

Report of the Board of Statutory Auditors to the Meeting of Shareholders

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

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 ITALIAN CIVIL CODE

To the Shareholders,

Over the course of the financial year ended 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 on 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].

During the financial year ended 31 December 2012, 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* [Code of Practice for the Self-Regulation of the Committee of Corporate Governance of listed companies], adopted by the Company, were actually implemented, and (v) that the instructions issued to subsidiaries as per article 114(2) of the T.U.F. were adequate.

Moreover, the Board of Statutory Auditors, in its capacity 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 reporting process, (ii) the efficacy of the internal control, internal audit, and risk management systems, (iii) the legal audit of the annual accounts and consolidated annual

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accounts, and (iv) the independence of the external audit firm, with particular regard to the provision of non-audit services to the audited entity.

In particular, the Board reports as follows:

1. The Board verified that the operations having the greatest impact on the Company's profits, cash flow and assets – which it learnt about by attending meetings of the Board of Directors and shareholders, and by talking to top management – were in compliance with the law and memorandum of association.

2. The Board did not discover, during the financial year 2012, 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 in the notes to the financial statements to be adequate.

4. The reports on the financial statements and consolidated financial statements by the audit firm PricewaterhouseCoopers S.p.A. (the "Audit Firm"), issued on 8 March 2013 pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January 2010, 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 assets and liabilities, financial position, profitability and cash flow of the Company and Group in the financial year ending 31 December 2012. These reports also certify that the Directors' Report, which includes the information indicated in paragraph 1 c), d), f), l), m) and paragraph 2 b) of article 123 of the T.U.F., and the ownership structure of the Company are consistent with the financial statements and consolidated financial statements.

The Board of Statutory Auditors, in its capacity 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 points that emerged during its audit of the financial

statements and consolidated financial statements. This report states that, in terms of the financial reporting process, there are no shortcomings in the internal control system 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 the Audit Firm issued, pursuant to article 17 of Legislative Decree no. 39 of 27 January 2010, on 19 March 2013, 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. During the shareholders' meeting of 13 April 2012, shareholder Mr Fabris submitted the following complaint to the Board of Statutory Auditors, pursuant to article 2408 of the Italian Civil Code (as recorded in the minutes of the meeting): *"The notice calling the shareholders' meeting declares that: 'The shareholders may ask questions about the matters on the agenda even before the meeting, but must do so by the end of the second day of trading prior to the date of the meeting (i.e. by 11 April 2012)...omissis...'. I believe this is reprehensible, since no law or regulation stipulates such a rule. The law stipulates only that any questions submitted before the meeting must be answered, at the latest, during the meeting"*.

With reference to this complaint, the Board of Statutory Auditors pointed out that the deadline for submitting questions before the meeting had been set in order to give the Company enough time to organise and prepare its replies; it also pointed out that Mr Fabris's questions had been answered anyway, during the meeting of 13 April 2012.

The Board therefore believes that the Company answered Mr Fabris's questions properly, and that it (the Board) dealt with the complaint adequately.

During the financial year 2012 the Board received no other complaints as per article 2408 of the Italian Civil Code, and has not done so to date.

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

7-8. During the financial year 2012, the Company paid the Audit Firm fees of €319,160.00 for its audit services, while the Company's subsidiaries paid, for audit services, fees of €11,450.00 to the Audit Firm, and €377,560.00 to the PricewaterhouseCoopers Network

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During the same year:

- the Audit Firm did not receive, from the Company, any other assignments apart from the audit work, while the PricewaterhouseCoopers Network received fees of €39,250.00 from the Company for assignments additional to its audit work (mainly the audit of the Corporate Social Responsibility Report);
- the Company's subsidiaries paid fees of €38,500.00 to the Network, for certification services and other services provided in addition to audit work.

In light of the above, and the Audit Firm's attestation of independence and denial of any grounds of incompatibility, 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 2012, the Board of Statutory Auditors issued statutory opinions and delivered statements upon request (an opinion in favour of the proposals concerning the Chairman, Vice-Chairman and Managing Director's remuneration, after checking that the proposals complied with the Company's remuneration policy; an opinion in favour of the proposal to update the 2012-2014 Internal Audit Plan, approved by the Board of Directors at its meeting of 1 December 2011; an attestation of research costs).

The Board of Statutory Auditors, in compliance with the Code of Practice, 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 Code of Practice;
- 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 Code of Practice, 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. Over the course of 2012, the Company's Board of Directors and the Internal Control and Audit Committee both met seven times; the Remuneration Committee met twice, and the

Appointments Committee met just once. In the same year the Board of Statutory Auditors met ten times; it also attended all the meetings of the Board of Directors and shareholders held during the year.

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 was 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 checked the Company's system of internal control by liaising and coordinating with the Internal Control and Audit Committee, with the Internal Audit manager, with the Managing Director in his capacity as the director appointed to oversee that the internal audit and risk management system is functioning, and with the Supervisory Body.

In its capacity as the Internal Control and Audit Committee pursuant to article 19 of Legislative Decree no. 39 of 27 January 2010, the Board also acknowledged the Audit Firm's attestation that there were no shortcomings in the internal audit system, and liaised and continually exchanged information with the Audit Firm and the Control and Risk Committee. Moreover, the Board of Statutory Auditors monitored the Company's transactions with related parties, verifying the functioning and correct application of the Procedure for Transactions with Related Parties, approved by the Board of Directors following the issue of CONSOB Regulation no. 17221 of 12 March 2010.

Lastly, the Board of Statutory Auditors attended the meetings of the Supervisory Board during the financial year, liaising with it about – among other things – updating the Organisational,

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Management and Control Model pursuant to Legislative Decree no. 231/200 to take new types of crimes into account. Once again, it should be pointed out that the flow of information between the Board of Statutory Auditors and the Supervisory Board was also guaranteed by the fact that the Chairman of the Board of Statutory Auditors is a statutory member of the Supervisory Board.

In light of these checks, and the evaluations of the adequacy, efficiency, and effective functioning of the internal audit system, expressed by the Control and Risk Committee and the Board of Directors, 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 particular, the Board reports that during 2012, the *Dirigente Preposto* completed, with the support of Internal Audit, an evaluation of the adequacy and actual implementation of the administrative and accounting procedures indicated in article 154-*bis* of the T.U.F., for the Company and its strategically important subsidiaries; this allowed the Company to attest that its accounts give a true and fair view of the assets and liabilities, profitability and financial position of itself and its subsidiaries.

In light of these checks and the Board of Directors' evaluation 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 purposes of correctly representing the operational items.

15. The Board checked that the instructions issued by the Company to its subsidiaries as per article 114(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(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(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. also facilitated the exchange of information with the parent company's Board of Statutory Auditors.

17. The Company abided by the Code of Practice for the Self-Regulation of Listed Companies, approved by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., adopting, over the course of the financial year, resolutions aimed at completing the adjustment of the internal control and risk management system to reflect the new measures introduced in December 2011.

The system of corporate governance adopted by the Company is detailed in the Report on Corporate Governance and Ownership Structures for 2012, approved by the Board of Directors on 27 February 2013.

18. In the course of its supervisory activities and checks during the year, the Board of Statutory Auditors did not come across any reprehensible conduct, omissions or irregularities significant enough to be mentioned in this report.

19. The Board of Statutory Auditors remarks that, as far as it is aware, there has been no deviation from the law in preparing 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 2012 as drafted and approved by the Board of Directors

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at its meeting of 27 February 2013, and agrees with the Board of Directors about the proposed allocation of the year's profits.

20 March 2013

The Board of Statutory Auditors

Mr. Giovanni Barbara

[Signature of Giovanni Barbara]

This report is available on the Internet at:
www.piaggiogroup.com



PIAGGIO & C. s.p.a.

Management and Coordination

IMMSI S.p.A.

Share capital EUR 205,941,272.16 fully paid up

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