

PARTIAL DEMERGER PROJECT

NACIONAL MOTOR S.A., single-member

company

(demerged company)

and

PIAGGIO & C. S.p.A.

(incorporating company)

15 SEPTEMBER 2009

CONTENTS

- I. Introduction
- II. Company name, company type, registered office, and registration identification data in the Registry of Companies for firms participating in the partial demerger operation
- III. Partial demerger procedure
- IV. Financial positions at time of the partial demerger
- V. Type and procedure of exchange of shares and potential cash settlement
- VI. Impact of the partial demerger on services rendered or accessory benefits in the company being incorporated and compensation assignable to the shareholders involved in the incorporating company
- VII. Assignment of rights in the incorporating company to holders of shares or special rights and holders of securities other than those representing capital or options possibly offered to the same
- VIII. Assignment of consideration of any nature for independent experts who might be required to intervene in the demerger project, and those in favour of administrators or control bodies of the companies participating in the project
- IX. Date from which the new shares provide the right to participate in profits
- X. Date of effectiveness of the partial demerger
- XI. Articles of association of the incorporating company
- XII. Assets and liabilities of the demerged company to be transferred to the incorporating company
- XIII. Description of the assets and liabilities of the demerged company to be transferred
- XIV. Date of the financial positions of the companies participating in the partial demerger operation
- XV. Forecasted consequences of the partial demerger on employment. Potential impact on company control bodies and potential influence on corporate liability
- XVI. Directors' report on the partial demerger project
- XVII. Independent expert report
- XVIII. Approval of the resolutions for partial demerger on the part of the participating companies

I. INTRODUCTION

In accordance with Spanish law, pursuant to articles 73 and following of Law 3/2009 of 3 April regarding structural modifications to commercial companies (hereinafter "LMESM"), and in accordance with Italian law, pursuant to Articles 2506 and following of the Italian Civil Code and Leg. Decree 108/2008, the directors of the companies NACIONAL MOTOR S.A., a single-member company (the demerged company) and PIAGGIO & C, S.p.A. (incorporating company), draft and sign the present partial demerger project, including the information required by law, as set out below.

The operation involves the partial demerger of the assets of the Spanish company - NACIONAL MOTOR S.A., a single-member company - and specifically the demerger of a company business which will be assigned *en bloc* by universal succession, in favour of the Italian incorporating company, PIAGGIO & C. S.p.A., sole shareholder in the company being incorporated and who will acquire the same universally.

II. COMPANY NAME, COMPANY TYPE, REGISTERED OFFICE, AND REGISTRATION IDENTIFICATION DATA IN THE REGISTRY OF COMPANIES FOR FIRMS PARTICIPATING IN THE PARTIAL DEMERGER OPERATION

1. Company being demerged

NACIONAL MOTOR, S.A., a Spanish single-member company regulated by Spanish law, listed in the Barcelona Registry of Companies (Registro Mercantil), volume 41173, sheet 72, page B-30.551, entry 154. The registered office is in Martorelles (Barcelona), calle Barcelona, number 19, with N.I.F. [Tax Code] A-08.049.447 (hereinafter, NACIONAL MOTOR).

2. Incorporating company

PIAGGIO & C. S.p.A, an Italian company regulated by Italian law, listed in the Pisa Registry of Companies under number 04773200011. The registered office is in Pontedera (Italy), viale Rinaldo Piaggio, number 25 with C.F. [Tax Code] 04773200011 (hereinafter, PIAGGIO). The ordinary shares of PIAGGIO are admitted for trading on the Telematic Stock Market organised and managed by Borsa Italiana S.p.A.

III. PARTIAL DEMERGER PROCEDURE

NACIONAL MOTOR conducts its activities through various company businesses, each of which comprises a separate economic unit, endowed with organisational and functional autonomy, and consequently capable of operating with independent means, as described below:

- (i) **Company branch for production:** includes the assets, liabilities, and human resources directly linked to the manufacturing activities conducted by the company.
- (ii) **Company branch for product sales promotion and development:** includes the assets, liabilities, and human resources directly linked to the activities of promoting and developing the sales of products of the Piaggio Group within Spain.

The product sales promotion and development cited above must be understood *strictu sensu*, that is, limited only to the functions necessary for the promotion of sales of the products of the Piaggio Group and excluding functions of a strategic nature and the definition and management of commercial policies, these being the competence of the following company business.

- (iii) **Technological, commercial, and organisational business company branch:** includes the assets, liabilities, and human resources directly linked to activities of a technical nature (i.e. research and development and technical assistance), commercial nature (including sales management, excluding the activities indicated in the previous point (ii)), marketing (e.g. marketing intelligence, product marketing, communication policies, etc.), and logistics (for example, management of spare parts).

In the partial demerger operation, NACIONAL MOTOR will split off the company business of point (iii) above which will be simultaneously acquired by the Italian company PIAGGIO, sole shareholder in the company being incorporated, PIAGGIO thus assuming all rights and obligations of the above mentioned company business by universal succession.

It is expressly noted that, prior to the drafting of the present partial demerger operation, the Board of Directors of NACIONAL MOTOR had prepared another partial demerger operation in relation to the company business described above in point (ii), in favour of a newly established Spanish company entirely owned by PIAGGIO and to be named Piaggio España, S.L.; the approval of said further operation by the sole partner of NACIONAL MOTOR is foreseen to be implemented immediately prior to the operation of partial demerger of the company business foreseen in the present partial demerger operation.

NACIONAL MOTOR will maintain control of the productive activities as in point (i).

IV. FINANCIAL POSITIONS AT THE TIME OF THE PARTIAL

DEMERGER

The financial positions of NACIONAL MOTOR and PIAGGIO – which will be used as the basis for the demerger operation under discussion - will be the financial position closed on 31 July 2009, as regards NACIONAL MOTOR, and the financial position of 30 June 2009, as regards PIAGGIO, always in compliance with Article 36.1, par. 2 of the LMESM and article 2501 *quater* of the Italian Civil Code. Said financial positions will be approved by the respective competent bodies of NACIONAL MOTOR and PIAGGIO, on the basis of legal provisions in force in the respective countries.

The above mentioned financial positions of the two companies are attached to this project as **Annex II**.

V. TYPE AND PROCEDURE OF EXCHANGE OF SHARES AND POTENTIAL CASH SETTLEMENT

On the basis of the above, in the planned partial demerger operation NACIONAL MOTOR will assign the company business designated above to their sole shareholder, the existing Italian company, PIAGGIO.

Consequently, NACIONAL MOTOR will reduce their company capital by a total of SEVEN MILLION THREE HUNDRED AND FIFTY-THREE THOUSAND EIGHT HUNDRED AND FORTY EURO (€7,353,840), by way of cancellation of 1,225,640 shares, numbered from 264,738 to 1,490,377, both included.

As a result of the reduction in capital foreseen in the partial demerger operation regarding the company business of product sales promotion as indicated in business (iii) above, and the partial demerger of the technological, commercial, and organisational company business foreseen in the present project, the final text of Article 7 of the company Articles of Association of NACIONAL MOTOR will read as follows:

"Article 7.- Share capital is ONE MILLION FIVE HUNDRED AND EIGHTY-EIGHT THOUSAND FOUR HUNDRED AND TWENTY-TWO EURO (€ 1,588,422) represented by 264,737 registered shares with a nominal value of SIX EURO (€6) each, numbered from 1 to 264,737, both included, fully subscribed and paid up"

As regards the incorporating company, considering that the latter is the sole shareholder of the company being incorporated, the assignment of the company business will be realised without any increase in company capital: consequently there will be no exchange operations.

VI. IMPACT OF THE PARTIAL DEMERGER ON SERVICES RENDERED OR ACCESSORY BENEFITS IN THE COMPANY BEING INCORPORATED, AND COMPENSATION ASSIGNABLE TO THE SHAREHOLDERS INVOLVED IN THE INCORPORATING COMPANY

Pursuant to par. 3 of article 31 LMESM it is expressly stated that no services rendered or accessory benefits exist in the company being incorporated, consequently there is no impact on the same and no shareholders are due assignment of compensation in the incorporating company.

VII. ASSIGNMENT OF RIGHTS IN THE INCORPORATING COMPANY TO HOLDERS OF SHARES OR SPECIAL RIGHTS AND HOLDERS OF SECURITIES OTHER THAN THOSE REPRESENTING CAPITAL OR OPTIONS POSSIBLY OFFERED TO THE SAME

Pursuant to par. 4 of article 31 LMESM, and as provided for in art. 2501 *ter* of the Italian Civil Code, it is expressly stated that there are no holders of shares or

special rights other than shares, and consequently no special rights of any type will be assigned to the incorporating company.

VIII. ASSIGNMENT OF CONSIDERATION OF ANY NATURE FOR INDEPENDENT EXPERTS WHO MIGHT BE REQUIRED TO INTERVENE IN THE DEMERGER PROJECT, AND THOSE IN FAVOUR OF ADMINISTRATORS OR CONTROL BODIES OF THE COMPANIES PARTICIPATING IN THE PROJECT

No special considerations of any type are assigned in favour of administrators or control bodies of the companies participating in the demerger project.

As stipulated in the following paragraph XVII, the partial demerger subject to this operation does not require intervention of independent experts, and consequently no considerations are assigned to the same.

IX. DATE FROM WHICH THE NEW SHARES PROVIDE THE RIGHT TO PARTICIPATE IN PROFITS

It is stipulated that, on the basis of the content of the present splitting off project, the pre-existing company PIAGGIO will not implement an increase of company capital and no new shares will be issued, and consequently it is not necessary to indicate the date from which the new shares of the incorporating company will entitle participation in company profits.

X. DATE OF EFFECTIVENESS OF THE PARTIAL DEMERGER

The date from which the operations of NACIONAL MOTOR must be considered as completed, for the legal, accounting, and fiscal purposes of the incorporating company, will be the date of registration of the partial demerger deed in the registry of companies of the incorporating company, this also being the date from which the splitting off will have effect in relation to third parties.

XI. ARTICLES OF ASSOCIATION OF THE INCORPORATING COMPANY

The modification of the article regarding the capital of the demerged company, NACIONAL MOTOR, is cited in paragraph V of the present project.

It is noted that no changes are foreseen in the Articles of Association of PIAGGIO as a consequence of the partial demerger operation. The Articles of Association of PIAGGIO are attached as **Annex III**.

XII. ASSETS AND LIABILITIES OF THE DEMERGED COMPANY BEING INCORPORATED TO BE TRANSFERRED TO THE INCORPORATING COMPANY

The assets and liabilities of the demerged company, NACIONAL MOTOR, that transfer to the incorporating company, PIAGGIO, are determined at the net book value of the same, as recorded in the books of the demerged company and attached

as **Annex I** of this project.

XIII. DESCRIPTION OF THE ASSETS AND LIABILITIES OF THE DEMERGED COMPANY TO BE TRANSFERRED

The elements of the assets and liabilities of the company NACIONAL MOTOR to be assigned to the incorporating company are attached to the present as **Annex I**.

The incorporating company will assume responsibility, in relation to the spun-off part of the assets of NACIONAL MOTOR, for all relative rights and obligations.

XIV. DATE OF THE FINANCIAL POSITIONS OF THE COMPANIES PARTICIPATING IN THE PARTIAL DEMERGER OPERATION

The financial positions of NACIONAL MOTOR and PIAGGIO comprising the basis for the operation, as already stated above, are respectively those closed on 31 July 2009 and 30 June 2009.

XV. FORECASTED CONSEQUENCES OF THE PARTIAL DEMERGER ON EMPLOYMENT. POTENTIAL IMPACT ON CORPORATE CONTROL BODIES AND POTENTIAL INFLUENCE ON CORPORATE LIABILITY

The planned demerger will not have any impact on the administrative bodies of the participating companies nor on the corporate liabilities of the same.

As a consequence of the partial demerger, the working relationships between the 66 members of staff of the demerged company will transfer to the incorporating company. Said NACIONAL MOTOR employees currently have technical roles (i.e. research and development and technical assistance), commercial roles (sales management activities, with the exclusion of the activities indicated in paragraph III (ii) above), marketing roles (marketing intelligence, product marketing, communication policies, etc.), and logistics roles (for example, the management of spare parts).

There is no basis for the application of the regulations of art. 19 Leg. Decree 108/2008.

XVI. DIRECTORS' REPORT ON THE PARTIAL DEMERGER PROJECT

Pursuant to articles 33 and 77 LMSEM, article 2501 *quinquies* of the Italian Civil Code and article 8 of Leg. Decree 108/2008, the directors of the companies NACIONAL MOTOR and PIAGGIO will draft, within the foreseen terms and forms, a detailed report illustrating and justifying the legal and economic aspects of the partial demerger project.

XVII. INDEPENDENT EXPERT REPORT

Pursuant to article 49.2 of the LMESM and the combined provisions of articles 2506 *ter*, pars. 5 and 2505 of the Italian Civil Code, the intervention of an independent expert is not required in the present operation given that it is a demerger operation in favour of a sole shareholder of the company being incorporated without a share capital increase or an exchange of shares.

XVIII. PASSING OF THE RESOLUTIONS FOR PARTIAL DEMERGER IN THE PART OF THE PARTICIPATING COMPANIES

Within the terms and forms stipulated by the applicable regulations, the sole shareholder of NACIONAL MOTOR and the Board of Directors of PIAGGIO, as well as the companies participating in the partial demerger, will finally proceed to approve the present partial demerger operation in addition to the financial position, and any resolutions relevant to the partial demerger, together with all other resolutions considered opportune for the purpose of the full execution of the partial splitting off procedure, all without prejudice, in any case, to the right of PIAGGIO shareholders representing at least 5% of company capital to request approval within a shareholders' meeting pursuant to the provisions of Article 2505 of the Italian Civil Code.

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On the basis of the above considerations and by explicitly assuming the obligation to not conduct any form of action, nor to stipulate contracts that might compromise the approval of the planned partial demerger operation, the directors of NACIONAL MOTOR and the Chairman of the Board of Directors of PIAGGIO, under express proxy by the relevant Board of Directors, hereby undersign the present partial demerger operation, in duplicate copies in the Spanish and Italian languages and calling for registration of the same in the Barcelona Registry of Companies (Registro Mercantil) pursuant to the provisions of Article 226 of the Regulations of the Registry of Companies (Reglamento del Registro Mercantil) as well as in the Pisa Registry of Companies pursuant to the provisions of Art. 2501 *ter*, par. 3 of the Italian Civil Code.

11 September 2009

For NACIONAL MOTOR, S.A.U.

15 September 2009

For PIAGGIO & C. S.p.A

Michele Pallottini [signature]

Roberto Colaninno [signature]

Daniele Bandiera [signature]

Pedro Quijada Bru [signature]

Stefano Sterpone [signature]