

*Biesse S.p.A.
Directors' Report
Regarding share buy-back programme
11 December 2007*

**BIESSE S.p.A.
Ordinary shareholders' meeting of 21 January
2008**

Directors' report regarding the proposed share buy-back
programme

Report of the Directors regarding the proposed buy-back and liquidity management of own shares

(The Directors' Report is prepared in accordance with article 73 and appendix 3A – draft no. 4 – of Consob resolution no. 11971 of 14 May 1999 including subsequent amendments and additions)

Dear Shareholders,

You are called to an Ordinary shareholders' meeting in order to discuss and approve a proposal granting the Board of Directors the authority to purchase and make available ordinary shares of Biesse S.p.a. (hereinafter the "Company") in accordance with the provisions of article 2357 and related amendments of the Civil Code.

1. REASONS FOR THE REQUEST TO BUY-BACK OWN SHARES

The main reasons underlying the Board of Directors' proposals contained in this Report may be summarised as follows:

- To intervene in the market, in accordance with prevailing regulations, in order to improve the liquidity of the shares, without prejudicing the rights of shareholders, particularly in periods of extreme volatility;
- To intervene in the event of significant divergence between the market value and the fair value of the shares;

It is to be noted that the request for authorisation to buy-back the company's own shares is not, for the present time, intended to be used to reduce the share capital through cancellation of the shares bought-back.

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

At the present date the ordinary share capital of the Company is composed of 27,393,042 ordinary shares, each of Euro 1 nominal value.

As a result of the limitations imposed by article 2357, paragraph 1, of the Civil Code, authorisation is requested to buy back a maximum of 2,739,304 ordinary shares, equal to 10% of the ordinary share capital.

It is to be noted that none of the subsidiaries of the Company holds Biesse S.p.A. shares and that, in any case, at any time, the maximum number of shares held, taking into account also those shares that might possibly be held by subsidiary companies must never exceed one-tenth of the ordinary share capital.

3. USEFUL INFORMATION REGARDING EVALUATION OF THE PROPOSALS IN ACCORDANCE WITH ARTICLE 2357, PARAGRAPH 3, OF THE CIVIL CODE

At the present date the Company does not hold any of its own shares and nor do its subsidiaries hold any shares in Biesse S.p.A.

In this regard, it is to be noted that the balance sheet for the year ended 31 December 2006 contained distributable reserves amounting to a total of € 67,718,225.85 while, at today's date, taking into account the payment of dividends on 17 December 2007, distributable reserves amount to € 71,056,692.44.

It is to be noted that, in the event of the buy-back of shares or the sale, trade, conferment, or devaluation thereof, the appropriate accounting adjustments must be made in compliance with the relevant laws and applicable accounting principles.

4. MINIMUM AND MAXIMUM PURCHASE CONSIDERATION

It is proposed that the purchase price for shares shall not be more than 10% above or 20% below the average weighted official share price as recorded by Borsa Italiana S.p.A. in the 3 days preceding each individual repurchase operation.

5. DURATION OF AUTHORISATION

The duration of the authorisation requested shall be 18 months from the date of approval of the resolution by the shareholders' meeting. The Board of Directors will be able to proceed with the authorised operations in one or more tranches and at any time.

6. BUY-BACK AND LIQUIDITY OPERATION PROCEDURES

Share purchases will be carried out in regulated markets in accordance with section b) of article 144 *bis* of the Consob regulation regarding the conduct of issuers, adopted by resolution no. 11971/99 and subsequent amendments, in accordance with the provisions laid down in article 132 of Legislative Decree of 24 February 1998 no. 58 and according to the procedures laid down by article 2.6.7 of the Regulations of Markets Organised and Managed by Borsa Italiana S.p.A. and, therefore, with respect to the equal treatment of shareholders.

Liquidity operations making available the company's own shares may take place at any time, in whole or in part, in one or more tranches and even before having exhausted the share buy-back mandate as authorised above: in whichever way is considered most opportune in the Company's interests including, for example, sale in the Stock Market and/or outside the Stock Market and/or the block market, via an institutional placing, as consideration for shareholdings or companies as well as in reaching agreements with strategic partners; and in any other form of availability permitted by the relevant prevailing regulations.

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The disposal price, in the event that the sale is carried out for a cash consideration, may be not lower than 90% of the average weighted purchase price and, however, may not be lower than the lowest purchase price paid.

Liquidity operations will be accounted for in accordance with prevailing legislation and applicable accounting principles.

Given the above, if you agree with the proposals of the Board of Directors, you are invited to approve the following resolutions:

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

- Having taken note of and approved the Directors' Report;
- Taking into consideration the provisions referred to in articles 2357 and 2357 *ter* of the Civil Code, of article 132 of Legislative Decree of 24 February 1998 no. 58 and article 144 *bis* of the Consob regulation adopted by resolution no. 11971/99;
- Taking into consideration that, at the present date, Biesse S.p.A. does not possess its own shares and neither do the subsidiaries of the Company possess shares in Biesse S.p.A.;
- Given the Financial Statements for the year ended 31 December 2006;

approves

a) The authorisation of the Board of Directors and, on its behalf, jointly and severally the Chairman and the Chief Executive, also through proxies, to purchase the Company's own shares of nominal value €1 within the limits provided by article 2357 of the Civil Code equal to 10% of the ordinary share capital, establishing that:

- The purchases can be made at any time, in one or more tranches, within 18 months of today's shareholder meeting;
- The purchases can be made, in accordance with the procedures referred to in article 132 of Legislative Decree of 24 February 1998 no. 58 and article 144 *bis* of Consob regulation adopted by resolution no. 11971/99 and, however, in any other way that is permitted by the law and by prevailing regulations;
- The purchase price of each share must be no more than 10% and no lower than 20% of the average weighted official share price recorded by Borsa Italiana S.p.A. in the three days preceding each single operation;
- The purchases must be carried out on the market in accordance with section b) of article 144 *bis* of the Consob regulation concerning the conduct of issuers, adopted by resolution no. 11971/99 and subsequent amendments, in accordance with article 132 of Decree Law of 24 February 1998 no. 58 and according to the procedures laid down in article 2.6.7 of the Regulations of

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Markets Organised and Managed by Borsa Italiana S.p.A. and, therefore, with respect to the equal treatment of shareholders.

- Purchases must be made within the limits set by distributable reserves and by the reserves available as indicated in the balance sheet of the most recently approved financial statements;

b) The authorisation of the Board of Directors and, on its behalf, jointly and severally the Chairman and the Chief Executive, also through proxies, in accordance with article 2357-ter of the Civil Code, to make available, at any time, in whole or in part, in one or more tranches and even before exhausting the purchases as authorised above, establishing that:

- The sale takes place in the way considered most opportune in the Company's interests including, for example, the 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 companies as well as for to reach agreements with strategic partners, and, however, under any other form of making liquidity available permitted by relevant prevailing regulations;
- The disposal price, in the event that the sale is carried out for a cash consideration, may be not lower than 90% of the average weighted purchase price and, however, may not be lower than the lowest purchase price paid.

c) to confer on the Board of Directors and on its behalf, jointly and severally, the Chairman and Chief Executive any authority required in order to implement the preceding resolution, also in the capacity of agents, in accordance with any request made by the relevant authorities.”

Pesaro, 11 December 2007

For and on behalf of the Board of Directors
The Chairman Roberto Selci