

*Translation from the Italian original, which remains the definitive version*

## **REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING AS PER ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/98 (THE "T.U.F.") AND ARTICLE 2429 OF THE CIVIL CODE**

To the Shareholders,

In the course of the financial year ending 31 December 2008 the Board of Statutory Auditors of Piaggio & C. S.p.A. (the "Company") carried out its statutory duties, also taking into account the Consob circulars about company checks and the activities of boards of statutory auditors, and the "Principi di comportamento del Collegio Sindacale di società quotate nei mercati regolamentati" [Principles of Conduct for the Board of Statutory Auditors of Companies listed on Regulated Markets] recommended by the Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri [National Council of Professional Accountants].

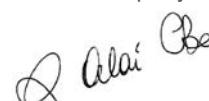
In the course of the financial year ending 31 December 2008, the Board of Statutory Auditors therefore checked (i) that the law and the memorandum of association were observed, (ii) that the principles of correct administration were respected, (iii) that those aspects of the Company's organisational structure that fall within its remit, as well as the internal audit system and the administrative and accounting system were adequate, and that this last could be relied upon to give a true picture of operational items, (iv) how the rules on corporate governance specified in the Codice di Autodisciplina del Comitato per la Corporate Governance delle società quotate [Self-regulating Code of Practice of the Committee for the Corporate Governance of Listed Companies], adopted by the Company, were actually implemented, and (v) that the directives issued to controlled companies as per Article 114, paragraph 2, of the T.U.F were adequate.

More particularly the Board can report as follows:

1. The Board has verified that the Company operations having the greatest impact on its profits, cash flow and assets – which it learnt about by attending board of directors' meetings and shareholders' meetings and by talking to top management – were in compliance with the law and memorandum of association.
2. The Board did not discover, in the course of the financial year 2008, any atypical and/or unusual inter-company, third-party or related-party transactions.

The ordinary inter-company and related-party transactions, described in the Directors' Report and in the Notes to the Financial Statements, to which we refer you as appropriate, appear to be fair and in the interests of the Company.

3. With regard to the transactions indicated in point 2 above, the Board considers the information provided in the Directors' Report and Notes to the Financial Statements to be adequate.
4. The reports on the financial statements and consolidated financial statements by the audit firm Deloitte & Touche S.p.A., issued pursuant to Article 156 of the T.U.F. on 5 March 2009, are unqualified and do not include any emphasis of matter paragraphs; and they certify that the financial statements and consolidated financial statements have been drawn up clearly and give a true and fair view of the Company's



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profitability, assets and liabilities and financial position, of changes in shareholders' equity, and of cash flow in the financial year ending 31 December 2008. These reports also certify that the directors' report is consistent with the financial statements and consolidated financial statements.

5. In the course of the financial year 2008 and to date the Board has not received any complaints from shareholders as per Article 2408 of the Civil Code.
6. The Board is not aware of any other complaints which it should report here.
7. In the course of the financial year 2008 Deloitte & Touche S.p.A. (the "Audit Firm") was not entrusted, either by the Company or its affiliates, with duties additional to auditing.
8. In the course of the same year, the Company and its affiliates appointed parties belonging to the network of the Audit Firm to provide audit services and tax advisory services amounting to a total of € 566,006.00 (€ 328,917.00 for audit services and € 237,089.00 for tax advisory services).

In consideration of the above and the declaration issued by the Audit Firm on 5 March 2009, stating that there were no grounds for incompatibility, the Board of Statutory Auditors believes that no critical issues emerged with regard to the independence of the Audit Firm.

9. During the financial year 2008 the Board of Statutory Auditors issued statutory legal opinions and made the required statements and observations. The content of these opinions was not at variance with the resolutions subsequently adopted by the Board of Directors.

The Board of Statutory Auditors, in compliance with the Self-regulating Code, also verified:

- a) that the criteria and procedures adopted by the Board of Directors when vetting the independence of its members had been correctly applied, in accordance with the criteria established by law and the Self-regulating Code;
  - b) the independence of its own members, using the criteria established by law and the Self-regulating Code.
10. In the course of 2008 the Company's Board of Directors met eight times; the Remuneration Committee met once; and the Internal Audit Committee four times. During the same year the Board of Statutory Auditors met ten times; it also attended all the meetings of the Board of Directors and shareholders' meetings held during the year.

The Chairman of the Board also attended three of the Internal Audit Committee meetings.

11. The Board of Statutory Auditors has learnt and checked, to the extent of its remit, that the principles of correct administration have been observed and that the Company's administrative structure is adequate for the purposes of complying with these principles.

In particular, as regards the decision-making processes of the Board of Directors, the Board has checked that the management decisions taken by the directors complied with the law and articles of association, and that their resolutions were not contrary to the interests of the Company.

The Board of Statutory Auditors therefore believes that the principles of sound administration have been observed.



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**12.** The Board of Statutory Auditors has checked the Company's organisational structure; and believes, in light of these checks and to the extent of its own responsibility, that the structure as a whole is adequate.

**13.** The Board of Statutory Auditors – also by liaising and coordinating with the Internal Audit Committee and the Managing Director in his capacity as the director appointed to oversee that the internal audit system is functioning – has checked the Company's internal audit system and the activities of the Soggetto Preposto al Controllo Interno [person who oversees that the internal audit system is functioning]; and believes, in light of these checks and to the extent of its own responsibility, that the system as a whole is adequate.

The Board also acknowledges that the auditing activities indicated in the Audit Plan for 2006-2008 will be completed in 2009, in accordance with the Audit Plan for 2009-2011 approved by the Company's Board of Directors at its meeting of 26 February 2009.

During this meeting the Board of Directors appointed, as the new Soggetto Preposto al Controllo Interno and Internal Audit Manager, Mr. Maurizio Strozzi, the Managing Director of the consortium Immsi Audit a r.l., which, as of 1 January 2009, carries out all the internal auditing of Piaggio & C. S.p.A.

**14.** The Board of Statutory Auditors has checked – by collecting information from the relevant department managers, examining company documentation, and analysing the results of the Audit Firm's work – the Company's administrative and accounting system and its reliability to give a true picture of operational items; and believes, in light of these checks and to the extent of its own responsibility, that the system is essentially adequate and reliable for the purpose of correctly representing the operational items.

The Board of Statutory Auditors has also evaluated the results of the checks and tests which the Company carried out on the administrative and accounting systems of the foreign subsidiaries, Piaggio Vehicles Pvt. Ltd and Piaggio Group Americas Inc.; and believes, in light of these checks and to the extent of its own responsibility, that there are no facts or circumstances rendering the administrative and accounting systems unsuitable for regularly sending the management of Piaggio & C. S.p.A. and the Audit Firm the data on profits, assets and cash flow necessary for drawing up the consolidated financial statements.

**15.** The Board has checked that the directives given by the Company to its controlled companies as per Article 114, paragraph 2, of the T.U.F. were adequate, and that there was a proper flow of information between them, and it believes that the Company is able to fulfil the communication obligations laid down by law.

**16.** During the financial year the Board of Statutory Auditors met managers from the Audit Firm in order to exchange relevant data and information with them in accordance with Article 150, paragraph 3, of the T.U.F.

At these meetings the Audit Firm did not report any facts or anomalies important enough to be indicated in this report.

