676**
Profit (loss) pertaining to minority interests	186	1	-	187		187
PROFIT (LOSS) PERTAINING TO THE GROUP	**74.915**	**(8.493)**	**13.677**	**80.099**	**(6.610)**	**73.489**

EBITDA	**193.106**	**(33.743)**	**5.762**	**165.125**	**756**	**165.881**
Non-recurring income/(expenses)	(5.982)	3.032	-	(2.950)	-	(2.950)
EBITDA before non-recurring income/(expenses)	**199.088**	**(36.775)**	**5.762**	**168.075**	**756**	**168.831**

4.1.2 De'Longhi Group Post-Demerger - Pro forma Consolidated Statement of Comprehensive Income

(amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of comprehensive income for Demerging Company (F=D+E)
Profit (loss) after taxes	75.101	(8.492)	13.677	80.286	(6.610)	73.676
Other components of comprehensive income						
Change in fair value of cash flow hedges	(7.040)	(148)	0	(7.188)		(7.188)
Tax effect of change in fair value of cash flow hedges	1.920	40	0	1.960		1.960
Differences from translating foreign companies' financial statements into Euro	14.239	(710)	0	13.529		13.529
Total comprehensive income (loss)	**84.220**	**(9.310)**	**13.677**	**88.587**	**(6.610)**	**81.977**

Total comprehensive income attributable to:						
Owners of the parent	84.036	(9.312)	13.677	88.401	(6.610)	81.791
Minority interests	184	2		186		186

4.1.3 De'Longhi Post-Demerger - Pro forma Consolidated Statement of Financial Position at 31 December 2010

ASSETS (amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of financial position for Demerging Company (F=D+E)
NON-CURRENT ASSETS						
INTANGIBLE ASSETS	408.615	(229.016)	-	179.599	-	179.599
- Goodwill	228.042	(186.451)	-	41.591		41.591
- Other intangible assets	180.573	(42.565)	-	138.008		138.008
PROPERTY, PLANT AND EQUIPMENT	186.431	(94.603)	-	91.828	-	91.828
- Land, property, plant and machinery	133.493	(89.571)	-	43.922		43.922
- Other tangible assets	52.938	(5.032)	-	47.906		47.906
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	2.309	(202)	57	2.164	-	2.164
- Equity investments (in associated companies)	-	-	-	-		-
- Equity investments (in other companies)	671	(4)	-	667		667
- Receivables	1.512	(198)	57	1.371		1.371
- Other non-current financial assets	126	-	-	126		126
DEFERRED TAX ASSETS	33.471	(1.346)	-	32.125	(208)	31.917
TOTAL NON-CURRENT ASSETS	630.826	(325.167)	57	305.716	(208)	305.508
CURRENT ASSETS						
INVENTORIES	288.012	(49.322)	-	238.690		238.690
TRADE RECEIVABLES	387.937	(102.625)	3.238	288.550		288.550
CURRENT TAX ASSETS	13.686	(1.566)	-	12.120		12.120
OTHER RECEIVABLES	14.996	(5.344)	6.859	16.511		16.511
CURRENT FINANCIAL RECEIVABLES AND ASSETS	12.221	(5.783)	92.617	99.055		99.055
CASH AND CASH EQUIVALENTS	193.515	(13.271)	68.511	248.755	(150.000)	98.755
TOTAL CURRENT ASSETS	910.367	(177.911)	171.225	903.681	(150.000)	753.681
TOTAL ASSETS	**1.541.193**	**(503.078)**	**171.282**	**1.209.397**	**(150.208)**	**1.059.189**

NET EQUITY AND LIABILITIES (amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of financial position for Demerging Company (F=D+E)
NET EQUITY						
GROUP PORTION OF NET EQUITY	758.921	(135.398)	13.620	637.143	(149.452)	487.691
MINORITY INTERESTS	1.651	63	-	1.714	-	1.714
TOTAL NET EQUITY	760.572	(135.335)	13.620	638.857	(149.452)	489.405
NON-CURRENT LIABILITIES						
FINANCIAL PAYABLES	107.934	(48.217)	-	59.717	-	59.717
- Bank loans and borrowings (long-term portion)	89.416	(34.281)	-	55.135		55.135
- Other financial payables (long-term portion)	18.518	(13.936)	-	4.582		4.582
DEFERRED TAX LIABILITIES	19.393	(16.323)	-	3.070		3.070
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	72.787	(15.031)	-	57.756	(756)	57.000
- Employee benefits	25.907	(6.467)	-	19.440	(756)	18.684
- Other provisions	46.880	(8.564)	-	38.316		38.316
TOTAL NON-CURRENT LIABILITIES	200.114	(79.571)	-	120.543	(756)	119.787
CURRENT LIABILITIES						
TRADE PAYABLES	374.184	(91.795)	912	283.301		283.301
FINANCIAL PAYABLES	102.755	(97.510)	74.640	79.885	-	79.885
- Bank loans and borrowings (short-term portion)	81.353	(94.698)	68.511	55.166		55.166
- Other financial payables (short-term portion)	21.402	(2.812)	6.129	24.719		24.719
CURRENT TAX LIABILITIES	44.659	(3.982)	-	40.677		40.677
OTHER PAYABLES	58.909	(16.835)	4.060	46.134		46.134
TOTAL CURRENT LIABILITIES	580.507	(210.122)	79.612	449.997	-	449.997
TOTAL NET EQUITY AND LIABILITIES	**1.541.193**	**(425.028)**	**93.232**	**1.209.397**	**(150.208)**	**1.059.189**
CASH/ (NET DEBT)	**(4.709)**	**126.674**	**86.545**	**208.510**	**(150.000)**	**58.510**
of which:						
- Cash and other financial assets	205.980	(19.053)	161.185	348.112	(150.000)	198.112
- Current financial debt	(102.755)	97.510	(74.640)	(79.885)		(79.885)
- Non-current financial debt	(107.934)	48.217	-	(59.717)		(59.717)

4.1.4 De'Longhi Group Post-Demerger - Pro forma Consolidated Statement of Cash Flow 2010

(amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of cash flow for Demerging Company
Profit (loss) pertaining to the group	74.915	(8.493)	13.677	80.099	(6.610)	73.489
Income taxes for the period	36.456	(5.169)	-	31.287	(231)	31.056
Amortization, depreciation and impairment	45.459	(15.803)	-	29.656		29.656
Net change in provisions	11.140	(1.213)	3	9.930	(756)	9.174
Cash flow generated (absorbed) by current operations (A)	**167.970**	**(30.678)**	**13.680**	**150.972**	**(7.597)**	**143.375**
Change in assets and liabilities for the period:						
Trade receivables	(18.593)	8.333	510	(9.750)		(9.750)
Inventories	(16.570)	(4.944)	1	(21.513)		(21.513)
Trade payables	58.883	(13.729)	658	45.812		45.812
Other current assets and liabilities	10.401	3.777	(1.971)	12.207		12.207
Payment of income taxes	(24.632)	2.096	-	(22.536)		(22.536)
Cash flow generated (absorbed) by movements in working capital (B)	**9.489**	**(4.467)**	**(802)**	**4.220**	**-**	**4.220**
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)	**177.459**	**(35.145)**	**12.878**	**155.192**	**(7.597)**	**147.595**
Investment activities:						
Investments in intangible assets	(13.458)	3.514	-	(9.944)		(9.944)
Other cash flows for intangible assets	(2.157)	2.150	-	(7)		(7)
Investments in property, plant and equipment	(33.186)	6.614	-	(26.572)		(26.572)
Other cash flows for property, plant and equipment	2.819	(1.517)	-	1.302		1.302
Net investments in equity investments and other financial assets	587	38	-	625		625
Cash flow generated (absorbed) by ordinary investment activities (C)	**(45.395)**	**10.799**	**-**	**(34.596)**	**-**	**(34.596)**
Changes in consolidation area	-	(1.588)	-	(1.588)		(1.588)
Non-recurring cash flow (D)	**-**	**(1.588)**	**-**	**(1.588)**	**-**	**(1.588)**
Dividends paid	(11.960)	-	-	(11.960)		(11.960)
Change in currency translation reserve	10.426	(407)	(17)	10.002		10.002
Increase (decrease) in minority interests in capital and reserves	(28)	4	-	(24)		(24)
New loans	67.163	(7.340)	-	59.823		59.823
Repayment of loans and other net changes in sources of finance	(128.104)	29.765	(9.943)	(108.282)		(108.282)
Cash flow generated (absorbed) by changes in net equity and by financing activities (E)	**(62.503)**	**22.022**	**(9.960)**	**(50.441)**	**-**	**(50.441)**
Cash flow for the period (A+B+C+D+E)	**69.561**	**(3.912)**	**2.918**	**68.567**	**(7.597)**	**60.970**
Opening cash and cash equivalents	**123.954**	**(9.359)**	**65.594**	**180.189**	**(150.000)**	**30.189**
Increase (decrease) in cash and cash equivalents (A+B+C+D+E)	69.561	(3.912)	2.918	68.567	(7.597)	60.970
Pro-forma adjustments not affecting the closing cash and cash equivalents					7.597	7.597
Closing cash and cash equivalents	**193.515**	**(13.271)**	**68.511**	**248.755**	**(150.000)**	**98.755**
Opening cash/ (net debt)	**(117.091)**	**137.774**	**89.158**	**109.841**	**(150.000)**	**(40.159)**
Cash flow for the period in terms of net financial position	112.382	(11.100)	(2.613)	98.669	(7.597)	91.072
Pro-forma adjustments not affecting the closing cash/ (net debt)					7.597	7.597
Closing cash/ (net debt)	**(4.709) -**	**126.674**	**86.545**	**208.510**	**(150.000)**	**58.510**

4.1.5 De'Longhi Group Post-Demerger – Explanatory notes to the pro forma Consolidated Financial Statements at 31 December 2010

The accounting principles and evaluation criteria used in the preparation of the pro forma data are the same as those applied to the De'Longhi Group Consolidated Financial Statements at 31 December 2010, to which reference is made.

In particular, as the Demerger is considered a transaction of 'business combination involving entities or businesses under common control' and, as such, it is outside the scope of application of IFRS 3 and IFRIC 17. Accordingly, assets and liabilities of De'Longhi Group Post-Demerger are stated in the Pro Forma Consolidated Financial Information at the carrying amount reported in the consolidated financial statements

Apart from the Beneficiary Company, De'Longhi Clima S.p.A., the Demerger involves entities already included in the scope of consolidation of the De'Longhi Group at 31 December 2010. As such, there is no change between the scope of consolidation applied for the De'Longhi Group Consolidated Financial Statements at 31 December 2010 and the sum of the scopes of consolidation of the Demerging Company and the Beneficiary Company considered for the preparation of the Pro Forma Consolidated Financial Information for De'Longhi Group.

In particular, the scope of consolidation of the Demerging Company is equivalent to the aggregate of the scopes of consolidation of the Corporate Division and the Household Division reported for the purposes of providing information by operating segment in the consolidated financial statements at 31 December 2010. Therefore, the financial information of De'Longhi Group Post-Demerger before pro-forma adjustments, shown in the 'Total Post Demerger (D)' columns correspond to the sum of the data of the Household and Corporate Divisions, net of the elisions of the related intercompany relationships, already highlighted in Note 40 in the notes to the Consolidated Financial Statements at 31 December 2010: Information by operating sector.

- **Principal assumptions used in preparation of the Pro Forma Consolidated Financial Statements of the De'Longhi Group Post-Demerger**

Pursuant to the Demerger, De'Longhi S.p.A. will grant a portion of its assets to the Beneficiary Company, represented in particular by the 100% shareholding held by the Demerging Company in De'Longhi Professional.

Against this asset transfer, the Beneficiary Company will grant, without consideration, each De'Longhi S.p.A. shareholder an equal number of its own newly issued shares as they already hold in the Demerging Company.

De'Longhi Clima S.p.A. will request the authorities and competent bodies for admission to listing of its shares on the MTA; said admission to the listing is a prerequisite and essential condition for the Demerger. In addition to the applicable provisions of the Italian Civil Code, execution of the Deed of Demerger is therefore conditional upon obtaining the necessary Borsa Italiana and Consob approvals.

The reference date adopted in the preparation of the Pro Forma Consolidated Financial Statements of the De'Longhi Group Post Demerger for the simulation of the effects of deconsolidation arising from the Demerger does not therefore correspond to the actual financial year the Demerger will be completed in. At this date the Consolidated Financial Statements of the De'Longhi Group Post Demerger and of the De'Longhi Clima Group will be prepared (presumably in 2012).

As previously indicated in Chapter II, Section 2.2, point 2.2.1 of this Information Document, it is specified that the book value in the parent company of the asset to be transferred will remain unchanged, since any variations owing to the corporate dynamics that may occur by the effective date of the Demerger, will not entail any cash adjustments and the asset transferred will remain either a credit or a debt respectively.

To carry out the backdating of the effects of the Demerger the following basic assumptions have been adopted, also taking into account the indications contained in the Consob Communication DEM/1052803 of 5 July 2001:

- the pro forma consolidated financial statements and information have been prepared based on the Consolidated Financial Statements of the De'Longhi Group at 31 December 2010 and integrating the same with the appropriate pro forma adjustments representing the effects of the Demerger and the preliminary corporate transactions;
- the pro forma adjustments have been calculated according to the general rule under which the transactions involving assets and liabilities are assumed to have taken place at the reference date of the Demerger, while, with reference to the income statements and financial cash flows, the transactions are assumed to have taken place at the start of the period such information refers to. Therefore, the effects of transactions carried out and expected after 31 December 2010, except those related to transactions strictly connected to the Demerger, have not been considered, in observance of the rules for preparing pro forma data provided by the aforementioned Consob Communication DEM/1052803 of 5 July 2001.

- **Components of profit and loss, assets and liabilities and cash flow transferred to the De'Longhi Clima Group**

The column contains the effects on the consolidated data of the Demerger, through the granting by De'Longhi S.p.A. of a portion of its assets and liabilities, represented by the activities concerning the production and sales of machinery for air climatization systems and ICT industrial process chillers and water-filled radiators (under the Professional Division).

- **Reinstatement of intercompany items**

The column includes the reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of the group controlled by the Demerging Company and the companies in the group controlled by the Beneficiary Company, given that subsequent to the Demerger such transactions no longer qualify as intercompany transactions and, therefore, should not be eliminated.

In particular, these are chiefly relationships arising from the following types of transactions:

- revenues/receivables for the supply of administrative, ICT, corporate, tax and HR management services by the companies of the De'Longhi Group, which will remain within the De'Longhi Group Post Demerger, to the companies that will come under the De'Longhi Clima Group;
- revenues/receivables for the transfer by companies in the Household Division of finished products for fixed air conditioning systems and semi-processed products for heating;
- costs/payables for the purchase by some commercial subsidiaries of products for air conditioning and heating from Climaveneta S.p.A. and DL Radiators S.p.A. respectively;
- income from dividends distributed by the company De'Longhi Professional to De'Longhi S.p.A. (eliminated in any case during the pro forma adjustments);
- financial income/receivables related chiefly to interests receivable on cash pooling balances and recharges for centralized management of financial services and treasury services and derivative operations hedging exchange rate risk;
- intragroup balances (receivable/payable) related to the group's cash pooling agreement by De'Longhi Capital Services S.r.l. to Climaveneta S.p.A., DL Radiators S.p.A. and RC Group S.p.A.;
- receivables/payables for the group's domestic tax consolidation and payment of VAT;
- cash and cash equivalents deposited in relation to the group's cash pooling agreement;
- receivables and payables from derivatives stipulated by De'Longhi Capital Services S.r.l. with companies that will be part of the De'Longhi Clima Group.

- **Pro-forma adjustments**

The column contains the pro forma adjustments applied to the aggregate post Demerger figures of the De'Longhi Group Post Demerger, to reflect the effects of significant transactions related to the Demerger, as described below.

Recapitalization of De'Longhi Professional

On 30 June 2011 De'Longhi S.p.A. resolved and paid a capital contribution of Euro 150 million to the subsidiary De'Longhi Professional, carried out to re-balance the financial situation of the Household Division and Professional Division and to eliminate the financial relationships existing between the two divisions, decreasing the negative financial position of the Professional Division. After the contribution, De'Longhi Professional and its subsidiaries will discharge infragroup financial debts contracted with regard to group cash pooling.

This is a preliminary operation which is strictly functional to the Demerger; the effects of the recapitalization and the consequent variation of the financial debt in the De'Longhi Group Post Demerger have also been reflected in the pro forma data at 31 December 2010.

As far as the De'Longhi Group Post Demerger is concerned, a pro forma adjustment of Euro 150 million has been made in the financial data, reducing the cash and cash equivalents, which is set off by a corresponding reduction in the net equity.

As far as the income statement and cash flow statement are concerned, the assumption that such operation took place on 1 January 2010, the related pro forma adjustment retroactively reflects greater financial obligations for the De'Longhi Group Post Demerger for Euro 1,597,000 for the 2010 period (determined according to an average annual rate 1.06%, in line with the average rate recognised in the period on the De'Longhi Group's cash pooling balances).

Dividends

During the 2010 financial year, De'Longhi Professional resolved to distribute the dividends of Euro 6,000,000 to the parent companies De'Longhi S.p.A. and De'Longhi Household S.A., paid during the period.

The pro forma adjustments to the data in the income statement and cash flow statement reflect the reversal of the earnings connected to such distribution, which would not have been realised if the Demerger took place on 1 January 2010.

Employee benefits

During 2008, De'Longhi S.p.A.'s general meeting approved a Phantom Stock Option Plan which entitles beneficiaries to cash payments based on the growth of the company’s ordinary share price.

For this plan De'Longhi S.p.A. prepared the Information Document, in accordance with Article 84-*bis* of the Issuers' Regulation, prepared in accordance with Annex 3A, Schedule 7 of the Issuers' Regulation, filed with Borsa Italiana and published on the Demerging Company's internet site.

The cost of such instruments and the related liabilities are shown in the appropriate consolidated financial statements, throughout the maturation period, recalculating the fair value of the options for each balance sheet date.

At 31 December 2010 the total number of exercisable options is equal to 500,000 and the relevant cost for the adoption of this plan is equal to Euro 1,890,000. Since, with regard to the Phantom Stock Option Plan, a portion of the options (200,000 in number) are under the Professional Division, having as the beneficiary the chief executive officer of Climaveneta S.p.A. (company which form part of De'Longhi Clima Group), a pro forma adjustment to the data of the De'Longhi Group Post Demerger was found equal to 756,000, which reflects the reduction of the payroll costs and employee benefits correlated to said quota.

It must therefore be remembered that, as described in paragraph 9 of the "Report by the Board of Directors of De'Longhi S.p.A. on the partial and proportional Demerger of De'Longhi S.p.A. to De'Longhi Clima S.p.A." annexed to the Information Document, the Demerging Company's Board of Directors will adopt, with regard to the Phantom Stock Option Plan and pursuant to the authorization granted it by the Plan rules in a future meeting which will be held before stipulation of the Deed of Demerger, the minimum adjustments necessary, to allow incentive instruments to continue to achieve the purposes for which they were adopted, also in the context of the Demerger.

Income taxes

The tax effects of the above pro forma adjustments have been calculated, where applicable, using notional tax rates applicable at 31 December 2010.

For the purposes of the Pro Forma Consolidated Financial Statements of the De'Longhi Group Post Demerger, the Italian subsidiaries to be transferred to the group headed by the Beneficiary Company have been removed from the De'Longhi Group's domestic tax consolidation (with effect from 1 January 2010), and a new theoretical domestic tax consolidation has been established with the Beneficiary Company as the parent. Based on current circumstances, it is expected that, the recoverable amount of deferred tax assets, net of deferred tax liabilities resulting after the relevant amounts are allocated to the De'Longhi Clima Group, will remain unchanged as a result of the Demerger and in the event of a new domestic tax consolidation.

Other effects arising from the Demerger

- The pro forma adjustments do not include Demerger-related expenses as these are not recurrent and not yet completely defined.
- Possible benefits deriving from the reduction of the Demerging Company's activity at corporate level have not been subjected to pro forma adjustments, since they are not yet quantifiable and in any case are not considered material.
- All transfers of goods and services between De'Longhi Group companies are already subject to contractual agreements stipulated at standard market conditions. Therefore the Demerger is not expected to produce any significant effects attributable to changes in the conduct and settlement of transactions between De'Longhi Group companies and, consequently, no such effects are reflected in the pro forma adjustments.

4.2 PRO FORMA CONSOLIDATED PER SHARE DATA AT 31 DECEMBER 2010

4.2.1 Historic and pro forma data per share for the Demerging Company and the Group it controls

The historic data of the De'Longhi Group at 31 December 2010 and the pro forma data per share of the De'Longhi Group Post Demerger at 31 December 2010 are shown below.

It must be remembered that at 31 December 2010 De'Longhi S.p.A.'s share capital, fully paid-in, is represented by 149,500,000 ordinary shares and the company does not possess its own shares in its portfolio.

	Consolidated historic data (Consolidated financial statement of the De'Longhi Group at 31 December 2010)	**Pro forma data for the Demerging Company** (Pro forma data for Post Demerger De'Longhi Group at 31 December 2010)
Ordinary shares issued at year end	149,500,000	149,500,000
Weighted average of the ordinary shares outstanding for the period	149,500,000	149,500,000
Per share data (in Euro)		
Net earnings per share	€ 0.50	€ 0.49
Net equity per share	€ 5.09	€ 3.27
Dividend per share	€ 0.146	-
Cash flow per share (in terms of cash and cash equivalents)	€ 0.47	€ 0.41
Cash flow per share - in terms of cash/net debt	€ 0.75	€ 0.61

4.2.2 Comment on significant differences between pro forma and historic per share data

• Net earnings per share

This per share ration is calculated based on the net result for De'Longhi S.p.A. shareholders. The exclusion of the net result of the Group subject to Demerger and the effects of the pro forma adjustments described above have resulted in a pro forma net result per share for the Demerging Company which is substantially in line with the historic consolidated data.

• Net equity per share

This per share indicator is calculated based on the ratio between net equity and the number of shares.

The pro forma per share figure for the Demerging Company is lower than the historic consolidated data due to the allocation of a portion of equity to the De'Longhi Clima Group and due to the pro forma adjustments already described above.

• Cash flow per share

This per share indicator is calculated based on the ratio between the cash flow for the financial period, both in terms of cash and cash equivalents as well as cash/(net debt), and the number of shares.

4.3 PRO FORMA CONSOLIDATED INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOW AT 30 JUNE 2011

The Pro Forma Consolidated Financial Information for De'Longhi Group Post-Demerger at 30 June 2011 is based on the De'Longhi Group Consolidated Condensed Half-year Statements at 30 June 2011, prepared in accordance with the IFRS and subject to limited audit by Reconta Ernst & Young S.p.A., which issued its opinion on 29 August 2011.

The pro forma statements contain:

- historic data taken from De'Longhi Group's Consolidated Condensed Half-Year Statements at 30 June 2011;
- the effects on De'Longhi's Consolidated Condensed Half-Year Statements of deconsolidation of the activities transferred to De'Longhi Clima Group following the Demerger;
- the effects of reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of De'Longhi Group Post-Demerger and companies of the De'Longhi Clima Group;
- pro forma adjustments to the aggregate post-demerger figures to reflect the effects of significant transactions related to the Demerger;
- Pro forma consolidated figures for De'Longhi Group Post-Demerger.

Unless otherwise indicated, figures are stated in thousands of euro.

4.3.1 De'Longhi Group Post Demerger - Pro forma Consolidated Income Statement - 1st half of 2011

(amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated income statement for Demerging Company (F=D+E)
Revenues from sales and services	750.244	(173.972)	2.031	578.303		578.303
Other revenues	12.826	(3.793)	1.640	10.673		10.673
Total consolidated revenues	***763.070***	***(177.765)***	***3.671***	***588.976***	***-***	***588.976***
Raw and ancillary materials, consumables and goods	(442.787)	106.719	(840)	(336.908)		(336.908)
Change in inventories of finished products and work in progress	72.930	(10.551)	-	62.379		62.379
Change in inventories of raw and ancillary materials, consumables and goods	11.357	(3.328)	-	8.029		8.029
Materials consumed	***(358.500)***	***92.840***	***(840)***	***(266.500)***	***-***	***(266.500)***
Payroll costs	(111.857)	33.621	-	(78.236)	723	(77.513)
Services and other operating expenses	(196.181)	30.437	(166)	(165.910)		(165.910)
Provisions	(10.299)	2.646	-	(7.653)		(7.653)
Amortization, depreciation and impairment	(19.102)	4.949	-	(14.153)		(14.153)
EBIT	**67.131**	**(13.272)**	**2.665**	**56.524**	**723**	**57.247**
Financial income (expenses)	(12.367)	2.335	897	(9.135)	(1.111)	(10.246)
PROFIT (LOSS) BEFORE TAXES	**54.764**	**(10.937)**	**3.562**	**47.389**	**(388)**	**47.001**
Income taxes	(20.423)	3.684	-	(16.739)	107	(16.632)
PROFIT (LOSS) AFTER TAXES	**34.341**	**(7.253)**	**3.562**	**30.650**	**(281)**	**30.369**
Profit (loss) pertaining to minority interests	317	(8)	-	309		309
PROFIT (LOSS) PERTAINING TO THE GROUP	**34.024**	**(7.245)**	**3.562**	**30.341**	**(281)**	**30.060**
EBITDA	**86.233**	**(18.221)**	**2.665**	**70.677**	**723**	**71.400**
Non-recurring income/(expenses)	(2.502)	1.000	-	(1.502)	-	(1.502)
EBITDA before non-recurring income/(expenses)	**88.735**	**(19.221)**	**2.665**	**72.179**	**723**	**72.902**

4.3.2 De'Longhi Post Demerger - Pro forma Consolidated Statement of Comprehensive Income - 1st half of 2011

(amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of comprehensive income for Demerging Company (F=D+E)
Profit (loss) after taxes	34.341	(7.253)	3.562	30.650	(281)	30.369
Other components of comprehensive income						
Change in fair value of cash flow hedges	(10.257)	42	0	(10.215)		(10.215)
Tax effect of change in fair value of cash flow hedges	2.826	(12)	0	2.814		2.814
Differences from translating foreign companies' financial statements into Euro	(13.767)	907	0	(12.860)		(12.860)
Total comprehensive income (loss)	**13.143**	**(6.316)**	**3.562**	**10.389**	**(281)**	**10.108**
Total comprehensive income attributable to:						
Owners of the parent	12.826	(6.308)	3.562	10.080	(281)	9.799
Minority interests	317	(8)		309		309

4.3.3 De'Longhi Group Post Demerger - Pro forma Consolidated Statement of Financial Position at 30 June 2011

ASSETS (amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of financial position for Demerging Company (F=D+E)
NON-CURRENT ASSETS						
INTANGIBLE ASSETS	409.417	(231.481)	-	177.936	-	177.936
- Goodwill	230.518	(188.928)	-	41.590		41.590
- Other intangible assets	178.899	(42.553)	-	136.346		136.346
PROPERTY, PLANT AND EQUIPMENT	192.133	(99.968)	-	92.165	-	92.165
- Land, property, plant and machinery	136.431	(89.989)	-	46.442		46.442
- Other tangible assets	55.702	(9.979)	-	45.723		45.723
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	2.884	(288)	954	3.550	-	3.550
- Equity investments (in other companies)	677	(4)	-	673		673
- Receivables	2.099	(284)	954	2.769		2.769
- Other non-current financial assets	108	-	-	108		108
DEFERRED TAX ASSETS	39.162	(1.582)	-	37.580	(407)	37.173
TOTAL NON-CURRENT ASSETS	643.596	(333.319)	954	311.231	(407)	310.824
CURRENT ASSETS						
INVENTORIES	365.209	(63.245)	-	301.964		301.964
TRADE RECEIVABLES	274.113	(100.330)	4.745	178.528		178.528
CURRENT TAX ASSETS	19.758	(1.737)	(44)	17.977		17.977
OTHER RECEIVABLES	16.725	(4.454)	9.598	21.869		21.869
CURRENT FINANCIAL RECEIVABLES AND ASSETS	13.017	(6.815)	134.048	140.250		140.250
CASH AND CASH EQUIVALENTS	199.996	(115.647)	78.498	162.847		162.847
TOTAL CURRENT ASSETS	888.818	(292.228)	226.845	823.435	-	823.435
TOTAL ASSETS	**1.532.414**	**(625.547)**	**227.799**	**1.134.666**	**(407)**	**1.134.259**

NET EQUITY AND LIABILITIES (amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of financial position for Demerging Company (F=D+E)
NET EQUITY						
GROUP PORTION OF NET EQUITY	749.920	(278.019)	3.505	475.406	1.072	476.478
MINORITY INTERESTS	1.968	55	-	2.023	-	2.023
TOTAL NET EQUITY	751.888	(277.964)	3.505	477.429	1.072	478.501
NON-CURRENT LIABILITIES						
FINANCIAL PAYABLES	99.738	(38.008)	-	61.730	-	61.730
- Bank loans and borrowings (long-term portion)	80.968	(24.543)	-	56.425		56.425
- Other financial payables (long-term portion)	18.770	(13.465)	-	5.305		5.305
DEFERRED TAX LIABILITIES	19.731	(16.603)	-	3.128		3.128
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	75.810	(15.565)	-	60.245	(1.479)	58.766
- Employee benefits	24.553	(6.338)	-	18.215	(1.479)	16.736
- Other provisions	51.257	(9.227)	-	42.030		42.030
TOTAL NON-CURRENT LIABILITIES	195.279	(70.176)	-	125.103	(1.479)	123.624
CURRENT LIABILITIES						
TRADE PAYABLES	362.220	(104.480)	2.526	260.266		260.266
FINANCIAL PAYABLES	125.559	(27.721)	86.803	184.641	-	184.641
- Bank loans and borrowings (short-term portion)	100.126	(24.814)	78.498	153.810		153.810
- Other financial payables (short-term portion)	25.433	(2.907)	8.305	30.831		30.831
CURRENT TAX LIABILITIES	39.656	(4.803)	-	34.853		34.853
OTHER PAYABLES	57.812	(16.738)	11.300	52.374		52.374
TOTAL CURRENT LIABILITIES	585.247	(153.742)	100.629	532.134	-	532.134
TOTAL NET EQUITY AND LIABILITIES	**1.532.414**	**(501.882)**	**104.134**	**1.134.666**	**(407)**	**1.134.259**
CASH/ (NET DEBT)	**(12.141)**	**(56.733)**	**126.696**	**57.822**	**-**	**57.822**
of which:						
- Cash and other financial assets	213.156	(122.462)	213.499	304.193	-	304.193
- Current financial debt	(125.559)	27.721	(86.803)	(184.641)		(184.641)
- Non-current financial debt	(99.738)	38.008	-	(61.730)		(61.730)

4.3.4 De'Longhi Group Post Demerger - Pro forma Consolidated Statement of Cash Flow - 1st half of 2011

(amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011 (A)	Less: items allocated to De'Longhi Clima Group (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of cash flow for Demerging Company
Profit (loss) pertaining to the group	34.024	(7.245)	3.563	30.342	(281)	30.061
Income taxes for the period	20.423	(3.684)	-	16.739	(107)	16.632
Amortization, depreciation and impairment	19.102	(4.949)	-	14.153		14.153
Net change in provisions	2.395	(252)	-	2.143	(723)	1.420
Cash flow generated (absorbed) by current operations (A)	**75.944**	**(16.130)**	**3.563**	**63.377**	**(1.111)**	**62.266**
Change in assets and liabilities for the period:						
Trade receivables	100.911	(3.726)	(1.500)	95.685		95.685
Inventories	(84.532)	13.947	-	(70.585)		(70.585)
Trade payables	5.161	(11.172)	1.609	(4.402)		(4.402)
Other current assets and liabilities	(27.106)	2.532	4.544	(20.030)		(20.030)
Payment of income taxes	(11.296)	951	-	(10.345)		(10.345)
Cash flow generated (absorbed) by movements in working capital (B)	**(16.862)**	**2.532**	**4.653**	**(9.677)**	**-**	**(9.677)**
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)	**59.082**	**(13.598)**	**8.216**	**53.700**	**(1.111)**	**52.589**
Investment activities:						
Investments in intangible assets	(4.865)	1.576	-	(3.289)		(3.289)
Other cash flows for intangible assets	72	(82)	-	(10)		(10)
Investments in property, plant and equipment	(19.814)	7.307	-	(12.507)		(12.507)
Other cash flows for property, plant and equipment	185	164	-	349		349
Net investments in equity investments and other financial assets	(783)	98	-	(685)		(685)
Cash flow generated (absorbed) by ordinary investment activities (C)	**(25.205)**	**9.063**	**-**	**(16.142)**	**-**	**(16.142)**
Changes in consolidation area	(2.198)	2.198	-	-		-
Non-recurring cash flow (D)	**(2.198)**	**2.198**	**-**	**-**	**-**	**-**
Dividends paid	(21.827)	-	-	(21.827)		(21.827)
Change in currency translation reserve	(10.587)	580	3.487	(6.520)		(6.520)
Increase (decrease) in minority interests in capital and reserves	317	(8)	-	309		309
Capital contribution	-	(150.000)	-	(150.000)	150.000	-
New loans	13.761	(59)	-	13.702		13.702
Interest payment on loans	(1.635)	496	-	(1.139)		(1.139)
Repayment of loans and other net changes in sources of finance	(5.227)	48.952	(1.716)	42.009		42.009
Cash flow generated (absorbed) by changes in net equity and by financing activities (E)	**(25.198)**	**(100.039)**	**1.771**	**(123.466)**	**150.000**	**26.534**
Cash flow for the period (A+B+C+D+E)	**6.481**	**(102.376)**	**9.987**	**(85.908)**	**148.889**	**62.981**
Opening cash and cash equivalents	**193.515**	**(13.271)**	**68.511**	**248.755**	**(150.000)**	**98.755**
Increase (decrease) in cash and cash equivalents (A+B+C+D+E)	6.481	(102.376)	9.987	(85.908)	148.889	62.981
Pro-forma adjustments not affecting the closing cash and cash equivalents					1.111	1.111
Closing cash and cash equivalents	**199.996**	**(115.647)**	**78.498**	**162.847**	**-**	**162.847**
Opening cash/ (net debt)	**(4.709)**	**126.674**	**86.545**	**208.510**	**(150.000)**	**58.510**
Cash flow for the period in terms of net financial position	(7.432)	(183.407)	40.151	(150.688)	148.889	(1.799)
Pro-forma adjustments not affecting the closing cash/ (net debt)					1.111	1.111
Closing cash/ (net debt)	**(12.141)**	**(56.733)**	**126.696**	**57.822**	**-**	**57.822**

4.3.5 De'Longhi Group Post Demerger – Explanatory Notes to the pro forma Consolidated Financial Statements at 30 June 2011

The accounting principles and evaluation criteria used in the preparation of the pro forma consolidated information are the same as those applied to the De'Longhi Group Consolidated Condensed Half-Year Statements at 30 June 2011 and the De'Longhi Group Consolidated Financial Statements at 31 December 2010, to which reference is made.

In particular, as the Demerger is considered a transaction of 'business combination involving entities or businesses under common control' and, as such, it is outside the scope of application of IFRS 3 and IFRIC 17. Accordingly, assets and liabilities of De'Longhi Group Post-Demerger are stated in the Pro Forma Consolidated Financial Information at the carrying amount reported in the consolidated condensed half-year statements.

The Demerger involves entities already included in the scope of consolidation of the De'Longhi Group at 30 June 2011. As such, there is no change between the scope of consolidation applied for the De'Longhi Group Consolidated Condensed Half-Year Statements at 30 June 2011 and the sum of the scopes of consolidation of the Demerging Company and the Beneficiary Company considered for the preparation of the Pro Forma Consolidated Financial Information for De'Longhi Group Post Demerger.

In particular, the scope of consolidation of the Demerging Company is equivalent to the aggregate of the scopes of consolidation of the Corporate and Household segments reported for the purposes of providing information by operating segment in the consolidated condensed half-year statements at 30 June 2011. Therefore, the financial information of De'Longhi Group Post-Demerger before pro-forma adjustments, shown in the *'Total Post Demerger (D)'* columns correspond to the sum of the data of the Household and Corporate Divisions, net of the elisions of the related intercompany relationships, already highlighted in *Note 37. Information by operating sector* in the notes to the Consolidated Condensed Half-Year Statements at 30 June 2011.

- **Principal assumptions used in preparation of the Pro Forma Consolidated Financial Statements**

Pursuant to the Demerger, De'Longhi S.p.A. will grant a portion of its assets to the Beneficiary Company De'Longhi Clima S.p.A., represented in particular by the 100% shareholding held in De'Longhi Professional.

Against this asset transfer, the Beneficiary Company will grant, without consideration, each De'Longhi S.p.A. shareholder an equal number of its own newly issued shares as they already hold in the Demerging Company.

De'Longhi Clima S.p.A. will request the authorities and competent bodies for admission to listing of its shares on the MTA; said admission to the listing is a prerequisite and essential condition for the Demerger. In addition to the applicable provisions of the Italian Civil Code, execution of the Deed of Demerger is therefore conditional upon obtaining the Borsa Italiana and Consob approval.

The reference date adopted in the preparation of the Pro Forma Consolidated Financial Statements of the De'Longhi Group Post Demerger for the simulation of the effects of deconsolidation arising from the Demerger does not therefore correspond to the actual financial year the Demerger will be completed in. At this date the Consolidated Financial Statements of the De'Longhi Group Post Demerger and of the De'Longhi Clima Group will be prepared (presumably in 2012).

As previously indicated in Section 2.2 of this Information Document, it is specified that the book value in the parent company of the asset to be transferred will remain unchanged, since any variations owing to the corporate dynamics that may occur by the effective date of the Demerger, will not entail any cash adjustments and the asset transferred will remain either a credit or a debt respectively.

To carry out the backdating of the effects of the Demerger the following basic assumptions have been adopted, also taking into account the indications contained in the Consob Communication DEM/1052803 of 5 July 2001:

- the pro forma consolidated financial statements and information have been prepared based on the Consolidated Financial Condensed Half-Year Statement of the De'Longhi Group at 30 June 2011 and integrating the same with the appropriate pro forma adjustments representing the effects of the Demerger and the preliminary corporate transactions;
- the pro forma adjustments have been calculated according to the general rule under which the transactions involving assets and liabilities are assumed to have taken place at the reference date of the Demerger, while, with reference to the income statements and financial cash flows, the transactions are assumed to have taken place at the start of the period such information refers to. Therefore, the effects of transactions carried out and expected after 30 June 2011 have not been considered, in observance of the rules for preparing pro forma data provided by the aforementioned Consob Communication DEM/1052803 of 5 July 2001.

- **Components of profit and loss, assets and liabilities and cash flow transferred to the De'Longhi Clima Group**

The column contains the effects on the consolidated data of the partial and proportional Demerger of De'Longhi S.p.A. to the Beneficiary Company on the consolidated data, through the granting by De'Longhi S.p.A. of a portion of its assets and liabilities, represented by the activities concerning the production and salesof machinery for air climatization systems and ICT industrial process chillers and water-filled radiators (under the Professional Division).

- **Reinstatement of intercompany items**

The column includes the reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of the group controlled by the Demerging Company and the companies in the group controlled by the Beneficiary Company, given that subsequent to the Demerger such transactions no longer qualify as intercompany transactions and, therefore, should not be eliminated.

In particular, these are chiefly relationships arising from the following types of transactions:

- revenues/receivables for the supply of administrative, ICT, corporate, tax and HR management services by the companies of the De'Longhi Group, which will remain within the De'Longhi Group Post Demerger, to the companies that will come under the De'Longhi Clima Group;
- revenues/receivables for the transfer by companies in the Household Division of finished products for fixed air conditioning systems and semi-processed products for heating;
- costs/payables for the purchase by some commercial subsidiaries of products for air conditioning and heating from Climaveneta S.p.A. and DL Radiators S.p.A. respectively;
- financial income/receivables related chiefly to interests receivable on cash pooling balances and recharges for centralized management of financial services and treasury services and derivative operations hedging exchange rate risk;
- intragroup balances (receivable/payable) related to the group's cash pooling agreement by De'Longhi Capital Services S.r.l. to Climaveneta S.p.A., DL Radiators S.p.A. and RC Group S.p.A.;
- receivables/payables for the group's domestic tax consolidation and payment of VAT;
- cash and cash equivalents deposited in relation to the group's cash pooling agreement;
- receivables and payables from derivatives stipulated by De'Longhi Capital Services S.r.l. with companies that will be part of the De'Longhi Clima Group.

- **Pro-forma adjustments**

The column contains the pro forma adjustments applied to the aggregate post Demerger figures of the De'Longhi Group Post Demerger, to reflect the effects of significant transactions related to the Demerger, as described below.

Recapitalization of De'Longhi Professional

On 30 June 2011 De'Longhi S.p.A. resolved and paid a capital contribution of Euro 150 million to the subsidiary De'Longhi Professional, carried out to re-balance the financial situation of the two divisions and to eliminate the financial relationships existing between the two divisions, decreasing the negative financial position of the Professional Division. After the contribution, De'Longhi Professional and its subsidiaries will discharge infragroup financial debts contracted with regard to group cash pooling.

This is a preliminary operation which is strictly functional to the Demerger; the effects of the recapitalization have been reflected in the pro forma adjustments to the data in the Income Statement and the Statement of Cash Flows, as if the transaction occurred at the beginning of the financial year 2011.

As far as the income statement and statement of cash flow are concerned, assuming that such operation took place on 1 January 2011, the related pro forma adjustment retroactively reflects greater financial obligations for the De'Longhi Group Post Demerger for Euro 1,111,000 for the first Half-year of 2011 (determined according to an average annual rate 1.48%, in line with the average rate recognised in the period on the De'Longhi Group's cash pooling balances). Furthermore, in the statement of cash flow only, the pro forma adjustment offsets the effect of the capital contribution on the cash flows of the period.

However, no pro forma adjustments have been reported for the assets and liabilities, since the recapitalization took place before the closing of the half year period.

Employee benefits

During 2008, De'Longhi S.p.A.'s general meeting approved a Phantom Stock Option Plan which entitles beneficiaries to cash payments based on the growth of the company’s ordinary share price.

For this plan De'Longhi S.p.A. prepared the Information Document, in accordance with Article 84-*bis* of the Issuers' Regulation, prepared in accordance with Annex 3A, Schedule 7 of the Issuers' Regulation, filed with Borsa Italiana and published on the Demerging Company's internet site.

The cost of such instruments and the related liabilities are reported in the appropriate De'Longhi S.p.A.. Consolidated Financial Statements, throughout the maturation period, recalculating the fair value of the options for each balance sheet date.

At 30 June 2011 the total number of exercisable options is equal to 500,000 and the relevant half-year cost for the adoption of this plan is equal to Euro 1,808,000. Since with regard to the Plan a portion of the options (200,000 in number) is under the Professional Division, with the chief executive officer of Climaveneta S.p.A. (a company that comes under the activity subject of the Demerger) as beneficiary, a pro forma adjustment is made to the De'Longhi Group Post Demerger data equal to Euro 723,000 in the Income Statement and equal to Euro 1,479,000 in the Assets and Liabilities, which reflects the reduction of payroll costs and employee benefits correlated to such quota.

It must therefore be remembered that, as described in paragraph 9 of the "*Report of the Board of Directors of De'Longhi S.p.A. on the partial and proportional Demerger of De'Longhi S.p.A. to De'Longhi Clima S.p.A.*" annexed to the Information Document, the Demerging Company's Board of Directors will adopt, with regard to the Phantom Stock Option Plan and pursuant to the authorization granted it by the Plan rules in a future meeting which will be held before stipulation of the Deed of Demerger, the minimum adjustments necessary, to allow incentive instruments to continue to achieve the purposes for which they were adopted, also in the context of the Demerger.

Income taxes

The tax effects of the above pro forma adjustments have been calculated, where applicable, using notional tax rates applicable at 30 June 2011.

For the purposes of the Pro Forma Consolidated Financial Statements of the De'Longhi Group Post Demerger, the Italian subsidiaries to be transferred to the group headed by the Beneficiary Company have been removed from the De'Longhi Group's domestic tax consolidation (with effect from 1 January 2011), and a new theoretical domestic tax consolidation has been established with the Beneficiary Company as the parent. Based on current circumstances, it is expected that, the recoverable amount of deferred tax assets, net of deferred tax liabilities resulting after the relevant amounts are allocated to the De'Longhi Clima Group, will remain unchanged as a result of the Demerger and in the event of a new domestic tax consolidation.

Other effects arising from the Demerger

- The pro forma adjustments do not include Demerger-related expenses as these are not recurrent and not yet completely defined.
- Possible benefits deriving from the reduction of the Demerging Company's activity at corporate level have not been subjected to pro forma adjustments, since they are not yet quantifiable and in any case are not considered material.
- All transfers of goods and services between De'Longhi Group companies are already subject to contractual agreements stipulated at standard market conditions. Therefore the Demerger is not expected to produce any significant effects attributable to changes in the conduct and settlement of transactions between Group companies and, consequently, no such effects are reflected in the pro forma adjustments.

4.4 PRO FORMA CONSOLIDATED PER SHARE DATA AT 30 JUNE 2011

4.4.1 Historic and pro forma data per share in the Demerging Company and the Group and the Group of which it is parent

The historic data of the De'Longhi Group at 30 June 2011 and the pro forma data per share of the De'Longhi Group Post Demerger at 30 June 2011 are shown below.

It must be remembered that at 30 June 2011 De'Longhi S.p.A.'s share capital, fully paid-in, is represented by n° 149,500,000 ordinary shares and the company does not possess its own shares in its portfolio.

	Consolidated historic data (Consolidated financial statement of the De'Longhi Group at 30 June 2011)	**Pro forma data for the Demerging Company** (Pro forma data for Post Demerger De'Longhi Group at 30 June 2011)
Ordinary shares issued at year end	149,500,000	149,500,000
Weighted average of the ordinary shares outstanding for the period	149,500,000	149,500,000
Per share data (in Euro)		
Net earnings per share	€ 0.23	€ 0.20
Net equity per share	€ 5.03	€ 3.20
Cash flow per share (in terms of cash and cash equivalents)	€ 0.04	€ 0.42
Cash flow per share - in terms of cash/(net debt)	- € 0.05	- € 0.01

4.4.2 Comment on significant differences between pro forma and historic per share data

• Net earnings per share

This per share indicator is calculated based on the net result for parent company shareholders. The exclusion of the net result of the Group subject to Demerger and the effects of the pro forma adjustments described above have resulted in a pro forma net result per share for the Demerging Company which is substantially in line with the historic consolidated data.

● Net equity per share

This per share indicator is calculated based on the ratio between net equity and the number of shares.

The pro forma per share figure for the Demerging Company is lower than the historic consolidated data due to the allocation of a portion of equity to the group belonging to the Beneficiary Company and due to the pro forma adjustments already described above.

• Cash flow per share

This per share indicator is calculated based on the ratio between the cash flow for the financial period, both in terms of cash and cash equivalents as well as cash/(net debt), and the number of shares.

4.5 REPORT BY THE INDEPENDENT AUDITORS ON THE PRO FORMA FINANCIAL INFORMATION

4.5.1 Report by the Independent Auditors on the pro forma consolidated financial information at 31 December 2010

The report by the independent auditors on the Pro forma Consolidated Financial Information of De'Longhi Group Post Demerger (income statement, statements of comprehensive income, financial position and cash flows) at 31 December 2010 is attached to this Information Document.

4.5.2 Report by the Independent Auditors on the pro forma consolidated financial information at 30 June 2011

The report by the independent auditors on the Pro forma Consolidated Financial Information of De'Longhi Group Post Demerger (income statements, statements of comprehensive income, financial position and cash flows) at 30 June 2011 is attached to this Information Document.

CHAPTER V - DESCRIPTION OF THE BENEFICIARY COMPANY

5.1 DESCRIPTION OF THE ACTIVITIES OF THE BENEFICIARY COMPANY

Pursuant to the Demerger, on 1 January 2012, the Beneficiary Company will receive De'Longhi S.p.A.'s 100% shareholding in DL Professional.

It will therefore have the role of parent company of the De'Longhi Clima Group, whose activity is concentrated in the manufacture and sale of machinery for climate control systems and refrigeration and radiators.

The following is a description of the Group's activities in this sector.

De'Longhi Clima Group's pro forma net revenues in 2010 are equal to 352.6 million Euros, and are shared among the following segments:

(amounts in thousands of Euro)	**Pro forma data for De'Longhi Clima Group at 31 December 2010**	**% on pro forma net revenues of De'Longhi Clima Group at 31 December 2010**
Machines for climate control and refrigeration	251.7	71
Radiators	101.5	29
Transactions between business lines	(0.6)	0
Pro forma net revenues at 31 December 2010	**352.6**	**100**

For the presentation of further pro forma financial information concerning the De'Longhi Clima Group see Chapter VI of this Information Document below.

The De'Longhi Group entered the market of machinery for heating, air climatization and refrigeration with the purchase, in 2000, of Climaveneta and DL Radiators by the Group's shareholder.

Subsequently, the Professional Division continued to grow internally, through the innovation and progressive extension of the range of products and also through the acquisition of other companies operating in the core markets.

In 2004 the air handling centres were born for the "Wizard" series and the range of chillers was extended. The year later, the "Idrorelax" hydronic system was designed and the range of heat pumps was extended. In the following years new product lines were launched including: TECS (liquid chillers fitted with high efficiency magnetic centrifugal compressors), PRANA (new generation heat pumps for small and medium sized applications), I.FOCS (chillers with complete inverter management). Growth continued making the Professional Division a leader at European level in the market for chillers and heat pumps.

In 2006 the De'Longhi Group invested yet further in the Professional Division through the purchase of RC Group S.p.A., which brought highly specialized and market-recognized know-how in high precision air conditioning for data centres and technological environments.

Today the companies under the Professional Division represent a reality recognized at European level which bases its own identity on the development of innovative solutions that better meet client requirements, through distinctive technological know-how, a high level of service and a strong entrepreneurial ethic. The good results which, despite the crisis which has affected the sector, have been achieved during 2010 and in the first half of 2011, prove the solid position attained by the companies of the Professional Division, which continue to invest to support future growth, also in emerging markets (China and India) through joint ventures with local partners for the production and salesof their products.

A) Products and Brands

The range of products under the Professional Division cover:

- the principal segments of centralized air conditioning systems (chillers and heat pumps, air handling units and terminals);
- the packaged air conditioning systems dedicated chiefly to commercial or industrial use (rooftop air conditioning units), for average commercial areas (horizontal and vertical) and for ICT (autonomous thermo-cooling systems with high precision control);
- radiators for centralized systems (plate and tubular radiators as well as bathroom radiators), electrical radiators (for fixed installation).

Below is a description of the aforementioned products arranged by type.

CENTRALIZED AIR CONDITIONING SYSTEMS

● Chillers and heat pumps

Chillers and heat pumps are historic products of the Professional Division and today they still constitute a key segment. Both are based on the concept of the movement of heat from one room to another: heat is taken from the room to be cooled (summer climatization) or heat is provided in the room to be heated (winter climatization). The external environment receives heat from the area being cooled in the summer and it releases heat to the area to be heated in the winter. The whole system includes, in addition to chillers or heat pumps, terminal units stationed inside the areas to be climatized and air handling units. For heat exchange with the outside, the air in the atmosphere or underground, river, lake or sea water can be used.

Chillers are also utilized in temperature control in industrial processes, where also heat pumps are starting to be employed for those processes that require the supply of heat.

The Professional Division offers, through the brands Climaveneta and RC Group, chillers (from 5 KW to 1.5 MW) and air and water heat pumps (from 5 KW to 800 KW) and chillers with remote condensation.

● Air Handling Units

Air Handling Units (AHU) are the machines that work on filtering, ventilating, temperature renewal and control and air humidity. They are employed to guarantee comfort and hygienic conditions (filtering and renewal) in residential, commercial services and hospital buildings as well as industrial buildings where the control of the ambient conditions in which the process takes place is important or critical. AHUs are powered by chillers and heat pumps which provide the energy required to heat or cool the air in order to introduce it in the rooms at the correct temperature.

The Wizard range of AHUs under the Climaveneta brand include large capacity units (1,500 m^3/h).

● Terminal units

These are terminal units for a centralized hydronic air climatization system (air conditioning and heating) and they are stationed in the different areas to be climatized. The range of terminal units under the Climaveneta and RC Group brands include fan coils, ceiling mounted terminals ("cassette type"), canalized hydronic terminals.

PACKAGED AIR CONDITIONING SYSTEMS

● *Rooftop*

As indicated by the name, these are systems conceived for positioning on the roofs of the buildings to be climatized. These are monoblock air conditioning units which, in addition to transferring thermal energy from the source outside the premises to be climatized, also perform the function of air handling and ventilation (for this reason they are called "packaged"). The rooftop systems are utilized chiefly for the climatization of large areas (supermarkets, shopping centres, industrial complexes, etc), but also specific versions are used for premises with varied crowd levels and highly variable thermal loads (multiscreen cinemas etc).

The Professional Division offers a complete range of rooftop systems with the Climaveneta and RC Group brands: just cold units, reversible units and heat recovery units.

● Close Control or High Precision Air Conditioning (HPAC)

These are specialized units for controlling temperature and humidity in a particularly precise manner in data centres and premises with telecommunication equipment - including mobile - (ICT sector), where a high degree of reliability is required as well as careful attention to energy consumption.

RC Group and Climaveneta have broad ranges for this sector in which specific hydronic systems, which use high precision terminals and specific chillers (free cooling technology), also find application.

RADIATORS

Radiators are the classic terminal devices for heating systems which use the hot liquid (water) which circulates within them, heated by a boiler or other heat pump, to heat the environment requiring heating.

The Professional Division covers the radiator sector with the brands De'Longhi Radiators, RADEL and Sile. The range includes various types of radiators and is composed of plate (also linear design), lamellar, multi column or tubular radiators, bathroom radiators or heated towel rails (both braze-welded and the more sophisticated projection welded).

In addition to the classic water-filled radiators for autonomous and central heating systems, the range also includes steel and aluminium electrical radiators. The latter are distributed chiefly through the DIY channel, considering the easy installation that characterizes them.

To complete the product ranges described, the Professional Division offers maintenance and after-sales services, including spare parts.

B) Characteristics and dynamics of core markets

Demand for air climatization machinery is linked partly to the realization of new buildings and partly to the market of substituting already installed systems. Indeed, these machines are subject to wear and tear. Regulations and the existence of incentives for the adoption of energy-saving systems can have a significant impact on accelerating substitution, particularly with regard to boilers with heat pumps.

The 2010 season saw the progressive recovery of the sector after the drastic contraction which occurred in 2008 and 2009 at international level, spurred by the weak picking up of the construction sector and with a greater predisposition to spend on comfort and invest in systems that are energy efficient.

The various geographical markets have very variable weights of the different product segments, and the weight of sales for substitution is also variable compared to that of the sales of new equipment. China has become the most important market for centralized air conditioning systems (approximately 19% of the world market in terms of value), while in Europe the most important countries are Germany, Italy and France (with estimated weights between 3% and 6%), the United Kingdom and Spain (source: BRG Consult - BSRIA). Chillers, AHUs and terminal units, have already shown a recovery between 2009 and 2010, and consolidation is expected in 2011 and future years (source: BSRIA). Greater development is expected in Russia and in new markets such as the Ukraine. Significant growth is expected also in India; however it currently does not have significant weight on the world market in terms of absolute value.

De'Longhi Clima Group's main competitors in this segment at European level are: Carrier, Daikin McQuay, Trane, JCI-York, Lennox, Aermec, Clivet and Ciat Group.

Heat pumps are finding increasing applications in the residential sector as an alternative to boilers, since *(i)* they have lower running costs; *(ii)* are classified by the EU as devices using renewable sources, and *(iii)* contribute to reducing CO_2 emissions and energy consumption. Contributing to the EU's so-called "20 20 20" Strategy for environmental sustainability (which envisages all EU countries meeting at least 20% of their energy needs from renewable sources by 2020); heat pumps have been and will continue to be the subject of incentives in different countries. France is the most important market together with Scandinavia, Switzerland and Germany. In this segment the most important competitors are also NIBE and Mitsubishi.

A more modest but constant growth is expected for rooftop systems therefore, among the countries served by the companies of the De'Longhi Group under the Professional Division, Italy remains the main market outlet, but with penetration levels that are still a long way from those of the United States.

The same is true for high precision control air conditioning units; the evolution for these machines is strongly linked to the development of internet and telecommunications and therefore India and China are the markets of significant size and with greater prospects for growth.

In Packaged Air Conditioning systems the most important players the Group competes with are those for centralized air conditioning systems, in addition to several specialized players such as Emerson, Uniflair and Stulz (companies focused on "close control"), ETT and Thereco (a company focused on rooftop systems, a segment in which AAON is an important player also in the United States).

The radiator market has very different characteristics between the various European countries: the aluminium radiators have important weight in Italy, Russia and Spain, while in Germany, the UK, Poland and Turkey steel radiators are prevalent; cast iron radiators hold a decreasing market share with important shares only in Russia (approximately 25% of the market). A strong growth can be seen, however, in bathroom radiators and steel tubular radiators (both strategic products for the Group that has invested a lot in technology and the development of innovative products and processes.

France is characterized by the strong penetration of electrical radiators (which represent around 60% of the market) also for the lower cost of electricity.

The radiator market experienced continuous growth between 2000 and 2007 in all European markets. Between 2007 and 2008 the growth trend for this market suffered a contraction and then a considerable reduction in the following two-year period as a consequence of the economic crisis. Growth is expected to recover only from 2013/2014, while market projections (BRG Consulting) show substantial stagnation for 2011 and 2012.

The competitors for the radiator segment are Rettig, Zehnder, AFG (Arbonia Foster Group), Stelrad (ISG Group), Vaessen Industries, IRSAP and Fondital.

C) Production, distribution and logistics

The Professional Division sells internally designed products which are manufactured in its own plants, with limited marketing of complementary products.

This Division has 11 production plants located in Italy, China and Spain. The Chinese and Spanish plants serve the local and neighbouring markets to optimise logistics and customer service (while production for the remaining markets takes place in the Italian plants).

The production sites are specialized by product line, also in order to optimise their productive efficiency.

In the plants dedicated to chillers and heat pumps, AHUs, packaged systems and terminals, production is carried out of some specific key components as well as the assembly and inspection of the final products. Climaveneta and RC Group have their own excellently equipped laboratories for chillers, heat pumps, packaged systems and terminals, where they can also test high-powered machines by simulating different environmental conditions and use.

For steel radiators, production starts from the raw material (coils or tubes, depending on the type) which is cut, moulded and welded to arrive at the finished product including the full inspection, including testing, painting, assembly and packaging. Aluminium electrical radiators are assembled, inspected, finished and packaged, using supplies of aluminium cast elements from specialized producers.

The production sites are situated in Italy (eight), Spain (one) and China (two) and are listed below along with the organizational data as of 30.06.2011.

- *PIEVE D'ALPAGO (BL) – Climaveneta*: own plant, ISO 14001 certification with a production area equal to 25,000 sq m; it is dedicated to the production of chillers from 200 to 1,700 KW, chillers with free-cooling up to 1,250 KW, air and water heat pumps up to 2,400 KW, reversible and multipurpose units, rooftop tube evaporators up to 500 KW and has a staff of 208 employees;

- *BASSANO DEL GRAPPA (VI) – Climaveneta*: own plant, ISO 14001 certification with a production area equal to 12,500 sq m; it is dedicated to the production of chillers, chillers with free-cooling and medium power reversible units and has a staff of 233 employees;

- *MIGNAGOLA (TV) – Climaveneta*: rented plant, ISO 14001 certification with a production area and warehouse for a total of 10,000 sq m; it is dedicated to the production of chillers and heat pumps up to 150 KW, terminal units, close control units and units for mobile telephones and it has a staff of 123 employees;

- *PIEVE D'ALPAGO (BL) – Climaveneta*: own plant, ISO 14001 certification with a production area equal to 7,000 sq m; it is dedicated to the production of air handling units and training centre and it has a staff of 9 employees;

- *VALLE SALIMBENE (PV) – RC Group*: own plant, with a production area equal to 11,100 sq m; it is dedicated to the production of chillers and heat pumps and has a staff of 140 employees;

- *SHANGHAI (CHINA) – Climaveneta*: leasehold plant (*joint venture*) with a production area equal to 15,000 sq m; it is dedicated to the production of chillers and air heat pumps (40-1,700 KW) and water heat pumps (10-3,070 KW) as well as tube evaporators and has a staff of 217 employees (considered at 50%);

- *ZECCONE (PV) – RC Group*: own plant, with a production area equal to 4,500 sq m; it is dedicated to the production of high precision air cooling systems for ICT and has a staff of 65 employees;

- *FOSHAN (CHINA) – RC Group*: rented plant with a production area equal to 3,000 sq m; it is dedicated to the production of machines for air conditioning units for the Far East and has a staff of 23 employees;

- *PARETS DEL VALLES, BARCELLONA (ESP) – Climaveneta*: own plant, with a production area equal to 2,500 sq m; it is dedicated to the production of rooftop and horizontal and vertical packaged cooling systems and has a staff of 32 employees;

- *FOSSALTA DI PIAVE (VE) – DL Radiators*: own plant, with a production area equal to 11,700 sq m; it is dedicated to the production of water-filled and electrical bathroom radiators and has a staff of 139 employees;

- *MOIMACCO (UD) – DL Radiators*: own plant, ISO 14001 certification with a production area equal to 65,000 sq m; it is dedicated to the production and warehousing of stainless steel plate, multi column, lamellar and electrical aluminium radiators and has a staff of 366 employees.

The main companies in the Group, which following the Demerger will become part of the De'Longhi Clima Group have ISO 9001 certification and also numerous other certifications, standards and quality certificates for their products, valid in Europe and China as well as in other countries (such as, for example, Australia).

The distribution of machinery for air climatization by the Group companies operating under the Professional Division took place mainly through the sale to order to installers (the so-called 'short channel') and, to a limited extent, through thermotechnical wholesalers (the so-called 'long channel'). Assistance activities also include maintenance agreements including remote control activities.

For radiators, distribution occurs chiefly through the sale to thermotechnical wholesalers and, to a limited extent, to several products and markets through the DIY channel.

The sales of the Professional Division's products cover an important aspect: promotion with engineering firms, users, property developers, general and main contractors.

In Italy, distribution of the Professional Division's products is managed via a network of agents and direct sellers.

In important countries such as France, Germany, Spain, Poland and, after 2011, the United Kingdom, offices are in operation which deal with all the activities aimed at marketing the products with installers and wholesalers (from promotion to sale) as well as the assistance for users. Marketing and client assistance in China and India are managed by companies in partnership with local operators: in China there are numerous sales and assistance offices (under joint ventures). At the beginning of 2011, an office was established in Bangalore, India originating from the partnership of Climaveneta with TFA (Indian company with experience in the distribution of refrigeration groups and service in the local market). Currently, there are already three offices in Indian Territory for sales and service, and the opening of other offices and a production plant is expected.

Where the Group does not have its own office, market protection is ensured by the Group companies operating in the Professional Division via local distributors and, in some cases, via agents, through which the Group manages to serve and assure assistance in over 100 countries in the world, distributed across 4 continents (Europe, Latin America, Africa and Asia). This structure allows the Group to serve clients from different sectors chiefly through medium and large-scale projects:

- the Group's machinery is used in residential buildings (e.g. the Montevetro residential development in London); airports (e.g. Lisbon airport); office buildings (e.g. The Willis Building in London); fairs (e.g. the Italian Pavilion at Expo Shanghai 2010); theatres (e.g. Real Teatro di San Carlo in Naples); hotels (e.g. The Vine Hotel in Madeira, Portugal); sports centres (e.g. Centro Vele et Vents in Valencia, Spain); shops (e.g. IKEA in Rimini, Italy); multiscreen cinemas (e.g. Cinestar in Como, Italy); hospitals and clinics (e.g. Rehab Center in Dubai); universities (e.g. The Stellenbosch in South Africa); museums (e.g. The Triennale in Milan).

- the Group companies operating in the Professional Division also serve, with segments of its own products for the residential business (electrical radiators in particular), several of the main DIY chains in Europe, such as Leroy Merlin.

D) Product innovation

Group companies that operate in the Professional Division perform research, development and engineering activities for their own products within their own organizations and have always made innovation one of the fundamental values of their identity. For DL Professional innovation means above all developing products with a distinctive design and finding new solutions to reduce energy consumption and sound pollution, increasing reliability, in the continuous search to combine a better comfort to lower environmental impact with lower running costs. Some machines and systems developed by the Professional Division have marked the evolutionary progress of heating and air conditioning technology, also anticipating solutions which are very widespread today. Climaveneta has patented the technology aimed at increasing the energy efficiency of 'free cooling' chillers (which excludes the functioning of compressors when the outside air arrives at a useful temperature to freely cool the air). RC Group and Climaveneta have also been pioneers in the adoption of compressors with magnetic and oil free technology and in high efficiency multipurpose machines for 4-tube advanced centralized systems (the INTEGRA line in particular).

Another system patented by one of the companies which, following the Demerger, will be part of the De'Longhi Clima Group, is a defrosting system which, thanks to software, recognizes the presence of ice on the batteries in heat pump systems guaranteeing defrosting cycles limited to the true functioning conditions.

Group companies operating in the Professional Division have also adhered to the 'Eurovent' certification mark for groups of water chillers and heat pumps. Eurovent Certification is an internationally recognized independent company certifying performance, similar to the US AHRI, where member producers voluntarily submit their products which are tested by approved independent laboratories using tests pursuant to European and international rules.

* * *

The information concerning the market position in specific sectors contained in this chapter have been drawn from a series of official, unofficial and internal sources that the Demerging Company considers reliable, including: WWAC *World Overview* 2010 Edition - BSRIA, *The European heating product markets* (2011 Update) - BRG Consult.

CHAPTER VI - PRO FORMA CONSOLIDATED FINANCIAL DATA FOR THE BENEFICIARY COMPANY

This chapter contains a presentation of the pro forma consolidated income statement, statement of comprehensive income, statement of financial position and cash flows of the De'Longhi Clima Group for the year ended 31 December 2010 and for the half-year ended 30 June 2011 (hereafter the "**Pro forma Consolidated Financial Information of the De'Longhi Clima Group**") and several notes commenting on said information.

The Pro Forma Consolidated Financial Information for the De'Longhi Clima Group has been prepared in accordance with Consob Communication DEM/1052803 of 5 July 2001 to illustrate, retroactively, the theoretical effects of the Demerger on the historic data presented previously by the De'Longhi Group. More specifically, the purpose of the pro forma data is to illustrate the effects of the Demerger as if it had taken place, in relation to the effects on the assets and liabilities, on 31 December 2010 and 30 June 2011 respectively and, in relation to the effects on profit and loss and cash flows, on 1 January 2010 (for the pro forma 2010) and 1 January 2011 (for the pro forma 1st half year 2011) respectively.

The Demerger will be based on the book values reported in De'Longhi S.p.A.'s financial statements at 30 June 2011, as approved by the Board of Directors on 21 July 2011.

It should be noted that owing to the Demerger, the Beneficiary Company will be allocated the shareholding in DL Professional, as better described in Chapter II, Section 2.2, point 2.2.1 of this Information Document, which is the head of the Professional Division.

Subsequent to the Demerger, the Demerging Company will retain its shareholdings in the companies under the Household Division and the Corporate Division which include:

- De'Longhi Appliances S.r.l., the main Italian operating company of the division, which carries out production and salesand in turn controls the principal subsidiaries in Europe (Germany, France, Spain, etc) and in North America;

- De'Longhi Household S.A., a sub-parent company of the division which controls, either directly or indirectly, the companies that carry out production or sourcing activities in Hong Kong/China, the commercial subsidiaries of the APA area (Asia-Pacific-Americas), Kenwood Group and other European commercial subsidiaries. The company also performs services of a financial nature and management of other activities for the De'Longhi Group;

- the companies currently identified in the Corporate Division of the De'Longhi Group, namely De'Longhi Capital Services S.r.l., which performs activities of centralized management of financial services and derivative operations hedging exchange rate risk for the group, and E-Services S.r.l., subsidiary that performs ICT services for companies in the De'Longhi Group and third party clients.

The purpose of the pro forma consolidated data, the underlying assumptions for their preparation and the pro forma adjustments made are described analytically in points 6.1.5 and 6.3.5 below.

For a correct interpretation of the pro forma consolidated data provided, the following should be taken into account:

(i) as the pro forma figures are based on assumptions, they are not necessarily representative of the historic figures that would have resulted had the Demerger taken place on the reference dates used rather than on the effective date;

(ii) the pro forma adjustments represent the most significant direct impacts of the Demerger on the financial statements;

(iii) the pro forma figures are not forward looking and should not in any way be considered a forecast of the future earnings performance or financial position of the De'Longhi Clima Group;

(iv) given that the purpose of the pro forma consolidated information is different than that for the historic information contained in the annual report and given the different calculation methods used for the pro forma adjustments to the Consolidated Financial Statements of De'Longhi Group, the pro forma statement of financial position should be read and interpreted separately from the pro forma income statement, statements of comprehensive income and cash flows, without attempting to reconcile assets and liabilities with components of profit and loss and cash flow.

The Pro Forma Consolidated Financial Information of the De'Longhi Clima Group presented in this Information Document has been examined by the audit firm Reconta Ernst & Young S.p.A., which issued its reports on 23 September 2011, with reference to the data at 31 December 2010 and at 30 June 2011.

6.1 PRO FORMA CONSOLIDATED INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOW AT 31 DECEMBER 2010

The Pro Forma Consolidated Financial Information for the De'Longhi Clima Group at 31 December 2010 is based on the De'Longhi Group Consolidated Financial Statements at 31 December 2010, prepared in accordance with the IFRS and audited by Reconta Ernst & Young S.p.A., which issued its opinion on 21 March 2011.

The pro forma statements contain:

- historic data taken from De'Longhi Group's Consolidated Financial Statements at 31 December 2010;
- the effects on De'Longhi Group's Consolidated Financial Statements of deconsolidation of the activities transferred remaining under the Demerging Company following the Demerger;

- the effects of reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of the De'Longhi Clima Group and companies of the De'Longhi Group Post Demerger;
- pro forma adjustments to the aggregate post-demerger figures to reflect the effects of significant transactions related to the Demerger;
- the pro forma consolidated figures of the De'Longhi Clima Group.

Unless otherwise indicated, figures are stated in thousands of euro.

6.1.1 De'Longhi Clima Group – Pro forma Consolidated Income Statement 2010

(amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated income statement for Beneficiary Company (F=D+E)
Revenues from sales and services	1.600.338	(1.256.294)	729	344.773		344.773
Other revenues	25.546	(18.133)	428	7.841		7.841
Total consolidated revenues	***1.625.884***	***(1.274.427)***	***1.157***	***352.614***	**-**	***352.614***
Raw and ancillary materials, consumables and goods	(790.373)	605.738	(3.178)	(187.813)		(187.813)
Change in inventories of finished products and work in progress	20.643	(20.083)	-	560		560
Change in inventories of raw and ancillary materials, consumables and goods	(4.011)	(1.428)	-	(5.439)		(5.439)
Materials consumed	***(773.741)***	***584.227***	***(3.178)***	***(192.692)***	**-**	***(192.692)***
Payroll costs	(203.493)	142.113	-	(61.380)	(756)	(62.136)
Services and other operating expenses	(421.652)	360.931	(3.800)	(64.521)		(64.521)
Provisions	(33.892)	27.793	-	(6.099)		(6.099)
Amortization, depreciation and impairment	(45.459)	29.656	-	(15.803)		(15.803)
EBIT	**147.647**	**(129.707)**	**(5.821)**	**12.119**	**(756)**	**11.363**
Financial income (expenses)	(36.090)	31.811	(1.866)	(6.145)	1.597	(4.548)
PROFIT (LOSS) BEFORE TAXES	**111.557**	**(97.896)**	**(7.687)**	**5.974**	**841**	**6.815**
Income taxes	(36.456)	31.287	-	(5.169)	(231)	(5.400)
PROFIT (LOSS) AFTER TAXES	**75.101**	**(66.609)**	**(7.687)**	**805**	**610**	**1.415**
Profit (loss) pertaining to minority interests	186	(187)	-	(1)		(1)
PROFIT (LOSS) PERTAINING TO THE GROUP	**74.915**	**(66.422)**	**(7.687)**	**806**	**610**	**1.416**
EBITDA	**193.106**	**(159.363)**	**(5.821)**	**27.922**	**(756)**	**27.166**
Non-recurring income/(expenses)	(5.982)	2.950	-	(3.032)	-	(3.032)
EBITDA before non-recurring income/(expenses)	**199.088**	**(162.313)**	**(5.821)**	**30.954**	**(756)**	**30.198**

6.1.2 De'Longhi Clima Group - Pro forma Consolidated Statement of Comprehensive Income 2010

(amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of comprehensive income for Beneficiary Company (F=D+E)
Profit (loss) after taxes	75.101	(66.609)	(7.687)	805	610	1.415
Other components of comprehensive income						
Change in fair value of cash flow hedges	(7.040)	7.188	0	148		148
Tax effect of change in fair value of cash flow hedges	1.920	(1.960)	0	(40)		(40)
Differences from translating foreign companies' financial statements into Euro	14.239	(13.529)	0	710		710
Total comprehensive income (loss)	**84.220**	**(74.910)**	**(7.687)**	**1.623**	**610**	**2.233**
Total comprehensive income attributable to:						
Owners of the parent	84.036	(74.724)	(7.687)	1.625	610	2.235
Minority interests	184	(186)		(2)		(2)

6.1.3 De'Longhi Clima Group - Pro forma Consolidated Statement of Financial position at 31 December 2010

ASSETS (amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of financial position for Beneficiary Company (F=D+E)
NON-CURRENT ASSETS						
INTANGIBLE ASSETS	408.615	(179.599)	-	229.016	-	229.016
- Goodwill	228.042	(41.591)	-	186.451		186.451
- Other intangible assets	180.573	(138.008)	-	42.565		42.565
PROPERTY, PLANT AND EQUIPMENT	186.431	(91.828)	-	94.603	-	94.603
- Land, property, plant and machinery	133.493	(43.922)	-	89.571		89.571
- Other tangible assets	52.938	(47.906)	-	5.032		5.032
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	2.309	(2.107)	-	202	-	202
- Equity investments (in associated companies)	-	-	-	-		-
- Equity investments (in other companies)	671	(667)	-	4		4
- Receivables	1.512	(1.314)	-	198		198
- Other non-current financial assets	126	(126)	-	-		-
DEFERRED TAX ASSETS	33.471	(32.125)	-	1.346	208	1.554
TOTAL NON-CURRENT ASSETS	630.826	(305.659)	-	325.167	208	325.375
CURRENT ASSETS						
INVENTORIES	288.012	(238.690)	-	49.322		49.322
TRADE RECEIVABLES	387.937	(285.312)	1.276	103.901		103.901
CURRENT TAX ASSETS	13.686	(12.120)	-	1.566		1.566
OTHER RECEIVABLES	14.996	(9.652)	4.623	9.967		9.967
CURRENT FINANCIAL RECEIVABLES AND ASSETS	12.221	(6.439)	6.129	11.911		11.911
CASH AND CASH EQUIVALENTS	193.515	(180.244)	-	13.271		13.271
TOTAL CURRENT ASSETS	910.367	(732.457)	12.028	189.938	-	189.938
TOTAL ASSETS	**1.541.193**	**(1.038.116)**	**12.028**	**515.105**	**208**	**515.313**

NET EQUITY AND LIABILITIES (amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of financial position for Beneficiary Company (F=D+E)
NET EQUITY						
GROUP PORTION OF NET EQUITY	758.921	(623.524)	(13.449)	121.948	149.452	271.400
MINORITY INTERESTS	1.651	(1.714)	-	(63)	-	(63)
TOTAL NET EQUITY	760.572	(625.238)	(13.449)	121.885	149.452	271.337
NON-CURRENT LIABILITIES						
FINANCIAL PAYABLES	107.934	(59.717)	-	48.217	-	48.217
- Bank loans and borrowings (long-term portion)	89.416	(55.135)	-	34.281		34.281
- Other financial payables (long-term portion)	18.518	(4.582)	-	13.936		13.936
DEFERRED TAX LIABILITIES	19.393	(3.070)	-	16.323		16.323
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	72.787	(57.756)	-	15.031	756	15.787
- Employee benefits	25.907	(19.440)	-	6.467	756	7.223
- Other provisions	46.880	(38.316)	-	8.564		8.564
TOTAL NON-CURRENT LIABILITIES	200.114	(120.543)	-	79.571	756	80.327
CURRENT LIABILITIES						
TRADE PAYABLES	374.184	(282.389)	6.264	98.059		98.059
FINANCIAL PAYABLES	102.755	(5.245)	91.120	188.630	(150.000)	38.630
- Bank loans and borrowings (short-term portion)	81.353	13.345	-	94.698	(68.570)	26.128
- Other financial payables (short-term portion)	21.402	(18.590)	91.120	93.932	(81.430)	12.502
CURRENT TAX LIABILITIES	44.659	(40.677)	-	3.982		3.982
OTHER PAYABLES	58.909	(42.074)	6.143	22.978		22.978
TOTAL CURRENT LIABILITIES	580.507	(370.385)	103.527	313.649	(150.000)	163.649
TOTAL NET EQUITY AND LIABILITIES	**1.541.193**	**(1.116.166)**	**90.078**	**515.105**	**208**	**515.313**
CASH/ (NET DEBT)	**(4.709)**	**(121.965)**	**(84.991)**	**(211.665)**	**150.000**	**(61.665)**
of which:						
- Cash and other financial assets	205.980	(186.927)	6.129	25.182		25.182
- Current financial debt	(102.755)	5.245	(91.120)	(188.630)	150.000	(38.630)
- Non-current financial debt	(107.934)	59.717	-	(48.217)		(48.217)

6.1.4 De'Longhi Clima Group - Pro forma Consolidated Statement of Cash Flow at 31 December 2010

(amounts in thousands of Euro)	Consolidated financial statement at 31 Dec. 2010 (A)	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of cash flow for Beneficiary Company (F=D+E)
Profit (loss) pertaining to the group	74.915	(66.422)	(7.687)	806	610	1.416
Income taxes for the period	36.456	(31.287)	-	5.169	231	5.400
Amortization, depreciation and impairment	45.459	(29.656)	-	15.803		15.803
Net change in provisions	11.140	(9.927)	-	1.213	756	1.969
Cash flow generated (absorbed) by current operations (A)	**167.970**	**(137.292)**	**(7.687)**	**22.991**	**1.597**	**24.588**
Change in assets and liabilities for the period:						
Trade receivables	(18.593)	10.260	(372)	(8.705)		(8.705)
Inventories	(16.570)	21.514	-	4.944		4.944
Trade payables	58.883	(45.154)	1.408	15.137		15.137
Other current assets and liabilities	10.401	(14.178)	1.296	(2.481)		(2.481)
Payment of income taxes	(24.632)	22.536	-	(2.096)		(2.096)
Cash flow generated (absorbed) by movements in working capital (B)	**9.489**	**(5.022)**	**2.332**	**6.799**	**-**	**6.799**
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)	**177.459**	**(142.314)**	**(5.355)**	**29.790**	**1.597**	**31.387**
Investment activities:						
Investments in intangible assets	(13.458)	9.944	-	(3.514)		(3.514)
Other cash flows for intangible assets	(2.157)	7	-	(2.150)		(2.150)
Investments in property, plant and equipment	(33.186)	26.572	-	(6.614)		(6.614)
Other cash flows for property, plant and equipment	2.819	(1.302)	-	1.517		1.517
Net investments in equity investments and other financial assets	587	(625)	-	(38)		(38)
Cash flow generated (absorbed) by ordinary investment activities (C)	**(45.395)**	**34.596**	**-**	**(10.799)**	**-**	**(10.799)**
Changes in consolidation area	-	1.588	-	1.588		1.588
Non-recurring cash flow (D)	**-**	**1.588**	**-**	**1.588**	**-**	**1.588**
Dividends paid	(11.960)	11.960	(6.000)	(6.000)	6.000	-
Change in currency translation reserve	10.426	(10.019)	-	407		407
Increase (decrease) in minority interests in capital and reserves	(28)	24	-	(4)		(4)
New loans	67.163	(59.823)	-	7.340		7.340
Repayment of loans and other net changes in sources of finance	(128.104)	98.339	11.355	(18.410)		(18.410)
Cash flow generated (absorbed) by changes in net equity and by financing activities (E)	**(62.503)**	**40.481**	**5.355**	**(16.667)**	**6.000**	**(10.667)**
Cash flow for the period (A+B+C+D+E)	**69.561**	**(65.649)**	**(0)**	**3.912**	**7.597**	**11.509**
Opening cash and cash equivalents	**123.954**	**(114.595)**	**-**	**9.359**		**9.359**
Increase (decrease) in cash and cash equivalents (A+B+C+D+E)	69.561	(65.649)	-	3.912	7.597	11.509
Pro-forma adjustments not affecting the closing cash and cash equivalents					(7.597)	(7.597)
Closing cash and cash equivalents	**193.515**	**(180.244)**	**-**	**13.271**	**-**	**13.271**

Opening cash/ (net debt)	**(117.091)**	**(20.683)**	**(89.110)**	**(226.884)**	**150.000**	**(76.884)**
Cash flow for the period in terms of net financial position	112.382	(101.282)	4.119	15.219	7.597	22.816
Pro-forma adjustments not affecting the closing cash/ (net debt)					(7.597)	(7.597)
Closing cash/ (net debt)	**(4.709)** -	**(121.965)**	**(84.991)**	**(211.665)**	**150.000**	**(61.665)**

6.1.5 De’Longhi Clima Group - Explanatory Notes to the pro forma Consolidated Statements at 31 December 2010

The accounting principles and evaluation criteria used in the preparation of the pro forma data are the same as those applied to the De'Longhi Group Consolidated Financial Statements at 31 December 2010, to which reference is made.

In particular, as the Demerger is considered a transaction of 'business combination involving entities or businesses under common control' and, as such, it is outside the scope of application of IFRS 3 and IFRIC 17. Accordingly, assets and liabilities of De'Longhi Clima Group are stated in the Pro Forma Consolidated Financial Information at the carrying amount reported in the consolidated financial statements.

Apart from the Beneficiary Company, De'Longhi Clima S.p.A., the Demerger involves entities already included in the scope of consolidation of the De'Longhi Group at 31 December 2010. As such, there is no change between the scope of consolidation applied for the De'Longhi Group Consolidated Financial Statements at 31 December 2010 and the sum of the scopes of consolidation of the Demerging Company and the Beneficiary Company considered for the preparation of the Pro Forma Consolidated Financial Statements for the De'Longhi Clima Group.

In particular, the scope of consolidation of the Beneficiary Company is equivalent to that of the Professional Division considered for the purposes of providing information by operating segment in the consolidated financial statements at 31 December 2010. Therefore, the financial information of De'Longhi Clima Group before pro-forma adjustments, shown in the *'Total Post Demerger (D)'* columns corresponds to the data of the Professional Division, already highlighted in Note 40 (*'Operating segments'*) in the notes to the Consolidated Financial Statements at 31 December 2010.

- **Principal assumptions used in preparation of the Pro Forma Consolidated Financial Statements**

Pursuant to the Demerger, De'Longhi S.p.A. will grant a portion of its assets to the Beneficiary Company, represented in particular by the 100% shareholding held by the Demerging Company in De'Longhi Professional S.A.

Against this asset transfer, the Beneficiary Company will grant, without consideration, each De'Longhi S.p.A. shareholder an equal number of its own newly issued shares as they already hold in the Demerging Company.

The Beneficiary Company will request the authorities and competent bodies for admission to listing of its shares on the MTA; said admission to the listing is a prerequisite and essential condition for the Demerger. In addition to the applicable provisions of the Italian Civil Code, execution of the Deed of Demerger is therefore conditional upon obtaining the necessary Borsa Italiana and Consob approvals.

The reference date adopted in the preparation of the Pro Forma Consolidated Financial Statements of the De'Longhi Group Post Demerger for the simulation of the effects of deconsolidation arising from the Demerger does not therefore correspond to the actual financial year the Demerger will be completed in. At this date the Consolidated Financial Statements of the De'Longhi Group Post Demerger and of the De'Longhi Clima Group will be prepared (presumably in 2012).

As previously indicated in Section 2.2, point 2.2.1 of this Information Document, it is specified that the book value in the parent company of the asset to be transferred will remain unchanged, since any variations owing to the corporate dynamics that may occur by the effective date of the Demerger, will not entail any cash adjustments and the asset transferred will remain either a credit or a debt respectively.

To carry out the backdating of the effects of the Demerger the following basic assumptions have been adopted, also taking into account the indications contained in the Consob Communication DEM/1052803 of 5 July 2001:

- the pro forma consolidated financial statements and information have been prepared based on the Consolidated Financial Statements of the De'Longhi Group at 31 December 2010 and integrating the same with the appropriate pro forma adjustments representing the effects of the Demerger and the preliminary corporate transactions;

- the pro forma adjustments have been calculated according to the general rule under which the transactions involving assets and liabilities are assumed to have taken place at the reference date of the Demerger, while, with reference to the income statements and financial cash flows, the transactions are assumed to have taken place at the start of the period such information refers to. Therefore, the effects of transactions carried out and expected after 31 December 2010, except those related to transactions strictly connected to the Demerger, have not been considered, in observance of the rules for preparing pro forma data provided by the aforementioned Consob Communication DEM/1052803 of 5 July 2001.

- **Components of profit and loss, assets and liabilities and cash flow remaining with the De'Longhi Group Post Demerger**

The column shows the effects on the consolidated data of the deconsolidation of the financial elements related to the activity remaining with the De'Longhi Group Post Demerger. As previously described in this chapter, such elements refer to De'Longhi S.p.A. and other companies of the Group under the Household Division and Corporate Division including:

- De’Longhi Appliances S.r.l., the main Italian operating company of the division, which carries out production and salesand in turn controls the principal subsidiaries in Europe (Germany, France, Spain, etc) and in North America;

- De’Longhi Household S.A., a sub-parent company of the division which controls, either directly or indirectly, the companies that carry out production or sourcing activities in Hong Kong/China, the commercial subsidiaries of the APA area (Asia-Pacific-Americas), Kenwood Group and other European commercial subsidiaries. The company also performs services of a financial nature and management of other activities for the De'Longhi Group;

- the companies currently identified in the Corporate Division of the De'Longhi Group, namely De'Longhi Capital Services S.r.l., which performs activities of centralized management of financial services and derivative operations hedging exchange rate risk for the group, and E-Services S.r.l., subsidiary that performs ICT services for companies in the De'Longhi Group and third party clients.

- **Reinstatement of intercompany items**

The column includes the reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of the group controlled by the Demerging Company and the companies in the group controlled by the Beneficiary Company, given that subsequent to the Demerger such transactions no longer qualify as intercompany transactions and, therefore, should not be eliminated.

In particular, these are chiefly relationships arising from the following types of transactions:

- costs/payables for the supply of administrative, ICT, corporate, tax and HR management services received from companies of the De'Longhi Group, which will remain within the De'Longhi Group Post Demerger, for companies that will come under the De'Longhi Clima Group;
- costs/payables for the purchase by companies in the Household Division of finished products for fixed air conditioning systems and semi-processed products for heating;
- revenues/receivables for the sale of products for air conditioning and heating by Climaveneta S.p.A. and DL Radiators S.p.A. to some commercial subsidiaries;
- financial costs/payables related chiefly to interests payable on cash pooling balances and recharges for centralized management of financial services and treasury services and derivative operations hedging exchange rate risk;
- intragroup balances (receivable/payable) related to the group's cash pooling agreement by Climaveneta S.p.A., DL Radiators S.p.A. and RC Group S.p.A. to De'Longhi Capital Services S.r.l.;
- receivables/payables for the group's domestic tax consolidation and payment of VAT;
- financial debts contracted in relation to the group's cash pooling agreement;
- receivables and payables from derivatives stipulated by companies that will be part of the De'Longhi Clima Group with De'Longhi Capital Services S.r.l.

- **Pro-forma adjustments**

The column contains the pro forma adjustments applied to the aggregate post Demerger figures of the De'Longhi Clima Group, to reflect the effects of significant transactions related to the Demerger, as described below.

Recapitalization of De'Longhi Professional

On 30 June 2011 De'Longhi S.p.A. resolved and paid a capital contribution of Euro 150 million to the subsidiary De'Longhi Professional, carried out to re-balance the financial situation of the Household Division and Professional Division and to eliminate the financial relationships existing between the two divisions, decreasing the negative financial position of the Professional Division. After the contribution, De'Longhi Professional and its subsidiaries will discharge infragroup financial debts contracted with regard to group cash pooling.

This is a preliminary operation which is strictly functional to the Demerger; the effects of the recapitalization and the consequent variation of the financial debt in the De'Longhi Clima Group have also been reflected in the pro forma data at 31 December 2010.

As far as the De'Longhi Clima Group is concerned, a pro forma adjustment of Euro 150 million has been made to the financial data, reducing the current financial payables, which is offset by a corresponding increase in the net equity.

As far as the income statement and cash flow statement are concerned, and assuming that such operation took place on 1 January 2010, the related pro forma adjustment retroactively reflects lower financial obligations for the De'Longhi Clima Group for Euro 1,597,000 for the 2010 period (determined according to an average annual rate 1.06%, in line with the average rate recognised in the period on the De'Longhi Group's cash pooling balances).

Dividends

During the 2010 financial year, De'Longhi Professional resolved to distribute the dividends of Euro 6,000,000 to the parent companies De'Longhi S.p.A. and De'Longhi Household S.A., paid during the period.

With reference to the cash flow statement only, the pro forma adjustments reflect the reversal of the flow connected to such distribution, which would not have been realised if the Demerger took place on 1 January 2010.

Employee benefits

During 2008, De'Longhi S.p.A.'s general meeting approved a Phantom Stock Option Plan which entitles beneficiaries to cash payments based on the growth of the company's ordinary share price.

For this plan De'Longhi S.p.A. prepared the Information Document, in accordance with Article 84-*bis* of the Issuers' Regulation, prepared in accordance with Annex 3A, Schedule 7 of the Issuers' Regulation, filed with Borsa Italiana and published on the Demerging Company's internet site.

The cost of such instruments and the related liabilities are shown in the appropriate consolidated financial statements, throughout the maturation period, recalculating the fair value of the options for each balance sheet date.

At 31 December 2010 the total number of exercisable options is equal to 500,000 and the relevant cost for the adoption of this plan is equal to Euro 1,890,000. Since in the Phantom Stock Option Plan a portion of the options (200,000 in number) is under the Professional Division, with the chief executive officer of Climaveneta S.p.A. (a company that comes under the activity subject of the Demerger) as beneficiary, a pro forma adjustment is made to the De'Longhi Clima Group data equal to Euro 756,000, which reflects the higher cost of personnel and the recording of employee benefits correlated to such quota.

It must therefore be remembered that, as described in paragraph 9 of the "*Report of the Board of Directors of De'Longhi S.p.A. on the partial and proportional Demerger of De'Longhi S.p.A. to De'Longhi Clima S.p.A.*" annexed to the Information Document, the Demerging Company's Board of Directors will adopt, with regard to the Phantom Stock Option Plan and pursuant to the authorization granted it by the Plan rules in a future meeting which will be held before stipulation of the Deed of Demerger, the minimum adjustments necessary, to allow incentive instruments to continue to achieve the purposes for which they were adopted, also in the context of the Demerger.

Income taxes

The tax effects of the above pro forma adjustments have been calculated, where applicable, using notional tax rates applicable at 31 December 2010.

For the purposes of the Pro Forma Consolidated Financial Statements of the De'Longhi Clima Group, the Italian subsidiaries to be transferred to the group headed by the Beneficiary Company have been removed from the De'Longhi Group's domestic tax consolidation (with effect from 1 January 2010), and a new theoretical domestic tax consolidation has been established with the Beneficiary Company as the parent. Based on current circumstances, it is expected that, after the relevant amounts are allocated to the De'Longhi Clima Group, the recoverable amount of deferred tax assets, net of deferred tax liabilities, already recognized will remain unchanged as a result of the Demerger.

Other effects arising from the Demerger

- The pro forma adjustments do not include Demerger-related expenses as these are not recurrent and not yet completely defined.
- It is not expected that the expenses connected to the corporate activities of the new company heading the De'Longhi Clima Group will be material with respect to the values contained in the Beneficiary Company's Income Statement and, therefore, no pro forma adjustments were made.

- All transfers of goods and services between De'Longhi Group companies are already subject to contractual agreements stipulated at standard market conditions. Therefore the Demerger is not expected to produce any significant effects attributable to changes in the conduct and settlement of transactions between Group companies and, consequently, no such effects are reflected in the pro forma adjustments.

Pro forma financial performance in 2010

Operating performance of the De'Longhi Clima Group

In 2010 De'Longhi Clima Group's pro forma net revenues were equal to 352.6 million Euros.

The sales of machinery for air-conditioning systems performed well, particularly with regard to the new series of chillers and scroll compressor heat pumps and the new range of condensation-to-liquid and vapour refrigerating systems, which made up for the lower sales of the discontinued direct expansion line. It must be highlighted that revenues from heating were obtained despite continued market weakness. Sales were good both in the United Kingdom and Italy.

With regard to Group earnings, EBITDA before non-recurring expenses stabilized at Euro 30.2 million in 2010, with the margin on revenues equal to 8.6%. This performance reflects the results from the large thermo-cooling systems segment, which have more than compensated for the lower earnings from the company operating in heating, which was affected by large fluctuations in raw material costs during the second half of the year.

The pro forma EBIT, equal to Euro 11.4 million, was dependent on non-recurring expenses for Euro 3 million and the writedown of goodwill for Euro 5.6 million.

Financial expenses, equal to Euro 4.5 million, include payable interest for Euro 2.6 million and other financial expenses for Euro 1.9 million (including bank charges and recharges for the management of hedge operations).

The item "Taxes" includes IRAP (Italian Regional Business Tax) for Euro 1.9 million and income taxes for Euro 3.5 million. The tax charge margin on the profit (loss) before taxes reflects the non-deductible charges (principally the non-deductible writedown of portion of goodwill).

De'Longhi Clima Group - Consolidated Statement of Financial Position

At 31 December 2010, the non-current pro forma assets, equal to Euro 325.4 million, include Property, Plant and Equipment for Euro 94.6 million (of which Land and Property for Euro 54.4 million and Plant and Machinery for Euro 35.1 million).

De'Longhi Clima Group's net working capital at 31 December 2010 is equal to 39.7 million, with a working capital turnover of 11.3%, and includes trade receivables for Euro 103.9 million and inventories for Euro 49.3 million.

De'Longhi Clima Group's pro forma net financial debt is stabilized at Euro 61.7 million at 31 December 2010, with a positive pro forma cash flow of Euro 22.8 million.

The pro forma net debt of the De'Longhi Clima Group at 31 December 2010 is composed as follows:

(amounts in thousands of Euro)	**Pro forma data for De'Longhi Clima Group at 31 December 2010**
Cash and other current financial assets	25.2
Non-current financial debt payable to third parties	(48.2)
Current financial debt payable to third parties	(35.1)
Current financial debt payable to Group companies/Cash pooling	(3.6)
Pro forma cash/(net debt) at 31 December 2010	**(61.7)**

6.2 PRO FORMA CONSOLIDATED PER SHARE DATA AT 31 DECEMBER 2010

6.2.1 Historic and pro forma per share data of the Beneficiary Company and of the Group of which it is parent

The historic data of the De'Longhi Group at 31 December 2010 and the pro forma data per share of the De'Longhi Clima Group at 31 December 2010 are shown below.

It must be remembered that at 31 December 2010 De'Longhi S.p.A.'s share capital, fully paid-in, is represented by n° 149,500,000 ordinary shares and the company does not possess its own shares in its portfolio.

	Consolidated historic data **(Consolidated financial statement of the De'Longhi Group at 31 December 2010)**	**Pro forma data for the Beneficiary Company** **(Pro forma data for the De'Longhi Clima Group at 31 December 2010)**
Ordinary shares issued at year end	149,500,000	149,500,000
Weighted average of the ordinary shares outstanding for the period	149,500,000	149,500,000
Per share data (in Euro)		
Net earnings per share	€ 0.50	€ 0.01
Net equity per share	€ 5.09	€ 1.81
Dividend per share	€ 0.146	-
Cash flow per share (in terms of cash and cash equivalents)	€ 0.47	€ 0.08
Cash flow per share - in terms of cash/(net debt)	€ 0.75	€ 0.15

6.2.2 Comment on significant differences between pro forma and historic per share data

• Net earnings per share

This per share indicator is calculated based on the net result for parent company shareholders. The exclusion of the net result of the businesses remaining under the De'Longhi Group Post Demerger and the effects of the pro forma adjustments described above have resulted in a pro forma net result per share for the Beneficiary Company which is lower than the historic consolidated data.

• **Net equity per share**

This per share indicator is calculated based on the ratio between net equity and the number of shares.

The pro forma per share figure for the Beneficiary Company is lower than the historic consolidated data due to the portion of equity remaining with the Group of which the Demerging Company is parent and due to the pro forma adjustments already described above.

• **Cash flow per share**

This per share indicator is calculated based on the ratio between the cash flow for the financial period, both in terms of cash and cash equivalents as well as cash/(net debt), and the number of shares.

6.3 PRO FORMA CONSOLIDATED INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOW AT 30 JUNE 2011

The Pro Forma Consolidated Financial Information for De'Longhi Clima Group at 30 June 2011 is based on the De'Longhi Group Consolidated Condensed Half-year Statements at 30 June 2011, prepared in accordance with the IFRS and subject to limited audit by Reconta Ernst & Young S.p.A., which issued its opinion on 29 August 2011.

The pro forma statements contain:

- historic data taken from De'Longhi Group's Consolidated Condensed Half-Year Statements at 30 June 2011;
- the effects on De'Longhi Group's Condensed Half-Year Statements of deconsolidation of the activities transferred remaining under the Demerging Company following the Demerger;
- the effects of reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of the De'Longhi Clima Group and companies of the De'Longhi Group Post Demerger;
- pro forma adjustments to the aggregate post-demerger figures to reflect the effects of significant transactions related to the Demerger;
- the pro forma consolidated figures of the De'Longhi Clima Group.

Unless otherwise indicated, figures are stated in thousands of euro.

6.3.1 De'Longhi Clima Group - Pro forma Consolidated Income Statement - 1st half year 2011

(amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011 (A)	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated income statement for Beneficiary Company (F=D+E)
Revenues from sales and services	750.244	(576.272)	831	174.803	-	174.803
Other revenues	12.826	(9.033)	174	3.967	-	3.967
Total consolidated revenues	***763.070***	***(585.305)***	***1.005***	***178.770***	***-***	***178.770***
Raw and ancillary materials, consumables and goods	(442.787)	336.068	(1.811)	(108.530)	-	(108.530)
Change in inventories of finished products and work in progress	72.930	(62.379)	-	10.551	-	10.551
Change in inventories of raw and ancillary materials, consumables and goods	11.357	(8.029)	-	3.328	-	3.328
Materials consumed	***(358.500)***	***265.660***	***(1.811)***	***(94.651)***	***-***	***(94.651)***
Payroll costs	(111.857)	78.236	-	(33.621)	(723)	(34.344)
Services and other operating expenses	(196.181)	165.744	(1.832)	(32.269)	-	(32.269)
Provisions	(10.299)	7.653	-	(2.646)	-	(2.646)
Amortization, depreciation and impairment	(19.102)	14.153	-	(4.949)	-	(4.949)
EBIT	**67.131**	**(53.859)**	**(2.638)**	**10.634**	**(723)**	**9.911**
Financial income (expenses)	(12.367)	10.032	(827)	(3.162)	1.111	(2.051)
PROFIT (LOSS) BEFORE TAXES	**54.764**	**(43.827)**	**(3.465)**	**7.472**	**388**	**7.860**
Income taxes	(20.423)	16.739	-	(3.684)	(107)	(3.791)
PROFIT (LOSS) AFTER TAXES	**34.341**	**(27.088)**	**(3.465)**	**3.788**	**281**	**4.069**
Profit (loss) pertaining to minority interests	317	(309)	-	8	-	8
PROFIT (LOSS) PERTAINING TO THE GROUP	**34.024**	**(26.779)**	**(3.465)**	**3.780**	**281**	**4.061**
EBITDA	**86.233**	**(68.012)**	**(2.638)**	**15.583**	**(723)**	**14.860**
Non-recurring income/(expenses)	(2.502)	1.502	-	(1.000)	-	(1.000)
EBITDA before non-recurring income/(expenses)	**88.735**	**(69.514)**	**(2.638)**	**16.583**	**(723)**	**15.860**

6.3.2 De'Longhi Clima Group - Pro forma Consolidated Statement of Comprehensive Income - 1st half year 2011

(amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011 (A)	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of comprehensive income for Beneficiary Company (F=D+E)
Profit (loss) after taxes	34.341	(27.088)	(3.465)	3.788	281	4.069
Other components of comprehensive income						
Change in fair value of cash flow hedges	(10.257)	10.215	-	(42)	-	(42)
Tax effect of change in fair value of cash flow hedges	2.826	(2.814)	-	12	-	12
Differences from translating foreign companies' financial statements into Euro	(13.767)	12.860	-	(907)	-	(907)
Total comprehensive income (loss)	**13.143**	**(6.827)**	**(3.465)**	**2.851**	**281**	**3.132**
Total comprehensive income attributable to:						
Owners of the parent	12.826	(6.518)	(3.465)	2.843	281	3.124
Minority interests	317	(309)	-	8	-	8

6.3.3 De'Longhi Clima Group - Pro forma Consolidated Statement of Financial Position at 30 June 2011

ASSETS (amounts in thousands of Euro)	**Interim condensed consolidated financial statement at 30 June 2011 (A)**	**Less: items remaining with De'Longhi Group post demerger (B)**	**Reinstatement of intercompany items (C)**	**Total post-demerger (D=A+B+C)**	**Pro-forma adjustments (E)**	**Proforma consolidated statement of financial position for Beneficiary Company (F=D+E)**
NON-CURRENT ASSETS						
INTANGIBLE ASSETS	409.417	(177.936)	-	231.481	-	231.481
- Goodwill	230.518	(41.590)	-	188.928		188.928
- Other intangible assets	178.899	(136.346)	-	42.553		42.553
PROPERTY, PLANT AND EQUIPMENT	192.133	(92.165)	-	99.968	-	99.968
- Land, property, plant and machinery	136.431	(46.442)	-	89.989		89.989
- Other tangible assets	55.702	(45.723)	-	9.979		9.979
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	2.884	(2.596)	-	288	-	288
- Equity investments (in other companies)	677	(673)	-	4		4
- Receivables	2.099	(1.815)	-	284		284
- Other non-current financial assets	108	(108)	-	-		-
DEFERRED TAX ASSETS	39.162	(37.580)	-	1.582	407	1.989
TOTAL NON-CURRENT ASSETS	643.596	(310.277)	-	333.319	407	333.726
CURRENT ASSETS						
INVENTORIES	365.209	(301.964)	-	63.245		63.245
TRADE RECEIVABLES	274.113	(173.783)	1.888	102.218		102.218
CURRENT TAX ASSETS	19.758	(18.021)	(39)	1.698		1.698
OTHER RECEIVABLES	16.725	(12.262)	11.354	15.817		15.817
CURRENT FINANCIAL RECEIVABLES AND ASSETS	13.017	(6.202)	7.670	14.485		14.485
CASH AND CASH EQUIVALENTS	199.996	(84.349)	2	115.649		115.649
TOTAL CURRENT ASSETS	888.818	(596.581)	20.875	313.112	-	313.112
TOTAL ASSETS	**1.532.414**	**(906.858)**	**20.875**	**646.431**	**407**	**646.838**

NET EQUITY AND LIABILITIES (amounts in thousands of Euro)	**Interim condensed consolidated financial statement at 30 June 2011 (A)**	**Less: items remaining with De'Longhi Group post demerger (B)**	**Reinstatement of intercompany items (C)**	**Total post-demerger (D=A+B+C)**	**Pro-forma adjustments (E)**	**Proforma consolidated statement of financial position for Beneficiary Company (F=D+E)**
NET EQUITY						
GROUP PORTION OF NET EQUITY	749.920	(471.892)	(3.227)	274.800	(1.072)	273.728
MINORITY INTERESTS	1.968	(2.023)	-	(55)	-	(55)
TOTAL NET EQUITY	751.888	(473.915)	(3.227)	274.745	(1.072)	273.673
NON-CURRENT LIABILITIES						
FINANCIAL PAYABLES	99.738	(61.730)	33	38.041	-	38.041
- Bank loans and borrowings (long-term portion)	80.968	(56.425)	-	24.543		24.543
- Other financial payables (long-term portion)	18.770	(5.305)	33	13.498		13.498
DEFERRED TAX LIABILITIES	19.731	(3.128)	-	16.603		16.603
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OT	75.810	(60.245)	-	15.565	1.479	17.044
- Employee benefits	24.553	(18.215)	-	6.338	1.479	7.817
- Other provisions	51.257	(42.030)	-	9.227		9.227
TOTAL NON-CURRENT LIABILITIES	195.279	(125.103)	33	70.209	1.479	71.688
CURRENT LIABILITIES						
TRADE PAYABLES	362.220	(257.740)	5.170	109.650		109.650
FINANCIAL PAYABLES	125.559	(97.838)	134.359	162.081	-	162.081
- Bank loans and borrowings (short-term portion)	100.126	(75.312)	-	24.814		24.814
- Other financial payables (short-term portion)	25.433	(22.526)	134.359	137.267		137.267
CURRENT TAX LIABILITIES	39.656	(34.853)	-	4.803		4.803
OTHER PAYABLES	57.812	(41.074)	8.205	24.943		24.943
TOTAL CURRENT LIABILITIES	585.247	(431.505)	147.734	301.477	-	301.477
TOTAL NET EQUITY AND LIABILITIES	**1.532.414**	**(1.030.523)**	**144.540**	**646.431**	**407**	**646.838**
CASH/ (NET DEBT)	**(12.141)**	**68.874**	**(126.720)**	**(69.988)**	**-**	**(69.988)**
of which:						
- Cash and other financial assets	213.156	(90.694)	7.672	130.134		130.134
- Current financial debt	(125.559)	97.838	(134.359)	(162.080)	-	(162.080)
- Non-current financial debt	(99.738)	61.730	(33)	(38.041)		(38.041)

6.3.4 De'Longhi Clima Group - Pro forma Consolidated Statement of Cash Flow - 1st half year 2011

(amounts in thousands of Euro)	Interim condensed consolidated financial statement at 30 June 2011	Less: items remaining with De'Longhi Group post demerger (B)	Reinstatement of intercompany items (C)	Total post-demerger (D=A+B+C)	Pro-forma adjustments (E)	Proforma consolidated statement of cash flow for Beneficiary Company
Profit (loss) pertaining to the group	34.024	(26.779)	(3.465)	3.780	281	4.061
Income taxes for the period	20.423	(16.739)	-	3.684	107	3.791
Amortization, depreciation and impairment	19.102	(14.153)	-	4.949		4.949
Net change in provisions	2.395	(2.143)	-	252	723	975
Cash flow generated (absorbed) by current operations (A)	**75.944**	**(59.814)**	**(3.465)**	**12.665**	**1.111**	**13.776**
Change in assets and liabilities for the period:						
Trade receivables	100.911	(97.185)	(616)	3.110		3.110
Inventories	(84.532)	70.585	-	(13.947)		(13.947)
Trade payables	5.161	6.011	(1.093)	10.079		10.079
Other current assets and liabilities	(27.106)	24.574	(4.620)	(7.152)		(7.152)
Payment of income taxes	(11.296)	10.345	-	(951)		(951)
Cash flow generated (absorbed) by movements in working capital (B)	**(16.862)**	**14.330**	**(6.329)**	**(8.861)**	**-**	**(8.861)**
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)	**59.082**	**(45.484)**	**(9.794)**	**3.804**	**1.111**	**4.915**
Investment activities:						
Investments in intangible assets	(4.865)	3.289	-	(1.576)		(1.576)
Other cash flows for intangible assets	72	10	-	82		82
Investments in property, plant and equipment	(19.814)	12.507	-	(7.307)		(7.307)
Other cash flows for property, plant and equipment	185	(349)	-	(164)		(164)
Net investments in equity investments and other financial assets	(783)	685	-	(98)		(98)
Cash flow generated (absorbed) by ordinary investment activities (C)	**(25.205)**	**16.142**	**-**	**(9.063)**	**-**	**(9.063)**
Changes in consolidation area	(2.198)	-	-	(2.198)		(2.198)
Non-recurring cash flow (D)	**(2.198)**	**-**	**-**	**(2.198)**	**-**	**(2.198)**
Dividends paid	(21.827)	21.827	-	-		-
Change in currency translation reserve	(10.587)	10.007	(208)	(788)		(788)
Increase (decrease) in minority interests in capital and reserves	317	(309)	-	8		8
Capital contribution	-	150.000	-	150.000	(150.000)	-
New loans	13.761	(13.702)	-	59		59
Interest payment on loans	(1.635)	1.139	-	(496)		(496)
Repayment of loans and other net changes in sources of finance	(5.227)	(43.725)	10.004	(38.948)	68.946	29.998
Cash flow generated (absorbed) by changes in net equity and by financing activities (E)	**(25.198)**	**125.237**	**9.796**	**109.835**	**(81.054)**	**28.781**
Cash flow for the period (A+B+C+D+E)	**6.481**	**95.895**	**2**	**102.378**	**(79.943)**	**22.435**
Opening cash and cash equivalents	**193.515**	**(180.244)**	**-**	**13.271**		**13.271**
Increase (decrease) in cash and cash equivalents (A+B+C+D+E)	6.481	95.895	2	102.378	(79.943)	22.435
Pro-forma adjustments not affecting the closing cash and cash equivalents					79.943	79.943
Closing cash and cash equivalents	**199.996**	**(84.349)**	**2**	**115.649**	**-**	**115.649**

Opening cash/ (net debt)	**(4.709)**	**(121.964)**	**(84.991)**	**(211.664)**	**150.000**	**(61.664)**
Cash flow for the period in terms of net financial position	(7.432)	190.838	(41.730)	141.676	(148.889)	(7.213)
Pro-forma adjustments not affecting the closing cash/ (net debt)					(1.111)	(1.111)
Closing cash/ (net debt)	**(12.141)**	**68.874**	**(126.721)**	**(69.988)**	**-**	**(69.988)**

6.3.5 De'Longhi Clima Group - Explanatory Notes to the pro forma Consolidated Statements at 30 June 2011

The accounting principles and evaluation criteria used in the preparation of the pro forma consolidated information are the same as those applied to the De'Longhi Group Consolidated Condensed Half-Year Statements at 30 June 2011 and the De'Longhi Group Consolidated Financial Statements at 31 December 2010, to which reference is made.

In particular, as the Demerger is considered a transaction of 'business combination involving entities or businesses under common control' and, as such, it is outside the scope of application of IFRS 3 and IFRIC 17. Accordingly, assets and liabilities of the De'Longhi Clima Group are stated in the Pro Forma Consolidated Financial Information at the carrying amount reported in the consolidated condensed half-year statements.

The Demerger involves entities already included in the scope of consolidation of the De'Longhi Group at 30 June 2011. As such, there is no change between the scope of consolidation applied for the De'Longhi Group Consolidated Condensed Half-Year Statements at 30 June 2011 and the sum of the scopes of consolidation of the Demerging Company and the Beneficiary Company considered for the preparation of the Pro Forma Consolidated Financial Information for the De'Longhi Clima Group.

In particular, the scope of consolidation of the Beneficiary Company is equivalent to that of the Professional Division considered for the purposes of providing information by operating segment in the consolidated condensed half-year statements at 30 June 2011. Therefore, the financial information of De'Longhi Clima Group before pro-forma adjustments, shown in the *'Total Post Demerger (D)'* columns corresponds to the data of the Professional Division, already highlighted in Note 37 (*'Operating segments'*) in the notes to the Consolidated Condensed Half-Year Statements at 30 June 2011.

- **Principal assumptions used in preparation of the Pro Forma Consolidated Financial Statements**

Pursuant to the Demerger, De'Longhi S.p.A. will grant a portion of its assets to the Beneficiary Company, represented in particular by the 100% shareholding held by the Demerging Company in De'Longhi Professional.

Against this asset transfer, the Beneficiary Company will grant, without consideration, each De'Longhi S.p.A. shareholder an equal number of its own newly issued shares as they already hold in the Demerging Company.

De'Longhi Clima S.p.A. will request the authorities and competent bodies for admission to listing of its shares on the MTA; said admission to the listing is a prerequisite and essential condition for the Demerger. In addition to the applicable provisions of the Italian Civil Code, execution of the Deed of Demerger is therefore conditional upon obtaining the Borsa Italiana and Consob approval.

The reference date adopted in the preparation of the Pro Forma Consolidated Financial Statements of the De'Longhi Group Post Demerger for the simulation of the effects of deconsolidation arising from the Demerger does not therefore correspond to the actual financial year the Demerger will be completed in. At this date the Consolidated Financial Statements of the De'Longhi Group Post Demerger and of the De'Longhi Clima Group will be prepared (presumably in 2012).

As previously indicated in point 2.2.1, Section 2.2 of this Information Document, it is specified that the book value in the parent company of the asset to be transferred will remain unchanged, since any variations owing to the corporate dynamics that may occur by the effective date of the Demerger, will not entail any cash adjustments and the asset transferred will remain either a credit or a debt respectively.

To carry out the backdating of the effects of the Demerger the following basic assumptions have been adopted, also taking into account the indications contained in the Consob Communication DEM/1052803 of 5 July 2001:

- the pro forma consolidated financial statements and information have been prepared based on the Consolidated Financial Condensed Half-Year Statement of the De'Longhi Group at 30 June 2011 and integrating the same with the appropriate pro forma adjustments representing the effects of the Demerger and the preliminary corporate transactions;

- the pro forma adjustments have been calculated according to the general rule under which the transactions involving assets and liabilities are assumed to have taken place at the reference date of the Demerger, while, with reference to the income statements and financial cash flows, the transactions are assumed to have taken place at the start of the period such information refers to. Therefore, the effects of transactions carried out and expected after 30 June 2011 have not been considered, in observance of the rules for preparing pro forma data provided by the aforementioned Consob Communication DEM/1052803 of 5 July 2001.

- **Components of profit and loss, assets and liabilities and cash flow remaining with the De'Longhi Group Post Demerger**

The column shows the effects on the consolidated data of the deconsolidation of the financial elements related to the activity remaining with the De'Longhi Group Post Demerger. As previously described in this chapter, such elements refer to De'Longhi S.p.A. and other companies of the Group under the Household Division and Corporate Division including:

- De’Longhi Appliances S.r.l., the main Italian operating company of the division, which carries out production and salesand in turn controls the principal subsidiaries in Europe (Germany, France, Spain, etc) and in North America;

- De’Longhi Household S.A., a sub-parent company of the division which controls, either directly or indirectly, the companies that carry out production or sourcing activities in Hong Kong/China, the commercial subsidiaries of the APA area (Asia-Pacific-Americas), Kenwood Group and other European commercial subsidiaries. The company also performs services of a financial nature and management of other activities for the De'Longhi Group;

- the companies currently identified in the Corporate Division of the De'Longhi Group, namely De'Longhi Capital Services S.r.l., which performs activities of centralized management of financial services and derivative operations hedging exchange rate risk for the group, and E-Services S.r.l., subsidiary that performs ICT services for companies in the De'Longhi Group and third party clients.

- **Reinstatement of intercompany items**

The column includes the reinstatement of amounts related to assets and liabilities, in addition to components of profit and loss and cash flow, attributable to transactions carried out between companies of the group controlled by the Demerging Company and the companies in the group controlled by the Beneficiary Company, given that subsequent to the Demerger such transactions no longer qualify as intercompany transactions and, therefore, should not be eliminated.

In particular, these are chiefly relationships arising from the following types of transactions:

- costs/payables for the supply of administrative, ICT, corporate, tax and HR management services received from companies of the De'Longhi Group, which will remain within the De'Longhi Group Post Demerger, for companies that will come under the De'Longhi Clima Group;
- costs/payables for the purchase by companies in the Household Division of finished products for fixed air conditioning systems and semi-processed products for heating;
- revenues/receivables for the sale of products for air conditioning and heating by Climaveneta S.p.A. and DL Radiators S.p.A. to some commercial subsidiaries;
- financial costs/payables related chiefly to interests payable on cash pooling balances and recharges for centralized management of financial services and treasury services and derivative operations hedging exchange rate risk;
- intragroup balances (receivable/payable) related to the group's cash pooling agreement by Climaveneta S.p.A., DL Radiators S.p.A. and RC Group S.p.A. to De'Longhi Capital Services S.r.l.;
- receivables/payables for the group's domestic tax consolidation and payment of VAT;
- financial debts contracted in relation to the group's cash pooling agreement;
- receivables and payables from derivatives stipulated by companies that will be part of the De'Longhi Clima Group with De'Longhi Capital Services S.r.l.

- **Pro-forma adjustments**

The column contains the pro forma adjustments applied to the aggregate post Demerger figures of the De'Longhi Clima Group, to reflect the effects of significant transactions related to the Demerger, as described below.

Recapitalization of De'Longhi Professional

On 30 June 2011 De'Longhi S.p.A. resolved and paid a capital contribution of Euro 150 million to the subsidiary De'Longhi Professional, carried out to re-balance the financial situation of the Household Division and Professional Division and to eliminate the financial relationships existing between the two divisions, decreasing the negative financial position of the Professional Division. After the contribution, De'Longhi Professional and its subsidiaries will discharge infragroup financial debts contracted with regard to group cash pooling.

This is a preliminary operation which is strictly functional to the Demerger; the effects of the recapitalization have been reflected in the pro forma adjustments to the data in the Income Statement and the Statement of Cash Flows, as if the transaction occurred at the beginning of the financial year 2011.

As far as the income statement and cash flow statement are concerned, the assumption that such operation took place on 1 January 2011, the related pro forma adjustment retroactively reflects lower financial obligations for the De'Longhi Clima Group for Euro 1,111,000 for the first Half-year of 2011 (determined according to an average annual rate 1.48%, in line with the average rate recognised in the period on the De'Longhi Group's cash pooling balances). Furthermore, in the financial statement only, the pro forma adjustment offsets the effect of the capital contribution on the cash flows of the period.

However, no pro forma adjustments have been reported for the assets and liabilities, since the recapitalization took place before the closing of the half year period.

Employee benefits

During 2008, De'Longhi S.p.A.'s general meeting approved a Phantom Stock Option Plan which entitles beneficiaries to cash payments based on the growth of the company’s ordinary share price.

For this plan De'Longhi S.p.A. prepared the Information Document, in accordance with Article 84-*bis* of the Issuers' Regulation, prepared in accordance with Annex 3A, Schedule 7 of the Issuers' Regulation, filed with Borsa Italiana and published on the Demerging Company's internet site.

The cost of such instruments and the related liabilities are reported in the appropriate De'Longhi S.p.A. Consolidated Financial Statements, throughout the maturation period, recalculating the fair value of the options for each balance sheet date.

At 30 June 2011 the total number of exercisable options is equal to 500,000 and the relevant half-year cost for the adoption of this plan is equal to Euro 1,808,000. Since with regard to the Plan a portion of the options (200,000 in number) is under the Professional Division, with the chief executive officer of Climaveneta S.p.A. (a company that comes under the activity subject of the Demerger) as beneficiary, a pro forma adjustment is made to the De'Longhi Group Post Demerger data equal to Euro 723,000 in the Income Statement and equal to Euro 1,479,000 in the Assets and Liabilities, which reflects the higher payroll costs and the recording of employee benefits correlated to such quota.

It must therefore be remembered that, as described in paragraph 9 of the "*Report of the Board of Directors of De'Longhi S.p.A. on the partial and proportional Demerger of De'Longhi S.p.A. to De'Longhi Clima S.p.A.*" annexed to the Information Document, the Demerging Company's Board of Directors will adopt, with regard to the Phantom Stock Option Plan and pursuant to the authorization granted it by the Plan rules in a future meeting which will be held before stipulation of the Deed of Demerger, the minimum adjustments necessary, to allow incentive instruments to continue to achieve the purposes for which they were adopted, also in the context of the Demerger and in the event of a new domestic tax consolidation.

Income taxes

The tax effects of the above pro forma adjustments have been calculated, where applicable, using notional tax rates applicable at 30 June 2011.

For the purposes of the Pro Forma Consolidated Financial Statements of the De'Longhi Clima Group, the Italian subsidiaries to be transferred to the group headed by the Beneficiary Company have been removed from the De'Longhi Group's domestic tax consolidation (with effect from 1 January 2011), and a new theoretical domestic tax consolidation has been established with the Beneficiary Company as the parent. Based on current circumstances, it is expected that, after the relevant amounts are allocated to the De'Longhi Clima Group, the recoverable amount of deferred tax assets, net of deferred tax liabilities, already recognized will remain unchanged as a result of the Demerger.

Other effects arising from the Demerger

- The pro forma adjustments do not include Demerger-related expenses as these are not recurrent and not yet completely defined.

- It is not expected that the expenses connected to the corporate activities of the new company heading the De'Longhi Clima Group will be material with respect to the values contained in the Beneficiary Company's Income Statement and, therefore, no pro forma adjustments were made.

- All transfers of goods and services between De'Longhi Group companies are already subject to contractual agreements stipulated at standard market conditions. Therefore the Demerger is not expected to produce any significant effects attributable to changes in the conduct and settlement of transactions between Group companies and, consequently, no such effects are reflected in the pro forma adjustments.

Pro forma financial performance of 1st half-year 2011

Operating performance of the De'Longhi Clima Group

In the first half of 2011 the pro forma net equity for the De'Longhi Clima Group are equal to Euro 178.8 million; performance during the first half of the year was characterized by good results in the sales of machinery for air climatization systems and ICT industrial process chillers both for the Climaveneta and RC brands.

Water-filled radiator sales contracted due to the weak market and seasonal factors that shifted certain sales into the second half of the year.

With regard to the De'Longhi Clima Group earnings, the pro forma EBITDA before non-recurring expenses was equal to Euro 15.9 million in the first half of 2011, with a margin on revenues equal to 8.9%. This performance reflects the results from the large thermo-cooling systems and the machines for ICT industrial process chillers, which have greatly compensated for the lower earnings from the company operating in heating.

The pro forma EBIT, equal to Euro 9.9 million, with a margin on net revenues of 5.5%, includes non-recurring expenses of Euro 1 million in relation to the reorganization of DL Radiators.

Net financial expenses, equal to Euro 2.1 million, include payable interest for Euro 1.2 million and other financial expenses for Euro 0.9 million (including bank charges and charges for the management of hedge operations).

De'Longhi Clima Group - Consolidated Statement of Financial Position at 30 June 2011

At 30 June 2011, the non-current assets equal Euro 333.7 million.

The Intangible Assets include goodwill related to the acquisition of a new commercial company which distributes chillers in the UK market. Property, Plant and Equipment include investments made to equip DL Radiators with a photovoltaic plant for Euro 5.2 million.

Current Assets, equal to Euro 313.1 million at 30 June 2011, include trade receivables for Euro 102.2 million and inventories for Euro 63.2 million, and reflect the seasonality effect (particularly with regard to DL Radiators), which caused a higher level of stock at 30 June which was much higher than that at the end of the year.

De'Longhi Clima Group's net working capital is equal to 43.6 million at 30 June 2011 (with a margin on rolling revenues equal to 11.6%).

At 30 June 2011, De'Longhi Clima Group's pro forma net financial debt is equal to Euro 70 million, and positively reflects the effects of the recapitalization of De'Longhi Professional equal to Euro 150 million, described above. Comparison with the data at 31 December 2010 reflects the aforementioned non-recurring investments made during the half-year period to equip DL Radiators with a photovoltaic system for Euro 5.2 million, the flow regarding the acquisition of the company Climaveneta UK Ltd for Euro 2.2 million, seasonal phenomena and a lower benefit deriving from receivables factored without recourse. Net debt is broken down as follows:

(amounts in thousands of Euro)	**Pro forma data for the De'Longhi Clima Group at 30 June 2011**
Cash and other current financial assets	29.0
Non-current financial debt payable to third parties	(38.0)
Current financial debt payable to third parties	(27.7)
Current financial debt payable to Group companies/Cash pooling	(33.3)
Pro forma cash/(net debt) at 30 June 2011	**(70.0)**

6.4 PRO FORMA CONSOLIDATED PER SHARE DATA AT 30 JUNE 2011

6.4.1 Historic and pro forma per share data of the Beneficiary Company and of the Group of which it is parent

The historic data of the De'Longhi Group at 30 June 2011 and the pro forma data per share of the De'Longhi Clima Group at 30 June 2011 are shown below.

It must be remembered that at 30 June 2011 De'Longhi S.p.A.'s share capital, fully paid-in, is represented by n° 149,500,000 ordinary shares and the company does not possess its own shares in its portfolio.

	Consolidated historic data **(Consolidated financial statement of the De'Longhi Group at 30 June 2011)**	**Pro forma data for the Beneficiary Company** **(Pro forma data for the De'Longhi Clima Group at 30 June 2011)**
Ordinary shares issued at year end	149,500,000	149,500,000
Weighted average of the ordinary shares outstanding for the period	149,500,000	149,500,000
Per share data (in Euro)		
Net earnings per share	€ 0.23	€ 0.03
Net equity per share	€ 5.03	€ 1.83
Cash flow per share (in terms of cash and cash equivalents)	€ 0.04	€ 0.15
Cash flow per share - in terms of cash/(net debt)	- € 0.05	- € 0.05

6.4.2 Comment on significant differences between pro forma and historic per share data

• Net earnings per share

This per share indicator is calculated based on the net result for parent company shareholders. The exclusion of the net result of the businesses remaining under the De'Longhi Group Post Demerger and the effects of the pro forma adjustments described above have resulted in a pro forma net result per share for the Beneficiary Company which is lower than the historic consolidated data.

● **Net equity per share**

This per share indicator is calculated based on the ratio between net equity and the number of shares.

The pro forma per share figure for the Beneficiary Company is lower than the historic consolidated data due to the portion of equity remaining with the group under the Demerging Company and due to the pro forma adjustments already described above.

• **Cash flow per share**

This per share indicator is calculated based on the ratio between the cash flow for the financial period, both in terms of cash and cash equivalents as well as cash/(net debt), and the number of shares.

6.5 AUDITOR'S REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL DATA

6.5.1 Auditor's Report on the pro forma consolidated financial data at 31 December 2010

The Auditor's Report on the Pro forma Consolidated Financial Information of De'Longhi Clima Group (statements of income, comprehensive income, financial position and cash flows) at 31 December 2010 is attached to this Information Document.

6.5.2 Auditor's Report on the pro forma consolidated financial data at 30 June 2011

The Auditor's Report on the Pro forma Consolidated Financial Information of De'Longhi Clima Group (statements of income, comprehensive income, financial position and cash flows) at 30 June 2011 is attached to this Information Document.

CHAPTER VII - OUTLOOK FOR THE DEMERGING COMPANY AND GROUP

7.1 OVERVIEW OF THE PERFORMANCE OF DE'LONGHI S.P.A. AND GROUP SINCE 31 DECEMBER 2010

The following results were reported in the 2011 Half-year Financial Report approved by De'Longhi's Board of Directors on 29 August 2011:

• Net revenues

(€/million)	1st half 2011	1st half 2010	Change
Household	587.2	497.0	90.1
Professional	178.8	155.5	23.3
Corporate	6.5	5.7	0.8
Intersegment eliminations	(9.4)	(7.2)	(2.1)
Total	**763.1**	**651.0**	**112.1**

Subdivision by geographical area:

• Revenues by geographical area:

(€/million)	1st half 2011	1st half 2010	Change	% change
Mature markets				
Italy	121.4	112.4	9.0	8.0%
United Kingdom	63.6	57.7	5.9	10.3%
North America	46.1	30.7	15.4	50.2%
Japan	13.5	11.8	1.7	14.1%
Western Europe	285.1	248.4	36.6	14.8%
Total	**529.6**	**461.0**	**68.7**	**14.9%**
Emerging markets				
Eastern Europe	69.7	52.6	17.1	32.6%
Rest of the world	163.7	137.5	26.3	19.1%
Total	**233.4**	**190.0**	**43.4**	**22.8%**
Total revenues	**763.1**	**651.0**	**112.1**	**17.2%**

Performance was positive both in mature markets, including Italy, UK and Western Europe in particular, and in emerging markets though owing to a different pressure; the mature markets consolidated the growth, which had already been highlighted in previous years, showing an increase in revenues of Euro 68.7 million equal to 14.9%.

Growth in Italy of 8% was due to higher sales in the Household Division and the Professional Division.

Sales in the US benefited from the supply of mobile air conditioning units to several important clients.

The emerging markets (which include countries both in Eastern Europe and the rest of the world, China, Australia, South America and the Middle East in particular) have shown an increase of Euro 43.4 million, an increase of 22.8% compared to same period in 2010 though suffering the effects of the difficult situations in some markets (mainly in the Middle East and North Africa).

• Operations performance

The reclassified Consolidated Income Statement is summarised as follows:

	1st Half Year 2011				1st Half Year 2010			
(€/million)	*Household*	*Professional*	*Corporate*	**Consolidated Total**	*Household*	*Professional*	*Corporate*	**Consolidated Total**
Net revenues	587.2	178.8	6.5	**763.1**	497.0	155.5	5.7	**651.0**
Change 2011/2010	*90.1*	*23.3*		***112.1***				
% Change	*18.1%*	*15.0%*		***17.2%***				
EBITDA before non-recurring income/(expenses)	76.9	16.6	(4.8)	**88.7**	55.1	13.6	(2.3)	**66.5**
Change 2011/2010	*21.8*	*2.9*		***22.2***				
% margin on revenues	*13.1%*	*9.3%*		***11.6%***	*11.1%*	*8.8%*		***10.2%***
EBITDA	76.2	15.6	(5.6)	**86.2**	53.7	12.1	(2.3)	**63.6**
Change2011/2010	*22.5*	*3.4*		***22.6***				
% margin on revenues	*13.0%*	*8.7%*		***11.3%***	*10.8%*	*7.8%*		***9.8%***
EBIT	62.4	10.6	(5.9)	**67.1**	40.5	7.4	(2.6)	**45.4**
Change 2011/2010	*21.9*	*3.2*		***21.8***				
% margin on revenues	*10.6%*	*5.9%*		***8.8%***	*8.1%*	*4.8%*		***7.0%***

De'Longhi closed the first half of 2011 with an increase of Euro 22.2 million (+33.4%) in EBITDA before non-recurring income/expenses; gross profit, which climbed by Euro 43.7 million from Euro 290.6 million in the first half of 2010 to Euro 334.3 million in the first half of 2011 was influenced not only by higher volumes, better product mix and net positive exchange rate effects but also by the growth in the costs of raw materials.

The item "Other services & expenses" came down as a percentage of revenues from 22.6% in the first half of 2010 to 21.6% in 2011 despite the growth in advertising and promotions in support of the group's main brands (Euro 50.8 million in the first half of 2011 versus Euro 39.4 million in the first half of 2010).

Non-production payroll costs were 15.4% higher than in the same period of 2010, reflecting growth in the number of staff employed by Italian companies, salary increases and provisions for variable and long-term employee benefits.

EBITDA before non-recurring expenses was Euro 88.7 million, with the margin on revenues climbing from 10.2% in the first half of 2010 to 11.6% in 2011.

EBITDA came to Euro 86.2 million (Euro 63.6 million in the first half of 2010) after Euro 2.5 million in non recurring expenses mostly for restructuring and reorganizing certain production activities and for the costs of a number of non-recurring activities.

After booking Euro 19.1 million in amortization and depreciation, EBIT came to Euro 67.1 million in the first half of 2011 (Euro 45.4 million in 2010), with the margin going from 7.0% to 8.8%.

Household

The division reported Euro 587.2 million in revenues, increasing for Euro 90.1 million (+18.1%) on the same period in 2010; sales by both the De'Longhi and Kenwood brands were particularly strong.

As for product lines, cooking and food preparation posted excellent sales growth, continuing to be driven by double-digit sales growth for coffee machines and food processors, while portable air-conditioning products also grew, mainly thanks to sales to certain important customers in the United States.

EBITDA before non-recurring expenses was Euro 76.9 million (Euro 55.1 million in 2010), with the margin improving by 2 percentage points (from 11.1% to 13.1%) thanks to higher volumes and better product mix (the increase in sales determined by higher margin product ranges) and to net positive exchange rate differences.

Professional

The division recorded a major increase in revenues to Euro 178.8 million (+15% on 2010).
This result benefited from the acceleration in second-quarter growth on the first quarter to 19.2%; this performance was determined by excellent sales of machinery for air-conditioning systems and ICT industrial process chillers by both the Climaveneta and RC brands.
Water-filled radiator sales contracted due to the weak market and seasonal factors that shifted certain sales into the second half of the year.

Increased volumes helped counter most of the impact of higher raw material costs. Gross profit increased by Euro 6.3 million, with the margin going from 33.9% to 33%.

EBITDA before non-recurring expenses came to Euro 16.6 million (Euro 13.6 million in 2010), with the margin going from 8.8% to 9.3% (second-quarter EBITDA before non-recurring expenses reported a margin of 12% on revenues).

• Statement of the Group's Financial Position at 30 June 2011

The reclassified consolidated statement of financial position is presented below:

(€/million)	**30.06.2011**	**30.06.2010**	**31.12.2010**	**Change 30.06.11 – 30.06.10**	**Change 30.06.11 – 31.12.10**
- Intangible assets	409.4	416.6	408.6	(7.2)	0.8
- Property, plant and equipment	192.1	182.4	186.4	9.7	5.7
- Financial assets	2.7	2.3	2.1	0.5	0.7
- Deferred tax assets	39.2	36.6	33.5	2.5	5.7
Non-current assets	**643.5**	**637.9**	**630.6**	**5.5**	**12.9**
- Inventories	365.2	357.7	288.0	7.5	77.2
- Trade receivables	274.1	260.1	387.9	14.0	(113.8)
- Trade payables	(362.2)	(324.2)	(374.2)	(38.0)	12.0
- Other payables (net of receivables)	(61.0)	(47.0)	(74.9)	(13.9)	13.9
Net working capital	**216.1**	**246.6**	**226.9**	**(30.5)**	**(10.8)**
Total non-current liabilities and provisions	(95.5)	(87.4)	(92.2)	(8.2)	(3.4)
Net capital employed	**764.0**	**797.1**	**765.3**	**(33.1)**	**(1.3)**
Net financial position*	**(12.1)**	**(70.0)**	**(4.7)**	**57.9**	**(7.4)**
Total net equity	**(751.9)**	**(727.1)**	**(760.6)**	**(24.8)**	**8.7**
Total net debt and equity	**(764.0)**	**(797.1)**	**(765.3)**	**33.1**	**1.3**

(*) Net financial position includes net financial liabilities equal to Euro 17.6 million (Euro 10.3 million in net financial liabilities at 31 December 2010) relating to the fair value of derivatives and the recognition of options on minority interests.

Investments in property, plant and equipment and intangible assets amounted to Euro 24.7 million (Euro 20 million in the same period of 2010), and included expenditure on the Group's investment programme in the renewable energy sector, with the goal of generating power for consumption by its own plants as well.
As part of this programme a 1 MWp solar power system was installed in 2010 on the roof of the Mignagola di Carbonera factory (near Treviso); this was completed by the deadline of 31 December 2010 and started operating in 2011 after connecting to the national electricity grid. In addition, procedures were completed in 2011 for installing a 2.3 MWp solar power system on the roof of the Moimacco factory (near Udine), which started operating in June 2011.

As for factories in China, construction work continued during the first half of 2011 on the new factory, which will replace the main Hub for the production of small domestic electrical appliances under the Household Division, due to be ready by the beginning of 2012, providing the group with a more modern structure better able to satisfy ever growing product demand, while achieving better integration of manufacturing activities. New departments have been studied and designed to make the factory autonomous where mould construction, plastic screen printing and assembly are concerned. As for the Professional Division, activities have continued to set-up the plant for the production of high precision air conditioning systems in Shanghai.

Net working capital decreased by Euro 30.5 million on 30 June 2010 despite the growth in business, while net working capital turnover went from 16.9% of revenues in 2010 to 12.4% in 2011; trade receivables and inventories also reported a positive trend.

Cash flows from current operations helped bring down net debt to Euro 12.1 million at 30 June 2011, an improvement of Euro 57.9 million on 30 June 2010 despite higher investments over the 12 months, the higher dividend payment, the negative effect of recognizing the fair value reserve (which has become negative since 2010) and the growth in the currency translation reserve in connection with foreign currency loans.

Details of the net financial position are as follows:

(€/million)	**30.06.2011**	**30.06.2010**	**31.12.2010**	**Change 30.06.11 – 30.06.10**	**Change 30.06.11 – 31.12.10**
Cash and cash equivalents	200.0	155.6	193.5	44.4	6.5
Other financial receivables	13.0	27.0	12.2	(14.0)	0.8
Current portion of non-current debt	(40.9)	(54.7)	(40.6)	13.8	(0.3)
Current financial debt	(84.6)	(72.7)	(62.2)	(11.9)	(22.5)
Net current financial (debt) assets	**87.5**	**55.2**	**103.0**	**32.2**	**(15.5)**
Non-current financial debt	**(99.6)**	**(125.3)**	**(107.7)**	**25.7**	**8.1**
Total cash/ (net debt)	**(12.1)**	**(70.0)**	**(4.7)**	**57.9**	**(7.4)**

The net current financial position reported Euro 87.5 million in net financial assets at 30 June 2011 (compared with net cash of Euro 55.2 million at 30 June 2010).

As for non-current debt, the parent company De'Longhi S.p.A. received Euro 12 million during the first half of 2011 as the second tranche of the loan arranged with a banking syndicate in the previous year.

If financial items other than net bank debt (i.e. fair value of options and derivatives) are eliminated, the net financial position becomes a positive Euro 5.4 million at 30 June 2011 (versus a negative Euro 80.2 million at 30 June 2010).

7.2 OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The Demerger will have no impact on the overall 2011 outlook for the De'Longhi Group, in its current form.

7.3 FORECASTS AND ESTIMATES

No forecasts or estimates have been provided.

7.4 REPORT BY THE AUDIT FIRM ON THE FORECASTS AND ESTIMATES (NONE)

As no forecasts or estimates have been provided, the independent auditors have not issued the relative report.

CHAPTER VIII - OUTLOOK FOR THE BENEFICIARY COMPANY AND GROUP

8.1 OVERVIEW OF THE PERFORMANCE OF DE'LONGHI CLIMA S.P.A. AND GROUP SINCE 31 DECEMBER 2010

Since incorporation, the Beneficiary Company's only activities have been those directly related to the Demerger.

8.2 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

As illustrated above, since incorporation, the Beneficiary Company's only activities have been those directly related to the Demerger and no other activity is expected prior to the effective date of the Demerger.

8.3 FORECASTS AND ESTIMATES

No forecasts or estimates have been provided.

8.4 REPORT BY THE AUDIT FIRM ON THE ESTIMATES

As no forecasts or estimates have been provided, the independent auditors have not issued the relative report.

CHAPTER IX - INFORMATION CONCERNING THE ADMISSION OF SECURITIES TO LISTING

This chapter contains information on the shares for which the Beneficiary Company will apply to Borsa Italiana for admission to listing on the MTA. The Demerger is conditional upon this application being approved.

9.1 TYPE AND CLASS OF SECURITIES TO BE LISTED

The securities for which listing is sought are the shares of the Beneficiary Company, having a par value of Euro 3.00 each (jointly, the "**Shares**"). Prior to making the decision regarding the Demerger, the Beneficiary Company's shareholders will decide to split the shares representing its share capital at the Date of the Information Document, substituting each of the current 40,000 shares having a par value of Euro 3.00 each, with 2 shares having a par value of Euro 1.50 each, so that the share capital, before the share capital increase necessary for the Demerger, is equal to the par value of Euro 120,000 divided into a total of 80,000 shares having a par value equal to Euro 1.50 each.

For this share capital increase which will be decided for the purposes of the Demerger, the Beneficiary Company will issue new shares that will granted to the shareholders of the Demerging Company on the basis of one share in the Demerging Company for one share in the Beneficiary Company.

9.2 LAW GOVERNING ISSUANCE OF THE SHARES

The Shares will be issued under Italian law.

9.3 RULES GOVERNING THE TRANSFER OF SHARES

The Shares that will be issued by the Beneficiary Company are nominative, freely transferable and issued in dematerialized form and under the centralized management of Monte Titoli S.p.A.

9.4 CURRENCY OF THE SHARE ISSUE

The shares are issued in Euros.

9.5 DESCRIPTION OF THE RIGHTS ATTACHED TO THE SHARES, INCLUDING ANY LIMITATIONS, AND PROCEDURES FOR THE EXERCISE OF THOSE RIGHTS

Pursuant to Article 5 of the Articles of Association of De'Longhi Clima S.p.A., 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.

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. At the Date of the Information Document the shareholders' meeting has only issued ordinary shares.

Pursuant to Article 22 of the Articles of Association of De'Longhi Clima S.p.A., profit after taxes resulting from the balance sheet shall be allocated as follows:

- to the legal reserve, for a share equal to 5% until the same reaches one fifth of the share capital;
- the remaining Profit after taxes shall be placed at the disposal of the Shareholders' Meeting which may allocate them to shareholders or to increasing company reserves, or both.

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

Article 23 of the Articles of Association of De'Longhi Clima S.p.A. lastly states that, at any time and for any reason whatsoever, the winding up of the Company shall be decided by the shareholders' meeting, which shall establish the liquidation procedures.

No shares granting special rights of control will be issued, there will be no restrictions on voting or transfer of shares and no management or employee stock ownership plans.

9.6 Resolutions, authorizations and approvals for the creation and/or issue of securities

The Shares will be issued on the effective date of the Demerger pursuant to the approval of the Beneficiary Company's shareholders at the Extraordinary General Meeting called to approve the Demerger itself, subject to them being admitted to listing on the MTA.

The Shares will be issued in relation to a Euro 224,370,000.00 increase in share capital, through the issue of 149,500,000 shares with a par value of Euro 1.50 each which the Beneficiary Company's Extraordinary General Meeting will be required to approve for the purposes of executing the Demerger.

9.7 Description of any restrictions on the free transfer of shares

The Beneficiary Company's Articles of Association that will be adopted at the effective date of the Demerger will not impose any particular restriction regarding the purchase or transfer of Shares. Therefore, at the initial date of trading, the Shares will be freely transferable.

9.8 Applicability of the rules concerning public offers to buy and/or residual offers

At of the effective date of the Demerger, the Beneficiary Company will be a company with shares listed on a regulated market. From the moment the Shares are issued, the same will therefore be subjected to the provisions of the Consolidated Finance Law and related implementing regulations, including, in particular, the Issuers' Regulation.

CHAPTER X - ADMISSION TO TRADING AND PROCEDURES

10.1 LISTINGS

The De'Longhi S.p.A. shares are listed on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana and will continue to be listed on this market at the effective date of the Demerger.

The Beneficiary Company will apply to Borsa Italiana for admission of its shares to listing on the Mercato Telematico Azionario.

The Demerger is conditional upon the admission to listing, which will be formalized by Borsa Italiana setting the initial date for trading of De'Longhi Clima S.p.A. shares on the MTA.

Upon completion of the Demerger, therefore, the Beneficiary Company's shares will be listed on Borsa Italiana's Mercato Telematico Azionario.

10.2 INITIAL DATE OF TRADING

Borsa Italiana will set the commencement date for trading, with the notice pursuant to Article 2.4.2., paragraph 4 of the Rules of the Markets organized and managed by Borsa Italiana, after the issue of the notice of admission to the official listing of ordinary, privileged and savings shares and after the registration of the Deed of Demerger with the competent Companies Register.

The initial date for trading of the Beneficiary Company's shares on the MTA will coincide with the effective date of the Demerger (or the first subsequent trading day, in the event the effective date of the Demerger falls on a non-trading day).

Annexes

- Report of the Board of Directors of De'Longhi S.p.A. on the partial and proportional Demerger of De'Longhi S.p.A. to De'Longhi Clima S.p.A., prepared pursuant to Article 2506-ter of the Italian Civil Code
- Report of the Board of Directors of De'Longhi Clima S.p.A. on the partial and proportional Demerger of De'Longhi S.p.A. to De'Longhi Clima S.p.A., prepared pursuant to Article 2506-ter of the Italian Civil Code.
- Demerger Plan pursuant to Article 2506-bis of the Italian Civil Code.
- Financial Statements pursuant to Article 2506-ter of the Italian Civil Code.
- Auditor's Report on the pro forma Consolidated Financial Statements of the Demerging Company De'Longhi S.p.A. and its subsidiaries (De'Longhi Group Post Demerger) for the year ended 31 December 2010.
- Auditor's Report on the pro forma Consolidated Financial Statements of the Demerging Company De'Longhi S.p.A. and its subsidiaries (De'Longhi Group Post Demerger) for the half year ended 30 June 2011.
- Auditor's Report on the pro forma Consolidated Financial Statements of the Beneficiary Company De'Longhi Clima S.p.A. and its subsidiaries (De'Longhi Clima Group) for the year ended 31 December 2010.
- Auditor's Report on the pro forma Consolidated Financial Statements of the Beneficiary Company De'Longhi Clima S.p.A. and its subsidiaries (De'Longhi Group Post Demerger) for the half year ended 30 June 2011.

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The manager charged with preparing the company's financial and corporate reports, Stefano Biella, in accordance with paragraph 2, Article 154-bis of the Consolidated Finance Law, declares the conformity of the information provided in this Information Document against document results, books and accounts records.

ANNEXES