



Report on Corporate Governance and Ownership Structure

In conformity with Article 123-*bis* of the TUF
(Consolidated Finance Act)

Issued by:
Carraro SpA

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CONTENTS

	Page
Glossary	4
1. Issuer profile	5
2. Information on ownership structure (pursuant to Article 123-bis TUF)	5-8
Share capital structure	
Restrictions on the transfer of securities	
Significant interests in share capital	
Securities which carry special rights	
Employee share scheme: mechanism to exercise voting rights	
Restrictions on voting rights	
Agreements between shareholders	
Change of control clauses	
Power to increase share capital and authorisations to buy treasury shares	
Direction and coordination activities	
3. Compliance	8
4. Board of Directors	
4.1. Appointment and replacement	8
4.2. Composition	9
4.3. Role of the Board of Directors	10
4.4. Appointed Bodies	13
4.5. Other Executive Directors	15
4.6. Independent Directors	16
4.7. Lead Independent Director	16
5. Handling of company information	17
6. Internal Committees of the Board	18
7. Appointments Committee	18
8. Remuneration Committee	18
9. Director Remuneration	19
10. Audit Committee	21
11. Internal Control System	23
11.1. Executive Director in charge of the Internal Control System	24
11.2. Manager of Internal Auditing	25
11.3. Organisational Model pursuant to Legislative Decree 231/2001.	25
11.4. Auditing Firm	26
11.5. Person in charge of the compilation of company account documents	26
12. Interests of Directors and Transactions with Related Parties	27
13. Appointment of Auditors	27
14. Statutory Auditors	28
15. Relations with Shareholders	29
16. Meetings	29
17. Changes since the close of trading period in question	30

TABLES

Table 1: Information on ownership structure	32
Table 2: Structure of the Board of Directors and of the Committees	33
Table 3: Structure of the Board of Statutory Auditors	35

APPENDICES

Appendix 1: Paragraph on "Main characteristics of the existing risk management and internal control systems in relation to financial reporting" (pursuant to Article 123-bis(2)(b) TUF)	37
Appendix 2: Personal and Professional Profiles of Directors	39

GLOSSARY

Code/Corporate Governance Code: the Corporate Governance Code of listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana SpA.

Civ. Code/C.C.: the (Italian) Civil Code.

Board: the Board of Directors of the Issuer.

Issuer: the issuer of the instruments referred to in the Report.

Trading period: the company trading period of the Report.

Consob Regulations for Issuers: regulations issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) in regard to issuers.

Consob Regulations for Markets: regulations issued by Consob with resolution no. 16191 of 2007 (as subsequently amended) in regard to markets.

Report: report on corporate governance and ownership structure to be drawn up by companies in accordance with Article 123-*bis* of the TUF ((Italian) Consolidated Finance Act).

Company: the issuer of the instruments referred to in the Report.

TUF: (Italian) Legislative decree no. 58 dated 24 February 1998 (Consolidated Finance Act).

1. Issuer profile

Carraro is a world-leading multinational group which operates in the field of power transmission systems.

Carraro Group activities, coordinated by Carraro SpA in a role of strategic guidance and supervision, are divided into four different business areas: transmission systems, gear and components, vehicles and drivelines. Its product selection is intended for a wide range of applications, including earth-moving machinery, agricultural tractors, cars, light commercial vehicles, material handling equipment and stationary applications (such as escalators). The Group also focuses on development in emerging industries related to renewable energy, such as wind turbines and photovoltaic energy generation systems.

Since 27 December 1995, Carraro has been listed on the Mercato Telematico Azionario (Italian Stock Exchange) organised and managed by Borsa Italiana SpA.

Carraro's corporate structure is based on the so-called traditional model, having the following entities: shareholders, board of directors (supported by consulting committees), board of statutory auditors and auditing company (external).

At its meeting on 29 March 2007, the Board of Directors resolved to comply with the Corporate Governance Code drawn up by the Borsa Italiana SpA Corporate Governance Committee in March 2006 following the terms and procedures illustrated below.

This report is set out according to the indications given in said Code and according to the format, version II, February 2010, issued by the Italian Stock Exchange.

The Corporate Governance Report may be found on the company Web site: www.carraro.com – Investor Relations – Corporate Governance. It was made available to shareholders together with the documentation provided for the AGM for the approval of the financial statements, within the legal terms.

2. Information on ownership structure (pursuant to Article 123-bis TUF) to 23/03/2010

a) Share capital structure (pursuant to Article 123-bis(1)(a) TUF)

Amount of company share capital subscribed and paid in, in Euro: 23,914,696.00.

The share categories which make up the share capital are indicated in Table 1 in an appendix to this report.

No other financial instruments providing rights to subscribe to newly issued shares have been issued. There are no shareholder base incentive programmes (*stock options, stock grants*, etc) that give rise to increases of the share capital, including free of charge.

Following the implementation of the resolution of the extraordinary shareholders meeting held on 23 December 2009 regarding a paid increase in share capital, with the exclusion of the option rights pursuant to Article 2441(4)(1) of the Italian Civil Code, by a nominal amount of Euro 2,074,696, to be carried out through the issue of 3,989,800 ordinary shares each with a nominal value of Euro 0.52, at the par value of Euro 2.85 including a Euro 2.33 surcharge, intended exclusively and irrevocably for the acquisition of the company Agritalia SpA, to be released through the transfer by Agritalia SpA of its company branch, including all tangible and intangible fixed assets, other assets, obligations, contractual relationships

and rights pertinent to the development, assembly or distribution of agricultural tractors, as well as the distribution of commercial spare parts for such tractors, the Carraro SpA share capital rose from Euro 21,840,000 to Euro 23,914,696.00.

b) Restrictions on the transfer of securities (pursuant to Article 123-bis(1)(b) TUF)

There are no restrictions to share transfers.

c) Significant interests in share capital (pursuant to Article 123-bis(1)(c) TUF)

Significant holdings in the share capital of Carraro in accordance with the notification requirements pursuant to article 120 TUF:

Holding entity	Direct shareholder	Percentage of ordinary capital	Percentage of voting capital
Mario Carraro	Mario Carraro/Finaid SpA	62,359	63,829
Carraro SpA	Carraro SpA	2,302	0,000
Francesco Carraro	Francesco Carraro	2,571	2,632

d) Securities which carry special rights (pursuant to Article 123-bis(1)(d) TUF)

No shares having special control rights have been issued.

e) Employee share scheme: mechanisms for the exercise of voting rights (pursuant to Article 123-bis(1)(e) TUF)

There is no employee share scheme having a mechanism differing from the ordinary system.

f) Restrictions on voting rights (pursuant to Article 123-bis(1)(f) TUF)

There are no restrictions on voting rights, with the exception of treasury shares bought by the Company.

g) Agreements between shareholders (pursuant to Article 123-bis(1)(g) TUF)

The company is not aware of the existence of significant shareholder pacts as envisaged by article 122 TUF.

h) Change of control clauses (pursuant to Article 123-bis(1)(h) TUF)

For Carraro and several of its subsidiaries, entering into change of control clauses falls within the majority of normal contractual negotiations relating to trade agreements. Typically such trade agreements only have significant effects in the event a competitor of the counterparty were to gain control of Carraro or its subsidiaries.

The change of control could form grounds for withdrawal in the case of a syndicated financing of Euro 150 million granted to Carraro and its subsidiary Carraro International SA by a pool of banks.

Change of control clauses are also included in some financing agreements entered into by Carraro SpA and by other companies in the Carraro Group.

i) Power to increase share capital and authorisations to buy treasury shares (pursuant to Article 123-*bis*(1)(m) TUF)

The Board has no mandate by the shareholders to increase the share capital as envisaged by article 2443 of the Civil Code nor issue stockholding financial instruments.

On 23 April 2009, the Shareholders' Meeting renewed the authorisation (1), pursuant to Articles 2357 et seq. of the Civil Code and Article 132 of Legislative Decree No 58 of 24 February 1998, for the purchase of a maximum of 2,100,000 Carraro SpA ordinary shares, fully paid up, with a nominal value of Euro 0.52 per share, equivalent to 5% of the current share capital subscribed and paid up, taking into account the treasury shares already owned by Carraro SpA and by its subsidiaries, on one or more occasions and for a period of eighteen months from the date of the resolution.

The ordinary shares shall be bought back for a price per ordinary share which, at the minimum, may not be more than 30% lower, and at the maximum more than 20% higher than the reference price that the stock has recorded in the stock exchange session on the day prior to each individual transaction. Applicable in effect; (2) pursuant to Article 2357-ter(1) of the Civil Code, the performance of acts of provision of shares acquired in execution of the meeting authorisation described in point 1 above, even before the total amount of purchases subject to said authorisation is used up, for all or part of the treasury shares bought, on one or more occasions and for a period of 18 months from the date of the meeting resolution of authorisation.

The actions providing the treasury shares should be made at a minimum price per ordinary share no less than 20% lower, and no more than 20% higher than the reference price recorded in the stock exchange session on the day prior to each individual transaction. 1,058,870 treasury shares were acquired on 15 March 2010, the equivalent of 2.302% of the Company's share capital.

l) Management and coordination (pursuant to Article 2497 et seq. C.C.).

Carraro S.p.A. is not subject to activity of management and coordination under the terms of Art. 2497 et seq. and following of the Civil Code by subsidiary Finaid SpA.

The Company is run by a managerial organisation and has autonomous control, to which reference is made by and dependent upon which are all Group companies.

Controlling shareholder Finaid SpA has no interference in Carraro activities. More specifically, the following can be illustrated in evidence of this status:

- Finaid's is a purely financial holding;
- Finaid does not issue any directions to Carraro;
- the Finaid Board of Directors does not approve Carraro's strategic plans or business plans nor does it "interfere" regularly in its operations; and
- there are no relationships of a commercial or financial nature between Finaid and Carraro.

3. Compliance (pursuant to Article 123-bis(2)(a), TUF)

Carraro adopted the Code having the intention of adhering to the recommendations contained therein via the continual and progressive modification of the Corporate Governance policy.

The Corporate Governance adopted by Carraro SpA can be viewed on the company website at www.carraro.com under "Investor Relations – Corporate Governance".

Carraro is not subject to non-Italian legal provisions that have an influence on the Company's corporate governance structure.

4. Board of Directors

4.1. Appointment and replacement (pursuant to Article 123-bis(1)(l), TUF)

The appointment and replacement of directors is governed by Article 21 of the articles of association and can be viewed on the company website at www.carraro.com ("Investor Relations – Corporate Governance").

Company management is entrusted to a board made up of three to eleven members (not necessarily shareholders) identified and elected by the AGM.

Directors are appointed by the AGM on the basis of lists submitted by shareholders who, alone or with other shareholders, make up at least 2.5% (two point five per cent) of the issued share capital at the time of submission, or according to the measure determined by Consob in accordance with Article 144-quater of the Issuers' Regulations.

The lists, which set out the professional curricula of the appointees, indicating their possible suitability as independents and which are signed by the shareholders by whom they are submitted, must be consigned to the head office at least fifteen days prior to the first meeting.

Each list must clearly indicate the candidature of at least one person who satisfies the requisites of independence established for auditors by Article 148(3) of Legislative Decree No 58/1998, or two where the AGM declares that there will be more than seven board members, in accordance with Article 147-ter(4) TUF. Each list may also indicate, where applicable, the names of directors who satisfy the requisites of independence pursuant to the codes of conduct drawn up by regulated market management companies.

Consideration is not given to lists which have not acquired a percentage of votes equivalent to at least half of the members present, as required by the articles of association for their submission.

Directors thus nominated are appointed in accordance with the following criteria:

a) a number of directors equal to the total number of members of the Board, as previously set out by the AGM, minus one will be eligible for election, from the list obtaining the greatest number of votes. The candidates will be elected in the numerical order indicated on the list;

b) one director will be drawn from the top of the list that obtained the second number of votes.

The candidate at the top of the list gaining the majority of votes will be given the post of the Chairman of the Board of Directors.

In the event of the dismissal, for whatever reason, of the post of one or more directors, their replacement shall be made by the Board of Directors, by resolution approved by the Board of Statutory Auditors. The replacement director/s shall be selected from among the candidates indicated on the same list from which the dismissed director/s was/were appointed, provided that the resulting majority continues to comprise directors appointed by the AGM. In the event the dismissed director is independent, another independent director should be appointed. Directors thus appointed remain in office until the subsequent AGM, which will be required to re-appoint them or extend or reduce the Board via the appointment of more directors, or the reduction of the number of directors. Directors appointed by the AGM remain in office until the termination of the term set upon their appointment.

In the event of the reduction of the directors' majority as appointed by the AGM, the entire Board shall be dismissed. The directors remaining in office must urgently convene a meeting of the shareholders for the appointment of the new Board.

The articles of association may be modified (i) by resolution of the AGM which, according to article 18 of the articles of association, is legitimately constituted at the first call with the participation of a number of shareholders representing more than half the share capital; at the second call with more than one third of the share capital, and at the third call with more than one fifth of the share capital, excluding non-voting shares, and resolves with a favourable vote of at least two thirds of the share capital represented at the AGM, or (ii) by resolution of the Board of Directors, without prejudice to the limits of the law, for the adjustment of the articles of association to regulatory provisions.

4.2. Composition (pursuant to Article 123-bis(2)(d), TUF)

The Board of Directors in office on the date of drafting of this report is composed of 10 members appointed by the Ordinary Shareholders' Meeting on 23 April 2009, taken from a single list of candidates presented by shareholder Finaid SpA, and shall remain in office until the date of the AGM convened for the approval of the financial statements for the 2011 trading period.

On 23 April 2009, the Carraro SpA Shareholders' Meeting approved the appointment of 11 members, specifically:

Mario Carraro, Enrico Carraro, Carlo Borsari, Francesco Carraro, Tomaso Carraro, Alexander Josef Bossard, Anna Maria Artoni, Arnaldo Camuffo, Pietro Guindani, Marco Milani, Antonio Cortellazzo (see table 1).

Managing Director Carlo Borsari has submitted his resignation, taking effect on 31 July 2009.

On 4 August 2009, the Carraro SpA Board of Directors resolved not to proceed with the co-option of a new board member and to refer any relative decision to the shareholders' meeting, appointing board member Alexander Josef Bossard in the meantime as Managing Director. Subsequently, on 23 December 2009, the Carraro SpA shareholders' meeting resolved not to add to the number of members of the Board of Directors, thus reducing the number to 10.

There were no changes to the composition of the Board up to the closure of the 2009 period.

The personal and professional profiles of directors, along with the duties of director or auditor held by each director in companies listed on regulated markets (including overseas) or in financial, banking, insurance or other significantly-sized companies, are indicated in the documentation attached to this report.

Maximum number of posts held in other companies

Article 1.C.3 of the Carraro SpA Corporate Governance Code envisages that the board express its own orientation in regard to the maximum number of director and auditor posts in companies listed on regulated markets (including overseas) or in financial, banking, insurance or other significantly-sized companies, which may be considered compatible with an effective performance of the post of director of the Company.

The results from the process of self-assessment, verified by the Board on 24 February 2010, gave positive indications in regard to the activity carried out by the Board and its internal Committees in terms of the adequacy of the number of meetings, the efficacy and efficiency of work and the contributions to decision-making, as well as the significant contribution made by independent directors.

In light of the above, the Board retains that in regard to its current composition, this assessment was carried out by the shareholders for the appointment of directors during the shareholders' meeting held on 23 April 2009 and subsequently by the individual director upon acceptance of the post.

4.3. Role of the Board of Directors (pursuant to Article 123-bis(2)(d), TUF)

During the course of the 2009 period, the Board held 9 meetings on the following dates:

20.02.2009	Analysis of 2008 interim figures
20.03.2009	Scrutiny and approval of the Carraro Group's consolidated financial statements and of the draft financial statements of Carraro SpA to 31 December 2008
23.04.2009	Verification of the lists for the appointment of the Board of Directors and Board of Statutory Auditors
07.05.2009	Renewal of Company Positions and assignment of powers; appointment of Audit Committee, Human Resources and Remuneration Committee and Supervisory Committee; distribution of BoD remuneration for 2009; treasury share purchase scheme
14.05.2009	Approval of Quarterly Report
04.08.2009	Company Positions
28.08.2009	Scrutiny and approval of the half-yearly report to 30 June 2009
12.11.2009	Scrutiny and approval of the quarterly report to 30 September 2009 and 2010-2012 Three-Year Plan; proposed share capital increase through the business transfer of the Agritalia company;

18.12.08 Scrutiny and approval of the 2010 budget

The average duration of Board meetings is 2 hours; for the current trading period there are 8 meetings planned, of which two have already been held.

The main corporate events calendar has been issued to the market and to Borsa Italiana SpA according to the regulatory requirements.

The Board of Directors is the collective body entrusted with Company administration, the role of which is to define the strategic direction of the Company and of the Group to which it belongs and to control Company operations. To this end, the Board is vested with full powers for the ordinary and extraordinary management of the company, and is authorised to carry out any activities it deems necessary for the implementation and attainment of the company objectives, excluding only those which the law and the Articles of Association reserve exclusively to the Shareholders' Meeting, in compliance with the Corporate Governance Code.

To be more specific, via clauses of the articles of association, confirmed mandates and corporate practices, the Board deliberates on the following issues of major significance:

- the scrutiny and approval of the company and group's strategic programmes in terms of industrial, commercial, structural and financial issues;
- the scrutiny and approval of the budget and operations having major significance to the company and group's profit/loss, capital and lending situation;
- examination and approval of the issuer and group's corporate governance system;
- appraisal of the adequacy of the company and group's general administration and management configuration;
- the attribution to and revocation of mandates from the Chairman, the Managing Director and the confirmation or withdrawal of special powers of attorney to the managers of the Company;
- on consultation with the Committees and the Board of statutory auditors, the determination of the remuneration due to the Chairman, Managing Director, the individual members of the Board and the Committees;
- monitoring the company and group's general management progress, periodically comparing the results achieved with those anticipated, paying particular attention to operations having greater significance on the company and group's profit/loss, capital and lending situation;
- annually to make an appraisal of the size, composition and function of the Board and its Committees;
- to define Corporate Governance rules, as well as to monitor the adoption and compliance with those rules with reference to the Self-disciplinary Code;
- the scrutiny and approval of guiding principles, operating limits and more generally, the management of the company and group's financial risks, as well as controlling compliance with the adopted policies;
- the scrutiny of all economic and financial quarterly, six-monthly and annual accounts;
- the scrutiny and approval of operations with associated parties, according to the procedure illustrated in paragraph 12 below, as well as of any situations of interest to Directors.

The company's articles of association provide that the Board of Directors also has the facility to deliberate with regard to the following:

- the institution or termination of secondary offices;
- the transfer of the company headquarters within the national territory;

- mergers by incorporation and splits of companies in the cases envisaged under Articles 2505, 2505-bis and 2506-ter of the Civil Code;
- the reduction of the company share capital in the event of the withdrawal of a shareholder;
- the amendment of the articles of association to legislative provisions;
- without prejudice to the facility of the Board to resolve that the above cited decisions be taken by an EGM.

In February 2010, the Board assessed the adequacy of the general organisational, administrative and accounting structure of the Group, with particular reference to its internal control system and management of conflicts of interest, according to the relevant procedures adopted by the Company. The Board was supported in its assessment by the Audit Committee, Manager of Internal Auditing and the Manager Responsible for preparing the Corporate Financial Statements.

In relation to Director remuneration for the 2009 trading period, in accordance with Article 21 of the Articles of Association, each director was paid an annual salary in accordance with the proposals made by the Remuneration Committee, the total of which was deliberated by the Ordinary Shareholders' Meeting on 23 April 2009.

The remuneration of the Chairman, Vice Chairman, Managing Director and other directors assigned to particular roles were deliberated by the Board, in consultation with the Board of Statutory Auditors.

The amount of payments received by members of the Board of Directors in the 2009 trading period is shown in detail in the notes to the financial statements in accordance with Article 78 and Appendix 3C to the Consob Issuers' Regulations and subsequent amendments, and is also summarised in paragraph 9 below.

The Board appraised the general management progress at least quarterly, in consideration of the information received from the mandated bodies, as well as by means of a periodical comparison of the results achieved against those anticipated.

On 24 February 2010, the Board carried out an evaluation of the size, composition and function of the Board and of its Committees on the basis of a questionnaire, with the aim of enabling the Board to analyse the most characteristic elements of the Board of Directors itself and of its Committees, namely: (i) the function of the Board and of its Committees, (ii) the composition and size of the Board and its Committees; (iii) the role of the Board and its Committees and (iv) the applicable code of conduct.

The responses received painted a significantly positive picture in terms of the efficacy and efficiency of the work of both the Board and the Committees. More specifically, from among the most positive aspects of the self-assessment, it emerges that the structure and composition of the Board of Directors are adequate in terms of size and present competences; a similar result was found with reference to the Committees. Meetings are generally considered to be of an adequate number and duration, while meeting agendas were also deemed adequate.

In some cases there were certain suggested areas of improvement, such as improving the circulation of information and informative material, as well as an inclination to study in greater depth specific issues affecting individual sectors in which the Group operates in terms of competitive positioning and strategic orientation. There were also proposals to hold Board meetings at the offices of subsidiaries and with the occasional presence of the managers of individual business units.

The Meeting was not called to authorise derogations, generally and on a precautionary basis, of the non-competition provision pursuant to Article 2390 of the Civil Code.

4.4. Appointed Bodies

Managing Directors

Managing Director Alexander Josef Bossard is assigned all powers of ordinary management, with the exclusion of any extraordinary powers pursuant to the law and to the articles of association and any subsequent powers reserved for the Board of Directors or the Chairman of the Board of Directors.

- entering into, modifying and/or terminating commercial affiliation agreements or agreements licensing industrial property rights;
- the issue or the withdrawal of mandates or general powers of attorney;
- the issue of security guarantees, the establishment of liens or mortgages on the assets of the Company;
- the acquisition, the sale, the licensing, the conferment of, and the granting of guarantees on the following:
 - immovable assets;
 - enterprises or going concerns;
 - company shareholdings.
- the approval of the Company's budget and any business plans;
- entering into, amending and terminating any form of banking and financing agreement (more specifically, opening credit lines, loans, advances against securities, invoices and goods, discounts;
- the issue, acceptance or endorsement of the Company's obligations;
- the opening or the closure of local units, sites, branches and agencies.

For the purposes of clarity, but without limitation of the attribution of the powers of ordinary administration thus delegated, note that the Managing Director is able to carry out the following (within the limits illustrated in the paragraph below):

- make and sign company correspondence;
- buy and sell goods, products and any other unregistered tangible assets as well as entering, amending and concluding general contracts for the provision of services and any other trade agreements necessary or useful to company operations;
- acquire and sell vehicles;
- draw any amount owed to the Company from whomsoever (State, public and private entities, physical and/or legal persons and companies), as well as issue the relative receipt/release;
- take on and dismiss managers, employees and workers, and enter into, amend and terminate the relative employment agreements;
- enter into, amend and terminate managed and continual collaboration agreements and consulting agreements;
- represent the Company in all relations and affairs with tax, financial, administrative and judicial offices of the State and of dependent, local or government-controlled administrations, social security, insurance or national health entities, with the right to establish income, issue certificates and attestations, file cases before all administrative and judicial authorities of the Italian Republic, file complaints and issue claims against any measures of the aforementioned authorities and offices, and sign the relative documents and/or derivative acts;
- represent the Company in proceedings before all the authorities of the Republic of Italy and foreign states, as well as all international authorities, appoint advocates and attorneys for the proceedings, including for appeals, claims for revocation, cassation and before the Constitutional Court;

- settle and reconcile any debt or dispute of the Company with third parties, including employment debts and disputes with managers, employees and workers, appointing arbiters and/or amicable compositors and signing the relative settlement deeds;
- represent the Company in any insolvency proceedings with all the relevant powers; issue and/or request declarations of insolvency, attend meetings with creditors, and accept and carry out the role of member of the creditors committee, where such appointment falls on the Company; declare and prove the existence of any receivables; accept and reject proposals for arrangements, and carry out any other actions necessary and/or useful to such proceedings;
- receive from postal and telegraph offices, shipping companies and any other transportation companies, ordinary and registered and/or insured letters and packages; collect postal orders and telegrams, bonds and cheque books of any nature and amount; request and receive amounts, securities, goods and documents, signing the corresponding receipts, releases and waivers of responsibility, at any public and/or private administration, including but not limited to any public and/or private bank, including the State Treasury, *Cassa Depositi e Prestiti*, public debt, customs offices and state and private railways, both at their headquarters and in regional and/or peripheral branches, and including regional revenue authorities and their local offices; carry out any other act or operation with the aforementioned administrations;
- sign bills of exchange from the Company's clients as the drawer, issue bills of exchange and order, endorse cheques, drafts and bills of exchange, but in any event draw them and pay them into the Company's current accounts or dispute them, offer bills of exchange issued by the Company's customers in discount on their order and drafts issued by the Company on amounts receivable from its customers;
- receive, form and release deposits, including for the purposes of security, allow bonds of any type;
- carry out any financial transactions necessary for ordinary company management, open current bank accounts and a current account in the company's name with the postal authority; make collections, issue payment orders and sign cheques on said current accounts, including on overdrafts, within the limits of the loans and advances granted, and verify such current accounts and approve the relative cash flow reports;
- carry out any activities concerning the observation of safety, environmental protection and privacy regulations and represent the Company in such regard at any public or private office or entity;
- delegate part of the aforementioned powers to company executives, managers or employees or to third parties, provided that such powers are not liable to lead to *preposizione institoria* (lawsuits brought against the company) pursuant to Article 2203 et seq. of the Civil Code.

The following values apply to the powers of ordinary administration attributed to the Managing Director:

- settling, defining and reconciling proceedings and disputes (including arbitral) of an amount no greater than, per individual dispute, Euro 1,000,000 (one million);
- negotiating, entering into, amending and/or terminating:
 - agreements for the acquisition of machinery, plant, equipment and/or vehicles of an amount no greater than, per individual agreement, Euro 1,000,000 (one million);
 - consultancy contracts for an amount per contract not exceeding Euro 250,000 (two hundred and fifty thousand);
 - any other agreement that stipulates obligations for the Company of amounts no greater than, per individual agreement, Euro 1,000,000 (one million), with the exception of agreements for the supply of goods to the company's customers, for which the aforesaid limit will not apply.

Chairman of the Board of Directors

The Chairman Mario Carraro is attributed all the powers of the ordinary and extraordinary administration envisaged by law and/or the company's articles of association, excluding the following limitations, which are reserved to the Board of Directors:

- the acquisition or sale of stock including minority holdings;
- the assignment of security guarantees, collateral or mortgages on company assets;
- the acquisition or divestment of immovable assets;
- approval of the profit forecast and budget.

The maintenance of mandates held by the Chairman is based on the preservation of continuity, ensured by the controlling shareholder, in the management objectives as well as in the strategic vision of the Company and the Group, in consideration of its experience with the business areas, customers and markets in which the Company has operated for some time. In actual fact the Chairman performs the role of coordination and strategic planning while the executive management of the Company and the Group falls to the Managing Director. As such, the note of the Corporate Governance Code which under principle 2.P.4 suggests avoiding the assignment of numerous company offices to a single person, is respected.

The Chairman of the Board is Carraro's controlling shareholder, through Finaid SpA.

Information provided to the Board

In the 2009 trading period, the Managing Director provided at least quarterly reports to the Board on the activity carried out in the year through the duties assigned to him.

4.5. Other Executive Directors

In June 2007, the Board appointed Mr. Enrico Carraro as Company Vice Chairman with powers of substitution, to replace the Chairman in the event of his absence or non-performance in leading meetings of Shareholders or of the Board of Directors. Specifically, Mr. Carraro was entrusted with the coordination of group activities in all New Business Development, Corporate Image and Communication initiatives, as well as researching, evaluating and drawing up new business ideas and the relative medium- and long-term plans to be submitted to the Board of Directors. The Board confirmed that Enrico Carraro would maintain this role in 2009 and reassigned him the following powers:

- to be executed with a single signature:
 - representing the Company in the AGMs of subsidiary companies;
 - employing, dismissing and setting the remuneration of the Managers of the Company;
 - giving directions to subsidiary companies, to the relative company bodies and to the management structure to ensure the unitary direction and coordination of the group pursuant to the strategies defined by the Board of Directors and by the management decisions taken by the Chairman and/or Managing Director;
- to be executed with the joint signatures of the Managing Director, for the following operations:
 - settling, defining and reconciling proceedings and disputes (including arbitral) of an amount between, per individual dispute, Euro 1,000,000 and 2,000,000 inclusive;
 - entering into consulting agreements of an amount, per individual agreement, between Euro 500,000 and Euro 1,000,000 inclusive;
 - entering into any other agreement that stipulates obligations for the Company of an amount between, per individual agreement, Euro 1,000,000 and Euro 2,000,000

inclusive, with the exception of agreements for the supply of goods to the Company's customers, for which no limit will apply.

Tomaso Carraro is Chairman and Managing Director of the company Gear World SpA, a subsidiary of strategic importance.

4.6. Independent Directors

On an annual basis, the Board evaluates the satisfaction of the requisites of independence of each of its non-executive directors and examines any circumstances which may prejudice their judicial independence.

Of the Company's non-executive directors, in accordance with the Corporate Governance Code and based on the information provided by each director, Anna Maria Artoni, Arnaldo Camuffo, Pietro Guindani, Marco Milani and Antonio Cortellazzo are independent directors, elected by the AGM on 23 April 2009, who declare that they satisfy the requirements set forth in the Corporate Governance Code to be considered as independent directors and that they meet the requirements of independence pursuant to article 148(3) TUF.

At the meeting held on 24 February 2010, the Board verified the aforementioned directors' satisfaction of the requisites of independence, having gathered sufficient information on each person, including any information provided by the directors themselves.

At the meeting held on 15 March 2010, as part of its designated duties, the Board of Statutory Auditors verified the application of the criteria and assessment procedures adopted by the Board to evaluate the independence of its constituent members.

During 2009 the independent directors met once in the absence of the other directors, on 20 November 2009.

4.7. Lead Independent Director

The independent directors resolved not to appoint a lead independent director, given the effective separation of roles between Chairman, Vice Chairman and Managing Director and that there is a satisfactory balance between executive and independent directors, as recommended by the Corporate Governance Code and illustrated primarily through the effective operations of the Consultative Committees.

In light of the above, the independent directors deemed it unnecessary to appoint a lead independent director and, with regard to the initiative of convocation of meetings involving Independent Directors alone, each may independently assume the initiative, putting forward the topics to be addressed.

5. Handling of company information

The circulation of information, in particular price sensitive information, regarding the company is to be treated with the necessary confidentiality.

All directors, heads of Business Units, managers and other employees are required to maintain the confidentiality of documents and information acquired in carrying out their roles, and to comply with prescribed procedures for the communication externally of such documents and information.

The Chairman and Managing Director guarantee the correct handling of confidential information; to this end, at Carraro SpA, formal procedures have been adopted for the internal management and external communication of documents and information concerning the company, with particular reference to price sensitive information.

In addition, following the transposition of European Directive 2003/6/EC with Italian Law No. 62/2005 in regard to market abuse in the Italian legislation, particularly in the TUF and the relative Consob regulations, Carraro SpA, by resolution of the Board of Directors of 11 May 2006, has adopted "Procedures for the handling of privileged information", implementing a "Register of persons with access to privileged information" and issuing a "Procedure for the maintenance and updating" of the register. Subsequently on 24 July 2008, the Board determined that this procedure should be brought up to date with the Company management and organisational structure.

The Board of Directors approved the "Internal Dealing Code of Conduct" on 20 December 2002 and determined that it should be updated on 29 March 2006 following the enactment in Italian law of Directive 2003/6/EC with Law no 62/2005 providing legislation on market abuse, which modified the legislative framework for Internal Dealing.

The Code of Conduct on Internal Dealing may be consulted on the company website at the following address: www.carraro.com in the section Investor Relations – Corporate Governance. Its aim is to govern flows of information on transactions carried out by the Significant Entities and by persons closely connected thereto on financial instruments issued by Carraro SpA.

The post of Chief Financial Officer was identified as the person in charge of receiving, managing and proliferating information relative to operations carried out by Significant Entities. This officer shall ensure compliance as is set out in the Code.

The Significant Entities must notify the officer of operations carried out, on financial instruments issued by the company, by each of them and by persons they are closely associated with, which exceed Euro 5,000 (five thousand) cumulatively over the course of the year, within the notification terms prescribed in the Code.

In this way operations or transactions put into effect by each Significant Entity, their spouses, if not legally separated, their children, including of the spouse and, if cohabiting for a least one year, by the relatives, parents and kin of the Significant Entities are therefore accounted for. Blocking periods are also defined, during which no operation may be put into effect.

The Board of Directors can, for contingent and exceptional reasons, put into effect prohibitions or limitations on the implementation of the transactions, in other specific periods of the year, by all or some of the Significant Entities.

6. Internal Committees of the Board (pursuant to Article 123-bis(2)(d), TUF)

On 7 May 2009, the Board resolved to establish the following Committees:

- Audit Committee
- Human Resources and Remuneration Committee
- Strategic Operations Committee

No committees internal to the Board carrying out the functions of two or more of the committees envisaged in the Code have been incorporated.

All committees act merely in a consulting role and support the Board in its examinations of the issues under its competence.

Each Committee is supported in the organisation of its meetings by the company officers necessary from time to time. The minutes of the meetings of each Committee are to be compiled.

The members of the Committees have access to information and the company offices necessary for carrying out their roles and, where considered necessary, may make use of external consultants.

In spite of the Board not having approved a specific budget for each Committee, the Committees may make use from time to time of the financial resources necessary to carry out their respective roles. Each Committee reports directly to the Board on the operations it has carried out.

The Board also established a Strategic Operations Committee, in further compliance with the provisions of the Corporate Governance Code, to which it entrusted the charge of assisting the Board in the execution of strategic Company and Group decisions. The roles of the Committee can be described as preparatory, or even auxiliary to the Board for the preparation and drafting of documents such as business plans, budgets and strategic plans to be submitted to the Board for approval, while it also holds managerial functions over the work of the Managing Director. The Committee is made up of: Enrico Carraro as Chairman, Alexander Bossard, Pietro Guindani and Marco Milani.

7. Appointments Committee

The Board of Directors did not consider it necessary to form an internal Committee to propose appointments. This is because, on one hand, the list voting system ensures protection for minority shareholders, while on the other, the Board is composed such as to enable them to carry out the function of an Appointments Committee.

8. Human Resources and Remuneration Committee

On 7 May 2009, the Company Board of Directors established an internal Human Resources and Remuneration Committee, replacing the preceding Remuneration Committee.

This Committee, in addition to the roles pursuant to the Corporate Governance Code, is assigned additional tasks of overseeing: 1) appraisal of top management; 2) determination of fixed and variable remuneration of the Managing Director's first line managers, according to the responsibilities assigned to each role and the economic and financial objectives; 3) creation of tables of succession for managerial positions with strategic

responsibilities; 4) policies of development of human resources and organisation according to the strategic evolution of the Group.

This Human Resources and Remuneration Committee is composed of four independent directors, Arnaldo Camuffo, Antonio Cortellazzo, Pietro Guindani and Marco Milani, and one executive director, Enrico Carraro, who undertakes to abstain should the Committee be called to perform the duties it is assigned pursuant to the Corporate Governance Code.

Since its constitution, over the course of 2009, the Human Resources and Remuneration Committee met 6 times with the attendance of all of its members and with an average duration of 1 hour 45 minutes. 4 meetings are scheduled for the 2010 trading period, of which one has already been held on 3 February 2010.

In 2009, the Committee adopted no resolutions in relation to proposals for the remuneration of its members.

The Committee scrutinises and proposes to the Board of Directors, in consultation with the Board of Statutory Auditors, the total salary amounts to be allocated to directors. Following the approval of the Shareholders' Meeting, the Board, at the proposal of the Committee, determines the allocation of total payments among individual members.

Minutes are regularly taken at Committee meetings.

In the performance of its duties, the Committee has been able to access company information and departments as necessary, as well as seeking external consultation, within the terms established by the Board.

No financial resources were allocated to the Committee as it already makes use of all the Company means and structures necessary for the performance of its duties.

9. Director Remuneration

The remuneration of Directors assigned to particular offices and of those who form part of the Board's internal committees is established by the Board of Directors, in consultation with the Board of Statutory Auditors.

Currently the Chairman alone is paid a set fee. It was not considered necessary to link the Chairman's pay to company profits in consideration of the nature of the duties and functions he is assigned.

The Managing Director receives a salary consisting of both a set fee and a variable amount which depends on the attainment of objectives established each year by the Board of Directors at the proposal of the Human Resources and Remuneration Committee. There are no share-based incentive plans in place for directors or managers with strategic responsibilities.

The remuneration of non-executive directors is not linked to the financial results achieved by the company.

Indicated below are the salaries received by the retiring directors and auditors and by the resigning managing director over the course of 2009 for the posts held with the Issuer.

Carlo Borsari: Director for three-years (2006-2009) / resigned 31/7/2009	€ 29,000
Giorgio Brunetti: Director for three-years (2006-2009)	€ 31,600
Sergio Erede: Director for three-years (2006-2009)	€ 20,000

Onofrio Tonin: Director for three-years (2006-2009)	€ 35,000
Federico Meo: Auditor for three-years (2006-2009)	€ 5,200
Roberto Saccomani: Auditor for three-years (2006-2009)	€ 8,300
Francesco Secchieri: Auditor for three-years (2006-2009)	€ 5,200

The following table indicates the salaries owing to the directors and auditors in office.

NAME	DESCRIPTION OF OFFICE			REMUNERATION Euro/000
Name and surname	Company	Office held	Term of office	2009
Mario Carraro	Carraro SpA	Chairman	Three-year period 2009-2011 (from AGM 23.04.2009)	900.0
Josef Bossard	Carraro SpA	Managing Director	Three-year period 2009-2011 (from AGM 23.04.2009)	Set fee 350.0 Var. fee 350.0*
Francesco Carraro	Carraro SpA	Director	Three-year period 2009-2011 (from AGM 23.04.2009)	50.0
Enrico Carraro	Carraro SpA	Deputy Chairman	Three-year period 2009-2011 (from AGM 23.04.2009)	310.0
Tomaso Carraro	Carraro SpA	Director	Three-year period 2009-2011 (from AGM 23.04.2009)	220.0
Antonio Cortellazzo	Carraro SpA	Director	Three-year period 2009-2011 (from AGM 23.04.2009)	130.0
Arnaldo Camuffo	Carraro SpA	Director	Three-year period 2009-2011 (from AGM 23.04.2009)	110.0
Anna Maria Artoni	Carraro SpA	Director	Three-year period 2009-2011 (from AGM 23.04.2009)	100.0
Pietro Guindani	Carraro SpA	Director	Three-year period 2009-2011 (from AGM 23.04.2009)	120.0
Marco Milani	Carraro SpA	Director	Three-year period 2009-2011 (from AGM 23.04.2009)	110.0
Luigi Basso	Carraro SpA	Chairman of the Board of Statutory Auditors	Three-year period 2009-2011 (from AGM 23.04.2009)	30.00
Saverio Bozzolan	Carraro SpA	Statutory Auditor	Three-year period 2009-2011 (from AGM 23.04.2009)	20.00
Roberto Saccomani	Carraro SpA	Statutory Auditor	Three-year period 2009-2011 (from AGM 23.04.2009)	20.00

*: The variable component of the salary of Managing Director A.J. Bossard is established for 2009 as 50% of his total salary based on the results from the last two quarters, payable according to the attainment of results published in the objectives form each year.

An agreement was in place between the Company and Managing Director Carlo Borsari, who resigned from all Company and Group offices held on 31 July 2009, which provided for the payment of compensation in the event of unfair dismissal or should the working relationship be terminated following a takeover.

The total payment made to the Managing Director up until the date of his resignation, including severance indemnity, was Euro 1,819,000.

At present there are no other agreements which provide for indemnity in the event of severance or dismissal.

10. Audit Committee

On 7 May 2009 the Board formed an Audit Committee for its own scrutiny. The Audit Committee is made up of three independent directors, currently Anna Maria Artoni, Arnaldo Camuffo and Antonio Cortellazzo. The Audit Committee Chairman is Antonio Cortellazzo. The Committee's current composition is in line with the recommendations of the Code, which states that Audit Committee members must be non-executive directors, the majority of which independent and at least one of whom has adequate experience in accounting and finance.

The proceedings of the Committee, which meets at least on a quarterly basis, include the participation of the Chairman of the Board of Statutory Auditors and/or another Statutory Auditor appointed by the Chairman as needed, the Manager of Internal Auditing, and any company employees invited by the Committee to assist in handling the topics on the agenda. The proceedings of each meeting are recorded in the minutes. In carrying out its roles, the Audit Committee has the facility to access the necessary information and company offices as well as to make use of external consultants, under the terms set out by the Board. No financial resources are designated to the Audit Committee as in carrying out its roles; it makes use of company means and offices.

Roles attributed to the Audit Committee

The Audit Committee provides the board with advice and more specifically it has the following roles:

- supporting the Board in carrying out its roles with regard to internal control matters assigned to it by the Code;
- assessing, together with the person in charge of the compilation of the company account books and the auditors, compliance with accounting principles and, in the case of the group, their homogeneity for the purposes of the compilation of consolidated financial statements;
- providing an opinion, on the request of the relative executive director, on the specific aspects inherent in the identification of key corporate risks, as well as the planning, creation and management of the internal control system;
- scrutinising the programme prepared by the persons in charge of internal auditing as well as their periodic reports;
- assessing the programme set out for auditing and the results illustrated in the report and in any management letters;
- monitoring the efficacy of the accounts auditing process;
- reporting to the Board at least half-yearly, for the approval of the financial statements and the half-year the report, on operations carried out as well as the adequacy of the internal control system;

The Audit Committee met regularly both to discuss *institutional* issues and to examine the processes for auditing management and control systems aimed at compliance with the new standards of corporate governance in a total of 9 meetings during 2009. Each meeting enjoyed the attendance of all of its members, and the Chairman of the Board of statutory auditors and another auditor delegated by him, when not the entire board of statutory auditors, and the person responsible for Internal Auditing. The meetings were also attended by other directors or managers in company positions/offices either with interest in or affected by the matters addressed, including the Director of Administration, Finance and

Control (also in the capacity of manager in charge of the drafting of company accounts), the Administrative Director and the Manager of the Legal Department, as well as the Managing Director, in the capacity of executive director in charge of internal auditing. Also attending the meetings were the auditing company and the external consultants for their related issues.

The matters discussed with the relative opinions, recommendations and deliberations on issues of information and consulting operations for the board of directors, were as follows:

a) Issues of a legislative and managerial nature:

1. Organisational, Management and Control Model per Legislative Decree No. 231/2001;

- Process for the management of the Model:
 - examination of the state of progress of the action plan for the organisational, procedural and legal modifications required by the Model;
 - **Supervisory Committee operations (flow of information and notifications, auditing operations carried out by the S.C.);**
- assessment of the Model's adequacy:
 - analysis of the results of audits carried out by the SC;
 - analysis of the progress of extension/integration of the risk assessment and of the Model in relation to other new types of infringement (Articles 25-*octies*, "**money-laundering**" and 24-bis "computer crime" of Leg. Dec. 231/2001);
 - analysis of the progress of extension/integration of the risk assessment in relation to the corporate reorganisation **of the Carraro Group carried out as of 1 July 2008 following a preliminary analysis conducted in the latter two quarters of 2008.**

ii. Review of procedures protecting the main business cycles initiated following the introduction of innovations by the updated text of Law 262/2005 ("Law on Saving"); update on the progress of the review.

iii. Situation and outlook for IT systems within the group and the inter-relationship with the internal control system.

iv. Analysis of the drafting and formalisation of criteria of expenditure of infra-group services for the Carraro Group, conducted with the support of an expert consultant.

v. Examination of the impact on Carraro Group operations of the development of tax regulations in relation to controlled foreign companies.

vi. Examination of the program of audits carried out in 2009.

vii. Adoption of the Corporate Governance Code.

b) Issues of an institutional nature:

- aspects emerging from the review of the consolidated and statutory financial statements at 31/12/2008 during the course of a special meeting held with the external auditors and the Board of Statutory Auditors;
- examination of the letter of suggestions emerging from the review of the consolidated and statutory financial statements at 31/12/2008 during the course of a special meeting held with the external auditors and the Board of Statutory Auditors;

- aspects emerging from the review of the consolidated six-monthly report at 30.06.09 during the course of a special meeting held with the external auditors and the Board of Statutory Auditors;
- extension of the position assigned to the external auditors resulting from regulatory modifications (determination of correspondence of the Management Report with the financial statements, Leg. Dec. 32/2007; tax responsibility of the independent auditor, *Finanziaria* 2008, amended by Article 9(5) of Leg. Dec. 471/1997);
- examination of the audit plan for 2009.

The audits carried out focused on the topics described in letter a) above and in particular:

Organisational Model pursuant to Legislative Decree 231/2001.

The Committee has continuously monitored the management and updating of the Company's Organisational Model according to the indications of Legislative Decree 231/2001, on the basis of information obtained by the Supervisory Committee in regard to inspections carried out and the results obtained, and has analysed the need to update the Model according to the regulatory and organisational innovations introduced.

Review and ascertainment of the adequacy of procedures.

The Audit Committee also monitored the performance of activities deriving from the determination and evaluation of the adequacy of procedures related to the main business cycles (known as "*progetto 262*"), implemented by the company with technical support from a leading consultancy firm. In 2009, as part of the Internal Audit, corrective plans were drafted for the resolution and elimination of identified critical factors, addressing their circulation among the company and the roles and offices affected.

11. Internal control system

The Board, with the assistance of the Audit Committee, laid down internal control system guidelines so that the main risks inherent to the company and its subsidiaries may be correctly identified, quantified, managed and monitored, while also setting out criteria of the compatibility of such risks with a healthy and correct management of the business.

Via an appropriate process for the control and management of key risks, the internal control system has the following purpose:

- a) to assess the adequacy of the company processes in terms of efficiency and efficacy;
- b) to ensure the reliability and accuracy of the financial information;
- c) to ensure the protection of the company's value;
- d) to ensure compliance of operations with internal and external regulations.

The Board of Directors ensures that its assessments and decisions relating to the internal control system, the approval of the financial statements and the half-yearly reports with the auditing company are supported by appropriate examination. This activity is assigned typically to the Audit Committee which systematically deals with issues directly or indirectly relating to internal control, including the verification of the correct application of the established accounting principles including via meetings and exchanges of information with the auditing company. The outcomes of these activities are reported to the Board of Directors.

A brief description of the main characteristics of the existing risk management and internal control systems in relation to financial reporting, including of a consolidated nature, in accordance with Article 123-bis(2)(b) TUF, is given in Appendix 1.

During the year, the Audit Committee has regularly reported to the Board on Committee operations, on the results of audits carried out and on the functioning of the internal control system, highlighting that the ongoing restructuring and reorganisation and the process review are generating a different type of managerial and financial risks which require a renewed analysis of the relative auditing systems. In light of this consideration, the results from conformity evaluations carried out as part of "progetto L. 262" (a project involving the identification, evaluation and testing of the internal control system in relation to the financial reporting process) suggest that the current internal control system has an acceptable degree of adequacy in protecting against the main risks deriving from group activities. Nonetheless, the complexity of group management given its geographical distribution, its diversification into different sectors and the effects of its reorganisation process require the adaptation of certain auditing processes based on the coexistence of different information systems in certain companies, having consequent effects on the uniformity of procedures.

11.1. Executive Director in charge of the Internal control system

On 7 May 2009, the then Managing Director, Carlo Borsari, was appointed by the Board as director in charge of supervising internal control system operations. Subsequently, following Borsari's resignation on 31 July 2009, the Board assigned the post to the new Managing Director Alexander Bossard, on 4 August 2009.

The Managing Director is responsible for the following duties:

- a) identifying the key corporate risk areas, in consideration of the features of operations carried out by the company and its subsidiaries, and subjecting them periodically to the scrutiny of the Board or its subcommittees;
- b) putting into effect the strategies defined by the Board, planning, creating and managing the internal control system, constantly verifying its adequacy, efficacy and efficiency;
- c) amending the system to the operating conditions and the legislative and regulatory panorama;
- d) proposing to the Board the appointment, dismissal and remuneration of one or more officers in charge of internal auditing.

11.2. Manager of Internal Auditing

The office for internal auditing is assigned to the manager of Internal Auditing. The remuneration was defined by the company management.

The Manager of Internal Auditing is not responsible for any operational area and does not report to any manager of operational areas, including administration and finance.

The Manager of Internal Auditing:

- had direct access to all information necessary for carrying out his role;
- reported his work to the internal auditing committee and board of statutory auditors
- also reported his work to the executive director responsible for supervising the function of the internal control system

The manager of internal auditing has access to adequate means for the performance of his duties.

The key activities carried out during the trading period by the Manager of Internal Auditing were the development of operations relating to the issues examined by the Audit Committee.

Carraro formed an *internal audit* office. This office is independent from any other company function and reports to the Board of Directors, typically via the Audit Committee, and to the executive director in charge of supervising the function of the internal control system.

11.3. Organisational Model pursuant to Legislative Decree 231/2001.

On 29 March 2007, the Board of Directors resolved to adopt the Organisational Model pursuant to Legislative Decree 231/2001, formalising and transposing an existing and constantly updated organisational structure at the heart of the Company. This adoption took place upon completion of a project involving the evaluation of risks related to the types of infringement set forth in the Decree, an analysis of the company's corporate procedures to identify its shortcomings and potential areas of improvement, and the consequent plan of adaptation.

With regard to infringements for which responsibility lies with the entities, the Decree takes into consideration crimes committed in relations with the Public Administration, corporate crimes, crimes involving the falsification of monies, computer crimes and illicit data processing, crimes committed for the purpose of terrorism or subverting the democratic order, crimes against personal identity, crimes involving the abuse of privileged information and market manipulation, crimes of manslaughter or grievous bodily harm caused in violation of health and safety regulations and the protection of health and safety in the workplace, crimes against industry and trade, crimes involving copyright infringements, organised crime, money laundering, incitement to not testify or to bear false testimony before judicial authorities, as well as transnational crimes governed by Italian Law No 146/2006.

On 16 December 2008, the Board of Directors approved the updated version of the Model, expanding the scope of the crimes, particularly with reference to Law 123/07 which introduced company responsibility for crimes committed in violation of health and safety regulations (Italian Law 66/94, Leg. Dec. 21/2008); on the same date, the Board also resolved to adopt the Group's Code of Ethics.

The 2009 trading period saw the continued integration/extension of the risk assessment in preparation for updating the Organisational Model in relation to new types of offence, with particular reference to computer crimes and money laundering.

The implementation and monitoring of the Carraro SpA Model was pursued by the Board under the control of the Supervisory Committee, a collective body with independent powers of initiative and control.

This body consists of an Independent Director, the Manager of Internal Auditing and the Legal Affairs Manager.

The Code of Ethics and an extract from the Model can be viewed on the company website at www.carraro.com under "Investor Relations – Corporate Governance".

11.4. Auditing Firm

The law prescribes that during the course of a trading period an independent auditing company should check that the company account books are kept correctly, facts are recorded accurately, and that the financial statements and the consolidated group financial statements correspond to the entries in the account books and the verifications carried out, as well as compliance with the relative legislation.

With the AGM resolution of 15 May 2007, the Company entrusted its auditing to PriceWaterhouseCoopers SpA for the certification of financial statements for the 2007-2015 9-year period, pursuant to Legislative Decree 303/06.

11.5. Person in charge of the compilation of company account documents

Enrico Gomiero, Chief Financial Officer, was appointed person in charge of the compilation of the company account documents, on 26 June 2007.

The Audit Committee, together with the Board of statutory auditors proposed the appointment of the Chief Financial Officer as the Person in charge of the compilation of the company account documents. The reason for this was that following the assessment made, the company post held by Mr Gomiero was the most appropriate for the requirements needed for such a position, through posts already held, qualifications and the responsibilities inherent therein.

Moreover the Board resolved that the Person in charge of carrying out the roles assigned will be provided with the financial and human resources as envisaged by the annual budget compiled by the Person in charge and approved by the Board of Directors. In any event the facility is assured for the Person in charge to adopt any initiative required by urgent and contingent situations, which would go over the approved budget, provided that the Board is immediately informed at the next meeting.

The person in charge, (i) where necessary and appropriate, may make use of the collaboration of other officers other than those structured as company managers, in order to carry out the role in accordance with the methods that will be agreed with the same and (ii) has the authority and the duty to direct subsidiary companies, within the limits of the determinations made by their company bodies and the responsibilities that each of these have, to adopt any action, procedure, conduct considered appropriate and such as to enable the same Person in charge to be able to carry out the roles assigned to him and envisaged by Law 262/2005.

12. Interests of Directors and Transactions with Related Parties

In 2006 the Board adopted a Procedure for the Approval of Transactions with Related Parties whose entire text may be consulted on the Web site: www.carraro.com – Investor Relations – Corporate Governance, amended in comparison with the previous version, also following the adoption of IFRS accounting principles.

Specifically, guidelines were drawn up and criteria established for identifying the main Transactions with Related Parties, while a procedure was approved for reporting to and seeking approval from the Board of Directors in relation to such transactions, in consultation with the Audit Committee.

For the above purposes the Board deems that operations or transactions where a director has an interest, on his own behalf or on behalf of third parties, and those put into effect with related parties are carried out transparently and in compliance with procedural and accuracy criteria.

On 12 March 2010, with resolution 17221, Consob adopted a regulation laying down provisions in relation to transactions with related parties. The Company acknowledges this new regulation and will adapt its operations to it as soon as possible in 2010.

13. Appointment of Auditors

The Company's articles of association require that the Board of Statutory Auditors consist of three statutory auditors and two alternate auditors appointed by the AGM by means of a list voting system, to ensure minorities appoint a Statutory Auditor and an Alternate Auditor.

Such lists may only be submitted by shareholders who, alone or together with other shareholders, represent a total number of shares equivalent to at least 2.5% of the Company's share capital with AGM voting rights, or to a different percentage specified by Consob in accordance with the Issuer's Regulations. The lists presented by Shareholders should be presented to the headquarters of the Company least 15 days prior to the date set for the AGM on the first occasion or, in specific cases up to the fifth day following that date.

For additional methods and the legitimate presentation of the lists the provisions of the TUF, Consob Regulations for Issuers and article 30 of the company articles of association shall apply. Together with each list, declarations with which the individual candidates accept the nomination must be presented and published, declaring under their own responsibility, that there are no causes prejudicing their electability and compatibility and they have the requirements prescribed for the respective roles.

Each candidate must deposit a résumé of his or her personal and professional characteristics alongside the declarations. Auditors are selected from people qualified as independent, including according to the criteria prescribed by the Code for Directors. The Board examines the compliance with set criteria after the appointment and annually thereafter.

Auditors may not be elected, and if elected will be dismissed, if pursuant to law or regulations they fall under criteria that makes them unelectable or if they do not have the necessary requirements. The chair of the Board of statutory auditors falls to the statutory member having obtained the greatest number of votes drawn from the second list.

14. Auditors (pursuant to Article 123-bis(2)(d), TUF)

The Board of statutory auditors monitors compliance with the law and the articles of association and has a management control function.

The current Board was appointed by the AGM on 23 April 2009 and will expire at the AGM for the approval of financial statements in 2011. Elected to the Board from the minority list were the Chairman Luigi Basso and alternate auditor Silvano Corbella, as well as Statutory Auditors Saverio Bozzolan and Roberto Saccomani.

On 22 April 2009, Statutory Auditors Federico Meo and Francesco Secchieri were dismissed from office due to the expiry of their appointments.

The auditors in office are in possession of the criteria of independence required by law for auditors and also those criteria prescribed by the Code for the directors.

The Board of statutory auditors verified the criteria of independence of its members by applying all the methods prescribed by the Code. Specifically, including in accordance with Article 144-*decies* of the Issuer's Regulations, it is stated that:

- all members of the auditing body in office have substantiated their satisfaction of the legal requirements for maintaining the post;
- they have provided and confirmed their personal and professional qualifications as indicated upon acceptance of their candidature as members of the auditing body;
- they have communicated the management and auditing positions covered, as they shall indicate in an appendix to the report of the Board of Statutory Auditors pursuant to Article 153 TUF and will communicate to Consob pursuant to Article 144-*quaterdecies* of the Issuer's Regulations.

During the course of 2009 there were no situations for which the members of the Board of statutory auditors would have had to declare their interests or those of a third party in a specific company operation or transaction. Information is exchanged between the Board of Statutory Auditors and the Audit Committee through the Board's systematic participation in Committee meetings.

The Board of Statutory Auditors, in office at the date of this Report, as appointed by the AGM on the 23 April 2009 until the approval of the financial statements for the trading period to 31 December 2011, is made up as follows:

Name	Office	In post since	List	Indep. p. Da Code	% attenda nce at meetin gs	Other posts
Basso Luigi	Chairman	23 April 2009	Bipiemme Gestioni SGR SpA	X	100%	6
Bozzolan Saverio	Statutory Auditor	23 April 2009	Finaid	X	87.5%	-
Saccomani Roberto	Statutory Auditor	23 April 2009	Finaid	X	100%	21

LEGEND

Indep.: indicates whether the auditor qualifies as independent in accordance with the Code.

% attendance at meetings indicates the auditor's percentage of attendance at meetings

Other posts: indicates the total number of posts of administration and control held at companies illustrated under Book V, Heading V, Chapter V, VI and VII Civil Code.

No changes were made to the composition of the Board of Statutory Auditors at the date of closing of the trading period.

The board of statutory auditors held a total of 12 meetings during the course of the trading period.

For 2010 the Board has scheduled 5 meetings of which 2 have already been held, on 8 February and 15 March, 2010. At the meeting on 15 March, the Board evaluated the satisfaction of the requisites of independence of the directors, requisites which were met by the auditors themselves. It also verified the independence of the internal auditors in compliance with the applicable normative and regulatory provisions, as well as the nature and entity of non-auditing services provided to the Company and its subsidiaries by the external auditors and by entities within its network.

15. Relations with Shareholders

The company has an interest in establishing and maintaining a continual dialogue with shareholders, as well as institutional investors and analysts. This is established by the Investor Relations operations which are carried out in harmony with the head of the company via timely and comprehensive communication of significant events, as also by holding regular meetings with analysts and investors.

The Company website has a section entitled: "Investor Relations", which can be easily identified and accessed. It provides information concerning the Company that has relevance for its shareholders, in order to enable them to be fully aware of their rights.

The company makes quarterly reports available to the public, as well as half yearly reports, company and consolidated financial statements. The AGM, participation in which is encouraged and facilitated, represents for our company a fundamental opportunity for communication between shareholders and the Board of Directors.

The person in charge of Investor Relations is Group Chief Financial Officer, Enrico Gomiero.

16. Meetings (pursuant to Article 123-bis(2)(c), TUF)

Pursuant to article 12 of the articles of association: "All shareholders having a right to vote are entitled to intervene in the AGM, and for which the Company has received the prescribed notification from intermediaries authorised pursuant to current legislation, at least two working days prior to the AGM."

As it stands, the Board has not submitted a regulation to the AGM for approval as it considers that the powers attributed by the articles of association to the Chairman of the AGM - whose tasks include regulating AGM proceedings - place the Chairman in a position to guarantee the AGM is carried out in an orderly fashion.

Each shareholder will always be assured the right to intervene in the items under discussion. The Board reported to the AGM on operations carried out and scheduled, by responding to specific questions posed by the shareholders. The Board assured the shareholders adequate information regarding the required elements so that they could take, with full understanding of the situation, the decisions to be made by the AGM.

Please note that there were no significant variations to the market capitalisation of the Company, or to the composition of the company objects such as to make it necessary to propose amendments to the articles of association to the AGM relative to the percentages set out for the exercise of the prerogatives put in place to protect minority shareholders. Please note that in application of article 144-*quater* of the Consob Regulations for Issuers no. 11971/1999, for the presentation of lists for the appointment of members of the Board and the Board of statutory auditors, articles 21 and 24.1 of the articles of association of the company require that the percentage threshold of 2.5% of share capital with voting rights or the different measure required by the Consob regulations, which will be indicated in the notification of the AGM.

17. Changes since the close of trading period in question

Since the date of the closure of the trading period there have been no other changes in the corporate governance structure in comparison with those indicated in the relative sections.

TABLES

Table 1: Information on ownership structure**Share capital structure**

	No. shares	% against c.s.	Listed on Borsa Italiana SpA	Rights and obligations
Ordinary shares	45,989,800	100	si	
Shares with limited voting rights	0	0	-----	
Shares with no voting rights*	0	0	-----	

*Excluding treasury shares bought by the Company.

**Other financial instruments
(providing rights to subscribe to newly issued shares)**

	Listed / unlisted (indicate markets)	No. of instruments in circulation	Category of shares applicable to conversion/exercise	No. of shares applicable to conversion/exercise
Convertible bonds	no	no	No	No
Warrant	no	no	no	no

Significant interests in share capital

Holding entity	Direct shareholder	Percentage of ordinary capital	Percentage of voting capital
Mario Carraro	Finaid SpA	62,359	63,829
Carraro SpA	Carraro SpA	2,302	0,000
Francesco Carraro	Francesco Carraro	2,571	2,632

Table 2: Structure of the Board of Directors and of the Committees

Board of Directors											Audit Committee		HR and Remuneration Committee	
Office	Member	In office since	In office until	List (M/m) *	Exec .	Non-exec.	Indep. from Code	Indep from TUF	(%) **	No. of other positions ***	****	**	****	**
Chairman	Mario Carraro	23.04.09	App. 2011 f.s.	M	X	-	-	-	100%	-	-		-	
MD	Alexander J. Bossard	23.04.09	App. 2011 f.s.	M	X	-	-	-	100%	-	-		-	
Deputy Chairman	Enrico Carraro	23.04.09	App. 2011 f.s.	M	X	-	-	-	100%	-	-		X	100%
Director	Francesco Carraro	23.04.09	App. 2011 f.s.	M	-	X	-	-	83%	-	-		-	
Director	Tomaso Carraro	23.04.09	App. 2011 f.s.	M	-	X	-	-	100%	-	-		-	
Director	Antonio Cortellazzo	23.04.09	App. 2011 f.s.	M	-	X	X	X	100%	15	X	100%	X	100%
Director	Anna Maria Artoni	23.04.09	App. 2011 f.s.	M	-	X	X	X	100%	9	X	66.67 %	-	
Director	Pietro Guindani	23.04.09	App. 2011 f.s.	M	-	X	X	X	83%	7	-		X	100%
Director	Marco Milani	23.04.09	App. 2011 f.s.	M	-	X	X	X	100%	2	-		X	100%
Director	Arnaldo Camuffo	23.04.09	App. 2011 f.s.	M	-	X	X	X	100%	1	X	100%	X	100%
DIRECTORS LEAVING OFFICE DURING THE TRADING PERIOD														
MD	Carlo Borsari	23.04.09	31.07.09	M	X	-	-	-	100%	-	-			
Director	Giorgio Brunetti	11.05.06	22.04.09	M		X	X	X	100%		X	100%		
Director	Sergio Erede	11.05.06	22.04.09	M		X	X	X	66.67 %		-		X	100%
Director	Onofrio Tonin	11.05.06	22.04.09	M		X	X	X	100%		X	100%	X	100%
No. of meetings held during the trading period:		<i>BoD: 9</i>				<i>IAC: 9</i>				<i>**** HR & Remun. Com.: 6</i>				

NOTES

*This column indicates whether the members was elected from the majority voting list (M) or by minority (m).

**This column indicates the percentage of the director's attendance at meetings of the BoD and of the committees (no. of attendances/no. of meetings held during the period in which the person was in office).

***This column indicates the number of director or auditor positions held by the person in question in other companies listed on regulated markets, including overseas, or in financial, banking, insurance or other significantly-sized companies. Attached to the report is a list of such companies with reference to each director, specifying whether or not the company in which the position is held forms part of the group to which the Issuer belongs.

****This column indicates (with an "X") whether the member of the BoD belongs to the committee.

***** This box indicates the total number of meetings held by the Remuneration Committee (1) and by the Human Resources and Remuneration Committee (5).

Table 3: Structure of the Board of Statutory Auditors

Office	Member	In post since	In office until	List (M/m)*	Independent from Code	** (%)	No. of other positions***
Chairman	Luigi Basso	23 April 2009	App. fin. stat. 2011	m	X	100	14
Statutory Auditor	Saverio Bozzolan	23 April 2009	App. fin. stat. 2011	M	X	87,5	-
Statutory Auditor effettivo	Roberto Saccomani	23 April 2009	App. fin. stat. 2011	M	X	100	20
Alternate Auditor	Silvano Corbella	23 April 2009	App. fin. stat. 2011	m	X		9
Alternate Auditor	Marina Manna	23 April 2009	App. fin. stat. 2011	M	X		5
AUDITORS LEAVING OFFICE DURING THE TRADING PERIOD							
Statutory Auditor effettivo	Francesco Secchieri	11 May 2006	22 April 2009	M	X	100	
Statutory Auditor effettivo	Federico Meo	11 May 2006	22 April 2009	M	X	100	
Quorum required for the submission of lists at final appointment: 2.5%							
Number of meetings held during the Trading Period in question: 12							

NOTES

*This column indicates whether the members was elected from the majority voting list (M) or by minority (m).

**This column indicates the percentage of the auditor's attendance at B.S.A. meetings (no. of attendances/no. of meetings held during the period in which the

person was in office).

***This column indicates the number of director or auditor positions held by the person in question determined according to Article 148-*bis* TUF. The full list of offices is attached, pursuant to Article 144-*quinquiesdecies* of the Consob Issuer's Regulations, to the supervision activity report, drawn up by the auditors in accordance with Article 153(1) TUF.

APPENDICES

Appendix 1.

Main characteristics of the existing risk management and internal control systems in relation to financial reporting, including of a consolidated nature (pursuant to Article 123-bis(2)(b) TUF)

Risk management constitutes an integral part of the internal control system.

The system of internal controls over financial reporting is designed to guarantee the attainment of objectives which may be identified in the reliability, accuracy, credibility and timeliness of such reporting.

The system of internal controls over financial reporting adopted by Carraro SpA is established in consistency with the provisions of Article 154-bis of the Consolidated Finance Act (TUF) and based on the "COSO Report" ("*Internal Control - Integrated Framework*", published by the *Committee of Sponsoring Organizations of the Treadway Commission*), according to which the internal control system may be defined as a set of opinions, procedures and instruments for ensuring the achievement of corporate objectives in terms of efficacy and efficiency of operations, reliability of financial reporting and compliance with the regulations in force.

The planning, definition and maintenance of the internal control system are guaranteed through a process of risk assessment and identification and evaluation of controls and information flows.

Carraro SpA adopts administrative and accounting procedures which ensure that the system of internal controls over financial reporting achieves adequate standards of reliability. This system essentially consists of accounting principles, criteria and methods adopted by the group as a whole, uniform accounting and reporting statements, centrally coordinated scheduling of accounting and financial statement processes and homogeneous control procedures. Thanks to this set of procedures, governed by regulations proliferated through group guidelines reported in the "Accounting Manual", the Group Leader operates and successfully coordinates an efficient system for the collection and exchange of data with its subsidiaries.

In this sense, the control system is set out in such a way as to guarantee the diffusion of controls across the various levels of the organisational structure, in line with the assigned operational responsibilities and the long-term sustainability of controls, such that their development is integrated into and compatible with operational needs and dependent upon the resources available.

The approach adopted by Carraro SpA in relation to the evaluation, monitoring and updating of the system of internal controls over financial reporting focuses on the areas of the highest risk or significance, or rather on the risks of significant error in elements of the financial statements and associated informative documents.

As such, it is necessary to:

- i) map administrative processes;
- ii) identify the set of risks of significant error in elements of economic/financial reports in terms of quantity and nature;
- iii) analyse operational processes and control activities;
- iv) identify from among these the key controls, or rather those relevant for the purpose of mitigating risks, and evaluate their efficacy and completeness;
- v) verify the implementation of the controls with specific testing activities.

The risks of error which may have a significant effect on economic/financial reporting are recognised and evaluated through a process which identifies, based on the most significant financial statement items, the organisational entities, the processes involved with specific operational activities and the and the relative accounting items generated; controls for protection against the risks identified are determined using the same criteria. According to the method adopted by Carraro SpA, the risks and relative controls are therefore associated with the accounts and business processes based on which accounting data is generated.

The association and evaluation of the adequacy of controls - particularly "key controls" - with the identified risks allows for an evaluation of risk mitigation and the identification of any residual risks, thus achieving the objective of limiting the risk of a potentially significant error in the financial statements.

The existing group controls can be categorised, based on international best practices, into two main types:

1. controls which operate on a Group level or in individual subsidiaries, such as assignments of responsibilities, powers and delegations, the separation of tasks and the allocation of rights of access to computer applications;
2. controls which operate on a process level (or "line" controls) such as the issue of authorisations, reconciliations, performance of accuracy controls and consistency evaluations. This category includes the so-called "transversal" or monitoring controls carried out by the group administration and control body, aimed at identifying and understanding the most significant errors. Such controls are carried out automatically where procedures are automatic, or performed directly by the operator or supervisor.

Controls may also be *preventive*, with the aim of preventing the occurrence of errors or anomalies which could lead to financial reporting errors, or *detective*, with the aim of identifying errors or anomalies which have already occurred.

The evaluation of the efficacy of design and of the effective operability of controls is generally carried out by the internal audit department through testing activities, using appropriate sample selection techniques.

Where necessary, the evaluation of controls may include the identification of compensating controls, corrective measures or improvement plans. The results from monitoring activities are periodically subject to examination by the person in charge of the compilation of the company account documents, to the Audit Committee, to the executive director in charge of the internal control system and to the Board of Statutory Auditors of the Group Leader, by whom in turn they are referred to the Board of Directors.

Appendix 2.

Personal and professional profiles of company directors

Mario Carraro

Born in Campodarsego (Pd) in 1929, Mario Carraro studied humanities. At the beginning of the 1960s, on completion of his education, he took over the company founded by his father Giovanni. Together with his brother Oscar, they focused on the production of agricultural tractors and he gave a strong impetus to the development of the industrial side of the family business. The new market orientation in the early years of the 70s led Mario Carraro, now Chairman of Carraro SpA, to implement an important diversification process that led the company to change its core business, passing gradually from the complete vehicle to the transmission systems of both on and off-road vehicles. During the 80s Mario Carraro initiated the formation of the Carraro Group, which he did via acquisitions and incorporation of new companies in Italy. In 1995 he led the parent company Carraro SpA to being listed on the stock exchange. At the end of the 90's, Mario Carraro was the driving force behind an important new phase of expansion overseas: this was the period when the group went international. Appointed *Cavaliere del Lavoro* in 1990, Mario Carraro was Chairman of the Veneto Industrial Federation from April 1994 to December 1996. In May 2001, he earned an Honorary Degree in Economics and Trade from the Academic Body of the University of Padua for his "capacity to identify paths of innovation, placing great emphasis on research, internationalisation, the use of modern financial instruments and effective managerial techniques".

Enrico Carraro

Enrico Carraro was born in Padua on 17 April 1962. In 1985 having completed his studies and military service, Enrico entered the family business. In the last 20 years he has held various key positions in numerous companies of the Carraro group. In June 2007 Enrico Carraro was appointed Executive Deputy Chairman of the Carraro Group. In this role Enrico Carraro was alongside the Chairman in leading the Group, with various powers of legal representation and with specific operational mandates. He also held the mandate for the New Business Development initiatives, under which he coordinated the research, evaluation and definition of new businesses, and the relative development programmes over the medium and long term.

Tomaso Carraro

Tomaso Carraro was born in Padua in 1966, he graduated from the University of Chicago in 2000 (MBA). He began his managerial experience in 1994 as the manager of a commercial branch of Carraro Group in the United States (Chicago, Illinois). During the eight years in the United States, the Group's commercial operations grew significantly and the NAFTA area (United States, Canada and Mexico) became the key market. In 1999 he was appointed General Manager of Carraro North America and successfully completed the organisation of the new manufacturing site in Calhoun (Georgia, United States). In 2002 he returned to Italy and was appointed Chief International Officer of the Carraro Group. In 2007 he was appointed Chairman and Managing Director of Gear World, the new leading company of the group already operating in the transmission industry, together with the newly acquired miniGears SpA.

Alexander Josef Bossard

Alexander Bossard (23 June 1950 – Emmen – CH). After studying at the University of Applied Sciences (FHBB) in Basel, where he earned a degree in Business Economics in 1973, he joined the Sulzer Group in the department of Finance and Managerial Control, gaining experience in Paris, Italy and Switzerland. In early 1982 he returned to Italy to work as Administrative Director of De Pretto Escher Wyss in Schio. Beyond the sphere of management, his duties also lay in the areas of IT and purchasing. In 1998 he was appointed

as the company's Managing Director. From 1995 to 1998, he was placed in charge of the North America region of the Sulzer International Division in New York, involving the management and coordination of sales and services for the different production companies in the United States, Canada and Mexico, as well as the coordination of group representation overseas and of the U.S. holding company's activity. From 1999 to the end of 2001 he worked as Managing Director of Sulzer Tessile Italia. In early 2001 he joined the miniGears group of Padua as Managing Director. During these years, miniGears underwent a strong process of internationalisation, beginning with the foundation of its U.S.-based production plant followed by the creation of its productive branch in China. With the purchase of the miniGears group by Carraro in the summer of 2007, so began Bossard's collaboration with the Carraro Group as member of the board of directors of Gear World, in charge of purchasing, and as director of the Agritalia Business Unit. As of 4 August 2009, he assumed the position of Managing Director of Carraro SpA.

Anna Maria Artoni

Anna Maria Artoni (Guastalla (RE), 1967), Vice Chairman of Artoni Group SpA, a family business and industry leader in the area of transport and logistics. She is Vice Chairman of Artoni Transport SpA, Chairman of both Artleasing SpA and Frigomar SpA, and Chairman of Network Extension S.r.l. From April 2008 she became an independent member of the board of directors of Saipem SpA and formed part of the Audit Committee and Compensation Committee. In April 2000 she became a member of the board of directors of RCS Quotidiani. In April 2006, she joined the board of directors of Cassa di Risparmio di Parma e Piacenza gruppo Credit Agricole. In 2005, she joined the investment committee of Credem Private Equity SGR. In November 2008 she formed part of the Strategic Committee of 21 Investimenti. In May 2005 she was made Chairman of Confindustria Emilia e Romagna. She has sat on the Council and Board of Directors of Confindustria since 2002. Since 1999 she has sat on the Presidential Committee and Board of Directors of the Industrial Association of Reggio Emilia. From 1986 onwards, she held various roles in the movement of *Giovani Imprenditori* and in April 2002 she was elected Chairman of *Giovani Imprenditori* and Vice Chairman of Confindustria. She is a member of the Assonime Board of Directors. In 2002 she was appointed by the Italian Government to form part of the Advisory Board on Technological Innovation. She is a member of the Board of Directors of the Luis Guido Carli University and sits on the Advisory Board of the Alma Graduate School of Bologna.

Antonio Cortellazzo

Antonio Cortellazzo (born in Este (Pd), in 1937) has been a Chartered Accountant since 1967 and a registered Accounts Auditor. Having graduated in Economics and Commerce, he has held important professional posts in Italy and overseas. He was a lecturer in professional techniques from 1999 to 2004 at the University of Padua Economics faculty and at *Scuola Superiore della Pubblica Amministrazione Locale*. After holding significant corporate roles with Credito Italiano, Banca Cattolica del Veneto, Banco Ambrosiano Veneto, Banca Intesa and with listed companies such as Grassetto, Safilo and Stefanel, he currently sits on the Board of Directors or Board of Statutory Auditors of numerous companies including Benetton Group SpA, Fidia Finanziaria SpA, Net Engineering SpA, Olimpias SpA, NEM DUE SGR SpA and Schematrentaquattro Srl.

Marco Milani

Marco Milani, born in Milan in 1954 and graduated in Engineering, has worked as Managing Director of Indesit Company since 27 July 2004. After joining the company in 1980, he held roles of growing responsibility in various industrial and commercial sectors in Italy, but particularly overseas. In 1998, and up until the acquisition of Stinol in 2000, he was appointed manager of the CSI market (former Soviet Republic countries) and of other eastern countries based in Moscow. Upon returning to Italy, he assumed the role of General Manager and, in March 2002, was appointed Managing Director of Indesit Company UK,

born out of the takeover of GDA-Hotpoint, which Milani oversaw through to its full integration.

Pietro Guindani

Pietro Guindani has been Chairman of the Board of Directors of Vodafone Italia since July 2008. Graduated in Economics and Trade from the Bocconi University of Milan in 1982, he started his professional career at the Italian branch of Citibank N.A. in the area of Global Corporate Banking where he remained until 1986. From 1986 to 1993 he worked in the chemical industry, first as International Finance Director for the Montedison Group and later as Chief Financial Officer of European Vinyls Corporation in Brussels (50-50 joint venture between ENI and ICI). In 1993 he assumed the role of International Finance Director of the Olivetti Group and in 1995 he joined Vodafone Italia (then subsidiary of the Olivetti Group, trading as Omnitel Pronto Italia) where he held the position of Managing Director of Administration, Finance and Control and Chief Financial Officer for the South Europe, Middle East and Africa Region until 2004, later becoming Managing Director of Vodafone Italia and Member of the Vodafone Group Executive Committee from 2004 to 2008. At Confindustria, from 2004 to 2009 he served as Chairman of the association of telecommunications companies Asstel - Assotelecomunicazioni, where he remains a member of the Board of Directors as "past president". He is Vice Chairman of Confindustria Innovative and Technological Services, as well as a member of the Confindustria Council, the Rome Industrialists' Association and the Board of Directors of Assolombarda. He also currently holds other corporate positions, among which member of the Board of Directors of SFR S.A. France, board member of Sorin SpA, listed on the Milan stock exchange, and finally a member of Executive Committee of the Italian Institute of Technology in Genoa.

Arnaldo Camuffo

Born in Venice in 1961, he graduated in Business Economics from the Ca' Foscari University of Venice. In 1990 he gained an MBA from the Sloan School of Management at the Massachusetts Institute of Technology, followed by a research doctorate in Business Economics from the University of Venice. He has lectured in Corporate Organisation at the Universities of Venice (1990-2003) and Padua (2003-2007), and has provided managerial consultancy to some of the leading industrial groups in Italy. He has collaborated with leading educational institutions in both Italy and Europe, and collaborates with Italian research institutions and professional associations in the disciplines of organisation and human resource management. He is a member of the Scientific Committees of AIF and ASFOR, Scientific Director of the Lean Enterprise Center of Italy and member of the Board of Directors of the Lean Global Network. Lecturer in Corporate Organisation at the L. Bocconi University of Milan and SDA Bocconi. Independent member of the Board of Directors of Autogrill SpA since 2008.