

**FREE TRANSLATION – NOT VALID FOR LEGAL PURPOSES**  
**Enclosure “A” to the Minutes of the Board of Directors of De' Longhi S.p.A. of**  
**June 12<sup>th</sup>, 2001**

**REGULATION**  
**OF THE STOCK OPTION PLAN OF DE' LONGHI S.P.A. 2001/2006**  
**IN FAVOR OF SELECTED EMPLOYEES**

**1 – OBJECT AND WARNINGS**

The present Regulation (hereinafter referred to as “Regulation”) discipline the *stock option* plan in favour of particular employees (managers, middle managers, and employees) to be identified, in conformity to the Regulation, within the De' Longhi S.p.A. and its Controlled Companies' structure, as described below, and among people who had been appointed of the most important strategic functions useful for the attainment of the company purposes. The Regulation has been approved by the Board of Directors of De' Longhi S.p.A. in the meeting of June 12<sup>th</sup>, 2001, as per a delegation conferred by the Extraordinary Assembly of the Shareholders of 18 April 2001.

The Regulation does not constitute an information prospect or an equivalent informative document. The Regulation has been deliberated in accordance with the fiscal and social security laws in force, and any other applicable norm, on the assumption that every benefit recognised with the Plan does not involve any fiscal or social security burden for the Group (as described below).

**2 – DEFINITIONS**

In addition to other terms defined in some other article of the Regulation, and to their own aims: (i) the following listed terms and expressions, transcribed with underlining and capital initial letters, have their below mentioned meaning (ii) the terms and the expressions not underlined but posted with capital initial letters in one or more paragraphs of article 2 are defined in some other paragraphs of the same Regulation; (iii) the terms and the expressions defined in plural are also intended to be defined in the singular, and viceversa.

**2.1 “Shares”**: indifferently, all the ordinary Company's shares object of the Plan, with a nominal value of 3 Euro, as a result of increase/s of the authorised stock capital of the Company that will be deliberated by the Board of Directors of the Company, as per the proxy attributed by the Extraordinary Assembly of the Company of April 18<sup>th</sup>, 2001 and that, in conformity to the

Regulation, will be reserved, according to article 2441, paragraphs 5 and 8 of the Civil Code, to selected employees of the Companies of the Group. The same term will be used to identify any Company's own share acquired for the Plan purposes, as per the authorisation granted to the Board of Directors by the ordinary shareholders meeting of April 18<sup>th</sup>, 2001, and any other new issued share and own shares, which shall eventually be issued in the future or acquired for the Plan, in accordance with the applicable law provisions.

**2.2** "Beneficiaries": the Employees of any Group's company to whom Options will be attributed to, through a previous final decision of the Board of Directors. The faculty of the Board of Directors to regulate cases and specific situations remains firm, also in cases not regulated by article 2.6.

**2.3** "Remuneration Committee": the *pro-tempore* Remuneration Committee appointed by the Board of Directors of the Company in compliance with recommendations contained in the listed companies self-governance Code.

**2.4** "Board of Directors": the *pro-tempore* Board of Directors of the Company.

**2.5** "Date of Attribution": the date in which the Board of Directors communicates to the Beneficiaries indicated by the same Board their admission amongst the addressees of the Plan. Remaining firm the necessity of the acceptance by any single Beneficiary through subscription and restitution of the Adhesion Form, it is firmly understood that the effects of such acceptance will have a retroactive effect to the moment in which the Adhesion Form is sent to each Beneficiary.

**2.6** "Employees": the employees of companies of the Group, included managers enrolled in the payroll of the Company to which they belong at the Date of Attribution, for a period of at least six months. At the Attribution Date they have not to be in a notice period for resignation or lay-off. The faculty of the Board of Directors of regulating cases and specific situations remains firm also for cases not regulated by the above mentioned provisions.

**2.7** "Trust Company": ISTIFID S.p.A., a company having its legal seat in Milan, Viale Jenner 51, CAP 20159. It is the subject appointed by the Company to manage with the operations described in the present Plan.

**2.8** "Working day": any day of the calendar except Saturdays, Sundays and any other day in which the credits institutes are not, usually, opened in the Milan place of business.

**2.9** "Group": the Company or any directly and indirectly controlled company, in accordance with definition provided by article 2359, paragraph 1, no. 1, and paragraph 2 (with reference only to no.1) of the Civil Code.

**2.10** "Permanent Disability": any physical or psychical illness, from whichever cause it derives, if it leads to the permanent unsuitability of the Beneficiary to carry out working performance, with a consequent resolution of the job relationship; such invalidity must be proven by appropriate medical

certification exhibited by the Beneficiary. In case of dispute about the subsistence of the permanent disability for the job purposes, the decision shall be taken by a board composed by a doctor indicated by the Company, another one chosen by the Beneficiary, and a third one, a specialist, appointed by mutual consent by the doctor named by the Company and that one named by the Beneficiary (or, in defect of any agreement, named by the President of the Board of the Doctors Association of Treviso, Italy).

**2.11** “Telematic Share Market”: the telematic share market organised and managed by Borsa Italiana S.p.A.

**2.12** “Targets”: the targets established by the Board of Directors, whose attainment is the condition to any Option exercise, except for cases explicitly provided by the Regulation. As regards the assignment of Options deliberated before the admission of the Company’s shares to quotation, targets are determined as follows: (i) Targets of Tenure, linked to the persistence of the job relationship between the Beneficiary and its Company of Belonging, as from the Date of Assignment and December 31<sup>st</sup>, 2003, and (ii) Targets of Performance linked to the attainment of specific economic and/or patrimonial results during the year closing at December 31<sup>st</sup>, 2003. It is firm the faculty of the Board of Directors to provide for any specific situation, and fix, in case of assignment of Options in one or more times following the admission of shares to quotation, different Targets than those indicated in the present article 2.12.

**2.13** “Options”: all the options object of the Plan, free and non-transferable *inter vivos*, granting each one the right to underwrite/acquire (it depends on different cases) no. 1 Ordinary Share in the terms and conditions provided by the Regulation.

**2.14** “Attributed Options”: the Options correlated to predetermined Targets, not achieved yet (and therefore not exercisable), for which the Company has received the Adhesion Form with the modalities provided by article 3.2.

**2.15** “Exercisable Options”: the Options correlated to any already achieved Targets for which their right of exercise has already been risen, as the communication provided by article 5.3 has already been sent to the Beneficiary, and the initial terms indicated by the articles 7.4 and 7.5 have already been elapsed.

**2.16** “Accrued Options”: the Options correlated to Targets already achieved for which the right to their exercise is not risen yet.

**2.17** “Period of Exercise”: it has the meaning attributed by article 7.3.

**2.18** “Plan”: the stock option plan – dedicated to a particular category of employees (managers, executive cadres and employees) invested of functions to be considered the most important ones for the attainment of the company goals to be defined, under final judgement of the Board of Directors,

among people operating inside the Group structure - disciplined by the Regulation, the Adhesion Form and the Shares Requesting Form.

**2.19** “Regulation”: the present regulation, aimed to determine the principles of the Plan fulfilment.

**2.20** “Adhesion Form”: the proper form shall be delivered from the Company to Beneficiaries on the assignment of the Options, attaching the integrating Regulation that will be part of it. Beneficiaries will accept the Plan by subscribing that Form.

**2.21** “Shares Requesting Form”: the proper form shall be delivered from the Company to Beneficiaries, by which they will be able to exercise the Options, and underwrite/acquire (it depends on different cases) the Shares.

**2.22** “Company”: De' Longhi S.p.A., having its legal seat in Treviso (Italy), via Lodovico Seitz 47.

**2.23** “Belonging Company”: the Company of the Group with which the single Beneficiary has a job relationship in progress.

**2.24** “Tranches”: indifferently, any quantitative of Options correlated to Targets, which are defined by the Board of Directors from time to time. In particular, “Tranche A” means any quantitative of Options correlated to the maintenance of the job relationship between Beneficiaries and the Group, as provided by article 2.12; “Tranche B” means any quantitative of Options correlated to the attainment of performance Targets fixed for the fiscal year closing at December 31<sup>st</sup> 2003, according to article 2.12. It remains firm the faculty of the Board of Directors to deliberate in the previewed temporal limits established by the Plan, other Tranches linked to the attainment of Targets which are different from those indicated in article 2.12, and to insert new Beneficiaries among any already deliberated Tranche.

### **3 – ATTRIBUTION OF THE OPTIONS AND ADHESION TO THE PLAN**

**3.1** The Company will send to Beneficiaries (which will be determined with the modalities described at the following article 5), the Regulation and the Adhesion Form by which it shall be clear: (i) the established Targets, (ii) the amount of Options Attributed; (iii) the initial term of exercise, in case of attainment of the Targets, expressed in percentage on the total amount, according to article 7.4 and 7.5, and (iv) any further condition.

**3.2** If the beneficiaries should decide to take part of the Stock Option Plan, they should underwrite and deliver to the Company (to the attention of the HR Direction), the Adhesion Form and copy of the Regulation in original, duly filed and undersigned, within the date indicated in the Adhesion Form. If the above documentation will arrive after that date, it will not be possible to exercise any right.

Beneficiaries take note and accept – even in case where the Law no. 675 of 1996 on privacy is applicable – that the Company shall transmit a copy of the above mentioned documentation to the Trust Company and that the latter is appointed to carry out any managing operation related to the Plan and described by the present Regulation.

**3.3** It remain firm the necessity of adhesion by each Beneficiary, by filling and sending back the Adhesion Form and a copy of the Regulation. Options will be considered as attributed at the date in which the Company will communicate to any Beneficiary his/her inclusion in the Plan, through the delivery of the Adhesion form and a copy of the Regulation.

#### **4 – NATURE AND CHARACTERISTICS OF OPTIONS AND SHARES**

**4.1** The assignment of Options will be free. Beneficiaries then will not be obliged to pay any sum to the Company for such attribution. Exercise of Options will be instead subject to the payment of the subscription/acquisition price, as indicated in the following article 8.

**4.2** The Beneficiary who, subsequently to the attainment of Targets, will have duly exercised his/her Options and paid the relative price, will have undersigned/acquired (it depends on cases), for each exercised Option, no. 1 Share, under conditions and terms established in the Plan.

**4.3** Options will be attributed to Beneficiaries on a personal basis, and could not be transferred through any “inter vivos” act.

**4.4** In case of death of the Beneficiary, the following article 10 will be applied.

**4.5** Any greater value of the Shares subscribed/acquired by exercising the Options as to the price of subscription / acquisition, and, in general, any benefit arising from the Plan:

**4.5.1** will constitute an extraordinary benefit, and will never be considered as an integrating part of the normal remuneration of the Beneficiaries. In particular, that greater value has to be considered as inclusive of the relative incidence on any direct and indirect remuneration disciplined by individual and collective bargaining agreements in force and by the law, and will not therefore have any further effect on their calculation. It remains obviously firm, for the Beneficiaries non resident in Italy, the application of the country rules applicable to their income,

**4.5.2** will not constitute the assumption for recognition of similar or further benefits, in the Plan or otherwise,

**4.5.3** do not attribute to Beneficiaries the right, upon maturity of the Plan, to participate to any further incentive system or any kind of remuneration.

## **5 – CRITERIA AND MODALITIES OF OPTIONS ATTRIBUTION**

**5.1** Options will be attributed to Beneficiaries on the basis of their contribution to the potential Group growth and valorisation.

**5.2** The Board of Directors (with abstention of people involved and before a consultative opinion of the Remuneration Committee) discretionary and finally:

**5.2.1** determine the total number of Options to be attributed for every Tranche to all Beneficiaries, and

**5.2.2** determine Beneficiaries, their relative Targets and number of Options Attributed to any single Beneficiary.

**5.2.3** reserved the faculty to integrate and modify the criterias and the modalities of the attribution and exercise of the options, to take into consideration the disposal as regards the stock option at the time of approval of this regulation in jurisdiction outside Italy. The above mentioned integrations and modifications are hereafter attached (sub.1) for the beneficiaries, who are interested in it.

**5.3** In case of attainment of the Targets:

**5.3.1** as far as Attributed Options whose exercise is conditioned to Tenure Targets, as per article 2.12, within January 20<sup>th</sup>, 2004 (or any different date that should have to be decided by the Board of Directors) the Board itself, or one or more designated Directors, shall communicate to Beneficiaries who have maintained their job relationship with the Group in the period between the Date of Attribution and December 31<sup>st</sup> 2003, the number of exercisable Options and modalities of their exercise;

**5.3.2** as far as Attributed Options whose exercise is conditioned to Performance Targets, as per article 2.12., within May 31<sup>st</sup> 2004 (or within any other date that should have to be decided by the Board of Directors) the Board itself, or one more delegated Directors, shall communicate to Beneficiaries the number of exercisable Options, on the basis of the level of attainment of the Targets and modalities of their exercise. For the evaluation related to the performance targets achievement, the Board of Directors will seek the legal advice of independent subjects such as the Board of Statuary auditors or the auditions appointed by the Company to execute the review of the financial statements and consolidated financial statement.

**5.4** Assuming the maximum amount deliberated by the extraordinary Assembly of Shareholders of April 18<sup>th</sup> 2001, the Board of Directors will proceed with the assignment of any Option that has not already been attributed before the admission to quotation of the titles of the Company in the

Telematic Share Market both by inserting, in one or more times, new Beneficiaries in any already deliberated Tranche, and by deciding the creation of one or more new Tranches. If the Board of Directors fix any Objective which is different than the ones deliberated for any previous issued Tranche or with different modality of exercise, the Board itself will have to communicate any eventual difference to the involved Beneficiaries, through a proper notice in the Adhesion Form.

## 6 – TARGETS

**6.1** The right of Beneficiaries to exercise the Attributed Options is conditioned to the following assumptions:

**6.1.1** the Targets attainment discretionary and finally decided by the Board of Directors (with the abstention of people eventually involved and on proposal, if it is the case, of the Remuneration Committee),

**6.1.2** the expiry of each assignment's initial terms (the so-called *vesting* period),

**6.1.3** the non-expiry of Exercisable Options' exercise final term, as better determined, for each assignment, in the Adhesion Form delivered to every Beneficiary, and

**6.1.4** the permanence of the job relationship at the Option exercise date, assuming provisions of the following paragraphs of this article 6, article 9 and article 10.

**6.2** With reference to Options Attributed in Tranche A, their exercise is conditioned to the keeping into force of the job relationship between the Beneficiary and the Company of Belonging during the period between the Date of Attribution and December 31<sup>st</sup> 2003. Once matured, such Options could be exercised, with limits established by article 9, for 50% during the year 2004 and for the remaining 50% in the course of exercise 2005 and 2006, in the Periods of Exercise as defined by article 7.3 and detailed in article 7.4.

**6.3** As regards Options Attributed in Tranche B, their exercise is conditioned, a part from the tenure of the job relationship, to the attainment within the year ending at 31<sup>st</sup> December 2003, of *Performance* Targets as per article 2.12. Once matured, such Options (i.e. Option assigned in Tranche B) could be exercised, within limits provided by article 9, for 50% during year 2004, and for the remaining 50% in the course of years 2005 and 2006, in Exercise Periods defined by article 7.3 and specified by article 7.5.

**6.4** In case that more than one target is assigned to Beneficiaries, it could be provided that even if just one of them is not reached, the right to exercise all or part of the Attributed Options could be lost.

**6.5** In case of increases of the capital of the Company (or of any other company of the Group), free or not, extraordinary distributions of dividends or any other extraordinary operation that can influence on Targets, Options, shares or, more in general, on the economic content of the Plan, the Board of Directors will be allowed to adapt the terms of the Regulation (including the Targets) on the basis of provisions of article 12.

**6.6** The Board of Directors - in case it considers (to its discretionary and inappellable discretion, and with the advise of the Remuneration Committee, if the case) that particular circumstances occur- will be able to grant the total or partial exercise of the Options also in case that Targets are not attained, and anticipate or modify any term and exercisable Periods of Option, as indicated in the following articles 7.4 and 7.5.

## **7 – EXERCISE OF THE OPTIONS AND DELIVERY OF THE SHARES**

**7.1** The Company will deliver to Beneficiaries with Exercisable Options the Shares Requesting Form, no less than five Working days before the beginning of the relative Period of Exercise (as defined in article 7.3).

**7.2** Options shall have to be exercised by Beneficiaries during the Exercise Periods and in conformity with the modalities provided by the Regulation:

**7.2.1** by duly filling and signing the Shares Requesting Form,

**7.2.2** by delivering the above Form to the Company (HR direction) or to any other person indicated in the Form itself, within the term indicated in article 7.3, under penalty of cancellation of any relative right,

**7.2.3** by paying the sum indicated in the Form and calculated by the Company in conformity with the following article 8. Such a payment will have to be executed, under penalty of cancellation of any relative right, by enclosing to the Shares Requesting Form (i) a copy of the relative bank draft, or (ii) a copy of an irrevocable order of payment to a bank and in favour of a current account indicated in the Share Requesting Form, with the indication of the value date for the beneficiary of that transfer.

**7.3** The Shares Requesting Forms could be delivered from Beneficiaries during the periods decided by the Board of Directors for the Options exercise, as indicated in the Forms themselves (hereinafter referred to as “Periods of Exercise”).

The Shares Requesting Forms delivered by Beneficiaries in any different period than a Period of Exercise will be considered as delivered to the Company at the first day of the Period of Exercise immediately following the day in which the Forms have been materially delivered to the Company.



**7.4** As far as the Tranche A is concerned, the Periods of Exercise are established as follows:

**7.4.1** 50% of Matured Options could be exercised, after the communication provided by article 5.3.1, in the course of the year 2004, and , more specifically, within one or more of the three two months Periods of Exercise (1<sup>st</sup> January – 29<sup>th</sup> February, 1<sup>st</sup> June – 31<sup>st</sup> July and 1<sup>st</sup> November – 31<sup>st</sup> December) at the Beneficiary discretion,

**7.4.2** the remaining 50% of Options Matured in Tranche A (a part from those that the Beneficiary has chosen not to exercise in 2004) in the course of 2005 and 2006, and, more specifically, within one or more of the four two months Periods of Exercise (1<sup>st</sup> January – 28<sup>th</sup> February 2005, 1<sup>st</sup> June – 31<sup>st</sup> July 2005, 1<sup>st</sup> November – 31<sup>st</sup> December 2005 and 1<sup>st</sup> January – 28<sup>th</sup> February 2006) at the Beneficiary discretion.

It remains what provided by article 6.6.

**7.5** As far as the Tranche B is concerned, the Periods of Exercise are defined as follows:

**7.5.1** 50% of Matured Options could be exercised, after the communication provided by article 5.3.2, during 2004, and, more specifically, within one or more of the two two months Periods of Exercise (1<sup>st</sup> June – 31<sup>st</sup> July and 1<sup>st</sup> November – 31<sup>st</sup> December) at the Beneficiary discretion,

**7.5.2** the remaining 50% of Options Matured in Tranche B (a part from those that the Beneficiary has chosen not to exercise in 2004) in the course of 2005 and 2006, and, more specifically, within one or more of the four two months Periods of Exercise (1<sup>st</sup> January – 28<sup>th</sup> February 2005, 1<sup>st</sup> June – 31<sup>st</sup> July 2005, 1<sup>st</sup> November – 31<sup>st</sup> December 2005, and 1<sup>st</sup> January – 28<sup>th</sup> February 2006) at the Beneficiary discretion.

It remains what provided by paragraph 6.6.

**7.6** In each Tranche, Options will have to be exercised for quantitative not lower than the minimum lot that is negotiable at the Telematic Share Market. The Exercise of a number of Options which is lower than the minimum number above mentioned will be absolutely ineffective for the Company, and will not give the right to receive any corresponding Share. Just in case that the difference between the number of any Beneficiary's Exercisable Options and the number of Options already exercised by him/her is lower than the aforesaid minimal lot, any residual exercisable Option could be exercised even if their number is lower than the negotiable minimal lot.

**7.7** If all assumptions provided by the present Regulation are duly satisfied, the Shares will be available to every Beneficiary, by transferring them to the current account indicated in the Shares Requesting Form, within two Working Days from the day when (i) in case of payment of the price through a bank draft, that bank draft is delivered to the Company (HR Direction), or to any other person indicated by the Company in the Shares Requesting Form, and (ii) in case of payment

through a bank transfer, the relative price is credited to the account indicated by the Company on the Shares Requesting Form.

The shares will be ordinary shares.

**7.8** All costs related to issuing and transferring of the Shares to Beneficiaries, including the tax on Stock Exchange contracts, if due, will be sustained by the Company. Any title account cost will be sustained by the Beneficiaries.

## **8. – PRICE**

**8.1** The price to be paid to the Company in order to obtain the Shares that could be underwritten/acquired (depending on cases) as per exercise of Options that will be attributed before the shares negotiation in the Telematic Share Market beginning date will be indicated by the Company in the Adhesion Form and will be equal to the offer price of the ordinary shares of the Company in the public offer finalised to the quotation of such titles in the Telematic Share Market.

**8.2** The price to be paid to the Company in order to obtain the Shares that could be underwritten/acquired (depending on the cases) as per exercise of Options that will be attributed after the date indicated in article 8.1, will be determined by the Board of Directors, also taking into account the fiscal *pro-tempore* legislation in force, and will be indicated by the Company in the Adhesion form.

**8.3** The total payment of the Shares price will have to be settled by Beneficiaries as indicated in the Regulation and the Shares Requesting Form sent by the Company, under penalty of cancellation of any relative right.

## **9 – TIDE OF THE OPTIONS IN CASE OF TERMINATION OF THE JOB RELATIONSHIP**

**9.1** The right to exercise the Options is genetically and functionally connected to the tenure of the job relationship between Beneficiaries and the respective Companies of Belonging. Consequently, with exceptions provided by article 10, in case of termination of the above mentioned relationship, provisions of the following paragraphs of article 9 will be applied. It remains firm the faculty of the Board of Directors (with abstention of any interested person, and with the advice, if it is the case, of the Remuneration Committee) to stipulate with Beneficiaries further agreements providing the partial or total exercise of Attributed, Matured and Exercisable Options. In such cases the Board of

Directors will be also able to establish, if necessary, an appropriate Period of Exercise, and assign an appropriate term for the exercise of the aforesaid Options.

**9.2** In case the job relationship between the Beneficiary and his/her Company of Belonging ends for different causes apart from the death, the following dispositions will be applied, but any other different decision of the Board of Directors:

**9.2.1** in the case of dismissal for cause, for “subjective justified cause”, or justified on the basis of the collective bargaining agreement in force, the Beneficiary will definitively lose the right to exercise his/her Attributed, Matured and Exercisable Options. Outstanding any necessary disciplinary procedure, the right of the Beneficiary to exercise any Exercisable Option will remain suspended,

**9.2.2** in the case of dismissal for “objective justified reason”, the Beneficiary will have the right to exercise the Matured and Exercisable Options, but only within the term of cessation of the job relationship, included the period of warning. To such aim, if necessary, an appropriate Period of Exercise can be defined, together with a proper term for exercise of the Options,

**9.2.3** in the case of retirement or Permanent Disability, the Beneficiary will have the right to exercise all the Options Assigned in the course of the specified Periods of Exercise detailed by articles 7.4 and 7.5. Where necessary, the Board of Directors could fix an appropriate Period of Exercise and/or assign an appropriate term for the exercise of Assigned Options,

**9.2.4** in the case of voluntary resignation or any other cause of cessation different than those defined by articles 9.2.1, 9.2.2 and 9.2.3, the Beneficiary will have the right to exercise his/her Exercisable Options, within the term of cessation of his/her job relationship, including the period of warning. To such aim it could be fixed, if necessary, an appropriate Period of Exercise, and assigned an appropriate term for Options exercise.

**9.3** In case of transfer and/or cessation and contextual foundation of the job relationship within the Group, the Beneficiary will conserve any right attributed by the Regulation . In such situations, the Board of Directors will be able – if it is opportune and with the advice of the Remuneration Committee, if it is the case - to adapt the Targets initially assigned to such a Beneficiary to the aim of maintaining the position originally attributed to that Beneficiary, as much as possible.

**9.4** In case that a company is not part of the Group any more, the exercise of Exercisable Options and Matured Options assigned to Employees of the above mentioned company shall have to take place, under penalty of cancellation, within 30 (thirty) days from the communication to Beneficiaries of the loss of the control by De' Longhi S.p.A. Beneficiaries will lose their right to

exercise their Attributed Options. In any case, it remains the faculty of the Board of Directors (with abstention of any interested person, and with the advice of the Remuneration Committee, if it is the case) to provide solutions which are different from that one indicated in the present article 9.4, to the aim, where opportune, to maintain the Plan contents in favour of Beneficiaries Employed in those companies which are then outside the Group.

**9.5** Assuming provisions stated in this article 9 for the Options exercise, it remains firm the faculty of the Board of Directors (with abstention of any directly interested person, and with the advice, if it is the case, of the Remuneration Committee) to stipulate with Beneficiaries different agreements in order to treat any particular case.

## **10 – TIDE OF THE OPTIONS IN CASE OF DEATH OF THE BENEFICIARY**

**10.1** In case of death of the Beneficiary, the following dispositions will be applied, but in case of different determination of the Board of Directors, and with the advice of the Remuneration Committee, if it is the case:

**10.1.1** Matured Options and Exercisable Options at the date of the death of the Beneficiary could be exercised from his/her heirs or successors within the following six months, after presentation of the declaration of succession, in accordance with article 48 of Legislative Decree no. 346 of 1990 and/or fulfilment of obligations provided by fiscal legislation in force, if applicable;

**10.1.2** with reference to the above mentioned provisions about any possible exception granted by the Board of Directors, the Board of Directors (with abstention of any directly interested person, and with the advice of the Remuneration Committee, if it is the case) has the faculty to stipulate with Beneficiaries or their heirs and successors any agreement that provide the partial or total exercise of Attributed Options also in case of death of the Beneficiary.

## **11 – TAX TREATMENT OF OPTIONS AND SHARES**

**11.1** With reference to dispositions of the Italian fiscal legislation, the assignment of Options does not give raise to any taxable income for the Beneficiary.

**11.2** The exercise of the Options with subscription of Shares can determine the taxation of the Beneficiary income, considering the treatment provided by Italian fiscal legislation in force at the date of exercise of Options themselves. In case of Beneficiaries non resident in Italy, the exercise of

the Options can determine the taxation of the Beneficiary income, on the basis of the fiscal legislation of the Country of residence of the Beneficiary.

## **12 – REGULATION ADAPTATION**

**12.1** In case of any increases of the capital of the Company (or of another company of the Group), free of charge or not, or any extraordinary distribution of dividends that can influence on the approved economic content of the Plan, the Board of Directors could:

**12.1.1** suspend, for a determined period not superior than 60 Working days, the right to exercise the Attributed Options, the Exercisable Options and the Matured Options also to the aim to adapt them to provisions of article 12.1.2 ; and/or

**12.1.2** adapt the quantitative of Attributed Options, Exercisable Options and Matured Options by applying, where available, mathematical formulas of general acceptance used by Stock Exchange operators and using, where opportune, an independent external estimator. The Board of Directors will be also able to apply any modification and integration, necessary or opportune, in order to maintain the essential contents of the Plan.

**12.2** In addition to provisions of article 12.1, in case of any events that could influence the Targets, the Options, the Shares or the Plan (such as mergers, scissions, purchase or exchange public offerings, exclusion of the shares of the Company from the official quotation on the Telematic Share Market, legislative modifications or others), the Board of Directors could:

**12.2.1** suspend, for a determined period not superior than 60 Working days, the right to exercise any Attributed Options, Exercisable Options and Matured Options also to the aim to arrange the adjustments provided by the following article the 12.2.2 ; and/or

**12.2.2** adequate the numbers of Attributed Options, Exercisable Options and Matured Options by applying, where available, the mathematical formulas of general acceptance used by Stock Exchange operators and using, where opportune, an external independent estimator. The Board of Directors will be also able to apply any modification and integration necessary or opportune in order to maintain the essential contents of the Plan.

**12.3** In case the exercise of the Options is suspended, or the provisions of the Regulation are modified, as provided by article 12, the Board of Directors will communicate to the Beneficiaries the terms of the suspension or the content of changes, within 7 Working days from the date of the relative deliberation, the terms of the suspension or the content of changes.

**12.4** It remains firm that for the whole duration of the Plan, the Options shall not be exercised in the period in between the financial statements' approving date by the Board of Directors and the date in which the dividend is payable, on the basis of the Borsa Italiana S.p.A.'s calendar.

### **13 - DURATION OF THE PLAN AND RESOLUTIVE CLAUSE**

**13.1** The Plan will have duration from the date of approval of the Regulation until February 28<sup>th</sup> 2006. Any Option that will not be exercised within February 28<sup>th</sup> 2006 will not be exercisable any more.

**13.2** The Regulation is applicable provided the effective admission of the Company shares to quotation within 31<sup>st</sup> July 2001.

### **14 - COMPETENT COURT**

Any controversy between one or more companies of the Group and one or more Beneficiaries arising from or depending on, or related to the Plan, the Regulation, the Adhesion Form and the Shares Requesting Form will be exclusively resolved by the proper judicial authorities of Treviso, Italy.

\* \* \*

***Enclosure “sub 1” to***  
**REGULATION**  
**OF THE *STOCK OPTION* PLAN OF DE' LONGHI S.P.A. 2001/2006**  
**IN FAVOR OF SELECTED EMPLOYEES**

Once considered the English Tax law as applicable to options granted and stocks assigned based on the present Stock Option Plan (the “Plan”) by De Longhi S.p.A. (“the Company”) to employees tax resident in the United Kingdom, being provided for under such law that the beneficiaries are entitled to a favourable tax treatment on condition that the Plan is previously approved by the UK Tax Authorities (*Inland Revenue*), the Company conditions with a suspension clause the execution of the present Plan, and being understood with that in particular but not only the grant of options, the assignment of stocks, the conditions, the terms and the amounts which can granted or assigned based on the present Plan, towards all employees above defined until such previous approval is given in the terms and conditions provided for by the law.