

ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS, PURSUANT TO ARTICLE 125-TER OF CONSOLIDATED LAW ON FINANCE, AND CONCERNING THE EIGHTH ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF BREMBO S.p.A., CALLED ON 20 APRIL 2017 (SINGLE CALLING).

**8. Proposal for Voluntary Withdrawal of the shares of Brembo S.p.A. from the STAR segment pursuant to Article 2.5.8 of the Rules of Borsa Italiana S.p.A. Related and ensuing resolutions.**

Shareholders,

With regard to the eighth item on the agenda, you are asked to resolve on the **voluntary withdrawal of the Company's shares from the STAR segment.**

As is common knowledge, the Company's shares have been listed on the electronic share market organised and managed by Borsa Italiana S.p.A. ("MTA") for more than 20 years, and specifically since 3 July 1995. In addition, the shares have been admitted to trading on the STAR segment of the MTA since it was created, and specifically since 2 April 2001. The STAR segment of the MTA is dedicated to medium-sized enterprises that satisfy "high requirements". More specifically, companies admitted to the segment in question are required to meet and maintain requirements of excellence in terms of a high level of transparency and a focus on communication, deep liquidity and alignment with corporate governance rules that base management of the company on the best international standards. To this end, companies listed on the STAR segment are required to satisfy particularly strict standards. In particular, they are subject to the following liquidity requirements: (i) capitalisation of €40 million to €1 billion; (ii) a free float of at least 35% of capital; and (iii) a specialist intermediary that provides support for the liquidity of the shares. In addition, transparency and timely reporting requirements include the company disclosures to be provided in the financial statements and half-yearly and quarterly reports and the press releases on the company's website, accompanied by a translation into English. The Company must also comply with corporate governance principles, such as: (i) the presence of independent directors on its Board of Directors; (ii) the presence of internal committees within the Board of Directors, tasked with analysing problems and investigating cases bearing on the oversight of company activities; and (iii) incentive remuneration for executive directors.

Since being admitted to listing and then to the STAR segment, Brembo has constantly grown and progressively expanded at the international level, rising to a position of leadership of the Italian and global market. The Company's market capitalisation now exceeds €4 billion, a fact that has radically changed its position among Italian listed companies and resulted in the inclusion of Brembo's shares in the FTSE MIB Index (of the MTA) with effect from 2 January 2017. As is common knowledge, the FTSE MIB is the Italian equity market benchmark index. This index, which includes approximately 80% of Italian market capitalisation, consists of the top 40 listed companies, of primary importance due to their size (capitalisation adjusted for free float) and liquidity (value of six months of trades).

In light of the foregoing, and considering the Company's capitalization and capital structure, the continuing inclusion of the Company's shares in the STAR segment could be somehow misleading: it could result in an improper assessment of its characteristics, structure and size. The risk of misperception by the market therefore to be averted is that the Company could be viewed as a medium-sized company, a category in which it is no longer fit to be included.

For the reasons given above, it is thus appropriate to consider the possibility of voluntarily withdrawing the Company's shares from trading on the STAR segment, pursuant to Article 2.5.8 of the Rules of Borsa Italiana S.p.A.

For these reasons, the Board of Directors hereby submits to you its proposal for the voluntary withdrawal of the Company's shares from trading on the STAR segment. If the voluntary withdrawal is approved, the Company would be required to proceed in accordance with Article 2.5.8 of the Rules of Borsa Italiana, and thus, firstly, to inform the market of the decision taken by the Shareholders' Meeting on the proposal of its governing body and to give an account of its reasons. An application for withdrawal would then need to be signed by the Company's legal representative and submitted for review by Borsa Italiana S.p.A., which could then authorise the withdrawal of the shares from trading on the STAR segment, establishing the terms and conditions in accordance with the implementing provisions for the Rules of Borsa Italiana.

It is appropriate to emphasise that the Company's Board of Directors, despite withdrawal from the STAR segment, intends to voluntarily maintain the governance requirements for the trading of shares on this segment, since the intent of the proposed withdrawal does not derive from a desire to avoid compliance with the existing strict requirements, above all in the area of governance. In this regard, it should be considered that the Company implemented the above governance structures as appropriate, in particular in 2016 in view of the reappointment of the company boards, with the aim of ensuring the presence of a governing body suited to the Group's size, position, complexity and strategies and the specific nature of its business sector.

Voluntary withdrawal of the shares from trading on the STAR segment, given the Company's current capitalisation, would thus not result in any change to the corporate governance structure typical of the companies listed in the segment. This would ensure continuity and consistency with the requirements observed by the Company until now. It bears clarifying that each point of the following draft resolutions and any additional proposals submitted for the approval of the Shareholders' Meeting will be put to a separate vote by the Shareholders' Meeting in order to permit those entitled to vote and their proxies with voting instructions to vote separately on each of the aforementioned items, where applicable according to the voting instructions they have been given.

Now therefore, in light of the foregoing, we submit for your approval the following:

#### **Draft resolution**

"The Ordinary Shareholders' Meeting of Brembo S.p.A.:

- having acknowledged the advisability of proceeding with the voluntary withdrawal of the Company's shares from trading on the STAR segment of the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.; and
- having acknowledged the results of voting;

#### **resolves**

- (1) to approve the submission to Borsa Italiana S.p.A. of an application for voluntary withdrawal of the Company's shares from trading on the STAR segment of the electronic share market (MTA), in accordance with Article 2.5.8 of the Rules of Borsa Italiana;
- (2) to authorise the Chairman and Deputy Chairman, separately, to take all actions necessary to the full execution of the aforementioned resolutions, with any and all necessary and appropriate powers to that end, without exclusion, and with the power to delegate third parties."

Stezzano, 3 March 2017

On behalf of the Board of Directors  
The Chairman  
signed by Alberto Bombassei