

Explanatory Memorandum

4. Appointment of a Statutory Auditor of Accounts for the fiscal years 2012-2020 and determination of the compensation. Resolutions pertaining thereto.

Dear Shareholders,

with the approval of the financial statements as at 31 December 2011, the term of office of the current auditor of accounts, Deloitte & Touche S.p.A., appointed by the Shareholders' Meeting held on 2003 will expire.

Therefore, we submit to your evaluation the proposal about the appointment of the statutory auditor of accounts concerning the period 2012-2020 and the determination of the compensation, pursuant to Legislative Decree 39/2010 (*Implementation of Directive 2006/43/EC, on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EE*).

In this respect, please note that Article 13 of the Legislative Decree 39/2010 establishes that the ordinary Shareholders' Meeting, following a reasoned proposal by the board of statutory auditors, shall appoint a statutory auditor of accounts and establish the fees of the audit firm for the entire term of office and any criteria for the adjustment of those fees during that term of office.

Article 7 of the Legislative Decree 39/2010 expressly provides that, as concerns the Italian listed companies, the term of the appointment of the statutory auditor of accounts shall be nine fiscal years, with no renewal unless at least three fiscal years have elapsed from the date of termination of the previous engagement.

In light of the foregoing, the Board of Directors submits to the Shareholders' Meeting for examination and approval the proposal by the board of statutory auditors about the appointment of a statutory auditor of accounts for the years 2012-2020, which will be enclosed to this explanatory memorandum.

23 February 2012

For the Board of Directors
President and Chief Executive Officer
Roberto Colaninno

Piaggio & C. S.p.a.

Registered and administrative office: viale Rinaldo Piaggio, Pontedera (PI)

Tax code 04773200011

VAT no. 01551260506

**PROPOSAL BY THE BOARD OF STATUTORY AUDITORS PURSUANT TO ARTICLE 13 OF
LEGISLATIVE DECREE NO. 39/2010 ABOUT THE APPOINTMENT OF A STATUTORY
AUDITOR OF ACCOUNTS**

To the Shareholders,

To the Board of Statutory Auditors

WHEREAS

- a) with the shareholders' meeting approving the financial statements as at 31 December 2011 and the issue of the audit report, the term of office of the current auditor of accounts, Deloitte & Touche S.p.A, appointed in 2003 by the shareholders' meeting of Piaggio & C. S.p.A. (the "Company"), will expire;
- b) in view of paragraph 1, article 17 of Legislative Decree no. 39/2010, the appointment of Deloitte & Touche S.p.A. cannot be renewed again;
- c) the shareholders' meeting will therefore have to appoint a different firm of auditors as the company's statutory auditor of accounts for the nine-year period 2012-2020;
- d) on 7 April 2010 Legislative Decree no. 39 of 27 January 2010 came into force, concerning the "Implementation of Directive 2006/43/EC, on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EE" (the "Decree");
- e) article 13 of the Decree establishes that *"without prejudice to article 2328 (point 11 of the second paragraph) of the Italian Civil Code, the shareholders' meeting, following a reasoned*

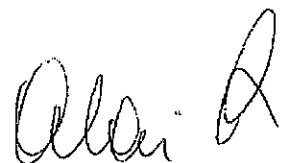


proposal by the board of statutory auditors, shall appoint a statutory auditor of accounts and establish the fees of the auditor or the audit firm for their entire term of office and any criteria for the adjustment of those fees during that term of office”;

- f) this board of statutory auditors is therefore required, in compliance with the aforementioned legislation, to submit a reasoned proposal to the shareholders' meeting about the appointment of an audit firm;

CONSIDERING THAT

1. the Company has established a special “*Procedure for the selection of the party to be proposed to the shareholders' meeting*”, in order to ensure that audit firms appointed as the statutory auditors of the Company's accounts comply with the independence requirement;
2. on 23 February 2012 the board of statutory auditors met the finance director Mr Gabriele Galli and Ms Alessandra Simonotto, in charge of administration and credit management and drawing up the Company's accounts; they explained to the board of statutory auditors the procedure followed by the Company in order to identify potential audit firms from among the market leaders, the main terms and conditions of the offers received from the audit firms identified (PricewaterhouseCoopers S.p.A., Reconta Ernst&Young S.p.A., and KPMG S.p.A.), and the ensuing negotiation phase;
3. in order to draw up the reasoned proposal indicated under paragraph f) above, the board of statutory auditors examined the offers made by the above three audit firms, namely:
 - (i) PricewaterhouseCoopers S.p.A.'s offer of 23 January 2012, subsequently updated at the Company's request, with a fee adjustment
 - (ii) Reconta Ernst&Young S.p.A.'s offer of 23 January 2012, subsequently updated at the Company's request, with a fee adjustment
 - (iii) KPMG S.p.A.'s offer of 20 January 2012, subsequently updated at the Company's request, with a fee adjustment.



Each of the firms offered, for the period 2012-2020, and as the main auditor of the Piaggio Group, the following services: the statutory auditing of the financial statements of the Company and the Group companies, the statutory auditing of the Group's consolidated financial statements, a limited review of the Group's consolidated interim financial statements drawn up in the short format, periodic checking of the Company's book-keeping and of the correct recording of the operating items in the accounts of the Italian companies, the statutory auditing of the unconsolidated subsidiaries, and further one-off activities;

4. the fees for the audit services are those set out below:

	<i>Annual cost of auditing Piaggio</i>			<i>Total cost</i>
	<i>FY 2012-2014</i>	<i>FY 2015-2017</i>	<i>FY 2018-2020</i>	<i>FY 2012 - 2020</i>
<i>PWC</i>	<i>690,000</i>	<i>670,000</i>	<i>650,000</i>	<i>6,030,000</i>
<i>KPMG</i>	<i>765,000</i>	<i>765,000</i>	<i>765,000</i>	<i>6,885,000</i>
<i>E&Y</i>	<i>710,000</i>	<i>680,000</i>	<i>620,000</i>	<i>6,030,000</i>

HAVING VERIFIED THAT

- the methods of performing the audit work described in the offers drawn up by the above audit firms, also considering the hours and professional resources envisaged, are all appropriate to the scale and complexity of the assignment;
- each of the offers made by the above three audit firms also contains a specific statement explaining how it meets all the independence criteria set out in articles 10 and 17 of the Decree;
- as far as can be understood from the offers, all the above audit firms, which have declared their willingness to accept the appointment, meet the independence criteria established by law;
- the above three audit firms have an organisational structure and technical and professional expertise appropriate to the scale and complexity of the assignment;
- the offers made by the three audit firms are equal in terms of the quality of the professional services, but differ slightly in terms of the fees requested for the audit work, since the offer made

by KPMG S.p.A. is higher than that indicated by PricewaterhouseCoopers S.p.A. and Reconta Ernst&Young S.p.A.;

- between the offers made by the three audit firms, which all have an important international network, the feature marking a difference is the careful attention given by PricewaterhouseCoopers S.p.A. to the “*Foreign coordination*”, including, among other things, in the “*Breakdown for the Piaggio Group companies falling within the perimeter of the assignment*”, hours of work assigned exclusively to this matter, indicating for the statutory auditing of the consolidated financial statements and the limited review of the interim financial statements drawn up in the short format, for all the Group companies included in the offer:
 - (a) for the three-year period 2012-2014, 900 hours and fees of €49,184.03, per annum;
 - (b) for the three-year period 2015-2017, 500 hours and fees of €29,082.95, per annum;
 - (c) for the three-year period 2018-2020, 300 hours and fees of €18.319,60, per annum;

for a total of 5,100 hours and fees of €289,759.76, in the nine-year period 2012-2020.

- the Piaggio Group is growing exponentially abroad and, therefore, it is necessary for there to be special international coordination of the foreign entities, with the guarantee of efficient international coordination of the audit teams operating in the different countries and interaction between them in the global audit process;

HEREBY PROPOSES

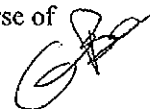
on the basis of the reasons set out above, that the statutory auditing of the accounts for the financial years 2012-2020 should be entrusted by the shareholders' meeting, after calculation of the fees for the entire duration of the appointment, and of any criteria for adjusting the fees during the course of the appointment, to

PricewaterhouseCoopers S.p.A.

Via Gramsci, 15

50121 Firenze

Tax code and VAT no: 12979880155 / REA no: MI - 1602581

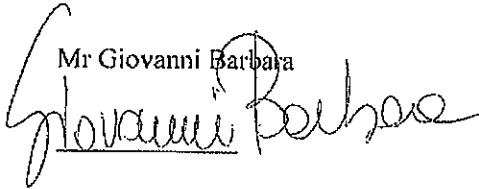


Director of Audit: Mr Corrado Testori

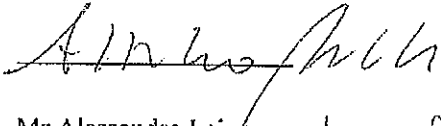
Milan, 13 March 2012

The board of statutory auditors

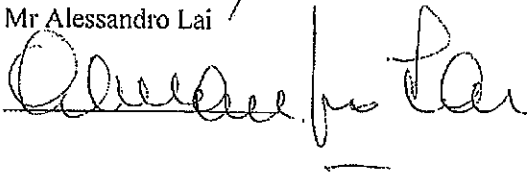
Mr Giovanni Barbara

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Mr Attilio Arietti

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Mr Alessandro Lai

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