

Explanatory Memorandum

Authorisation for the purchase and disposal of treasury shares, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Civil Code, and Article 132 of Legislative Decree No. 58/1998 and relative implementing provisions. Relevant and consequential 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 treasury 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.

The shareholders’ meeting held on April 13, 2011 authorized the purchase and disposal of treasury shares of the Company. The term of the authorization was 18 months starting from such resolution and, therefore, will expire during the fiscal year 2012, namely October 13, 2012, while the authorization was granted with no term.

It seems appropriate that the Company is granted the faculty to purchase treasury shares beyond the above mentioned term, taking into account that the conditions and the reasons under which the authorization to purchase treasury shares was requested and approved by the shareholders’ meeting held on April 13, 2011 continue to exist.

It is therefore proposed to the shareholders to approve a new authorization to purchase and dispose treasury shares under the terms of this memorandum, subject to the revocation of the resolution adopted on April 13, 2011 concerning 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 20% 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 205,941,272.16, divided into 371,793,901 ordinary shares with no stated par value.

As of the sale date, Piaggio holds a total of 7,245,142 ordinary shares in treasury stock, equal to 1.949% of the share capital, and no 940,000, equal to 0,26% designated to the beneficiaries of the Stock Option Plan 2007-2009.

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 effected in accordance with the operational criteria set forth for market practices connected with the purchase of treasury shares 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 by Commission 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. Where purchases are made through a public offer for the purchase or exchange of shares, the price paid may not exceed a price per unit of more than 10% below or more than 10% above the official Piaggio share price the day before the public offer is announced.

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(a), (b) and (d) 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.

Authorisation for the disposal of treasury shares, as contemplated in the draft resolution, will extend to any treasury shares already held by Piaggio at the date that the shareholder resolution is passed.

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.

* * *

Should you agree, please resolve upon the following:

The Ordinary Meeting of Shareholders, having seen and approved the Directors Report,

resolves

(A) to authorise transactions for the acquisition and disposal of treasury stock for the purposes indicated in the Directors Report attached hereto, and therefore:

- 1) to authorise, under Article 2357 of the Italian Civil Code, the acquisition on one or several occasions for a period of eighteen months from the date of this resolution, of ordinary shares in the Company up to a maximum which, taking into account the ordinary shares of Piaggio & C. S.p.A. held in the portfolio of the Company and its*

subsidiaries from time to time, is not higher than the maximum limit stipulated under applicable laws in force, authorising the Board of Directors to identify the amount of shares to be acquired in relation to the above purposes before commencing each planned acquisition, and as the case may be (a) for a consideration which does not exceed the higher of the price of the last independent transaction and the price of the highest independent offer made during the negotiations at which the acquisition is made, provided that the unitary consideration can never be less than a minimum of 20% or higher than the maximum of 10% compared to the arithmetical average of the official Piaggio share price recorded during the ten Stock Exchange trading days preceding each acquisition; or (b) if the acquisitions are made by means of a public offer for purchase or exchange, at a unitary consideration not less than the minimum of 10% or higher than the maximum of 10% compared to the official Piaggio share price recorded on the Stock Exchange trading day prior to the public announcement;

- 2) *to authorise the Board of Directors, and the Chairman and CEO on its behalf, to purchase the shares under the above conditions and for the above purposes, attributing full powers for the execution of the transactions authorised hereunder, and all other related formalities including the granting of mandates to legally-licensed intermediaries with the right to appoint special agents as necessary, where considered appropriate in the Company's interests, as permitted under laws in force according to the procedure stipulated in article 144-bis, 1(a) and (b) of CONSOB Regulation 11971/1999 as amended, taking into account market practice on the purchase of treasury stock as authorised by CONSOB in accordance with article 180(1)(c) of the Consolidated Law on Finance by its decision no. 16839 of 19 March 2009 and Regulation EC No. 2273/2003 of 22 December 2003 where applicable;*
- 3) *to authorise the Board of Directors, and the Chairman and CEO on its behalf, in accordance with article 2357-ter of the Italian Civil Code, to dispose, at any time, of all or any part of the treasury stock acquired under this resolution or otherwise held in the Company's portfolio, by trading the stock on or off the stock market, also by means of the assignment of secured and/or personal rights including but not limited to stock lending activities, in accordance with the provisions of laws and regulations in force and for the furtherance of the purposes mentioned herein, according to the terms, conditions and procedures of the act of disposal of treasury stock considered most appropriate in the Company's interests, granting full powers for the execution of the acts of disposition authorised herein, and all other related formalities including the possible granting of mandates to legally-licensed intermediaries and the right to appoint special agents. The authorisation under this paragraph A.3) is granted with no limits of time. It is hereby agreed that the authorisation for the disposal of treasury stock referred to in this paragraph A.3) is also issued with reference to the treasury stock already owned by Piaggio & C. S.p.A. on the date hereof;*

(B) *to order, in accordance with the law, that the acquisitions governed by this authorisation be limited to the amounts of the distributable profits and available reserves as stated on the last balance sheet (also interim) approved at the time the transaction takes place and that*

the necessary accounting entries are made at the time the own shares are sold and purchased, in accordance with the provisions of law and applicable accounting principles

February 23, 2012

For the Board of Directors
Chairman and Chief Executive Officer

(Roberto Colaninno)