

Explanatory Memorandum

5. Appointment of the Board of Directors, subject to determination of the number of members and of the length of their term in office; determination of their remuneration. Related and consequent resolutions.

Dear Shareholders,

with the approval of the financial statements at 31 December 2011 the term of office for the Board of Directors of your Company appointed by the ordinary Shareholders' Meeting of 16 April 2009 is expiring; therefore it is necessary to appoint a new administrative board, after determining the number of its members and term of office.

We would like to remind you that, as per article 12.1 of the Articles of Association, the Company is managed by a Board of Directors composed of a number of members not less than 7 (seven) and not more than 15 (fifteen). The Ordinary Shareholders' Meeting determines, at the time of their appointment, the number of the Board members within the aforesaid limits, as well as their term of office that shall not exceed three financial years, where after their appointment expires at the date of the Shareholders' Meeting called for approval of the Financial Statements for the last financial year of their office. The Directors can be re-elected.

In accordance with article 12.2 of the Articles of Association, appointment to the office of Director is subject to meeting the requirements established by law, the Articles of Association and other applicable provisions. Individuals cannot be nominated to the office of Director and, if nominated they shall be removed from office, who do not possess at least three years of experience in: a) administration and control activities or director's duties at joint stock companies with share capital not less than two million Euro; or b) professional activity or university faculty member teaching law, economic or financial subjects and technical-scientific subjects strictly related to the Company's activities; or c) managerial functions at public bodies or public administrations operating in the credit, financial or insurance sectors or in sectors strictly related to the Company's activities.

Directors shall possess the requirements cited in relevant temporary regulations; of these a minimum number corresponding to the minimum required under such regulations shall possess the independence requirements as per article 148, paragraph 3, of Legislative Decree 58/1998.

As per article 12.3 of the Articles of Association, the Directors are nominated by the ordinary Shareholders' Meeting based on lists presented by the Shareholders where the candidates shall be listed by sequential number.

Each shareholder, as well as Shareholders participating in a significant shareholder agreement as per article 122 of Legislative Decree 58/1998, as well as the parent company, subsidiaries and joint ventures as per article 93 of Legislative Decree 58/1998, cannot present or take part in presenting more than one list, either by proxy or through trust companies, nor can they vote on different lists. Taking part and the votes expressed in violation of the above shall not be attributed to any list. Please also note that the Shareholders who present a "minority list" have to respect the recommendations provided by Consob communication no. DEM/9017893 dated 26 February, 2009.

Only shareholders who, either alone or jointly, represent at least 2.5% of share capital have the right

to present lists, or else another percentage established by the law or regulations. It is important to note that with the resolution no. 18083 of 25 January 2012, Consob established a share capital of 2.0% as the holding required for presenting lists for the election of the Company's governance body.

The lists presented by the shareholders must be filed at the Company's registered office, in Pontedera (PI), Viale Rinaldo Piaggio no. 25, at least twenty-five days before the date of the first call of the Shareholders' Meeting, i.e. by 19 March 2012. The lists for the appointment of the Board of Directors may also be presented by telefax to no. 0587.27.29.61/by certified email to the address piaggiogroup.corporate.governance@legalmail.it. Should the lists be presented by telefax or certified email, a copy of valid identity card of the subject who presents the list should be provided with.

Along with each list, the following need to be filed at the registered office by the same deadline: (i) information on the identity of the shareholders who presented the list; (ii) a *brief curriculum vitae* of the candidates included on the list regarding the personal and professional characteristics of each candidate; as well as (iii) statements whereby the individual candidates accept their candidacy and state, under their responsibility, the lack of causes of ineligibility or incompatibility, as well as the existence of the requirements prescribed by law and the Articles of Association for the respective offices, including suitability for qualifying as independent director.

The ownership of the minimum investment necessary in order to present the list is attested through the submission to the Company by the intermediary of a communication pursuant to Article 23 of the Consob Regulation, adopted jointly with Bank of Italy on February 22, 2008, defining the discipline of central management services, the settlement and the warranty of systems for management companies, even after the deposit of the list, at least twenty-one days before the date fixed for the General Meeting on first call, i.e. by 23 March 2012. Such ownership is determined having regard to the shares registered in favour of the shareholder on the day on which the lists are available from the Company.

The list regarding which the above mentioned provisions are not respected is considered as not presented.

The lists shall be subject to other forms of publication required by laws including temporary regulations in force. In particular, at least twenty-one days before the date of the General Meeting (23 March 2012), the lists will be made available in favour of the public at the registered office of the Company, on the website and pursuant to the other provisions stated by Consob.

Each candidate may only be present in one list or be declared ineligible. Candidates may not be added to the list (without prejudice to all other causes of ineligibility or defeasance) who are not in possession of the requirements established by the law, Articles of Association or other provisions applicable for the respective offices.

Each shareholder with the right to vote may only vote for one list.

The procedure for the election of Directors is as follows:

- a) the names of Directors, minus one, are selected from the list with the highest number of votes from Shareholders, in the consecutive order in which they are listed;
- b) the remaining Director is taken from the minority list that may not in any way, not even indirectly, be linked with the shareholders who presented or voted the list referred to in point a) and that received the most shareholder votes, being the first candidate on the list of names, based on the consecutive order in which the candidates are listed.

Should the minority list referred to in point b) not have obtained a percentage of votes equal to at least

half of that required, in accordance with the above, for the purpose of presenting the list itself, all the Directors to be appointed shall be taken from the list referred to in point a).

Should the appointment not be ensured, with candidates elected with the above indicated methods, of a number of directors having the requisites of independence as per article 12.2 of the Articles of Association equal to the minimum number established by the law in relation to the overall number of the directors, the non-independent candidate elected last in consecutive order from the list that had the highest number of shareholders' votes, mentioned in a) above, shall be substituted by the independent candidate not elected from the same list in accordance with the consecutive order, or, in default, by the first independent candidate in accordance with the consecutive order not elected from other lists, in accordance with the number of votes each obtained. Such substitution procedure shall take place until the Board is composed of the number of members having the requisites mentioned in article 148, paragraph 3 of Legislative Decree no. 58/1998 at least equal to the minimum prescribed by the law. Finally, should said procedure not ensure the last result indicated, the substitution shall take place by a resolution passed by a relative majority at a shareholders' meeting, subject to presentation of candidatures of persons having the aforesaid requisites.

In accordance with article 12.4 of the Articles of Association, in the case of presentation of a single list or in the case where no list is presented, the Shareholders' Meeting shall approve the appointment with the legal majorities, without observance of the procedure envisaged above.

You are also asked to determine the remuneration for the members of the governance body. In this regard, we would like to remind you that in accordance with article 18.1 of the Articles of Association, the Directors are due an annual remuneration which is passed by ordinary Shareholders' Meeting resolution which nominates them. As required by article 18.3 of the Articles of Association, the Shareholders' Meeting may also determine the total fees for the entire Board, including board members with particular offices, with the individual fees determined by the Board of Directors, after consulting with the Board of Statutory Auditors.

February 23, 2012

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