

## Statutory Auditors' Report to Shareholders

**Piaggio & C. S.p.A.**

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

Tax code 04773200011

VAT no. 01551260506

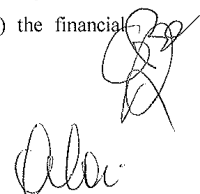
**REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING  
AS PER ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/98 (THE "T.U.F.") AND ARTICLE 2429  
OF THE CIVIL CODE**

To the Shareholders,

In the course of the financial year ending 31 December 2011 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 the Board 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 2011, the Board of Statutory Auditors therefore checked (i) that the law and the memorandum of association were observed, (ii) that the principles of sound management 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.

Moreover, the Board of Statutory Auditors, as the Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree no. 39 of 27 January 2010, also checked (i) the financial



information process, (ii) the efficacy of the internal control, internal audit and risk management systems, (iii) the legal audit of the annual accounts and consolidated accounts, and (iv) the independence of the external audit firm, with particular regard to the provision of non-audit services to the audited entity.

More particularly the Board can report as follows:

1. The Board 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 2011, 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. (hereinafter, also the "Audit Firm"), issued today 13 march 2012 pursuant to Articles 14 and 16 of Legislative Decree no. 39 of 27 January 2011, are unqualified and/or 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 in compliance with the rules governing their preparation and give a true and fair view of the Company's profitability, assets and liabilities, financial position, and cash flow in the financial year ending 31 December 2011. These reports also certify that the directors' report and the information stated in paragraph 1 c), d), f), l), m) and paragraph 2 b) of Article 123 of the T.U.F. are consistent with the financial statements and consolidated financial statements.



The Board of Statutory Auditors, as the Internal Control and Audit Committee pursuant to article 19 of Legislative Decree no. 39 of 27 January 2010, also examined the report by the Audit Firm on the fundamental questions that emerged during its audit, a report that states that there are no shortcomings in the internal control system, in relation to the financial information process, important enough to be brought to the attention of the Internal Control and Audit Committee.

The Board of Statutory Auditors also examined the attestation that Deloitte & Touche S.p.A. issued, pursuant to Article 17 of Legislative Decree no. 39 of 27 January 2010, on 12 March 2012, in which (i) it declared that it was independent and that there were no grounds for incompatibility pursuant to Articles 10 and 17 of Legislative Decree no. 39/2010, (ii) it declared the non-audit services provided to the Company, also by its own network.

5. In the course of the financial year 2011 and to date the Board has not received any complaints from shareholders as per Article 2408 of the Civil Code.

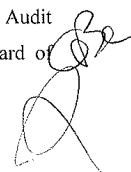
6. The Board is not aware of any other complaints which it should report here.

7. During the financial year 2011 Deloitte & Touche S.p.A. received from the Company, for assignments additional to its audit work and, more specifically, for certification services, overall fees of €14,378, while the Deloitte Network received from its affiliates, for certification services, fees of €53,734.

8. During the financial year 2011 the Company paid, for audit services, fees of €441,129 to the Audit Firm, while Piaggio & C. S.p.A.'s affiliates paid, for audit services, fees of €40,416 to the Audit Firm and €471,318 to the Deloitte Network.

In the course of the same year, the Company and its affiliates paid the Deloitte Network a total amount of €81,800 for tax advisory services; for other services the Company also paid the Audit Firm €12,108 and the Deloitte Network €70,000.

Considering the above, the attestation of independence issued by Deloitte & Touche S.p.A. on 12 March 2012, and the fact that the Board of Statutory Auditors has held discussions with the Audit Firm pursuant to paragraph 9 (b), article 17 of Legislative Decree no. 39/2010, the Board of



Statutory Auditors believes that no critical aspects have emerged with regard to the independence of the Audit Firm.

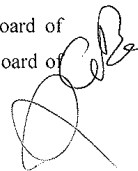
9. During the financial year 2011 the Board of Statutory Auditors issued statutory opinions and attestations (an attestation that the terms and conditions of the long-term financing involving a private placement of bonds – approved by the Board of Directors on 13 July 2011 – comply with Article 2412 of the Italian Civil Code, an opinion on the proposed transaction with related parties, consisting in the conclusion with Omniaholding S.p.A. of a contract governing the leasing for commercial use of the premises located in Mantua at Corpo A1, Centro Direzionale Boma, Piazza Vilfredo Pareto 2, an opinion on the draft Audit Plan for the three-year period 2012-2014, and an attestation of research costs). 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) that its own members – already vetted before their appointment – still met the independence requirements in accordance with the criteria established by law and the Self-regulating Code, it being understood that, should an auditor, on his own behalf or on behalf of third parties, have an interest in one of the Company's transactions, he must promptly give extensive information to the other members of the Board of Statutory Auditors and the Chairman of the Board about the nature, terms, origin and extent of his interest.

10. In the course of 2011 the Company's Board of Directors met 11 times and the Internal Audit Committee eight times; while neither the Remuneration Committee nor the Appointments Committee met (since there was no reason to call these committee meetings during the year). In this regard, however, the Remuneration Committee met on 23 February 2012 to define and discuss the remuneration policy for directors and executives with strategic responsibilities, as set out in the new wording of Article 6 of the "Directors' Remuneration Code", to be submitted to the Board of Directors, which approved it at its meeting on 23 February 2012. In the same year the Board of



Statutory Auditors met 10 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 seven of the Internal Audit Committee meetings.

**11.** The Board of Statutory Auditors, to the extent of its remit, gathered information and checked that the principles of sound management were 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 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 management have been observed.

**12.** The Board of Statutory Auditors 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, the Managing Director in his capacity as the director appointed to oversee that the internal audit system is functioning, and the Supervisory Body – checked the Company's internal audit system and the work of the *Soggetto Preposto al Controllo Interno* [person who oversees that the internal audit system is functioning].

In particular, following the enactment of Legislative Decree no. 39 of 27 January 2010, the Board of Statutory Auditors, as the Internal Control and Audit Committee, liaised and continually exchanged information with the Internal Audit Committee.

Moreover, also by liaising with the Internal Control Committee, the Board of Statutory Auditors monitored the Company's transactions with related parties, verifying the working and correct application of the Procedure for Transactions with Related Parties, approved on 30 November 2010 by the Board of Directors, following the issue of CONSOB Regulation no. 17221 of 12 March 2010 concerning transactions with related parties.

Lastly, the Board of Statutory Auditors attended the meetings of the Supervisory Board during the financial year, liaising with it about - among other things - the updating of the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001.

In light of these checks and the evaluations made by the *Soggetto Preposto*, the Internal Audit Committee and the Board of Directors with regard to the adequacy, efficiency and actual functioning of the internal audit system, the Board of Statutory Auditors believes, to the extent of its own responsibility, that the system as a whole is adequate.

14. The Board of Statutory Auditors checked – by collecting information from the *Dirigente Preposto* [manager in charge of preparing the Company's financial reports] and 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 how reliable it is in giving a true picture of operational items.

In light of these checks and the evaluations made by the Board of Directors of the adequacy of the Company's organisational, administrative and accounting arrangements, the Board of Statutory Auditors believes, to the extent of its own responsibility, that the system is essentially adequate and reliable for the purpose of correctly representing the operational items.

15. The Board checked that the directives given by the Company to its subsidiaries 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.



During the financial year the Board of Statutory Auditors met with the supervisory body of the subsidiary Aprilia Racing S.r.l. in order to exchange information pursuant to Article 151, paragraph 2, of the T.U.F.

The fact that the Auditor Alessandro Lai is also the Chairman of the Board of Statutory Auditors of the parent company IMMSI S.p.A. has also facilitated the exchange of information with that parent company's Board of Statutory Auditors.

17. The Company has adopted the Self-regulating Code of Practice for Listed Companies, approved in March 2006 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A.

The system of corporate governance adopted by the Company is detailed in the Corporate Governance Report for 2011, approved by the Board of Directors on 23 February 2012.

18. In the course of its activity and checks during the year, the Board of Statutory Auditors discovered no blameworthy facts, omissions or irregularities of such significance as to require flagging in this report.

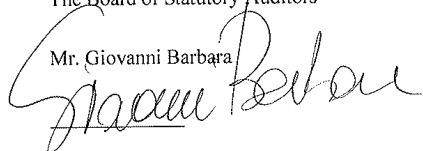
19. The Board of Statutory Auditors remarks that, as far as it is aware, there has been no derogation from the law in the preparation of the consolidated financial statements and separate financial statements.

The Board, also in view of the results of the work carried out by the body responsible for accounting control, has found no reason – as far as its own remit goes – not to approve the financial statements as at 31 December 2011 as drafted and approved by the Board of Directors at its meeting of 23 February 2012, and agrees with the Board of Directors about the proposed allocation of the year's profits.

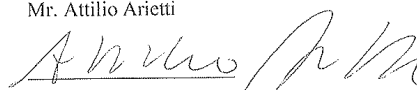
Milan, 13 March 2012

The Board of Statutory Auditors

Mr. Giovanni Barbara



Mr. Attilio Arietti



Mr. Alessandro Lai

