



Ordinary and extraordinary shareholders' meeting 6-7 May **2014**

Directors' report on items of the extraordinary part on the agenda
published pursuant to art. 125-ter, Decree no. 58 dated 24 February 1998

**Ordinary and extraordinary shareholders' meeting
6 - 7 May 2014**

**Directors' reports on items on the agenda
published pursuant to art. 125-ter, Decree No. 58 dated 24 February 1998**

EXTRAORDINARY SESSION

Indesit Company S.p.A.

Registered office: Viale Aristide Merloni 47, 60044 Fabriano (AN)
Share capital € 102,759,269.40, fully paid up
Ancona Companies Register,
Tax code and VAT no. 00693740425
www.indesitcompany.com

Directors' report on the 1st item on the agenda

Obligatory conversion of non-convertible savings shares into ordinary shares.

Shareholders,

Those entitled to vote as holders of ordinary shares at the record date have been called to an extraordinary meeting to resolve on the proposed obligatory and automatic conversion, at par without adjustment, of all 511,282 non-convertible savings shares into the same number of new ordinary shares, with the same characteristics as the ordinary shares already in circulation, via the issue, to service the conversion, of 511,282 ordinary shares, par value Euro 0.90 each, and simultaneous cancellation of the 511,282 non-convertible savings shares, par value Euro 0.90 each, currently in circulation. This proposal also involves amending a number of articles of the By-laws, as detailed in the report relating to the second item on the agenda for the extraordinary meeting.

Those entitled to vote as holders of savings shares at the record date have been called to a special meeting, pursuant and consequent to art. 2376 of the Italian Civil Code and arts. 146 and 147-bis of Decree No. 58 dated 24 February 1998, to approve the resolutions adopted at the extraordinary meeting on the matters described above. Such special meeting will be held in first and only calling on 6 May 2014.

1. Reasons for the proposed conversion

The subscribed and paid-in share capital of Indesit Company S.p.A. is Euro 102,759,269.40 (one hundred and two million seven hundred and fifty-nine thousand two hundred and sixty-nine point four zero), represented by 114,176,966 shares, par value Euro 0.90 each, of which: 113,665,684 ordinary shares and 511,282 non-convertible savings shares. The savings shares therefore represent a minuscule part (0.45%) of the share capital, given that 99.55% of the share capital is represented by ordinary shares.

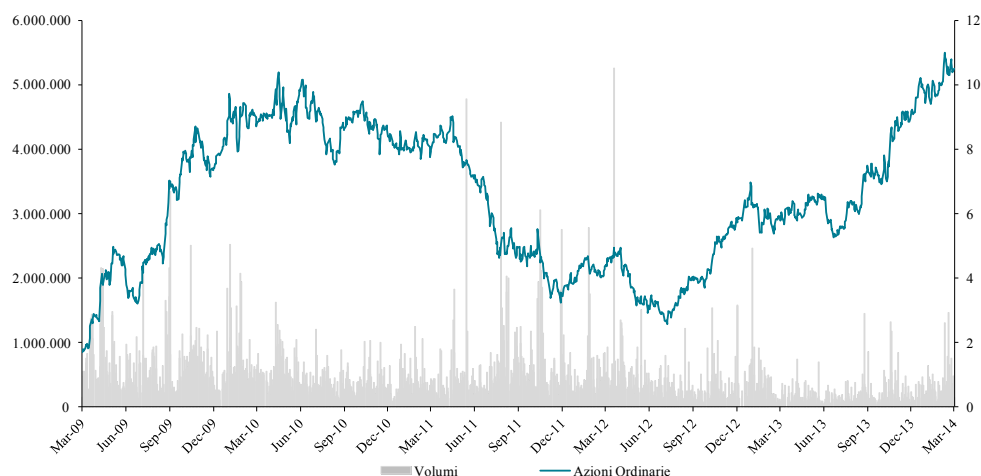
Trading in savings shares has averaged 5,000 shares per day in 2014.

Based on the average price since the start of the year, the market capitalization of these shares is about Euro 4.9 million.

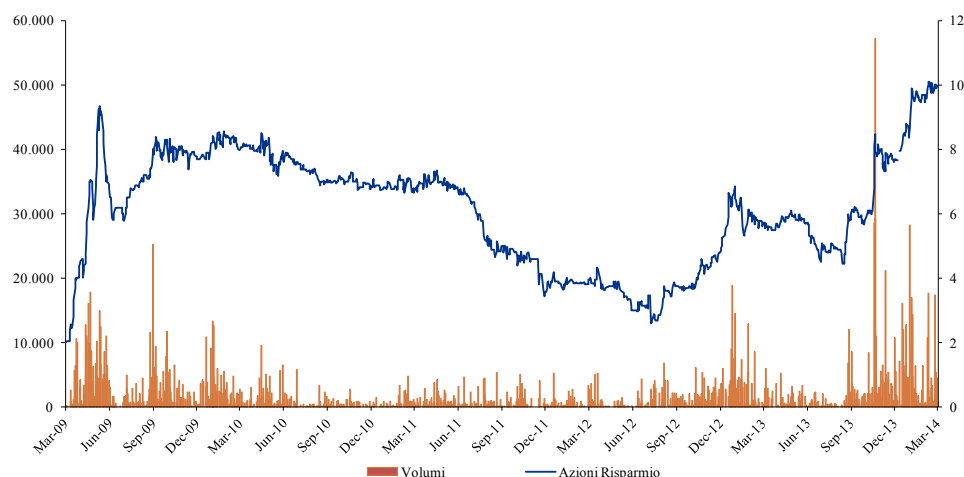
The special meeting of the savings shareholders held on 7 May 2013 was attended by 3 shareholders, holding 129,554 shares representing 25.34% of the savings share capital.

The following charts analyze the prices/volume of trading in ordinary shares and savings shares over the past 5 years

Ordinary shares: analysis of prices/volume



Savings shares: analysis of prices/volume



The narrow distribution of the savings shares, the low level of market liquidity and poor participation by the savings shareholders, combined with an assessment of current market conditions, justify the need to optimize the capital structure that underlies this operation.

The following charts analyze the market liquidity of the ordinary and savings shares in the Company.

Turnover Azionario Indesit Company			
€ mln	Indesit Ordinarie	Indesit Risparmio	FTSE MIB
17/03/2014	0,1%	0,1%	0,8%
1 mese	9,9%	15,2%	15,9%
3 mesi	19,0%	54,6%	46,0%
6 mesi	33,7%	110,0%	89,8%
1 anno	55,9%	133,1%	167,4%

Note: Turnover ratio calculated as the volume of shares traded in the market during a specified period divided by the total number of shares in the category, expressed as a percentage.

The simplification proposed follows numerous other obligatory conversions completed successfully by such leading listed issuers as Italcementi, Fiat, Fiat Industrial, Exor, Valentino, Intek and Pininfarina.

Should the proposed conversion be approved at the extraordinary meeting and at the special meeting of the savings shareholders, the savings shareholders will benefit from a much more liquid market and also obtain the right to vote, which until now has been denied to them. Conversely, the ordinary shareholders will see the deletion of the By-law articles that currently give financial benefits to the savings shareholders, regarding both the distribution of profits and their participation in losses.

Alongside the interests of the savings shareholders and the ordinary shareholders, the operation is also in the interests of the Company. In particular, the cost of maintaining the financial privileges envisaged in the By-laws for the savings shareholders and of managing such shares (about Euro 45,000 every year) will be eliminated, the economic-financial stock indices will be improved and the liquidity of the shares will increase. In particular, the number of floating shares is expected to increase by about 0.4%. Accordingly, the proposed conversion is part of the process of steadily improving both the market image of the Company and relations between the Company and its shareholders.

2. Description of the rights and privileges attached to the savings shares

The savings shares are entitled to specific financial privileges under arts. 25 and 27 of the By-laws. In particular, as specified below, the savings shareholders enjoy preferential rights over the allocation of profits, an uplifted dividend and the deferral of their participation in losses, as well as preferential rights over the allocation of any surplus on liquidation:

- (i) after deducting the allocation to the legal reserve, pursuant and consequent to art. 2430, para. 1, of the Italian Civil Code, the residual net profit for the year reported in the financial statements is allocated first to the savings shares, up to an amount representing 5% of their par value;
- (ii) if in any year a dividend of less than 5% of their par value is allocated to the savings shares, or if no dividend is allocated, the difference is added to the preference dividend for the next two years pursuant to art. 25 of the By-laws;
- (iii) if a shareholders' meeting votes to distribute any remaining net profit, in whole or in part, the savings shares are entitled to a dividend that is uplifted, with respect to that for the ordinary shares, by 2% of their par value;
- (iv) the directors may authorize the distribution of advance dividends pursuant to the provisions of art. 2433-*bis* of the Italian Civil Code;
- (v) pursuant to art. 25 of the By-laws, the reduction of share capital to cover losses only entails a reduction in the par value of the savings shares if the losses concerned exceed the total par value of the other shares;
- (vi) should the Company be wound up, the savings shares have preferential rights for the repayment of their entire par value pursuant to art. 27 of the By-laws.

The savings shares do not, on the other hand, enjoy any privileges on the distribution of reserves.

With regard to administrative rights, the savings shares do not carry any voting rights at ordinary or extraordinary shareholders' meetings and they are not counted when determining the quorum and the validity of resolutions, or when calculating the percentages established in arts. 2367; 2393, paras. 4 and 5; 2393-*bis*; 2408, para. 2; and 2409, para.1, of the Italian Civil Code, pursuant to the provisions of art. 145 of Decree No. 58 dated 24 February 1998. The savings shareholders are not entitled to attend the ordinary shareholders' meeting, pursuant to art. 2370 of the Italian Civil Code, or to call such a meeting.

Lastly, it is specified that, pursuant to art. 5 *bis* of the By-laws "*...the Board, directly or through its agents, must promptly inform the common representative of the savings shareholders of any major economic, financial or equity operation by the company or its subsidiaries which may affect the price of savings shares. In the case of delisting of the ordinary shares or savings shares, the latter maintain their rights, unless decided otherwise at shareholders' meetings*".

The savings shares may be either bearer shares or registered shares, at the election of the shareholder.

3. Critical matters associated with the operation

In order to service the obligatory conversion of the savings shares into ordinary shares, the 511,282 savings shares in circulation will be canceled and the same number of ordinary shares will be issued, with the same par value and the same characteristics as the ordinary shares in circulation, without the payment of a cash adjustment and with the right to participate in profits from 1 January 2014.

The following critical matters are associated with the operation described above:

- (i) from the effective date of the conversion, to be established in agreement with Borsa Italiana S.p.A. (indicatively, during the first ten days of June), the savings shareholders will lose the financial privileges, rights and prerogatives specific to that category, in order to enjoy all the financial and administrative rights and prerogatives that the law and the By-laws attribute to the ordinary shareholders including, *in primis*, the right to vote at ordinary and extraordinary meetings of the shareholders. As mentioned, the ordinary shares issued to service the conversion will participate in profits to the extent determined at the shareholders' meeting for all ordinary shares, with effect from 1 January 2014; accordingly, the current holders of savings shares will collect the dividend due on ordinary shares in relation to the 2014 and subsequent financial years;
- (ii) in all cases, pursuant to art. 25, para.1, of the By-laws, which envisages, after allocating 5% of the net profit reported in the financial statements to the legal reserve, a further allocation to the savings shares of up to 5% (five percent) of their par value, the savings shareholders will collect any dividend indicated in the Report of the Board of Directors on the first item on the agenda for the ordinary session of the shareholders' meeting;

- (iii) from the effective date of the operation, the ordinary shareholders will suffer a dilution of their voting rights proportional to the number of new ordinary shares issued to service the conversion (an effect that would appear to be negligible, given the small number of savings shares with respect to the total number of shares in circulation), but will benefit from the elimination of the privileges, described above, previously attached to the converted savings shares;
- (iv) in the same way, the resolutions adopted at the extraordinary meeting are subject to approval at the special meeting of the savings shareholders, pursuant and consequent to the combined provisions of art. 2376 of the Italian Civil Code and arts. 146 and 147-*bis* of Decree No. 58 dated 24 February 1998;
- (v) any shareholders not contributing to the approval of the resolutions adopted at the related special meeting are entitled to withdraw from the Company, in relation to all or part of their shares, pursuant to art. 2437, para. 1.g), of the Italian Civil Code, on the basis and with the timing envisaged in art. 2437-*bis* of the Italian Civil Code. The Chairman of the Board of Directors has been authorized by the Board to determine the liquidation value of the shares (making sole reference, pursuant to art. 2437-*ter* of the Italian Civil Code, to the simple average of their closing market prices during the six months prior to publication of the notice of meeting) and to make that value known, in the manner established in art. 2437-*ter* of the Italian Civil Code, during the fifteen day period prior to the date of the shareholders' meeting;
- (vi) pursuant to art. 2437-*bis*, last para., of the Italian Civil Code, the above right to withdraw may not be exercised and any communications of withdrawal already received by the Company shall be ineffective if, within ninety days, the Company revokes the resolutions that justify such withdrawal.

4. Quantity of shares to be converted held by the controlling shareholder, as defined in art. 93 of Decree No. 58 dated 24 February 1998

To the extent known by the Board of Directors, Fineldo S.p.A. does not hold any savings shares at the date of this report.

5. Intention of any controlling shareholder to trade in the shares subject to the operation

In order to facilitate the successful outcome of the above operation, the controlling shareholder may trade in the market for the Company's savings shares in full compliance with all applicable laws and the By-laws.

6. Indication of any commitment to convert made by holders of the shares to be converted, with particular reference to the controlling shareholder

The operation described in this report - relating to the obligatory and therefore automatic conversion of the savings shares into ordinary shares - is subject to approval by both the ordinary and the savings shareholders. At present, neither the controlling shareholder nor other savings shareholders have made any commitments with regard to the above conversion.

7. Dividends distributed in the past five years to the shares subject to conversion

The following summary table shows the dividends paid on the savings shares and the ordinary shares in the years 2009-2013 (inclusive). The amounts indicated, stated in Euro per share, refer to the dividends actually paid by the Company, including the part not distributed to the treasury shares, with reference to the year to which they relate:

<i>Shares</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
Ordinary €	0	0.135	0.30	0.23	0.20
Savings €	0.045	0.153	0.318	0.248	0.218

8. Any conversion adjustment and related criteria

The operation envisages the 1:1 conversion of savings shares into ordinary shares with, therefore, the exclusion of any conversion adjustment.

9. Conversion ratio and related criteria

At the effective date of the proposed conversion, all the savings shares in circulation (511,282 shares) will be converted into ordinary shares on an obligatory and automatic basis, on the ratio of: 1 (one) new ordinary share, par value Euro 0.90, with enjoyment rights from 1 January 2014, with characteristics identical to the ordinary shares already in circulation, for every 1 (one) savings share, par value Euro 0.90, canceled to service the conversion, without any adjusting payment.

In proposing the operation, the Board has analyzed the market price trends for the savings shares. Their limited liquidity and volatility over various time intervals suggests that the prices struck in share trades are not very meaningful. This makes direct observation of the price difference between savings and ordinary shares only partially relevant.

The following analysis shows that, in the 6-month period considered, the prices for savings shares in the Company averaged 10.5% less than those for ordinary shares. In absolute terms, the identified spread averaged Euro 0.90.

Prezzo azioni Indesit Company			
€	Indesit Ordinarie	Indesit Risparmio	Premio/(Sconto)
17/03/2014	10,5	10,0	(5,0)%
Media 1 mese	10,4	9,9	(5,5)%
Media 3 mesi	10,0	9,3	(6,9)%
Media 6 mesi	8,9	8,0	(10,5)%
Media 1 anno	7,5	6,7	(11,1)%

Analysis over longer time horizons identifies limited stability, with the spread and the sign of the difference between the two categories fluctuating very considerably on occasions.

Accordingly, given the problematic nature of relying solely on direct comparison of Indesit non-convertible savings shares with Indesit ordinary shares, a comparison was made with a sample of conversions arranged by issuers in Italy, including Indesit, between 2000 and now. In particular, reference was made to a sample of 19 obligatory and voluntary conversions without cash adjustment.

The significance and effective comparability of the conversions analyzed are limited by the small number of operations involved, their distribution over a relatively long period of time, and the individual characteristics of each transaction underlying the conversion decision.

The premiums recognized in relation to the operations examined were based on the average prices struck for the two categories of share prior to the date on which the conversion concerned was announced. The analysis identified, over various time horizons, an average premium for the holders of savings shares that lay in a range of about 13-18%.

Rapporti di Conversione				
€	1gg	1mese	3mesi	6mesi
Prezzo azioni di risparmio	9,98	9,88	9,27	8,01
Sconto vs azioni ordinarie	-5,0%	-5,5%	-6,9%	-10,5%
Rapporto di conversione implicito	0,950x	0,945x	0,931x	0,895x
Premio di conversione rilevato (media intero campione)	13,0%	16,1%	16,6%	17,6%
Rapporto di conversione (cum premio)	1,074x	1,097x	1,085x	1,053x
Premio di conversione rilevato (media Mkt Cap Risparmio < 10%)	14,3%	16,4%	16,1%	14,4%
Rapporto di conversione (cum premio)	1,087x	1,100x	1,081x	1,024x

The proposed conversion terms were determined having regard for the essentially converging trend of the market prices for ordinary and savings shares over the past 6 months.

Based on the above elements and considerations, the Board believes that a ratio for the conversion of savings shares into ordinary shares of 1 new ordinary share for each savings share currently in circulation is fair from a financial standpoint.

Analysis of Indesit conversion ratio

Rapporti di Conversione				
€	1gg	1mese	3mesi	6mesi
Prezzo azioni di risparmio	9,98	9,88	9,27	8,01
Sconto vs azioni ordinarie	-5,0%	-5,5%	-6,9%	-10,5%
Rapporto di conversione implicito	0,950x	0,945x	0,931x	0,895x
Premio di conversione rilevato (media intero campione)	13,0%	16,1%	16,6%	17,6%
Rapporto di conversione (cum premio)	1,074x	1,097x	1,085x	1,053x

10. Method of conversion

The obligatory conversion will be carried out via Monte Titoli S.p.A., which will give instructions to the member brokers of the centralized management system with whom the savings shares are deposited. All transactions involved in implementing the obligatory conversion will be carried out by the above brokers and by Monte Titoli S.p.A. The obligatory conversion will be carried out without any charges for the shareholders. Non-electronic savings shares may only be converted by delivery to an authorized broker, so that they can be included in the centralized system for their management on an electronic basis.

The brokers that keep the accounts of individual holders of savings shares will allocate to each holder the number of ordinary shares resulting from application of the conversion ratio.

Indicatively, the conversion will take place during the first ten days of June 2014, partly to allow payment of the dividend for 2013 proposed by the Board of Directors of the Company in the Report to the ordinary meeting on the first item on the agenda for the ordinary session.

The effective date of the obligatory conversion will be agreed with Borsa Italiana S.p.A. and communicated in a notice published on the Website (www.indesit.com) and in a national daily newspaper pursuant to art. 72, para. 5, of the Issuers' Regulation. On the same date, the savings shares will be struck off the Electronic Exchange organized and managed by Borsa Italiana S.p.A. and the ordinary shares deriving from the Obligatory Conversion will be traded on the Electronic Exchange organized and managed by Borsa Italiana S.p.A.

With regard to participation in the profits, the proposed operation will take effect from 1 January 2014, from when the new ordinary shares issued to service the conversion will participate in the profits for the year to the extent determined at the shareholders' meeting for all the shares in that category.

11. Any conditions for the efficacy of the conversion (such as required minimum or maximum quantities)

As stated, the effectiveness and the validity of the resolutions adopted at the extraordinary meeting regarding the proposed conversion are subject to approval at the special meeting of the savings shareholders, to be held in first and only calling on 6 May 2014.

Should the meeting of the savings shareholders be held before the meeting of the ordinary shareholders, the ordinary shareholders will be informed at the latter meeting whether or not the condition for the efficacy of the conversion has been met i.e. if the meeting of the savings shareholders voted in favor.

12. Quantity of shares subject to conversion and quantity of shares offered for the conversion

The proposed operation concerns all the savings shares in circulation (511,282), which it is proposed to convert, at par without adjustment, into the same number of new ordinary shares, also of par value Euro 0.90 each, with the same characteristics as the ordinary shares already in circulation and with enjoyment rights from 1 January 2014.

13. Indication, by chart or otherwise, of the trend over the last semester of the prices for the shares to be converted in the regulated markets on which they are traded

A table below shows the simple averages of the market prices struck for the savings shares and the ordinary shares in the last month, and in the last three, six and twelve months. Another table analyzes volumes during the same periods.

Analisi volumi scambiati Indesit Company		
N.Azioni '000	Indesit Ordinarie	Indesit Risparmio
17/03/2014	146,1	0,7
Media 1 mese	533,8	3,9
Media 3 mesi	359,7	4,7
Media 6 mesi	306,4	4,6
Media 1 anno	251,4	3,1

Prices of Indesit Company shares			
€	Indesit Ordinary	Indesit Savings	Premium/(Discount)
17/03/2014	10.5	10.0	(5.0)%
1-month average	10.4	9.9	(5.5)%
3-month average	10.0	9.3	(6.9)%
6-month average	8.9	8.0	(10.5)%
1-year average	7.5	6.7	(11.1)%

14. Conversion incentive

No conversion incentives are envisaged, since conversion is obligatory and automatic. Nevertheless, the proposed conversion on a 1:1 basis involves an implicit conversion premium of about 5.4%, considering the official prices for the ordinary and savings shares on 18 March 2014. Considering the average of the market prices struck for the ordinary and savings shares over a 6-month time period, this premium amounts to about 18%. Changes in the market conditions with respect to those considered above, prior to the effective date for the conversion, might change the size of the above implicit conversion premium or even eliminate it.

15. Effect of the conversion on stock option plans involving the shares to be converted

There are no stock option plans involving the savings shares at the date of this report.

16. Composition of share capital before and after the conversion

At the effective date of the conversion, the share capital of the Company, currently represented by 114,176,966 shares, par value Euro 0.90 each, comprising 113,665,684 ordinary and 511,282 non-convertible savings shares, will be represented by 114,176,966 ordinary shares with the same par value.

Share capital	no. of shares before conversion	%	no. of shares after conversion	%
Ordinary	113,665,684	99.55	114,176,966	100.00
Savings	511,282	0.45	0	-
total	114,176,966	100.00	114,176,966	100.00

As mentioned, the operation will not change the amount of share capital (Euro 102,759,269.40), since the conversion involves canceling 511,282 savings shares, par value Euro 0.90 each, and issuing 511,282 ordinary shares, par value Euro 0.90 each.

17. Significant changes in the ownership structure as a result of the conversion operation

There will not be any significant changes in the ownership structure as a result of the conversion. For example, the direct and indirect interest held by the relative majority shareholder, Vittorio Merloni, will only decrease from 44.34% to 44.14%.

18. Principal uses of the net proceeds deriving from conversion of the shares

Not applicable.

19. Right to withdraw

Since the resolution to convert the savings shares into ordinary shares involves amendments to the By-laws of the Company regarding the voting and participation rights of the savings shareholders, those savings shareholders who do not vote in favor at the extraordinary session of the shareholders' meeting or at the special meeting will be entitled to exercise their right to withdraw pursuant to art. 2437, para. 1.g), of the Italian Civil Code.

Pursuant to art. 2437-*bis* of the Italian Civil Code, parties entitled to exercise the right to withdraw may exercise such right, in relation to all or part of the shares held, by sending a registered letter ("Declaration of Withdrawal") to the registered offices of the Company within 15 days of the filing date of the resolution that justifies such withdrawal pursuant to art. 2437-*bis* of the Italian Civil Code. Information about this filing will be given by publishing a notice in a national daily newspaper and on the Website; this notice will also be posted at the registered offices of the Company and sent to Consob and Borsa Italiana S.p.A.

In addition to that specified below and without prejudice to the provisions of art. 127-*bis* of Decree No. 58 dated 24 February 1998, the withdrawing shareholder must attach to the Declaration of Withdrawal a suitable communication, issued by an authorized broker, that confirms (i) ownership on the account of the shares subject to withdrawal on the date of the meeting whose resolution justifies exercise of the right to withdraw and (ii) ownership on the account of the shares subject to withdrawal on the date of such communication.

With reference to the Declaration of Withdrawal, this must indicate:

- (i) the identification details of the withdrawing shareholder, including tax code;
- (ii) the domicile of the withdrawing shareholder for all communications relating to the procedure, including telephone number and e-mail address;
- (iii) the number and category of the shares for which the right to withdraw is exercised;
- (iv) the IBAN code of the bank current account to which the amount of the payment for the shares subject to withdrawal must be credited.

In addition, the Declaration of Withdrawal must also contain the details of the broker with which the shares subject to withdrawal are deposited, and a declaration from the withdrawing shareholder that such shares are free from pledges and other restrictions in favor of third parties. Should the shares subject to withdrawal be pledged or otherwise restricted in favor of third parties, the withdrawing shareholder must also attach to the Declaration of Withdrawal a declaration from the attaching creditor or the party favored by the restriction, in which that party irrevocably and unconditionally consents to the release of the shares from the pledge and/or restriction, as well as to the liquidation of the shares subject to withdrawal in conformity with the instructions given by the withdrawing shareholder.

The liquidation amounts will be determined pursuant to art. 2437-*ter*, para. 3, of the Italian Civil Code, making sole reference to the simple average of the closing market prices during the six-month period prior to the publication of the notice that called the meeting whose resolutions justify the withdrawal.

These amounts will be communicated at the time of publishing the notice of the extraordinary meeting and the special meeting on 6-7 May 2014 in a national daily newspaper and on the Website.

Following the above period of 15 days available for exercising the right to withdraw:

- (i) the directors of the Company will offer the shares subject to withdrawal under option to all the savings shareholders that did not exercise the right to withdraw, as well as to the ordinary shareholders; a period of not less than 30 days will be allowed for the exercise of these option rights, commencing from the date of filing the offer under option with the Ancona Companies Register; shareholders that exercise their option rights will also have pre-emption rights for the purchase of any shares subject to withdrawal that were not taken up under option, on condition that they request such rights at the same time; any residual shares subject to withdrawal not purchased by the shareholders of the Company may be offered to the market by the directors of the Company;
- (ii) if any shares subject to withdrawal are not acquired, such shares will be redeemed by the Company and an amount corresponding to the liquidation amount of such shares will be drawn for this purpose from the reserve for the purchase of treasury shares.

The process of liquidating the shares subject to withdrawal will be carried out pursuant to art. 2437-*quater* of the Italian Civil Code, and on an operational basis that could enable the Company to complete the liquidation of the shares subject to withdrawal prior to the deadline established for such process.

20. Amendments to the By-laws

Should the proposed obligatory and automatic conversion of the savings shares into ordinary shares be approved, the By-laws will have to be amended to eliminate the references made currently to the category of savings shares.

This matter is covered in the Report of the Board of Directors on the second item on the agenda for the extraordinary session.

* * * * *

The extraordinary meeting is therefore invited to adopt the following resolutions:

"The extraordinary shareholders' meeting of Indesit Company S.p.A.

- having considered the report of the Board of Directors,
- having noted the favorable opinion expressed by the Board of Statutory Auditors, in part with reference to the provisions of art. 2438 of the Italian Civil Code and the documentation filed at the registered offices pursuant to art. 2437-*ter*, para. 5, of the Italian Civil Code,
- having noted the resolution adopted by the savings shareholders on 6 May 2014 and subject to approval by them

resolves

- 1) to proceed with the obligatory and automatic conversion of all 511,282 (five hundred and eleven thousand two hundred and eighty-two) non-convertible savings shares in the Company, par value Euro 0.90 (zero point nine zero) each, into the same number of new ordinary shares, with the same par value and characteristics as the ordinary shares already in circulation, on the basis of 1 (one) ordinary share for every 1 (one) savings share, without any adjusting payment, via the issue of 511,282 (five hundred and eleven thousand two hundred and eighty-two) new ordinary shares, par value Euro 0.90 (zero point nine zero) each, and simultaneous cancellation of the 511,282 (five hundred and eleven thousand two hundred and eighty-two) non-convertible savings shares, par value Euro 0.90 (zero point nine zero) each, currently in circulation;
- 2) to grant the Board of Directors and, acting for it, the Chairman, all the widest powers to:
 - i. implement in practice, in compliance with the law, the resolutions adopted, making all amendments and additions to such resolutions as may be requested by the competent authorities, the notary or the companies register competent for the filing, with the right to appoint special representatives;
 - ii. determine the effective date of the obligatory conversion (and also the related amendments to the By-laws, without prejudice to the provisions of art. 2346 of the Italian Civil Code), which must be (i) agreed with Borsa Italiana S.p.A. and communicated in a notice published on the Website and in a national daily newspaper pursuant to art. 72, para. 5, of the Issuers' Regulation; (ii) subsequent to the detachment of the dividend declared pursuant to the resolution adopted in relation to the first item on the agenda for the ordinary session of this Shareholders' Meeting;
 - iii. manage the withdrawal procedure in the manner envisaged in current regulations;
 - iv. complete all necessary formalities so that the resolutions are recorded on the Companies Register, with the power to make any non-material amendments, adjustments or additions that may be appropriate for this purpose or requested by the competent authorities, at the time of filing or otherwise, and, in general, to do whatever is necessary to implement such resolutions in full, with any and every necessary and appropriate power for this purpose, without any exclusions or exceptions, and to arrange for the filing and publication pursuant to the law of the updated text of the By-laws containing the amendments made as a result of the above resolutions and consequent to their implementation;
 - v. make all the communications envisaged under current regulations in relation to the conversion operation described, including communication of the effective date of the conversion."

This report, supplement by the information needed for the conversion described above, will be made available to the public together with the information specified in the Issuers' Regulation issued by Consob decision no. 11971/1999 (and subsequent amendments), at least one trading day prior to the start of the conversion period.

Peterborough, 21 March 2014

For the Board of Directors

The Chairman

Marco Milani

Directors' report on the 2nd item on the agenda

Amendments to the By-laws.

Shareholders,

Should the proposed obligatory and automatic conversion of the savings shares into ordinary shares, included as the first item on the agenda for the extraordinary session of the Meeting of Ordinary Shareholders, be approved, the By-laws will have to be amended to eliminate the references currently made to the category of savings shares.

More specifically, it will be necessary to amend art. 5, para. 1; art. 25, para. 1; and art. 27 of the By-laws, the current text of which is set out below with, to the side, the wording proposed as a consequence of the proposed conversion. It will also be necessary to delete art. 5 *bis* and art. 25, paras. 3 and 4, of the current By-laws.

The above amendments to the By-laws, if approved, will take effect from the effective date of the conversion of the savings shares into ordinary shares.

The Board of Directors would also like to take this opportunity to make a further change to the By-laws.

The Company's stock option plan, that commenced in 1998, terminated on 31 December 2013. To service this plan, the shareholders' meeting authorised two capital increases amounting to 6,000,000 new ordinary shares. In relation to these resolutions, just 2,663,000 ordinary shares were subscribed for over time. The subscribed and paid-in capital is indicated in art. 5.1.

Accordingly, it is proposed to delete paras. 2 and 3 of art. 5, since it is no longer necessary to refer in the By-laws to that possible further increase.

The above amendments to the By-laws, if approved, will take effect from the date of approval at the shareholders' meeting.

A comparison between the text of the current By-laws and the amendments proposed is attached to this report as Annex A.

Lastly, the Board of Directors believes, without prejudice to the matters specified in the report on the resolution proposed in the first item on the agenda for the extraordinary session regarding just the savings shareholders, that the proposed amendments to the By-laws do not give ordinary shareholders the right to withdraw pursuant to current regulations.

* * * * *

The extraordinary meeting is therefore invited to adopt the following resolutions:

“The extraordinary shareholders' meeting of Indesit Company S.p.A.

- having considered the report of the Board of Directors,
 - having noted the favorable opinion expressed by the Board of Statutory Auditors, in part with reference to the provisions of art. 2438 of the Italian Civil Code and the documentation filed at the registered offices pursuant to art. 2437-*ter*, para. 5, of the Italian Civil Code,
 - having noted the resolution adopted by the savings shareholders on 6 May 2014 and the resolution referred to in the first item on the agenda for the extraordinary session;
 - having noted the termination of the stock option plan approved in 1998,
- resolves

(subject to approval of the resolution referred to in the first item on the agenda for the extraordinary session):

- 1) to approve the amendments to the By-laws proposed by the Board of Directors, as described in the related report made available to the public;
- 2) to grant the Board of Directors and, acting for it, the Chairman, all appropriate powers to:
 - a) fulfill the legal requirements, including those regarding publicity, associated with implementing the amendments to the By-laws;

- b) arrange, as necessary, to renumber the articles and paragraphs contained in the By-laws and to reorganize them in order to guarantee the necessary consistency;
- c) make any formal and non-material amendments to the text of the resolutions adopted and the meeting regulations that may be requested by the competent authorities, the notary or the companies register competent for the filing, or which are found to be appropriate in order to comply with the applicable regulations.

Peterborough, 21 March 2014

For the Board of Directors

The Chairman

Marco Milani

CURRENT BY-LAWS	PROPOSED AMENDMENTS	REASONS
OMISSIS		
SECTION II		
Share capital-Shares-Bonds		
Article five		
5.1 The subscribed and paid-in share capital is Euro 102,759,269.40 (one hundred and two million seven hundred and fifty-nine thousand two hundred and sixty-nine point four zero), represented by 114,176,966 shares, par value Euro 0.90 each, of which: 113,665,684 ordinary shares and 511,282 non-convertible savings shares.	The subscribed and paid-in share capital is Euro 102,759,269.40 (one hundred and two million seven hundred and fifty-nine thousand two hundred and sixty-nine point four zero), represented by 114,176,966 ordinary shares, par value Euro 0.90 each of which: 113,665,684 ordinary shares and 511,282 non-convertible savings shares.	Subject to approval of the proposed conversion of the savings shares into ordinary shares, it is proposed to make the amendment indicated.
5.2 The Extraordinary Shareholders' Meetings held on 16 September 1998 and 23 October 2001, resolved to increase share capital pursuant to art. 2441, para. 8 of the Italian Civil Code, by an overall maximum amount of Euro 5,400,000, via the issue of an overall maximum of 6,000,000 ordinary shares, par value Euro 0.90 each, reserved for the exercise of subscription options to be allocated to management employees or to employees qualified as "quadri" of group companies, on the basis envisaged in the aforesaid meeting resolutions and subsequent amendments and additions.	To be deleted	As a result of the termination of the stock option plan, it is proposed to delete paras. 5.2 and 5.3.
5.3 As a result of the resolutions detailed above, the authorized share capital amounts to Euro 105,672,569.40 (one hundred and five million six hundred and seventy-two thousand five hundred and sixty-nine point four zero), represented by 117,413,966 shares, par value Euro 0.90 each, of which: 116,902,684 ordinary shares and 511,282 non-convertible savings shares.	To be deleted	
Article five bis		
5bis.1 The savings shares carry the rights envisaged by law and these By-laws.	To be deleted	Subject to approval of the proposed conversion of the savings shares into ordinary shares, it is proposed to delete this art. 5-bis.
5bis.2 The Board of Directors, directly or through its agents, must promptly inform the common representative of the savings shareholders of any major economic, financial or equity operation by the Company or its subsidiaries which may affect the price of savings shares.		
5bis.3 In the case of delisting of the ordinary shares or savings shares, the latter maintain their rights, unless decided otherwise at a Shareholders' Meeting.		
OMISSIS		
SECTION VI		

Financial year-Financial statements-Profits		
OMISSIS		
Article twenty-five		
<p>25.1 Net profit reported in the financial statements is allocated as follows:</p> <ul style="list-style-type: none"> - 5% (five per cent) to the ordinary reserve, until it has reached one fifth of the share capital; - to the savings shares, up to 5% (five percent) of their nominal value; - if in any year a dividend of less than 5% (five percent) of their par value is assigned to the savings shares, or if no dividend is assigned, the difference is added to the preferred dividend for the next two years; - the remainder at the disposal of the shareholders' meeting for the resolutions it will adopt. If the shareholders' meeting resolves to distribute any remaining net profit, in whole or in part, it shall be divided between all the shares so that the savings shares receive an overall higher dividend than that of the ordinary shares, by 2% (two percent) of their par value. 	<p>25.1 Net profit reported in the financial statements is allocated as follows:</p> <p>—5% (five per cent) to the ordinary reserve, until it has reached one fifth of the share capital;</p> <p>—to the savings shares, up to 5% (five per cent) of their nominal value;</p> <p>—if in any year a dividend of less than 5% (five percent) of their par value is assigned to the savings shares, or if no dividend is assigned, the difference is added to the preferred dividend for the next two years;</p> <p>—the remainder at the disposal of the shareholders' meeting for the resolutions it will adopt. If the shareholders' meeting resolves to distribute any remaining net profit, in whole or in part, it shall be divided between all the shares so that the savings shares receive an overall higher dividend than that of the ordinary shares, by 2% (two percent) of the par value of the share.</p> <p>properly approved financial statements, that the meeting resolves to distribute after deducting the portion attributable to the legal reserve until it amounts to one-fifth of share capital, shall be allocated among the shares on the basis established by law.</p>	<p>Subject to approval of the proposed conversion of the savings shares into ordinary shares, it is proposed to make the amendment indicated.</p>
<p>25.2 The directors may authorize the distribution of advance dividends pursuant to the provisions of art. 2433-<i>bis</i> of the Italian Civil Code; Dividends will be paid on the basis established by the Board of Directors. Dividends not collected within five years of the established date will expire in favor of the Company.</p>	<p>25.1 The directors may authorize the distribution of advance dividends pursuant to the provisions of art. 2433-<i>bis</i> of the Italian Civil Code; Dividends will be paid on the basis established by the Board of Directors. Dividends not collected within five years of the established date will expire in favor of the Company.</p>	
<p>25.3 In the case of distribution of reserves, savings shares have the same rights as the other shares.</p>	<p>To be deleted</p>	<p>Subject to approval of the proposed conversion of the savings shares into ordinary shares, it is proposed to make the amendment indicated.</p>
<p>25.4 Reduction of the share capital through losses does not entail reduction of the par value of savings shares beyond the portion of the loss in excess of the total par value of the other shares.</p>	<p>To be deleted</p>	
OMISSIS		
SECTION VII		
Amendments to the By-laws-Winding-up-Liquidation		
OMISSIS		
Article twenty-seven		
<p>The Company may be transformed or wound-up, even prior to the established term, upon resolution of the extraordinary meeting. Should the Company be wound-up for any reason,</p>	<p>The Company may be transformed or wound-up, even prior to the established term, upon resolution of the extraordinary meeting. Should the Company be wound-up for any reason,</p>	<p>Subject to approval of the proposed conversion of the savings shares into ordinary shares, it is proposed to make the proposed amendment.</p>

<p>the Shareholders' Meeting will, in compliance with the law, appoint one or more liquidators, determining their powers and duties. Savings shares are entitled to preferred rights for the reimbursement of their entire par value.</p>	<p>the Shareholders' Meeting will, in compliance with the law, appoint one or more liquidators, determining their powers and duties. Savings shares are entitled to preferred rights for the reimbursement of their entire par value.</p>	
<p>OMISSIS</p>		

