



**Board of Directors' Report to the  
Ordinary Shareholders meeting of  
the 29<sup>th</sup> and 30<sup>th</sup> of April 2008**

**Indesit Company S.p.A.**

Registered office: Viale Aristide Merloni n. 47, 60044 Fabriano (AN)  
Capital stock: € 102,727,769.40 fully paid  
Court of Ancona Companies Register, tax and VAT code: 00693740425

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### Notice of Ordinary Shareholders' Meeting

Shareholders are hereby convened for an Ordinary Shareholders' Meeting at the Company's registered offices in Fabriano, Viale Aristide Merloni n. 47, on 29<sup>th</sup> April, 2008, at 11 am (1<sup>st</sup> call) and on 30<sup>th</sup> April, 2008, same time and place (2<sup>nd</sup> call), to discuss and vote on the following agenda

- 1) Financial statements at 31<sup>st</sup> December 2007; resolutions.
- 2) Appointment of a statutory audit committee for the three-year period 2008-2010 and fixing of the standing auditors' emoluments.
- 3) Proposal for new authorization to trade in own shares.

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their brokers at the Company's offices at least two business days before the date fixed for each meeting and have not withdrawn them before the meeting takes place are entitled to speak at the meeting.

Pursuant to art. 22 of the Company's by-laws, the statutory audit committee is appointed by the shareholders' meeting on the basis of lists submitted to the Company's head office at least 15 days before the date fixed for the 1<sup>st</sup> call meeting by shareholders who together represent at least 2% of the share capital with voting rights in ordinary shareholders' meetings. The lists must be in two sections in which candidates must be numbered progressively: one for standing auditor candidates and the other for alternate auditor candidates. Lists must indicate at least one standing auditor candidate and one alternate auditor candidate. Each section must contain at least one candidate.

A 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 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.

No shareholder may present more than one list, not even by proxy or trust company.

Statements whereby individual candidates accept candidature are deposited with each list within the term indicated above and must warrant, under their individual responsibility, that there are no grounds for ineligibility or incompatibility and that they have the regulatory and statutory requisites for 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. A candidate may only enrol in one list, on pain of ineligibility. Outgoing auditors may be re-elected.

The Board of directors holds that standing auditors must not only have the legal and statutory requisites but also qualify as independent as defined in the case of directors by the "Listed Companies Code of Self-discipline". A list which does not comply with the provisions illustrated above is considered as having not been presented.

If only one list is presented in the fifteen days before the date of the 1<sup>st</sup> call meeting, the provisions of the current law apply.

The report on the matters on the meeting's agenda and the lists of statutory auditor candidates 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](http://www.indesitcompany.com). Shareholders may request copies.

Milan, 20<sup>th</sup> March 2008

For the Board of Directors

The Chairman

## BOARD OF DIRECTORS' REPORT ON THE 1<sup>st</sup> ITEM ON THE AGENDA Financial statements at 31<sup>st</sup> December 2007; resolutions.

Shareholders,

This report will illustrate certain issues that will help you to evaluate our proposals regarding a) approval of the Company's separate financial statements for the year closing 31<sup>st</sup> December 2007, and b) allocation of profits for 2007 and payment of dividends.

a) Separate financial statements at 31<sup>st</sup> December 2007

More detailed information on accounting data and events in 2007 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 31<sup>st</sup> December 2007 show profits of € 55,775,801.80.

Regarding dividend pay-out, we propose (taking into consideration the dividend policy started in 2007) paying € 0.46 on each ordinary share in circulation and €0.478 on each savings share in circulation.

As of the date of this report, there are 113,630,684 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 332,000 options may be exercised, giving entitlement to the same number of newly issued shares<sup>1</sup>.

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 allocation of 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 €0.0049<sup>2</sup>.

The Board thus proposes payment of a total dividend of €0.509 for each ordinary share in circulation (other than treasury shares) and of €0.527 for each non-convertible savings share in circulation.

The exact amount of residual profits<sup>3</sup> we propose writing to extraordinary reserves will be announced at the General Meeting.

Dividends will be payable from 22<sup>nd</sup> May 2008 (coupon detachment date 19<sup>th</sup> May 2008).

It is necessary to clarify that it is not necessary to allocate the 5% of profits into the legal reserve.

The legal reserve in fact is now higher than the 1/5 of the share capital.

This said, the Board motions that its report and the separate financial statements as of 31<sup>st</sup> December 2007 (closing with profits of € 55,775,801.80) 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

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<sup>1</sup> The number of ordinary shares on the date of the Meeting could thus reach a maximum of 113,962,684.

<sup>2</sup> The additional €0.049 was obtained by rounding of the €0.049255 produced by dividing the dividend due to treasury shares between the ordinary shares (other than treasury shares) in circulation as of 20<sup>th</sup> March 2008 and the savings shares.

<sup>3</sup> Minimum of €3,118,582.78 if all options are exercised.

- 1) to approve the separate financial statements and directors' annual report for 2007 as presented and filed in the Company's books;
- 2) to allocate the € 55,775,801.80 profits as follows:
  - a) €0.460 (zero point four hundred sixty) for each of the #<sup>4</sup> ordinary shares in circulation;
  - b) €0.478 (zero point four hundred seventy-eight) for each of the 511,282 non-convertible savings shares in circulation;
- 3) to raise by €0.049 (zero point zero forty-nine) 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. €0.509 (zero point five hundred nine) on each ordinary share in circulation (other than treasury shares);
  - ii. €0.527 (zero point five hundred twenty seven ) on each non-convertible savings share in circulation;
- 4) to allocate residual profits after the payment of the dividends as in 3) above to the extraordinary reserve."

Milan, 20<sup>th</sup> March 2008

For the Board of Directors

The Chairman

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<sup>4</sup> 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.

## **BOARD OF DIRECTORS' REPORT ON THE 2<sup>nd</sup> ITEM ON THE AGENDA**

### **Appointment of a statutory audit committee for the three-year period 2008-2010 and fixing of the standing auditors' emoluments**

Shareholders,

This meeting to approve the financial statements at 31<sup>st</sup> December 2007 marks the end of the current statutory audit committee's term of office. It is therefore necessary to appoint a new committee for the three-year period 2008-2010 and fix their emoluments.

Pursuant to art. 22 of the Company's by-laws, the shareholders' meeting appoints a statutory audit committee comprising three standing auditors and two alternate auditors and fixes their remuneration. Minority shareholders are entitled to appoint the chairman of the committee and one of the alternate auditors.

The statutory audit committee is appointed by the shareholders' meeting on the basis of lists presented by shareholders in which candidates are listed with progressive numbers. The lists are in two sections, one for standing auditor candidates and the other for alternate auditor candidates. Lists must indicate at least one standing auditor candidate and one alternate auditor candidate. 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.

No shareholder may present more than one list, not even by proxy or trust company.

A candidate may only enrol in one list, on pain of ineligibility.

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.

For the purposes of art. 1, paragraph 3, Ministry of Justice Decree 162, dated 30<sup>th</sup> March 2000, the following should be considered as strictly connected with the Company's operations: research and/or development and/or production and/or marketing of goods and services in the energy, light engineering and electronics sectors and associated materials.

Outgoing statutory auditors may be re-elected.

Lists must 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.

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 applicable law.

Statements whereby individual candidates accept candidature are deposited with each list within the term indicated above and must warrant, under their individual responsibility, that there are no grounds for ineligibility or incompatibility and that they have the regulatory and statutory requisites for the 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. The Board of directors holds that standing auditors must be able to qualify as independent as defined in the case of directors by the "Listed Companies Code of Self-discipline".

A list which does not comply with the provisions illustrated above is considered as having not been presented.

If only one list is presented in the fifteen days before the date of the 1<sup>st</sup> call meeting, the provisions

of current law apply.

The following procedure applies for the appointment of statutory auditors:

- 1 two standing auditors and an alternate auditor are drawn from the list which at the meeting has won the majority of votes, based on the progressive order in which 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 progressive order in which they are indicated in the sections of the list.

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The Meeting also has to vote the emoluments of the standing members of the statutory audit committee. The board of directors motions the meeting to allocate annual emoluments of €60,000 for the chairman and €40,000 for the standing auditors. Such amounts are net of any reimbursement of expenses.

Shareholders wishing to present lists but who are not in agreement with our proposals are invited to submit alternative proposals.

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The Board also reminds the meeting that following the shareholders' resolution voted 3<sup>rd</sup> May 2007, the Company stipulated an insurance policy against liability arising from illicit action attributable to its directors in the course of their duties.

The Company's directors and statutory auditors have duties and responsibilities that render them personally liable in cases of default. Increasingly rapid developments in the sphere of corporate governance and the problems attaching to it are increasing the risk of action against company officers for real or alleged infringements.

The Board stresses that, although the Company's statutory auditors 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 interest of the Company to provide its standing auditors with adequate insurance cover for civil liability for financial damage to the Company. The policy already covering the directors can be extended with no extra cost for the Company to its standing auditors in order to indemnify the Company against all financial damage caused to it by its statutory auditors, who are civilly liable for 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 as defined by the law, regulations, the by-laws and/or resolutions of the shareholders and the board of directors (wrongful conduct). The policy does not cover penal or administrative sanctions inflicted by supervision authorities under current law.

To this end we motion that the Group CFO be suitably.

Milan, 20<sup>th</sup> March 2008  
For the Board of Directors  
The Chairman

**BOARD OF DIRECTORS' REPORT ON THE 3<sup>rd</sup> ITEM ON THE AGENDA**  
**Proposal for new authorization to trade in own shares (*Directors' report drawn up pursuant to art. 73, Consob resolution 11971, dated 14th May 1999, and subsequent amendments and additions*)**

Shareholders,

This ordinary Meeting has been called to examine and approve an authorization for the board of directors to acquire and/or dispose of ordinary and/or non-convertible savings shares in Indesit Company S.p.A. (hereafter the "Company") for the intents and purposes of art. 2357 and subs., Civil Code, art. 132, legislative decree 58, 24<sup>th</sup> February 1998 and art. 144 *bis*, Consob Regulation under resolution 11971 and subsequent amendments.

As you already know, the Board was authorized by a resolution dated 6<sup>th</sup> May 2006 to trade in the Company's ordinary and/or non-convertible savings shares for a period of 18 months from the date of said resolution and in accordance with the procedures and criteria set forth therein. Said resolution expired on November 2007. No trading in own shares was actually done under said authorization.

On calling an Ordinary Meeting to approve the financial statements at 31<sup>st</sup> December 2007, the Board thus decided to apply for a new authorization to trade in the Company's shares, on certain terms, given that said faculty provides the operating and strategic flexibility that the directors need for the reasons set forth below.

As of today, the Company holds 11,039,750 ordinary shares of par value €0.90, which is 9.672% of the share capital amounting to €102,727,769.40 and consisting of 114,141,966 shares of par value €0.90 each (of which 113,630,684 ordinary and 511,282 non-convertible savings)<sup>5</sup>. New purchases of own shares will only be possible, therefore, if disposals are made first.

**Main reasons for seeking authorization to trade in own shares**

In addition to the motives readily deducible from the terms of the authorization request itself and the need for compliance with law on the matter, the main reasons for the Board's invitation to adopt the resolutions explained in this report lie in the Company's need to:

- a) intervene, as allowed by current law, directly or through authorized intermediaries, to contain anomalous movements in the price of Indesit Company's equity and regularize trends in trading and prices in cases of momentary phenomena caused by excess volatility or low-level liquidity in trades;
- b) purchase and/or dispose of own shares whenever the market provides adequate remuneration;
- c) use own shares to serve stock option plans for directors and/or employees of the Company or its subsidiaries (current and/or future);
- d) use own shares in payment for other equity investments or for the purposes of other finance operations (including extraordinary ones) within the framework of the Company's financial and investments policies and in any case in full compliance with current law and regulations.

**Maximum number and par value of the shares for which authorization is being sought**

The authorization the Board is seeking from the shareholders regards acquisition in one or more *tranches* of the Company's ordinary and/or non-convertible savings shares at a par value of €0.90 each (or other par value in force at the time of the operation) and in such numbers that the total

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<sup>5</sup> All the data indicated refer to the share capital subscribed and paid in at the time of approval of this report. The number of ordinary shares could change due to exercise of around 300,000 stock options allocated to Group executives and middle managers of Indesit Company SpA (full details given in the report on item 1 of the Agenda).



value of treasury shares held from time to time by the Company or its subsidiaries or acquired through trustee companies or intermediaries shall not exceed 10% of capital stock at the time of any such acquisition. Further, as provided for in art. 2357, clause 1, Civil Code, acquisitions may be made within the limits of distributable profits and available reserves as per the most recent duly approved financial statements, a tied reserve being set up, as required under art. 2357-ter, clause 3, Civil Code, to cover the amount of own shares acquired from time to time.

In the event of disposal of own shares acquired from time to time, the aforementioned reserve will be written back to the funds and reserves from which it originated.

#### **Minimum and maximum prices**

##### **Acquisition of own shares**

The purchase price of each ordinary and/or savings share must be no more than 15% lower or higher than the average official stock market price over the three days prior to each purchase operation.

##### **Disposal of own shares**

The price for disposal of shares already held or subsequently acquired, even before completing all the acquisitions authorized as above, must be no less than the average acquisition price of such shares.

Said price limit will not apply if treasury shares are transferred to employees and/or directors and/or collaborators of the Company or its subsidiaries within the framework of stock option plans. If disposal is by means of share exchange, contribution or other share operation for the purpose of industrial projects or extraordinary finance operations, the economic terms of the disposal, subject to the aforesaid minimum limit and including appraisal of the shares to be traded, will be determined with the aid of independent consultants on the basis of the characteristics of the operation and the relevant stock market situation.

#### **Duration of authorization**

Authorization for acquisition and disposal is requested for a period of twelve months from the date on which the shareholders' meeting adopts the relative resolution. In order to tie in with the annual general meeting to approve the financial statements, we propose a shorter period of authorization. It is understood that any treasury shares that are seen from time to time to be for any reason in excess of the limit of 10% of the *pro tempore* capital stock must be disposed of in the manner set forth below and within the maximum term fixed by art. 2357, clause 4, Civil Code (ie. within one year of said limit being exceeded).

#### **Procedure for acquisition and disposal of own shares**

##### **Acquisition of own shares**

Acquisitions may be made in accordance with the combined provisions of art. 132, legislative decree no.58 (24/02/1998) and art. 144 *bis*, Consob Resolution 11971/1999, and taking into account the specific exemption provided for in clause 3 of said art. 132, legislative decree 58/1998 and in any case following any other procedures contemplated by relevant laws and regulations.

##### **Disposal of own shares**

Own shares already held and others subsequently bought back may be disposed of at any time, in whole or part, in one or more operations and also before reaching the limit on such authorized purchasing in any way deemed advisable with regard to the purposes contemplated by the authorization granted and in any form of disposal allowed under current law on this matter.

\* \* \* \* \*

Clause 4.7 of Annex 3A to the "Regolamento Emittenti" (Rules for Listed Companies) is not applicable in that the acquisition of own shares does not serve a reduction of the Company's share capital by cancelling own shares purchased.

\* \* \* \* \*

With regard to the foregoing, and if you are in agreement with the Board's motion, we invite you to adopt the following resolutions:

"The ordinary General Meeting of the Shareholders of Indesit Company S.p.A.:

- has heard and approved the report of the board of directors;
- acknowledges that as of the date of this resolution, Indesit Company S.p.A. holds 11,039,750 ordinary shares, equal to .....% of the *pro tempore* capital stock, amounting to €..... divided into ..... shares of par value €0.90 each (of which ..... ordinary and 511,282 non-convertible savings shares<sup>6</sup>) and hereby

*resolves*

- a) to authorize the board of directors and the Chairman and the CEO jointly on its behalf to acquire the Company's ordinary and/or non-convertible savings shares pursuant to art. 2357, clause 2, Civil Code in one or more operations and at any time within a period of 12 months from the date of this resolution, provided that:
  - i) the maximum number of shares acquired or acquirable does not exceed, on the basis of the treasury shares held at the time of any such acquisition, the overall limit of 10% of the *pro tempore* capital stock as prescribed by art. 2357, clause 3, Civil Code;
  - ii) the purchase price of each ordinary and/or savings share is no more than 15% lower or higher than the average official stock market price over the three days prior to each purchase operation;
  - iii) acquisitions are made in accordance with the combined provisions of art. 132, legislative decree 58 (24/02/1998) and art. 144 *bis*, Consob Resolution 11971/1999, and taking into account the specific exemption provided for in clause 3 of said art. 132, legislative decree 58/1998 and in any case following any other procedures contemplated by relevant laws and regulations;
  - iv) acquisitions are made within the limits of distributable profits and available reserves as per the most recent financial statements duly approved (and actually existing at the time of the acquisitions), a tied reserve being set up, as required under art. 2357-*ter*, clause 3, Civil Code, to cover the amount of the treasury shares acquired from time to time;
- b) pursuant to art. 2357, clause 2, Civil Code, to authorize the board of directors and the Chairman and the CEO jointly on its behalf to dispose of Company shares, whether ordinary or non-convertible savings shares, already held or subsequently acquired and even before completing all of the acquisitions authorized as above, also through persons acting under power of attorney, in one or more operations and at any time within a period of 12 months from the date of this resolution, provided that:
  - i) the price for disposal of shares already held or subsequently acquired, even before completing all the acquisitions authorized as above, is no less than the average acquisition price of such shares;
  - ii) the price limit in i) above will not apply if treasury shares are transferred to employees and/or directors and/or collaborators of the Company or its subsidiaries within the framework of stock option plans;
  - iii) if disposal is by means share exchange, contribution or other share operation for the purpose of industrial projects or extraordinary finance operations, the economic terms of the disposal, subject to the minimum limit in i) above and including appraisal of the

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<sup>6</sup> Data will be announced during the Meeting. See previous note.

- shares to be traded, is determined with the aid of independent consultants on the basis of the characteristics of the operation and the relevant stock market situation;
- iv) in the event of disposal of treasury shares, the reserve set up under art. 2357-ter, clause 3, Civil Code, is written back to the funds and reserves from which it originated;
  - c) to invest the board of directors, and the Chairman and the CEO separately on its behalf, with full powers to provide that the relevant accounting records arising from acquisition or disposal operations be made in compliance with the provisions of the law and accounting standards from time to time applicable;
  - d) to confer on the board of directors, and on the Chairman and the CEO separately on its behalf, all the powers required to execute the foregoing resolutions, also by means of persons with power of attorney, being under obligation to comply with any requests from the competent authorities, the notary or the relevant companies register and to provide for modification of the text of the adopted resolutions in accordance with any requests from said authorities”.

20<sup>th</sup> March 2008  
For the Board of Directors  
The Chairman