

## Explanatory Report

### Ordinary Session:

*1) Financial Statements of Piaggio & C. S.p.A. as of 31 December 2009; Directors' Report on Operations for 2009 and Proposal for the Allocation of Operating profits; Board of Statutory Auditors Report; Independent Auditors' Report; Related and consequent resolutions. Presentation of Consolidated Financial Statements of the Piaggio Group as of 31 December 2009 and relative reports. Related and consequent resolutions.*

Dear Shareholders,

The Board of Directors of your Company has convened the ordinary Shareholders' Meeting for your approval of the draft financial statements for Piaggio & C. S.p.A. at 31 December 2009.

The financial statements at 31 December 2009 closed with a profit of Euro 46,053,039.63. We refer to the point in the Report on Operations prepared by the Board of Directors and already available for Shareholders.

Therefore, we propose, considering the need to have reserves available in a sufficient amount to cover development costs which were not amortised entered in assets as per art. 2426, no. 5) of the Italian Civil Code, to allocate the profit of Euro 46,053,039.63 as follows:

- Euro 2,302,651.98 as legal reserve;
- Euro 17,955,814.58 as retained earnings;
- Euro 25,794,573.07 as dividends;

The Board of Directors will also report on the consolidated financial statements at 31 December 2009.

Therefore we are submitting the following draft resolution for your approval:

“The Ordinary General Shareholders Meeting of Piaggio & C. S.p.A.,

- having heard and approved the statements of the Board of Directors;
- and in acknowledgement of the Report of the Board of Statutory Auditors, the Report of the Auditing Company and the Consolidated Financial Statements as at 31 December 2009,

resolved

1. to approve the Report of the Board of Directors and the Financial Statements as of 31 December 2009 in their entirety;
2. to approve the following allocation of the profits, totalling Euro 46,053,039.63:
  - Euro 2,302,651.98 as legal reserve;

- Euro 17,955,814.58 as retained earnings;
  - Euro 25,794,573.07 as dividends;
3. to distribute a dividend before tax of € 0.07 to all eligible ordinary shares (No. 368,493,901) for a total maximum amount of € 25,794,573.07;
  4. to establish 17 May 2010 as the coupon no. 4 detachment date and 20 May 2010 as the date from which the dividend is payable”.

26 February 2010;

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

## Explanatory Report

### Ordinary Session:

#### ***2. Appointment of a Director pursuant to Art. 2386 of the Italian Civil Code. Related and consequent resolutions.***

Dear Shareholders,

the Board of Directors of your Company has convened you to the Ordinary Annual General Meeting to appoint a Board Director and to complete the Board of Directors pursuant to Art. 2386 of the Italian Civil Code. In this respect, please note that on 15 September 2009, following the resignation of the Director Gianclaudio Neri, the Board of Directors of Piaggio & C. S.p.A. co-opted the Director Livio Corghi, who shall remain in office until the next Annual General Meeting, pursuant to article 2386 of the Italian Civil Code.

We invite you to appoint a Board Director to bring the total number of members of the Board of Directors to eleven, as resolved by the Ordinary General Shareholders' Meeting of 16 April 2009 and in compliance with the provisions of article 12 of the current Articles of Association. The thus appointed Director shall remain in office for the entire duration of the term of the current Board of Directors, that is until the date of the Meeting convened to approve the Financial Statements as at 31 December 2011.

Please note that the Board of Directors currently in office was appointed by the Shareholders' Meeting of 16 April 2009 with a resolution adopted by majority vote on the basis of the single list of candidates submitted by IMMSI S.p.A., the majority shareholder, in compliance with the provisions of art. 12.4 of the Articles of Association currently in force. Therefore, with respect to the appointment of the Director needed to complete the Board of Directors in office, the Ordinary General Shareholder's Meeting shall deliberate with a legal majority (without applying the voting by list system) in compliance with the provisions of article 12.5, section (ii) of the current Articles of Association.

We would like to remind you that Paragraph 2 of Article 12 of the current Articles of Association sets out that appointment to the office of Director is subject to meeting the requirements established by law, by the Articles of Association and other applicable provisions. Article 12.2 of the Articles of Association establishes that those who have not gained at least three years' experience in the areas described below cannot be appointed to the office of director of the company or, if appointed, shall be disqualified:

- a) administration and supervision activities, i.e. senior management tasks in joint stock companies with share capital of at least two million Euro; or
- b) professional activities or university teaching in legal, economic, financial and technical-scientific fields strictly related to company operations; or

c) managerial functions with public bodies or the public administration sector operating in the credit, financial or insurance fields, or in any case in fields which are strictly related to the Company operations.

Please note that the Board of Directors in office includes four Directors possessing the independence requirements pursuant to article 12.2 of the current Articles of Association.

Therefore the Shareholders are invited to submit their proposals for candidates for the nomination of a Director, along with the professional *curriculum*s of the candidates and statements whereby the individual candidates accept their candidacy and certify, under their responsibility, the inexistence of causes making them ineligible or incompatible, the existence of the requirements prescribed by the Articles of Association, laws and regulations for the members of the Board of Directors as well as mention of the possibility of qualifying as an Independent Director in accordance with the law.

## Explanatory Report

### Ordinary Session

#### ***3. Modification of the stock option plan for top management of the Piaggio Group and authorisation for placement of own shares approved by the ordinary Shareholders' Meeting of 7 May 2007. Related and consequent resolutions.***

Dear Shareholders,

we submit for your approval the draft amendment, detailed above, of the resolution of the Ordinary Shareholders' Meeting of 7 May 2007 (the "**7 May 2007 Resolution**") that (i) set up an incentive and loyalty plan for the top management of Piaggio & C. S.p.A. (hereafter, "**Piaggio**" or the "**Company**") and of Italian and foreign Piaggio subsidiaries (the "**Plan**"), pursuant to Art. 114-*bis* of Legislative Decree 58/1998 (the "**Consolidated Law on Finance**"), to be implemented through the free allocation of option rights over the purchase of Piaggio ordinary shares held by the Company; and (ii) authorised the purchase of own shares in order to allocate them to the Plan, in compliance with the terms and conditions stated in the 7 May 2007 Resolution.

#### **A) Amendment to the Allocation Plan for share option rights for the top management of the Piaggio Group approved with the 7 May 2007 Resolution.**

The proposal that is the subject of this Report concerns in the first place the amendment of the section of the 7 May 2007 Resolution that established the Plan and its characteristics, as indicated as follows.

First of all, please note that the Plan entails allocating options to purchase Piaggio ordinary shares to each of the beneficiaries identified as belonging to the beneficiary categories established by the 7 May 2007 Resolution (the "**Beneficiaries**"). The aforesaid options shall be allocated in the ratio of No. 1 share for each No. 1 exercised option, at a price equal to the arithmetic mean of the share prices recorded during the previous month, taking the allocation date of the options as the reference date (see "normal value" pursuant to tax regulations).

At the time of writing this Report, No. 8,520,000 options had been allocated in total, as follows:

- No. 2,360,000 options allocated on 31 July 2008, at the exercise price of Euro 1.216 (the "**First Tranche**");
- No. 300,000 options allocated on 3 October 2008, at the exercise price of Euro 1.570 (the "**Second Tranche**");
- No. 390,000 options allocated on 15 January 2009, at the exercise price of Euro 1.2218 (the "**Third Tranche**");
- No. 250,000 options allocated on 11 May 2009, at the exercise price of Euro 1.2237 (the "**Fourth Tranche**");
- No. 4,720,000 options allocated on 18 December 2009, at the exercise price of Euro 1.826 (the "**Fifth Tranche**");

- No. 500,000 options allocated on 4 January 2010, at the exercise price of Euro 1.892 (the “**Sixth Tranche**”);

For further information about the Plan and its terms and conditions for option allocation and exercise, please see the Information Document drafted in compliance with Art. 84-*bis* of Consob Regulation 11971/1999 and subsequent amendments (the “**Consob Regulation**”), available in compliance with legal provisions and accessible on the [www.piaggiogroup.com](http://www.piaggiogroup.com) web site (latest version: 25 January 2010).

We would like to remind you that the Plan's main objective is staff retention and motivation, in line and to the purposes of value creation that shall naturally benefit both the Company and its Shareholders.

At the time of writing this Report, the Company held No. 27,547,007 own shares, of which No. 10,000,000 shares, equal to 2.52% of the share capital, were allocated to servicing the Plan.

The draft amendment to the 7 May 2007 Resolution pertain to the way in which Piaggio shares are allocated to Beneficiaries that are current holders of options granted during the Fifth and Sixth Tranche, in order to allow the Company to allocate to the aforesaid Beneficiaries - in substitution of own shares as originally established by the 7 May 2007 Resolution - newly issued shares resulting from a share capital increase against payment, in tranches, with exclusion of the option right pursuant to Art. 2441, Sections 5 and 8, of the Italian Civil Code and Art. 134 of the Consolidated Law on Finance. Therefore, the Beneficiaries of options allocated in the Fifth and Sixth Tranche shall receive newly issued shares, in the event the options are exercised, without prejudice to the allocation ratio (No. 1 share per each No. 1 exercised option) and the exercise price (as established by using the criterion set out in the Resolution of 7 May 2007), for a maximum amount of No. 5,220,000 new shares, of which: (i) max. No. 4,720,000 shares reserved for subscription to the Beneficiaries of options allocated during the Fifth Tranche, at a price of Euro 1.826 per share; (i) max. No. 500,000 shares reserved for subscription to the Beneficiaries of options allocated during the Sixth Tranche, at a price of Euro 1.892 per share;

Please note that all Beneficiaries that hold options allocated during the Fifth and Sixth Tranche are employees of the Company or its Italian and foreign subsidiaries.

The draft proposal for an increase of the share capital reserved for the Beneficiaries of the aforesaid Plan shall be submitted for approval, as second item on the Agenda, to the Ordinary General Shareholders' Meeting convened on 12 April 2010 in first call and on 16 April 2010 in second call. For further details, please see the relevant explanatory report prepared pursuant to Art. 72 of Consob Regulation, available to the public according to the procedures established by law.

We would like to specify that the draft amendment to the 7 May 2007 Resolution does not concern the method for allocating shares to the Beneficiaries of No. 3,300,000 options granted during the First, Second, Third and Fourth Tranche. In the event such options are exercised, own shares shall be allocated to the aforesaid Beneficiaries on the basis of the allocation ratio (No. 1 share each No. 1 exercised option) and at the purchase price determined by the 7 May 2007 Resolution, for a maximum amount of No. 3,300,000 own shares reserved for purchase for the aforesaid Beneficiaries.

It is understood and agreed that the Plan's provisions about the terms and conditions of option allocation and exercise, as well as any other provision included in the Resolution of 7 May 2007 and not expressly referred to herein, remain applicable, without prejudice to any adjustments to the Plan's Regulation or any other document pertaining or related to it that may become necessary as a result to the Plan's amendment discussed in this Report.

**B) Amendment to the authorisation for the disposal of own shares approved by the Ordinary Shareholders' Meeting of 7 May 2007.**

Secondly, the proposal that is the subject of this Report concerns the amendment to the part of the Resolution of 7 May 2007 authorising the purchase and disposal of own shares, in compliance with and pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, as well as Art. 132 of the Consolidated Law on Finance and applicable regulatory provisions, as stated as follows.

Please note that, on the basis of the authorisation to the purchase own shares granted with the 7 May 2007 Resolution, the Company started an own share purchase programme that ended on 7 July 2008 with the purchase of No. 10,000,000 shares, equal to 2.52% of the share capital, reserved to servicing the Plan (as per the press release issued to the market on the same date, to which we refer you for further details about the purchase plan).

Please also note that 7 May 2007 Resolution authorised the Board of Directors (and, through it, its Chairman and Chief Executive Officer), in compliance with and pursuant to Art. 2357-ter of the Italian Civil Code, to sell at any time, in one or several tranches, even before having completed the acquisitions, own shares bought on the basis of the authorisation contained in the same Shareholders' Resolution, through their allocation to the Plan's Beneficiaries, who shall exercise the options granted to them under the Plan's terms and conditions, and therefore at a price equal to the share's "normal value" pursuant to tax regulations. The 7 May 2007 Resolution authorised the disposal of own shares within the time limits needed to implement the Plan.

In the light of the draft amendment to the Plan described in Paragraph A) of this Report, we propose to adapt the authorisation to dispose of own shares contained in the Resolution of 7 May 2007 to the Plan's actual requirements, whose implementation may require allocating max. No. 3,300,000 own shares, equal to 0.83% of the share capital, to the Beneficiaries who hold options allocated during the First, Second, Third and Fourth Tranche (for a total of No. 3,300,000 options).

Please note that the remaining No. 6,700,000 own shares, equal to 1.69% of the share capital - purchased on the basis of the 7 May 2007 Resolution and not allocated to servicing the Plan as outlined above - may be cancelled according to the terms and conditions that shall be resolved the Company's Annual General Shareholders' Meeting. To this purpose, we would like to inform you that the draft resolution for the annulment of No. 24,247,007 own shares shall be submitted for approval to the Extraordinary Shareholders' Meeting convened on 12 April 2010 in first call and on 16 April 2010 in second call as the first item on the Agenda, subject to prior cancellation of the expressed par value of outstanding ordinary shares and relevant amendments to the Articles of association. For further details on the aforesaid proposal in the Agenda of the Extraordinary Annual General Shareholder's Meeting, please see the relevant explanatory report prepared pursuant to article 72 of the Consob Regulation, available to the public according to the procedures established by law.

Dear Shareholders,

In consideration of the foregoing, we invite you to approve the following resolutions:

“The Ordinary General Shareholders' Meeting of Piaggio & C. S.p.A., viewed and approved the Board of Director's Report (the “**Report**”);

**resolves:**

- 1.) To amend the incentive plan reserved to the management of the Company or its Italian and/or foreign subsidiaries pursuant to Art. 2359 of the Italian Civil Code, as well as to Directors with executive powers of the aforesaid subsidiaries, to be implemented through the free allocation of option rights over the purchase of Piaggio ordinary shares (the “**2007-2009 Plan**”) approved (in compliance with and pursuant to Art. 114-bis of Legislative Decree. 58/1998) by the Company's Ordinary Shareholders' Meeting of 7 May 2007 (the “**7 May 2007 Resolution**”), envisaging that the Beneficiaries that currently hold options allocated during the Fifth and Sixth Tranche, shall receive, in the event they should exercise their options, newly issued shares rather than own shares as originally established by the 7 May 2007 Resolution. All the above at the terms and conditions further detailed in the Report.
- 2.) To grant the Board of Directors, and through it, its Chairman and Chief Executive Officer, any powers that shall be deemed necessary or advisable to implement the 2007-2009 Plan amended as detailed above, including the powers to update the relevant Regulation and fulfil any requirements, duties, formalities and communication obligations that shall be deemed necessary or advisable to manage and/or implement the 2007-2009 Plan as amended above;
- 3.) To adjust the authorisation to the disposal of own shares established in the 7 May 2007 Resolution to the actual requirements of the 2007-2009 Plan, whose implementation may require the allocation of max. No. 3,300,000 own shares, currently equal to 0.83% of the share capital, reserved to the Beneficiaries who hold the options allocated during the First, Second, Third and Fourth Tranche of the 2007-2009 Plan (for a total of No. 3,300,000 options). All the above at the terms and conditions detailed in the Report.”



## Explanatory Report

### Extraordinary Session

***1. Proposal to cancel No. 24,247,007 own shares, with prior annulment of the nominal value of outstanding shares; Relevant changes to Art. 5.1 of the Articles of Association. Related and consequent resolutions.***

Dear Shareholders,

we submit for your approval the draft resolution for the cancellation of No **24,247,007** own shares of Piaggio & C. S.p.A. (hereafter "**Piaggio**" or the "**Company**"), subject to the annulment of the par value of outstanding shares.

#### **A) Draft resolution for the annulment of the par value of outstanding shares**

With reference to the draft resolution for the annulment of the par value of ordinary shares, currently equal to Euro 0.52, and subsequent amendment to Art. 5.1 of the Articles of Association, please note that the possibility of issuing shares with no par value is expressly envisaged by the Italian Civil Code (Articles 2328 and 2346), following the changes introduced with the reform of corporate law with Legislative Decree No. 6 of 17 January 2003, and subsequent amendments and supplements thereto.

In the event of annulment of the par value, the Articles of Association shall only indicate the nominal share capital and the number of shares issued, and the holding of individual Shareholder shall be expressed not in monetary terms but in the percentage of the total shares issued, without prejudice to the fact that the par value of the shares is not expressed but does exist, as it can be identified by comparing the total amount of the nominal share capital to the total number of shares issued ("*implied book value*"). Therefore, a change in the value of the share capital - without prejudice to the number of shares issued - or a change of the total number of outstanding shares - without prejudice to the amount of the share capital - shall determine an implicit change of book value of the shares.

The draft resolution described herein, moreover, allows for increased flexibility and administrative streamlining that may prove very useful in the event of equity raising transactions, since any issues linked to the presence of a par value set as a pre-determined amount (that otherwise could only be changed by amending the Articles of Association and outstanding securities) are eliminated from the start. In this way, apart from avoiding problems linked to the equal treatment of shares and the presence of any "remainders", any stock splitting or grouping transactions would be facilitated. Moreover, the annulment of the par value of outstanding shares, enables the following (by way of example):

- free share capital increase transactions without issuing new shares or without (formally) proceeding to increase the par value of already outstanding shares;
- share capital reduction transactions without having to reduce the number of shares and/or their explicit par value, through the automatic adjustment of the book value resulting from the ratio between the (unchanged) number of outstanding shares and the (new) amount of capital;

- share annulment transactions and, specifically, own shares annulment transactions, without changes to the share capital, as proposed in Paragraph B) of this Report.

Now, therefore, taking into account that the clauses contained in Articles 5.4, 5.5 and 5.6 of the Articles of Association shall be annulled as they are no longer effective or applicable (see the draft resolution on the second item of the Agenda of the Extraordinary Shareholders' Meeting), we propose to eliminate from article 5.1 of the Articles of Association the reference to the par value of the shares, whilst keeping unchanged the reference to the total amount of the share capital and to the number of ordinary shares in which it is divided into, as indicated as follows (without prejudice to the clauses of Articles 5.2 and 5.3, that are therefore omitted):

CURRENT TEXT	PROPOSED TEXT
<b>Share capital - Shares Article 5</b>	<b>Share capital - Shares Article 5</b>
5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy-two point sixteen) divided into No. 396,040,908 (three hundred ninety-six million, forty thousand, nine hundred eight) ordinary shares with a par value of Euro 0.52 (zero point fifty-two) each and can be increased also through the contribution of goods in kind or receivables.	5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy-two point sixteen cent) divided into No. 396,040,908 (three hundred ninety-six million, forty thousand, nine hundred eight) ordinary shares <b>with no indication of par value with</b> <del>a par value of Euro 0.52 (zero point fifty-two)</del> each and can be increased also through the <del>contribution of goods in kind or receivables.</del>

Please note that this draft resolution does not give rise to the right of withdrawal in accordance with the law.

**B) Draft Resolution for the annulment of No. 24,247,007 own shares.**

With respect to the draft proposal for the annulment of No. 24,247,007 own shares, please note that at the time of writing of this Report, the Company owned a total of No. 27,547,007 own shares, equal to 6.96% of the share capital, purchased on the basis of the authorisations granted - pursuant to article 2357 of the Italian Civil Code and article 132 of Legislative Decree 58/1998 ("**Consolidated Law on Finance**") - by the Ordinary Shareholders' Meeting with resolution of 7 May 2007 (the "**Resolution of 7 May 2007**"), resolution of 24 June 2008 and resolution of 16 April 2009, entered in the financial statements with an average value of Euro 1.964.

Please note that the amendment proposal for the Share Option Rights Allocation Plan reserved to the top management of the Piaggio Group (the "**Plan**") and for the authorisation to the disposal of own shares, approved with Resolution of 7 May 2007, have been submitted for approval to the Ordinary Shareholders' Meeting convened on 12 April 2010 in first call and on 16 April 2010 in second call, as the third item on the Agenda. Following the aforesaid draft amendment of the Plan,

if approved by the Ordinary Shareholders' Meeting, the Plan's implementation may require the allocation of max. No. 3,300,000 own shares, equal to 0.83% of the share capital, against and in the event of exercise of the total No. 3,300,000 options already allocated to the Beneficiaries that include the right to purchase Piaggio ordinary shares, with a ratio of No. 1 share per No. 1 exercised option, at the exercise price established using the criterion set out in the 7 May 2007 Resolution. For further details about the draft resolution at the third item on the Agenda of the Ordinary Shareholders' Meeting, please see the relevant explanatory report that has been made available to the public according to the procedures established by law.

Taking into account the draft resolution for the annulment of the par value of outstanding Piaggio shares detailed in Paragraph A) above of this Report, we propose to proceed with the cancellation of No. 24,247,007 own shares, without reducing the numeric value of the share capital (currently equal to Euro 205,941,272.16 and consisting of No. 396,040,908 shares), and with the reduction of the relevant negative reserve recorded in the financial statements for a total of Euro 44,070,654.95.

Since the opportunity to use own shares has not presented itself and neither is it expected to do so in the near future, and since the need to keep a substantial number of said shares to service the Plan has become obsolete as a result of the draft resolution for the amendment of the Plan that is the third item on the Agenda for the Company's Ordinary Shareholders' Meeting, it is preferable to proceed with the annulment of the aforesaid own shares, thereby increasing the value of each share and maximising its profitability. Annulling shares, as a matter of fact, enables to increase the percentage of profit allocated to each share (*“earning per share”*).

At the end of all the aforesaid steps, that shall occur simultaneously since this is only an accounting transaction, the share capital of Piaggio shall not be reduced in any way. The share capital, therefore, shall remain unchanged and shall consist of Euro 205,941,272.16, but the book value of the remaining No. 371,793,901 outstanding shares shall increase from Euro 0.52 to Euro 0.55391.

Please note that this draft resolution does not give rise to the right of withdrawal in accordance with the law.

The annulment of No. 24,247,007 own shares shall imply a change in the expression of the numeric value of the number of outstanding shares in article 5.1 of the Articles of Association, as indicated as follows (without prejudice to the clauses of article 5, that are therefore omitted):

CURRENT TEXT (*)	PROPOSED TEXT
<b>Share capital - Shares Article 5</b>	<b>Share capital - Shares Article 5</b>
5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy two point sixteen) divided into No. 396,040,908 (three hundred ninety-six million, forty thousand, nine hundred eight) ordinary shares with no par value, and can also be increased through the contribution of goods in kind or receivables.	5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy two point sixteen) divided into No. <b>371,793,901 (three hundred seventy one, seven hundred ninety-three, nine hundred one)</b> <del>396,040,908 (three hundred ninety six million, forty thousand, nine hundred eight)</del> ordinary shares with no par value and can be increased also through the contribution of goods
(*) Please note that the text of article 5.1 of the	

<p>Articles of Association reported in this column includes the amendment to the aforesaid Articles resulting from the draft resolution for the cancellation of the par value detailed in Paragraph A) above of this Report.</p>	<p>in kind or receivables.</p>
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Dear Shareholders,

In consideration of the foregoing, we invite you to approve the following resolutions:

“The Extraordinary General Shareholders' Meeting of Piaggio & C. S.p.A., viewed and approved the Board of Director's Report;

**resolves:**

1.) to cancel, pursuant to Articles 2328 and 2346 of the Italian Civil Code, the indication of the par value of the ordinary shares that make up the share capital, currently equal to Euro 0.52, pursuant to article 5.1 of the Articles of Association, leaving the par value of the aforesaid shares not expressed;

2.) To annul all No. 24,247,007 own shares without par value - without prejudice to the resolution at point 1.) - without changes to the current share capital and fulfilling any relevant accounting obligations;

3.) To acknowledge that, effective from the recording of these resolutions in the Register of Companies, the share capital of Euro 205,941,272.16 shall be divided into No. 371,793,901 ordinary shares without par value;

4.) To amend as follows article 5.1 of the Articles of Association in light of the above resolutions:

*“5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy two point sixteen) divided into No. 371,793,901 (three hundred seventy one, seven hundred ninety-three, nine hundred one) ordinary shares with no par value, and can also be increased through the contribution of goods in kind or receivables.”*

5.) To confer power of attorney to the legal temporary representatives to act separately and of their own initiative to carry out, resorting to Agents if necessary, all activities requested, needed or useful to implement the aforesaid resolutions, as well as to fulfil all formalities needed to register such resolutions in the Register of Companies, with the faculty to make any minor amendments, adjustments and additions that may be relevant or required by the Authorities, even during registration, and generally speaking, to take all measures needed to finalise the deliberations, using all powers needed to this purpose, without exception.”

## Explanatory Report

### Extraordinary Session

*2. Proposal to increase the share capital with a share issue against payment, in tranches, for a total amount of max. nominal Euro 2,891,410.20 (in addition to a share premium of Euro 6,673,309.80), with exclusion of the option right pursuant to Art. 2441, paragraphs 5 and 8 of the Italian Civil Code and Art. 134 of Legislative Decree No. 58/1998, to be reserved for subscription by the beneficiaries of the “2007-2009 Stock Option Plan”, subject to the annulment of the statutory provisions detailed in Articles 5.4, 5.5 and 5.6 of the Articles of Association. Relevant changes to Art. 5 of the Articles of Association.*

Dear Shareholders,

you have been convened to an Extraordinary General Meeting to examine and approve the proposal to increase the share capital against payment, in tranches, by a total nominal amount of max. Euro 2,891,410.20, in addition to a share premium of Euro 6,673,309.80, disapplying pre-emption rights pursuant to article 2441, Paragraph 5 and 8 of the Italian Civil Code and article 134 of Legislative Decree 58/1998, through the issue of max. No. 5,220,000 new ordinary shares with the same characteristics as outstanding shares, to be reserved for subscription to the beneficiaries of the “2007-2009 Stock Option Plan” (the “**Plan**”), as indicated as follows.

To this purpose, please note that the draft resolution for the amendment of the Share Option Right Plan reserved to the top management of the Piaggio Group (the “**Plan**”) and for the authorisation to dispose of own shares, approved by the Ordinary Shareholders' Meeting of 7 May 2007 (the “**7 May 2007 Resolution**”) have been submitted for approval, as the third item on the Agenda, to the Company's Ordinary Shareholders' Meeting convened on 16 April 2010 in first call and on 16 April 2010 in second call.

Please note that the draft resolution for the amendment of the Plan referred to above pertains only to: (i) No. 4,720,000 options allocated on 18 December 2009, at the exercise price of Euro 1.826 (the “**Fifth Tranche**”); and (ii) No. 500,000 options allocated on 4 January 2010, at the exercise price of Euro 1.892 (the “**Sixth Tranche**”); Such allocations were carried out in compliance with the terms and conditions of the Plan approved with Resolution of 7 May 2007 that granted the Chief Executive Officer the power to identify the beneficiaries to whom the options are allocated (the “**Beneficiaries**”) from time to time, depending on their role and responsibilities within the organisational structure of the Piaggio Group, as well as the power to determine the number of options to be allocated to the aforesaid individuals, and to proceed with the relevant allocations. The exercise price for the options of the Fifth and Sixth Tranche was determined on the basis of the criterion established by the 7 May 2007 Resolution and, therefore, calculated using the arithmetic mean of the Piaggio share price recorded over the previous month, taking into account the option allocation date (18 December 2009 for the Fifth Tranche and 4 January 2010 for the Sixth Tranche, respectively) as the reference date (“normal value” pursuant to tax legislation). For further information about the Plan and its

terms and conditions for option allocation and exercise, please see the Information Document drafted in compliance with Art. 84-*bis* of Consob Regulation 11971/1999 and subsequent amendments, available in compliance with legal provisions and accessible on the [www.piaggiogroup.com](http://www.piaggiogroup.com) web site (latest version: 25 January 2010).

Following the aforesaid draft amendment of the Plan, if approved by the Shareholders' Meeting, the Beneficiaries that currently hold the No. 4,720,000 options of the Fifth Tranche allocated on 18 December 2009 at the exercise price of Euro 1.826, and the No. 500,000 options of the Sixth Tranche allocated on 4 January 2010 at the exercise price of Euro 1.892, shall have the right to receive, should they decide to exercise their options in compliance with the Plan, newly issued shares (in exchange for own shares as originally set out by the 7 May 2007 Resolution), without prejudice to the allocation ratio (No. 1 share per No. 1 exercised option) and the exercise price (determined using the criterion set out in the 7 May 2007 Resolution), for a maximum amount of No. 5,220,000 new shares. As a result, No. 5,220,000 own shares, originally earmarked to service the Plan and, specifically, to service the options allocated in the Fifth and Sixth Tranche, shall no longer be devoted to such purpose and, therefore, may be cancelled according to the terms and conditions that shall be resolved by the Company Shareholders' Meeting. To this purpose, we would like to inform you that the draft resolution for the annulment of a total of No. 24,247,007 own shares has been submitted for approval to the Shareholders' Meeting convened on 12 April 2010 in first call and on 16 April 2010 in second call as the first item on the Agenda, subject to prior cancellation of the expressed par value of outstanding ordinary shares and relevant amendments to the Articles of association.

For further details about the draft resolutions included in the Agenda of the Ordinary and Extraordinary Shareholders' Meeting referred to above, please see the relevant explanatory reports, that are available to the public according to the procedures established by law.

For further details about the draft resolution for the amendment of the Plan and the authorisation to dispose of own shares (the third item on the Agenda of the Ordinary Shareholders' Meeting), please see the relevant explanatory report that is available to the public according to the procedures established by law.

Please note that all Beneficiaries that hold options allocated during the Fifth and Sixth Tranche are employees of the Company or of Italian and foreign subsidiaries of the latter.

The options of the Fifth Tranche may be exercised from 18 December 2012 to 18 December 2014 and those of the Sixth Tranche from 4 January 2013 to 4 January 2015, without prejudice to the exercise periods set out by the Plan.

### **Characteristics of the increase of the share capital reserved to the Beneficiaries of the Plan: Company's interest and criteria for determining the issue price**

In order to execute the Plan (as amended, in the event of approval of the draft resolution at the third item on the Agenda by the Ordinary Shareholders' Meeting), we therefore propose to increase the share capital, against payment and in tranches, by a total par amount of max.

Euro 2,891,410.20, in addition to a share premium of Euro 6,673,309.80, disapplying pre-emption rights pursuant to article 2441, Paragraphs 5 and 8 of the Italian Civil Code and Art. 134 of the Consolidated Law on Finance, by issuing a maximum of No. 5,220,000 new ordinary Piaggio & C. S.p.A. shares with no par value and with the same characteristics as those of outstanding shares and regular dividend, to be reserved for subscription to the Beneficiaries of the Plan who are employees of the Company or Italian and foreign subsidiaries of the Company, as detailed as follows: (i) Max. No. 4,720,000 shares reserved for subscription to the Beneficiaries of options allocated during the Fifth Tranche, at a price of Euro 1.826 per share (of which Euro 1.27209 as a share premium) and (ii) max. No. 500,000 shares reserved for subscription to the Beneficiaries of options allocated during the Sixth Tranche, at a price of Euro 1.892 per share (of which Euro 1.33809 as a share premium).

The proposed capital increase, therefore, satisfies the same interests that underlie the adoption of the Plan and its amendment (if approved by the Ordinary Shareholders' Meeting). We would like to remind you that the Plan's main objective is staff retention and motivation, in line and to the purposes of value creation that shall naturally benefit both the Company and its Shareholders.

The subscription price of the newly issued shares resulting from the increase of the share capital reserved to the Plan's Beneficiaries corresponds to the exercise price of the options calculated using the criteria set out by the 7 May 2007 Resolution and, therefore, corresponds to the arithmetic mean of the Piaggio official share price recorded during the previous month, considering the allocation date of the options (18 December 2009 for the Fifth Tranche and 4 January 2010 for the Sixth Tranche respectively) as the reference date. This is a perfectly acceptable criterion to express a fair valuation of the shares, and of the Company as well, within the context of stock option transactions for the employees.

For further information, the following table shows the arithmetic means of the weighted means of the official Piaggio share price for the time intervals indicated below, prior to 26 February 2010:

<b>Time interval</b>	<b>Mean (Euro)</b>
27/1/2010 – 25/2/2010	1,943
30/11/2009 - 25/2/2010	1,933
31/8/2009 – 25/2/2010	1,801

The increase of the share capital reserved to the Beneficiaries of the Plan, if fully paid-up, shall determine a maximum dilution of 1.4%.

The independent auditors Deloitte & Touche S.p.A., that have been entrusted with the auditing of the Company's accounts pursuant to Articles 155 *et seq.* of the Consolidated Finance Act, shall issue the report on the fairness of the share issue price pursuant to article 2441, Paragraph 6 of the Italian Civil Code and article 158 of the Consolidated Law on

Finance: The aforesaid report shall be made available to the public according to the procedures established by law.

### **Characteristics of newly issued shares**

The Company shall make available to the Beneficiaries the newly issued ordinary shares subscribed when exercising the options in line with the provisions of the Plan. The Company's shares underwritten by the Beneficiary shall have a dividend equal to that of the Company's ordinary shares at the date of issue and shall therefore be provided with maturing coupons at that date.

### **Changes to Art. 5 of the Articles of Association.**

Within the framework of the amendment of article 5 of the Articles of Association following the draft resolution for the increase in the share capital reserved to the Plan's Beneficiaries, we would like to submit for your approval the draft resolution for the withdrawal of Articles 5.4, 5.5 and 5.6 of the Articles of Association of Piaggio & C. S.p.A. as they contain provisions that are no longer effective or applicable, as shown as follows.

To this purpose, please note that Articles 5.4 and 5.6 envisage two powers of attorney to increase the share capital with a share issue against payment, in tranches, pursuant to article 2443 of the Italian Civil Code, by a total par amount of maximum Euro 11,138,441.60, granted to the Company's Board of Directors within the framework of the *2004-2007 Stock Option Plan* by the Extraordinary Shareholders' Meetings of 7 June 2004 and 8 March 2006, and, specifically: (i) the power of attorney to increase the share capital for a total par amount of max. Euro 10,587,241.60, granted by the Extraordinary Shareholders' Meeting of 7 June 2004 (article 5.4); and (ii) the power of attorney to increase the share capital by the maximum par amount of Euro 551,200.00, granted by the Extraordinary Shareholders Meeting of 8 March 2006 (article 5.6). In light of the aforesaid powers of attorney, the Board has exercised the right to increase the share capital to service option rights reserved by the *2004-2007 Stock Option Plan* for an overall par amount of Euro 11,113,840.92, by issuing 21,372,771 new ordinary shares with a par value of Euro 0.52. Please note that, at the time of writing this Report, the *2004-2007 Stock Option Plan* is to be considered as expired and without any effectiveness and that, therefore (i) the power of attorney granted to the Board of Directors by the General Shareholders' Meeting of 7 June 2004 and (ii) that granted by the General Shareholders Meeting of 8 March 2006 are no longer effective or applicable. We therefore propose to eliminate the provisions included in Articles 5.4. and 5.6, as they are no longer effective or applicable, thereby revoking, if needed, the power of attorney granted to the Board of Directors by the General Shareholders' Meeting of 8 March 2006 for the amount not yet used.

With reference to article 5.5. of the Articles of Association, please note that the Extraordinary Shareholders' Meeting of 18 April 2005 granted to the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the faculty to increase the share capital in one or several tranches up to the par amount of Euro 13,000,000.00, against payment, with or without a share premium, by issuing a maximum number of No. 25,000,000 ordinary shares with the



same characteristics as those of outstanding shares, for a period of five years from the date the resolution is recorded in the Register of Companies, with exclusion of the option right, in the interest of the Company and in compliance with article 2441, Paragraph 5, of the Italian Civil Code, and reserving the subscription right for the aforesaid shares only to the holders of the “*PIAGGIO & C. 2004-2009*” warrant. At the time of writing this Report, no share capital increase had been carried out on the basis of the aforesaid power of attorney and all “*Piaggio & C. 2004-2009 warrants*” had been settled in cash. We therefore propose to eliminate the provisions included in article 5.5, as it is no longer applicable.

Now, therefore, we propose to amend article 5 of the Articles of Association as follows:

<b>POST-RESOLUTION TEXT REFERRED TO IN THE FIRST ITEM OF THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF 12 – 16 APRIL 2010 (*)</b>	<b>PROPOSED TEXT</b>
<b>Share capital - Shares Article 5</b>	<b>Share capital - Shares Article 5</b>
<p>5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy two point sixteen) divided into No. 371,793,901 (three hundred seventy one million, seven hundred ninety-three thousand, nine hundred one) ordinary shares with no par value, and can also be increased through the contribution of goods in kind or receivables.</p> <p>5.2 The Company can acquire redeemable bonds from shareholders, in compliance with legal requirements.</p> <p>5.3 Following a resolution of the Shareholders' Meeting, the share capital may be increased by issuing new shares, also with different rights from those already issued.</p> <p>The share capital increase resolution, adopted with majorities pursuant to Articles 2368 and 2369 of the Italian Civil Code, can disapply pre-emption rights within 10% of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed by the Auditing Company.</p> <p>5.4 The Extraordinary Shareholders' Meeting of 7 June 2004 resolved to grant to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date the resolution enters into force, the faculty to increase the share capital</p>	<p>5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy two point sixteen) divided into No. 371,793,901 (three hundred seventy one million, seven hundred ninety-three thousand, nine hundred one) ordinary shares with no par value, and can also be increased through the contribution of goods in kind or receivables.</p> <p>5.2 The Company can acquire redeemable bonds from shareholders, in compliance with legal requirements.</p> <p>5.3 Following a resolution of the Shareholders' Meeting, the share capital may be increased by issuing new shares, also with different rights from those already issued.</p> <p>The share capital increase resolution, adopted with majorities pursuant to Articles 2368 and 2369 of the Italian Civil Code, can disapply pre-emption rights within 10% of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed by the Auditing Company.</p> <p><b>5.4 The Extraordinary General Shareholders' Meeting of [12/16] April 2010 resolved to increase the share capital against payment, in tranches, within the deadline of 30 October 2015, by a total par amount of maximum Euro 2,891,410.20, further to a share premium of Euro</b></p>

against payment, in one or more tranches, with a share premium, for maximum par amount of Euro 10,587,241.60 (ten million, five hundred eighty-seven thousand, two hundred forty-one point sixty), by issuing a maximum of up to No. 20,360,080 (twenty million, three-hundred sixty thousand eighty) shares with a par value of Euro 0.52 (zero point fifty-two), to service the option rights to be reserved - pursuant to Paragraphs 5 and 6 of Art. 2441 of the Italian Civil Code and within the framework of the Stock Option Plan - to the Chief Executive Officer and the Directors of the Company and its Italian and foreign subsidiaries that shall be identified in line with the criteria resulting from the aforesaid resolutions of the Board of Directors of 12 March 2004 and 4 May 2004; To grant the Board with right to establish, pursuant to the second paragraph of Art. 2439 of the Italian Civil Code, that the capital shall be increased, for each increase transaction, by an amount equal to the subscriptions collected within five years from the date of recording the above resolution in the Register of Companies.

5.5 The Extraordinary Shareholders' Meeting of 18 April 2005 resolved to grant to the Board, in accordance with article 2443 of the Italian Civil Code, the power to increase the share capital up to a par amount of € 13,000,000.00 (thirteen million), against payment, in one or more tranches, with or without share premium, by issuing a maximum number of 25,000,000 (twenty five million) ordinary shares with the same features as outstanding shares, for a period five years from the date of filing the above resolution with the Register of Companies, disapplying pre-emption rights in the Company's interest, in accordance with paragraph 5 of article 2441 of the Italian Civil Code, and reserving the right to subscribe these shares exclusively to the holders of "PIAGGIO & C. 2004-2009 Warrants"; to ensure that the share capital is intended as increased by an amount equal to the subscriptions received within the exercise date for the above-granted faculty to be

**6,673,309.80, disapplying pre-emption rights pursuant to article 2441, Paragraphs 5 and 8 of the Italian Civil Code and of article 134 of the Consolidated Law on Finance, by issuing a maximum of No. 5,220,000 new Piaggio & C. S.p.A. ordinary shares with no par value and with the same characteristics of outstanding shares, with a regular dividend, to be reserved for subscription to the Beneficiaries of the "2007-2009 Plan" - pertaining to the free allocation of share option rights reserved to the top management of the Company and its Italian and foreign subsidiaries (approved by the Company's Ordinary General Shareholders' Meetings on 7 May 2007 and subsequently amended by the Company's Ordinary General Shareholders' Meeting on [12/16] April 2010) (the "Plan"), consisting of employees of the Company or of its Italian and foreign subsidiaries.**

~~5.4 The Extraordinary Shareholders' Meeting of 7 June 2004 resolved to grant to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date the resolution enters into force, the faculty to increase the share capital against payment, in one or more tranches, with a share premium, for maximum par amount of Euro 10,587,241.60 (ten million, five hundred eighty seven thousand, two hundred forty one point sixty), by issuing a maximum of up to No. 20,360,080 (twenty million, three hundred sixty thousand eighty) shares with a par value of Euro 0.52 (zero point fifty two), to service the option rights to be reserved pursuant to Paragraphs 5 and 6 of Art. 2441 of the Italian Civil Code and within the framework of the Stock Option Plan to the Chief Executive Officer and the Directors of the Company and its Italian and foreign subsidiaries that shall be identified in line with the criteria resulting from the aforesaid resolutions of the Board of Directors of 12 March 2004 and 4 May 2004; To grant the Board with right to establish, pursuant to the second paragraph of Art. 2439 of the Italian Civil Code, that the capital shall be increased, for each increase transaction, by~~

determined with the resolutions of the Board of Directors; To grant the Board of Directors the right to establish, on a case by case basis, the issue price of the shares, their dividend, the timing, terms and conditions of the issue, including the right to ensure that the new shares are released by offsetting any credits that the holders of the aforesaid warrants may have as a result of exercising the warrants.

5.6 The Extraordinary Shareholders' Meeting of 8 March 2006 resolved to grant to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date the resolution enters into force, the faculty to increase the share capital against payment, in one or more tranches, with a share premium, for maximum par amount of Euro 551,200.00 (five hundred fifty-one thousand, two hundred), by issuing a maximum of up to No. 1,060,000 (one million sixty thousand) new shares with a par value of Euro 0.52 (zero point fifty-two), to service the option rights to be reserved - pursuant to Paragraphs 5 and 6 of Art. 2441 of the Italian Civil Code and within the framework of the Stock Option Plan approved by resolution of the Board of Directors of 4 May 2004 - to the Chief Executive Officer and the Directors of the Company and its Italian and foreign subsidiaries that shall be identified in line with the criteria resulting from the aforesaid resolutions of the Board of Directors of 12 March 2004 and 4 May 2004; To grant the Board of Directors the right to establish, pursuant to the second paragraph of Art. 2439 of the Italian Civil Code, that the share capital shall be increased, for each increase transaction, by an amount equal to the subscriptions collected within five years from the date of recording the above resolution in the Register of Companies.

*(\*) Please note that the text of article 5 of the Articles of Association referred to in this column includes the draft amendment to the Articles of Association that are at the first item on the Agenda of the Extraordinary Shareholders'*

~~an amount equal to the subscriptions collected within five years from the date of recording the above resolution in the Register of Companies.~~

~~5.5 The Extraordinary Shareholders' Meeting of 18 April 2005 resolved to grant to the Board, in accordance with article 2443 of the Italian Civil Code, the power to increase the share capital up to a par amount of € 13,000,000.00 (thirteen million), against payment, in one or more tranches, with or without share premium, by issuing a maximum number of 25,000,000 (twenty five million) ordinary shares with the same features as outstanding shares, for a period five years from the date of filing the above resolution with the Register of Companies, disapplying pre-emption rights in the Company's interest, in accordance with paragraph 5 of article 2441 of the Italian Civil Code, and reserving the right to subscribe these shares exclusively to the holders of "PIAGGIO & C. 2004-2009 Warrants"; to ensure that the share capital is intended as increased by an amount equal to the subscriptions received within the exercise date for the above granted faculty to be determined with the resolutions of the Board of Directors; To grant the Board of Directors the right to establish, on a case-by-case basis, the issue price of the shares, their dividend, the timing, terms and conditions of the issue, including the right to ensure that the new shares are released by offsetting any credits that the holders of the aforesaid warrants may have as a result of exercising the warrants.~~

~~5.6 The Extraordinary Shareholders' Meeting of 8 March 2006 resolved to grant to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date the resolution enters into force, the faculty to increase the share capital against payment, in one or more tranches, with a share premium, for maximum par amount of Euro 551,200.00 (five hundred fifty one thousand, two hundred), by issuing a maximum of up to No. 1,060,000 (one million sixty thousand) new shares with a par value of Euro 0.52 (zero point fifty two), to service the option rights to be reserved pursuant to Paragraphs 5 and 6 of~~

<p><i>Meeting</i></p>	<p><del>Art. 2441 of the Italian Civil Code and within the framework of the Stock Option Plan approved by resolution of the Board of Directors of 4 May 2004 - to the Chief Executive Officer and the Directors of the Company and its Italian and foreign subsidiaries that shall be identified in line with the criteria resulting from the aforesaid resolutions of the Board of Directors of 12 March 2004 and 4 May 2004; To grant the Board with right to establish, pursuant to the second paragraph of Art. 2439 of the Italian Civil Code, that the share capital shall be increased, for each increase transaction, by an amount equal to the subscriptions collected within five years from the date of recording the above resolution in the Register of Companies.</del></p>
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Please note that the amendments to the Articles of Association in question do not give rise to the right of withdrawal pursuant to the law.

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Dear Shareholders,

In consideration of the foregoing, we invite you to approve the following resolutions:

“The Extraordinary General Meeting of Piaggio & C. S.p.A.,

- viewed and approved the Board of Directors' Report (the “**Report**”);
- taking into account the change to the long term incentive plan for the top management of the Company and its Italian and foreign subsidiaries - to be implemented by granting free option rights for the purchase of Piaggio ordinary shares and approved by the Company's General Ordinary Meeting on 7 May 2007 (the “**2007-2009 Plan**”) - voted during today's Ordinary General Meeting;

**resolves:**

- 1.) to cancel the current Articles 5.4, 5.5 and 5.6 of the Articles of Association pertaining powers of attorney to increase the share capital against payment, in tranches, granted to the Company's Board of Directors - pursuant to article 2443 of the Italian Civil Code, within the framework of the *2004-2007 Stock Option Plan* and in favour of only the holders of “*PIAGGIO & C. 2004-2009 warrants*” - by the Extraordinary Meetings of 7 June 2004, 18 April 2005 and 8 March 2006, since these powers of attorney are no longer effective or no longer applicable for the reasons detailed in the Report, and thereby revoking the power of

attorney granted to the Board of Directors by the Extraordinary Shareholders' Meeting of 8 March 2006 for the amount not yet used;

2.) To increase the share capital against payment, in tranches, within the deadline of 30 October 2015, by a total par amount of maximum Euro 2,891,410.20, further to a share premium of Euro 6,673,309.80, disapplying pre-emption rights pursuant to article 2441, Paragraphs 5 and 8 of the Italian Civil Code and of article 134 of the Consolidated Law on Finance, by issuing a maximum of No. 5,220,000 new Piaggio & C. S.p.A. ordinary shares with no par value and with the same characteristics of outstanding shares, with a regular dividend, to be reserved for subscription to the Beneficiaries of the "2007-2009 Plan - pertaining to the free allocation of share option rights reserved to the top management of the Company and its Italian and foreign subsidiaries (approved by the Company's Ordinary General Shareholders' Meetings on 7 May 2007 and subsequently amended by the Company's Ordinary General Shareholders' Meeting on [12/16] April 2010) (the "Plan"), consisting of employees of the Company or of its Italian and foreign subsidiaries, as follows:

(i) max. No. 4,720,000 shares reserved for subscription to the Beneficiaries of options allocated during the Fifth Tranche, at a price of Euro 1.826 per share (of which Euro 1.27209 as a share premium) and

(ii) max. No. 500,000 shares reserved for subscription to the Beneficiaries of options allocated during the Sixth Tranche, at a price of Euro 1.892 per share (of which Euro 1.33809 as a share premium);

3). To amend as follows article 5 (five) of the Articles of Association in light of the above resolutions:

#### **Article 5**

*5.1 The share capital consists of Euro 205,941,272.16 (two hundred five million, nine hundred forty-one thousand, two hundred seventy two point sixteen) divided into No. 371,793,901 (three hundred seventy one million, seven hundred ninety-three thousand, nine hundred one) ordinary shares with no par value, and can also be increased through the contribution of goods in kind or receivables.*

*5.2 The Company can acquire redeemable bonds from shareholders, in compliance with legal requirements.*

*5.3 Following a resolution of the Shareholders' Meeting, the share capital may be increased by issuing new shares, also with different rights from those already issued.*

*The share capital increase resolution, adopted with majorities pursuant to Articles 2368 and 2369 of the Italian Civil Code, can disapply pre-emption rights within 10% of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that this is confirmed by the Auditing Company.*

*5.4 The Extraordinary General Shareholders' Meeting of [12/16] April 2010 resolved to increase the share capital against payment, in tranches, within the deadline of 30 October 2015, by a total par amount of maximum Euro 2,891,410.20, further to a share premium of Euro 6,673,309.80, disapplying pre-emption rights pursuant to article 2441, Paragraphs 5 and 8 of the Italian Civil Code and of article 134 of the Consolidated Law on Finance, by issuing a maximum of No. 5,220,000 new Piaggio & C. S.p.A. ordinary shares with no par value and with the same characteristics of outstanding shares, with a regular dividend, to be*

*reserved for subscription to the Beneficiaries of the "2007-2009 Stock Option Plan" - pertaining to the free allocation of share option rights reserved to the top management of the Company and its Italian and foreign subsidiaries (approved by the Company's Ordinary General Shareholders' Meetings on 7 May 2007 and subsequently amended by the Company's Ordinary General Shareholders' Meeting on [12/16] April 2010) (the "Plan"), consisting of employees of the Company or of its Italian and foreign subsidiaries.*

4.) To confer power of attorney to the legal temporary representatives to act separately and of their own initiative to carry out, resorting to Agents if necessary, all activities requested, needed or useful to implement the aforesaid resolutions, as well as to fulfil all formalities needed to register such resolutions in the Register of Companies, with the faculty to make any minor amendments, adjustments and additions that may be relevant or required by the Authorities, even during registration, and generally speaking, to take all measures needed to finalise the deliberations, using all powers needed to this purpose, without exception."