



Piaggio & C. S.p.A.

Explanatory Memorandum

Authorisation to purchase and dispose of treasury shares, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as to Article 132 of Legislative Decree 58/1998 and relevant implementing provisions. Related and consequent resolutions.

Dear Shareholders,

notice has been given that an ordinary shareholders' meeting will be held to consider and approve the proposal to authorise the purchase and disposal of ordinary shares held by Piaggio & C. S.p.A. (hereinafter "**Piaggio**" or the "**Company**"), pursuant to the combined provisions of Articles 2357 and 2357-ter of the Civil Code, and Article 132 of Legislative Decree No. 58/1998 ("**Consolidated Law on Finance**") and relative Implementing provisions.

By resolution adopted on 28 April 2014, this Shareholders' Meeting authorised the purchase and disposal of the Company's ordinary shares. The purchase authorisation had a duration of 18 months from the date of said resolution and, therefore, will expire during 2015, while the authorisation for disposal was granted without a time limit.

It seems appropriate that the Company is attributed the right to proceed with the purchase of treasury shares also beyond the deadline specified above, given that the assumptions and reasons which led the Board of Directors to request and the Shareholders' Meeting of 28 April 2014 to approve the authorisation to purchase ordinary shares of the Company are still valid.

It is therefore proposed to the shareholders to decide on a new authorisation for the purchase and disposal of treasury shares according to the terms illustrated in this Memorandum, subject to revocation of the resolution adopted on 28 April 2014 for the part not yet executed.

1. Reasons for the request for authorisation for the purchase and disposal of treasury shares

Authorisation for the purchase and disposal of treasury shares, as proposed in the draft resolution to be submitted to the Ordinary Shareholders' Meeting, is requested in order to provide the Company with a useful and strategic investment opportunity to be used for purposes permitted by laws in force, including therein purposes contemplated in connection with the "market practices" permitted by Consob, pursuant to Article 180, subsection 1(c) of the Consolidated Law on Finance, by resolution No. 16839 of 19 March 2009, and in Commission Regulation (EC) No. 2273/2003 of 22 December 2003, and for the purchase of treasury shares for their subsequent retirement, in accordance with the terms and methods decided by the competent company boards.

2. Maximum number, category and par value of the shares to which the authorisation refers

Authorisation is requested for the purchase, in one or more tranches, of ordinary Piaggio shares with no stated par value, up to a maximum number no greater than the maximum limit contemplated by applicable laws in force at the time of purchase, taking into consideration the ordinary Piaggio shares held at any one time by the Company as treasury stock or by the Company's subsidiaries (at the date of this Memorandum, said limit is set at one fifth of the share capital by Article 2357, subsection 3, of the Civil Code).

A mandate is therefore sought by the Board of Directors to identify the number of shares to purchase for the purposes specified in section 1 above, before the launch of any single purchase campaign, and within the maximum limit mentioned above.

At the date of this Memorandum, Piaggio's share capital stands at Euro 207,613,944.37, divided into 363,674,880 ordinary shares with no stated par value and the Company holds 2,466,500 treasury shares in its portfolio equal to 0.6782% of the Company's share capital. Piaggio's subsidiaries do not hold shares in the Company.

3. Useful information for assessing due compliance with the provisions of Article 2357, subsection 3, of the Civil Code

As mentioned in section 2, the total number of treasury shares held by Piaggio at any one time, including any ordinary shares held by subsidiaries of the Company, may not exceed the maximum limit contemplated by applicable laws in force at the time. In order to assure compliance with statutory limits, suitable procedures will be set forth to ensure the timely and comprehensive disclosure of the number of Piaggio shares held by subsidiaries of the Company.

The purchase of treasury shares must in any case comply with restrictions on the distributable earnings and free reserves reported in the last approved financial statements (including interim statements) at the transaction date. All purchases and disposals of treasury shares will be duly recognised in accounts in compliance with law and applicable accounting standards.

4. Term for which authorisation is requested

Authorisation for the purchase of treasury shares is requested for a term of eighteen months, commencing as of the date of the resolution passed by the Ordinary Shareholders' Meeting. The Board of Directors may proceed with authorised purchases in one or more tranches and at any time, within the terms and amounts decided in due compliance with applicable laws and regulations, with purchases timed in the interests of the Company. Authorisation for the disposal of treasury shares is instead requested without term limits.

5. Minimum price and maximum price to be paid for the purchase of treasury shares

The Board of Directors proposes that purchases of treasury shares should be carried in accordance with the operational criteria set forth for market practices connected with the purchase of treasury shares permitted by Consob, pursuant to art. 180, paragraph 1(c) of the Consolidated Law on Finance with resolution no. 16839 of 19 March 2009, as well as by Regulation (EC) no. 2273/2003 of 22 December 2003, where applicable. Specifically, the purchase price should not exceed the higher of the price of the last independent transaction and the current independent bid price in the trading venues where the purchase will be made. Notwithstanding the foregoing, the price paid may not exceed a price per unit of more than 20% below or more than 10% above the arithmetic average of official Piaggio share prices over the ten days preceding each purchase transaction.

6. Procedure for effecting purchases and disposals

The Board of Directors proposes that purchases should be effected on regulated markets, identified for the purposes of each purchase in accordance with Article 144-*bis*, subsection 1(b) of Consob Regulation No. 11971/1999 (and amendments thereto) and other applicable provisions, so as to ensure the equal treatment of all shareholders as required by Article 132 of the Consolidated Law on Finance, and in compliance with the operating rules set forth in the organisational and management regulations of those markets, which do not permit the direct matching of buy orders with predetermined sell orders.

The Board of Directors also proposes authorising the disposal, as per Article 2357-ter of the Civil Code, at any time, in whole or in part, and in one or more tranches, of the treasury shares purchased on the basis of this draft resolution or held by the Company for the purposes contemplated in this draft resolution, via the sale of the shares on the stock exchange or off exchange, or via the transfer of ownership and/or personal rights to the shares, for instance through securities lending, under the most expedient terms, methods and conditions for the disposal of the treasury shares in the interests of the Company, in compliance with laws and regulations in force at the time of disposal.

It is pointed out that the authorisation for disposal of treasury shares pursuant to this proposal must also be construed with reference to any treasury shares already held by Piaggio at the date of the shareholders' meeting authorisation resolution. It is also noted that, as of the date hereof, none of the treasury shares in the Company's portfolio is assigned to the "2007-2009 Stock Option Plan" approved by the Ordinary Shareholders' Meeting of 7 May 2007, as amended by the Ordinary Shareholders' Meeting of 16 April 2010, since the Plan is considered as terminated, as all effects have ceased following the exercise of all Stock Options granted and that have not expired.

Disposals of treasury shares held by the Company will be effected in compliance with laws and regulations in force governing the execution of orders for the trading of listed securities, and may occur in one or more tranches, timed as best suits the interests of the Company.

* * *

If you are in agreement with agree with the proposal, we invite you to take the following resolution:

“The Ordinary Shareholders' Meeting, having acknowledged and approved Report of the Board of Directors,

resolves

- (A) *to revoke, for the part not executed, the resolution to authorise the purchase and disposal of treasury shares, taken by the Shareholders' Meeting of 28 April 2014, effective from the date of this resolution;*
- (B) *to authorise the purchase and disposal of ordinary treasury shares for the purposes indicated in the Board of Directors Report attached to these minutes, and therefore:*
 - 1) *to authorise, in accordance with and for the purposes of art. 2357 of the Civil Code, the purchase, in one or more tranches, for a period of eighteen months from the date of this resolution, of the Company's ordinary shares, up to a maximum which, taking into account the ordinary shares of Piaggio & C. S.p.A. at any time held in portfolio by the Company and by its subsidiaries, does not in total exceed the maximum established by pro tempore applicable legislation, giving a mandate to the Board of Directors to identify the amount of shares to be purchased in relation to each of the above purposes prior to the start of each individual purchase programme, and at a purchase price not exceeding the higher of the price of the last independent transaction and the current independent bid price in the trading venues where the purchase will be made. Notwithstanding the foregoing, the price paid may not exceed a price per unit of more than 20% below or more than 10% above the arithmetic average of official Piaggio share prices over the ten days preceding each purchase transaction;*

- 2) to give a mandate to the Board of Directors, and on its behalf to the Chairman and Chief Executive Officer, to purchase shares at the conditions and for the purposes mentioned above, attributing the broadest powers for execution of the purchase transactions pursuant to this resolution and of any other formalities relating to the same, including any assignments to intermediaries qualified in accordance with the law and with the right to appoint special attorneys, with the appropriate graduality in the interests of the Company, according to that permitted by current legislation, with the procedures provided for in art. 144-bis, paragraph 1, points b) of Consob Regulation 11971/1999, as amended, taking into account market practices relating to the purchase of treasury shares permitted by Consob pursuant to art. 180, paragraph 1, point c) of the Consolidated Law on Finance with resolution no. 16839 of 19 March 2009, as well as Regulation (EC) no. 2273/2003 of 22 December 2003 where applicable;*
 - 3) to authorise the Board of Directors, and on its behalf Chairman and Chief Executive Officer, in order, pursuant to and for the purposes of art. 2357-ter of the Civil Code, that they may dispose, at any time, in whole or in part, in one or more tranches, of the treasury shares purchased pursuant to this resolution, or in any case in the Company's portfolio, by selling them in or out of the stock exchange, also by means of assignment of real and/or personal rights, including but not limited to, the loan of securities in compliance with the pro tempore laws and regulations in force and for the pursuit of the purposes pursuant to this resolution, at the terms, procedures and conditions of disposal of treasury shares deemed most appropriate in the interests of the Company, attributing the broadest powers for execution of the disposal transactions pursuant to this resolution, as well as any other formalities relating to the same, including any assignments to intermediaries qualified in accordance with the law and with the right to appoint special attorneys. The authorisation pursuant to this point B. 3) is given without a time limit. It is pointed out note that the authorisation for disposal of treasury shares pursuant to this point B.3) shall also be construed to be given with reference to treasury shares already held by Piaggio & C. S.p.A. at the date of the this resolution;*
- (C) to establish, pursuant to the law, that purchases under this authorisation are contained within the limits of distributable earnings and available reserves resulting from the latest available financial statements (also interim) approved at the time of executing the transaction and that, upon purchase and disposal of treasury shares the necessary accounting entries are made, in compliance with the provisions of the law and applicable accounting standards”.*

Mantua, February 27th 2014

For the Board of Directors
Chairman and Chief Executive Officer
(Roberto Colaninno)