



Shareholders' Meeting of Biesse S.p.A. convened for 10.00 on 12 November 2009 in first convocation and, alternatively, for the 13 November 2009 in second convocation at the same time and place.

Explanatory Report of the meeting of the Board of Directors of Biesse S.p.A. in accordance with article 3 of Ministerial Decree no. 437 of 5 November 1998

Premise

Article 3 of Ministerial Decree no. 437 of 5 November 1998, implementing rules for the terms and means regarding the convocation of shareholders meetings of quoted companies, states that, all other obligations regarding the publication of communications in accordance with legal or regulatory requirements remaining unchanged, the directors of the quoted company must make available to the public at its registered office and at the offices of the managing company of the relevant stock market, at least fifteen days prior to the date set for the shareholders' meeting, a report on the relevant proposals regarding the items to be included on the agenda for the meeting.

The present report, therefore, discloses the items to be put forward on the agenda proposed to the ordinary Meeting of Shareholders of Biesse S.p.A. convened in Pesaro at 10.00 on 12 November 2009, in first convocation and, alternatively, for the 13 November 2009, at the same time and place, in second convocation.

It should be noted that the present report has been sent to Borsa italiana S.p.A. and deposited at the registered office in accordance with the law, and is available to shareholders who may request a copy. The same document is similarly available in the Investor Relations section of the company website www.biessegroup.com.

"Dear Shareholders,

the Board of Directors of Biesse S.p.A. convenes you to an ordinary meeting of shareholders, through a notice of meeting published in the Official Gazette (Gazzetta Ufficiale) no. 117 of 10 October 2009 and, simultaneously, in the daily newspaper Il Corriere della Sera, which will take place at the company's registered office in via della Meccanica 16, Pesaro at 10.00 on 12 November 2009 in first convocation and, if necessary, in second convocation the following day at the same time and place. The agenda for this shareholders' meeting is as follows:

- 1. Increase in the number of members of the Board of Directors of Biesse**
- 2. Appointment of a new director to the Board of Directors of Biesse; resolution of all issues arising therefrom**
- 3. Authorisation for the purchase and/or divestment of the company's own shares; resolution of all issues arising therefrom**

1. INCREASE IN THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS

With reference to **item one on the Agenda**, it is noted that, in accordance with article 16 of the Articles of Association, the Company is governed by a Board of Directors composed of between 2 and 15 members.

It should further be noted that the Shareholders' meeting of 28 April 2009, in appointing the members of the Board of Directors, agreed that the Board be composed of 7 members.

The Board of Directors considers that it is opportune to increase the number of members of this Board, in order to enable the Company to benefit from the inclusion of new professional capabilities and therefore proposes to increase the total number of board members to 8.

The shareholders are, therefore, called upon to approve the increase in the number of members of the Board of Directors from 7 at present to 8 members; it should further be noted that 3 of the 7 current members, enjoy the status of independent directors.

Given the foregoing, shareholders are invited to approve the following proposal:

"The Shareholders' Meeting of Biesse S.p.A.:

APPROVES

An increase in the number of members of the Board of Directors of Biesse S.p.A. from 7 members at present to 8 members."

2. APPOINTMENT OF A NEW DIRECTOR TO THE BOARD OF DIRECTORS OF BIESSE; RESOLUTION OF ALL ISSUES ARISING THEREFROM

With reference to **item two on the Agenda**, taking into account the approval of the preceding item on the Agenda, the Board of Directors proposes the appointment of Dr. Giovanni Barra as the new member of the Board of Directors.

The appointment will take place in accordance with the procedures and the ordinary majority provided for by the relevant law given that the list voting procedures provided for in article 16 of the Articles of Association are applicable for the appointment of the Board of Directors and, therefore, only in the circumstances of the appointment of the entire administrative body.

The new Director will remain in office until the expiry of the mandate of the entire Board of Directors of Biesse S.p.A. which is valid until the approval of the Financial Statements for the financial year ending 31 december 2011.

It should be noted that the candidate Dr. Giovanni Barra, see attached documents, has made available his declaration of acceptance of the candidacy testifying to the inexistence of any causes for incompatibility, ineligibility or nullification in

accordance with articles 16 and 19 bis of the Company's Articles of Association, as well as the existence of the requirements stipulated by the regulations and the Articles of Association for the related position.

In addition to the aforementioned, Dr. Giovanni Barra has deposited his curriculum vitae at the registered office which will be similarly deposited at Borsa Italiana and made available in the Investor Relations section of Biesse S.p.A.'s website www.biessegroup.com.

Briefly, Dr. Giovanni Barra, 49, comes to Biesse S.p.A. having gained significant international experience in major multinational companies, in particular with the Fiat Group, including experience with Fiat Holding, FL Lubrificanti, Fidis Servizi Finanziari, Iveco, New Holland in the United Kingdom and over the past ten years with CNH (Case New Holland) in Brazil and the USA. Giovanni Barra, married, is a graduate in Economics and Commerce from the University of Turin.

Shareholders are also invited to approve the remuneration of the new director.

In view of the foregoing, Shareholders are therefore invited to approve the following proposal:

"The Shareholders' Meeting of Biesse S.p.A.:

APPROVES

The appointment of Dr. Giovanni Barra as a new member of the Board of Directors of Biesse S.p.A., attributing to the same a gross annual salary of Euro 50.000 (fifty thousand euro) as already authorised by the Remuneration Committee of Biesse."

3. AUTHORISATION FOR THE PURCHASE AND/OR DIVESTMENT OF THE COMPANY'S OWN SHARES; RESOLUTION OF ALL ISSUES ARISING THEREFROM

With reference to **item three on the Agenda**, Shareholders are called upon to approve a proposal to grant the Board of Directors the authority to purchase and have at their disposal the ordinary shares of Biesse S.p.A. in accordance with and by the effect referred to in articles 2357 and subsequent of the Italian Civil Code.

The proposed Buy Back programme relates to the purchase of the company's own ordinary shares, each of nominal value Euro 1, up to a total number of 2,253,045 shares which, together with the shares already held by Biesse S.p.A. (a today's date no. 486,259 equating to 1.775% of the share capital) would amount to 10% of the share capital of Biesse S.p.A. The duration of the mandate requested is of 18 months from the date in which the Shareholders' Meeting approves the corresponding resolution.

For a more detailed description of the objectives and the methodology of the authorisation requested, please refer to the relevant Explanatory Report of the Directors prepared in accordance with article 73 of Consob Regulation no. 11971/99, already placed at the disposal of the public in accordance with the law and appended to the present Report (Appendix A).

Pesaro, 9 October 2009

For the Board of Directors

Chairman Roberto Selci



**REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 73 AND APPENDIX 3A,
SCHEDULE NO. 4, OF CONSOB REGULATION NO. 11971/99**

Dear Shareholders,

The Board of Directors of Biesse S.p.A. (hereinafter also the “**Company**”), meeting on 9 October 2009, has approved the calling of a Shareholders Meeting at the registered office located in via della Meccanica 16 in Pesaro at 10.00 on 12 November 2009, in first convocation and, alternatively, on the 13 November 2009, at the same time and place, in second convocation, in order to approve, amongst other things:

- **Authorisation for the purchase and/or divestment of the company’s own shares; resolution of all issues arising therefrom**

1. REASONS FOR THE REQUEST FOR AUTHORISATION TO PURCHASE AND/OR DIVEST THE COMPANY’S OWN SHARES

The principal reasons which have induced the Board of Directors to propose to you the resolution forming part of the present Explanatory Report may be summarised as the opportunity to:

- Intervene on the market, in compliance with the prevailing laws, in order to improve the liquidity of the shares, with no prejudice to the equality of treatment of shareholders, especially during periods of excessive volatility;
- Intervene in the presence of significant divergence between the market value and the fair value of the shares.

It should be clarified that the request for authorisation to purchase the company’s own shares is not, for the moment, intended to lead to the reduction of share capital through the cancellation of the shares purchased.

2. MAXIMUM NUMBER, CATEGORY AND NOMINAL VALUE OF THE SHARES TO WHICH AUTHORISATION RELATES

At the present date, the share capital of the Company is represented by no. 27,393,042 ordinary shares, each of nominal value of Euro 1.

It is proposed to request authorisation to acquire a maximum number of 2,253,045 ordinary shares, which, added to those currently held, would amount to a percentage equal to 10% of the share capital.

At the present date, Biesse S.p.A. holds treasury shares equal to 1.775% of its share capital (no. 486,259 shares) deriving from the execution of a previous buy back programme which expired in July 2009.

It should be noted that none of the companies controlled by the Company holds Biesse S.p.A. shares and that, in any event, at any moment, the maximum number of shares held, taking into account any shares that could potentially be held by subsidiary companies, must never exceed 10% of the share capital.

3. INFORMAZIONI UTILI AI FINI DELLA VALUTAZIONE DEL RISPETTO DELL'ART. 2357, COMMA 3, OF THE ITALIAN CIVIL CODE

At the present date the Company holds own shares representing 1.775% of the share capital (no. 486,359 shares) while companies controlled by it do not hold any shares in Biesse S.p.A. It should be noted that, in accordance with article 2357, paragraph one, Italian Civil Code the purchase of own shares is permitted within the limits of the distributable profits and the available reserves resulting from the last regularly approved financial statements.

Consequently, it should be noted that in the financial statements for the year ended 31 December 2008, approved by the Shareholders' Meeting of 28 April 2009, reported available reserves amounting to a total of Euro 87,331,329.91. It should be noted that, in the event of any purchase of own shares or their disposal, exchange, conferral or devaluation the appropriate accounting treatment must be applied in compliance with the relevant legal requirements and applicable accounting principles.

4. DURATION OF THE AUTHORISATION

The authorisation for the purchase is requested for the maximum period permitted by article 2357, paragraph two, Italian Civil Code and, therefore, for a period of 18 months beginning from the date in which the Shareholders' Meeting approves the corresponding resolution. The Board of Directors may carry out the authorised transactions in one or more tranches and at any time.

However, the duration of the authority to hold these own shares at the Company's disposal is granted without time limits.

5. MINIMUM AND MAXIMUM CONSIDERATION

It is proposed that the purchase price of the shares may not exceed 10% or be less than 20% of the average weighted official price of the shares recorded by Borsa Italiana S.p.A. in the 3 days preceding any individual purchase transaction.

The sale price, in the event that the sale is carried out in exchange for a cash consideration, may be no less than 90% of the average weighted purchase price and, however, must not be less than the lowest purchase price.

6. METHODOLOGY FOR EXECUTING TRANSACTIONS

Purchase transactions will be carried out on the market in accordance with section b) of article. 144 *bis* of the Consob Regulation relating to the governance of issuers, adopted with resolution no. 11971/99 and subsequent amendments, in accordance with the terms of article. 132 of Decree Law no. 58 of 24 February 1998 and in accordance with the procedures set down in article 2.6.7 of Regulation of the Organised Markets organised and managed by Borsa Italiana S.p.A. and, therefore, in compliance with the equal treatment of shareholders.

Operations regarding the disposal of own shares may take place at any time, in whole or in part, in one or more occasions and even before the aforementioned purchases as authorised above have been exhausted: in any way considered most opportune in the interests of the Company including, by way of example, sale on the stock market and/or outside the stock market and/or on the block market, via an institutional placing, as consideration for shareholdings or businesses as well as for the completion of agreements with strategic partners; and however under any other form of divestment permitted by the relevant laws in force relating thereto.

Disposal transactions will be accounted for in accordance with the provisions of law and the applicable accounting principles.

In view of the above, which has received the approval of the proposal by the Board of Directors Shareholders are therefore invited to approve the following proposal:

RESOLUTION

“The Shareholders’ Meeting of Biesse S.p.A.:

- *Having taken account of and approved the Explanatory Report of the Board of Directors ;*
- *Understanding the provisions referred to in articles 2357 and 2357 ter of the Italian Civil Code, and article 132 of Decree Law no. 58 of 24 February 1998 and of article 144 bis of the Consob Regulation adopted by approval of resolution no. 11971/99;*
- *Being informed that, at the present date, Biesse S.p.A. holds own shares equal to 1.775% of its own share capital and that the companies controlled by it do not hold any shares in Biesse S.p.A.;*
- *Given that the financial statements for the year ended 31 December 2008 and approved by a resolution of the shareholders on 28 April 2009;*

APPROVES

a) to authorise the Board of Directors jointly and, severally, the Chairman and Chief Executive Officer, also through their delegates, to purchase own shares each with a nominal value of Euro 1 within the limits of distributable profits and available reserves in accordance with article 2357 of the Italian Civil Code and until the limit of 10% of the share capital is reached, establishing that:

- *Purchases may be made at any time, on one or more tranches, within the period of 18 months of today’s shareholders’ meeting;*
- *Purchases may be made, in accordance with the procedures laid down by the combined provisions referred to in article 132 of Decree Law no. 58 of 24 February 1998 and in article 144 bis of the Consob Regulation adopted by approval of resolution no. 11971/99 and, however, according to any other procedures permitted by law and the regulations in force ;*
- *The purchase price of each share must be no higher than 10% and no less than 20% of the weighted average official price recorded by Borsa Italiana S.p.A. in the 3 days preceding any individual operation;*
- *Purchases must be carried out on the market in accordance with section b) of article 144 bis of the Consob Regulation relating to the governance of issuers, adopted with resolution no. 11971/99 and subsequent amendments, in compliance with the provisions of article 132 of Decree Law no. 58 of 24 February 1998 and according to the procedure established in article 2.6.7 of the Regulation of Markets organised and managed by Borsa Italiana S.p.A. and, therefore, in compliance with the equal treatment of shareholders.*

b) to authorise the Board of Directors, jointly, and severally the Chairman and Chief Executive Officer, also through their delegates in accordance with article 2357-ter of the Italian Civil Code, to divest, at any time, in whole or in part, in one or more tranches and even before the aforementioned purchases as authorised above have been exhausted, establishing that:

- The disposal may take place in any way considered most opportune in the interests of the Company including, by way of example, sale on the stock market and/or outside the stock market and/or on the block market, via an institutional placing, as consideration for shareholdings or businesses as well as for the completion of agreements with strategic partners; and however under any other form of divestment permitted by the relevant laws in force relating thereto;*
- The sale price, in the event that the sale is carried out in exchange for a cash consideration, may be no less than 90% of the average weighted purchase price and, however, must not be less than the lowest purchase price;*

c) to confer on the Board of Directors jointly and severally to the Chairman and Chief Executive Officer, any power necessary in order to undertake and execute the preceding resolutions, also through agents, complying with whatever may eventually be required by the competent authorities.”

Pesaro, 9 October 2009

For the Board of Directors

Chairman Roberto Selci


