



BIESSE

STOCK COMPANY

Via della Meccanica n. 16, 61100 Pesaro
www.biessegroup.com
Share Capital 27,393,042 Euros fully paid up
Tax Code and Pesaro Company Register number 1682
VAT Reg. N. 00113220412

DIRECTORS' ILLUSTRATIVE REPORT ON THE AGENDA OF THE SHAREHOLDERS' MEETING TO BE HELD ON 27 APRIL 2006

Drawn up as provided for by Ministerial Decree n. 437 dated 5 November 1998.

Board of Directors 27 March 2006

Directors' illustrative report on nominations to the Board of Directors for the financial years 1 January 2006 - 31 December 2008.

Dear Shareholders,

with the approval of financial statements as of 31 December 2005, the Board of Directors' three-year mandate comes to an end, making it thus necessary to nominate the new members of the Board of Directors – after determining the total number of its members – as well as its Chairman for the financial years from 1 January 2006 to 31 December 2008, and defining their relevant remuneration, as provided for by law.

You are therefore invited, as provided for by Art. 16 of the Company Bylaws, to deposit any proposed nominations to the position of board member, accompanied by full information on the personal and professional characteristics of candidates, at the Company headquarters at least 10 days prior to the date set for the Shareholders' meeting.

Directors' illustrative report on nominations to the Board of Auditors for the financial years 1 January 2006 - 31 December 2008.

Dear Shareholders,

with the approval of financial statements as of 31 December 2005, the Board of Auditors' three-year mandate comes to an end, making it thus necessary to nominate the new members of the Board of Auditors and its Chairman for the financial years from 1 January 2006 to 31 December 2008, and defining their relevant remuneration, as provided for by law.

May we remind you of Art. 19b of the company bylaws, which reads as follows:

19b) The Board of Auditors is composed of three Statutory Auditors and two Assistant Auditors elected by the Shareholders, that also determine their relevant remuneration. The minority is entitled to elect one Statutory Auditor and one assistant Auditor.

The Board of Auditors is appointed on the basis of lists presented by Shareholders in which the candidates are listed with a progressive number. The number of candidates cannot exceed the number of candidates to elect. Shareholders from voting syndicates will only be entitled to present a single list.

The list is divided into two sections: one for candidates to the position of Statutory Auditor and the other for candidates to the position of Assistant Auditor.

Only those Shareholders who, either alone or together with others, are the owners of voting Shares representing at least 2% (two percent) of the capital entitled to vote at the Ordinary Shareholders' Meeting are entitled to present lists. No Shareholder, nor Shareholders belonging to the same group, may present more than one list, nor may he/she vote for different lists even through a nominee or fiduciary company. If this rule is broken, the vote of the Shareholder in question will not be taken into account for any of the lists presented. Each candidate may only be on one list. Failure to comply will mean ineligibility.

Candidates who already occupy positions of Auditors in other five listed companies cannot be inserted in the lists, with the exclusion of controlling companies and subsidiaries of the company or in case the candidates do not present the requisites of reputation and professionalism as provided for by applying standards.

In view of the provisions of Art. 1, sub-paragraph 2, points b) and c) and sub-paragraph 3 of Ministerial Decree n. 162 dated 30 March 2000, professional requisites of members of the Board of Auditors of listed companies, in fields closely linked to the Company, mean business and company law, business economics, financial science and statistics, as well as any other fields with similar or identical subject matter, even if named differently, whereas sectors of activity being closely connected or inherent to the sectors of activity in which the Company operates, mean those sectors regarding the production, distribution and marketing of machines and tools, automation systems, software and all precision components.

Retiring Auditors can be re-elected.

Lists presented must be filed at the Company headquarters at least ten days prior to the date for which the meeting of shareholders is first called and mention of this shall be made in the convocation.

The professional curriculum of each candidate must be filed together with each list, within the terms indicated above, along with the declarations with which each candidate accepts candidacy and certifies, at his own responsibility, that there is no cause of ineligibility or incompatibility and that the legal and statutory requirements foreseen for the respective positions are met. Any list for which the statutory requirements above are not met shall be considered as not presented.

Pesaro, 27 March 06

For the Board of Directors
The Chairman Roberto Selci