

BIESSE S.p.A.

Ordinary Meeting of shareholders 29 April 2015

Report by the Board of Directors illustrating the proposed scheme to buy and dispose of the Company's own shares, prepared in accordance with article 73 and Appendix 3A - Draft no. 4 - of Consob Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions

8 April 2015

Directors' Report regarding the proposed programme to buy and dispose of own shares

(Directors' Report prepared pursuant to article 73 and Appendix 3A - Draft no. 4 - of Consob Resolution no. 11971 of 14 May 1999 and subsequent amendments and additions – the "Issuers' Regulation")

Dear Shareholders,

you are invited to participate in an Ordinary Meeting of Shareholders to discuss and approve the following item on the Agenda:

"To approve a scheme to buy back and/or dispose of the Company's own shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code and to grant the Board of Directors authority for its implementation; and to discuss all matters arising therefrom".

There follows a report of the reasons supporting this request for the authority to buy back and dispose of the Company's own shares and the principal features of the proposed resolution.

1. REASONS FOR THE REQUEST TO BUY BACK OWN SHARES

The reasons that the Board of Directors has proposed to you the resolution described in the present Directors' Report may be summarised as the opportunity to buy, hold and sell the Company's own shares:

- As consideration in extraordinary transactions, including exchanges of shares, with other parties in transactions of interest to Biesse S.p.A. ("**Biesse**" or the "**Company**");
- Within the scope of an equity incentive scheme for Directors, employees and associates of Biesse or its subsidiaries, which involve the issue of share purchase options or the allocation of free shares;
- To make stock market transactions, in accordance with current regulations, to augment the liquidity of the shares, without prejudice to equal treatment of shareholders;

It should be noted that the objective of the requested authority to buy back shares is not to reduce the share capital by cancelling the acquired shares.

2. MAXIMUM NUMBER, CATEGORY AND VALUE OF SHARES FOR WHICH AUTHORISATION IS REQUESTED

The Company's share capital at today's date is Euro 27,393,042, composed of no. 27,393,042 ordinary shares, each of nominal value Euro 1.

The proposal being put to the Shareholders' Meeting is to authorise the purchase of ordinary shares in Biesse, in one or more tranches, up to a maximum permitted by article

2357, paragraph 1, of the Italian Civil Code, which is to say, within the limits of distributable profits and available reserves arising from the latest approved Financial Statements, with the condition that the nominal value of shares acquired does not exceed 20% of the share capital, including shares held by subsidiaries. The authority includes the ability to subsequently divest treasury shares, even before the maximum permissible amount has been acquired and, if appropriate, to re-acquire the same shares to the extent that the treasury shares held by the Company do not exceed the limits established by the approved authorisation to acquire own shares, pursuant to article 2357-ter, paragraph 1, of the Italian Civil Code.

3. *SIGNIFICANT INFORMATION RELATING TO EVALUATION OF COMPLIANCE WITH ARTICLE 2357, PARAGRAPH 3, OF THE ITALIAN CIVIL CODE*

The Company today holds no. 140,079 own shares, equal to 0.511% of the share capital. These treasury shares were acquired in accordance with the authority granted by the Shareholders' Meeting of 21 January 2008. The subsidiaries of Biesse do not hold ordinary shares in the Company.

4. *DURATION OF AUTHORISATION*

The authorisation will be valid for 18 months from the date that the Shareholders' Meeting approves the related resolution. The Board of Directors may conduct transactions as authorised in one or more tranches at any time.

Authorisation to dispose of own shares is requested without time limits.

5. *MINIMUM AND MAXIMUM PURCHASE CONSIDERATION*

Purchases must be made in accordance with the price conditions established by article 5, paragraph 1, of the Regulation (CE) no. 2273/2003 issued by the European Commission on 22 December 2003. This article prohibits the issuer from acquiring shares at a price that exceeds the higher of the prices of the most recent independent transaction and the highest available offer price on the Automated Equity Market (MTA) organised and managed by Borsa Italiana S.p.A..

Disposals of own shares for cash may not be made at a price that is less than 90% of the average weighted purchase price and, however, at a price that is less than the lowest purchase price.

Where treasury shares are the object of exchange, transfer, conferral or any other type of non-cash transfer, the economic terms of the transaction will be determined on the basis of the nature and characteristics of the transaction, taking into account the market trend of Biesse shares.

Shares which are deployed within the scope of an equity incentive plan, may be allocated free to beneficiaries of such plans in the manner and within the terms established by the relevant regulations. For further information on such plans, please refer to the information documents provided in accordance with article 84-bis of the Issuers' Regulation, which is available on the Company's website, www.biessegroup.com.

Where the shares are deployed as part of a programme to augment market liquidity, sales may be made in accordance with the criteria established by Consob's regulation on approved market practices.

6. METHOD OF TRANSACTION EXECUTION

Purchase transactions may be made on the market in accordance with letter b) of article 144-*bis* of the Consob Regulation relating to the protocols governing issuers, adopted by resolution no. 11971/99 and subsequent amendments, in accordance with the terms of article 132 of Legislative Decree 24 February 1998 no. 58 and in compliance with the approved market practices recognised by Consob.

Disposal of shares may be made, in one or more tranches, even where the limits relating to acquisition of own shares have not been reached and also taking into account the provisions of article 2357-*ter*, paragraph 1, of the Italian Civil Code. Shares may be divested in any way that is considered most appropriate to the Company's interests, and, in any event, in accordance with applicable regulations and approved market practices. Shares which are deployed within the scope of an equity incentive plan may be allocated in the manner and within the terms established by the regulations of the said plans.

7. INFORMATION REGARDING BUY-BACK RELEVANCE TO REDUCTION OF SHARE CAPITAL

It should be noted that the requested authority to buy back shares is not instrumental to the reduction of the share capital.

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Given the foregoing, that you should agree with the proposal made by the Board of Directors, you are invited to approve the following resolution:

" *The Ordinary Meeting of Shareholders of Biesse S.p.A.:*

- *Taking note of and having approved the Report of the Board of Directors;*
- *Having present the regulations referred to in articles 2357 and 2357-ter of the Italian Civil Code, article 132 of Legislative Decree 24 February 1998 no. 58 and article 144 bis of Consob regulation adopted by resolution no. 11971/99, and the regulations of the Regulation (CE) no. 2273/2003 issued by the European Commission on 22 December 2003 and practices approved by Consob;*
- *Taking note that, at today's date, Biesse S.p.A. holds no. 140,079 own shares as treasury stock and that its subsidiaries hold no shares in Biesse S.p.A.;*
- *The latest Financial Statements having been approved,*

approves

a) that authorisation is granted to the Board of Directors and, on its behalf, individually to the Chairman and the Chief Executive Officer, also through intermediaries, to acquire the Company's own shares up to the maximum permitted by article 2357 of the Italian Civil Code, establishing that:

- *Purchases may be made at any time, in one or more tranches, up to 18 months from the date of today's shareholder meeting;*
- *Purchases can be made in accordance with the price conditions defined by article 5, paragraph 1, of the Regulation (CE) no. 2273/2003 issued by the European Commission on 22 December 2003. This article prohibits the issuer from acquiring shares at a price that exceeds the higher of the prices of the most recent independent transaction and the highest available offer price on the Automated Equity Market (MTA) organised and managed by Borsa Italiana S.p.A.;*
- *Purchase transactions may be made on the market in accordance with article 144-bis of the Consob Regulation relating to the protocols governing issuers, adopted by resolution no. 11971/99 and subsequent amendments, in accordance with the terms of article 132 of Legislative Decree 24 February 1998 no. 58 and in compliance with the approved market practices recognised by Consob*
- *Purchases may be made within the limits of distributable profits and available reserves arising from the latest approved Financial Statements;*

b) that authorisation is granted to the Board of Directors and, on its behalf, individually to the Chairman and the Chief Executive Officer, also through intermediaries, in accordance with article 2357-ter of the Italian Civil Code, to divest, at any time, all or part of its treasury stock, in one or more tranches even before having exhausted its aforementioned purchase mandate, establishing that:

- *Shares may be disposed of, in one or more tranches, even before having purchased the maximum number of shares permitted and taking into account the provisions of article 2357-ter, paragraph 1, of the Italian Civil Code. Divestment may be made in any manner considered to be most appropriate to the interests of the Company and, however, in accordance with applicable regulations and approved market practices. Shares which are deployed within the scope of an equity incentive plan may be allocated in the manner and within the terms established by the regulations of the said plans;*
- *Disposals of own shares for cash may not be made at a price that is less than 90% of the average weighted purchase price and, however, at a price that is less than the lowest purchase price;*
- *Where treasury shares are the object of exchange, transfer, conferral or any other type of non-cash transfer, the economic terms of the transaction will be determined on the basis of the nature and characteristics of the transaction, taking into account the market trend of Biesse shares;*
- *Shares which are deployed within the scope of an equity incentive plan, may be allocated free to beneficiaries of such plans in the manner and within the terms established by the relevant regulations;*
- *Where the shares are deployed as part of a programme to augment market liquidity, sales may be made in accordance with the criteria established by Consob's regulation on approved market practices.*

c) that the Board of Directors and, on its behalf, individually the Chairman and the Chief Executive Officer, are granted any necessary authority to implement the aforementioned

resolution, also through intermediaries, in compliance with any requirement issued or that may be issued by the relevant authorities."

Pesaro, 8 April 2015

For and on behalf of the Board of Directors