

Indesit Company



**Shareholders' meeting
27th April and 3rd May 2007**

Board of Directors' reports
on the items on the agenda

Indesit Company S.p.A.

Registered office: Viale Aristide Merloni n. 47, 60044 Fabriano (AN)

Capital stock: € 102,536,744.40 fully paid in

Court of Ancona Companies Register,

tax and VAT code: 00693740425

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Indesit Company

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Notice of Ordinary and Extraordinary Shareholders' Meeting

Shareholders are hereby convened for an Ordinary and Extraordinary Shareholders' Meeting at the Company's registered offices in Fabriano, Viale Aristide Merloni n. 47, on 27th April, 2007, at 11 am, (1st call) and on 3rd May, 2007, same time and place (2nd call), to discuss and vote on the following

Agenda

Ordinary business

- 1) Financial statements at 31st December 2006; resolutions.
- 2) Appointment of a board of directors for the three-year period 2007-2009, having first established the number of its members; appointment of a chairman of the Board and fixing of the Board's emoluments.
- 3) Extension of the auditing engagement conferred on KPMG SpA by the shareholders on 5th May 2004.
- 4) Resolution on an expenses fund for the protection of the common interests of savings shareholders.
- 5) Proposal to revoke the stock option plan tied to the 2004-2006 medium-term plan in favour of the chief executive officer.

Extraordinary business

- 1) Proposal to revoke the stock option plan tied to the 2004-2006 medium-term plan in favour of the chairman. Art. 5 of the by-laws: relative modifications and other modifications in connection with the extinction of other plans.
- 2) Modification of the by-laws to bring them into line with law 262, 28th December 2005, and with decree law 303, 29th December 2006: proposal to modify articles 9), 10), 11) 14), 17), 20) and 22). Addition of article 14-bis.

Holders of shares with voting rights who lodge share certificates issued by their brokers at the Company's offices at least two business days before the date fixed for each meeting and have not withdrawn them before the meeting takes place are entitled to speak at the meeting.

Nominations for the posts of director and chairman, accompanied by comprehensive information regarding candidates' personal and professional characteristics, including eligibility as independent directors, may be lodged at Company head office at least fifteen days before the date of the 1st call meeting.

The report on the matters on the meeting's agenda will be made available to the public at the Company's headquarters and Borsa Italiana within the legal term. Such documentation will also be published on the Company's website, www.indesitcompany.com. Shareholders may request copies.

Milan, 22nd March 2007

For the Board of Directors

Vittorio Merloni

(Chairman)

ORDINARY BUSINESS

BOARD OF DIRECTORS' REPORT ON THE 1st ITEM ON THE AGENDA

Financial statements at 31st December 2006; resolutions.

Shareholders,

This report will illustrate certain issues that will help you to evaluate our proposals regarding a) approval of the Company's separate¹ financial statements for the year closing 31st December 2006, and b) allocation of profits for 2006 and payment of dividends.

a) Separate financial statements at 31st December 2006

More detailed information on accounting data and events in 2006 can be found in the separate and consolidated financial statements, in the respective board of directors' reports and in the reports to the meeting by the firm of accountants and the statutory auditors, which are filed at Company headquarters along with this report.

b) Proposed allocation of profits and payment of dividends

Your Company's separate financial statements closing 31st December 2006 show profits of € 54,274,119.22.

After the statutory 5% (€2,713,705,96) to the legal reserve, the residual figure is €51,560,413.26.

Regarding dividend pay-out, we propose to pay €0.348 on each ordinary share in circulation and €0.366 on each savings share in circulation and to use the residual profit for the year to such end.

As of the date of this report, there are 113,442,684 ordinary shares in circulation. This number could change ahead of the Meeting due to the exercise of stock options allotted to Group executives and middle-managers. Up to the coupon detachment date, a further 397,500 options may be exercised, giving entitlement to the same number of newly issued shares².

To date, the Company holds 11,039,750 ordinary shares. Seeing that, under art. 2357-ter, clause 2, Civil Code, as long as the Company holds such treasury shares, the right to profits on them must be assigned proportionally to the other shares, we propose to allocate the dividend relative to said treasury shares to the ordinary and non-convertible savings shares in circulation, thus raising the dividend per ordinary and non-convertible savings share by €0.037³.

To date, the Company holds 11,039,750 ordinary shares. Seeing that, under art. 2357-ter, clause 2, Civil Code, as long as the Company holds such treasury shares, the right to profits on them must be assigned proportionally to the other shares, we propose to allocate the dividend relative to said treasury shares to the ordinary and non-convertible savings shares in circulation, thus raising the dividend per ordinary and non-convertible savings share by €0.035.

The Board thus proposes payment of a total dividend of €0.385 for each ordinary share in circulation (other than treasury shares) and of €0.403 for each non-convertible savings share in circulation.

The exact amount of residual profits⁴ we propose writing to extraordinary reserves will be announced at the General Meeting.

¹ The financial statements of Indesit Company S.p.a. (till 31st December 2005 referred to as "bilancio d'esercizio") are now, as of 2006, termed the "separate" financial statements, in line with IAS/IFRS accounting standards.

² The number of ordinary shares on the date of the Meeting might thus be 113,840,184.

³ The additional €0.037 was obtained by rounding of the €0.03733 produced by dividing the dividend due to treasury shares between the ordinary shares (other than treasury shares) in circulation as of 22nd March 2007 and the savings shares.

⁴ Minimum of €11,776,199.52 if all options are exercised.

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Dividends will be payable from 24th May 2007 (coupon detachment date 21st May 2007). This said, the Board motions that its report and the separate financial statements as of 31st December 2006 (closing with profits of €54,274,119.22) be put to the vote and therefore proposes adoption of the following resolutions:

“Having taken note of the board of directors’ report and those of the statutory auditors and independent accountants, the Shareholders’ Meeting
resolves

- 1) to approve the separate financial statements and directors’ annual report for 2006 as presented and filed in the Company’s books;
- 2) to allocate the €54,274,119.22 profits as follows:
 - a) five percent (€2,713,705.96) to the legal reserve;
 - b) €0.348 (zero point three four eight) for each of the #⁵ ordinary shares in circulation;
 - c) €0.366 (zero point three six six) for each of the 511,282 non-convertible savings shares in circulation;
- 3) to raise by €0.037 (zero point zero three seven) the dividend on each of the ordinary and non-convertible savings shares in circulation, pursuant to 2357-ter, clause 2, civil code, in respect of the 11,039,750 treasury shares, and thus to pay out a total dividend of:
 - i. €0.385 (zero point three eight five) on each ordinary share in circulation (other than treasury shares);
 - ii. €0.403 (zero point four zero three) on each non-convertible savings share in circulation;
- 4) to allocate residual profits⁶ after allocation to the legal reserve as in 2) above and payment of the dividends as in 3) above to the extraordinary reserve.”

Milan, 22nd March 2007

For the Board of Directors

Vittorio Merloni

(Chairman)

⁵ As already noted, the number of ordinary shares in circulation on the day of the Meeting will be announced by the chairman and will depend on the number of options exercised.

⁶ See Note 4.

BOARD OF DIRECTORS' REPORT ON THE 2nd ITEM ON THE AGENDA

Appointment of a board of directors for the 3-year period 2007-2009, after fixing the number of members; appointment of a chairman and fixing of the Board's emoluments

Shareholders,

This meeting to approve the separate financial statements at 31st December 2006 marks the end of the current board of directors' term of office. It is therefore necessary to proceed, having first fixed the number of directors, to appoint a new board and its chairman for the three-year period 2007-2009 and determine their emoluments.

The Board does not intend to make any proposals regarding candidates to nominate and invites the shareholders to make their own proposals. Given the unequivocal provision of decree law 303/2006, in fact, the procedure based on lists of candidates filed in advance will only be applicable after modification of the by-laws and in any case not in the same meeting as the one called to make such modification. This report is also intended, therefore, to remind the shareholders of the rules of governance that the Company has adopted on the matter of appointing directors, in addition to what will be said subsequently on insurance cover. Nominations for the posts of director and chairman, accompanied by full information on candidates' personal and professional background and eventual eligibility as independent directors, may be lodged at Headquarters at least fifteen days before the date of the Meeting. On the fixing of the number of directors to sit on the Board, shareholders are reminded that the by-laws provide for a Board of from five to thirteen members.

Regarding the make-up of the Board, on the other hand, and given the size of the Company and the growing complexity and competitiveness of the industry it operates in, the Board invites the shareholders to formulate their proposals in such a way that the Board may include directors' with experience and professional expertise in international contexts, not only in specific industrial sectors but also in finance, economics and problems relating to the globalization of markets.

The composition of the Board must also comply with other rules of corporate governance. In particular, the Board decided that for a non-executive director of the Company five directorships or statutory auditorships in other listed companies was the maximum number compatible with effective performance of the role. The Board therefore requires shareholders that present lists for the appointment of directors to indicate how many such posts are already covered by each candidate in other companies.

Another aspect that shareholders should consider when presenting lists of candidates is the need to have an adequate number of directors on the Board who are independent as defined both in art. 148, clause 3, TUIF⁷, and by the Board in its meeting on 26th October 2006, when it voted to adopt the March 2006 version of the Listed Company Code of Self-discipline. The Board in any case hopes that the lists enable a majority of independent directors to be elected, both to maintain the Company's consolidated practice and because having a sufficient number of directors who can be termed independent (as per the above mentioned rules) is crucial to protecting the interests of the shareholders, and in particular minority and 3rd party shareholders. Further, it should be remembered that independent directors must form the majority on the Board's committees (eg. the human resources and internal control committees).

The independence criteria adopted by the Company are attached to this report to assist shareholders in formulating their nomination proposals.

The outgoing Board abstains, except on the issue of insurance cover as explained below, from

⁷ One independent director if the board has fewer than six directors, two if more than seven directors are appointed.

formulating specific proposals regarding total emoluments for the directors for the three-year period 2007-2009. The shareholders' meeting on 5th May 2004 voted total annual emoluments of Euro 920,000.00 for the Board for the three-year period 2004-2006, plus reimbursement of expenses incurred, as provided for in the by-laws. The shareholders also charged the Board with the task of dividing the emoluments between the directors and the chairman and of defining procedures for calculating individual amounts, including the possibility of payment tied to actual attendance at meetings.

The Board therefore invites the shareholders to submit proposals for the total annual emoluments for the Board for the three-year period 2007-2009.

The Board stresses that, although the Company's directors do their utmost to ensure constant diligence in their work and an internal control system operates to protect the Company against all possible risks, it believes it is in the best interest of the Company to provide its directors with adequate insurance cover for civil liability for financial damage to the Company.

In line with what has become common practice for large concerns, the Board proposes stipulating an insurance contract for the 2007-2009 period within the limits of an annual maximum of €100,000, net of tax charges, for a maximum amount per claim and maximum annual aggregate of €25m. Such insurance would indemnify the Company against all financial damage caused to it by its directors, who are civilly liable, as a result of any behaviour, whether individual or collective, of omission or commission, occurring once or repeatedly, and which is imprudent and/or negligent and in breach of obligations and/or duties pertaining to their functions provided for by law, rules, the articles of association, the by-laws and/or resolutions of the shareholders and the board of directors (wrongful conduct), excepting penal sanctions and administrative sanctions inflicted by supervision authorities under current law.

The insurance will expire at the end of the directors' term of office.

To this end we motion that the head of finance and administration be empowered to negotiate the premium on the best possible terms available within the aforementioned cost limits and to underwrite the relevant contracts, such action being henceforth endorsed by the shareholders.

Milan, 22nd March 2007

For the Board of Directors

Vittorio Merloni

(Chairman)

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Annex to the directors' report on the 2nd item on the agenda, ordinary business: Criteria for determining eligibility as independent directors

Under the rules of governance adopted by the Company, directors may be termed independent if:

- a) they do not control the Company either directly or indirectly or through subsidiaries, fiduciaries or other intermediaries and are not able to exercise any considerable influence over it and do not participate in shareholders' agreements through which one or more subjects may exercise control of or considerable influence over it;
- b) they are not, nor have been in the last three years, major exponents⁸ of the Company or of any of its strategically important subsidiaries or of any company under common control with same or of a company or network which, also through a shareholders' agreement, controls the Company or may exercise considerable influence over it;
- c) they do not have, nor have had in the previous year, any significant commercial, financial or professional relationship, either direct or indirect (eg. through subsidiaries or companies of which they are major exponents or as partners in a professional practice or consulting firm) with:
 - the Company, any of its subsidiaries or any of their major exponents;
 - with any subject which, even with others through a shareholders' agreement, controls the Company or, in the case of a company or other organization, with its major exponents;
- d) they are not, nor have been in the previous three years, employees of any of the aforementioned

⁸ "Major exponent" of a company or other organization means chairman, legal representative, executive director or manager with strategic responsibilities.

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- subjects;
- e) they do not receive from the Company or any of its subsidiaries or parent company, nor have done in the last three years, any significant additional remuneration⁹ over and above their “fixed” emoluments as non-executive directors of the Company, which include participation in the Company’s *performance-linked* incentive schemes, including stock options;
 - f) they have not been Company directors for more than nine years out of the last twelve;
 - g) they are not executive directors in any other company in which an executive director of the Company has a directorship;
 - h) they are not partners or directors in any company or organization belonging to a network of the company retained by the Company to audit its accounts;
 - i) they are not close relatives of any person who is in any of the circumstances indicated above.

⁹ The Board has defined as “significant” remuneration in addition to fixed emoluments any amount in excess of a) three times total annual remuneration (including fees for attending committee meetings) or b) €200,000 a year.

BOARD OF DIRECTORS' REPORT ON THE 3rd ITEM ON THE AGENDA

Extension of the auditing engagement conferred on KPMG SpA by the shareholders on 5th May 2004.

Shareholders,

This item on the agenda is also dealt with in the statutory auditors' report. Decree law 303/2006 provides, in fact, that statutory auditors must submit detailed proposals for conferring and revoking engagements of external accountants. The Board and the statutory audit committee have agreed that, in view of new legislation on the matter, resolutions to extend engagements also require intervention by the statutory auditors.

The Board has declared itself favourable to an extension of the auditing engagement conferred on KPMG SpA by the shareholders on 5th May 2004, and which is scheduled to terminate on the date of approval of the financial statements 31st December 2006, until auditing of the statements for 2012, ie. for a total of nine years, as contemplated in art. 159, clause 4, TUIF.

The statutory audit committee's report on said item on the agenda is published together with this report.

Milan, 22nd March 2007

For the Board of Directors

Vittorio Merloni

(Chairman)

BOARD OF DIRECTORS' REPORT ON THE 4th ITEM ON THE AGENDA

Resolution on an expenses fund for the protection of the common interests of savings shareholders.

Shareholders,

A special meeting of the holders of savings shares has been called for 27th April and 2nd and 3rd May to vote, pursuant to provisions of art. 146 TUIF, on

- the appointment of a common representative of holders of savings shares for the three-year period 2007-2009 (or up to the shareholders' meeting to approve the financial statements at 31st December 2009);
- the fixing of an annual fee;
- the setting up of an expenses fund to safeguard the common interests of savings shareholders as contemplated in art. 146, clause 1c, TUIF.

As voted by the meeting of savings shareholders on 14th September 2004, said fund amounted to €20,000 including the fee (€10,000) due to the aforementioned common representative.

Under the provisions of the aforementioned art. 146, TUIF, the Company may decide to assume this Fund in part or whole at its own expense.

Lastly, we must render account of the expenses incurred by the fund over the last three years: they consist entirely of the fee due to the common representative. Adriano Gandola, the representative in question, has reported that said fee was donated to charities working on social problems.

* * * * *

The board of directors motions the Meeting to approve the proposal that the Company take upon itself the expense of the savings shareholders' expenses fund, as it has done in the past (most recently in their meeting on 12th May 2005), up to the total amount of €20,000 irrespectively of any resolutions voted by the savings shareholders' meeting. The Board thus invites the shareholders to vote the following resolution:

“Having heard and approved the board of directors' motion, the shareholders' meeting resolves

that the expenses fund to safeguard the common interests of savings shareholders, including the remuneration due to the common representative, be assumed by the Company up to the amount of €20,000 (twenty thousand) for the years 2007, 2008 and 2009 and in any case up to approval of the financial statements at 31st December 2009”.

Milan, 22nd March 2007

For the Board of Directors

Vittorio Merloni

(Chairman)

BOARD OF DIRECTORS' REPORT ON THE 4th ITEM ON THE AGENDA

Proposal to revoke the stock option plan tied to the 2004-2006 medium-term plan in favour of the chief executive officer.

Shareholders,

For this item, please refer to the report on the 1st item on the agenda of extraordinary business, dealing with the stock option plan linked to the 2004-2006 medium-term plan in favour of the chairman of the Board.

Milan, 22nd March 2007

For the Board of Directors

Vittorio Merloni

(Chairman)

EXTRAORDINARY BUSINESS

BOARD OF DIRECTORS' REPORT ON THE 1st ITEM ON THE AGENDA

Proposal to revoke the stock option plan, tied to the 2004-2006 medium-term plan, in favour of the chairman. Art. 5 of the by-laws: relative modifications and other modifications in connection with the extinction of other plans.

Shareholders,

This report will explain certain matters that will help you evaluate our proposal to revoke *i)* the stock option plan in favour of the Company's chairman of the Board voted by the shareholders on 5th May 2004 and *ii)* the stock option plan in favour of the CEO approved by the Board on 24th July 2004 (item 5 on the ordinary business agenda).

Whereas:

- a) The shareholders' meeting on 5th May 2004 approved a new capital increase up to a maximum of 1,000,000 new ordinary shares reserved for options in favour of the chairman of the Board. The plan is linked to his permanence in office and the achievement of the profits targets indicated in the 2004-2006 medium term plan approved by the Board in October 2003 (hereafter MTP). The subscription price of the options is €14.70;
- b) as an employee of Indesit Company S.p.A., the CEO is a beneficiary, under the terms of the Board's resolution dated 24th July 2004, of a stock option plan linked to his permanence in office and the achievement of the profits and sales targets indicated in the MTP. The plan provides for allocation of 900,000 options (300,000 each year) on 900,000 of the Company's treasury shares (ordinary shares). Allocation of each *tranche* of options is at the end of each year. The price for exercising the options in each *tranche* is the average of the official market price of the Company's equity over the 30 days prior to 31st December each year. To date, the *tranches* for 2004 and 2005, at the subscription prices of €12.5649 and €8.5966 respectively, have been allocated;
- c) the Board replaced the MTP with the 2006-2008 medium term plan on 26th October 2005;
- d) the objectives of the two stock option plans were not fully achieved, partly due to the substitution in c) above, so the options allocated as in a) and b) above were forfeited as of 31st December 2006;
- e) although unforeseeable circumstances arose in the period between the approval of the plan and the present day rendering achievement of the MTP objectives appreciably more difficult, the Board has decided not to exercise its discretionary power, under the rules of the two plans in a) and b) above, to propose modifications to such objectives.

This said,

the Board decided on 4th May 2006 to motion the shareholders, pursuant to art. 114-*bis* TUIF, as amended and integrated, to revoke said plans.

The shareholders were called on to approve the motion regarding the revocation of the stock option plan in favour of the chairman in an extraordinary meeting in that said revocation requires the abrogation of clause 6 of article 5 of the by-laws, which provides for a capital increase to fund the plan, and modification of clause 7 of said art. 5 to change the figure of the voted capital accordingly.

It must be pointed out here that revocation of the stock option plan in favour of the chairman of the Board and abrogation of the current clause 6 of art. 5 of the by-laws will cause the voted share capital to be lowered from €106,572,569.40 to €105,672,569.40. Said effect is in any case automatically produced by the forfeiture of the options allocated to the chairman.

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The approval of the revocation of the stock option plan in favour of the CEO will require the majorities needed in ordinary meetings.

* * * * *

The Board also wishes to take this opportunity to submit to the shareholders a motion to abrogate the current clauses 4 and 5 of the by-laws in that they are connected with *stock option plans* in favour of non-employee directors with special tasks. All the options allocated have been exercised, thus producing a capital increase of €1,440,000 euro.

The Board believes said abrogation is necessary for the purpose of eliminating from the by-laws a reference that is no longer of current relevance.

Following upon the proposed modifications, we submit for your approval a renumbering of the clauses in art. 5 of the by-laws. Regarding the modifications themselves, a table has been drawn up (annex "A") showing the current text parallel to the text submitted for your approval.

* * * * *

In view of the foregoing, we invite you to vote the following resolutions if you agree with our proposal:

"Having heard and approved the board of directors' Report, the ordinary meeting of the shareholders of Indesit Company S.p.A."

resolves

to revoke the stock option plan in favour of the chief executive officer Marco Milani approved by the Board on 24th July 2004 and linked to his permanence in office in the period 2004-2006 and the achievement of the profits and sales targets indicated in the 2004-2006 medium term plan approved by the Board in October 2003"

* * * * *

"Having heard and approved the board of directors' Report, the extraordinary meeting of the shareholders of Indesit Company S.p.A."

resolves

- a) to revoke the stock option plan in favour of the chairman of the Board, Vittorio Merloni, approved by the shareholders on 5th May 2004 and linked to his permanence in office in the period 2004-2006 and the achievement in said period of the profits and sales targets indicated in the 2004-2006 medium term plan approved by the Board in October 2003;
- b) to abrogate clause 6 of art. 5 of the by-laws, which provides for a capital increase to fund the stock option plan in favour of the chairman of the Board;
- c) following upon approval of resolutions a) and b) above, to modify the current clause 7 of art. 5 of the by-laws as follows: "As a result of the resolutions detailed above, the voted share capital stands at €105,672,569.40 (one hundred and five million six hundred and seventy-two thousand five hundred and sixty nine point four zero) divided into 117,413,966 shares of par value €0.90 each, of which 116,902,684 ordinary and 511,282 non-convertible savings shares";
- d) to abrogate clauses 4 and 5 of article 5 of the Company's by-laws;
- e) to renumber the clauses in art. 5 accordingly."

Annex "A", hereunder, contains the current and proposed new texts of article 5.

Milan, 22nd March 2007

For the board of directors,

Vittorio Merloni

(Chairman)

* * * * *

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ANNEX A)

CURRENT BY-LAWS Article five	PROPOSED MODIFICATION Article five
The first three clauses remain unchanged.	
The Extraordinary Shareholders' Meeting dated 23 October 2001, resolved to increase the share capital, excluding the right of option pursuant to art. 2441, paragraph 5 of the Italian Civil Code, by additional maximum Euro 1,260,000, issuing maximum 1,400,000 ordinary shares, with the same characteristics as shares already outstanding, reserved to the exercise of subscription options for the benefit of the Company's members of the Board of Directors, non employees, performing significant tasks in the management of the enterprise, under the terms and conditions provided for in the Shareholders' Meeting resolution.	<i>TO ABROGATE</i>
The Extraordinary Shareholders' Meeting held on 6 May 2002, resolved to increase the share capital, excluding the right of option pursuant to art. 2441, paragraph 5 of the Italian Civil Code, by additional maximum Euro 180,000, issuing maximum 200,000 ordinary shares, with the same characteristics as shares already outstanding, reserved to the exercise of subscription options for the benefit of the Company's members of the Board of Directors, non employees, performing significant tasks in the management of the enterprise, under the terms and conditions provided for in the Shareholders' Meeting resolution.	<i>TO ABROGATE</i>
The Extraordinary Shareholders' Meeting held on 5th May 2004, resolved to increase the share capital, excluding the right of option pursuant to art. 2441, paragraph 5 of the Italian Civil Code, by an additional maximum Euro 900,000, issuing a maximum of 1,000,000 ordinary shares, with the same characteristics as shares already outstanding, reserved to the exercise of subscription options for the benefit of the Company's non employee chairman under the terms and conditions provided for in the Shareholders' Meeting resolution.	<i>TO ABROGATE</i>
As a result of the resolutions detailed above, the voted share capital stands at Euro 106,572,569.40 (one hundred and six million five hundred and seventy-two thousand five hundred and sixty-nine point four zero) divided into 118,413,966 registered shares, par value Euro 0.90 each, of which 117.902.684 ordinary and 511.282 non convertible saving shares.	As a result of the resolutions detailed above, the voted share capital stands at Euro 105,672,569.40 (one hundred and five million six hundred and seventy-two thousand five hundred and sixty nine point four zero) divided into 117,413,966 shares of par value €0.90 each, of which 116,902,684 ordinary and 511,282 non-convertible savings shares

BOARD OF DIRECTORS' REPORT ON THE 2nd ITEM ON THE AGENDA

Modification of the by-laws to bring them into line with law 262, 28th December 2005, and with decree law 303, 29th December 2006: proposal to modify articles 9), 10), 11) 14), 17), 20) and 22). Addition of article 14-bis.

Shareholders,

As you know, law 262, 28th December 2005, as amended and integrated by decree law 303/2006 (hereafter the "Investor Protection Reform"), introduced new provisions to protect investors and discipline financial markets. The provisions came into force on 25th January 2007 and companies already filed in Companies Registers as of such date have until 30th June 2007 to comply with them.

Even though the Investor Protection Reform still has to be completed by Consob with regulations implementing the law (as well as guidelines for interpreting it), the Board believes it is advisable to proceed to modify the by-laws during the meeting called to approve the 2006 financial statements.

Further, although such modifications fall within the scope of board of directors' resolutions (art. 20, by-laws), the Board believes it is advisable to submit the matter to the shareholders and take the opportunity to reformulate certain articles and clauses in order to clarify certain pre-existing regulatory provisions not expressly contemplated in the Investor Protection Reform. The Board is in any case of the opinion that the provisions of the Investor Protection Reform contain some albeit modest options that the Board believes should be exercised by the shareholders.

The Board has also decided to motion the Meeting to introduce a number of minor modifications to come into line with certain provisions of the Listed Companies Code of Self-discipline published in March 2006 by the Corporate Governance Committee of Borsa Italiana spa (hereafter "Code of Self-discipline").

In view of the work done on reviewing its governance and finding solutions that increase shareholders' participation in the life of the Company, the Board believes other modifications should be made to the by-laws.

This said, we submit for your approval the modifications to the by-laws, as set forth in Annex "A" in a parallel text presenting the current and proposed versions and explanations. Regarding such modifications, we draw your attention in particular to the fact that regulations still have been issued on such matters as the determination of the minimum percentage of capital for presenting lists for nominating directors, the new figure of the officer to be put in charge of drafting the company's accounting documents and the possibility of integrating the agenda of shareholder meetings when requested by the percentage of shareholders indicated by the current law.

* * * * *

In addition to the foregoing, the Board informs the shareholders that, in connection with both the new legislation and the modifications to our by-laws if approved, it will be necessary to modify the rules of shareholders' meetings accordingly. We therefore propose that the Board be invested with the power to decide on said necessary modifications.

* * * * *

The Board hereby invites you to vote the following resolution if you agree with the motion: "Having heard and approved the board of directors' report, the extraordinary meeting of the shareholders of Indesit Company S.p.A."

resolves

- A) to approve the modifications to the by-laws proposed by the Board, as illustrated in the report made available to the public;

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- B) to invest in the Board and the chairman and Ceo on its behalf, also separately, all necessary powers for the purpose of:
- i. fulfilling legal obligations, including those relating to public announcements, in connection with implementing the modifications to the by-laws;
 - ii. renumbering the articles and clauses in the by-laws and re-organizing them in order to guarantee coherence;
 - iii. introducing modifications to the rules for shareholders' meetings to bring them into line with the new legislation and by-laws;
 - iv. introducing into the text of the resolutions voted and that of the rules for shareholders' meetings any modifications of a formal and not substantial nature that may be requested by the relevant authorities, notaries or the Companies Register or that may prove advisable in order to comply with the applicable provisions of law.
- and henceforth endorses all action taken to implement said resolution.”

Milan, 22nd March 2007

For the board of directors,
Vittorio Merloni
(Chairman)

* * * * *

Indesit Company

Annex A)

CURRENT BY-LAWS	PROPOSED MODIFICATION	REASONS
TITLE III – Shareholders’ meeting	TITLE III - Shareholders’ meeting	TITLE III - Shareholders’ meeting
Article nine	Article nine	Article nine
<i>The text of this article remains the same. We propose to add the following clause as the last clause.</i>		
	Whenever legally requested by the shareholders, the agenda is integrated under the terms and in the manner provided for by the applicable provisions of law.	Modification due to the introduction of new provisions of law.
Article ten	Article ten	Article ten
All the Shareholders who deposit their certificate given by the broker at least two days before the date fixed for the single Meeting and have not withdrawn them before the Meeting takes place are entitled to take part in the Meeting.	All the Shareholders who deposit their certificate given by the broker at least two business days before the date fixed for the single Meeting and have not withdrawn them before the Meeting takes place are entitled to take part in the Meeting.	Clarification of previous provision of law.
<i>The rest of the article stays the same.</i>		
Article eleven	Article eleven	Article eleven
The Meeting, both ordinary and extraordinary, is held and resolves in conformity with legislation. <u>The appointment of directors takes place by show of hands with relative majority; votes being equal, the senior director by age will be appointed.</u>	The Meeting, both ordinary and extraordinary, is held and resolves in conformity with legislation and the by-laws.	Modification needed to bring the by-laws into line with the new provisions of law.
TITLE IV - Administration-Representation-Signature	TITLE IV - Administration-Representation-Signature	TITLE IV - Administration-Representation-Signature
Article fourteen	Article fourteen	Article fourteen
The Company is administered by a Board of Directors composed of a number ranging between five and thirteen components, also non shareholders. They are appointed by the Shareholders’ meeting, establishing its number, and their term lasts three financial years and they can be re-elected.	The Company is administered by a Board of Directors composed of no less than five and no more than thirteen members , also non shareholders. They are appointed by an open vote of the Shareholders’ meeting, which first establishes its number, and their term lasts three financial years and they can be re-elected.	Clarification of previous version not affecting the text in any substantial way.

	<p>Appointment of the Board is by voting on lists presented by the shareholders in which candidates are numbered progressively. Only shareholders together representing at least the percentage of capital required by current law are entitled to present lists. Lists must be filed with the Company's registered office at least fifteen days before the date fixed for the 1st call meeting.</p>	<p>Modifications due to the introduction of new provisions of law. The Board proposes, among other things, in connection with filing lists to adopt the percentage that will be indicated by Consob under current law and to bring forward the deadline for filing lists to 15 days before the date fixed for the 1st call shareholders' meeting, as per the Listed Companies Code of corporate governance.</p>
	<p>The notice of the meeting to appoint directors must contain an indication of the percentage of capital with voting rights in ordinary meetings needed to present lists and the deadline for filing same.</p>	<p>Clarification of provision of law.</p>
	<p>The following documents must be filed with the registered office along with each list:</p> <ul style="list-style-type: none"> a) copy of certificate issued by authorized brokers with whom the shares are deposited; b) CV of each candidate adequately illustrating professional and personal characteristics; c) list of directorships and positions of control held by each candidate in other companies; d) indication of eventual eligibility as an independent director pursuant to art. 148, clause 3, decree law 58/98; e) statements by the candidates that they accept candidacy and declare under their own responsibility that there are no causes of ineligibility or incompatibility and that they possess the requisites for holding the post prescribed by law and the Company's by-laws; f) declaration by shareholder or shareholders presenting the list stating under their own responsibility that there is no connection with other lists presented. 	<p>Modifications due to the introduction of new provisions of law.</p>

	<p>For the purposes of the previous clause, a connection is understood to exist when the shareholders are either i) in a control relationship with each other or under the same control as defined in art. 93, decree law 58/98, ii) in a relationship of connection with reach other as defined in art. 2359, clause 3, Civil Code, iii) or are parties to agreements involving the exercise of voting rights as per art. 122, clause 1, decree law 58/98.</p>	<p>Modifications due to the introduction of new provisions of law.</p>
	<p>A shareholder may not present or agree with others to present, not even through intermediaries or trust companies, more than one list or vote for more than one list.</p> <p>On pain of ineligibility, a candidate may only register in one list and must not be in any of the circumstances constituting ineligibility as defined in art. 14-bis of these by-laws. Each list must contain enough independent directors to satisfy the requirement in art. 14 bis of these by-laws, with progressive numbering so that if the list obtains the most votes, said candidates will be elected.</p>	<p>Modifications due to the introduction of new provisions of law.</p>
	<p>A list which does not comply with the provisions illustrated above is considered as not having been presented.</p>	<p>Modifications due to the introduction of new provisions of law.</p>
	<p>The Company shall publish validly presented lists on its website within the legal term.</p>	<p>Modifications due to the introduction of new provisions of law.</p>

	<p>Directors are elected as follows:</p> <p>a) one director is taken from the list that obtained most votes after the list in b) hereunder;</p> <p>b) the other directors are taken from the list that obtained most votes, in the progressive order in which they are listed.</p> <p>The Board is chaired by the first candidate in the list in b) above.</p> <p>For the purposes of the election described above, lists that fail to obtain half the minimum percentage of votes required in clause 3 above are not counted. A shareholder may only vote one list.</p>	<p>Modification due to the introduction of a new provision of law requiring boards to include at least one director from the minority list that got the most votes.</p>
	<p>If only one list is presented or if no list is presented or if the list in a) above fails to obtain half the minimum percentage of votes required to present the list, the shareholders' meeting votes by the legal majority without observing the aforementioned procedure.</p>	<p>Modifications due to the introduction of new provisions of law.</p>

<p>If one or more directors fail to complete their term of office, the others will provide for replacements as required by law.</p>	<p>If one or more directors fail to complete their term of office, the others will provide for replacements as required by law and appoint the first, in progressive order, of the non-elected candidates in the list from which the director to be replaced was taken, provided the new candidate is still eligible. If the director to be replaced is independent as defined in art. 148, clause 3, decree law 58/98, election shall be as described above so that the Board continues to have the minimum number of directors with the same requisites of independence; failing this, the first of the non-elected candidates with said requisites shall be elected.</p> <p>Election of directors nominated pursuant to art. 2386, Civil Code, is by the legal majority, replacements being appointed on the basis of the criteria set forth in the previous sentence. Directors thus appointed end their term of office at the same time as the directors already in office when they were appointed.</p>	<p>Modifications due to the introduction of new provisions of law.</p>
	<p>If the number of directors elected is less than the maximum provided for in the first clause of this article, the shareholders' meeting may during the Board's term of office increase such number within the upper limit indicated in the first clause, voting by legal majority.</p>	
<p>Article fourteen-bis</p>	<p>Article fourteen-bis</p>	<p>Article fourteen-bis</p>
	<p>No one who:</p> <ul style="list-style-type: none"> - is in any way ineligible or unsuitable under the terms of applicable law, - or does not have the requisites for the post indicated in the by-laws or legislation, <p>may be appointed to the office of director, or if he is, he must immediately stand down.</p>	<p>Article added to clarify the requisites of moral standing and independence of the Company's directors.</p>
	<p>At least one of the members of the Board – or two if the Board has more than seven members – must have the requisites of independence specified in law</p>	<p>Clause made necessary by the introduction of a provision of law requiring board to have an adequate number of directors with the requisites of</p>

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	applying to statutory auditors of companies listed on regulated markets in Italy.	independence set forth in art. 148, clause 3, TUIF.
Article seventeen	Article seventeen	Article seventeen
The Chairman or nominee calls the Board of Directors' Meeting, when this is considered appropriate in the interest of the company or however in those instances required by legislation. The notice of call will be forwarded by at least one of the following means: e-mail, fax, telex, telegram, registered letter, or other means guaranteeing proof of receipt, to be sent at least five days before the date established for the meeting or, in urgent cases, at least 24 hours before the meeting to the domicile or home address provided by each of the directors or statutory auditors in office.	The Chairman or nominee, or the statutory audit committee or a standing auditor , calls the Board of Directors' Meeting, when this is considered appropriate in the interest of the company or however in those instances required by legislation. The notice of call will be made by at least one of the following means: e-mail, fax, telex, telegram, registered letter, or other means guaranteeing proof of receipt, to be sent at least five days before the date established for the meeting or, in urgent cases, at least 24 hours before the meeting to the domicile or home address provided by each of the directors or statutory auditors in office	Modifications due to the introduction of new provisions of law.
<i>The rest of this article remains the same.</i>		
Article twenty	Article twenty	Article twenty
<i>The first three clauses stay the same. The following is proposed as an additional clause, to be the last clause.</i>		
	Having heard the opinion of the statutory auditors, the Board appoints an officer responsible for the drafting of the Company's accounting documents. The Board provides said officer with adequate powers and means for the tasks assigned to him under the relevant laws and rules and fixes his remuneration. The officer responsible for the drafting of the Company's accounting documents must have suitably long experience in the same position and/or other management functions in the administration, finance or control of listed and/or big corporations. Said officer must have the requisites of moral standing required of directors.	Rules regarding the company officer responsible for the drafting of the company's accounting documents as contemplated in new legislation.
TITLE V - Board of Statutory Auditors	TITLE V - Board of Statutory Auditors	TITLE V - Board of Statutory Auditors
Article twenty-two	Article twenty-two	Article twenty-two
The Shareholders' Meeting, with vote by show of hands, appoints the Board of Statutory Auditors, composed of three Standing Members and of two Alternate	<i>Unchanged</i>	

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Members, establishing their remuneration. Minority shareholders are entitled to the appointment of a Standing Member and of an Alternate Member.		
The Board of Statutory Auditors is appointed on the basis of lists presented by shareholders where candidates are listed with a sequential number. The list comprises two sections, one for Standing Member candidates and the other for Alternate Member candidates.	The Board of Statutory Auditors is appointed on the basis of lists presented by shareholders where candidates are listed with a sequential number. The list comprises two sections, one for Standing Member candidates and the other for Alternate Member candidates. Lists presented must indicate at least one standing auditor candidate and one alternate auditor candidate.	This modification is a specific consequence of the introduction of new provisions of law in this sphere.
Only Shareholders who together hold shares amounting to at least 2% of the share capital with voting rights at ordinary meetings are entitled to present lists.	Only Shareholders who together hold shares amounting to at least 2% of the share capital with voting rights at ordinary meetings or, if less, at least the percentage eventually ruled by Consob for Board members, are entitled to present lists.	This modification is a specific consequence of the introduction of new provisions of law in this sphere.
No Shareholder may present more than one list, not even through third parties or trust companies, and may not vote different lists.	<i>Unchanged</i>	
No candidate may enrol in more than one list, on pain of ineligibility.	<i>Unchanged</i>	
Candidates already performing the task of <u>statutory auditor in five other listed companies</u> , or who are ineligible or incompatible or who don't have the statutory or legal requisites to hold office may not be entered in candidate lists.	Candidates already holding positions in administration and control in excess of the limits laid down by current law , or who are ineligible or incompatible or who don't have the statutory or legal requisites to hold office may not be entered in candidate lists. Auditors not having the requisites of moral standing and professionalism must stand down.	This modification is a specific consequence of the introduction of new provisions of law regarding directorships and positions of management control held by statutory auditors.
For the purposes of article 1, paragraph 3 of the Ministry of Justice Decree No. 162 dated 30 March 2000, the following should be considered as strictly connected with Company's operations: the research and/or development and/or production and/or commercialization of goods and services in the energy, light mechanics, electronics segments, and associated materials	<i>Unchanged</i>	
Outgoing Statutory Auditors may be re-elected.	<i>Unchanged</i>	

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<p>Presented lists will be deposited at the Company's registered office at least <u>ten</u> days before the date established for the meeting to be held in first call, <u>and this will be mentioned in the notice of call.</u></p>	<p>Presented lists will be deposited at the Company's registered office at least fifteen days before the date established for the meeting to be held in first call, and this will be mentioned in the notice of call. The notice of the meeting to appoint statutory auditors must contain an indication of the percentage of capital with voting rights in ordinary meetings needed to present lists and the deadline for filing same. Each shareholder that presents a list, on his own account or with others, must file with the registered office upon presentation of such list a certificate issued by authorized brokers pursuant to current law proving entitlement to exercise rights and a declaration stating under his own responsibility that there is no connection with other lists presented, in accordance with the provisions of the applicable law.</p>	<p>The modified deadline for presenting lists of statutory auditors and directors is in line with the term indicated in the report on the <i>corporate governance</i> of listed companies and in the relevant Consob documentation. The clause on filing certificates is a clarification of the new legislation on this matter.</p>
<p>The statements whereby the individual candidates accept candidature are deposited with each list within the term indicated above and state, under their individual responsibility, the non existence of reasons for ineligibility or inconsistency, as well as the existence of the regulatory and statutory requirements regarding the relevant appointments.</p>	<p>The statements whereby the individual candidates accept candidature are deposited with each list within the term indicated above and state, under their individual responsibility, the non existence of reasons for ineligibility or inconsistency, as well as the existence of the regulatory and statutory requirements regarding the relevant appointments. They must also adequately illustrate their professional and personal characteristics and list any other posts held in the administration and control of other companies.</p>	<p>Clarification of an existing provision of law.</p>
<p>A list which does not comply with the provisions illustrated above is considered as having not been presented.</p>	<p><i>Unchanged</i></p>	
	<p>If only one list is presented in the fifteen days before the date of the 1st call meeting, the provisions of the current law apply.</p>	<p>Provision introduced in line with Consob recommendation.</p>
<p>The following procedure applies for the appointment of statutory auditors 1. two standing <u>members</u> and an alternate member are drawn from the list which at the meeting won</p>	<p>The following procedure applies for the appointment of statutory auditors 1. two standing members and an alternate member are drawn from the list which at the meeting won</p>	<p>Clarification of a provision of the law.</p>

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<p>the majority of votes, based on the sequential order where they are indicated in the sections of the list; 2. the remaining standing member and the other alternate member are drawn from the list which won the second most votes at the meeting, based on the sequential order where they are indicated in the sections of the list.</p>	<p>the majority of votes, based on the sequential order where they are indicated in the sections of the list; 2. the remaining standing member and the other alternate member are drawn from the list which won the second most votes at the meeting, and is not connected, even indirectly, with the list in 1) above, based on the sequential order where they are indicated in the sections of the list.</p>	
<p>The <u>first candidate</u> in the list which obtained the majority of votes is entitled to become the Chairman of the Board of Statutory Auditors.</p>	<p>The standing auditor elected from the list which obtained the second most votes in the shareholders' meeting is entitled to become the Chairman of the Board of Statutory Auditors.</p>	<p>Modifications due to the introduction of new provisions of law.</p>
<p>When the regulatory and statutory requirements no longer apply, the statutory auditor stands down from office. In the event of replacement of a statutory auditor, the alternate member part of the same list as the replaced statutory auditor takes office.</p>	<p><i>Unchanged</i></p>	
<p>The provisions illustrated above do not apply at meetings which provide in accordance with legislation for the appointment of standing and/or alternate statutory auditors and of the Chairman, necessary to integrate the Board of Statutory Auditors as a result of termination or standing down from office. Should this be the case, the Shareholders' meeting resolves by relative majority, except for the reservation expressed in paragraph one of this article.</p>	<p><i>Unchanged</i></p>	